

Target Market Determinations- Flexi Empower Prime and Flexi 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 customers 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 (**PDS**) and it is not a summary of the product features or terms of the product. The information contained in this TMD does not take into account any person's individual objectives, financial situation or needs.

Product	Flexi Empower & Flexi Empower Prime
Issuer	Brighten Home Loans Pty Ltd ACN 620 839 983
Date of TMD	22 October 2021 Updated on 22 December 2023
Target Market	<p>Description of target market</p> <p>The above product is a full documentation (Full Doc) loan secured over established residential property. The product is available for purchases, refinances, and equity releases, for a term of up to 30 years at variable interest rates. Repayments may be principal and interest or interest only up to 5 years.</p> <p>The target market of the product includes Individuals, Companies and Trusts.</p> <p>The product is acceptable for the following applicants:</p> <ul style="list-style-type: none"> • Australian or New Zealand resident; and • Minimum age of borrower is 18. <p>The criteria for acceptable Company Applicants for the product is:</p> <ul style="list-style-type: none"> • Company must have a valid ACN; • Details of all shareholders with more than 25% shareholding in the company (if not a director) must be collected; • Maximum of 4 guarantors; • Guarantors must be natural persons; and • Living expenses of the guarantors must be included. <p>The criteria for acceptable Trust Applicants for the product is:</p> <ul style="list-style-type: none"> • 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; • Discretionary, Unit or Family trusts permitted; and • Full trust deed to be provided (stamped & signed). <p>Description of product, including key attributes</p> <p>Information about the products' specifications is set out below:</p> <ul style="list-style-type: none"> • Purpose of the loans for both products is purchase, refinance or equity release of owner occupied or investment property; • Cash out for the Brighten Empower Prime product is unlimited up to 80% LVR and for loans from 80%-90% LVR, cash out is restricted to 20% of the security value, whilst the cash out for the Brighten Empower product is unlimited; • A High Density Apartment Unit size must be $\geq 50\text{sqm}$, with a maximum LVR of 70%;

- Repayment options for both products include either Principal and Interest or Interest Only (max 5 years);
- Repayment methods include Direct Debit, BPAY and Pay anyone;
- Loan term is up to 30 years for both products; and
- Minimum loan amount of \$50,000.

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

The product is offered in two variations:

- Brighten Empower Prime; and
- Brighten Empower

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.

This product is designed for customers 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 investment (shares, managed funds, etc.);
- Seeking finance for general customer purposes (ie. car, holiday, etc.);
- For the Brighten Empower product, the payment of taxation liability is offered on an exception basis;
- For customers who choose a variable rate, seeking flexibility to make extra repayments without a fee; seeking flexibility to redraw funds as required; seeking additional features on their home loan (i.e. Offset account); and
- The customer would need to meet Brighten's credit assessment and AML/CTF requirements.

Classes of customers 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 < 2 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><i>Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of customers 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 with variable interest rates only. Repayments may be principal and interest or interest only up to 5 years.</p> <p>To be eligible to purchase this product, requirements must be met in relation to:</p> <ul style="list-style-type: none"> • Employment; and • Income, <p>which would mean that, without exceptional circumstances, the Borrowers will be able to meet their repayment obligations.</p> <p>Customers will need to also provide sufficient security in accordance with Brighten's credit assessment criteria, including:</p> <ul style="list-style-type: none"> • Acceptable property mortgage; • General or specific security agreements; and/or • Guarantor who supports the loan by providing additional security. <p>The financial situation of the Target Market are customers that meet Brighten's credit assessment criteria which includes:</p> <ul style="list-style-type: none"> • Demonstrating the capacity to make the required repayments and the ability to pay off the loan without substantial hardship; and • Where determined by Brighten to be required, (based on the customer's security, applicant and loan attributes), have an acceptable guarantor. <p>Brighten considers its processes in place, including assessing the customer's ability to service the loan account, will mean that the product will likely be consistent with the financial situation of the Target Market.</p>
<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>The main distribution channel for this product is through third party 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 costumers 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 customers 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</p>

	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	<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 costumers 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 which materially impacts upon the design and distribution of the product;• Inquiry or action by ASIC or another regulator as to the design or distribution of the product;• Descriptions or attributes contained in this TMD are found to include materially incorrect or misleading information;• 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 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.• Any other event or circumstance which reasonably suggests that the TMD is no longer appropriate.																		
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><tr><th><u>Type of Information</u></th><th><u>Description</u></th><th><u>Reporting period</u></th></tr><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</td><td>Within 10 business days</td></tr></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	Within 10 business days
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		be reported to Brighten, including the reason why acquisition is outside of target market	
	Customer payment default	Customers within the target market are unable to meet their loan repayments	As soon as Practicable
	Customer dissatisfaction with the product	The customer inquiring to change the product or making complaints about it	Every 6 months