

Target Market Determinations – Brighten Evergreen & Brighten Boost

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.

Product	Brighten Evergreen & Brighten Boost
Issuer	Brighten Home Loans Pty Ltd ACN 620 839 983
Date of TMD	5 October 2021
Target Market	<p><i>Description of target market</i></p> <p>The above products are for all 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, 1-3 year fixed rates. Repayments may be principal & interest or interest only up to 5 years for Brighten Evergreen and principal and interest only for Brighten Boost. The target market of the products includes salaried employees, investors and self-employed individuals, including non-residents of Australia, as well as Australian registered companies.</p> <p>The products are acceptable for the following applicants:</p> <ul style="list-style-type: none">• applications from salaried employees, investors and self-employed individuals, as well as Australian registered companies supported by a guarantee from each of the directors.<ul style="list-style-type: none">○ Salaried employees must demonstrate a minimum of 12 months in their job or the last 2 years in the same industry. Self-employed applicants must demonstrate a minimum of the last 2 years deriving such income.• We will not accept applications from Politically Exposed Persons or from applicants located in countries identified by FATF as having AML/CTF deficiencies.• All applicants who do not reside in Australia must provide evidence of approval from FIRB or establish that their acquisition is exempt from approval. <p>Residents from the following list of countries can be considered for this product:</p> <ul style="list-style-type: none">• Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, Indonesia, Malaysia, Japan, Macau SAR, New Zealand, Singapore, South Africa, South Korea, Switzerland, Taiwan, United Kingdom, USA, Vietnam. <p><i>Description of product, including key attributes</i></p> <p>Information about the products' specifications is set out below:</p> <ul style="list-style-type: none">• The purpose of the loan is purchase, refinance or equity release of an owner occupied or investment property;• Repayment types including principal and interest or interest only;• The customer's choice of a variable rate or a fixed rate for 1 to 3 years;• The maximum LVR is 80%; Whenever the LVR is over 75% for an application, two loan accounts will be created with a structure of Loan 1: Evergreen with 70% LVR and Loan 2 Brighten Boost with remaining loan amount on top of 70% (5%-10% of the valuation);

- Interest only periods of a maximum of 5 years for Brighten Evergreen;
- 100% offset facility included for variable rate loans;
- Up to 5 loan splits with fixed rate portions not more than 50%;
- Apartments, townhouses and detached houses in ALL Australian States including Tasmania;
- Up to 30 years loan term;
- Complimentary pre-assessment and conditional written approval;
- Genuine Alt Doc solution available to all Self-Employed borrowers;
- Available to Non-residents of Australia – No translation required for documents in Chinese; and
- Online access through the Brighten Home Loans portal.

There are requirements as to the loan size for this product:

Minimum Loan Size

- The minimum loan amount for a new customer is \$150,000, in cases where an existing borrower seeks a new facility and has an existing loan smaller loan sizes may be considered.

Maximum Loan Size

- The maximum loan size per individual security property is \$2,000,000.

Aggregation of loans

- Facilities that involve related parties must be aggregated as a single group for application assessment purposes. The maximum lending exposure to an individual borrower (without the consent of the credit committee) is \$3,000,000.

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

The products are 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 and “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.);
- 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);
- if the customer chose a fixed rate option, they would be seeking the certainty of a fixed interest rate; seeking the certainty of fixed repayments over the term of the loan; 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

We will not accept applications from Politically Exposed Persons or from applicants located in countries identified by FATF as having AML/CTF deficiencies.

Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market

The products are 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.

	<p>The options of variable interest rates with 3 year fixed rate periods. 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"> • Employment; • Income; and • Positive credit reports, <p>which would mean that, without exceptional circumstances, the Borrowers will be able to meet their repayment obligations.</p>
<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>The main distribution channel for this product is through third part distributors, being mortgage brokers, mortgage managers, and aggregator panels (Distribution Partners).</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"> 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 2. provide an unacceptable security type. <p>Further eligibility requirements to purchase this product include:</p> <ol style="list-style-type: none"> 1. Employment requirements of the target market; and 2. Income requirements of the target market. <p><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></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>Review Triggers</p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate include:</p> <ul style="list-style-type: none"> • A significant dealing of the product to consumers outside the target market occurs; • A significant number of complaints or dissatisfaction by the customers in relation to Distribution Partners; • 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; • 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; • Hindsight reviews indicate that the product has been sold to classes of customers for whom the product is clearly unsuitable; • Material changes to the regulatory environment or relevant legislation; • 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; • The extent and nature of any negative feedback from Borrowers indicating that they are dissatisfied with the product; • High rates of default by the customers in the target market; and

- Customers of the target market seeking to switch to other loan products.

Review Periods

First review date: 5 April 2022
Periodic reviews: 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.

Distribution Information Reporting Requirements

The following information must be provided to Brighten by distributors who engage in retail product distribution conduct in relation to this product:

<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 in order 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