

Version 17 – January 2024

Part A – Loan Terms

1. About these terms and conditions

- 1.1 These are the AFG General Terms and Conditions version 17 incorporated into schedules referring to these terms and conditions. The schedule and this document together form your loan agreement. This document does not contain all the pre-contractual information required to be given to you. You must read this document together with your schedule.
- 1.2 Words printed in *italics* have a special meaning. These words are defined at the end of this document or in your schedule.

2. Other documents you must read

- 2.1 In addition to complying with your loan agreement, you must read and comply with:
 - (a) the Mortgage Common Provisions;
 - (b) access methods, if applicable; and
 - (c) any other conditions reasonably imposed by us.
- 2.2 Take particular notice of the things you must do and must not do with the *mortgaged property*, and when your payments are due.

3. When there is a binding legal contract between you and the Lender

NOTE: Until the *settlement date*, we have the right to change the terms of your loan agreement or to withdraw our offer to lend altogether.

- 3.1 There is no binding legal agreement between us until the *settlement date* or such earlier date as we decide. This means that until the *settlement date*:
 - (a) you are not bound to go ahead; and
 - (b) we have the right to change the terms of your loan agreement or to withdraw it altogether and decline to make an advance of funds to you if anything occurs which we reasonably believe makes proceeding with the loan undesirable. We are not obliged to make an advance of funds until all relevant conditions are fulfilled to our satisfaction. You may be liable for costs even if we decide not to proceed.

4. Joint borrowers

- 4.1 If there are two or more borrowers, each of you is individually liable, and all of you are jointly liable. This means that the Lender may take legal action against any one of you for all the outstanding amounts.
- 4.2 Each borrower can bind each other borrower. For example, any one of you can authorise a redraw or transaction on any offset sub-account, a split into one or more sub-loans, or any other activity in respect of your loan. Each borrower and any *guarantor* will be liable even though they did not know about or did not agree to the transaction.

NOTE: This means that each one of you can be required to pay the whole amount even if you have some other arrangement among yourselves and even if not all of you benefit equally.

- 4.3 Despite this clause, we may require all borrowers and *guarantors* to authorise any activity with respect to your loan.
Changes by you

5. Representations and warranties

- 5.1 You represent and warrant that all information you have given us regarding your financial and personal affairs and any *mortgaged property* is true and correct. You also represent and warrant that other than as disclosed to us in writing prior to the loan date:
- (a) there are no unpaid rates or taxes owing in respect of the *mortgaged property*;
 - (b) the *mortgaged property* will be occupied by you;
 - (c) there are no notices or proposals from any government or other authority adversely affecting the *mortgaged property*;
 - (d) there are no defects or disputes relating to the *mortgaged property*; and
 - (e) there are no structural alterations or improvements on the *mortgaged property* which require approval by the council or any other authority which have not been approved.

6. What can we do with your loan account?

- 6.1 We can debit your loan account with any amounts due under your loan agreement, such as interest and credit fees and charges, and any amounts lent to you or at your request.
- 6.2 If a third party makes a payment to you on our behalf, we can debit your loan account on the date that money is made available to you. Interest will accrue on the payment from that date in accordance with the terms of your loan agreement.
- 6.3 You may with our approval vary your loan. The following are examples of switches. Some or all of these options may not be available to you.
- (a) Convert from a variable rate to a fixed rate and vice versa.
 - (b) Split your loan into one or more loan accounts.
 - (c) Consolidate one or more loan accounts.
 - (d) Convert from interest only repayments to principal and interest repayments and vice versa.
 - (e) Convert from one type of account to another type of account (for example, from a variable rate account to a line of credit account).

You may request a change prior to the initial drawdown, in which case the change takes effect from the *settlement date*. We have full discretion whether or not to approve any switch requested by you.

- 6.4 We may combine two or more loan accounts if they have identical repayment types, interest rates, fixed rate periods (if applicable), interest only periods (if applicable), and loan purposes. We may also combine any offset sub-account with another loan account.
- 6.5 If a new loan account is created, separate repayment dates and interest debit dates may apply to that new account. If your loan account is split into two or more accounts, or if you switch between types of interest rate, you may have to pay interest on the amount switched or split to the date on which the switch or split occurs.
- 6.6 If you switch from a fixed rate loan to a variable rate loan during the fixed rate period, fixed rate break costs fee and/or a variation fee may be payable if specified in your schedule (as varied from time to time).
- 6.7 If you do not draw down the *total amount of credit* on the loan date, any borrowing of the balance is subject to our approval.

7. Payments you must make

- 7.1 You must make all the payments and pay all the credit fees and charges specified in your schedule (as varied from time to time). In addition, on the date on which your loan ends, you must pay us the *amount you owe us* in respect of all your loan accounts.
- 7.2 Payments will be credited to your loan account only when actually received by the Lender. All payments must be made in full when they are due, without setting off or deducting any amounts you believe the Lender owes you, and without counterclaiming any amounts from the Lender.

- 7.3 You may with our approval make weekly or fortnightly repayments of the amount specified by us instead of making monthly repayments. If you want to make weekly or fortnightly repayments, please make appropriate arrangements with us. Weekly or fortnightly repayments are not available for interest only loans.
- 7.4 Payments are to be made by direct debit, by deduction from your salary, or by any other reasonable method we direct. In any event, you must sign a direct debit authority to authorise us to debit one of your bank accounts and you must keep that account open and ensure that it has funds available. You authorise us to obtain any money due under your loan agreement by using the direct debit authority.
- 7.5 The amount of each payment may include any applicable direct debit fees, taxes or charges relating to the payment method.
- 7.6 If any payment is due on a day which is not a *business day*, the payment must be made on the next *business day*.
- 7.7 If any payment is due on a day which is the 29th, 30th or 31st of any month, the payment must be made on the first day of the next month. For example, if your *settlement date* is the 31st day of December, your repayment will be due on the 1st of each month.
- 7.8 If any payment is dishonoured, the payment will be treated as not having been made, and interest will continue to accrue on the unpaid daily balance until actual payment is received by the Lender. If you need to make a payment by way of cheque, cheques will normally take up to four *business days* to clear. You may ask for a cheque to be specially cleared upon paying a fee. If a cheque you draw is dishonoured, a fee may apply. If an attempted direct debit fails, we may make further attempts to direct debit your account until the direct debit is successful.
- 7.9 The *amount you owe us* must be repaid within 180 days from the date you die (or if there is more than one borrower, the last borrower dies) unless other arrangements are made for the continuation of the loan to our satisfaction. We will discuss this with your executor or beneficiaries and seek to agree a mutually acceptable solution.
- 7.10 If you are required by law to deduct any amount from a payment due to us, unless we can receive a credit or rebate for that deduction, you must make an additional payment so that the amount we receive is not reduced.

8. How your payments are credited

- 8.1 We can apply any payment or other credit to any part of the *amount you owe us* in any order we determine.
- 8.2 If you have more than one account with us and you make a payment without telling us in writing how the payment is to be applied, we can apply it to any one or more of the accounts in any way we think fit.
- 8.3 We do not pay interest on any credit balance in your loan account.
- 8.4 If any of your loan accounts are in arrears while one or more of your other loan accounts or other accounts you have with us have funds available to be drawn, you authorise us to appropriate from any one or more of those accounts to pay some or all of your arrears. We are not obliged to do this.

9. Interest

- 9.1 You must pay us interest on all amounts debited to your loan account from the date the amount is debited. Interest debited to your loan account forms part of the *amount you owe us*.
- 9.2 Interest charges are debited to your loan account monthly in arrears on the last day of each calendar month. This means that, if you are making monthly principal and interest payments, you are paying interest on interest for part of each month, but also are prepaying interest for part of the month.
- 9.3 In addition to debiting interest to your loan account on the monthly debit date, we may debit interest whenever the loan is in default, the whole of the *amount you owe us* is repaid, or we increase your *total amount of credit* or vary your loan agreement.
- 9.4 Interest charges are calculated by applying the interest rate to the unpaid balance owing to the Lender at the end of each day. The interest rate applied each day is equal to the annual percentage rate applicable to the loan at the time divided by 365.
- 9.5 Interest accrues on a daily basis from the day the Lender disburses money at your request to make the first advance. This applies whether or not any real estate transaction to which the advance relates (such as a refinance or purchase) occurs on that day.
- 9.6 Interest debited to your loan account will be added to the outstanding balance of the loan principal and accrue interest at the same rate and in the same manner as the principal of your loan.
- 9.7 If more than one interest rate applies to your loan, we will apply the applicable daily percentage rate to the relevant loan account.

- 9.8 You can find out your current interest rates at any time by contacting us. We can change your interest rate(s) at any time except during a fixed rate period.
- 9.9 If you become liable by a court order to pay any money due under your loan agreement, you must pay interest at the higher of the rate ordered by the court or the rate payable under your loan agreement.

10. Repaying your loan early

NOTE: You may have to pay fees if you repay your loan early. Significant fees (called 'break costs') may be payable if you repay all or part of a fixed rate loan early.

- 10.1 You may make additional payments or repay your loan in full at any time. If you do:
- (a) fees may be payable if specified in your schedule (as varied from time to time), including fixed rate break costs if you repay your loan during a fixed rate period;
 - (b) repayments greater than your scheduled repayment will not be credited to any offset sub-account unless you specifically request so before making the payment; and
 - (c) you may be able to redraw any excess repayments
- 10.2 If you inform us that you propose to repay your loan in full, we may place a stop on all further debits to your loan account to enable us to provide you with a payout figure.

11. About fixed rate break costs

- 11.1 When a lender agrees to lend money to a borrower for a fixed rate period, the lender may enter into financial arrangements to enable it to do so. If the loan is repaid or otherwise terminated before the end of the fixed rate period, the lender may still incur costs under those financial arrangements. Lenders normally pass on these costs (commonly known as 'break costs') to borrowers. Break costs are payable irrespective of whether the lender has entered into specific financial arrangements to fund the loan, and may be calculated by reference to retail interest rates (ie the rate at which lenders can lend money on similar terms) or wholesale interest rates (ie the rate at which lenders obtain funding).

Example

The lender lends \$200,000 to you at 9% per annum for a fixed rate period of three years. The lender enters financial arrangements to fund this loan at 8% per annum (the market rate). You decide to repay the loan early at the end of one year. The market rate has reduced to 5% per annum. The break costs will be an assessment of the cost or loss to the lender as a result of the early repayment.

Using the above figures, the lender could calculate the loss by multiplying the amount repaid early (\$200,000) by the difference in interest rates (3%) for the period starting from the date of repayment to the end of the fixed rate term (2 years) = $\$200,000 \times 3/100 \times 2 = \$12,000$. The amount you would have to pay will be slightly less than \$12,000 because the lender is receiving the money at the time of the early repayment rather than over the remaining fixed rate period.

- 11.2 This is an example only to assist your understanding of break costs. The Lender may use various funding techniques, but the underlying principle holds true (even if the formula applied each time is different). Break costs may be payable even if there is no matching borrowing by the Lender.

NOTE: If a fixed rate loan or any part of it is terminated early, break costs could be substantial, particularly if market interest rates have reduced during the fixed rate period. Ask us for an estimate of break costs before you arrange to repay a fixed rate loan early.

- 11.3 There are a number of ways the Lender may calculate break costs. The Lender will act reasonably when calculating the break costs that are payable by you and will charge no more than a reasonable estimate of its loss arising from the early repayment plus its average reasonable administrative costs. Because of the changes that occur over time in financial markets, it is not possible to state the method of calculating break costs at the *disclosure date*.

12. How your redraw and offset facilities

NOTE: We can change, suspend or cancel your redraw or offset facility at any time. We may debit your offset sub-account with any money due to us under any account you have with us.

- 12.1 For the purposes of this clause 12, your offset sub-account means an account linked to a nominated loan account as described in this clause. You cannot have a stand-alone offset sub-account. Any offset sub-account forms part of your linked loan account and cannot be severed from your loan account. You must make sure that you do not allow your offset sub-account to be overdrawn. If your offset sub-account is overdrawn, you must repay the excess immediately, and we may charge default interest on that amount until it is repaid.
- 12.2 We may provide you with a redraw facility or offset facility or both. We will tell you if these facilities are available. We may change, suspend or cancel either of these facilities at any time, and we will tell you if we do any of these things. If you request a redraw, we have full discretion whether to approve or refuse your request.
- 12.3 Drawings on either the redraw facility or offset sub-account will be processed as we decide from time to time.
- 12.4 Any drawing will be made from the loan account specified by you or, if no loan account is specified, the loan account determined by us.
- 12.5 We do not make any representations about the tax effectiveness of any offset sub-account.
- 12.6 You must ensure that the balance of any offset sub-account does not exceed the amount owing under the linked loan account at any time. If the balance of your offset sub-account exceeds the amount owing under the linked loan account, we may send the excess funds back to you, or apply them towards another one of your loan accounts.
- 12.7 You have no right to receive interest on your offset sub-account(s) even if the balance exceeds the amount owing under your linked loan account. Interest payable on each loan account linked to your offset sub-account will be calculated on the daily balance of that loan account less the balance in the linked offset sub-account.
- 12.8 You must keep the method of operating your redraw facility and offset sub-account confidential to ensure that there are no unauthorised transactions or other dealings with these accounts.
- 12.9 Subject to this clause 12, if you have made extra payments above your minimum repayment amount, you may redraw up to the amount you would have owed us if all repayments had been made on the due date provided:
 - (a) you have not defaulted under your loan agreement;
 - (b) the interest rate applicable to the loan account to which the extra payments were made is a variable rate;
 - (c) no further charge or *security* interest has been granted over any of the *security*;
 - (d) we have not suspended or cancelled the redraw facility; and
 - (e) no other redraw restrictions are set out in your schedule.
- 12.10 We may reduce the amount you can redraw by the estimated amount of your next scheduled repayment.
- 12.11 Normally drawings and other payments to or from your loan will be made from your offset sub-account. You can obtain funds from your offset sub-account:
 - (a) by contacting us;
 - (b) if internet access is available under your loan, by using internet access in accordance with the internet access terms and conditions;
 - (c) with our consent, by direct debit authority from your offset sub-account to a third party;
 - (d) if telephone access is available under your loan, by using telephone access in accordance with the telephone access terms and conditions;
 - (e) using any card we make available; or
 - (f) by any other method we approve from time to time.
- 12.12 You can access a redraw on your loan account by either using internet banking to transfer funds to your offset sub-account, or by contacting us for a manual redraw. Restrictions on the amount you may redraw from your loan account to your offset sub-account may apply – please contact us for further details.

- 12.13 The amount you redraw must not be less than the minimum amount or more than the maximum amount specified by us from time to time.
- 12.14 If you make your request for funds from your offset sub-account manually (which must be in writing and signed), you must allow at least two days for your request to be processed.
- 12.15 If you attempt to draw either from your loan account or offset sub-account more than your available funds limit, we may stop or prevent the payment, including by:
- (a) not processing a direct transfer from your account;
 - (b) not authorising a transaction using your card; or
 - (c) dishonouring a cheque (where you have chosen the cheque facility) drawn on your account.
- 12.16 You must make sure that you do not draw more than the amount available for redraw. If you do redraw more than that amount, you must repay the excess immediately, and we may charge default interest on that amount until it is repaid.
- 12.17 If you credit your salary to your account and have insufficient undrawn funds to cover your repayment when it is due, you will need to deposit further funds to your account to cover your repayment. We may also withhold funds and make them unavailable for redraw in order to apply them to your next payment.
- 12.18 If you request a redraw, and for that loan account your existing repayments are not sufficient to repay the amount owing under that loan account over the remaining term, we may recalculate your future repayments for that loan account.

13. Paying third parties by direct debit

- 13.1 With our approval, you can arrange for third parties to have a right to debit any of your offset sub-accounts or line of credit accounts. Once set up, any request by a third party for payment under a direct debit authority will be treated as having been properly authorised by you. We can cancel this arrangement at any time, and we are not liable to you or anyone else if a payment is not made for any reason. Any arrangement must be confirmed before the *settlement date* and may not be available after the *settlement date* without our approval. We may impose an additional fee for any arrangement requested after the *settlement date*. We are not liable for any loss or damage if payment is not made under a third party payment arrangement.

14. Changes we can make to your loan agreement without your consent

NOTE: We can make changes to your loan agreement at any time (except interest rate changes during a fixed rate period). In making any changes, we will act reasonably.

- 14.1 Acting reasonably, we can change or vary any term of your loan agreement:
- (a) that deals with the pricing of your loan (including your interest rate and credit fees and charges, but subject to any specific agreement such as a fixed rate period);
 - (b) that deals with the day you make repayments or we debit interest to your loan account;
 - (c) to accommodate a change in law or market practice;
 - (d) to accommodate a change in technology or other ways of communication;
 - (e) to accommodate a change in payment methods; or
 - (f) to make any other reasonable change.
- 14.2 If you are not satisfied with any change or variation to your loan agreement, you may repay your loan in accordance with clause 10.

14.3 We will give you:

- (a) not less than 30 days notice of a change to the manner in which interest is calculated or applied;
- (b) notice of a change to the interest rate(s) applicable to your loan not later than the day on which the change takes effect;
- (c) not less than 20 days notice of a change to the amount or frequency of your repayments;
- (d) not less than 20 days notice of a change to the fees and charges payable;
- (e) notice of a change to any government charge or tax not later than the day on which the change takes effect; and
- (f) not less than 30 days notice of any other change we make to your loan agreement.

We may give you a shorter notice period or no notice if the change is not adverse to you or reduces your obligations. We may also not give you notice of a change to the amount of your repayments if your repayments are determined by reference to a method of calculation.

14.4 We will give you notice of any change to your loan agreement either in writing (including by electronic means) or by publishing a notice that is accessible to you and reasonably prominent. Any variation will take effect from the date specified in the notice of change we give you.

15. Statements of account

15.1 If you have a line of credit account, we will issue monthly statements to you. Otherwise, for all other loan accounts, statements of account will be sent to you at least once every six months or more frequently if requested by you or as required by law.

15.2 You should check all entries on statements of account and tell us promptly if there is any error or possible unauthorised transaction.

Part B – Construction loans

This part only applies to loans made to assist in the construction of building works.

16. About your construction loan

NOTE: If you have a construction loan, we may suspend, reduce or cancel progress payments. For example, we can refuse to make any further advances if anything happens which adversely affects the value of the *mortgaged property* or if the works are not proceeding satisfactorily.

16.1 No building works may be commenced on the *mortgaged property* without our prior written consent (which will not be unreasonably withheld). You must commence construction within three months from the *settlement date* and complete construction within 12 months from the *settlement date*. You must complete the building works expeditiously in accordance with the best skills and practices to our satisfaction, with plans and specifications approved by us, and with the requirements of any responsible authority (eg a local council). If your loan does not contemplate construction, you must apply for further approval in order to commence construction. Further approval will not automatically be given and normal credit criteria will apply.

16.2 The *total amount of credit* will be advanced progressively as and when we see fit to assist in the construction of building works.

16.3 Generally, all progress payments will be made directly to the builder or service provider.

16.4 If total construction costs are less than the amount we agree to lend you for construction, we may reduce the amount we lend you accordingly.

16.5 We may suspend, reduce or cancel any progress payment and, in particular, can refuse to make any further advances if anything happens which in our reasonable opinion adversely affects the value of the *mortgaged property* or if the works are not proceeding satisfactorily.

16.6 If the insurer who has provided lenders mortgage insurance (or the provider of any other type of risk cover in respect of your loan) cancels, suspends or limits that insurance or cover, and that decision materially impacts our credit or *security* risk, we may demand repayment of the whole or any part of the *amount you owe us* on not less than 90 days notice,

16.7 If you overrun the approved planned expenditure, we may require you to fund the overrun from your own funds before we approve your next drawdown request.

- 16.8 We may not make progress payments for supplies until they are installed or permanently affixed to the *mortgaged property*.
- 16.9 Any variations to the building works must be funded by you unless we agree otherwise in writing.

17. Your obligations in relation to construction

- 17.1 Before we make any progress payment under your loan agreement, we may require you to give us the following documents in a form and substance acceptable to us.
- (a) A copy of the fixed price (inclusive of GST) HIA approved building contract, including all variations, between you and the builder in relation to construction, with the time periods for commencement and completion specified in your schedule.
 - (b) A copy of the plans and specifications approved by the relevant authority in relation to construction.
 - (c) Home owners warranty insurance (where applicable).
 - (d) A builders all risk insurance policy and a certificate of currency for that policy.
 - (e) An identification survey report completed by a licensed land surveyor.
 - (f) A progress payment authority signed by you.
 - (f) Any other document or evidence we reasonably require.

You are still liable under your loan agreement if we make any progress payment without requiring any of these things.

- 17.2 You must also:
- (a) as soon as the building works are complete, provide the Manager with:
 - (i) a general insurance policy noting the Lender's interest as mortgagee. The policy must include cover for fire and damage, evidenced by a copy of the certificate of currency (a cover note is not acceptable) and be otherwise on terms acceptable to us; and
 - (ii) a final certificate from the local council or other responsible authority confirming that building works have been completed in accordance with all relevant requirements.
 - (b) ensure that the agreed drawdown schedule is observed and that there are always sufficient undrawn funds under your loan to complete construction.
 - (c) promptly comply with any condition we impose in relation to any progress payment or the building works;
 - (d) not vary or terminate the building contract without our prior written consent (which will not be unreasonably withheld); and
 - (e) commence and complete construction within the time periods specified in your schedule.
- 17.3 We accept no responsibility in respect of the building works irrespective of whether we conduct any inspections, make any comments or requirements, or make any progress payments. You must satisfy yourself that the building works are properly carried out.

Part C – Line of credit facility

This part only applies to your line of credit facility (if any). A reference to 'credit limit' and 'amount owing' refers to the credit limit and amount owing under the relevant line of credit account.

18. About your line of credit facility

NOTE: We can suspend, cancel or change your line of credit facility at any time.

- 18.1 At any time on not less than 30 days' notice, we may convert the line of credit facility to a term loan under which you must make regular monthly principal and interest repayments.
- 18.2 We may change, suspend or cancel the line of credit facility (including reduce your credit limit) at any time without your consent.

18.3 If we:

- (a) reduce your credit limit, you must repay any amount owing in excess of the new credit limit; or
- (b) cancel the line of credit facility, you must repay the amount owing under your line of credit account.

We will endeavour to give you adequate notice before we reduce your credit limit or cancel the line of credit facility, but we reserve the right to act immediately.

18.4 We are not liable for any loss suffered by you or anyone else as a result of us changing, suspending or cancelling the line of credit facility.

18.5 We calculate your available funds limit on each day by deducting from your credit limit:

- (a) the amount owing under your line of credit account;
- (b) any withdrawal amounts or other proposed payments on your line of credit account for which we have received instructions, but which have not yet been debited to the account (not including future periodical payments); and
- (c) the amount of any payments which have been credited to your line of credit account, but which have not cleared yet.

18.6 You must ensure that you do not exceed your credit limit. If you exceed your credit limit without our written consent, the amount by which you have exceeded the credit limit must be repaid immediately, and we may charge default interest on that amount until it is repaid.

18.7 If a transaction would cause the balance of your line of credit account to exceed your credit limit we may, without notice, decline, stop or reverse the transaction. If for some reason we allow the balance of your line of credit account to exceed your credit limit, it does not mean we are increasing your credit limit.

18.8 If we consent to you exceeding your credit limit, we may impose one or more of the following conditions:

- (a) that the amount by which you have exceeded your credit limit be repaid within a certain period; or
- (b) that payments made to your line of credit account are first applied by us to the excess amount and any interest charged on that amount.

18.9 We have the right to decline any transaction if we are uncertain for any reason of the authenticity or validity of the authorisation. We will not be liable to you or any other person for any loss or damage which you or such other person may suffer as a result of our action.

Part D – Default

NOTE: The events which may cause you to default under your loan are listed below. You may default under your loan even if you have made all your payments. If you do not make any payment by the due date, you must pay default interest on the overdue amount until it is paid. If you default, you may lose your property.

19. Consequences of a breach of any term

19.1 If you breach any term of your loan agreement or any *other agreement*, if an *event of default* occurs, or if any *security* or *guarantee* is terminated or is of reduced force and effect:

- (a) we will not be obliged to lend you any more money and we can stop any redraws or withdrawals from your offset sub-account; and
- (b) we may rectify the breach or *event of default* by performing your obligations under your loan agreement or any *other agreement*.

20. Monetary events of default

20.1 A *monetary event of default* is an *event of default* that occurs as a result of your failure to make a payment. Each of the following is a *monetary event of default*:

- (a) you do not pay any money due to us under your loan agreement or any *other agreement* by the due date for payment;
- (b) you do not pay any amount exceeding \$50,000 to any person other than us by the due date for payment.

21. Non-monetary events of default

21.1 A non-monetary event of default is an event of default that occurs even if you have made all your payments. Each of the following is a non-monetary event of default:

- (a) if you are an individual:
 - (i) you become bankrupt;
 - (ii) you are unable to pay your debts as they fall due; or
 - (iii) you make any arrangement with your creditors;
- (b) if you or a *guarantor* are a company:
 - (i) proceedings are commenced to wind up the company;
 - (ii) a receiver, manager, receiver and manager, administrator, controller, provisional liquidator or liquidator is appointed to the company or any part of the company's assets; or
 - (iii) the company is, or is deemed or presumed by law or a court to be, insolvent;
- (c) you or a *guarantor* no longer have legal capacity;
- (d) enforcement proceedings are taken against you or a *guarantor*, or your or their assets, by another creditor;
- (e) early repayment is required under any *other agreement*, or default based action is taken against you or a *guarantor* by us, in each case due to a non-monetary event of default of the kind described in this clause;
- (f) we reasonably believe that you or a *guarantor* have not complied with the law or any requirement of any competent authority, and such non-compliance has or may have a material adverse effect on the assets of you or a *guarantor* or any business conducted by you or a *guarantor*;
- (f) it becomes unlawful for you or us to continue with your loan agreement or any *other agreement*;
- (h) you or a *guarantor* give us information, or make a representation or warranty to us, that is materially incorrect or misleading (including by omission), and is such that we would not have provided the loan, or would only have provided the loan on different terms, if we had known the correct information;
- (i) you use the loan for a purpose not approved by us;
- (j) you use the loan for an illegal or improper purpose, or to finance an illegal or improper activity;
- (k) the assets of you or a *guarantor* are dealt with, or attempted to be dealt with, in breach of the terms of your loan agreement or any *other agreement* without our prior written consent (which will not be unreasonably withheld), including:
 - (i) any of the *mortgaged property* becomes subject to a mortgage or charge without a priority agreement being in place between us and the other *security* holder on terms acceptable to us (acting reasonably);
 - (ii) any of the *mortgaged property* becomes subject to a mortgage or charge without our prior written consent (which will not be unreasonably withheld); or
 - (iii) the amount secured by any mortgage or charge over the *mortgaged property* is increased without our prior written consent (which will not be unreasonably withheld);
- (l) you or a *guarantor* do not provide financial information required by any agreement with us;
- (m) you or a *guarantor* do not maintain a licence or permit necessary to conduct any business conducted by you or a *guarantor*;
- (n) you or a *guarantor* do not maintain insurance required by any agreement with us;
- (o) legal or beneficial ownership, or management control, of you or a *guarantor*, or your or their business, changes without our prior written consent (which will not be unreasonably withheld);

- (p) without our prior written consent (which will not be unreasonably withheld), the status, capacity or composition of you or a *guarantor* changes, including:
 - (i) you or a *guarantor* cease to carry on all or a material part of your or their business, or dispose of all or a material part of your or their assets; or
 - (ii) if you or a *guarantor* are an individual, you or a *guarantor* are sentenced to jail for a term of longer than 12 months;
- (q) the *mortgaged property* is:
 - (i) substantially damaged or destroyed, and we consider in our reasonable opinion that the *mortgaged property* cannot be expected to be reinstated within a reasonable time and without material loss of any material income from the *mortgaged property*; or
 - (ii) taken out of your control;
- (r) there is a material reduction in the value of the *mortgaged property*;
- (s) you, or any person on behalf of you, breach any material undertaking given to us or any condition imposed by us;
- (t) any repairs necessary to keep the *mortgaged property* in good repair are not made in a timely fashion;
- (u) any amount required to be paid in connection with the *mortgaged property* (including council rates, water rates, land tax or shared title contributions) is not paid within 90 days of the due date; or
- (v) any other event agreed in writing by you to be an *event of default* for the purposes of your loan agreement occurs.

22. Notification of an event of default

22.1 Without limiting our rights under your loan agreement in any way, you must promptly notify us in writing if any *event of default* occurs.

23. What the Lender can do if an event of default occurs

23.1 Subject to clauses 23.2 to 23.7 inclusive, at any time after an *event of default* occurs, we can take any of the following actions.

- (a) Demand and require immediate payment of any money due under your loan agreement.
- (b) Call up the loan and require payment of the *amount you owe us*.
- (c) Exercise any right, power or privilege conferred by law, your loan agreement, or any *security*.
- (d) In the case of a construction loan, complete the building works in any way we consider appropriate. We are not obliged to complete the building works. We may change the plans and specifications. We may employ any consultants or other builders we consider appropriate.

23.2 We will only act on a non-monetary *event of default* if the event by its nature is material, or we reasonably consider that the event has had, or is likely to have, a material impact on:

- (a) the ability of you or a *guarantor* to meet your or their financial obligations to us (or our ability to assess this);
- (b) our *security* risk (or our ability to assess this); or
- (c) our legal or reputational risk where an event in clause 21(f), 20(f), 20(h) or 20(i) occurs.

23.3 If an event of default occurs, we will not:

- (a) require you to repay the *amount you owe us*;
- (b) take enforcement action against you; or
- (c) enforce any *security* held to secure repayment of your loan,

unless:

- (d) we have given you at least 30 days written notice of the *event of default*; and
- (e) if the *event of default* is remediable, you have not remedied that *event of default* within 30 days.

- 23.4 If an *event of default* is remediable, and you remedy that *event of default* within 30 days, we may take any action specified in clauses 23.3(a), 23.3(b) or 23.3(c) if an event of default of the same type has arisen during that period.
- 23.5 We do not need to give you notice to repay an overdraft or on-demand facility.
- 23.6 If your loan is not regulated by the National Credit Code, we may give you less than 30 days notice or no notice if:
- (a) the *event of default* is unable to be remedied;
 - (b) it is reasonable for us to do so to manage a material and immediate risk relating to the nature of the relevant *event of default*, your particular circumstances, or the value of the *mortgaged property* or any *security*; or
 - (c) we have already given you a notice to remedy a non-monetary *event of default* and you have not remedied that *event of default*.
- 23.7 If your loan is regulated by the National Credit Code, we do not need to give you a default notice or wait 30 days before commencing enforcement action if:
- (a) we reasonably believe that we were induced by fraud by you or a *guarantor* to enter into your loan agreement;
 - (b) we have made reasonable attempts to locate you or a *guarantor* but without success;
 - (c) a court authorises us to begin enforcement proceedings; or
 - (d) we reasonably believe that you or a *guarantor* have removed or disposed of the *mortgaged property*, or that urgent action is necessary to protect the *mortgaged property*.
- 23.8 We can take action even if we do not do so promptly after the *event of default* occurs. We do not lose any rights or forgive any *event of default* unless we do so in writing.
- 23.9 We can exercise these rights with or without taking possession of any *mortgaged property*. If the Lender holds more than one *security*, we can enforce any one of the securities first or all of them at the same time.
- 23.10 Our rights and remedies under your loan agreement may be exercised by any of our employees or any other person we authorise.
- 23.11 We are not liable for any loss caused by the exercise, attempted exercise, failure to exercise, or delay in exercising any of our rights or remedies, except where such loss arises from the mistake, error, fraud, negligence or wilful misconduct of us, our employees, our agents or a receiver we appoint.

24. Default interest

- 24.1 Acting reasonably, we may change the default rate of interest at any time without your consent. You will be notified of any changes in the default rate in the same way any variations to the interest rate are notified to you.
- 24.2 If any amount due by you is not paid on the due date, you must pay default interest on the overdue amount until it is paid. You will also be liable for any default fees specified in your schedule (as varied from time to time).
- 24.3 Default interest is also payable on the whole of the total *amount you owe us* if that amount becomes due for any reason.
- 24.4 Default interest is calculated, accrues, is debited and is payable in the same way as ordinary interest.

25. Enforcement expenses

NOTE: If you default under your loan, enforcement expenses may be payable. This means that you may have to pay any of our reasonable costs incurred in maintaining the *mortgaged property*, collection expenses, and any other internal or external costs we incur as a result of your default.

- 25.1 Enforcement expenses may become payable under your loan agreement and any *security* if you breach your loan agreement or an *event of default* occurs. We may debit your loan account with our enforcement expenses at any time after they are incurred, and may then require you to pay these costs immediately (including by using any direct debit or similar authority you have given us), collect them with your regular repayments, or require them to be repaid by one or more repayments.
- 25.2 If your loan is regulated by the National Credit Code or similar laws, enforcement expenses payable by you will not exceed our reasonable enforcement costs (including internal costs).

- 25.3 Enforcement expenses include the Lender's and Manager's expenses incurred in preserving or maintaining the *mortgaged property* (including insurance, rates and taxes payable in respect of the *mortgaged property*), collection expenses, expenses resulting from dishonour of a cheque or payment, and any internal or external costs we incur as a result of you breaching your loan agreement or any *other agreement* or an *event of default* occurring (including legal costs and expenses on a full indemnity basis or solicitor and own client basis, whichever is higher).
- 25.4 You indemnify the Lender from and against any expense, loss, loss of profit, damage, or liability which the Lender incurs as a consequence of a breach of your loan agreement or an *event of default* occurring, except where such loss arises from the mistake, error, fraud, negligence or wilful misconduct of the Lender, its employees, its agents or a receiver it appoints, or is otherwise recovered by the Lender.

Part E – General provisions

26. Government charges

- 26.1 You must pay us any government duties, taxes and other charges on receipts, debits or withdrawals that apply to your loan. This includes (but is not limited to):
- (a) stamp duty;
 - (b) registration fees;
 - (c) income tax payable by you (if the Commissioner of Taxation requires us to deduct this from your loan account);
 - (d) withholding tax; and
 - (e) goods and services tax (GST).
- 26.2 You must pay these duties, taxes and charges whether or not someone else is liable to pay them and whether or not the loan is made. We may debit these duties, taxes and charges to your loan account as and when they become payable. We do not need to tell you first.
- 26.3 If any payment to the Lender is for a taxable supply for the purposes of GST or any similar tax, you must also pay to the Lender an additional amount equal to the tax relating to that supply.

27. Disclosures to guarantors

- 27.1 We may disclose the following documents to each *guarantor*:
- (a) a copy of any notice, including correspondence, to us or to you;
 - (b) any credit report received in relation to you;
 - (c) any financial statements you have given us;
 - (d) any notice of demand, or information regarding a dishonour, on any loan with us;
 - (e) information on any excess or overdrawing;
 - (f) a copy of your statement of account; and
 - (f) any other information about you and your loan accounts with us.

28. Providing financial statements

- 28.1 Within 14 days of our request, you must provide to us any information we require relating to your business, assets and financial affairs. For example, if you are an individual, we may require a copy of your taxation return or an assets and liability statement. In relation to a company, we may require a balance sheet, a profit and loss statement, or both. We may require this information to be certified or audited.

29. Additional repayment triggers

- 29.1 The *amount you owe us* may become payable if we reasonably believe that continuing with your loan agreement would cause us to breach an applicable law or would represent an unacceptable level of risk for us because:
- (a) we reasonably believe that you have migrated to a country that we determine is 'high risk' given our obligations under anti-money laundering and counter-terrorism laws in respect of the services we provide;
 - (b) you fail to provide any information or document to us that we have requested for the purpose of our compliance with applicable laws (including any details necessary for us to verify your nationality in accordance with anti-money laundering and counter-terrorism laws); or
 - (c) we reasonably believe that you are 'high risk' given our obligations under anti-money laundering and counter-terrorism laws.
- 29.2 If any of the events in clause 29.1 occur, we will endeavour to give you not less than 90 days notice to repay the *amount you owe us*.

30. Breaches of laws

We may delay, block, freeze or refuse a transaction from your loan account if we have reasonable grounds to believe that the transaction breaches Australian law or sanctions (or the law or sanctions of any other country). Where transactions are delayed, blocked, frozen or refused, we are not liable to any loss you suffer in connection with your use of your loan account.

31. If your loan account has a credit balance

- 31.1 If you repay us more than the *amount you owe us*, we may place the excess funds into a suspense account, deposit it with a bank, or pay it to you. We may not pay you interest on that amount.

32. Valuations of the mortgaged property

- 32.1 We may obtain valuations or other reports concerning the *mortgaged property* whenever and as often as we decide. You must assist this process by providing access to and information about the *mortgaged property* when requested by us.
- 32.2 Our processes in relation to external expert valuations will be fair and transparent. Our communication will be clear and we will explain the purpose of the valuation to you.
- 32.3 We accept no responsibility if you rely on these valuations. You should obtain your own valuations of the *mortgaged property*.

33. Governing law

- 33.1 Your loan agreement is usually governed by the laws of the Australian state or territory in which you reside. If there are two or more borrowers, and each of you reside in the same Australian state or territory when your loan agreement is entered into, your loan agreement is governed by the laws of that state or territory. If there are two or more borrowers who reside in different states or territories, your loan agreement is governed by the laws of the Australian state or territory in which the Lender first provides the loan.
- 33.2 You submit to the jurisdiction of the courts of the Australian state or territory whose laws apply to your loan agreement and the proper jurisdiction of any other court.

34. How we can deal with your loan agreement

NOTE: We may at any time assign or otherwise deal with our rights and obligations under your loan without your consent and without notifying you first. We may disclose information about you to any third party involved in an actual or proposed assignment or dealing by us, and that disclosure may be in a form that may enable that third party to identify you.

- 34.1 We may at any time assign, novate or otherwise deal with our rights and obligations under your loan agreement, any *security*, and any document or agreement entered into or provided under or in connection with your loan agreement, in any way we wish. You must sign anything and do anything we reasonably require to enable any dealing with your loan agreement, any *security*, and any document or agreement entered into or provided under or in connection with your loan agreement. Any dealing with our rights does not change your obligations under your loan agreement in any way.

34.2 You may not assign, novate or otherwise deal with your rights or obligations under your loan agreement, any *security*, and any document or agreement entered into or provided under or in connection with your loan agreement.

34.3 We may disclose information about you, your loan agreement, or any *security* to anybody involved in an actual or proposed assignment, novation or dealing by us with our rights under your loan agreement.

35. Applicable laws

35.1 To the extent that your loan agreement is regulated under consumer legislation (such as the National Credit Code) or any other law, any provisions in your loan agreement which do not comply with that law have no effect, and to the extent necessary, your loan agreement is to be read so it does not impose obligations prohibited by that law.

35.2 If any provision of your loan agreement is illegal or becomes illegal at any time, the affected provision will cease to have effect, but the balance of your loan agreement will remain in full force and effect, and we may by notice vary your loan agreement so that the provision is no longer illegal.

36. If you are a trustee

36.1 If you are at any time trustee of any trust, you are liable under your loan agreement in your own right and as trustee of the trust. Accordingly, the Lender can recover against the trust assets as well as you. An *event of default* occurs if there is a change of trustee, a termination of the trust, or any material change to the terms of the trust without our prior written consent, which will not be unreasonably withheld. You must comply with your obligations as trustee of the trust.

37. Changes to your contact details

37.1 You must tell us promptly if your contact details change (including any residential, postal or electronic address, or your phone number) or if you think there is any information that we should be aware of about your ability to comply with your loan agreement.

38. How we can give you notices or other documents in connection with your loan

38.1 Subject to any applicable laws, we may give you any notice, statement, demand, court document (including any collection notice, default notice, court originating process or other court document) or other document connected to your loan agreement or any mortgage given under your loan agreement by:

- (a) giving it to you personally;
- (b) leaving it at or posting it to your residential or business address last known to us;
- (c) electronic means to your electronic address last known to us; or
- (d) any other means permitted by law.

38.2 Subject to any applicable laws, you consent to any notice, statement, demand, court document or other document connected to your loan agreement or any mortgage given under your loan agreement being given to you by electronic means, including any documents that would otherwise require personal service in accordance with the relevant court rules in force in the jurisdiction in which the *mortgaged property* is located.

38.3 Any notice, statement, demand, court document or other document given by us to you will be taken to have been served:

- (a) if posted, when it would have been delivered in the ordinary course of post;
- (b) if sent electronically, on conclusion of transmission.

38.4 Any notice, statement, demand, court document or other document may be signed by any employee, solicitor or agent on our behalf.

39. Lenders mortgage insurance or lenders risk fees

NOTE: If we require you to pay for lenders mortgage insurance or a risk fee, this insurance or fee protects us and not you. If you default under your mortgage and the *mortgaged property* is then sold, and the sale proceeds are insufficient to fully repay the *amount you owe us*, you are still responsible for repaying the balance outstanding under the mortgage.

39.1 If your loan agreement requires you to pay for lenders mortgage insurance or pay a lenders risk fee, this insurance or fee protects the Lender and not you. The amount paid by you under your loan agreement is usually not refundable if you repay your loan early.

39.2 If you default under your mortgage, resulting in the sale of the *mortgaged property*, and the sale proceeds are insufficient to fully repay the *amount you owe us*, the Lender may incur a loss. The Lender may recover this loss under its lenders mortgage insurance policy or from its lenders risk fee. However, you are still legally responsible for repaying the amount outstanding under the mortgage because you are not protected by the lenders mortgage insurance policy or any other type of risk cover.

40. About the Manager and the Lender

40.1 The Manager who arranges your loan for you may deal with a number of different funders. In this way, the Manager may be able to provide borrowers with a broad range of loan products. As a result, interest rates may differ from time to time between the Manager's different products. Accordingly, you may see the Manager advertising a different rate to the rate applicable to your loan. This will probably be because that rate applies to a different funder. The Lender may inform you of a replacement Manager at any time.

40.2 The Lender enters your loan agreement only in its capacity as a trustee of a trust and in no other capacity.

40.3 Any liability or obligation of the Lender arising under or in connection with your loan agreement is limited to and can be enforced against the Lender only to the extent to which it can be satisfied out of the assets of the trust out of which the Lender is actually indemnified for the liability.

41. What happens if you can connect to an electronic system?

Your Manager may provide you with access to an electronic system that enables you to view or transact on your loan account. The Manager does so on its own behalf and not on behalf of the Lender or anyone else associated with your loan. The Lender accepts no liability in relation to any such system. If you have a concern or query regarding any electronic system, you should contact your Manager.

42. Identification information

On request by us, you must provide us with any information we require about you or anyone authorised to operate your loan account and, if you are a company or trustee, information about beneficial owners of you.

43. If there is a trustee in bankruptcy or liquidator

If a trustee in bankruptcy or liquidator is appointed to you, they may ask us to refund a payment we have received in relation to your loan. To the extent we are obliged to or agree to make a refund, we may treat the original payment as if it had not been made. We are then entitled to our rights against you under your loan agreement as if the payment had never been made.

Part F – Definitions and interpretation

44. Definitions

44.1 In your loan agreement, the following words are defined as follows:

- (a) *amount you owe us* means the total amount outstanding from time to time in respect of all your accounts provided under your loan agreement, including all accrued interest, fees and charges (including where applicable those that accrue on partial or total repayment), and includes any part of that amount.
- (b) *business day* means a day that is not a Saturday or Sunday, or a New South Wales or Commonwealth public holiday or day on which banks are generally not open to conduct business in New South Wales.
- (c) *disclosure date* means the date specified in your schedule.
- (d) *event of default* means any event described in clauses 20 and 21.
- (e) *guarantor* means anyone who at any time guarantees to us the payment of all or any part of the *amount you owe us*, and includes any *guarantor* specified in your schedule.
- (f) *mortgaged property* means any real estate subject to the *security* specified in your loan agreement and, where the context permits, any other property subject to the *security*, and includes any improvements, attachments or contracts relating to that property and any part of that property.
- (f) *other agreement* means any *other agreement* or arrangement under which the Lender provides financial accommodation to you or any *guarantor* at any time.
- (h) *security* means any *security* specified in your loan agreement that secures your obligations and any other *security* from time to time given to secure your obligations.

- (i) *settlement date* means the date we first advance funds to you.
- (j) *total amount of credit* means the amount specified in the Financial Table in your schedule (as varied from time to time).

45. Interpretation

45.1 In your loan agreement:

- (a) a reference to the singular includes the plural;
- (b) a reference to a document includes any variation or replacement of it;
- (c) a reference to a person includes any other entity recognised by law;
- (d) a reference to a person or to a party to your loan agreement includes its successors and permitted assigns;
- (e) headings are for ease of reference only and not to assist interpretation; and
- (f) use of examples is illustrative of the context only and does not limit the natural meaning of the terms of your loan agreement.

If the borrower is a company, or if the loan is predominantly used for business purposes or investment purposes (except for investment in residential property), the loan will not be regulated by the National Credit Code despite any statement that the National Credit Code applies to the loan.

The information statement below will only apply to you if your loan is regulated by the National Credit Code. This statement is prescribed by law.

INFORMATION STATEMENT

Things you should know about your proposed credit contract

This statement tells you about some of the rights and obligations of yourself and your credit provider. It does not state the terms and conditions of your contract.

If you have any concerns about your contract, contact the credit provider and, if you still have concerns, the AFCA scheme, or get legal advice.

THE CONTRACT

1. How can I get details of my proposed credit contract?

Your credit provider must give you a precontractual statement containing certain information about your contract. The precontractual statement, and this document, must be given to you before-

- your contract is entered into; or
- you make an offer to enter into the contract,

whichever happens first.

2. How can I get a copy of the final contract?

If the contract document is to be signed by you and returned to your credit provider, you must be given a copy to keep.

Also, the credit provider must give you a copy of the final contract within 14 days after it is made. This rule does not, however, apply, if the credit provider has previously given you a copy of the contract document to keep.

If you want another copy of your contract write to your credit provider and ask for one. Your credit provider may charge you a fee. Your credit provider has to give you a copy -

- within 14 days of your written request if the original contract came into existence 1 year or less before your request; or
- otherwise within 30 days of your written request.

3. Can I terminate the contract?

Yes. You can terminate the contract by writing to the credit provider so long as –

- you have not obtained any credit under the contract; or
- a card or other means of obtaining credit given to you by your credit provider has not been used to acquire goods or services for which credit is to be provided under the contract.

However, you will still have to pay any fees or charges incurred before you terminated the contract.

4. Can I pay my credit contract out early?

Yes. Pay your credit provider the amount required to pay out your credit contract on the day you wish to end your contract.

5. How can I find out the pay out figure?

You can write to your credit provider at any time and ask for a statement of the pay out figure as at any date you specify. You can also ask for details of how the amount is made up.

Your credit provider must give you the statement within 7 days after you give your request to the credit provider. You may be charged a fee for the statement.

6. Will I pay less interest if I pay out my contract early?

Yes. The interest you can be charged depends on the actual time money is owing. However, you may have to pay an early termination charge (if your contract permits your credit provider to charge one) and other fees.

7. Can my contract be changed by my credit provider?

Yes, but only if your contract says so.

8. Will I be told in advance if my credit provider is going to make a change in the contract?

That depends on the type of change. For example-

- you get at least same day notice for a change to an annual percentage rate. That notice may be a written notice to you or a notice published by your credit provider.
- you get 20 days advance written notice for-
 - a change in the way in which interest is calculated;
 - a change in credit fees and charges; or
 - any other changes by your credit provider;

except where the change reduces what you have to pay or the change happens automatically under the contract.

9. Is there anything I can do if I think that my contract is unjust?

Yes. You should first talk to your credit provider. Discuss the matter and see if you can come to some arrangement. If that is not successful, you may contact the AFCA scheme. The AFCA scheme is a free service established to provide you with an independent mechanism to resolve specific complaints. The AFCA scheme can be contacted by phone on 1800 931 678, by email at info@afca.org.au, or in writing to GPO Box 3, Melbourne VIC 3001. Alternatively, you can go to court. You may wish to get legal advice, for example from your community legal centre or Legal Aid.

You can also contact ASIC, the regulator, for information on 1300 300 630 or through ASIC's website at <http://www.asic.gov.au>.

INSURANCE

10. Do I have to take out insurance?

Your credit provider can insist you take out or pay the cost of types of insurance specifically allowed by law. These are compulsory third party personal injury insurance, mortgage indemnity insurance or insurance over property covered by any mortgage. Otherwise, you can decide if you want to take out insurance or not. If you take out insurance, the credit provider cannot insist that you use any particular insurance company.

11. Will I get details of my insurance cover?

Yes, if you have taken out insurance over mortgaged property or consumer credit insurance and the premium is financed by your credit provider. In that case the insurer must give you a copy of the policy within 14 days after the insurer has accepted the insurance proposal.

Also, if you acquire an interest in any such insurance policy which is taken out by your credit provider then, within 14 days of that happening, your credit provider must ensure you have a written notice of the particulars of that insurance.

You can always ask the insurer for details of your insurance contract. If you ask in writing your insurer must give you a statement containing all the provisions of the contract.

12. If the insurer does not accept my proposal, will I be told?

Yes, if the insurance was to be financed by the credit contract. The insurer will inform you if the proposal is rejected.

13. In that case, what happens to the premiums?

Your credit provider must give you a refund or credit unless the insurance is to be arranged with another insurer.

14. What happens if my credit contract ends before any insurance contract over mortgaged property?

You can end the insurance contract and get a proportionate rebate of any premium from the insurer.

MORTGAGES

15. If my contract says I have to give a mortgage, what does this mean?

A mortgage means that you give your credit provider certain rights over any property you mortgage. If you default under your contract, you can lose that property and you might still owe money to the credit provider.

16. Should I get a copy of my mortgage?

Yes. It can be part of your credit contract or, if it is a separate document, you will be given a copy of the mortgage within 14 days after your mortgage is entered into.

However, you need not be given a copy if the credit provider has previously given you a copy of the mortgage document to keep.

17. Is there anything that I am not allowed to do with the property I have mortgaged?

The law says you cannot assign or dispose of the property unless you have your credit provider's, or the court's, permission. You must also look after the property. Read the mortgage document as well. It will usually have other terms and conditions about what you can or cannot do with the property.

18. What can I do if I find that I cannot afford my repayments and there is a mortgage over property?

See the answers to questions 22 and 23. Otherwise you may-

- if the mortgaged property is goods - give the property back to your credit provider, together with a letter saying you want the credit provider to sell the property for you;
- sell the property, but only if your credit provider gives permission first;

OR

- give the property to someone who may then take over the repayments - but only if your credit provider gives permission first.

If your credit provider won't give permission, you can contact the AFCA scheme for help.

If you have a guarantor, talk to the guarantor who may be able to help you.

You should understand that you may owe money to your credit provider even after the mortgaged property is sold.

19. Can my credit provider take or sell the *mortgaged property*?

Yes, if you have not carried out all of your obligations under your contract.

20. If my credit provider writes asking me where the mortgaged goods are, do I have to say where they are?

Yes. You have 7 days after receiving your credit provider's request to tell your credit provider. If you do not have the goods you must give your credit provider all the information you have so they can be traced.

21. When can my credit provider or its agent come into a residence to take possession of mortgaged goods?

Your credit provider can only do so if it has the court's approval or the written consent of the occupier which is given after the occupier is informed in writing of the relevant section in the National Credit Code.

GENERAL

22. What do I do if I cannot make a repayment?

Get in touch with your credit provider immediately. Discuss the matter and see if you can come to some arrangement. You can ask your credit provider to change your contract in a number of ways:

- to extend the term of your contract and reduce payments; or
- to extend the term of your contract and delay payments for a set time; or
- to delay payments for a set time.

23. What if my credit provider and I cannot agree on a suitable arrangement?

If the credit provider refuses your request to change the repayments, you can ask the credit provider to review this decision if you think it is wrong.

If the credit provider still refuses your request you can complain to the AFCA scheme. Further details about this scheme are set out below in question 25.

24. Can my credit provider take action against me?

Yes, if you are in default under your contract. But the law says that you cannot be unduly harassed or threatened for repayments. If you think you are being unduly harassed or threatened, contact the AFCA scheme or ASIC, or get legal advice.

25. Do I have any other rights and obligations?

Yes. The law will give you other rights and obligations. You should also READ YOUR CONTRACT carefully.

IF YOU HAVE ANY COMPLAINTS ABOUT YOUR CREDIT CONTRACT, OR WANT MORE INFORMATION, CONTACT YOUR CREDIT PROVIDER. YOU MUST ATTEMPT TO RESOLVE YOUR COMPLAINT WITH YOUR CREDIT PROVIDER BEFORE CONTACTING THE AFCA SCHEME. IF YOU HAVE A COMPLAINT WHICH REMAINS UNRESOLVED AFTER SPEAKING TO YOUR CREDIT PROVIDER, YOU CAN CONTACT THE AFCA SCHEME OR GET LEGAL ADVICE.

THE AFCA SCHEME IS A FREE SERVICE ESTABLISHED TO PROVIDE YOU WITH AN INDEPENDENT MECHANISM TO RESOLVE SPECIFIC COMPLAINTS. THE AFCA SCHEME CAN BE CONTACTED BY PHONE ON 1800 931 678, BY EMAIL AT INFO@AFCA.ORG.AU, OR IN WRITING TO GPO BOX 3, MELBOURNE VIC 3001.

PLEASE KEEP THIS INFORMATION STATEMENT. YOU MAY WANT SOME INFORMATION FROM IT AT A LATER DATE.