

## Target Market Determinations – Brighten Empower Prime and Brighten Empower

### Legal Disclaimer:

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Brighten Home Loans Pty Ltd ACN 620 839 983 (**Brighten**) design and distribution arrangements for the product.

This document is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs.

<b>Product</b>	Brighten Empower & Brighten Empower Prime
<b>Issuer</b>	Brighten Home Loans Pty Ltd ACN 620 839 983
<b>Date of TMD</b>	5 October 2021
<b>Target Market</b>	<p><b><i>Description of target market</i></b></p> <p>The above products are Full Doc loans secured upon a completed residential property. The products are available for purchase, refinance, and equity release, at a term of up to 30 years at variable interest rates. Repayments may be principal and interest or interest only up to 5 years. The target market of the product includes Individuals, Companies and Trusts.</p> <p>The criteria for acceptable Individual Applicants for the product is:</p> <ul style="list-style-type: none"> <li>• Australian or New Zealand resident; and</li> <li>• Minimum age of borrower is 18.</li> </ul> <p>The criteria for acceptable Company Applicants for the product is:</p> <ul style="list-style-type: none"> <li>• The company must have a valid ACN;</li> <li>• The details of all shareholders with more than 25% shareholding in the company (if not a director) must be collected;</li> <li>• Maximum of 4 guarantors is acceptable;</li> <li>• Guarantors must be natural persons; and</li> <li>• Living expenses of the guarantors must be included.</li> </ul> <p>The criteria for acceptable Trust Applicants for the product is:</p> <ul style="list-style-type: none"> <li>• Loans to a trust must be in the name of the trustee in its/their own right and also in its/their capacity as trustee;</li> <li>• Discretionary, Unit or Family trusts permitted; and</li> <li>• Full trust deed to be provided (stamped &amp; signed).</li> </ul> <p><b><i>Description of product, including key attributes</i></b></p> <p>The product is offered in two variations:</p> <ul style="list-style-type: none"> <li>• Brighten Empower Prime; and</li> <li>• Brighten Empower</li> </ul> <p>The main difference between the two is that Brighten Empower Prime will reward those Borrowers with clear credit histories with higher loan amounts and LVR's. The Brighten Empower product has a higher maximum loan amount, accepts more postcode categories and accepts clients with some adverse credit history.</p>

Information about the products' specifications is set out below:

- The purpose of the loans for both products is purchase, refinance or equity release of owner occupied or investment property;
- The cash out for the Brighten Empower Prime product is up to \$250,000, whilst the cash out for the Brighten Empower product is unlimited;
- The High Density Apartment Unit is  $\geq 50\text{sqm}$  = Max. 70% LVR;
- The repayment options for both products include Principal and Interest or Interest Only (max 5 years);
- The repayment methods include Direct Debit, BPAY and Pay anyone;
- The loan term is up to 30 years for both products; and
- The minimum loan size is \$50,000.

***Description of likely objectives, financial situation and needs of consumers in the target market***

This product is designed for consumers who are:

- seeking to purchase residential property within Australia for either owner occupation or investment purposes;
- seeking to refinance residential property within Australia for either owner occupation or investment purposes;
- seeking to consolidate debt (ie. credit cards, personal loans, business loans, etc.);
- seeking to make non-structural home improvements;
- seeking to make an "Off the Plan" purchase;
- seeking to get a business loan;
- seeking to acquire non-real estate investments (shares, managed funds, etc.);
- seeking finance for general consumer purposes (ie. car, holiday, etc.);
- for the Brighten Empower product, the payment of taxation liability is offered on an exception basis; and
- if the customer chose a variable rate they would be seeking flexibility to make extra repayments without a fee; seeking flexibility to redraw funds as required; seeking additional features on their home loan (ie. offset account); and
- the customer would need to meet Brighten's credit assessment and AML/CTF requirements.

***Classes of consumers for whom the product is clearly unsuitable***

Applicants will not be considered from the following:

- Minors;
- Companies or company trustee's involving disqualified directors;
- Companies and/or individuals where a significant portion of their income is derived from the purchase / development / re-sale of property, unless to purchase or refinance their owner-occupied residence (cash out limited to \$10,000);
- Bankrupts discharged < 3 years ago;
- Applicants under external administration;
- Superannuation funds (either applicant or security provider);
- Superannuation funds (either applicant or security provider);
- Public companies;
- Owner Builders;
- Limited Liability Companies;
- Associations;
- Churches;
- Clubs; and
- Borrowers of Convenience.

	<p><b><i>Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market</i></b></p> <p>This product is likely to be consistent with the likely objectives, financial situations and needs of the customers within the target market as it is a simple loan construct to understand with variable interest rates only. Repayments may be principal and interest or interest only up to 5 years. To be eligible to purchase this product, requirements must be met in relation to:</p> <ul style="list-style-type: none"> <li>• Employment; and</li> <li>• Income,</li> </ul> <p>which would mean that, without exceptional circumstances, the Borrowers will be able to meet their repayment obligations.</p>
<p><b>Distribution Conditions</b></p>	<p><b><i>Distribution conditions</i></b></p> <p>The main distribution channel for this product is through third party distributors, being mortgage brokers, mortgage managers, and aggregator panels (<b>Distribution Partners</b>).</p> <p>The distribution conditions which Distribution Partners must comply with include ensuring that potential customers within the target market meet the eligibility requirements for the product.</p> <p>In order to distribute this product to a potential customer within the target market, the customer must not:</p> <ol style="list-style-type: none"> <li>1. fall into a class of customers set out under the above heading, “<i>Classes of consumers for whom the product is clearly unsuitable</i>”; or</li> <li>2. provide an unacceptable security type.</li> </ol> <p>Further eligibility requirements to purchase this product include:</p> <ol style="list-style-type: none"> <li>1. Employment requirements of the target market; and</li> <li>2. Income requirements of the target market.</li> </ol> <p><b><i>Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market</i></b></p> <p>Brighten monitors the quality and content of applications received from its Distribution Partners for trends and patterns of unacceptable practices or just poor quality and/or incomplete loan applications. Feedback is given, if and when needed. Brightens distributing Mortgage Brokers and Mortgage Managers are all party to agreements that contain commission or fee claw back clauses for unacceptable loans, poor performing loans, fraud and AML/CTF issues amongst other criteria. Brighten also reserves the right in these agreements to terminate Brokers for any reason on two weeks’ notice.</p>
<p><b>Review Triggers</b></p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate include:</p> <ul style="list-style-type: none"> <li>• A significant dealing of the product to consumers outside the target market occurs;</li> <li>• A significant number of complaints or dissatisfaction by the customers in relation to Distribution Partners;</li> <li>• A significant number of complaints is received from customers in relation to their purchase or use of the product that reasonably suggests that the TMD is no longer appropriate;</li> <li>• A material change to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate;</li> <li>• Hindsight reviews indicate that the product has been sold to classes of customers for whom the product is clearly unsuitable;</li> <li>• Material changes to the regulatory environment or relevant legislation;</li> <li>• The extent and nature of any negative feedback from Distribution Partners indicating that they are unable to sell the product to eligible customers within the target market;</li> <li>• The extent and nature of any negative feedback from Borrowers indicating that they are dissatisfied with the products;</li> </ul>

	<ul style="list-style-type: none"> <li>• High rates of default by the customers in the target market; and</li> <li>• Customers of the target market seeking to switch to other loan products.</li> </ul>																								
<b>Review Periods</b>	<p><b>First review date:</b> 5 April 2022</p> <p><b>Periodic reviews:</b> Every 12 months, and in the event it comes to our knowledge that a review trigger is triggered or that the product is not meeting the target market.</p>																								
<b>Distribution Information Reporting Requirements</b>	<p>The following information must be provided to Brighten by distributors who engage in retail product distribution conduct in relation to this product:</p> <table border="1"> <thead> <tr> <th><u>Type of information</u></th> <th><u>Description</u></th> <th><u>Reporting period</u></th> </tr> </thead> <tbody> <tr> <td>Customer Complaints</td> <td>Number of complaints received in relation to the product</td> <td>Every 6 months</td> </tr> <tr> <td>Broker Complaints</td> <td>The extent and the nature of the complaints received from brokers about difficulty in selling to the targets market</td> <td>Every 6 months</td> </tr> <tr> <td>Significant dealing(s)</td> <td>Date or date range of the significant dealing(s) and description of the significant dealing (ie. why it is not consistent with the TMD)</td> <td>As soon as practicable, and in any case within 10 business days after becoming aware</td> </tr> <tr> <td>Application details</td> <td>The broker is responsible to sight the original documents and make reasonable enquiries as to their authenticity to ensure that eligible customers are purchasing the product.</td> <td>As soon as practicable</td> </tr> <tr> <td>Dealings outside of the target market</td> <td>To the extent a broker is aware of dealings outside of the target market, these should be reported to Brighten, including the reason why acquisition is outside of target market</td> <td>Within 10 business days</td> </tr> <tr> <td>Customer payment default</td> <td>Customers within the target market are unable to meet their loan repayments</td> <td>As soon as practicable</td> </tr> <tr> <td>Customer's dissatisfaction with the product</td> <td>The customer inquiring to change the product or making complaints about it</td> <td>Every 6 months</td> </tr> </tbody> </table>	<u>Type of information</u>	<u>Description</u>	<u>Reporting period</u>	Customer Complaints	Number of complaints received in relation to the product	Every 6 months	Broker Complaints	The extent and the nature of the complaints received from brokers about difficulty in selling to the targets market	Every 6 months	Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (ie. why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware	Application details	The broker is responsible to sight the original documents and make reasonable enquiries as to their authenticity to ensure that eligible customers are purchasing the product.	As soon as practicable	Dealings outside of the target market	To the extent a broker is aware of dealings outside of the target market, these should be reported to Brighten, including the reason why acquisition is outside of target market	Within 10 business days	Customer payment default	Customers within the target market are unable to meet their loan repayments	As soon as practicable	Customer's dissatisfaction with the product	The customer inquiring to change the product or making complaints about it	Every 6 months
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