

Target Market Determinations – Brighten Premium and Brighten Premium Plus

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 product disclosure statement and 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. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (**PDS**) for Brighten Premium and Brighten Premium Plus before making a decision whether to buy these products.

Product	Brighten Premium and Brighten Premium Plus
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 Full Doc loan 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 products includes Australian 188B, 888B, 188C or 888C visa holders.</p> <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 owner occupied or investment property;• The repayment options are Principal and Interest or Interest Only (up to 5 years);• The repayment methods include Direct Debit, BPAY and Pay anyone;• The loan term is up to 30 years• There is up to 5 loan splits;• The maximum loan size is \$2,000,000 up to 70% LVR or \$1,500,000 up to 80% LVR;• The apartment unit dwelling size must be greater than 40sqm, excluding balcony & car parking, or a unit with <50sqm internal space with a maximum LVR of 60%; and• The credit history where there are paid defaults up to \$500 which may be considered. <p><i>Description of likely objectives, financial situation and needs of consumers in the target market</i></p> <p>The difference between the two products is that the Brighten Premium product is for temporary residents who hold a 188B or 188C Visa, whereas the Brighten Premium Plus product is for permanent residents who hold a 888B or 888C Visa.</p> <p>The products are designed for consumers who are:</p> <ul style="list-style-type: none">• A 188B, 188C, 888B or 888C visa holder seeking to purchase residential property within Australia for either owner occupation or investment purposes;

- 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:

- Individuals who are not 188B, 188C, 888B or 888C visa holders;
- 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.

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 with variable interest rates only. Repayments may be principal and interest or interest only up to 5 years. To be eligible to purchase these products, requirements must be met in relation to:

- rental income; and/or
- investment income

which would mean that, without exceptional circumstances, the Borrowers will be able to meet their repayment obligations.

Distribution Conditions

Distribution conditions

The main distribution channel for these products is through third part distributors, being mortgage brokers, mortgage managers, and aggregator panels (**Distribution Partners**).

The distribution conditions which Distribution Partners must comply with include ensuring that potential customers within the target market meet the eligibility requirements for the products.

In order to distribute the products to a potential customer within the target market, the customer must not:

1. fall into a class of customers set out under the above heading, “*Classes of consumers for whom the product is clearly unsuitable*”; or
2. provide an unacceptable security type.

Further eligibility requirements to purchase these products include:

1. rental income; and/or
2. investment income.

Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market

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.

Review Triggers

- The review triggers that would reasonably suggest that the TMD is no longer appropriate include:
- A significant dealing of the products 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 products that reasonably suggests that the TMD is no longer appropriate;
 - A material change to the products or the terms and conditions of the products occurs which would cause the TMD to no longer be appropriate;
 - Hindsight reviews indicate that the products have been sold to classes of customers for whom the products are 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 products to eligible customers within the target market;
 - The extent and nature of any negative feedback from Borrowers indicating that they are dissatisfied with the products;
 - 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 products are 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 these products:

<u>Type of information</u>	<u>Description</u>	<u>Reporting period</u>
Customer Complaints	Number of complaints received in relation to the products	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 products.	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 products	The customer inquiring to change the products or making complaints about it	Every 6 months