

Gold Commercial SMSF Variable Rate Home Loan

	TARGET MARKET DETERMINATION
Product Name:	Gold Commercial SMSF Variable Rate Home Loan
Version	Version - 2.0
Issuer	BNK Banking Corporation Limited (BNK) ABN: 63 087 651 849 AFSL/Australian Credit Licence 246884
Manager	Better Choice Home Loans Pty Ltd ABN 79 095 728 868 Australian Credit Licence 378333
Effective Date	1 st August 2022
Target Market	<p>Objectives, financial situation and needs of the Target Market</p> <p>This product is targeted at PAYG & Self Employed investor customers with the likely objectives and needs of wanting a fully featured Self-Managed Superannuation Fund (SMSF) commercial loan with a variable interest rate through an authorised SMSF to invest in suitable commercial property for any of the following purposes:</p> <p>Purchase or refinance of an acceptable standard commercial property including but not limited to:</p> <ul style="list-style-type: none"> • Shop fronts, Offices, Industrial Units, Factories, Warehouses, Mixed Residential & commercial use, Medical / Professional Suites. <p>PLEASE NOTE:</p> <ul style="list-style-type: none"> • All security properties must be multi-use • Specialised security is not acceptable • Registered first mortgage only (no second mortgages) <p>The financial situation of the target market for this product are those that meet Better Choice's credit assessment criteria.</p> <p>Eligibility criteria for the product</p> <p>To hold this product customers will need to satisfy certain eligibility criteria and credit assessment requirements in meeting;</p> <ul style="list-style-type: none"> • SMSF Trustee (Borrower) - The SMSF trustee must be a corporate trustee (where all beneficiaries must be directors of the trustee company), on behalf of a SMSF. • Property Trustee (Mortgagor) - <ul style="list-style-type: none"> ◦ The property trustee must be a corporate trustee (and must be a different company to the SMSF company trustee). ◦ The property trustee can be another company owned or controlled by a member of the SMSF, but not an individual member of the SMSF. • Personal Guarantees from all SMSF beneficiaries - All directors and shareholders and beneficiaries are required to provide unconditional joint and several guarantees. This is in addition to the standard requirements for trust borrowers. • Minimum Fund Balance - the SMSF must have a minimum Net tangible asset position of \$100,000 at application • On completion of the transaction the SMSF must be able to demonstrate it will still hold a minimum of 5% of the total debts held in the superfund in liquid assets. (i.e. cash / interest / dividend earning assets). • Serviceability will be undertaken solely from the SMSF itself. The SMSF must be able to service the loan from existing SMSF income and assets, proposed rental income and mandatory members' contributions

	<p>Key features of the product</p> <ul style="list-style-type: none"> • A variable interest rate, which means repayments will vary based on changes to the interest rate • Principal & Interest or Interest Only repayments (1 to 5 years) • Unlimited additional repayments without penalty • Loan term: 3 to 25 years • Minimum loan size: \$100,000 • Maximum loan size: <ul style="list-style-type: none"> • \$4M - 75% LVR (Cat 1)* • \$3M - 80% LVR (Cat 1)* • \$3M - 75% LVR (Cat 2)^ • \$2M - 70% LVR (Cat 3)^ <p>* in aggregate ^ in aggregate or one loan</p> <ul style="list-style-type: none"> • Maximum LVR: 80% LVR (Cat 1) 75% LVR (Cat 2) 70% (Cat 3)
Distribution Conditions	<p>The Product can only be distributed by:</p> <ul style="list-style-type: none"> • Accredited mortgage brokers directly accredited with Better Choice Home Loans subject to a best interest's duty and related obligations, directly to consumers. ("Broker Direct Channel") • An accredited mortgage broker and hold an Australian Credit Licence or be an Authorised Credit Representative to engage in credit activities on behalf of a credit licensee through accredited mortgage aggregators, to consumers ("Broker Channel"). • The accredited mortgage broker is subject to a best interest's duty and related obligations to ensure that the product is in the best interests of any customer when offering this product. • These distribution channels and conditions is appropriate as the target market is wide whereby it ensures distributors are appropriately authorised to provide the relevant regulated financial services and will comply with the commercial terms agreed between distributors and Better Choice Home Loans.
Review Period	<p>An initial review of this target market determination will occur within 12 months of the date of this target market determination. This target market determination is then to be reviewed at least every 12 months.</p>
Review Triggers	<p>Upon the occurrence of any of the below review triggers, the TMD may no longer be considered appropriate and a review of this TMD must be undertaken.</p> <ul style="list-style-type: none"> • Occurrences of significant dealing of the product to consumers outside the target market occurs; • A substantial number of complaints are received from customers in relation to the product; • A sizeable increase in number of defaults occur; • Issuing and distribution of this product is found to be inadequate and not in alignment with intended target market: and • A material change is made to this product • A decision by law, industry body or regulatory authority that materially effects the product • Significant changes in review metrics such as, an increase in early terminations, change in product demographics • Receipt of a Product Intervention power order from ASIC

Monitoring and Reporting	Type of information	Description	Reporting period
	Third-party distributors who are regulated persons will need to collect, keep, and report the following information		
	Specific Complaints	Details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and within 10 business days of receipt of complaint.
	Complaints Information	Number of complaints <ul style="list-style-type: none"> • written details of the complaint; and • the number of complaints during the reporting period. 	Quarterly When does the regulated person have to report: Within 10 business days of the end of the reporting period.
	Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware
	Additional Reporting Requirements	Details of any suggested feedback and improvements	Quarterly As soon as practicable and within 10 business days of receipt of complaint