

Target Market Determinations – Brighten Easy Builder

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 Easy Builder before making a decision whether to buy this product.

Product	Brighten Easy Builder
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 product is for all construction loans requiring progress payments (e.g. this loan is suitable for an applicant who has bought a “house and land package”). An interest only option is available during the construction period. The loan is interest only during the construction period, and continues at the same interest rate after construction is complete. During construction the loan is interest only, whereas after construction the loan is principal repayments. The target market of the product includes salaried employees, investors and self-employed individuals, including non-residents of Australia, as well as Australian registered companies.</p> <p>The product is 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>The interest only rates during construction start from 4.48%p.a.</p> <p>Further information about the product specifications is set out below:</p> <ul style="list-style-type: none"> • The purpose of the loan is for house and land construction with progress payments;

- It is for customers seeking construction loans with progress payments (excluding owner builders)
- Repayments types including interest only during construction, and principal and interest or interest only after construction;
- The customer's choice of a variable rate;
- Interest only periods of a maximum of 5 years;
- Monthly repayments by direct debit;
- 100% offset facility included for variable rate loans (available during construction);
- Online access through the Brighten Home Loans portal;
- Ongoing rates: Interest only of 4.48% p.a. during construction while comparison rates are at 5.00%p.a.;
- \$0 establishment fee;
- \$0 settlement fee;
- \$0 risk fee up to \$750,000;
- The maximum LVR is 70%;
- The maximum loan size is \$2,000,000
- Up to 30 years loan term;
- Interest Only Repayment available for up to 5 years;
- Complimentary pre-assessment and conditional written approval;
- Genuine Alt Doc solution available to all Self-Employed borrowers; and
- Available to Non-residents of Australia – No translation required for documents in Chinese.

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.

The fees and charges that apply to the product are set out below:

- A pre-assessment involving a scenario assessment is complimentary;
- The conditional offer has an application fee of \$660;
- The settlement includes:
 - Valuation and administration fee of \$330, at cost, plus disbursements;
 - Lenders legal fees of \$300, at cost, plus disbursements; and
 - The risk fee is depending on the loan amount and the LVR;
- Other fees include:
 - Construction inspection fee of \$600 per progress payment;
 - Account fee of \$499p.a.;
 - Early repayment fees of nil, for a variable loan; and
- Discharge fees of \$550, plus lenders legal fees at cost.

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

This product is designed for consumers who are:

- Seeking construction loans with progress payments (excluding owner builders)
- 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

	<ul style="list-style-type: none"> the customer would need to meet Brighten’s credit assessment and AML/CTF requirements. <p><i>Classes of consumers for whom the product is clearly unsuitable</i></p> <p>We will not accept applications from Politically Exposed Persons or from applicants located in countries identified by FATF as having AML/CTF deficiencies.</p> <p><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></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. The options of variable interest rates. 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"> 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 provide an unacceptable security type. <p>Further eligibility requirements to purchase this product include:</p> <ol style="list-style-type: none"> Employment requirements of the target market; and 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;

	<ul style="list-style-type: none"> • 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	<p>First review date: 5 April 2022</p> <p>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.</p>																								
Distribution Information Reporting Requirements	<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" data-bbox="346 882 1453 1966"> <thead> <tr> <th data-bbox="346 882 545 1008"><u>Type of information</u></th> <th data-bbox="545 882 1195 1008"><u>Description</u></th> <th data-bbox="1195 882 1453 1008"><u>Reporting period</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="346 1008 545 1102">Customer Complaints</td> <td data-bbox="545 1008 1195 1102">Number of complaints received in relation to the product</td> <td data-bbox="1195 1008 1453 1102">Every 6 months</td> </tr> <tr> <td data-bbox="346 1102 545 1227">Broker Complaints</td> <td data-bbox="545 1102 1195 1227">The extent and the nature of the complaints received from brokers about difficulty in selling to the targets market</td> <td data-bbox="1195 1102 1453 1227">Every 6 months</td> </tr> <tr> <td data-bbox="346 1227 545 1442">Significant dealing(s)</td> <td data-bbox="545 1227 1195 1442">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 data-bbox="1195 1227 1453 1442">As soon as practicable, and in any case within 10 business days after becoming aware</td> </tr> <tr> <td data-bbox="346 1442 545 1594">Application details</td> <td data-bbox="545 1442 1195 1594">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.</td> <td data-bbox="1195 1442 1453 1594">As soon as practicable</td> </tr> <tr> <td data-bbox="346 1594 545 1747">Dealings outside of the target market</td> <td data-bbox="545 1594 1195 1747">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 data-bbox="1195 1594 1453 1747">Within 10 business days</td> </tr> <tr> <td data-bbox="346 1747 545 1841">Customer payment default</td> <td data-bbox="545 1747 1195 1841">Customers within the target market are unable to meet their loan repayments</td> <td data-bbox="1195 1747 1453 1841">As soon as practicable</td> </tr> <tr> <td data-bbox="346 1841 545 1966">Customer's dissatisfaction with the product</td> <td data-bbox="545 1841 1195 1966">The customer inquiring to change the product or making complaints about it</td> <td data-bbox="1195 1841 1453 1966">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 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
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