

# Target Market Determination

## **Early pay funding for Agency Commissions**

**Issuer: RealPay Holdings Pty Ltd, trading as “Rello” (ABN 43 651 812 645)  
and its subsidiaries**

Issue Date: 1 November 2021

Review Date: 1 November 2022

# 1 About this Target Market Determination

## 1.1 Introduction

This target market determination (“**TMD**”) details a description of the likely objectives, financial situation and needs of customers in the target market where early funding of agency commissions is made available to Real Estate Agencies (“**Customers**”) following unconditional sales of a residential property.

A description of the early funding payment product, including the key attributes and explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market is provided in this document.

This TMD is required under section 994B of the Corporations Act 2001 (Cth). This document is not intended to provide financial advice. It forms part of Rello’s design and distribution framework for the product.

## 1.2 Product to which this Target Market Determination applies

This TMD applies to the early funding of agency commission by Rello to real estate agencies, where a property sale transaction becomes unconditional and a deposit for the sale is received from the buyer and held in trust for the vendor.

Real estate agencies generally wait for settlement to take place, (normally 42 days) before they can access commission funds owed to them. Rello provides an onboarded and approved Agency early access to those funds ahead of settlement (“**Early Funding**”). The Agency is required to repay funds advanced by Rello at the earlier of property settlement or early release of deposit.

## 1.3 Date from which this target market determination is effective

1 November 2021 (the Effective Date).

# 2 The Target Market

The information below summarises the type of customers that fall within the target market for this product, based on the key product attributes, the likely objectives, financial situation and needs that the product has been designed to meet.

## 2.1 Background

Under this product program (“**Program**”), Rello advances sales commissions earned on real estate property sales, to the real estate agencies. The Program is available to Real Estate Agencies (“**Listing Agency**”) that have a history of successful operation and for approved sales transactions.

An approved sales transaction is one where:

- Contracts had been exchanged and a deposit paid by the purchaser;
- The sale is unconditional and a cooling down period doesn't exist;
- The sale contract gives the vendor a right to retain the deposit if the purchaser fails to settle; and
- The Sales Authority gives the Listing Agency a right to the withhold commission before releasing the deposit to the vendor.

The Program allows a Listing Agency to receive payment in advance for commissions receivable, for approved sales transactions. The advance is repaid when the purchaser settles the transaction, to a maximum of 120 days. If the purchaser fails to settle, repayment is from the deposit retained by the vendor. The repayment term is restricted to the settlement term allowed in the sales contract.

The Listing Agency may request an advance for up to 100% of the commission right, less upfront fees payable to Rello. Rello charges a service fee, that is deducted from drawdown proceeds. The Listing Agency assigns the commission right to Rello. Each advance to a Listing Agency is documented on a Commission Advance Agreement.

## 2.2 Target Market for the Product

Customers for this product are Agencies and/or Agents involved in the sale of a residential property where an unconditional sale on a property has taken place. Namely these are:

- Real estate agencies with an ABN and registered for GST;
- Listing Agency with a valid corporate real estate licence number;
- Real estate agents with a valid real estate licence and have a commercial agreement with the Listing Agency.

The Commission Advance Agreement for early funding has been designed for Agencies, that require early access to funds to pay for staff costs and other working capital costs (the **Target Market**).

## 2.3 Eligibility

An approved Listing Agency must evidence a valid commission right, for each proposed commission advance:

- Agency onboarded with Rello completing KYC/AML requirements
- Hold a valid Agency Selling Agreement /Authority and an exchanged and valid Contract of Sale
- Hold confirmation of deposit on sale
- Hold a letter from Solicitor or Conveyancer confirming unconditional /exchange /settle date

## 2.4 The appropriateness of the product for customers

Rello has concluded that this product is consistent with the likely objectives, financial situation and needs of individuals in the Target Market including:

- Agencies looking to access working capital by releasing cash flow tied up in unconditional sales;
- The ability to access to funds between \$2,000 and \$50,000 per commission right;
- Agencies looking for flexible funding where property security or collateral is not required.

### 3 Product Description and Design

A summary of terms which may apply to the product are set out below:

<b>Product Name</b>	▪ Early Pay Funding of Commissions
<b>Purpose</b>	▪ Funding agency commissions
<b>Exclusions</b>	▪ Commercial Property, off plan sales, and property developments.
<b>Funding Amount</b>	▪ From \$2,000 to \$50,000 per exchanged contract
<b>Term</b>	<ul style="list-style-type: none"> <li>▪ 30 days from acceptance of the Payment Plan</li> <li>▪ Option to extend in incremental 30 days to 120 days</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>▪ Service Fee: of 4.0% + GST % of the Funding Amount (with a minimum Service Fee of \$250)</li> <li>▪ Extension Fee: of 1.5% in 30 day increments up to 120 days</li> <li>▪ Fees are non-refundable.</li> </ul>
<b>Repayment</b>	▪ Funds are repaid at the earlier of settlement or on the release of deposit monies.
<b>Documentation</b>	▪ The Customer agrees a Commission Advance Agreement each time early funding is accessed which details the payment schedule summarising the terms along with terms and conditions.
<b>Customer Service</b>	▪ The Customer receives electronic confirmation of their Payment Schedule.

### 4 How this product will be distributed

#### 4.1 Distribution

Rello has defined a set of distribution channels and associated distribution conditions or restrictions. Early funding of commissions is distributed digitally through:

- Online through the Rello Platform to customers that meet the eligibility criteria of the product; and
- Third party platforms that have a direct API integration with Rello and are the main supplier of technology to Real Estate Agency.

Each Agency is required to be onboarded with a Rello Account to use the Rello Platform and access Rello's products and services. Each Agency must meet know-your-customer and AML/CTF requirements and any other checks we deem necessary for credit approval.

Once onboarded, Rello provides access to the Agency to access our products via API integration of directly. Each Agency is provided with appropriate training to not make any false or misleading representation or statement about us or about the Payment Services.

#### **4.2 Adequacy of distribution conditions and restrictions**

We have determined that the distribution conditions and restrictions will make it likely that consumers who open the product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the Target Market for whom the product has been designed.

## **5 Reviewing this TMD**

Rello has implemented the following monitoring program for the product which is designed to trigger a review of this TMD.

#### **5.1 Review periods and review triggers**

The features of the product, and this Target Market Determination, will be reviewed no later than 12 months after the date of this Target Market Determination, and thereafter annually each June to assess the product's continued suitability for the objectives, financial situation and needs of Agencies in the target market, including:

- Quarterly review of the appropriateness of the product limits;
- Quarterly review of the performance of each distributor of the product, including the number of products offered and sold, breaches within the portfolio of agreements with clients of that Agency, and the extent to which the products offered by that Agency conform to the distribution conditions and product parameters.
- We will collect information on the number applications, number of approvals, and repayments in relation to this TMD on a monthly basis.

The following circumstances (**review triggers**) will trigger an earlier review of this Target Market Determination, and of the suitability of the product to the target market:

- If the financial value of contracts in breach exceeds 5% of the total financial value of contracts in effect;
- If more than 10 complaints are received in relation to the product in any quarter;
- If significant changes to the external environment that would reasonably suggest that this TMD is no longer appropriate, including the regulatory / legislative environment for the product, as well as the economic and market conditions; or
- An observation based on product usage and consumer behaviour that would reasonably suggest that this TMD is no longer appropriate.

## 6 Reporting and Monitoring the TMD

We will collect the following information from external parties in relation to the TMD:

### **6.1 Product complaints**

Distributors will report all complaints they receive in relation the product every three months, including customer information and details of the complaint.

### **6.2 Significant dealings**

We will report any significant dealings to ASIC within 10 business days of becoming aware of the dealing.