



## What is a Target Market Determination?

A Target Market Determination (TMD) describes the cohort of customers that the product is targeted at (the Target Market) and any conditions around how the product is distributed to customers (the Distribution Conditions).

It also describes the events or circumstances where we are required to review the TMD for a financial product (the Review Triggers).

## Why does FrontYa need to have a Target Market Determination?

FrontYa Equal Partners is not a credit contract under the National Consumer Credit Protection Act 2009 (Cth), nor a financial product under Corporations Act 2001 (Cth), and so a TMD is not required under Law (section 994B of the Corporations Act 2001 (Cth)).

However, we recognise the importance of making sure customers are at the centre of our approach when designing and distributing our financial products. We also feel it prudent that consumers, distributors, and staff be offered an understanding of the Target Market, having regard to the objectives, financial situation and needs of the Target Market.

This document is not a substitute for the Product's disclosure documents. When making a decision about this Product, customers must refer to the [Product Guide and Terms](#).

Category	Description
Product	<b>FrontYa Equal Partners</b> The Product is a contribution towards the purchase of a customer's home. The Investor, FrontYa provides up to half of the purchase funds (deposit and stamp duty) for a property purchase in order to assist customers constrained in purchasing a home due to the size of their savings. The Product is not a credit contract under the National Consumer Credit Protection Act 2009 (Cth), nor a financial product under Corporations Act 2001 (Cth).
Investor	FrontYa Pty Ltd (ACN 654 311 305)
Version	2.1
Start Date	1 February 2022
Review Date	The first review of this TMD, and each ongoing review, must be completed within each consecutive 12-month period from the Start Date.

<p>Target Market</p> <p>Class of consumers that comprise the target market for the Product</p>	<p>Consumer Description</p> <p>This describes consumers in the target market</p>	<p>Objectives &amp; Needs</p> <p>An Australian resident, over the age of 18, seeking individual or joint ownership of a property (no trusts) without the support of a guarantor and who is constrained in purchasing a home due to the size of their savings and who:</p> <ul style="list-style-type: none"> <li>• Wants to purchase a residential property located in Australia that is already established, not off-the-plan, land only nor a house and land package;</li> <li>• Does not need more than \$300,000 in additional deposit and stamp duty funding;</li> <li>• Can demonstrate that the residential property they wish to purchase has sufficient property growth potential to be approved for an investment by FrontYa;</li> <li>• Can obtain approval for a home loan from a party (approved by FrontYa) over a residential property with a Loan to Valuation Ratio (LVR) of at least 80% (or lower if the consumer is to exclusively fund the difference) and no more than 95%;</li> <li>• Does not seek to purchase property as a property investment;</li> <li>• Does not want to make interest only payments to the home loan provider (i.e., they will make principal &amp; interest payments) ;</li> <li>• Agrees that if they repay the FrontYa investment within six years, FrontYa will receive a 25% share of the increase in value. Repayment thereafter attracts an additional 2% per year (subject to a 50% cap);</li> <li>• Has flexibility to make additional repayments and/or repay the FrontYa investment within six years, or is comfortable forgoing additional upside of 2% p.a. on their property if they do not exit FrontYa within six years;</li> <li>• Is seeking a source of deposit funding that does not require a repayment on sale that is more than the market value of the remaining equity (no negative equity guarantee);</li> <li>• Does not want to pay upfront or ongoing fees on the Product;</li> <li>• Understands the financial implications of the Product or has engaged an independent financial advisor to receive an explanation about the Product;</li> <li>• Understands the legal implications of the Product or has obtained independent legal advice;</li> <li>• Only wants to use the FrontYa Product to fund one property at a time;</li> <li>• Agrees to inform FrontYa if they will rent out their property;</li> <li>• Agrees that any renovation of the property before exiting the Product can increase the property's value which may also increase FrontYa's return;</li> <li>• Agrees to inform FrontYa before committing to any renovation that exceeds \$10,000;</li> <li>• Agrees to inform FrontYa if they receive any insurance claim on their property that exceeds \$10,000; and</li> <li>• Agrees to inform FrontYa if they default with their mortgage provider.</li> </ul> <p>and who has had the opportunity to consider:</p> <ul style="list-style-type: none"> <li>• the implications of the FrontYa investment for any other person residing in the property who is not a nominated resident; and</li> <li>• other potential alternatives to the FrontYa investment.</li> </ul> <p>Financial Situation</p> <p>A person or people (up to a maximum of two) who:</p> <ul style="list-style-type: none"> <li>• Have minimum annual income before tax of \$75,000 for an individual or \$100,000 for a couple;</li> <li>• Can qualify for a home loan of at least \$500,000 from a party (approved by FrontYa)</li> <li>• Have a demonstrated history of savings and salary growth; and</li> <li>• Can provide at least half of the upfront costs (deposit and stamp duty) for their desired property (which covers at least 5% of the purchase price) in cash or easily liquifiable assets;</li> <li>• Can demonstrate sufficient future earning or expense reduction potential to meet FrontYa's customer approval criteria, which currently has a minimum approval of \$50,000.</li> </ul>
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Consumer Description

This describes consumers **not** in the target market

Objectives & Needs of those **not** in the target market

An Australian resident who:

- Is under the age of 18;
- Is seeking individual or joint ownership of a property through a trust;
- Is seeking individual or joint ownership of a property through the support of a guarantor;
- Is seeking to purchase a property that does not meet FrontYa's property approval criteria;
- Is unable to provide half of the upfront costs (deposit and stamp duty) for their desired property;
- Is seeking only to maximise their returns on a purchase of property;
- Intends to use a home loan where the loan to value ratio is below 80%, and does not want to fund the additional deposit required to bring the home loan below 80%;
- Cannot take on the risk of a loss in capital in the event of selling their property for a loss;
- Needs more than \$300,000 in deposit and stamp duty funding;
- Wants to pay upfront or ongoing fees, or interest, for a deposit funding product;
- Wants to receive a reduction to FrontYa's share should they renovate the property before exiting the Product;
- Wants to make interest only payments to their home loan provider; or
- Does not demonstrate sufficient future earning or expense reduction potential to meet FrontYa's customer approval criteria.

Financial Situation

A person or people who:

- Do not have minimum annual income before tax of \$75,000 for an individual or \$100,000 for a couple;
- Cannot qualify for a home loan of at least \$500,000 from a party (approved by FrontYa)
- Cannot demonstrate sufficient future earning or expense reduction potential to meet FrontYa's customer approval criteria, which currently has a minimum approval of \$50,000; or
- Cannot provide at least 5% of the purchase price in cash or easily liquifiable assets.

Product Description

This describes the product

A customer contract secured against residential property by a second mortgage and caveat.

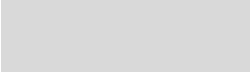
The Product has the following key attributes:

- The Product funding does not exceed \$300,000;
- The customer does not require to repay the full FrontYa investment if there is not sufficient equity in the property upon sale (no negative equity guarantee);
- If repaid within six years, FrontYa will receive a 25% share of the increase in value of the investment. Repayment thereafter attracts an additional 2% per year (subject to a 50% cap);
- There is one fee payable for using the Product. The fee is paid on exit and equal to 3.75% of the FrontYa investment e.g. a customer using \$100,000 in funding from FrontYa would pay a fee of \$3,750 to FrontYa on exit;
- The customer is required to fund FrontYa's third-party conveyancing costs on entry and exit, which ranges from \$560 to \$1840 depending on the state or territory of the property and whether it is an entry or exit.

The residential property has the following key attributes:

- Is not off-the-plan, land only, house and land package nor an investment property;
- Is not located in an area with a majority employer e.g. mining or

		<p>manufacturing town;</p> <ul style="list-style-type: none"> <li>• Demonstrates sufficient projected growth potential to be approved by FrontYa; and</li> <li>• Uses a mortgage from a party (approved by FrontYa) over a residential property with a Loan to Valuation Ratio (LVR) of at least 80% (or lower if the consumer is to exclusively fund the difference) and no more than 95%.</li> </ul>
	<p>Appropriateness Statement</p> <p>This explains why product is appropriate with the likely objectives, financial situation and needs of the target market</p>	<p>The Product is appropriate for the target market on the basis that the key attributes of the Product listed in this TMD are consistent with the objectives, financial situation and needs of the consumers in the target market as described in this consistent TMD.</p>
<p><b>Distribution Conditions</b></p> <p>The conditions and restrictions on the distribution of the product</p>	<p>Marketing and Promotion</p> <p>This condition applies to marketing and promotional materials that describe the product</p>	<p>Condition 1</p> <p>Only approved distributors can market and promote the Product</p>
	<p>Retail Product Distribution Conduct (other than Marketing)</p> <p>This condition applies to all conduct (other than marketing) such as arranging and providing disclosure material</p>	<p>Condition 2</p> <p>Unless approved by FrontYa (see condition 3), or unless accessed via FrontYa's website (<a href="http://www.frontya.com.au">www.frontya.com.au</a>), only FrontYa is authorised to distribute the Product as they understand the target market the Product is designed and intended for and are trained and competent in the approval criteria for the Product.</p> <p>FrontYa applies certain conditions and restrictions to the distribution of the Product so that distribution is likely to be to retail (and in some cases sophisticated) customers within the target market</p>
		<p>Condition 3</p> <p>A distributor must only engage in product distribution if the distributor has been approved by FrontYa via accreditation.</p> <p>This condition is appropriate as it requires a distributor to be appropriately trained to engage in retail product distribution conduct.</p>
<p><b>Review Triggers</b></p> <p>The events and circumstances that would reasonably suggest the TMD is no longer appropriate</p>	<p>FrontYa, and any distributor of this Product, must cease product distribution conduct in respect of this Product when FrontYa determines a material event or circumstance has occurred in relation to:</p>	
	<p>Material Complaints</p>	<p>Material complaints (in number or significance) in relation to the terms of this Product and / or the distribution conduct.</p>
	<p>Financial Difficulty</p>	<p>A significant number of customers experiencing financial difficulty related directly to the appropriateness of the Product that FrontYa determines may relate to the appropriateness of the TMD.</p>
	<p>Product Performance</p>	<p>Evidence, as determined by FrontYa, of the performance of the Product, in practice, that may suggest that the Product is not appropriate for the target market.</p>
	<p>Distributor Feedback</p>	<p>Reporting from distributors, or consistent feedback from distributors on the target market which suggests that the TMD may no longer be appropriate.</p>
	<p>Substantial Product Change</p>	<p>A substantial change to the Product that is likely to result in the TMD no longer being appropriate for the target market.</p>
	<p>Significant Dealing</p>	<p>A material pattern of dealings in the Product or of distributor conduct that is not consistent with the TMD.</p>



Notification from  
ASIC

A notification from ASIC requiring immediate cessation of product distribution or particular conduct in relation to the Product.

<b>Reporting Period</b>	The reporting period for distributors per this TMD is every 3 months commencing from the Start Date.	
The kinds of information needed to identify whether a review trigger has occurred, who must report this information and the reporting period	<b>Reporting Information</b> A person that engages in product distribution conduct in respect of this Product (distributor) must provide the following information in writing to FrontYa within the times specified below:	
	<b>Complaint Information</b>	Information about complaints received in relation to the Product during the reporting period, including the number of complaints and the nature of the complaints received and other complaint information set out in paragraph RG 271.182 of Regulatory Guide 271 Internal dispute resolution.  The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.
	<b>Financial Difficulty</b>	Information about customers experiencing financial difficulty related directly to the appropriateness of the Product of which the distributor becomes aware.  The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.
	<b>Distributor Feedback</b>	Information discovered or held by the distributor that suggests that the TMD may no longer be appropriate.  The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.
	<b>Significant Dealing</b>	Information about any significant dealing in the Product that is not consistent with the TMD of which the distributor becomes aware.  The distributor must provide the information as soon as practicable, or in any event, within 10 business days after becoming aware of the significant dealing.
	<b>Information Requested by FrontYa</b>	Information reasonably requested by FrontYa.  The distributor must provide the information by the date requested by FrontYa.