

# Target Market Determination



Product	LoanOne Green Series Construction
Issuer	Brighten Home Loans Pty Ltd ACN 620 839 983
Date of TMD	22 December 2023
Mortgage Manager	LoanOne Pty Ltd ACN: 54 161 283 147; ACL: 501182

## 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 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.

## Target market

### Description of target market

The product is a full documentation (Full Doc) or alternative documentation (Alt Doc) loan secured by residential property for all construction loans requiring progress payments (e.g. this loan is suitable for an applicant who has bought a "house and land package").

The product is acceptable for the following applicants:

- Applications from salaried employees, investors and self-employed individuals, as well as Australian registered companies supported by a guarantee from each of the directors.
  - 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 the Financial Action Task Force (FATF) as having AML/CTF deficiencies.
- All applicants who do not reside in Australia must provide evidence of approval from the Financial Investment Review Board (FIRB) or establish that their acquisition is exempt from approval.

Residents from the following list of countries can be considered for this product:

- Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, Indonesia, Malaysia, Japan, Macau SAR, Qatar, New Zealand, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Taiwan, United Arab Emirates, United Kingdom, USA, Vietnam.

### Description of product, including key attributes

Information about the products' specifications is set out below:

- Interest only repayments during construction, and either principal and interest repayments or interest only repayments after construction completion;
- Interest only periods of a maximum of 5 years;
- Variable rate product only;
- Loan term of 15-30 years;
- 100% Offset Facility available post construction; and
- After the construction completion, the loan will convert to our standard residential home loan product Brighten Evergreen.

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

This product is designed for customers who are:

- Seeking construction loans with progress payments (excluding owner builders);
- Seeking flexibility to make extra repayments without a fee; and

- Seeking to make interest only repayment for up to 5 years.

## Classes of customers 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 customers in the target market

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:

- Variable interest rates only; and
- 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:

- Employment;
- Income and
- Positive Credit reports,

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

Customers will need to also provide sufficient security in accordance with Brighten's credit assessment criteria, including:

- Acceptable property mortgage;
- General or specific security agreements; and/or
- Guarantor who supports the loan by providing additional security.

The financial situation of the Target Market are customers that meet Brighten's credit assessment criteria which includes:

- 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.

## Distribution Conditions

### Distribution conditions

The main distribution channel for this product is through third party 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 product.

In order to distribute this product 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 customers for whom the product is clearly unsuitable"; or
2. provide an unacceptable security type.

Further eligibility requirements to purchase this product include:

1. Employment requirements of the target market; and
2. Income requirements of the target market.

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

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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 product to customers 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

**First review date:** 18 March 2024

**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:

Type of Information	Description	Reporting Period
<b>Customer Complaints</b>	Number of complaints received in relation to the product	Every 6 months
<b>Broker Complaints</b>	The extent and the nature of the complaints received from brokers about difficulty in selling to the targets market	Every 6 months
<b>Significant dealing(s)</b>	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

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<b>Application details</b>	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
<b>Dealings outside of the target market</b>	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
<b>Customer payment default</b>	Customers within the target market are unable to meet their loan repayments	As soon as Practicable
<b>Customer's dissatisfaction with the product</b>	The customer inquiring to change the product or making complaints about it	Every 6 months