

STARGATE FLEXSTAR GROUP

About Stargate, Flexstar and Starship

Flexstar Mortgage Corporation, Starship Asset Management and Starship Securitisation are part of the Stargate Group (Stargate), an industry leader in the business of direct-to-consumer mortgage lending and wholesale mortgage-backed securitisation in Australia since 1972.

Stargate was founded by its current executive chairman, Vernon Spencer, and has a long history in the business of mortgage banking, loan processing, and credit and asset management. Stargate is 100% privately held by the Spencer family.

In 1979, the group was responsible for the first issue of mortgage-backed securities in Australia. It pioneered the introduction of Australian RMBS in the primary and secondary mortgage markets and has been actively involved with the mortgage industry for the past 47 years.

Flexstar Mortgage Corporation originates residential-mortgage loans under the Well Home Loans brand, using a unique fintech origination programme that enables a borrower to obtain a residential-first-mortgage loan directly online.

It provides a genuine loan commitment to the borrower – subject only to the completion of certain minimum-standard conditions – and the majority of the process to settlement is completed electronically without human intervention or involvement.

Technology and compliance

As a fintech originator, the specifications require that every single process, from the time a borrower first accesses the Well Home Loans website until they physically receive funds at settlement of the loan, be determined solely by reference to highly complex binary logic algorithms and human machine logic, without any scope for discretion, assumption or judgement on the part of any person or rule.

The systems are built to meet the exacting and rigorous security standards imposed by Australian banks and are scaled for tens of thousands of users. The compliance programme is built on the implementation of the guidelines for compliance within a specified risk framework and requires adherence to all regulatory, lending and business-partner requirements.

Additionally, the Well Home Loans lending policy has been aligned to lenders' mortgage insurance (LMI) providers to ensure 100% LMI and title-insurance coverage on the entire loan portfolio, ensuring quality loans and minimal risk.

Flexstar's Starship programmes

Starship Asset Management acts as trust manager and master servicer of the Starship securitisation RMBS programme, which

will programmatically issue premium-quality RMBS to domestic and international investors.

Starship Earth Series are medium-term bonds issued to domestic and international investors from a specific pool of Australian residential first-mortgage home loans. They are similar in security, structure and performance to other RMBS currently on issue in Australia's capital markets.

Funding strategy – Starbonds

Starbonds are innovative short-term bonds structured identically to longer-term RMBS but with an average life of 6-12 months. They have been created specifically to meet the current Australian Prudential Regulation Authority (APRA) securitisation regulatory-capital requirements applicable to all authorised deposit-taking institutions (ADIs) that provide warehouse facilities.

APRA requires costly additional capital to be set aside by ADIs to support any investment in RMBS of more than 90-91 per cent of the total value of a pool including warehouse facilities. To fund this gap, Starbonds are issued to non-ADI institutional investors to provide the remaining funding.

FOR FURTHER INFORMATION PLEASE CONTACT:

Vernon Spencer

Executive Chairman
+61 412 430 043
vernons@stargatefinancial.com

Scott Spencer

Chief Executive Officer
+61 412 497 114
scott@wellhomeloans.com.au

www.flexstar.com.au