

# Series 2018-1 Harvey Trust

## Information Memorandum

Mortgage Backed Pass-Through Floating Rate Securities

**A\$644,000,000**

**CLASS A NOTES**

*Provisional Rating*

*“AAA”(sf) by S&P Global Ratings (Australia) Pty Limited*

*“AAAsf” by Fitch Australia Pty. Limited*

**A\$38,500,000**

**CLASS AB NOTES**

*Provisional Rating*

*“AAA” (sf) by S&P Global Ratings (Australia) Pty Limited*

**A\$10,500,000**

**CLASS B NOTES**

*Provisional Rating*

*“AA” (sf) by S&P Global Ratings (Australia) Pty Limited*

**A\$5,600,000**

**CLASS C NOTES**

*Provisional Rating*

*“A+” (sf) by S&P Global Ratings (Australia) Pty Limited*

**A\$1,400,000**

**CLASS D NOTES**

*Unrated*

**NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**

*Arranger and Joint Lead Manager*

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED ABN 11 005 357 522**

*Joint Lead Manager*

**MACQUARIE BANK LIMITED ABN 46 008 583 542**

*Joint Lead Manager*

**WESTPAC BANKING CORPORATION ABN 33 007 457 141**

*Joint Lead Manager*

**25 October 2018**

### **No guarantee**

None of the Notes represent deposits or other liabilities of Credit Union Australia Ltd ABN 44 087 650 959 (**Credit Union Australia**), CUA Management Pty Ltd ABN 60 010 003 853 (**CUA Management**), National Australia Bank Limited ABN 12 004 044 937 (**NAB**), Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (**ANZ**), Macquarie Bank Limited ABN 46 008 583 542 (**Macquarie**), Westpac Banking Corporation ABN 33 007 457 141 (**Westpac**) or any other member of the Credit Union Australia, NAB, ANZ, Macquarie or Westpac groups. None of Credit Union Australia, CUA Management (the **Manager**), NAB, ANZ, Macquarie, Westpac or any other member of the Credit Union Australia, NAB, ANZ, Macquarie or Westpac groups guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

In addition, none of the obligations of the Manager are guaranteed in any way by Credit Union Australia, NAB, ANZ, Macquarie or Westpac or any other member of the Credit Union Australia, NAB, ANZ, Macquarie or Westpac groups.

### **The Notes subject to investment risk**

The holding of the Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

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## 1. Important notice

### Terms

References in this Information Memorandum to various documents are explained in section 14. Unless defined elsewhere, all other terms are defined in the Glossary in section 15. Sections 14 and 15 should be referred to in conjunction with any review of this Information Memorandum.

### Purpose

This Information Memorandum relates solely to a proposed issue of Notes by Perpetual Trustee Company Limited ABN 42 000 001 007, in its capacity as trustee of the Series 2018-1 Harvey Trust (the **Trustee**). The sole purpose of this Information Memorandum is to assist the recipient to decide whether to proceed with a further investigation regarding whether it should invest in the Notes. This Information Memorandum does not relate to, and is not relevant for, any other purpose.

### Limited Responsibility for Information

The Manager has prepared and authorised the distribution of this Information Memorandum and has accepted sole responsibility for the information contained in it except for section 6 which has been prepared and authorised by Credit Union Australia and in respect of which Credit Union Australia accepts sole responsibility.

None of Credit Union Australia (except for section 6), the Trustee (including in its personal capacity), P.T. Limited ABN 67 004 454 666 in its capacity as trustee of the Security Trust (the **Security Trustee**) and in its personal capacity, NAB, ANZ, Macquarie or Westpac have authorised, caused the issue of, or have (and expressly disclaim) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, neither the Trustee nor the Security Trustee (including each in their personal capacities) has had any involvement in the preparation of any part of this Information Memorandum.

Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Credit Union Australia, the Trustee (including in its personal capacity), the Security Trustee (including in its personal capacity), NAB, ANZ, Macquarie or Westpac, nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

No recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum.

Each of NAB as Arranger and Joint Lead Manager, and ANZ, Macquarie and Westpac as Joint Lead Managers, have no responsibility to or liability for and do not owe any duty to any person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of the preparation and due execution of the Transaction Documents.

### Date of this Information Memorandum

This Information Memorandum has been prepared as at 25 October 2018 (the **Preparation Date**), based upon information available, and the facts and circumstances known, to the Manager (or, in the case of the section 6, Credit Union Australia) at that time.

Neither the delivery of this Information Memorandum, nor any offer or issue of the Notes, at any time after the Preparation Date implies or should be relied upon as a representation or warranty, that:

- (a) there has been no change since the Preparation Date in the affairs or financial condition of the Series 2018-1 Harvey Trust (the **Series Trust**), the Trustee, Credit Union Australia, the Manager or any other party named in this Information Memorandum; or
- (b) the information contained in this Information Memorandum is correct at such later time.

No person undertakes to review the financial condition or affairs of the Trustee or the Series Trust at any time or to keep a recipient of this Information Memorandum or the holder of any Note (the **Noteholder**) informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this Information Memorandum.

Neither the Manager, the Trustee (including in its personal capacity), the Security Trustee (including in its personal capacity), Credit Union Australia nor any other person accepts any responsibility to the Noteholders or prospective Noteholders to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

### **Summary Only**

This Information Memorandum is only a summary of the terms and conditions of the Notes and the Series Trust and is to assist each recipient to decide whether it will undertake its own further independent investigation of the Notes. This Information Memorandum does not purport to contain all the information a person considering subscribing for or purchasing the Notes may require. Accordingly, this Information Memorandum should not be relied upon by intending subscribers or purchasers of the Notes. Instead, the definitive terms and conditions of the Notes and the Series Trust are contained in the Transaction Documents which should be reviewed by intending subscribers or purchasers of the Notes. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information. A copy of the Transaction Documents may be obtained by intending subscribers or purchasers of the Notes, on the conditions contained in section 14, from the Manager.

This Information Memorandum should not be construed as an offer or invitation to any person to subscribe for or buy the Notes and must not be relied upon by intending subscribers or purchasers of the Notes.

It should not be assumed that the information contained in this Information Memorandum is necessarily accurate or complete in the context of any offer to subscribe for or an invitation to subscribe for or buy any of the Notes even if this Information Memorandum is circulated in conjunction with such an offer or invitation.

### **Independent Investment Decision**

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, Credit Union Australia, the Trustee (including in its personal capacity), the Security Trustee (including in its personal capacity), NAB, ANZ, Macquarie or Westpac that any person subscribe for or purchase any Notes. Accordingly, any person contemplating the subscription or purchase of the Notes must:

- (a) make their own independent investigation of the terms of the Notes (including reviewing the Transaction Documents) and the financial condition, affairs and creditworthiness of the Series Trust, after taking all appropriate advice from qualified professional persons; and

- (b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of Credit Union Australia, the Manager, the Trustee (including in its personal capacity), the Security Trustee (including in its personal capacity), NAB, ANZ, Macquarie or Westpac.

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This Information Memorandum has been prepared on a confidential basis for distribution only to professional investors whose ordinary business includes the buying or selling of securities such as the Notes. This Information Memorandum is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person.

#### **No Public Offer in Australia**

Each offer for the issue, any invitation to apply for the issue, and any offer for sale of, and any invitation for offers to purchase, the Notes to a person under this Information Memorandum does not need disclosure to investors under the Corporations Act as either the minimum amount payable, by each person for the Notes on acceptance of the offer or application (as the case may be) is at least \$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth.)) or it otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act. Accordingly, this Information Memorandum is not required to be lodged with the Australian Securities and Investments Commission as a disclosure document under Part 6D.2 or Chapter 7 of the Corporations Act. The distribution of this Information Memorandum and the offering or invitation to subscribe for or buy the Notes in certain jurisdictions may be restricted by law. No action has been taken or will be taken which would permit the distribution of this Information Memorandum or the offer or invitation to subscribe for or buy the Notes, a public offering of the Notes, or possession or distribution of this Information Memorandum in any country or jurisdiction where action for that purpose is required.

A person may not (directly or indirectly) offer for issue or sale, or make any invitation to apply for the issue or to purchase, the Notes, nor distribute this Information Memorandum except if the offer or invitation:

- (a) does not need disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act; and
- (c) complies with any other applicable laws in all jurisdictions in which the offer or invitation is made.

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#### **Offshore Associates not to acquire Notes**

Under present law, interest paid in respect of the Notes will not be subject to interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (**Tax Act**) and they are not acquired directly or indirectly

by Offshore Associates (see definition of Offshore Associate below) of the Trustee or Credit Union Australia. **Accordingly, the Notes must not be acquired by any Offshore Associate of the Trustee or Credit Union Australia.**

### Disclosure of Interests

Each of Credit Union Australia, the Manager, NAB, ANZ, Macquarie and Westpac discloses that it and its respective subsidiaries, directors and employees:

- (a) may have a pecuniary or other interest in the Notes; and
- (b) may receive fees, brokerage or commissions, and may act as principal, in any dealings in the Notes.

### Conflicts

Each of the Arranger and Joint Lead Managers has disclosed to each of the Trustee, Credit Union Australia and the Manager that, in addition to the arrangements and interests it will or may have with respect to any of the Trustee and the Manager as described in the Transaction Documents (the **Transaction Document Interests**), it, its Related Entities (as defined in the Corporations Act) its directors, officers and employees:

- (a) may from time to time be a Noteholder or have a pecuniary interests or other with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; and
- (b) may receive or pay fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes,

### (the **Note Interests**)

Each purchaser of Notes acknowledges these disclosures and further acknowledges and agrees that:

- (a) the Arranger and each Joint Lead Manager and each of their Related Entities and employees (each a **Relevant Entity**) will have the Transaction Document Interests and may from time to time have the Note Interests and is, and from time to time may be, involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research (**Other Transactions**) in various capacities in respect of the Trustee or the Manager or any other person, both on the Relevant Entity's own account and for the account of other persons (the **Other Transaction Interests**);
- (b) each Relevant Entity in the ordinary course of its business (whether with respect to the Transaction Document Interests, the Note Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;
- (c) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Trustee, Credit Union Australia and the Manager and the Notes are limited to the contractual obligations of the Arranger and each Joint Lead Manager to the Trustee, Credit Union Australia and the Manager as set out in the Transaction Documents and in particular, no advisory or fiduciary duty is owed to any person;
- (d) a Relevant Entity may have or come into possession of information not contained in this Information Memorandum that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors (**Relevant Information**);

- (e) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to the Trustee, Credit Union Australia or the Manager or to any potential investor and the Information Memorandum and any subsequent conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and
- (f) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its ordinary business, including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against the Trustee, Credit Union Australia or the Manager arising from the Transaction Document Interests (for example, by a dealer, an arranger, an interest rate swap provider or liquidity facility provider) or from an Other Transaction may affect the ability of the Trustee, Credit Union Australia or the Manager to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest or Other Transaction Interest may affect how a Relevant Entity, in another capacity (for example, as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Trustee, Credit Union Australia, the Manager or Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the Trustee, Credit Union Australia, Manager and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

Each purchaser of Notes acknowledges and agrees that neither the Manager nor the Trustee is required to ensure that no conflicts of the sort described in this section arises, nor to monitor any such conflict. Neither the Manager nor the Trustee will be liable in any way for any loss suffered by any person (including any Noteholder) by reason of any conflict referred to in this section).

### **Limited Recovery**

The Notes issued by the Trustee are limited recourse instruments and are issued only in respect of the Series Trust. The rights of a Noteholder to take action with respect to any amounts owing to it by the Trustee is limited to the Assets of the Series Trust in the manner prescribed by the Master Trust Deed and other Transaction Documents. This limitation will not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because, under the Master Trust Deed or by operation of law, there is a reduction in the extent of the Trustee's indemnification out of the Assets of the Series Trust as a result of the Trustee's fraud, negligence or wilful default. See section 10.3.12 for further information on the Trustee's limited liability. Each Noteholder, by subscribing for any Note, acknowledges that the Trustee will not be taken to be fraudulent, negligent or in wilful default purely because the Trustee has relied on the Manager's preparation of this Information Memorandum.

None of Credit Union Australia, the Manager, any other member of the Credit Union Australia, NAB, ANZ, Macquarie, Westpac, any other member of the NAB, ANZ, Macquarie or Westpac groups, the Trustee (including in its personal capacity) or the Security Trustee (including in its personal capacity) guarantees the success of the Notes issued by the Trustee or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any subscription, purchase or holding of the Notes or the receipt of any amounts thereunder or the performance of the Assets of the Series Trust.

### **EU Risk Retention Rules**

Article 405 of the Capital Requirements Regulation, Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Regulation (which, in each case, does not take into account any national implementing measures) restrict certain European-Union regulated investors from

investing in a securitisation unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent in that securitisation in the manner contemplated by those requirements (the **EU Risk Retention Rules**).

In this respect, the Seller retains a net economic interest in this transaction in accordance with the requirements of the EU Risk Retention Rules. For further information please see section 5.18.

### **No Eurosystem eligibility**

As of the date of the Information Memorandum, the Notes are not recognised as eligible collateral (or recognised to fall into any specific category of eligible collateral) for the purpose of monetary policy and intra-day credit operations by the European Central Bank's liquidity scheme (**Eurosystem**) either upon issue or at any or all times while any Notes are outstanding, and there is no guarantee that any of the Notes will be so recognised at a future date. Eurosystem eligibility may affect the marketability of the Notes. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.

### **Securities Act**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to US tax law requirements. Subject to certain exemptions, the Notes may not be offered, sold or delivered directly or indirectly within the United States or to or for the benefit of US persons (see section 12).

### **U.S. Risk Retention Rules**

It is intended that the Notes will be issued under the safe harbor for certain foreign transactions pursuant to the risk retention rules set out in section 15G of the Securities Exchange Act of 1934 of the United States of America (as amended) (the **Exchange Act**) as added by section 941 of the Dodd-Frank Act (**U.S. Risk Retention Rules**) regarding non-U.S. transactions that meet certain requirements. Consequently, the Notes sold in this offering, until the date occurring 40 days after the completion of the distribution of the Notes, may not be purchased by or transferred to any person except for (a) persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules (**Risk Retention U.S. Persons**) or (b) persons that have obtained a waiver with respect to the U.S. Risk Retention Rules from the Manager (on behalf of the Trustee) (**U.S. Risk Retention Waiver**). Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, and in one respect is materially narrower than, the definition of "U.S. person" in Regulation S under the Securities Act of 1933 (**Regulation S**). In particular, a partnership, corporation, limited liability company or other organization or entity that is organized or incorporated under the laws of a non-U.S. jurisdiction will qualify as a "U.S. person" under Regulation S if (a) formed by a "U.S. person" (as defined in Regulation S) principally for the purpose of investing in unregistered securities and (b) owned exclusively by "accredited investors" as defined in Regulation D under the Securities Act who are not natural persons, estates or trusts. However, any such organization or entity organized or incorporated under the laws of a non-U.S. jurisdiction that is not so formed and owned will not qualify as a Risk Retention U.S. Person. Each purchaser or transferee of Notes, including beneficial interests therein, in the offering will be deemed to have made certain representations and agreements including, and in certain circumstances will be required to execute a written certification of representation letter under which it will represent and agree, that it (1) either (a) is not a Risk Retention U.S. Person or (b) has received a U.S. Risk Retention Waiver from the Manager (on behalf of the Trustee), (2) is acquiring such Note for its own account and not with a view to distribution of such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the Safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the requirements of the U.S. Risk Retention Rules described in section 5.25 (**U.S. Risk Retention**)). See section 5.25 for further details.

## Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the **Prospectus Directive**).

Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The target market assessment in respect of the Notes by each distributor(s), solely for the purpose of its product governance determination under Article 10(1) of Delegated Directive (EU) 2017/593, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor subject to MiFID II subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the distributor's target market assessment) and determining appropriate distribution channels.

The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## Ratings

The Notes are expected on issue to be assigned an AAA (sf) by S&P and a AAAsf by Fitch Ratings (in respect of the Class A Notes), AAA (sf) by S&P in respect of the Class AB Notes, AA (sf) by S&P in respect of the Class B Notes and A+ (sf) by S&P in respect of the Class C Notes. The Class D Notes are unrated. Neither of the Designated Rating Agencies is established in the European Union and neither of the Designated Rating Agencies has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) however their credit ratings are endorsed on an ongoing basis by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited, respectively, pursuant to and in accordance with the CRA Regulation, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited are established in the European Union and registered under the CRA Regulation. References in this Information Memorandum to S&P and/or Fitch Ratings shall be construed accordingly. As such each of Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (on [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)). The European Securities and Markets Authority has indicated that ratings issued in Australia which have been endorsed by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited may be used in the EU by the relevant market participants. Please also refer to "Credit Rating" in section 3 of this Information Memorandum. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

## Perpetual

Perpetual Trustee Company Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act 2001 of Australia (Australian Financial Services Licence No. 236643). As at the date of this document, Perpetual Trustee Company Limited has

appointed the P.T. Limited to act as its authorised representative (Authorised Representative No. 266797) under that licence.

### **Harvey Trusts documentation**

The Series Trust is documented under the Master Trust Deed and the other Transaction Documents described in section 14. The Seller has taken the opportunity to amend and/or re-write its documentation for the Harvey Trusts in connection with this transaction. Accordingly, the Transaction Documents described in section 14 have all been either amended or entered into since the last publically offered Harvey Trust transaction sponsored by the Seller and are not the same as the transaction documents used to document previous Harvey Trust transactions sponsored by the Seller. Investors who are familiar with the previous Harvey Trusts documentation should review this Information Memorandum carefully, as although they are materially similar, there are some differences in the rights and obligations of all the parties under the Transaction Documents as compared to those used to document previous Harvey Trusts and prospective investors should not assume that these will be identical. As indicated in section 14, the Transaction Documents are available for inspection by prospective investors on request.

### **Notification under Section 309B(1)(c) of the SFA**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), all Notes shall be "capital markets products other than prescribed capital markets products" (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This constitutes a notification to all relevant persons (as defined in Section 309A(1) of the SFA).

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## 2. Summary of the issue

### 2.1 Summary only

The following is only a brief summary of the terms and conditions of the Notes. A more detailed outline of the key features of the Notes is contained in section 4.

### 2.2 General information regarding the Notes

<b>Issuer:</b>	The Trustee in its capacity as trustee of the Series Trust.
<b>General Description:</b>	The Notes are secured, pass-through, floating rate debt securities.
<b>Classes:</b>	The Notes are divided into 5 classes: the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.
<b>Cut-Off Date:</b>	15 July 2018.
<b>Pricing Date:</b>	12 October 2018, or such other date that the Manager and the Arranger agree.
<b>Closing Date:</b>	Subject to the satisfaction of certain conditions precedent, 25 October 2018.
<b>Record Date:</b>	The day which is 5 Business Days before each Distribution Date.
<b>Determination Date:</b>	The day which is 3 Business Days before each Distribution Date.
<b>Distribution Date:</b>	The 14th day of each month or if such a day is not a Business Day, the next Business Day. The first Distribution Date will be 14 November 2018 or such other date notified by the Manager to the Trustee and each Designated Rating Agency prior to the Closing Date.
<b>Maturity Date:</b>	The Distribution Date occurring in July 2049.
<b>Aggregate of the Initial Invested Amount of the Class A Notes:</b>	A\$644,000,000.
<b>Aggregate of the Initial Invested Amount of the Class AB Notes:</b>	A\$38,500,000.
<b>Aggregate of the Initial Invested Amount of the Class B Notes:</b>	A\$10,500,000.
<b>Aggregate of the Initial Invested Amount of the Class C Notes:</b>	A\$5,600,000.

<b>Aggregate of the Initial Invested Amount of the Class D Notes:</b>	A\$1,400,000.
<b>Denomination:</b>	Each Note has a denomination of \$1,000. The Notes will be issued in minimum parcels of \$500,000.
<b>Issue Price:</b>	The Notes will be issued at par value.
<b>Rating:</b>	<p>The Notes will not be issued unless they are rated as follows by S&amp;P Global Ratings (Australia) Pty Ltd ABN 62 007 324 852 (<b>S&amp;P</b>) and/or Fitch Australia Pty Limited ABN 62 007 324 852 (<b>Fitch Ratings</b>), as applicable, (<b>Fitch Ratings</b>, and S&amp;P together the <b>Designated Rating Agencies</b>):</p> <p>Class A Notes    AAA (sf) by S&amp;P and AAAsf by Fitch Ratings</p> <p>Class AB Notes    AAA (sf) by S&amp;P</p> <p>Class B Notes    AA (sf) by S&amp;P</p> <p>Class C Notes    A+ (sf) by S&amp;P</p>
<b>Arranger:</b>	NAB.
<b>Joint Lead Managers:</b>	NAB, ANZ, Macquarie and Westpac.

## 2.3 Interest on the Notes

<b>Ranking of Notes for payments of Interest:</b>	<p>The amount available for the purpose of paying Interest due on the Notes on a Distribution Date in accordance with the Cashflow Allocation Methodology will be applied first in satisfying the Interest due on the relevant Distribution Date in respect of the Class A Notes and any Interest in respect of the Class A Notes remaining unpaid from prior Distribution Dates (pari passu and rateably as between the Class A Notes). Only after these amounts have been satisfied in full will the Interest due on the relevant Distribution Date in respect of the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes and any Interest in respect of those classes of Notes remaining unpaid from prior Distribution Dates be paid, in that order, pari passu and rateably between each such class of Notes to the extent of funds available for that purpose in accordance with the Cashflow Allocation Methodology.</p> <p>A failure to pay interest on a subordinated Class of Notes on a Distribution Date will not trigger an Event of Default while any Notes of a more senior Class remain outstanding. Seniority for this purpose is determined in accordance with the priority of payments for distribution of Total Investor Revenues described in section 7.4.7. For further details on the Events of Default see section 9.4.2.</p>
<b>Calculation of Interest on the Notes:</b>	Interest on each Note for an Interest Period will be calculated on the Invested Amount of the relevant Note at a rate based on the aggregate of BBSW on the first day of that Interest Period plus the applicable Margin for that class of Notes and,



in the case of a Class A Note or a Class AB Note, if the Call Date has occurred on or before the first day of the relevant Interest Period, the Step-up Margin.

Interest will cease to accrue on a Note from (and including) the date the Invested Amount of the Note is reduced to zero or the date the Note is deemed to be redeemed in accordance with the Series Supplement (whichever is earlier).

The Margin for each Class of Notes will be determined on the Pricing Date by agreement between the Manager and each Joint Lead Manager.

The Step-Up Margin applicable to the Class A Notes and the Class AB Notes is 0.25% per annum.

For further details on the calculation of Interest on the Notes, see section 4.2.4.

**Payment of Interest on the Notes:**

Commencing on the first Distribution Date, subject to there being sufficient funds for this purpose in accordance with the Cashflow Allocation Methodology, Noteholders as of record on the day which is 5 Business Days before the relevant Distribution Date (such day being the **Record Date**) will be entitled to receive payments of Interest on the Notes monthly in arrears on the following Distribution Date.

For further details on payment of Interest on the Notes, see sections 4.2.5 and 7.4.7.

## **2.4 Repayment of principal on the Notes**

**Repayment of principal:**

The Trustee must repay the outstanding principal on each Class of Notes on each Distribution Date in accordance with the directions of the Manager and to the extent of funds available for that purpose in accordance with the Cashflow Allocation Methodology to Noteholders as of record on the preceding Record Date.

Prior to enforcement of the Security in accordance with the Master Security Trust Deed and the General Security Deed, the allocation of principal between the Notes will vary depending on whether or not the Serial Paydown Conditions are satisfied on the relevant Determination Date.

If the Serial Paydown Conditions are not satisfied on a Determination Date, the classes of Notes will rank sequentially, beginning with the Class A Notes, for the repayment of principal on the immediately following Distribution Date up to the Stated Amount of each class of Notes.

If the Serial Paydown Conditions are satisfied on a Determination Date, principal will be paid on a serial basis as between the classes of Notes on the immediately following Distribution Date up to the Stated Amount of each class of Notes.

Collections applied to a class of Notes, as described in the foregoing, will be used to repay principal in respect of each such class of Notes, pari passu and rateably as between the Notes in such class.

For further information on repayment of principal on the Notes, see sections 4.3 and 7.5.

**Call Option:**

On any Distribution Date on or after the Distribution Date falling immediately after the last day of the Collection Period on which the aggregate principal outstanding on the Mortgage Loans, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans as at the Closing Date, is first at or below 10% (the **Call Date**) the Trustee may redeem all of the Notes. The Trustee will only exercise this Call Option at the direction of the Manager, which the Manager may give or withhold in its absolute discretion. The Notes will be redeemed at their then Invested Amount, subject to the following, together with all accrued but unpaid Interest to (but excluding) the date of redemption. Notwithstanding the foregoing, the Trustee may redeem the Notes at their then Stated Amount, instead of their Invested Amount, together with all accrued but unpaid Interest to (but excluding) the date of redemption, if the redemption of the Notes at their Stated Amount is approved by an extraordinary resolution of all the Noteholders at a meeting convened under the Master Security Trust Deed.

The Manager is required to send Noteholders notice of the redemption of the Notes in accordance with this Call Option not less than 5 Business Days prior to the relevant Distribution Date on which the Notes are to be redeemed.

For additional information on the Call Option, see section 4.3.4.

## **2.5 The Mortgage Loans and Authorised Short-Term Investments**

**Purchase of Mortgage Loans:**

On the Closing Date, the Trustee will use the proceeds from the issue of the Notes to purchase a pool of mortgage loans (the **Mortgage Loans**) and related mortgages and collateral originated by the Seller (some of which may currently be securitised in a Warehouse Trust (**Warehouse Mortgage Loans**)).

The purchase price for the Mortgage Loans will be \$499,953,190.59 (being the total principal balance outstanding as at the Cut-Off Date in respect of the purchased Mortgage Loans).

The Mortgage Loans have been sourced from the Seller's general portfolio of residential mortgage loans. They are required to be secured by a registered first ranking mortgage over Australian residential property. Further details in relation to the Mortgage Loans are contained in section 6.

**Assignment of Mortgage**

The Mortgage Loans and related mortgages and collateral securities will be initially assigned to the Trustee in equity.

**Loans:** Only if a Perfection of Title Event occurs under the Master Sale and Servicing Deed will the Trustee have the power to take action to perfect its legal title to the Mortgage Loans and related mortgages and collateral securities. For further details on perfection of title, see section 10.2.10.

**Custody of Mortgage Documents:** The Seller (or an agent or delegate appointed by it) will hold custody of the underlying Mortgage Documents on behalf of the Trustee from the Closing Date until a Document Transfer Event occurs. For further details on custody of the Mortgage Documents, see section 11.1.

**Servicing:** The Seller has been appointed as the initial Servicer under the Master Sale and Servicing Deed and the Series Supplement. For further details on the Servicer, see sections 6.7 and 10.5.

**Collections:** The Trustee will be entitled to all Collections comprising:

- (a) principal received on the Mortgage Loans from and including the Cut-Off Date; and
- (b) interest received on the Mortgage Loans from and including the Closing Date.

Notwithstanding this the Trustee will be obliged pay to the Seller on the first Distribution Date from those Collections an amount equal to the interest accrued on any Mortgage Loans acquired from the Seller from (and including) the previous due date for the payment of interest on each of the Mortgage Loans up to (but excluding) the Cut-Off Date (the **Accrued Interest Adjustment**).

In the case of the Warehouse Mortgage Loans, the Trustee may on the Closing Date, in addition to the Purchase Price, also pay to the relevant Warehouse Trusts (in aggregate), an additional amount which will entitle the Trustee to further Collections accrued on the Warehouse Mortgage Loans in respect of interest during the period from the Cut-Off Date to the Closing Date, up to a certain amount (the **Adjustment Advance**). It is not expected that an Adjustment Advance will be required in connection with this Series Trust.

For further details on the Accrued Interest Adjustment and the Adjustment Advance (if any) see section 7.4.6.

Moneys due by borrowers under the terms of the Mortgage Loans will be collected by the Servicer on behalf of the Trustee.

The Servicer must pay all Collections it receives into the Collections Account within 2 Business Days of receipt or, where Collections are not received by the Servicer but are otherwise payable by the Servicer or the Seller, within 2 Business Days of when they fell due for payment by the Servicer or the Seller. The Servicer agrees that it holds all Collections received by it on trust for the Trustee until paid to the Trustee as described in the foregoing.

The Servicer may, in its sole discretion, deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in these

circumstances. Such prepaid amounts (**Outstanding Prepayment Amounts**) are, to the extent they are standing to the credit of the Collections Account, not available to the Security Trustee to apply as proceeds of the enforcement of the Security under the Master Security Trust Deed and the General Security Deed (see section 9.4.5).

The Servicer may from time to time request that the Trustee repay Outstanding Prepayment Amounts provided that the Servicer must continue to fulfil its obligation to deposit Collections in relation to the Mortgage Loans described above.

Collections in respect of each Collection Period will be distributed on the Distribution Date following the end of that Collection Period.

**Clean-Up Offer:**

On the Call Date or any subsequent Distribution Date the Seller may elect to repurchase the remaining Mortgage Loans on receipt of a written offer from the Trustee. The repurchase price (if the Seller elects to repurchase the remaining Mortgage Loans) (the **Clean-Up Settlement Price**) will be their Fair Market Value as at the last day of the immediately preceding Collection Period. If the Clean-Up Settlement Price is not at least equal to the principal outstanding plus accrued interest in respect of each Mortgage Loan, the repurchase will be subject to approval by way of an extraordinary resolution of the Noteholders. Further details on the Clean-Up Offer are contained in section 10.2.9.

**Authorised Short-Term Investments:**

The Trustee at the direction of the Manager may invest any excess funds in Authorised Short-Term Investments from time to time provided those Authorised Short-Term Investments are appropriately rated and mature on or before the due date for any payments required to be made by the Trustee with the relevant funds. Securitisation exposures or resecuritisation exposures (each defined in Australian Prudential Standard 120 relating to securitisation) are not eligible Authorised Short-Term Investments.

## 2.6 Structural features

**Mortgage Insurance:**

The Noteholders' first level of protection against principal and/or interest losses on the Mortgage Loans is provided by the Mortgage Insurance Policies. The relevant Mortgage Insurance Policy covers all principal and/or interest losses incurred (if any) on each Mortgage Loan. For further details on the Mortgage Insurance Policies, see section 8.

**Excess Investor Revenues:**

The Noteholders are protected, to a certain extent, against principal and/or interest losses on the Mortgage Loans by the monthly excess of the cash flow generated by the Mortgage Loans (after taking into account the operation of any swap under a Hedge Agreement) over the interest payments to be made on the Notes and other outgoings ranking pari passu with or in priority to the Notes. To the extent that there is such an excess in cash flow (the **Excess Investor Revenues**) available in relation to a Distribution Date, it will be used (in the following order and to the extent that there are amounts

remaining after application towards each of the following) to:

- (a) reimburse any unreimbursed Principal Draws (see section 7.4.2);
- (b) reimburse amounts written off by the Servicer as uncollectible on the Mortgage Loans (being the **Defaulted Amount**) (see section 7.5.3);
- (c) reimburse any unreimbursed Charge-Offs in relation to the Notes (see section 7.7.3);
- (d) if the Excess Revenue Reserve Trapping Conditions are satisfied, be deposited into the Excess Revenue Reserve to the extent that the Excess Revenue Reserve is not equal to the Excess Revenue Reserve Amount Target Balance (see section 7.6.2);
- (e) be allocated to the Extraordinary Expense Reserve to the extent that the Extraordinary Expense Reserve is not equal to the Required Extraordinary Expense Reserve (see section 7.6.1);
- (f) pay amounts in respect of increased costs and other subordinated amounts due to the relevant provider under the Liquidity Facility and Redraw Facility (see section 7.6.2);
- (g) and to the Fixed Rate Swap Provider in an amount equal to the aggregate of any unrecovered Obligor Break Costs and (without double counting) any amount of Waived Obligor Break Costs not received from the Servicer;
- (h) pay the Joint Lead Managers amounts owing by the Trustee under any indemnity in the Dealer Agreement; and
- (i) pay each Hedge Provider any amounts owing and remaining unpaid, including subordinated termination payments.

Any amount remaining will be paid to the Income Unitholder. For a more detailed description of the Cashflow Allocation Methodology, see section 7.

**Extraordinary Expense Reserve:**

On the Closing Date the Seller must deposit an amount equal to \$150,000 (the **Required Extraordinary Expense Reserve**) into the Collections Account. This amount will be held by the Trustee as the **Extraordinary Expense Reserve**. The Extraordinary Expense Reserve is intended to cover Extraordinary Expenses incurred during any Collection Period or any remaining unpaid from prior Collection Periods.

The Extraordinary Expense Reserve will be topped up from Excess Investor Revenues, to the extent available for that purpose, if the Extraordinary Expense Reserve falls below the Required Extraordinary Expense Reserve on any Distribution

Date.

For a more detailed description of the Extraordinary Expense Reserve, see section 7.6.1.

**Allocation of Charge-Offs:**

Class A Noteholders will have the benefit of Charge-Offs being allocated to the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes (in that order). The Class AB Noteholders will have the benefit of Charge-Offs being allocated to the Class D Notes, the Class C Notes and the Class B Notes (in that order). The Class B Noteholders will have the benefit of Charge-Offs being allocated first to the Class D Notes and the Class C Notes (in that order). The Class C Noteholders will have the benefit of Charge-Offs being allocated first to the Class D Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under a Mortgage Insurance Policy or by the application of Excess Investor Revenues, the amount of the loss will be allocated to each class of Notes in the following order:

- (a) the Class D Notes;
- (b) the Class C Notes;
- (c) the Class B Notes;
- (d) the Class AB Notes; and
- (e) the Class A Notes,

pari passu and rateably between Notes of each such class, reducing the Stated Amount of each class of Notes until their Stated Amount is zero.

**Collections Account:**

Immediately prior to the Closing Date, the Trustee will establish an account (or accounts) (the **Collections Account**) into which all Collections received in respect of the Series Trust must be paid. The Extraordinary Expense Reserve and Excess Revenue Reserve will also be maintained in the Collections Account. The Collections Account must be maintained with an Eligible Depository.

If the Manager becomes aware that the financial institution with which the Collections Account is held ceases to be an Eligible Depository, then the Manager must notify the Trustee of that fact and, upon being so notified, the Trustee must promptly establish a new interest bearing Collections Account with an Eligible Depository and transfer the funds standing to the credit of the old Collections Account to the new Collections Account.

As at the Closing Date the Collections Account is expected to be established with NAB.

**Liquidity Facility:**

If there is a Liquidity Shortfall, the Trustee may be able to request an advance under the Liquidity Facility up to a total aggregate amount equal to the un-utilised portion of the Liquidity Facility Limit, being the greater of 1.00% of the aggregate Invested Amount of the Notes at that time and 0.10% of the aggregate Invested Amount of the Notes on the

Closing Date.

The provision of the Liquidity Facility will be subject to normal credit criteria. A prescribed rate of interest will be charged to the extent the Liquidity Facility is drawn and a line fee will be charged to the extent of the undrawn amount available to be drawn under the Liquidity Facility.

Drawings under the Liquidity Facility will be subject to certain conditions precedent.

NAB will be the initial Liquidity Facility Provider.

For further details on the Liquidity Facility, see section 9.2.

**Excess Revenue Reserve:**

If certain conditions are satisfied, an Excess Revenue Reserve will be created by trapping Total Investor Revenues available for that purpose on each Distribution Date until the amount standing to the credit of the Excess Revenue Reserve is equal to:

- (a) on any Distribution Date before the Call Date, 0.20% of the aggregate Initial Invested Amount of all the Notes on the Closing Date;
- (b) on any Distribution Date on or from the Call Date, infinity; or
- (c) on the Maturity Date, zero,

(the **Excess Revenue Reserve Target Balance**).

The Excess Revenue Reserve may be applied as part of Total Investor Revenues, to meet Total Expenses to the extent that Investor Revenues are insufficient for that purpose on any Distribution Date (an **Excess Revenue Reserve Draw**).

For further details on the Excess Revenue Reserve, see sections 7.4.2 and 7.6.2.

**Redraw Facility:**

To the extent the Seller provides a Redraw and it is not reimbursed from Collections, the Redraw will be a deemed drawing under the Redraw Facility (provided that that Redraw Facility Limit would not be exceeded) and accrue interest from the date the Redraw is made. The Redraw Facility Limit is the lesser of 0.45% of the aggregate Invested Amount of the Notes at that time or such other percentage as is agreed in writing from time to time between the Manager and the Redraw Facility Provider (and in respect of which the Manager has issued a Rating Notification) or the amount (if any) to which the Redraw Facility Limit has been reduced at that time by the Manager or the Trustee in accordance with the Redraw Facility Agreement.

The provision of the Redraw Facility will be subject to normal credit criteria. A prescribed rate of interest will be charged to the extent the Redraw Facility is drawn and a line fee will be charged to the extent of the undrawn amount available to be drawn under the Redraw Facility.

Drawings under the Redraw Facility will be subject to certain conditions precedent.

Credit Union Australia will be the initial Redraw Facility Provider.

For further details on the Redraw Facility, see section 9.3.

**Fixed Rate Swap and Basis Swap:**

In order to hedge the mismatch between the rates of interest on the Mortgage Loans and the Trustee's floating rate obligations under the Notes, the Trustee and the Manager will enter into a Fixed Rate Swap, with respect to the fixed rate Mortgage Loans and a Basis Swap, with respect to the variable rate Mortgage Loans, in each case, with a Hedge Provider.

Credit Union Australia will be the initial Hedge Provider for the Fixed Rate Swap and the Basis Swap.

NAB will act as the Standby Swap Provider in respect of the Fixed Rate Swap. In certain circumstances this role will require NAB to assume the rights and obligations of Credit Union Australia as Hedge Provider under the Fixed Rate Swap.

The Fixed Rate Swap and Basis Swap will be governed by the terms of the relevant Hedge Agreement.

For further details in relation to the Fixed Rate Swap and the Basis Swap, see section 9.1.

**Threshold Mortgage Rate:**

If at any time the Basis Swap terminates prior to its scheduled termination date, the Manager must calculate the rate that is the greater of:

- (a) BBSW in respect of the current Interest Period plus 0.25% per annum; and
- (b) the (reasonably determined by the Manager) minimum interest rate required to be set on Mortgage Loans which are subject to a variable rate, in order (together with any net amounts received under the Fixed Rate Swap, interest income credited to the Collections Account and other income received in respect of Authorised Short-Term Investments), to have sufficient Finance Charges to enable the Trustee to meet Total Expenses as they fall due,

(or such other rate agreed between the Manager and the Seller provided that the Manager has issued a Rating Notification in relation to the proposed rate) the **Threshold Mortgage Rate**. This obligation applies until such time as a replacement Basis Swap is entered into or other arrangements are entered into in respect of which the Manager has issued a Rating Notification.

The Manager must notify the Threshold Mortgage Rate to the Trustee, the Seller and the Servicer on each day it is



calculated.

In these circumstances and until such time as a replacement Basis Swap or other arrangements contemplated above are entered into, the Servicer must:

- (a) reduce the rates at which the interest off-set benefits under the Interest Offset Accounts are calculated in accordance with requirements of the Series Supplement; and
- (b) if the income produced by taking such action is insufficient, reset the rate of interest payable on some or all of the Mortgage Loans to ensure that the weighted average of the variable rates charged by the Servicer on the Mortgage Loans are at least equal to the greater of the Threshold Mortgage Rate as determined by the Manager or the rate which produces an amount of income sufficient (when aggregated with the amount of income produced by the reduction of the interest off-set benefits described in paragraph (a) above and the rate of interest payable on each other Mortgage Loan then an Asset of the Series Trust), to ensure the Trustee has sufficient Finance Charges to ensure it can comply with its obligations under the Transaction Documents when they fall due.

For further details in relation to the Basis Swap, see section 9.1.2.

**Master Security Trust Deed and General Security Deed:**

The obligations of the Trustee in respect of the Notes (among other obligations) are secured by security interest granted by the Trustee over the Assets of the Series Trust in favour of the Security Trustee pursuant to the Master Security Trust Deed and the General Security Deed. The Master Security Trust Deed, the General Security Deed and the order of priority in which the proceeds of enforcement of the security are to be applied are described in section 9.4.

## 2.7 Further information

**Transfer:**

Following their issue, the Notes may (unless lodged with Austraclear) only be purchased or sold by execution and registration of a Note Transfer. For further details, see sections 4.8 and 4.10.

The Notes can only be transferred if the relevant offer or invitation to purchase is not an offer or invitation to a person who is a "retail client" within the meaning of section 761G of the Corporations Act and the other conditions referred to in section 4.8 are complied with.

**Austraclear:**

Following issue, the Notes are expected to be lodged with Austraclear.

On admission to the Austraclear system, interests in the Notes may be held for the for the benefit of the Euroclear system or

the system operated by Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear system by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear system by a nominee of JP Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg and their respective nominees and the rules and regulations of the Austraclear system.

In addition, any transfer of interests in Notes which are held through Euroclear or Clearstream, Luxembourg will to the extent such transfer will be recorded in the Austraclear system and is in respect of offers or invitations received in Australia be subject to the Corporations Act and the other restrictions summarised in this Information Memorandum. For further details, see section 4.10.

**Stamp Duty:**

The Manager has received advice that none of the issue, the transfer or redemption of the Notes will currently attract stamp duty in any jurisdiction of Australia. For further details, see section 12.7.

**Withholding Tax and TFNs:**

Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes (including FATCA Withholding Tax). The Trustee is not obligated to pay any additional amounts to a Noteholder to cover any withholding taxes. Under present law, the Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Australian Income Tax Assessment Act 1936 (the **Tax Act**) and they are not acquired directly or indirectly by any Offshore Associates of the Trustee (in its capacity as trustee of the Series Trust) or the Seller (Credit Union Australia). Each Joint Lead Manager has agreed with the Trustee to offer the Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied and all Notes having the benefit of the section 128F exemption. One of these conditions is that the Trustee must not know or have reasonable grounds to suspect that a Note or an interest in a Note was being, or would later be, acquired directly or indirectly by any Offshore Associates of the Trustee (in its capacity as trustee of the Series Trust) or Credit Union Australia (other than in the capacity of a dealer, underwriter or manager in relation to a placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme). **Accordingly, Offshore Associates of the Trustee (in its capacity as trustee of the Series Trust) or Credit Union Australia should not acquire the Notes (subject to the exceptions noted).** For further information see section 12.2.

Under current tax law, tax will be withheld on payments to an Australian resident or a non-resident who holds an interest in the Notes in carrying on business at or through a permanent

establishment in Australia, who does not provide a Tax File Number (**TFN**) or Australian Business Number (**ABN**) (where applicable) or proof of a relevant exemption.

Noteholders and prospective Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes.

**Listing:**

The Notes will not be listed or quoted on any security or stock exchange.

**RBA repo eligibility:**

The Manager has undertaken to the Joint Lead Managers to make an application to the Reserve Bank of Australia (**RBA**) for the purposes of ensuring that the Class A Notes and the Class AB Notes are accepted as "eligible securities" which may be lodged as collateral in relation to a repurchase agreement entered into with the RBA.

The criteria for repo eligibility published by the RBA require, amongst other things, that certain information be provided by the Manager to the RBA at the time of seeking repo-eligibility and during the term of the Class A Notes or Class AB Notes, as applicable, in order for the Class A Notes or Class AB Notes to be (and to continue to be) repo eligible. No assurance can be given that the application by the Manager for the Class A Notes and Class AB Notes to be repo eligible will be successful, or that the relevant Notes will continue to be repo eligible at all times even if they are eligible at the time of their initial issue. For example, subsequent changes by the RBA to its criteria could affect whether the Class A Notes and Class AB Notes continue to be repo-eligible.

If the Class A Notes or Class AB Notes are repo-eligible at any time, Noteholders should be aware that relevant disclosures may be made by the Manager to investors and potential investors in the Class A Notes or Class AB Notes from time to time in such form as determined by the Manager as it sees fit (including for the purpose of complying with the RBA's criteria).

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### **3. Credit rating**

The Notes will not be issued unless the Class A Notes are assigned long term credit ratings of AAA (sf) by S&P and AAAsf by Fitch Ratings, the Class AB Notes are assigned a long term credit rating of AAA (sf) by S&P, the Class B Notes are assigned a long term credit rating of AA (sf) by S&P and the Class C Notes are assigned a long term credit rating of A+ (sf) by S&P. The Class D Notes are unrated.

The credit ratings of the Notes should be evaluated independently from similar ratings on other types of notes or securities. A credit rating by a Designated Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by the relevant Designated Rating Agency. A revision, suspension, qualification or withdrawal of the credit ratings of the Notes may adversely affect the market price of the Notes. In addition, the credit ratings of the Notes do not address the expected timing of principal repayments under the Notes, only that principal will be received no later than the Maturity Date. Neither Designated Rating Agency has not been involved in the preparation of this Information Memorandum.

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## **4. Description of the Notes**

### **4.1 General description of the Notes**

The Notes constitute debt securities issued by the Trustee in its capacity as trustee of the Series Trust. They are characterised as secured, pass-through floating rate debt securities and are issued with the benefit of, and subject to, the Master Trust Deed, the Master Sale and Servicing Deed, the Master Security Trust Deed, the Series Supplement and the General Security Deed.

The Notes have been divided into five classes: the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Prior to enforcement of the Security in accordance with the Master Security Trust Deed and the General Security Deed:

- (a) the classes of Notes will rank sequentially (beginning with the Class A Notes), as between the classes for the payment of Interest; and
- (b) the classes of Notes will rank sequentially (beginning with the Class A Notes), as between the classes, for the repayment of principal unless the Serial Paydown Conditions have been satisfied, in which case the classes of Notes will rank serially for the repayment of principal.

Following enforcement of the Security in accordance with the Master Security Trust Deed and the General Security Deed the classes of Notes will rank sequentially (beginning with the Class A Notes) as between the classes for payment of Interest and repayment of principal.

In all cases, as between Notes of each class, the Notes will rank equally in respect of payments of Interest and repayments of principal.

### **4.2 Interest on the Notes**

#### **4.2.1 Period for which the Notes accrue Interest**

Each Note accrues interest from (and including) the Closing Date and ceases to accrue interest from (and including) the earlier of:

- (a) the date on which the Invested Amount of the Note is reduced to zero; and
- (b) the date on which that Note is deemed to be redeemed as described in section 4.3.3.

#### **4.2.2 Interest Periods**

The period during which a Note accrues interest (as described above) is divided into periods (each an **Interest Period**). The first Interest Period commences on (and includes) the Closing Date and ends on (but does not include) the first Distribution Date. Each succeeding Interest Period commences on (and includes) a Distribution Date and ends on (but does not include) the next Distribution Date. The final Interest Period ends on (but does not include) the date on which interest ceases to accrue on the Notes (as described in section 4.2.1).

#### **4.2.3 Interest Rates**

The Interest Rate for the Interest Period in respect of the Notes is BBSW for the Interest Period plus the applicable Margin for that class of Notes and, in the case of a Class A Note and a Class AB Note, if the Call Date has occurred on or before the first day of the relevant Interest Period, the Step-up Margin. There is no step-up margin in respect of the Class B Notes, the Class C Notes or the Class D Notes.

The Margin for the Notes will be determined on the Pricing Date by agreement between the Manager and each Joint Lead Manager. The Margins will be notified to prospective Noteholders by the Joint Lead Managers.

#### **4.2.4 Calculation of Interest on the Notes**

Interest on each Note, is calculated for each Interest Period:

- (a) on the Invested Amount of that Note on the first day of the Interest Period (after taking into account any reductions in the Invested Amount on that day);
- (b) at the Interest Rate for that Note for that Interest Period; and
- (c) on the actual number of days in that Interest Period and based on a year of 365 days.

#### **4.2.5 Interest Payment on each Distribution Date**

Interest on the Notes will be paid on each Distribution Date in arrears in respect of the Interest Period ending on that Distribution Date in accordance with the Cashflow Allocation Methodology.

If Total Investor Revenues available for payment of Interest on the Notes are insufficient for the payment in full of Interest on the Notes on a Distribution Date, the amount available will be applied first in satisfying on a pari passu and rateable basis the Interest due on the relevant Distribution Date in respect of the Class A Notes and any Interest in respect of the Class A Notes remaining unpaid from prior Distribution Dates (pari passu and rateably between the Class A Notes). Only after this amount has been satisfied will the Interest due on the relevant Distribution Date in respect of the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes and any Interest in respect of those classes of Notes remaining unpaid from prior Distribution Dates be paid, in that order, pari passu and rateably between each such class of Notes.

A failure to pay Interest in relation to the Class A Notes within a specified period of time (see section 9.4.2) will be an Event of Default for the purposes of the Master Security Trust Deed. The Events of Default and the remedies available to Noteholders are detailed in sections 9.4.2 and 9.4.3. A failure to pay Interest on the Class AB Notes will not be an Event of Default for the purposes of the Master Security Trust Deed and General Security Deed while any Class A Notes are outstanding. A failure to pay Interest on the Class B Notes will not be an Event of Default for the purposes of the Master Security Trust Deed and the General Security Deed while any Class A Notes or Class AB Notes are outstanding. A failure to pay Interest on the Class C Notes will not be an Event of Default for the purposes of the Master Security Trust Deed and the General Security Deed while any Class A Notes, Class AB Notes or Class B Notes are outstanding. A failure to pay Interest on the Class D Notes will not be an Event of Default for the purposes of the Master Security Trust Deed and the General Security Deed while any Class A Notes, Class AB Notes, Class B Notes or Class C Notes are outstanding.

The method for calculating whether there are sufficient Total Investor Revenues available on a Distribution Date for the payment of Interest on the Notes for the Interest Period then ended (and any shortfalls of Interest from previous Interest Periods) is set out in the Cashflow Allocation Methodology as described in section 7.

### **4.3 Principal repayments on the Notes**

#### **4.3.1 Final redemption**

Unless previously redeemed (or deemed to be redeemed) in full, the Notes will be redeemed at their then Stated Amount, together with all accrued but unpaid interest on the Distribution Date occurring in July 2049 (the **Maturity Date**).

#### **4.3.2 Repayment of principal on the Notes**

To the extent that Total Principal Collections are sufficient for this purpose (see section 7.5), repayments of principal on the Notes will be made on each Distribution Date to Noteholders as of record on the preceding Record Date.

Prior to enforcement of the Security in accordance with the Master Security Trust Deed and the General Security Deed, the allocation of principal between the Notes will vary depending on whether the Serial Paydown Conditions are satisfied on the relevant Determination Date.

If, on a Determination Date, the Serial Paydown Conditions are not satisfied, the classes of Notes will rank sequentially, beginning with the Class A Notes, for the repayment of principal on the immediately following Distribution Date.

If, on a Determination Date, the Serial Paydown Conditions are satisfied, principal will be paid on a serial basis as between the classes of Notes on the immediately following Distribution Date.

The amount available to be applied to redeem a class of Notes will be used to repay principal in respect of each Note of that class, *pari passu* and rateably as between those Notes, until the Stated Amount of each such class of Notes is reduced to zero.

For further information on repayment of principal on the Notes, see section 7.5.

#### **4.3.3 Redemption on final payment**

Upon a final distribution being made in respect of the Notes in the circumstances described in section 10.6.4 or under the Master Security Trust Deed and the General Security Deed, the Notes will be deemed to be redeemed and discharged in full and any obligation to pay any accrued but unpaid interest, any then unpaid Stated Amount or any other amounts in relation to the Notes will be extinguished in full. Thereafter the Notes will cease to exist and the Noteholders will have no further rights or entitlements in respect of their Notes.

#### **4.3.4 Call Option**

The Trustee may, on the direction of the Manager on giving 5 Business Days' notice to the Noteholders, redeem all of the Notes on any Distribution Date falling on or after the Call Date.

The Manager may only direct the Trustee to redeem all the Notes in accordance with the foregoing if the Trustee will have sufficient funds available to it on the relevant Distribution Date to ensure that the Noteholders will receive the aggregate of the then Invested Amount of the Notes and all accrued but unpaid Interest to (but excluding) the date of redemption on the Notes, or otherwise, the aggregate Stated Amount of such Notes together with all accrued but unpaid Interest to (but excluding) the date of redemption of the Notes (rather than the Invested Amount) if the redemption at the Stated Amount is approved by an extraordinary resolution of all Noteholders at a meeting convened under the Master Security Trust Deed.

The Clean-Up Offer may, but need not, be exercised by the Seller in conjunction with the exercise by the Trustee of the Call Option in respect of the Notes.

The Trustee will not be required to redeem any Notes under this section 4.3.4 unless directed to do so by the Manager.

#### **4.3.5 No payment in excess of Stated Amount**

Other than under the Master Security Trust Deed and the General Security Deed, no amount of principal will be paid to a Noteholder in excess of the Stated Amount applicable to the Notes held by that Noteholder.

## **4.4 Payments**

### **4.4.1 Method of payment**

Any amounts payable by the Trustee to a Noteholder will be paid in Australian dollars and may be paid by:

- (a) a crossed "not negotiable" cheque made payable to the Noteholder (or the joint Noteholders, if applicable) and despatched by post to the registered address of the Noteholder (and in the case of joint Noteholders, to the registered address of the Noteholder whose name stands first in the Register) or otherwise despatched, delivered or made available for collection as the Noteholder may specify from time to time;
- (b) electronic transfer through Austraclear or any other clearing system approved by the Manager;
- (c) at the option of the Noteholder (which may be exercised on a Note Transfer), direct transfer to a designated bank account in Australia nominated in writing by the Noteholder; or
- (d) any other manner specified in the Transaction Documents or specified by the Noteholder and agreed to by the Manager and the Trustee.

### **4.4.2 Rounding of Interest and principal payments**

All payments in respect of Interest and principal on the Notes will be rounded to the nearest one cent (half a cent or more being rounded upward).

## **4.5 Reporting of pool performance data**

The Manager or a person nominated by the Manager will, on a monthly basis, publish on Bloomberg L.P. (or another similar electronic medium) pool performance data.

Pool performance data will include:

- (a) performance data relating to the Notes issued (including principal outstanding and Interest Rates);
- (b) Note Factors;
- (c) prepayment rates;
- (d) arrears statistics; and
- (e) loss statistics.

## **4.6 The Register of Noteholders**

The Trustee will maintain the Register at its principal office in Sydney.

The Register will include the names and addresses of the Noteholders and a record of each payment made in respect of the Notes.

The Register is the only conclusive evidence of the title of a person recorded in it as the holder of a Note.

The Trustee may from time to time close the Register for periods not exceeding 35 Sydney/Brisbane Business Days in aggregate in any calendar year (or such greater period as may be permitted by the Corporations Act).



In addition to the above period, the Register may be closed by the Trustee at 4.30 pm (Sydney time) 5 Sydney/Brisbane Business Days prior to each Distribution Date (or such other Sydney/Brisbane Business Day as is notified by the Trustee to the Noteholders from time to time) (the **Record Date**) for the purpose of calculating entitlements to Interest and principal on the Notes. On each Distribution Date, principal and Interest on the Notes will be paid to those Noteholders whose names appear in the Register when the Register was closed prior to the Determination Date preceding that Distribution Date. The Register will be re-opened at the commencement of business on the Sydney/Brisbane Business Day immediately following each Distribution Date.

The Register may be inspected by a Noteholder during normal business hours in respect of information relating to that Noteholder only. Copies of the Register may not be taken by the Manager or Noteholders. However, the Trustee must make a copy of the Register available to the Manager within 1 Sydney/Brisbane Business Day of the Manager's request for a copy.

The Trustee, with the Manager's approval, may cause the Register to be maintained by a third party on its behalf, and require that person to discharge the Trustee's obligations in relation to the Register.

#### **4.7 Note Certificates**

No global definitive certificate or other instrument will be issued to evidence a person's title to Notes. Instead, each Noteholder will be issued with a certificate (**Note Certificate**) under which the Trustee acknowledges that the Noteholder has been entered in the Register in respect of the Notes referred to in that Note Certificate. A Note Certificate is not a certificate of title as to the relevant Notes. It cannot, therefore, be pledged or deposited as security nor can Notes be transferred by delivery of only a Note Certificate to a proposed transferee.

If a Note Certificate becomes worn out or defaced, then upon production of it to the Trustee, a replacement will be issued. If a Note Certificate is lost or destroyed, and upon proof of this to the satisfaction of the Trustee and the provision of such indemnity as the Trustee considers adequate, a replacement Note

Certificate will be issued. A fee not exceeding \$10 may be charged by the Trustee for a replacement Note Certificate.

#### **4.8 Transfer of Notes**

Subject to the following conditions, a Noteholder is entitled to transfer any of its Notes:

- (a) if the offer for sale or invitation to purchase to the proposed transferee by the Noteholder is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- (b) if the transfer complies with any applicable laws in all jurisdictions in which the offer or invitation is made;
- (c) the transfer is in accordance with the listing and market rules of any exchange on which the Note is listed or quoted as those rules apply to the Note ((if applicable) as explained in section 4.11); and
- (d) unless lodged with Austraclear as explained in section 4.10, all transfers of Notes must be effected by a Note Transfer. Note Transfers are available from the Trustee's registry office. Every Note Transfer must be duly completed, duly stamped (if applicable), executed by the transferor and the transferee and lodged for registration with the Trustee accompanied by the Note Certificate for the Notes to which it relates.

For the purposes of accepting a Note Transfer, the Trustee is entitled to assume that it is genuine (unless it has actual knowledge to the contrary).

The Trustee is authorised to refuse to register any Note Transfer if:

- (a) it is not duly completed, executed and (if necessary) stamped;
- (b) it contravenes or fails to comply with the terms of the Master Trust Deed or the Series Supplement; or
- (c) the transfer would result in a contravention of, or a failure to observe the provisions of a law of the Commonwealth of Australia or of a State or Territory of the Commonwealth of Australia.

The Trustee is not bound to give any reason for refusing to register any Note Transfer and its decision is final, conclusive and binding. If the Trustee refuses to register any Note Transfer, it must as soon as practicable following that refusal, send to the transferor and the purported transferee notice of that refusal.

A Note Transfer will be regarded as received by the Trustee on the Sydney/Brisbane Business Day that the Trustee actually receives the Note Transfer at the place at which the Register is then kept. Subject to the power of the Trustee to refuse to register a Note Transfer, the Note Transfer will take effect from the beginning of the Sydney/Brisbane Business Day on which the Note Transfer is received by the Trustee. However, if a Note Transfer is received by the Trustee after 4.30 pm on a Sydney/Brisbane Business Day in Sydney the Note Transfer will not take effect until the next Sydney/Brisbane Business Day. If a Note Transfer is received by the Trustee during any period when the Register, or the relevant part of the Register, is closed for any purpose or on any weekend or public holiday, the Note Transfer will take effect from the beginning of the next Sydney/Brisbane Business Day on which the Register (or the relevant part of the Register) is open.

Where a Note Transfer is registered after the closure of the Register but prior to any payments that are due to be paid to Noteholders then Interest or principal due on the Notes on the following Distribution Date will be paid to the transferor and not the transferee.

Upon registration of a Note Transfer, the Trustee will, within 10 Sydney/Brisbane Business Days of registration, issue a Note Certificate to the transferee in respect of the relevant Notes and, where applicable, issue to the transferor a Note Certificate for the balance of the Notes retained by the transferor.

#### **4.9 Marked Note Transfer**

A Noteholder may request the Trustee, or any third party appointed by the Trustee to maintain the Register as described in section 4.6, to provide a marked Note Transfer in relation to its Notes. Once a Note Transfer has been marked by the Trustee or any such third party, for a period of 90 days thereafter (or such other period as is determined by the Manager), the Trustee or that third party will not register any transfer of the Notes described in the Note Transfer other than pursuant to that marked Note Transfer.

#### **4.10 Lodgement of Notes in Austraclear**

If Notes are lodged into the Austraclear system, Austraclear Limited will become the registered holder of those Notes in the Register. While those Notes remain in the Austraclear system:

- (a) all payments and notices required of the Trustee and the Manager in relation to those Notes will be directed to Austraclear Limited; and
- (b) all dealings and payments in relation to those Notes within the Austraclear system will be governed by the Austraclear Limited Regulations.

On admission to the Austraclear system, interests in the Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear system by HSBC Custody

Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear system by a nominee of JP Morgan Chase Bank, N.A as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominees and the rules and regulations of the Austraclear system.

In addition, any transfer of interests in the Notes which are held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear system, be subject to the Corporations Act and the other transfer restrictions summarised in section 4.8.

#### **4.11 Listing of Notes**

The Notes will not be listed or quoted on any security or stock exchange.

#### **4.12 Limit on rights of Noteholders**

Apart from any security interest arising under the Master Security Trust Deed and the General Security Deed (as to which see section 9.4), the Noteholders do not own and have no interest in the Series Trust or any of its assets. In particular, but without prejudice to the rights and powers of the Noteholders under the Master Security Trust Deed or General Security Deed, no Noteholder in its capacity as such is entitled to:

- (a) interfere with or question the exercise or non-exercise of the rights or powers of the Seller, the Servicer, the Custodian, the Manager or the Trustee in their dealings with the Series Trust or any Assets of the Series Trust;
- (b) require the transfer to it of any Asset of the Series Trust;
- (c) attend meetings or take part in or consent to any action concerning any property or corporation in which the Trustee has an interest;
- (d) exercise any rights, powers or privileges in respect of any Asset of the Series Trust;
- (e) lodge with a governmental agency or any person any caveat or other notice forbidding the registration of any person as transferee or proprietor of, or any instrument affecting, any Asset of the Series Trust or claiming any estate or interest in any Asset of the Series Trust;
- (f) negotiate or communicate in any way with any person in respect of any Mortgage Loan assigned to the Trustee or with any person providing a Support Facility to the Trustee;
- (g) seek to wind up or terminate the Series Trust;
- (h) seek to remove or terminate the appointment of the Servicer, the Trustee, the Custodian or the Manager;
- (i) take any proceedings including, without limitation, against the Trustee, the Manager, the Seller or the Servicer or in respect of the Series Trust or the Assets of the Series Trust. This will not limit the right of Noteholders to compel the Trustee, the Manager, the Custodian, the Security Trustee, the Seller or the Servicer to comply with their respective obligations to the Noteholder under the Master Trust Deed and the Transaction Documents (in the case of the Trustee and the Manager) and the Master Security Trust Deed and the General Security Deed (in the case of the Security Trustee);

- (j) have any recourse to the Trustee or the Manager in their personal capacity, except to the extent of the fraud, negligence or wilful default of the Manager or the fraud, negligence or wilful default of the Trustee or the Manager (respectively); or
- (k) have any recourse to the Seller, the Custodian or the Servicer in respect of a breach by the Seller, the Custodian or the Servicer of their respective obligations under any Transaction Document.

#### **4.13 Notices to Noteholders**

Notices, requests and other communications by the Trustee or the Manager to Noteholders may be made by:

- (a) advertisement placed on Bloomberg L.P. (or another similar, generally available electronic medium;
- (b) advertisement placed on a Business Day in The Australian Financial Review (or other nationally delivered newspaper); or
- (c) mail, postage prepaid, to the address of the Noteholder as shown in the Register, or email to the email address of the Noteholder as shown in the Register. Any notice so mailed or emailed shall be conclusively presumed to have been duly given, whether or not the Noteholder actually receives the notice.

#### **4.14 Joint Noteholders**

Where Notes are held jointly, any notices in relation to the Notes which are sent by mail or email will be sent only to the person whose name appears first in the Register.

Any moneys due in respect of Notes which are held jointly will be paid to the account or person nominated by the joint Noteholders for that purpose or, if an account or person is not nominated, only to the person whose name appears first on the Register, except that in the case of payment by cheque, the cheque will be payable to the joint Noteholders.

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## **5. Some risk factors**

*The purchase, and subsequent holding, of the Notes is not free of risk. The risks described below are some of the principal risks inherent in the transaction for Noteholders and the discussion in relation to those Notes indicates some of the possible implications for Noteholders. However, an inability of the Trustee to pay Interest or principal on the Notes may occur for other reasons and the Manager does not in any way represent that the description of the risks outlined below is not exhaustive. It is only a summary of some particular risks. Further, although the Manager believes that the various structural protections available to Noteholders may lessen certain of these risks, there can be no assurance that these measures will be sufficient to ensure the payment or distribution of Interest or principal on the Notes on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.*

### **5.1 Limited liability under the Notes**

The Notes are debt obligations of the Trustee in its capacity as trustee of the Series Trust. The Trustee's liability in respect of the Notes is limited to, and can be enforced against the Trustee only to the extent to which it can be satisfied out of, the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability except in certain limited circumstances (as to which see section 10.3.12).

### **5.2 Secondary market risk**

There is currently a limited secondary market for the Notes. Each Joint Lead Manager has undertaken to use reasonable endeavours, subject to market conditions, to assist Noteholders so requesting them to locate potential purchasers of Notes from time to time in order to facilitate liquidity in the Notes. There is no assurance that as a result of this action any secondary market will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes. No assurance can be given that it will be possible to effect a sale of the Notes; nor can any assurance be given that, if a sale takes place, it will not be at a discount to the acquisition price.

### **5.3 Timing of principal distributions**

Set out below is a description of some circumstances in which the Trustee may receive early or delayed repayments of principal on the Mortgage Loans and, as a result of which, the Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case:

- (a) enforcement proceeds received by the Trustee due to a borrower having defaulted on its Mortgage Loan;
- (b) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of a Mortgage Loan;
- (c) repurchases of Mortgage Loans by the Seller as a result of any one of the following occurring:
  - (i) the discovery and subsequent notice by the Trustee, the Seller or the Manager, no later than 5 Business Days prior to the expiry of the Prescribed Period in relation to the relevant Mortgage Loan, that any material representation or warranty made by the Seller in respect of that Mortgage Loan was incorrect when given (see sections 10.2.4 and 10.2.6);
  - (ii) the Seller making a Further Advance under a Mortgage Loan causes the Scheduled Balance for that Mortgage Loan to be, providing an additional feature in relation to a Mortgage Loan or for any similar purpose (which

may include for example, permitting a borrower under a Mortgage Loan which is subject to a variable rate of interest requesting that that Mortgage Loan be converted to a fixed rate of interest) (see section 10.2.7);

- (iii) there being a change in law which leads to the Series Trust being terminated early and the Mortgage Loans are then repurchased by the Seller or sold to a third party (see section 10.6); or
- (iv) the Seller exercising its option to repurchase the balance of the Mortgage Loans on or after the Call Date (see section 10.2.9);
- (d) the Servicer is obliged to service the Mortgage Loans in accordance with its Operations Manual or, to the extent not covered by the Operations Manual, the standards and practices of a prudent lender in the business of making residential home loans. There is no definitive view as to whether the standards and practices of a prudent lender in the business of making residential loans do or do not include the Servicer's own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Mortgage Loans are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the Mortgage Loans (see section 10.5.1) and comply with the express limitations in the Master Sale and Servicing Deed;
- (e) the terms and conditions of the Mortgage Loans and related securities allow borrowers, with the consent of the Servicer, to substitute their mortgaged property with a different mortgaged property without necessitating the repayment of the Mortgage Loan in full. Mortgage Loans which are secured by mortgaged property which may be substituted in this way may show a slower rate of prepayment than Mortgage Loans secured by mortgaged property which cannot be substituted in this way; and
- (f) the terms and conditions of a Mortgage Loan and its related securities may allow a borrower to redraw funds previously prepaid by that borrower (see section 9.3 for a description of the Redraw Facility). This may slow the rate of prepayment on the Mortgage Loans.

## 5.4 Prepayment then non-payment

There is the possibility that borrowers who have prepaid an amount of principal under their Mortgage Loans do not continue to make scheduled payments under the terms of their Mortgage Loans. Consistent with standard Australian lending practice, the Servicer does not consider such a Mortgage Loan to be in arrears until such time as the actual principal balance has exceeded the then current Scheduled Balance.

The failure of borrowers to make payments when due after an amount has been prepaid under their Mortgage Loans may affect the ability of the Trustee to make timely payments of Interest and principal to Noteholders. If the Trustee has insufficient funds to pay Interest on the Notes because the above situation has occurred, the Trustee may be entitled to, in the following order:

- (a) apply the Excess Revenue Reserve for that purpose (see further section 7.4.2);
- (b) make a Principal Draw (see further section 7.4.3); and
- (c) make a drawing under the Liquidity Facility (as to which, see section 9.2) up to a total aggregate amount equal to the un-utilised portion of the Liquidity Facility Limit.

The Excess Revenue Reserve, Principal Draws and Liquidity Facility mitigate the risk of such a deficiency but may not be sufficient to cover the whole of the deficiency.

## 5.5 Delinquency and default risk

The Trustee's obligations to pay Interest and principal on the Notes in full is limited by reference to, amongst other things, receipts under or in respect of the outstanding Mortgage Loans. Noteholders must rely, amongst other things, for payment upon payments being made under the Mortgage Loans and on amounts available under the Mortgage Insurance Policies and, if and to the extent available, the Excess Revenue Reserve and money available to be drawn under the Liquidity Facility (see sections 7.4.2, 7.6.2 and 9.2).

If borrowers fail to make their monthly payments when due (other than when the borrower has prepaid principal under its Mortgage Loan, as to which see section 5.4), there is a possibility that the Trustee may have insufficient funds to make full payments of Interest on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, political or other nature could conceivably affect the performance of borrowers under their Mortgage Loans.

In particular, as at the Cut-Off Date, some of the Mortgage Loans will be set at variable rates. These rates are reset from time to time at the discretion of the Servicer (see section 6.7.5). It is possible, therefore, that if these rates increase significantly relative to historical levels, borrowers may experience distress and increased default rates on the Mortgage Loans may result.

If a borrower defaults on payments to be made under a Mortgage Loan and the Servicer seeks to enforce the mortgage securing the Mortgage Loan, many factors may affect the length of time before the mortgaged property is sold and the proceeds of sale are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the borrower in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the Mortgage Loan may affect the ability of the Trustee to make payments under the Notes, notwithstanding any amounts that may be claimed under the Mortgage Insurance Policies (see section 8) or the availability of the Excess Revenue Reserve or drawings under the Liquidity Facility (see sections 7.4.2, 7.6.2 and 9.2).

Noteholders will bear the investment risk resulting from the delinquency and default experience of the Mortgage Loans.

## 5.6 Servicer risk

The appointment of the Servicer may be terminated in certain circumstances which are outlined in section 10.5.4. If the appointment of the Servicer is terminated, the Trustee is obliged to find another entity to perform the role of Servicer for the Series Trust. The appointment of a substitute Servicer will only have effect once the Manager has issued a Rating Notification in relation to the appointment and the substitute Servicer has executed a document under which it agrees to assume the obligations of the Servicer to service the Mortgage Loans and related securities on the terms of the Transaction Documents. However, there is no guarantee that a substitute Servicer will be found who would be willing to service the Mortgage Loans and related securities on the same terms agreed to by the Servicer.

If the Trustee is unable to locate a suitable substitute Servicer, the Trustee must act as the substitute Servicer, and will continue to act in this capacity until a suitable substitute Servicer is found. There are limitations on the liability of the Trustee in so acting.

The Servicer may also retire as Servicer by giving not less than 3 months' notice in writing to the Trustee, the Manager and each Designated Rating Agency (or such lesser period of notice as agreed between the Servicer, the Trustee, the Manager and notified by the Manager to each Designated Rating Agency). For further details see section 10.5.5.

The Noteholders also bear the risk that payments on the Notes may be delayed by a failure by the Servicer to pass through Collections in respect of the Mortgage Loans in accordance with the Transaction Documents.

## 5.7 Equitable assignment

The Mortgage Loans will initially be assigned to the Trustee in equity. If the Trustee declares that a Perfection of Title Event has occurred under the Master Sale and Servicing Deed (see section 10.2.10), the Trustee and the Manager must, amongst other things, take all such steps as are necessary to perfect the Trustee's legal title in the mortgages relating to the Mortgage Loans (see section 10.2.10 for further details on Perfection of Title Events). Until such time, the Trustee is not to take any such steps to perfect legal title and, in particular, it will not notify the borrowers or any security providers of the assignment of the Mortgage Loans.

The delay in the notification to a borrower of the assignment of the Mortgage Loans to the Trustee may have the following consequences:

- (a) until a borrower, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and can obtain a valid discharge from the Seller. However, the Seller is appointed as the initial Servicer of the Mortgage Loans and is obliged to deal with all moneys received from borrowers in accordance with the Master Sale and Servicing Deed and to service those Mortgage Loans in accordance with the Servicing Standards;
- (b) until a borrower, guarantor or security provider has notice of the assignment, rights of set-off or counterclaim may accrue in favour of the borrower, guarantor or security provider against its obligations under the Mortgage Loans which may result in the Trustee receiving less money than expected from the Mortgage Loans (see section 5.8 below);
- (c) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, the Trustee's interest in the Mortgage Loans may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any security interest over the mortgages securing the Mortgage Loans; and
- (d) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, the Seller must be a party to any legal proceedings against any borrower, guarantor or security provider in relation to the enforcement of any Mortgage Loan. In this regard, the Servicer undertakes to service (including enforce) the Mortgage Loans in accordance with the Servicing Standards.

In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of sections 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the Mortgage Loans has been transferred to the Trustee, a borrower in relation to a Mortgage Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller, notwithstanding the legal assignment of the relevant Mortgage Loan to the Trustee, if the Trustee fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller will provide the Trustee with powers of attorney to permit the Trustee to give notice of such legal assignment of the Mortgage Loans to the relevant borrowers in the name of the Seller.



## 5.8 Set-off risk

The Mortgage Loans can only be sold free of set-off to the Trustee to the extent permitted by law. The consequence of this is that if a borrower, guarantor or security provider in connection with a Mortgage Loan has funds standing to the credit of an account with the Seller or amounts are otherwise payable to such a person by the Seller, that person may have a right on the enforcement of that Mortgage Loan or the related securities or on the insolvency of the Seller to set-off the Seller's liability to that person in reduction of the amount owing by that person in connection with that Mortgage Loan.

If the Seller becomes insolvent, it can be expected that borrowers, guarantors and security providers will exercise their set-off rights (if any) to a significant degree.

To the extent that, on the insolvency of the Seller set-off is claimed in respect of deposits, the amount available for distribution to the Noteholders may be reduced to the extent that those claims are successful.

## 5.9 Ability of the trustee to redeem the notes

The ability of the Trustee to redeem all the Notes at their aggregate Stated Amounts whilst any of the Mortgage Loans are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in accordance with the Cashflow Allocation Methodology explained in section 7. Following the enforcement of the Security under the Master Security Trust Deed and General Security Deed, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Master Security Trust Deed and the General Security Deed (described in section 9.4). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding Mortgage Loans, there is no guarantee that there will be at that time an active and liquid secondary market for mortgages. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the Mortgage Loans for the principal amount then outstanding under such Mortgage Loans.

Accordingly, the Security Trustee may be unable to realise the value of the Mortgage Loans, or may be unable to realise the full value of the Mortgage Loans which may impact upon its ability to redeem all outstanding Notes at that time.

## 5.10 Breach of representations and warranties made by the Seller

The Seller makes certain representations and warranties as at the Cut-Off Date to the Trustee in relation to the Mortgage Loans assigned by it to the Trustee (the **Seller Mortgage Loans**) and the Trustee will have the benefit of representations and warranties made by the Seller to the trustee of the relevant Warehouse Trust in relation to the Warehouse Mortgage Loans (when those Warehouse Mortgage Loans were first assigned by the Seller to the trustee of the Warehouse Trust) as at the date those Warehouse Mortgage Loans were assigned by the Seller to the trustee of the Warehouse Trust (see further section 10.2.4). The Trustee has not investigated or made any enquiries regarding the accuracy of these representations and warranties. Under the Transaction Documents the Trustee is under no obligation to test the truth of the representations and warranties and is entitled to rely entirely upon the representations and warranties being correct unless it is actually aware of any breach (see section 10.2.5). The Seller has agreed in the Master Sale and Servicing Deed to repurchase any Seller Mortgage Loan in respect of which it is discovered by the Trustee, the Manager or the Seller within the Prescribed Period in relation to the relevant Seller Mortgage Loan that any one of the material representations and warranties given by the Seller was incorrect when given and notice of such discovery is given by the Manager or the Seller to the Trustee or by the Trustee to the Seller, as applicable, no later than 5 Business Days prior to the expiry of the relevant Prescribed Period. If the Trustee discovers that a material representation and warranty was incorrect when given in relation to a Seller Mortgage Loan after the last day that the above notice can be given, the

Seller has agreed to pay damages to the Trustee for any loss or costs incurred by the Trustee. However, the amount of such loss or costs cannot exceed the principal amount outstanding and accrued but unraised interest and any outstanding fees in respect of the Seller Mortgage Loans. A similar process applies in the context of the Warehouse Mortgage Loans. Besides these 2 remedies, there is no other express remedy available to the Trustee in respect of a breach of the representations and warranties given in respect of the Mortgage Loans. The rights of the Trustee in respect of any material representation or warranty given in relation to the Mortgage Loans by the Seller being incorrect are described in more detail in section 10.2.6.

### **5.11 Recent origination of the Mortgage Loans**

The Mortgage Loans have all been originated in a period from February 2010 to December 2017.

Accordingly, there may be some Mortgage Loans that are not fully seasoned and may display different characteristics (including payment and repayment characteristics, and default risk) until they are fully seasoned.

### **5.12 Tax risks**

Attention is drawn to the discussion of taxation considerations in section 12.

### **5.13 The Mortgage Insurance Policies**

A claim under a Mortgage Insurance Policy may be refused or reduced in certain circumstances if one of the exclusions to the Mortgage Insurance Policies applies (see generally section 8) including in the event of a misrepresentation or a breach of any duty of disclosure by the insured (see section 8).

This may affect the ability of the Trustee to make timely payments of Interest and principal on the Notes.

However, in respect of certain of these circumstances, the Trustee may have recourse to the Seller either for breach of a representation and warranty (see section 10.2.4) or for breach of its obligations as Servicer.

### **5.14 Geographic concentration of Mortgage Loans**

To the extent that the Series Trust contains a high concentration of Mortgage Loans secured by properties located within a single state or region within Australia, any deterioration in the real estate values or the economy of any of those states or regions could result in higher rates of delinquencies, foreclosures and losses than expected on the Mortgage Loans. In addition, these states or regions may experience natural disasters, which may not be fully insured against and which may result in property damage and losses on the Mortgage Loans. These events may in turn have a disproportionate impact on funds available to the Series Trust which could cause investors to suffer losses.

### **5.15 Australian Anti-Money Laundering and Counter-Terrorism Financing Act**

An entity has obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act (the **AML/CTF Act**), where it provides a designated service which includes:

- (a) opening or providing certain accounts, allowing any transaction in relation to such an account or receiving instructions to transfer money in and out of such an account;
- (b) making loans to a borrower or allowing a transaction to occur in respect of that loan in certain circumstances;
- (c) providing a custodial or depository service;

- (d) issuing or selling a security in certain circumstances; and
- (e) exchanging one currency for another in certain circumstances.

These obligations will include undertaking customer due diligence before a designated service is provided. The obligations also include, but are not limited to, conducting on-going customer due diligence and reporting of suspicious and other transactions.

The obligations placed upon an entity can affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts an investor receives.

## 5.16 Changes to Australian consumer law

### *Unfair Contracts*

Additional consumer protections took effect from 1 July 2010 through the Trade Practices Amendment (Australian Consumer Law) Act (No. 1) 2010 (**TPA Act**). The TPA Act introduced an unfair contract terms regime through amendments to the Australian Securities and Investment Commission Act 2001 (Cth) and the Australian Consumer Law in Schedule 2 of the Australian Competition and Consumer Act 2010 (Cth) (as the Trade Practices Act 1974 (Cth) was subsequently renamed). Under the regime a term of a standard-form consumer contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests and it would cause detriment to a party if applied or relied on. This regime has since been extended to standard-form small-business contracts with effect from 12 November 2016.

The regime will only apply to Mortgage Loans that are consumer contracts entered into before 1 July 2010 or small-business contracts entered into before 12 November 2016 if they are varied on or after the relevant commencement date, and then only in relation to the term as varied in relation to conduct that occurs after the variation.

### *The National Credit Code*

The National Credit Code took effect in all states and territories of Australia on 1 July 2010. The National Credit Code was implemented as part of the National Consumer Credit Protection Act 2009 (Cth) and largely replicates the UCCC which previously applied in the states and territories of Australia.

Under the National Credit Code, ASIC or an Obligor of a regulated Mortgage Loan may have the right to apply to a court to:

- (a) vary a Mortgage Loan on the grounds of hardship or that it is an unjust contract;
- (b) annul or reduce any:
  - (i) interest rate change;
  - (ii) establishment fee;
  - (iii) early termination fee; or
  - (iv) fee or charge for prepayment of an amount,  
payable on a Mortgage Loan if the court is satisfied that the change, fee or charge is unconscionable;
- (c) if a credit activity has been engaged in without a licence and no relevant exemption applies, issue an order it considers appropriate to compensate for loss and to prevent loss. This could include an order declaring a contract, or part of a contract, to be void,

varying the contract, refusing to enforce, ordering a refund of money or return of property, payment for loss or damage or being ordered to supply specified services;

- (d) have certain provisions of a Mortgage Loan or Mortgage which are in breach of the legislation declared unenforceable; or
- (e) obtain restitution or compensation from the Trustee in relation to any breach of the National Credit Code.

Applications may also be made to a relevant external dispute resolution scheme which has the power to resolve disputes where the amount in dispute is \$500,000 or less. There is no ability to appeal from an adverse determination by an external dispute resolution scheme, including on the basis of bias, manifest error or want of jurisdiction.

Where a systematic contravention affects contract disclosures across multiple Mortgage Loans, there is a risk of a representative or class action under which a civil penalty could be imposed in respect of all affected Mortgage Documents. If Obligors suffer any loss, orders for compensation may be made.

Under the National Credit Code, ASIC will be able to make an application to vary the terms of a contract or a class of contracts on the above grounds if this is in the public interest (rather than limiting these rights to affected debtors).

Any such order may affect the timing or amount of interest, fees and charges or principal repayments under the relevant Mortgage Loan which may in turn affect the timing or amount of payment of interest or principal repayments under the Notes.

In addition, if a Perfection of Title Event occurs, the Trustee will be subject to the penalties and compensation provisions under the National Credit Code. To the extent that the Trustee is unable to claim damages from the Servicer where the Trustee suffers a loss in connection with a breach of the National Credit Code, the Assets of the Trust will be applied to indemnify the Trustee in priority to any payments in respect of the Notes.

The National Credit Code also has significant consequences for a wide range of participants in the credit industry, including credit providers, finance brokers and other intermediaries. In particular, the National Credit Code:

- (a) introduced a national licensing regime, which requires credit providers and certain other intermediaries to apply to ASIC for an Australian Credit Licence (**ACL**) (all persons engaging in credit activities will need to be licensed from 1 July 2011);
- (b) imposes responsible lending requirements on ACL holders and others designed to protect consumers from being offered loans that are unsuitable for them or that they cannot afford; and
- (c) imposes new disclosure obligations on ACL holders and others.

## **5.17 Personal Property Securities Act 2009 (Cth)**

A personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) (**PPSA**). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation. In addition, the PPSA regulates security interests which are deemed to arise upon the transfer of certain types of assets (including loans); these are generally referred to as "deemed security interests". The PPSA does not regulate the granting of security interests in land. It applies to the security interest granted by the Trustee to the Security Trustee under the General Security Deed but only over those assets that are personal property (as defined in the PPSA). It also applies to the interest of the Trustee as transferee of the beneficial interest in the Mortgage Loans.

As the personal property security regime is still reasonably new to the Australian security landscape and many aspects of it are untested, there remains uncertainty as to its implementation from a legal and practical perspective. There is a risk that, in some circumstances, the priority of an interest under the personal property security regime is different from its priority under the previous regime. As a result, there could be delays and/or reductions in collections on the Mortgage Loans available to make payments on the Notes.

Although the Trustee is required under the Master Security Trust Deed to, upon the request of the Security Trustee, take such actions as are necessary or appropriate to, among other things, more satisfactorily secure to the Security Trustee the payment of the corresponding Secured Moneys or assure or more satisfactorily assure the Collateral to the Security Trustee, and each of Credit Union Australia, the Servicer and the Manager agree to do all things reasonably necessary (including, without limitation, directing the Trustee or the Security Trustee to take any required action) to permit the Security to be perfected by registration on the PPS Register and to otherwise perfect the Trustee's interest in the Assets of the Series Trust in the context of the PPSA, there can be no assurance that such actions will be successful in achieving such perfection.

On 4 April 2014 the Attorney General announced a review of the PPSA as required by the Act itself. A Final Report was tabled before the Australian Parliament in March 2015 and includes recommendations on improvements to the PPSA. At this stage the impact of any such proposals, if adopted, on the Series Trust is not clear but it would not be anticipated to be materially prejudicial to Noteholders.

## 5.18 European Risk Retention Rules and due diligence requirements

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Articles 404 to 410 of the CRR, Article 17 of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as supplemented by Articles 50 to 56 of the AIFMR and Article 135(2) of the EU Solvency II Directive 2009/138/EC as supplemented by Articles 254 to 257 of the Commission Delegated Regulation (EU) 2015/35 (together, the **Articles**) apply where certain European Union-regulated investors become exposed to the credit risk of a securitisation position (such as the Notes) and impose certain restrictions and requirements on such investors. Amongst other things, such requirements restrict a relevant investor from investing in securitisation transactions unless: (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator; and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures.

Failure to comply with one or more of the restrictions or requirements set out in the Articles may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal regulatory capital charge on the Notes acquired by the relevant investor. Therefore, investors which are EU-regulated should make themselves aware of the requirements of the Articles (and any implementing rules in their local jurisdiction), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges or being required to take corrective action for non-compliance with the relevant EU risk retention and due diligence requirements (and any implementing rules in their local jurisdiction) should seek guidance from their regulator.

In accordance with the Article 405 of the Capital Requirements Regulation and Article 51 of the AIFMR, the Seller will retain, on an ongoing basis, a material net economic interest of at least 5 per cent in the nominal value of the securitisation on the Closing Date. As at the Closing Date such net economic interest will be comprised of an interest in randomly selected exposures

equivalent to no less than 5 per cent of the aggregate principal amount outstanding of the securitised exposures in accordance with Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and Article 254(2)(d) of the Solvency II Delegated Regulation. The Seller will confirm its ongoing retention of the net economic interest described above in monthly investor reports and any change to the manner in which such interest is held will be notified to Noteholders. Such retention by the Seller will be subject to any requirement of law and the Seller will not be in breach of its risk retention undertaking where it cannot comply due to events, actions or circumstances beyond its control.

Each prospective investor that is required to comply with the Articles (as implemented in each relevant jurisdiction) is required to independently assess and determine the sufficiency of the information described above and in this Information Memorandum generally for the purposes of complying with the Articles and none of the Seller, any Joint Lead Manager, the Trustee, the Security Trustee or the Manager makes any representation that the information described above or in this Information Memorandum generally is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the Articles in their relevant jurisdiction. Investors in the Notes are responsible for analysing their own regulatory position and none of the Seller, any Joint Lead Manager, the Trustee or the Security Trustee makes any representation to any prospective Noteholders regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) now or at any time in the future.

It should also be noted that on 20 November 2017, the Council of the European Union approved the final versions of the EU Securitisation Regulation and the associated CRR Amending Regulation (the **Securitisation Regulations**) and on 28 December 2017 the Securitisation Regulations were published in the Official Journal of the European Union. The majority of the Securitisation Regulations will not apply to the Notes as it will apply only to securitisations, the securities of which are issued, on or after 1 January 2019. However, the CRR Amending Regulation will apply to securities issued prior to 1 January 2019.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. Such requirements may also change over time, such that there can be no assurance that investors' holdings of Notes will be, or will remain, compliant with relevant requirements or changes thereto. Such requirements may also change over time, such that there can be no assurance that investors' holdings of Notes will be, or will remain, compliant with relevant requirements or changes thereto.

## 5.19 FATCA

The Foreign Account Tax Compliance Act (**FATCA**) was enacted by the United States Congress in March 2010 as part of its efforts to improve compliance with their tax laws. FATCA is aimed at detecting US taxpayers who use accounts with offshore (non-US) financial institutions to conceal income and assets from the US Internal Revenue Service (**IRS**). The relevant provisions are contained in the US Internal Revenue Code 1986 and are supplemented by extensive US Treasury Regulations that were issued on 17 January 2013 (and have been subject to subsequent amendment).

FATCA focuses on reporting by:

- (a) US taxpayers about certain foreign financial accounts and offshore assets; and
- (b) foreign (non-US) financial institutions about financial accounts held by US taxpayers or foreign entities in which US taxpayers hold a substantial ownership interest (**U.S. Persons**).

The objective of FATCA is the reporting of foreign (non-US) financial assets; withholding at 30 per cent is the cost of not reporting. This means that FATCA will impose certain due diligence and reporting obligations on foreign (non-US) financial institutions. To avoid being withheld upon, a foreign financial institution would ordinarily be required to register with the IRS, obtain a

Global Intermediary Identification Number (**GIIN**) and report certain information on US accounts to the IRS. However, where a jurisdiction enters into an Intergovernmental Agreement (a **FATCA Agreement**) with the US to implement FATCA, the reporting and other compliance burdens on the financial institutions in that jurisdiction may be simplified.

On 28 April 2014 the Treasurer, on behalf of the Australian Government, and the US Ambassador to Australia, on behalf of the US Government, signed a FATCA Agreement. Under the FATCA Agreement between Australia and the United States:

- (a) reporting Australian Financial Institutions (**Reporting AFIs**) will report to the Commissioner of Taxation and that information will be made available to the IRS;
- (b) certain Australian institutions and accounts will be exempt from FATCA (e.g. superannuation funds);
- (c) Reporting AFIs, that is, Australian Financial Institutions that are not exempt, will need to:
  - (i) register with the IRS and obtain a GIIN; and
  - (ii) undertake due diligence procedures on accounts existing on 1 July 2014 as well as accounts opened after that date, identify where those accounts are held by U.S. Persons and report certain information on those accounts to the Commissioner of Taxation each year; and
- (d) there will be no withholding on the US source income of Reporting AFIs, unless there is significant non-compliance by a Reporting AFI with its FATCA Agreement obligations, and after following the procedures set out in the FATCA Agreement, the Reporting AFI is treated by the IRS as a non-participating financial institution.

To implement the FATCA Agreement between Australia and the United States, Australian domestic legislation in the form of Tax Laws Amendment (Implementation of the FATCA Agreement) Act 2014 (Cth), introduced Division 396 to Schedule 1 to the Taxation Administration Act 1953 (Cth). Effective since 1 July 2014, those amendments require Reporting AFIs to collect and retain information about their customers, perform ongoing due diligence and provide that information to the Commissioner of Taxation, who will, in turn, provide that information to the IRS.

It is expected that the Series Trust will be classified as a Financial Institution under FATCA and the terms of the FATCA Agreement will apply to it accordingly.

If the Trustee or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of the Notes, Noteholders and beneficial owners of the Notes will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

If any other jurisdiction introduces legislation which has or may have a similar effect as FATCA such that the Trustee or any other person is required by that legislation to withhold amounts from any payments made in respect of any Notes, the Noteholders and beneficial owners of the Notes will not be entitled to receive any gross up or other additional amounts to compensate them for such withholding.

Future guidance, issued by the ATO or the IRS and updated from time to time, may affect the application of FATCA to the Notes.

## **5.20 Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased

regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Trustee, the Manager or the Managers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date for the Notes or at any time in the future.

## 5.21 The proposed financial transaction tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a **participating Member State**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and the FTT could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the proposed FTT remains subject to negotiation between participating Member States. Additional EU member states may decide to participate. It may therefore be altered prior to any implementation, the timing of which remains unclear.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## 5.22 Implementation of and/or changes to the Basel framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework (such changes being commonly referred to as **Basel III**) in 2011 to 2014, including certain revisions to the securitisation framework. In particular, Basel III provides for a substantial strengthening of existing prudential rules, including requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and to establish certain liquidity ratios (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). It is intended that member countries will implement the new capital standards with a phased approach ending with full implementation by 1 January 2019 and the Net Stable Funding Ratio from January 2018, whilst member states should already have started implementing the new Liquidity Coverage Ratio (with provision for phased implementation, meaning that the measure will not apply in full until January 2019). Implementation of Basel III requires national legislation and therefore the final rules and the timetable for its implementation in each jurisdiction may be subject to some level of national variation.

The Basel Committee has also published certain proposed revisions to the securitisation framework, including changes to the approaches to calculating risk weights and a new risk weight floor of 15 per cent. In July 2016 the Basel Committee published an updated standard for the regulatory capital treatment of securitisation exposures that includes reducing the risk weight



floor from 15 per cent to 10 per cent in respect of senior exposures which comply with the "simple, transparent and comparable" securitisation criteria outlined by the Basel Committee.

In the EU, the Securitisation Regulations provide, in a securitisation context, that qualifying simple, transparent and standardised (**STS**) securitisations should be subject to more benign regulatory treatment, including reduced risk weightings for EU-regulated credit institution and investment firm investors. At this point, no assurances can be given that the securitisation pursuant to which the Notes are being issued will qualify as a STS securitisation at any time in the future. Notably, the risk weights attached to securitisation exposures for EU-regulated credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations and these new risk weights will apply from 1 January 2019 or 1 January 2020, depending on the features of the particular securitisation exposure.

In Australia, APRA has implemented prudential standards, practice guides and reporting requirements to give effect to these reforms. The new Australian Prudential Standard 120 (**APS 120**) and related Australian Prudential Practice Guide 120 (**APG 120**) commenced application to securitisation transactions with effect from 1 January 2018. These new rules represent the culmination of a number of years of consultation in relation to the proposed new rules and the implementation date is in line with the determination by the Basel Committee on when the Basel III securitisation framework should come into effect.

The changes approved by the Basel Committee and the new APS 120 and APG 120 may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework or APS 120 and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel framework, APS 120 or APG 120 and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## 5.23 Common Reporting Standard

The Common Reporting Standard (**CRS**), formally known as the Standard for Automatic Exchange of Financial Account Information in Tax Matters, is a single global standard for the collection, reporting and exchange of financial account information on foreign tax residents.

Broadly, under the CRS, banks and other financial institutions will need to collect and report to the ATO on the financial account information of non-residents. The ATO will provide this information to the participating foreign tax authorities of those non-residents. The ATO will receive financial account information on Australian residents from other countries' tax authorities. Specifically, the CRS is designed to facilitate the detection of taxpayers that utilise accounts with foreign financial institutions to avoid their domestic tax obligations.

The CRS was implemented by various bilateral treaties as well as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Australia became a signatory to the Convention in 2011.

The obligation on relevant Australian entities to comply with the CRS is now contained in new Subdivision 396-C of the Taxation Administration Act 1953 (Cth). The provisions took effect from 1 July 2017 with the first exchange of information occurring in 2018.

To minimise business and tax administrations' implementation and compliance costs, the CRS draws extensively on the intergovernmental approach to implementing FATCA for due diligence procedures and reporting. Despite this, there are a few salient differences between the FATCA and CRS regimes of note. Importantly:

- (a) the CRS does not impose a withholding tax as the cost of not reporting. Rather, the CRS applies administrative penalties for:

- (i) failure to provide a report to the Commissioner that contains the information required by the CRS;
  - (ii) failure to obtain "self-certification";
  - (iii) failure to keep and maintain records in accordance with the CRS; and
  - (iv) providing a self-certification that is false or misleading;
- (b) the CRS does not make allowance for non-disclosure of account information where the account contains funds below certain thresholds; and
- (c) the CRS does not require registration. There is no CRS equivalent to the GIIN required for FATCA compliance.

The CRS only places an obligation to report the accounts of jurisdictions that participate in the regime. The implementation of the CRS in Australia has taken into account the expectation that other jurisdictions will ultimately adopt the CRS. Section 396-120(3) defines Reportable Jurisdiction as all jurisdictions (other than Australia). Accordingly, if an account holder is a resident for tax purposes of a jurisdiction, other than Australia, then details of the account will need to be forwarded to the ATO.

The Series Trust will be classified as an "Australian Financial Institution" under the CRS and the CRS will apply to it.

To assist financial institutions with implementing the CRS, the ATO has developed guidance material that will be updated from time to time as the ATO receives and responds to further questions from industry.

## 5.24 **Ipsa facto moratorium**

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 which reforms Australian insolvency laws received Royal Assent. The reforms include the introduction of a regime in respect of so-called "ipso facto" clauses. Under the legislation, a right under a contract, agreement or arrangement (which would include termination, amendment or payment acceleration) by reason of the appointment of a voluntary administrator, managing controller over all or substantially all of a company's property or where a company is undertaking a scheme of arrangement for the purpose of avoiding being wound up in insolvency would not be enforceable for a period of time.

In the context of securitisations, the stay regime potentially affects (a) the subordination of payments due to a swap provider under a securitisation cashflow waterfall (so-called "flip" clauses); and (b) terminating the appointment of a service provider.

However, the stay regime only relates to a limited range of insolvency events, and in particular does not apply where the company has failed to meet its payment or other obligations under the contract or where a receiver has been appointed. Further, the reforms only apply to rights under a contract, agreement or arrangement entered into after 1 July 2018 or entered into before July 1, 2018 and novated, assigned or varied on or after July 1, 2023, subject to certain exclusions. The Transaction Documents described in section 14 will, with the exception of the Master Trust Deed, all be entered into after that date.

Rights exercised with the consent of the relevant administrator, receiver, scheme administrator or liquidator and the right to appoint controllers during the decision period following the appointment of administrators are excluded and rights prescribed by regulations or Ministerial declarations may also be excluded (the **Subordinate Legislation**). Such Subordinate Legislation may also prescribe additional reasons for application of the stay on enforcement, or for extending the stay indefinitely. The legislation also gives the Federal Court of Australia the power to broaden or narrow the scope and duration of the stay.

The Australian Government has made the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 and the Corporations (Stay on Enforcing Certain Rights) Regulations (No. 2) 2018. The regulations exempt certain types of contracts from the stay, including an exemption for a contract, agreement or arrangement that is, or governs, securities, financial products, bonds, promissory notes or syndicated loans and a contract, agreement or arrangement that involves a special purpose vehicle and that provides for securitisation. In addition, the Minister for Revenue and Financial Services made the Corporations (Stay on Enforcing Certain Rights) Declaration 2018 setting out certain types of contractual rights which will also be excluded from the stay (regardless of the type of contract under which those rights arise).

The extent to which certain contracts and contractual rights fall within the scope of the categories in the regulations and declaration is unclear. In particular, while the regulations exempt arrangements which are, or which govern, securities, financial products, bonds, promissory notes, or syndicated loans, the regulations do not expressly exempt ancillary arrangements. There is uncertainty as to aspects of this new regime and until the regulations have been the subject of any applicable decided case law or further official clarification, the scope of the stay on the exercise of ipso facto rights and the exclusions and the effect on any securities issued after the commencement date and any relevant contract (including the Notes and the Transaction Documents) remains unclear.

## 5.25 U.S. Risk Retention Rules

The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to transactions such as this offering and generally require the “securitizer” of a “securitization transaction” to retain at least 5 per cent. of the “credit risk” of “securitized assets”, as such terms are defined for purposes of the U.S. Risk Retention Rules, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

**Credit Union Australia does not undertake to retain at least 5 per cent. of the credit risk of the Mortgage Loan Rights for the purposes of compliance with the U.S. Risk Retention Rules.** It is intended that Credit Union Australia will rely on a safe harbor exemption for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under US GAAP) of all classes of securities issued in the securitization transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Information Memorandum as Risk Retention U.S. Persons); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch or office located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral collateralizing the Notes was acquired by the sponsor or the issuer of the securitization transaction, directly or indirectly, from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Notes may not be purchased by or transferred to U.S. persons unless such limitation is waived by the Manager (on behalf of the Trustee) (such waiver, the "**U.S. Risk Retention Waiver**"). The Manager (on behalf of the Trustee) will not provide a U.S. Risk Retention Waiver to any investor in the Notes if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under US GAAP) of all Classes of Notes to be sold, transferred to or held by Risk Retention U.S. Persons on the Closing Date or during the 40 days after the completion of the distribution of the Notes. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, and in one respect is materially narrower than, the definition of U.S. person under Regulation S. In particular, a partnership, corporation, limited liability company or other organization or entity that is organized or incorporated under the laws of a non-U.S. jurisdiction will qualify as a "U.S.

person" under Regulation S if (a) formed by a "U.S. person" (as defined in Regulation S) principally for the purpose of investing in unregistered securities and (b) owned exclusively by "accredited investors" as defined in Regulation D under the Securities Act who are not natural persons, estates or trusts. However, any such organization or entity organized or incorporated under the laws of a non-U.S. jurisdiction that is not so formed and owned will not qualify as a Risk Retention U.S. Person.

The Notes may not be purchased by, and will not be sold to any person except for (a) persons that are not Risk Retention U.S. Persons or (b) persons that have obtained a U.S. Risk Retention Waiver from the Manager (on behalf of the Trustee). Each holder of a Note or a beneficial interest therein acquired prior to the date occurring 40 days after the completion of the distribution of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Trustee, Credit Union Australia, the Manager and the Joint Lead Managers that it (1) either (a) is not a Risk Retention U.S. Person or (b) has received a U.S. Risk Retention Waiver from the Manager (on behalf of the Trustee), (2) is acquiring such Note for its own account and not with a view to distribution of such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the safe harbor for certain non-U.S. Transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules described above. Neither the Manager nor the Trustee is obliged to provide any waiver in respect of the U.S. Risk Retention Rules.

The Manager, Credit Union Australia, the Trustee and the Joint Lead Managers have agreed that none of the Manager, Credit Union Australia, the Trustee or the Joint Lead Managers or any person who controls any of them or any director, officer, employee, agent or Affiliate of the Manager, Credit Union Australia, the Trustee or the Joint Lead Managers shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules, and none of the Manager, Credit Union Australia, the Trustee or the Joint Lead Managers or any person who controls any of them or any director, officer, employee, agent or Affiliate of any of the Manager, Credit Union Australia, the Trustee or the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination, it being understood by the Manager, Credit Union Australia, the Trustee or the Joint Lead Managers that the characterisation of potential investors for such restriction or for determining the availability of the safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules shall be made on the basis of certain representations that are made or otherwise deemed to be made by each prospective investor.

There can be no assurance that the safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. In particular, the Manager (on behalf of the Trustee) may not be successful in limiting investment by Risk Retention U.S. Persons may not be limited to no more than 10 per cent. This may result from misidentification of Risk Retention U.S. Person investors as non-Risk Retention U.S. Person investors, or may result from market movements or other matters that affect the calculation of the 10 per cent. value on the Closing Date.

Failure on the part of the Seller or the Manager (on behalf of the Trustee) to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Seller or the Manager (on behalf of the Trustee) which may adversely affect the Notes and the ability of the Seller or the Manager (on behalf of the Trustee) to perform its obligations under the Master Sale and Servicing Agreement. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally or the mortgage loan securitisation market is uncertain, and a failure by the Seller or Manager (on behalf of the Trustee) to comply with the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

In addition, after the Closing Date, the U.S. Risk Retention Rules may have adverse effects on Credit Union Australia, the Trustee and/or the holders of the Notes. Unless the safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules or

another exemption is available, the U.S. Risk Retention Rules would apply to a refinancing of the Notes or in connection with material amendments to the terms of the Notes and any additional notes offered and sold by the Trustee after the Closing Date or any refinancing of the Notes or in connection with material amendments to the terms of the Notes.

In addition, the U.S. Securities and Exchange Commission (the **SEC**) has indicated in contexts separate from the U.S. Risk Retention Rules that an "offer" and "sale" of securities may arise when amendments to securities are so material as to require holders to make a new "investment decision" with respect to such securities. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Rules, they could apply to future material amendments to the terms of the Notes, to the extent such amendments require investors to make a new investment decision with respect to the Notes. As noted above, the Seller does not intend to or undertake to retain at least 5 per cent. of the credit risk of the Purchased Loans for the purposes of compliance with the U.S. Risk Retention Rules, in reliance upon the safe harbor for certain non-U.S. transactions provided for by Section \_\_.20 of the U.S. Risk Retention Rules. However, there can be no assurance that the safe harbor or any other exemption from the U.S. Risk Retention Rules will be available in connection with any such additional issuance, refinancing or amendment occurring after the Closing Date. As a result, the U.S. Risk Retention Rules may adversely affect the Seller or the Trustee (and the performance, market value or liquidity of the Notes) if the Trustee is unable to undertake any such additional issuance, refinancing or amendment. Furthermore, no assurance can be given as to whether the U.S. Risk Retention Rules would have any future material adverse effect on the business, financial condition or prospects of the Seller or the Trustee or on the market value or liquidity of the Notes.

## **5.26 Impact of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry**

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the **Royal Commission**) is investigating the conduct of the financial services industry and whether financial service providers engaged in practices that could amount to misconduct. A final report is to be provided by the Commission to the Australian Government by 1 February 2019, and an interim report may be produced no later than 30 September 2018.

Royal Commission hearings have received considerable media attention with Council Assisting consistently finding that the conduct of financial service providers had fallen below community expectations. The Royal Commission may relevantly recommend regulatory changes to responsible lending standards and mortgage origination requirements as a result. This could also lead to greater enforcement powers afforded to the regulators ASIC and APRA.

Financial service providers may need to assess internal structures and personnel as well as external policies to ensure they can remain compliant with a potentially changing regulatory environment. Regulatory changes, as recommended by the Royal Commission, could have an adverse effect on the business ordinarily conducted by financial service providers, including the extent to which mortgage loans can be originated. However, the Royal Commission's ultimate findings and recommendations are, at this stage, unknown.

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## 6. Mortgage Loans

### 6.1 Credit Union Australia

As Australia's largest customer-owned financial institution, Credit Union Australia provides banking services to more than 400,000 Australians across the country. Credit Union Australia is 100% owned by its customers, not shareholders, with profits reinvested back in to the business in the form of more competitive products, better interest rates and lower fees. Membership of the organisation is non-transferable and has no "traded value" (as in share price). Each member has an equal vote in the direction and governance of the mutual, no matter how much business or dollar value they may have with the organisation.

Credit Union Australia is an Authorised Deposit-taking Institution (**ADI**) under the Banking Act and is fully regulated by the Australian Prudential Regulation Authority (**APRA**). Credit Union Australia also issues securities which fit the current Reserve Bank of Australia (**RBA**) eligibility criteria for repurchase agreements, holds relevant Financial Services Licences, and complies with extensive Australian government regulation.

### 6.2 The Mortgage Loan Pool

The Mortgage Loan Pool consists of 2,484 Mortgage Loans with current balances totalling A\$699,904,903.88 as at 15 July 2018 (the **Mortgage Loan Pool**).

A statistical analysis of the Mortgage Loan Pool is contained in Annexure 1.

### 6.3 Eligibility Criteria

The Mortgage Loans included in the Mortgage Loan Pool must meet the following eligibility criteria or such other eligibility criteria as the Seller and the Manager may agree in writing prior to the Closing Date (as notified to the Trustee and each Designated Rating Agency) (the **Eligibility Criteria**):

- (a) All Mortgage Loans must:
  - (i) be advanced and repayable in Australian Dollars;
  - (ii) be secured by a mortgage which is either:
    - A) a first ranking mortgage; or
    - B) a second ranking mortgage where:
      - 1) there are 2 mortgages over the land securing the Mortgage Loan and the Seller is the first mortgagee; and
      - 2) the first-ranking mortgage is also being acquired by the Trustee;
  - (iii) have a stated term to maturity at the Cut-Off Date not exceeding 30 years and such stated term to maturity is not within 18 months of the Maturity Date;
  - (iv) have a loan-to-value ratio (**LVR**) not exceeding 95% determined at or about the time of the Cut-Off Date;
  - (v) be assignable by the Seller in equity without prior consent being required from, or notice of the assignment needing to be given to, the mortgagor or any other person;

- (vi) have a total principal amount of at least \$10,000 as at the Cut-Off Date (as recorded on the Mortgage Loan System);
  - (vii) have been drawn down at least three months prior to the Cut-Off Date;
  - (viii) have the benefit of a pool mortgage insurance policy or a primary mortgage insurance policy providing 100% cover for principal and interest losses from an Approved Mortgage Insurer; and
  - (ix) be a loan pursuant to which the Seller is entitled to receive payments in respect of principal and interest or interest only under the terms of the loan.
- (b) All Mortgage Loans must not be:
- (i) partially drawn down;
  - (ii) a loan secured by a mortgage over land which does not contain a residential building;
  - (iii) a loan in favour of a present employee of the Seller;
  - (iv) a loan whose Arrears Days (if it were a Mortgage Loan) would be greater than 30 as calculated at the Cut-Off Date in relation to the Mortgage Loan;
  - (v) a loan in relation to which interest may be paid by the borrower, without the consent of the Seller, in advance;
  - (vi) a loan that has a fixed rate period greater than five years; or
  - (vii) a loan in relation to which the borrower's income has not been verified.

## 6.4 Mortgage Loan Products

### 6.4.1 Loan Purpose

The Seller offers Mortgage Loans for both owner occupier and investment purposes with, in each case, the benefit of the interest rate options described in section 6.4.2 and are secured by residential property.

### 6.4.2 Interest Rate Options

The Mortgage Loans have a number of different interest rate options:

- (a) **Variable Rate Loans:** The variable rate is a rate determined by the Seller (as Servicer of the Mortgage Loans). Whenever the rate is varied a new repayment amount is determined if the existing repayment amount is not sufficient to repay the loan within the term. The borrower is notified of the new interest rate and the new repayment amount, if applicable.

Included in the Mortgage Loan Pool are introductory variable rate loans (**Introductory Variable Rate Loans**). The rates applicable to the Introductory Variable Rate Loans are at a discount to the standard variable interest rates. An Introductory Variable Rate can only apply to a Mortgage Loan when it is first issued and cannot be applied again to that Mortgage Loan.

Borrowers may apply to switch from a variable rate to a fixed rate. If approved, the borrower must pay a "Switch fee".

The Seller has other variable rate mortgage loan products which offer discounted rates to the standard variable interest rate and are offered for specific reasons such as limited product features (**Basic Variable**), size of loan amount or loyalty period (**Discount Variable**).

- (b) **Fixed Rate Loans:** Borrowers may fix the interest rate on their Mortgage Loans for a period of one, two, three or five years, converting automatically at the end of the agreed fixed rate period to a variable rate. The borrowers may choose to fix the interest rate for a further period.
- (c) **Early Payout Fees:** If a borrower breaks the fixed rate contract prior to its expiry, they may be subject to an early payout fee (**EPF**).

The EPF is the difference between:

- (i) the net present value of the amount that the Seller would have received from the borrower had the borrower continued to repay the Mortgage Loan as agreed for the balance of the fixed rate period; and
- (ii) the net present value of the amount the Seller would be able to receive by investing the balance of the Mortgage Loan in the wholesale money market at a fixed interest rate for the remainder of the fixed rate period.

#### 6.4.3 Redraw Facility

Borrowers may, subject to the approval of the Seller, redraw their Mortgage Loans, provided that the balance of the Mortgage Loan after the redraw does not exceed the scheduled loan amortisation balance (the **Scheduled Balance**).

The funding of Redraws is described in section 9.3.

#### 6.4.4 Interest Offset

Borrowers may elect to link an eligible savings or transaction account to their Mortgage Loan. If an eligible account is linked to a Mortgage Loan and the mortgagor has a certain minimum credit balance in the account (currently \$500.00), the interest charged on the Mortgage Loan is calculated on a "net balance amount" of that Mortgage Loan. The net balance amount is, on any day, the unpaid daily balance of that Mortgage Loan at the end of that day minus the "Offset Amount" for that day. The "Offset Amount" is, on any day, the amount obtained by multiplying the "offset rate" (which is a percentage rate determined by the Seller from time to time (currently 100%)) and the balance of the eligible account at the end of that day.

The Seller undertakes to the Trustee that the Seller will:

- (a) following the exercise by the Trustee of its rights after the exercise of a Perfection of Title Event, promptly withdraw all interest offset benefits (if any) that would otherwise be available to Obligors in respect of those Mortgage Loans under the terms of any Interest Offset Accounts (following notice by the Trustee to the relevant Obligors and subject to any notice requirements by which the Seller is bound); and
- (b) pay to the Trustee, by each Determination Date for the Collection Period just ended, an amount equal to the interest offset benefits (if any) that were available to Obligors in respect of the Mortgage Loans under the terms of any Interest Offset Accounts during the immediately preceding Collection Period.

On the Closing Date and each Determination Date, if the Seller is not an Eligible Depository, it undertakes to prepay its obligations described in paragraph (b) above for the Collection Period commencing on the Cut-Off Date or during which that Determination Date falls. Such prepayment will be deposited in the Collections Account and constitute the **Interest Offset Reserve**. Alternatively, the Seller may enter into other arrangements in respect of which the



Manager has issued a Rating Notification. The amount required to be prepaid will be calculated by the Seller based on its estimate (determined in a commercially reasonable manner) of the interest offset benefits that will be available to mortgagors in respect of Mortgage Loans for the relevant Collection Period. The Interest Offset Reserve will be available to be applied by the Trustee in the event the Seller does not meet its obligations described in paragraph (b) above. If the Seller becomes an Eligible Depository; there are at any time no interest offset accounts related to the Mortgage Loans which are Assets of the Series Trust or the amount standing to the credit of the Interest Offset Reserve exceeds the required prepayment in respect of a particular Collection Period, the amount standing to the credit of the Interest Offset Reserve (or the excess, as applicable) will be paid to the Seller.

#### **6.4.5 Prepayments**

A borrower may make repayments in excess of the scheduled instalment amounts for the Mortgage Loan. The "in advance" amount is the difference between the actual repayments made by the borrower and the scheduled instalment amounts for the Mortgage Loan.

When a borrower is in advance of their repayments and they do not meet their scheduled repayment, the in advance amount will be reduced by the amount of that scheduled repayment.

#### **6.4.6 Additional Advances**

The Seller may agree to advance further funds to a borrower under the terms of a Mortgage Loan subject to a credit assessment.

### **6.5 Origination of Mortgage Loans**

The Mortgage Loans in the Mortgage Loan Pool are all originated through the Seller's branch network, call centre, internet site, business development managers and various approved introducers.

#### **6.5.1 Credit Approval Process**

This section 6.5 provides details of how the Seller's mortgage loans are approved.

#### **6.5.2 Loan Applications**

All applicants for a mortgage loan are required to complete an application form which details the financial position of the applicants as well as permitting the Seller to make appropriate enquiries in relation to the employment, income and credit histories of the applicants.

#### **6.5.3 Credit Assessment**

All mortgage loan applications are assessed at a centralised Lending Division using the Seller's standard assessment criteria, which requires independent confirmation of the details included in the application such as employment history and income of the applicant. The applicant's credit history is assessed through obtaining a reference from Equifax.

Mortgage loans are approved subject to the relevant lending officer's or manager's personal delegation. Lending delegations are assigned to officers and managers of the Seller based upon level of training and experience and are regularly reviewed. Applications outside the officer's or manager's delegation or which are of a more complex nature are referred to those with higher delegations.

#### **6.5.4 Valuations**

The maximum LVR for mortgage loans is 95% including the capitalisation of any mortgage insurance premium. The maximum LVR for Mortgage Loans which may be acquired by the Trustee is 95% determined at the Cut-Off Date. The LVR is based upon the lower of the purchase price or owner's estimate and independent valuation.

An independent valuation of security is undertaken for all mortgage loans. Where the loan amount exceeds 80% of the property value, or the loan exceeds \$1,000,000 or \$750,000 if the LVR exceeds 70%, a formal valuation is undertaken. All formal valuation inspections are completed by a registered valuer approved by the Seller and are completed in accordance with standards set down by the Australian Property Institute requirements and guidelines.

#### **6.5.5 Mortgage Insurance**

All mortgage loans are required to be covered by a primary mortgage insurance policy, if the LVR was greater than 80% at the time of issue and the borrower did not take out Loan Repayment Insurance. If the borrower took out Loan Repayment Insurance and the premium was capitalised to the loan, the LVR could increase to 85% without being required to be covered by mortgage insurance.

Those Mortgage Loans in the Mortgage Loan Pool not covered by a primary mortgage insurance policy taken out at the time of origination, as described in the preceding paragraph, will be covered by a Warehouse Pool Master Policy or a Mortgage Insurance Policy obtained by the Seller on a pool basis prior to the Closing Date.

#### **6.5.6 Documentation and Settlements**

Approval, confirmation of details, documentation, settlement and registration of securities for mortgage loans are centrally controlled by the Lending Division. Standard documentation is produced by the Lending Division from information provided on the file and documents are produced through the RAPS system; MAPs documents are produced via data merge using the IDEAL document software; and Inteflow loan documents are produced by third party vendor Computershare. Credit Union Australia's computer system, TCS BANCS/NUCLEUS is used for the servicing of the Mortgage Loans (Credit Union Australia changed its core banking system from a system known as ABACUS in October 2013 and installed a new core banking system, TCS **BANCS/NUCLEUS**, which has been used thereafter).

For all mortgage loans the Seller requires, prior to or at settlement and funding, the following:

- (a) a copy of sale contract (where applicable);
- (b) an independent valuation report;
- (c) the certificate of title (if applicable);
- (d) evidence that suitable houseowner insurance is in place (if the security property includes a house);
- (e) evidence of mortgage insurance (if the LVR is greater than 80%, where required);
- (f) an executed guarantee and indemnity, where applicable;
- (g) an executed transfer (stamped where necessary for settlement) of the relevant land (if applicable);
- (h) an executed, stamped discharge of any existing mortgage(s) (if applicable);
- (i) a disbursement authority signed by the borrower(s);
- (j) the Seller's mortgage documents, signed by the borrower(s); and
- (k) the Seller's credit contract signed by the borrower(s).

The Lending division checks the documentation for correctness and once the final title searches have been verified, a matter is created in the SAI Global portal for our Settlement Agents to book

settlement and draw settlement cheques. Once settlement is effected SAI Global lodge the required settlement documents at the relevant registries for registration.

## **6.6 Collections**

Collection action follows a structured process to protect the interests of the mortgagee and mortgage insurer. Collection action is administered by the Credit Services division of the Seller. The following describes the Seller's current collection procedures which apply to all Mortgage Loans.

Accounts are assessed and monitored using the number of days in arrears as the prime criteria. Borrowers are contacted when their Mortgage Loan is in arrears by SMS, letter, email and phone. The collection strategy is reviewed and is modified depending on the current arrears rate and economic circumstances.

Subsequent action is assessed based on the degree of arrears, the current LVR, the borrowers' financial position and by liaising with the relevant mortgage insurer.

This process could include issuing of "Default Notices" and taking steps to protect and/or sell secured assets (including the maintenance of local government rates and property insurance payments as provided for in the credit contract and mortgage).

Litigation may or may not be initiated and is at the discretion of the Seller. Assessment is based on economic factors, likelihood of increased liability or consequential loss and/or recommendation by the Seller's legal advisers.

## **6.7 Servicing**

### **6.7.1 Servicing to be in accordance with Servicing Standards**

The Servicer must ensure that the servicing of the Mortgage Loans and related securities is in accordance with the Servicing Standards.

The Servicing Standards are the standards and practices in relation to servicing Mortgage Loans set out in the Operations Manual and, to the extent that a servicing function is not covered by the Operations Manual, the standards and practices of a prudent lender in the business of making residential mortgage loans.

The Operations Manual are the written guidelines, policies and procedures established by the Seller and the Servicer for originating, servicing and enforcing its mortgage loan portfolio, as amended from time to time. The Servicer may amend the Operations Manual from time to time. Any proposed material amendments relating to the servicing of the Mortgage Loan Rights must be notified to each Rating Agency, the Trustee and the Manager at least 10 Business Days prior to the date of their intended effect. Such amendments take effect upon the earlier of the Manager issuing a Rating Notification or the date 10 Business Days after the delivery of the amendments to the Manager, the Trustee and each Rating Agency, if during that period the Manager has not established that it is unable to issue a Rating Notification in relation to the adoption of proposed amendments.

All acts or omissions of the Servicer (or any delegate or agent of the Servicer) are binding on the Trustee. However, neither the Trustee nor the Manager or their respective delegates is liable for any Servicer Default except to the extent that the Servicer Default is caused by the Trustee's or the Manager's or their respective delegate's fraud, negligence or wilful default.

### **6.7.2 Payment of Collections into the Collections Account**

Moneys due by borrowers under the terms of the Mortgage Loans will be collected by the Servicer. The Servicer must pay all Collections in respect of the Mortgage Loans into the Collections Account within 2 Business Days of receipt (where they are received by the Servicer)

or within 2 Business Days of their due date for payment (where they are payable by the Seller or the Servicer).

The Servicer agrees that it holds all Collections received by it on trust for the Trustee until paid to the Trustee.

### **6.7.3 Acts of Servicer binding**

All acts and omissions of the Servicer (or any delegate or agent of the Servicer) in servicing the Mortgage Loan Rights are binding on the Trustee. However, neither the Trustee nor the Manager or their respective delegates (as the case may be) is liable for any Servicer Default in relation to a Series Trust except to the extent that the Servicer Default is caused by the Trustee's or the Manager's or, in each case, its delegate's fraud, negligence or wilful default.

Investors should note that the processes and policies under which loans are originated, approved, settled and serviced, are regularly reviewed and may change from time to time.

### **6.7.4 Express powers and limitations on servicing**

The Master Sale and Servicing Deed and the Series Supplement regulate certain aspects of the servicing function. Some of the principal servicing provisions of these documents are summarised below.

### **6.7.5 Interest rates**

The Servicer must set the interest rate on each Mortgage Loan at the rate which the Servicer charges on similar mortgage loans within its portfolio which have not been sold to the Trustee. However, the Servicer must adjust the rates of interest applicable to the variable rate Mortgage Loans in certain circumstances as described in section 2.6, if at any time the Basis Swap terminates prior to its scheduled termination date, until a new basis swap is entered into with a counterparty in respect of which the Manager has issued a Rating Notification or other arrangements in respect of which the Manager has issued a Rating Notification have been entered into.

### **6.7.6 Release or substitution of securities**

A borrower may apply to the Servicer to release or substitute any securities relating to a Mortgage Loan. The Servicer has agreed that it will only do this if:

- (a) at least 1 mortgage is retained after the release or substitution to secure that Mortgage Loan; and
- (b) prior to the release or substitution, the LVR of that Mortgage Loan is reappraised the Servicer in accordance with the Servicing Standards and, based on that reappraisal, the LVR of that Mortgage Loan after the release or substitution will be no more than equal to or below the LVR immediately prior to the release or substitution; and
- (c) the Approved Mortgage Insurer in respect of that Mortgage Loan confirms in writing to the Servicer that the release or substitution will not result in a reduction in the amount that could otherwise be recovered under the Mortgage Insurance Policy under which that Mortgage Loan is insured.

The Servicer will indemnify the Trustee for any cost, damages or loss the Trustee directly suffers as a result of the Servicer releasing or substituting any Mortgage Loan securities in breach of the above conditions. The Servicer's liability to the Trustee in those circumstances cannot exceed the principal amount outstanding in respect of the relevant Mortgage Loan and any accrued but unraised interest and any outstanding fees in respect of the Mortgage Loan as at the time a claim is made by the Trustee.

### **6.7.7 Extension of maturity of Mortgage Loans and variation or relaxation of other terms**

Except in the circumstances set out in section 6.7.14, as contemplated by the Operations Manual or where a Mortgage Loan is regarded as being repaid in full following the making of a Further Advance (see section 10.2.7), the Servicer must not grant any extension of the maturity date of a Mortgage Loan beyond 30 years from the relevant closing date of the Mortgage Loan or allow a reduced monthly payment that would result in such an extension.

Subject to the foregoing considerations and to section 6.7.8, the Servicer may vary, extend or relax the time to maturity, the terms of repayment or any other term of a Mortgage Loan and its related securities in accordance with the Servicing Standards.

### **6.7.8 Release of Debt**

Except in the circumstances set out in sections 6.7.7, 6.7.9 and 6.7.12, the Servicer may not release the borrower or any security provider from any amount owing in respect of a Mortgage Loan or its related securities unless the amount has been, or is to be, written-off by the Servicer as uncollectible, in each case, in accordance with the Servicing Standards.

### **6.7.9 Waivers, releases and compromises**

Subject to the limitations in sections 6.7.7, 6.7.8 and 6.7.14, the Servicer is empowered to waive any breach under, or to compromise, compound or settle any claim in respect of, or to release any party from an obligation under, a Mortgage Loan or its related securities.

### **6.7.10 Consent to subsequent security interests**

The Servicer may only consent to the creation or existence of a subsequent security interest in favour of a party (other than the Trustee or the Seller) in relation to the mortgaged property the subject of a mortgage held as security for a Mortgage Loan if the Servicer ensures that the relevant mortgage ranks in priority to the third party's security interest on enforcement for an amount not less than the principal amount (plus accrued but unpaid interest) outstanding on the Mortgage Loan plus such extra amount determined in accordance with the Operations Manual. The Trustee and the Seller have agreed that where a subsequent security interest is granted in their favour over the mortgaged property the subject of a mortgage securing a Mortgage Loan, the relevant mortgage will rank in priority to their security interest on the same basis as is described above for third parties.

### **6.7.11 Consent to leases**

The Servicer may consent to the creation of any subdivision, easements, leases, licences or restrictive covenants in respect of any mortgaged property in connection with a Mortgage Loan, or the transfer, subject to the mortgage, of the ownership of the mortgaged property, provided such consent is in accordance with the Servicing Standards.

### **6.7.12 Litigation and enforcement**

The Servicer may take such action to enforce a Mortgage Loan and its related securities as it determines should be taken. The Servicer is not required to institute or continue any litigation in respect of any amount owing under a Mortgage Loan if it has reasonable grounds for believing, based on advice from its legal advisers, that:

- (a) the Servicer is, or will be, unable to enforce the provisions of the Mortgage Loan under which the amount is owing; or
- (b) the likely proceeds of any such litigation, in light of the costs involved, do not warrant the litigation.

The Servicer must not, however, knowingly take any action, or knowingly fail to take any action, if that action or failure will interfere with the enforcement of any Mortgage Loan Rights by the

Servicer or the Trustee, unless such action or failure is in accordance with the Servicing Standards.

#### **6.7.13 Insurance policies and claims**

The Servicer may settle any claim in respect of any property insurance policy, which is then an Asset of the Series Trust. Any insurance proceeds received in respect of a Mortgage Loan must be applied to the account in the Servicer's records for the Mortgage Loan up to the principal amount outstanding in respect of that Mortgage Loan, together with any accrued but unraised interest (unless the proceeds are released in accordance with the Servicing Standards and are paid directly for work being carried out to rebuild, reinstate or repair the property to which the proceeds relate).

#### **6.7.14 Binding provisions and orders of a competent authority**

The Servicer may release a mortgage or a Mortgage Loan Right which is an Asset of the Series Trust, reduce the amount outstanding under or vary the terms of any Mortgage Loan (including the terms of repayment) or any related Mortgage Loan Right or grant other relief to a borrower or a security provider if required to do so by the Financial Ombudsman Service, any code binding on the Servicer or any applicable laws or if ordered to do so by a court, tribunal, authority, ombudsman or other entity whose decisions are binding on the Servicer.

If the order is due to the Seller or the Servicer breaching any applicable law or official directive, then the Servicer must notify the Trustee of the making of such an order, decision, finding, judgment or determination and the Seller or the Servicer (as the case may be) must compensate the Trustee for its loss suffered directly as a result. The amount of the loss is to be determined by agreement with the Trustee (acting on expert advice if the Trustee determines necessary) or, failing this, by the Seller or the Servicer's external auditors. The Seller's or Servicer's liability to the Trustee in respect of a Mortgage Loan cannot exceed the principal amount outstanding in respect of the Mortgage Loan and any accrued but unraised interest and any outstanding fees in respect of the Mortgage Loan as at the time a claim is made by the Trustee.

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## 7. Cashflow Allocation Methodology

### 7.1 Principles underlying the Cashflow Allocation Methodology

This section 7 describes the methodology for the calculation of the amounts to be paid by the Trustee on each Distribution Date to, amongst others, the Noteholders (being, together with the cashflows applicable following enforcement of the Security as described in section 9.4.4, the **Cashflow Allocation Methodology**).

In summary, the Series Supplement provides for Collections to be allocated and paid on a monthly basis, in accordance with a set order of priorities, to satisfy the Trustee's payment obligations in relation to the Series Trust. The underlying cash flows comprising the Collections are explained in section 7.3. The methodology for allocating Collections between Interest on the Notes and other charges, on one hand, and principal, on the other, are explained in sections 7.4 and 7.5.

The calculation of the various amounts payable on each Distribution Date and the priority in which these amounts are paid are also explained in sections 7.4 and 7.5.

In certain circumstances the principal amount of the Notes can be reduced by way of Charge-Off. Charge-Offs and the reimbursement of Charge-Offs are explained in section 7.7.

The Trustee has the benefit of a number of reserves. The operation of these is explained in section 7.6

### 7.2 Collection Periods, Determination Dates and Distribution Dates

The distribution of Collections operates on a deferred basis. The Collections in respect of each Collection Period are paid by the Trustee towards Series Trust Expenses and to, amongst other creditors of the Series Trust, the Noteholders on the following Distribution Date. All necessary calculations for this purpose are made by the Manager no later than the Determination Date after the end of each Collection Period.

The following sets out an example of a series of relevant dates and periods for the allocation of cash flows and their payments. All dates are assumed to be Business Days.

1 June to 30 June (inclusive)	Collection Period
14 June to 14 July (inclusive)	Interest Period
11 July	Determination Date
14 July	Distribution Date

### 7.3 Underlying cash flows

#### 7.3.1 Collections

The **Collections** for a Collection Period are the aggregate of the following amounts (without double counting) in respect of the Mortgage Loans:

- (a) the sum of all amounts for which a credit entry is made during the Collection Period to the accounts established in the Servicer's records for the Mortgage Loans less the sum of the amount of any credit entries to the accounts established in the Servicer's records for the Mortgage Loans which relate to any Defaulted Amount on the Mortgage Loans during the Collection Period and the amount of any reversals made during the Collection Period to the accounts established in the Servicer's records for

- the Mortgage Loans where the original credit entry (or part thereof) was made in error or was made but subsequently reversed due to funds not being cleared;
- (b) any Recoveries received by the Servicer in relation to the Mortgage Loans during the Collection Period (less any reversals made during the Collection Period in respect of Recoveries where the original credit entry (or part thereof) was made in error or subsequently reversed due to funds not being cleared);
  - (c) any amounts received by the Trustee from the Seller in respect of the Collection Period:
    - (i) with respect to Mortgage Loans repurchased following the making of a Further Advance, provision of an additional feature, a Conversion or any other similar purpose (see section 10.2.7) or as a result of the Trustee's Interest in a Mortgage Loan being extinguished following the discovery of an incorrect Seller representation; or
    - (ii) in respect of amounts owing to it by a borrower which is satisfied by way of set-off or combination;
  - (d) any amounts received by the Trustee on the Distribution Date following the Collection Period upon the Seller's acceptance of the Clean-Up Offer (see section 10.2.9);
  - (e) any damages or indemnities received by the Trustee in respect of the Collection Period as a result of:
    - (i) the discovery after the Prescribed Period in relation to a Mortgage Loan that a representation or warranty of the Seller mentioned in section 10.2.4 was incorrect when given (see section 10.2.6);
    - (ii) any release or substitution of any mortgage or related securities (other than as described in section 6.7.6); or
    - (iii) the Servicer being required under any code binding on the Servicer, another binding provision, or a court or tribunal, to grant any form of relief to a borrower or mortgagor as a result of the Seller having breached any applicable law, official directive, binding code or other binding provision;
  - (f) any damages received by the Trustee in the Collection Period which are not included in the amounts referred to in (e) above;
  - (g) any amounts received by the Trustee in the Collection Period as a result of the sale of the Assets of the Series Trust on or following the Termination Date;
  - (h) any subscription moneys in respect of the Notes received by the Trustee during the period which are not used on the Closing Date to acquire Mortgage Loan Rights or to pay any Adjustment Advance;
  - (i) any insurance proceeds received during the period by the Servicer or the Trustee in accordance with any Mortgage Insurance Policy or any Insurance Policy;
  - (j) the amount of any Waived Obligor Break Costs received by the Trustee in respect of the Mortgage Loans during the Collection Period;
  - (k) any Transfer Amount (or part thereof) received by the Trustee in that Collection Period as a result of the sale of Mortgage Loans from the Trustee to another trust established under the Master Trust Deed;



- (l) any Adjustment Advance (or part thereof) received by the Trustee in that Collection Period as a result of the sale of Mortgage Loans from the Trustee to another trust established under the Master Trust Deed;
- (m) any amounts received by the Trustee from the Seller relating to the interest offset benefits (if any) that were available to Obligors in respect of the Mortgage Loans under the terms of any Interest Offset Accounts during the immediately preceding Collection Period or applied by the Trustee from the Interest Offset Reserve to the extent the Trustee has not received any such amount (see section 6.4.4); and
- (n) any other amounts received by the Trustee during the period which do not fall within paragraphs (a) to (m) above,

less any amount debited during the Collection Period to the accounts established in the Servicer's records for the Mortgage Loans representing fees or charges imposed by any governmental agency, bank accounts debits tax or similar taxes or duties imposed by any governmental agency (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid by the Servicer.

Collections for a Collection Period are allocated first to the satisfaction of Finance Charges.

### 7.3.2 Finance Charges

The **Finance Charges** for a Collection Period are the aggregate of the following amounts (without double counting) in respect of the Mortgage Loans:

- (a) the aggregate of:
  - (i) all debit entries representing interest or other charges that have been charged during the period made to the accounts established in the Servicer's records for the Mortgage Loans;
  - (ii) subject to paragraph (iii), any Obligor Break Costs charged in relation to the Mortgage Loans during a prior Collection Period and received by the Servicer during the Collection Period; and
  - (iii) any amounts received by the Servicer during the Collection Period from the enforcement of any mortgage in relation to the Mortgage Loans or in accordance with any Mortgage Insurance Policy, where such amounts exceed the aggregate of the costs of enforcement of any such mortgage and the interest and principal then outstanding on the Mortgage Loans in respect of which the amounts are received and represent part or all of the Obligor Break Costs charged during a prior period on the Mortgage Loans in respect of which the amounts are received,
- less:
  - (iv) the aggregate of any reversals made during the Collection Period in respect of interest or other charges (in relation to any of the accounts where the original debit entry (or part thereof) was in error), any Obligor Break Benefits paid to a borrower during the Collection Period, and any Obligor Break Costs charged, but not received by the Servicer, during the Collection Period;
- (b) any Recoveries received by the Servicer in relation to the Mortgage Loans during the Collection Period (less any reversals made during the Collection Period in respect of Recoveries where the original debit entry (or part thereof) was in error);
- (c) any amounts received by the Trustee for Mortgage Loans repurchased following the making of a Further Advance, provision of an additional feature, a Conversion or any

other similar purpose (see section 10.2.7) or as a result of the discovery of an incorrect Seller representation (see section 10.2.6) where such amounts represent accrued but unraised interest on the Mortgage Loans in respect of the Collection Period;

- (d) the amount of any Clean-Up Settlement Price received by the Trustee in respect of the Collection Period which represents amounts in respect of accrued but unraised interest on the Mortgage Loans;
- (e) any amount received by the Trustee from the Seller, Servicer or Manager in respect of the Collection Period for breach of a representation, warranty or obligation under the Master Trust Deed, Master Sale and Servicing Deed or Series Supplement where those amounts are to be treated as Finance Charges as determined by the Manager;
- (f) any amounts received by the Trustee in the Collection Period as a result of the sale of Assets of the Series Trust on or following the Termination Date which the Manager determines are to be treated as Finance Charges;
- (g) the amount of any Waived Obligor Break Costs received by the Trustee from the Servicer during the Collection Period;
- (h) any amount received by the Trustee in the Collection Period from the Seller in respect of amounts owing to it by a borrower which is satisfied by way of set-off or combination;
- (i) any Collections received by the Trustee or the Servicer during the Collection Period if during that Collection Period the aggregate Stated Amount of the Notes has been reduced to zero;
- (j) any Adjustment Advance (or part thereof) received by the Trustee in that Collection Period as a result of the sale of Mortgage Loans from the Trustee to another trust established under the Master Trust Deed;
- (k) any amounts received by the Trustee from the Seller relating to the interest offset benefits (if any) that were available to Obligors in respect of the Mortgage Loans under the terms of any Interest Offset Accounts during the immediately preceding Collection Period or applied by the Trustee from the Interest Offset Reserve to the extent the Trustee has not received any such amount (see section 6.4.4); and
- (l) any other amounts received by the Trustee during the period and determined by the Manager to be in the nature of income and which do not fall within paragraphs (a) to (k),

less any amount debited during the Collection Period to the accounts established in the Servicer's records for the Mortgage Loans during the Collection Period in respect of government fees or charges, bank accounts debits tax or similar government taxes or duties (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid by the Servicer.

## **7.4 Determination and application of Total Investor Revenues**

### **7.4.1 Determination of Investor Revenues**

On each Determination Date the Manager will calculate (without double counting) the aggregate of the following (referred to as **Investor Revenues**) for the Collection Period ending immediately prior to that Determination Date:

- (a) the lesser of:
  - (i) Collections for the Collection Period; and

- (ii) Finance Charges for the Collection Period;
- (b) any net amounts receivable by the Trustee under any Hedge Agreement in respect of the Calculation Period (as defined in the relevant Hedge Agreement) ending on the Distribution Date immediately following the end of the Collection Period;
- (c) any interest income (or amounts in the nature of interest income) credited to the Collections Account during the Collection Period;
- (d) all income received in the Collection Period in respect of Authorised Short-Term Investments of the Series Trust;
- (e) any amount of input tax credits (as defined in the GST Act) received by the Trustee in the Collection Period in respect of the Series Trust; and
- (f) any other amount received by the Trustee in that Collection Period and determined by the Manager to be in the nature of income,

but excluding the Liquidity Collateralisation Deposit or any interest or other income received during the Collection Period in respect of the Liquidity Collateralisation Deposit, the Excess Revenue Reserve, any Liquidity Facility Advance, any collateral or prepayment under any Hedge Agreement.

#### 7.4.2 Gross Liquidity Shortfall

If the Investor Revenues for a Collection Period are insufficient to meet the Total Expenses (see section 7.4.8) for that Collection Period (such deficit being a **Gross Liquidity Shortfall**), the Manager must direct the Trustee to withdraw from the Excess Revenue Reserve, on the immediately following Distribution Date, an amount equal to the lesser of:

- (a) the Gross Liquidity Shortfall; and
- (b) the balance of the Excess Revenue Reserve,

(an **Excess Revenue Reserve Draw**).

If certain conditions are met (the Excess Revenue Reserve Trapping Conditions), to the extent the Excess Revenue Reserve is less than the Excess Revenue Reserve Target Balance, such deficiency may be replenished from Total Investor Revenues to the extent of funds available as described in section 7.4.7(m).

#### 7.4.3 Net Liquidity Shortfall and Principal Draw

If the aggregate of the Investor Revenues for a Collection Period and the Excess Revenue Reserve Draw in relation to the relevant Determination Date are insufficient to meet the Total Expenses for that period (such a deficit being called the **Net Liquidity Shortfall**) the Manager will calculate the lesser of the following (being a **Principal Draw**) on the Determination Date following the end of that Collection Period:

- (a) the Net Liquidity Shortfall; and
- (b) where the Collections for that Collection Period exceed the Finance Charges for that Collection Period, the amount of such excess or, where the Finance Charges for that Collection Period exceed the Collections for that Collection Period, zero.

Principal Draws may be reimbursed from Total Investor Revenues in the manner explained in section 7.4.7(j).

#### 7.4.4 Liquidity Shortfall and Liquidity Facility drawing

If the aggregate of the Investor Revenues for a Collection Period, the Excess Revenue Reserve Draw and the Principal Draw for the relevant Determination Date is insufficient to meet the Total Expenses for that Collection Period (such deficit being a **Liquidity Shortfall**), the Trustee may be entitled to request or apply an Applied Liquidity Amount under the Liquidity Facility for an amount equal to the lesser of the Liquidity Shortfall and the amount which is available for drawing under the Liquidity Facility (see further section 9.2).

#### 7.4.5 Total Investor Revenues

On each Determination Date the Manager will calculate the aggregate of the following in relation to the Collection Period just ended (being the **Total Investor Revenues**):

- (a) the Investor Revenues for that Collection Period;
- (b) the Excess Revenue Reserve Draw to be applied to meet any Gross Liquidity Shortfall or any other amount to be applied from the Excess Revenue Reserve as Total Investor Revenues as otherwise described in section 7.6.2;
- (c) the Principal Draw to be applied in respect of a Net Liquidity Shortfall (see section 7.4.3); and
- (d) the Applied Liquidity Amount (if any) to be paid or applied under the Liquidity Facility Agreement on the Distribution Date in respect of a Liquidity Shortfall (see section 7.4.4).

The Total Investor Revenues so calculated will be applied by the Trustee, at the direction of the Manager, in the order described in sections 7.4.6 and 7.4.7 on each Distribution Date.

#### 7.4.6 Accrued Interest Adjustment and Adjustment Advance

Each Seller Mortgage Loan will have accrued interest from (and including) the previous due date for the payment of interest on the Mortgage Loans up to (but excluding) the Closing Date. This accrued interest (the **Accrued Interest Adjustment**) is to be paid to the Seller on the first Distribution Date (and each subsequent Distribution Date thereafter until paid in full) from Total Investor Revenues prior to making any payment or allocation described in section 7.4.7.

Each Warehouse Mortgage Loan will also have accrued interest from (and including) the previous due date for the payment of interest under the Mortgage Loan up to (but excluding) the Closing Date. This accrued interest (less any accrued but unpaid costs and expenses in respect of the Warehouse Mortgage Loans during the period up to (but excluding) the Closing Date) may be paid by the Trustee to the relevant Warehouse Trusts on the Closing Date (the **Adjustment Advance**). The payment (if any) of this amount by the Trustee will entitle the Trustee to Collections accrued on the Warehouse Mortgage Loans purchased from the relevant Warehouse Trusts in respect of interest during the period up to the Closing Date, up to an amount equivalent to the Adjustment Advance. It is not expected that an Adjustment Advance will be required in connection with this Series Trust.

#### 7.4.7 Application of Total Investor Revenues

The Trustee will apply the Total Investor Revenues for each Collection Period (after deduction and payment on the relevant Distribution Date of the Accrued Interest Adjustment to the Seller) on the Distribution Date following the end of the Collection Period in the following order of priority:

- (a) first, at the Manager's discretion, up to one dollar to the Income Unitholder;
- (b) second, in payment of the Series Trust Expenses (other than any Extraordinary Expenses to the extent those have been paid from the Extraordinary Expense

Reserve as described in section 7.6.1) and any Series Trust Expenses remaining unpaid from prior Distribution Dates in the order set out in section 7.4.8 below;

- (c) third, pari passu and rateably towards:
  - (i) any net amounts payable by the Trustee to a Hedge Provider under a Hedge Agreement on that Distribution Date (other than any termination payment payable to a Hedge Provider in respect of any Hedge Agreement as a result of a Hedge Provider Default Event occurring in relation to that Hedge Agreement) to be applied pari passu and rateably amongst them;
  - (ii) the Liquidity Facility fees and interest (if any) due on that Distribution Date and remaining unpaid from prior Distribution Dates (other than capitalised interest and amounts due in respect of increased costs to the Liquidity Facility Provider); and
  - (iii) the Redraw Facility fees and interest (if any) due on that Distribution Date and remaining unpaid from prior Distribution Dates (other than capitalised interest and amounts due in respect of increased costs to the Redraw Facility Provider);
- (d) fourth, in or towards repayment of any Applied Liquidity Amounts outstanding under the Liquidity Facility Agreement which have not previously been repaid, plus any capitalised interest, which has not been repaid;
- (e) fifth, pari passu and rateably towards Interest in respect of the Class A Notes due on that Distribution Date plus any Interest in respect of the Class A Notes remaining unpaid from prior Distribution Dates;
- (f) sixth, pari passu and rateably towards Interest in respect of the Class AB Notes due on that Distribution Date plus any Interest in respect of the Class AB Notes remaining unpaid from prior Distribution Dates;
- (g) seventh, pari passu and rateably towards Interest in respect of the Class B Notes due on that Distribution Date plus any Interest in respect of the Class B Notes remaining unpaid from prior Distribution Dates;
- (h) eighth, pari passu and rateably towards Interest in respect of the Class C Notes due on that Distribution Date plus any Interest in respect of the Class C Notes remaining unpaid from prior Distribution Dates;
- (i) ninth, pari passu and rateably towards Interest in respect of the Class D Notes due on that Distribution Date plus any Interest in respect of the Class D Notes remaining unpaid from prior Distribution Dates;
- (j) tenth, an amount equal to any unreimbursed Principal Draws (see section 7.4.3) will be allocated towards the Total Principal Collections (see section 7.5.1);
- (k) eleventh, an amount equal to the Defaulted Amount (see section 7.5.3) for the relevant Collection Period will be allocated towards Total Principal Collections (see section 7.5.1);
- (l) twelfth, an amount equal to any Charge-Offs in respect of the Notes remaining unreimbursed from all prior Distribution Dates will be allocated towards Total Principal Collections (see section 7.5.1);
- (m) thirteenth, if the Excess Revenue Reserve Trapping Conditions are satisfied on the Determination Date immediately preceding that Distribution Date, as a deposit to the Excess Revenue Reserve until the balance of the Excess Revenue Reserve equals the Excess Revenue Reserve Target Balance;

- (n) fourteenth, to the extent the amount standing to the credit of the Extraordinary Expense Reserve on the immediately preceding Determination Date is less than the Required Extraordinary Expense Reserve to be allocated to the Extraordinary Expense Reserve up to the amount of that insufficiency;
- (o) fifteenth, in payment pari passu and rateably to the Liquidity Facility Provider and Redraw Facility Provider of increased costs payable in accordance with the Liquidity Facility Agreement and the Redraw Facility Agreement, respectively, on that Distribution Date and any such amounts remaining unpaid from prior Distribution Dates (as applicable); and
- (p) sixteenth, the Fixed Rate Swap Provider of any Obligor Break Costs charged in relation to the Mortgage Loans and, without double counting, any amount of Waived Obligor Break Costs due by the Servicer to the Trustee during the Collection Period that have not, in each case, been received by the Trustee and any such amounts remaining unpaid from prior Distribution Dates;
- (q) seventeenth, pari passu and rateably, any liabilities owing to the Joint Lead Managers under the Dealer Agreement;
- (r) eighteenth, towards payment to each Hedge Provider, pari passu and rateably amongst them, of any other amount payable to a Hedge Provider under a Hedge Agreement to the extent not already paid under paragraphs (c)(i) and (p) above;
- (s) finally, the balance (if any) is paid to the Income Unitholder on that Distribution Date.

#### **7.4.8 Series Trust Expenses**

The Manager will determine on each Determination Date the following expenses incurred during (or which relate to) the Collection Period and which are to be paid on the next Distribution Date:

- (a) first, on a pari passu and rateable basis, all taxes payable in relation to the Series Trust;
- (b) second, on a pari passu and rateable basis:
  - (i) all indemnified amounts and reimbursements payable by the Trustee pursuant to the Transaction Documents including any Extraordinary Expenses (but other than any liabilities specifically described in sections 7.5.2, 7.4.6, 7.4.7(a), 7.4.7(c) to 7.4.7(s) (each inclusive) and other than any liabilities owing to the Joint Lead Managers under the Dealer Agreement);
  - (ii) the Trustee Fee (this is described in section 10.3.6);
  - (iii) the fees, costs and expenses incurred by or payable to the Security Trustee in acting as Security Trustee;
- (c) third, on a pari passu and rateable basis, all Penalty Payments (to the extent the Trustee is liable for such payments);
- (d) fourth, on a pari passu and rateable basis, all other amounts properly incurred by the Trustee in respect of the Series Trust where such costs, charges and expenses are permitted to be reimbursed to the Trustee out of the Assets of the Series Trust under the Master Trust Deed (other than the amounts referred to in sections 7.5.2, 7.4.6, 7.4.7(a), 7.4.7(c) to 7.4.7(s) (each inclusive), any liabilities owing to the Joint Lead Managers under the Dealer Agreement, any liability of the Trustee to repay all or part of the Liquidity Collateralisation Deposit, any collateral or prepayment lodged with, or paid to, the Trustee under the terms of a Hedge Agreement or any other amount referred to in paragraphs (e) to (g) below);

- (e) fifth, the Servicing Fee (this is described in section 10.5.3) and any costs and expenses properly insured by the Senior in connection with the enforcement of, or recovery of any amounts owing under, any Mortgage Loan;
- (f) sixth, the Management Fee (this is described in section 10.4.5); and
- (g) seventh, the Custodian Fee (if any) (this is described in section 11.4).

The aggregate of (a) to (g) above represent the **Series Trust Expenses**. The Series Trust Expenses are paid from Total Investor Revenues in the priority explained in section 7.4.7.

## 7.5 Repayment of principal on the Notes

### 7.5.1 Determination of Total Principal Collections

The Principal Collections for a Collection Period are:

- (a) zero, where the Finance Charges for the Collection Period exceed the Collections less the Principal Draw (if any) for the Collection Period (being the **Net Collections** for the Collection Period); or
- (b) in all other cases, the Net Collections for the Collection Period less the Finance Charges for the Collection Period.

On each Determination Date the Manager will calculate the aggregate of the following (being the **Total Principal Collections**):

- (a) the Principal Collections for the Collection Period just ended; and
- (b) the amounts to be allocated from Total Investor Revenues to Total Principal Collections on the next Distribution Date (see section 7.4.7).

On each Determination Date the Manager will, for the immediately preceding Collection Period, calculate the aggregate of the following (being **Total Principal Collections**):

- (a) Principal Collections for that Collection Period; and
- (b) any amount to be allocated from Total Investor Revenues to Total Principal Collections on the next Distribution Date (see section 7.4.7).

### 7.5.2 Application of Total Principal Collections

On each Determination Date, based on information provided by the Servicer, the Manager must determine the payments or allocations to be made by the Trustee on the following Distribution Date from the Total Principal Collections for the Collection Period just ended (less any amount of Collections applied in repayment to the Seller of any Redraws during that Collection Period as described below) and will direct the Trustee to apply, and the Trustee must apply, the Total Principal Collections in making the following payments and allocations on that Distribution Date on account of principal in the following order of priority:

- (a) first, in repayment to the Seller of any Redraws made by the Seller during the Collection Period just ended, and not funded or reimbursed from Collections, plus any Redraws remaining unpaid from prior Distribution Dates, in respect of which the Seller has not been reimbursed by the Trustee;
- (b) second, in or towards repayment to the Redraw Facility Provider of the Redraw Principal Outstanding until the Redraw Principal Outstanding is reduced to zero;

(c) third:

(i) if on the immediately preceding Determination Date the Serial Paydown Conditions are satisfied, the remaining Total Principal Collections for that Distribution Date will be applied pari passu and rateably on the basis of the Stated Amount of the Notes:

- A) to the Class A Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class A Notes until the Stated Amount of the Class A Notes is reduced to zero;
- B) to the Class AB Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero;
- C) to the Class B Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero;
- D) to the Class C Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero; and
- E) to the Class D Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; or

(ii) if on the immediately preceding Determination Date the Serial Paydown Conditions are not satisfied, the remaining Total Principal Collections for that Distribution Date will be applied:

- A) first, to the Class A Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class A Notes until the Stated Amount of the Class A Notes is reduced to zero;
- B) second, to the Class AB Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero;
- C) third, to the Class B Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero;
- D) fourth, to the Class C Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;
- E) fifth, to the Class D Noteholders pari passu and rateably between them, in repayment of principal in respect of the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; and



- (d) fourth, to be paid to the Capital Unitholders pari passu and rateably amongst them in respect of the Capital Units.

If the Seller makes a Redraw on any day and notifies the Manager of the amount of that Redraw, the Seller may reimburse itself the amount of that Redraw from Collections held by it prior to deposit in the Collections Account or, if the Seller does not hold any such Collections, the Trustee must on the direction of the Manager reimburse the Seller from Collections held in the Collections Account in each case provided that there are sufficient Collections to reimburse the Seller and the Manager certifies to the trustee that it is reasonably satisfied that the anticipated Total Principal Collections for the relevant Collection Period (after taking into account any anticipated Principal Draw) will exceed the amount of that reimbursement and any other such reimbursement to the Seller in that Collection Period and directs the Trustee as such.

For the purposes of all calculations and applications required to be made pursuant to this section 7.5.2, the "Stated Amount" of any Note is to be determined after any relevant Charge-Offs to be made or reimbursed, as applicable, on the relevant Distribution Date (see section 7.6.2).

### **7.5.3 Defaulted Amounts**

The **Defaulted Amount** (if any) for a Collection Period is the aggregate principal amounts outstanding in respect of Mortgage Loans which have been written off as uncollectible by the Servicer in accordance with the Servicing Standards. The Defaulted Amount is therefore the shortfall remaining between the sale and other realisation proceeds and the balance outstanding in respect of the relevant Mortgage Loans after payment of any amount due under the relevant Mortgage Insurance Policies. If there are insufficient Total Investor Revenues to satisfy all of the Defaulted Amount on a Distribution Date, the Charge-Off provisions explained in section 7.6.2 will apply.

### **7.5.4 No payment in excess of Stated Amounts**

Other than under the Master Security Trust Deed and General Security Deed, no amount of principal will be repaid to a Noteholder in excess of the Stated Amounts applicable to the Notes held by that Noteholder.

### **7.5.5 Serial Paydown Conditions**

The Serial Paydown Conditions are satisfied on a Determination Date if:

- (a) there are no unreimbursed Charge-Offs in respect of the Notes as at that Determination Date;
- (b) the Class A Subordination Percentage on that Determination Date is at least double the Class A Subordination Percentage as at the Closing Date;
- (c) the Class AB Subordination Percentage on that Determination Date is at least double the Class AB Subordination Percentage as at the Closing Date;
- (d) the aggregate principal outstanding on the Mortgage Loans as at the last day of the preceding Collection Period, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans at the Closing Date is greater than 10%;
- (e) the Average 60 Day Arrears Percentage in relation to that Determination Date is less than 4%; and
- (f) the second anniversary of the Closing Date has occurred or will occur on the immediately following Distribution Date,

and otherwise the Serial Paydown Conditions are not satisfied.

## 7.6 Reserves

### 7.6.1 Extraordinary Expense Reserve

Certain circumstances may affect the ability of the Trustee to meet any expenses of the Series Trust not incurred in the ordinary course of carrying on its business as trustee of the Series Trust (**Extraordinary Expenses**). The Extraordinary Expense Reserve mitigates the risk of a liquidity deficiency if such Extraordinary Expenses arise.

On the Closing Date, the Seller must deposit an amount equal to the Required Extraordinary Expense Reserve into the Collections Account, which will form part of the reserve to be known as the **Extraordinary Expense Reserve**. To the extent the amount of the Extraordinary Expense Reserve on a Distribution Date is less than the Required Extraordinary Expense Reserve, the Trustee will allocate the Total Investor Revenues to the extent available to reinstate the Extraordinary Expense Reserve up by the amount of the deficiency (see section 7.4.7(n)).

The Extraordinary Expense Reserve will be held in the Collections Account and must not be withdrawn by the Trustee other than:

- (a) to be applied on a Distribution Date to meet any Extraordinary Expenses (if any) incurred the previous Collection Period or any remaining unpaid Extraordinary Expenses from a prior Collection Period;
- (b) as determined by the Manager in connection with the distribution of amounts standing to the credit of the Collections Account on the Determination Date prior to the Termination Payment Date; or
- (c) to be paid into a new or additional Collections Account (if any) if the Manager becomes aware that the financial institution providing the Collections Account is no longer an Eligible Depository.

### 7.6.2 Excess Revenue Reserve and Excess Revenue Reserve Draw

The Manager will direct the Trustee to apply amounts to be applied as described in section 7.4.7(m) from Total Investor Revenues on each Distribution Date into the Collections Account or any other bank account held with an Eligible Depository as determined by the Manager (the **Excess Revenue Reserve**). If the Excess Revenue Reserve is held in the Collections Account, the Manager must maintain a separate ledger as part of the Collections Account in respect of the Excess Revenue Reserve recording all increases (in accordance with the foregoing) and all decreases (as described below) to the Excess Revenue Reserve and the then balance of the Excess Revenue Reserve.

The Manager will direct the Trustee to apply the Excess Revenue Reserve only in the following circumstances:

- (a) first, as part of Total Investor Revenues for use as an Excess Revenue Reserve Draw to meet a Gross Liquidity Shortfall as described in section 7.4.2;
- (b) second, as part of Total Investor Revenues to the extent the balance of the Excess Revenue Reserve exceeds the Excess Revenue Reserve Target Balance on a Distribution Date (after application in accordance with paragraph (a) above on that Distribution Date); and
- (c) third, as part of Total Investor Revenues on the Distribution Date occurring on the earlier of:
  - (i) the Maturity Date; and
  - (ii) the date on which the Invested Amount of the Class D Notes has been reduced to zero.

## 7.7 Charge-Offs

### 7.7.1 What is meant by a Charge-Off

In the circumstances described in section 7.7.2, a Defaulted Amount (to the extent not able to be recovered from Total Investor Revenues) will be absorbed by reducing sequentially between each class of Notes (but on a pari passu and rateable basis as between Notes of the same class), the Stated Amounts in respect of the Class D Notes, the Class C Notes, the Class B Notes, the Class AB Notes and the Class A Notes (in that order), until the Stated Amount of each such class of Notes is reduced to zero. These reductions are called **Charge-Offs**.

### 7.7.2 Defaulted Amount Insufficiency

If Total Investor Revenues for a Collection Period are less than the Defaulted Amounts (if any) for that Collection Period as described in section 7.5.3, then the amount of the insufficiency (the **Defaulted Amount Insufficiency**) will be allocated as follows to produce, in the case of the Notes, the following Charge-Offs:

- (a) the insufficiency will be charged-off against the Stated Amount of the Class D Notes so as to reduce the Stated Amount of the Class D Notes (pari passu and rateably between the Class D Notes based on their Stated Amounts), until the Stated Amount of the Class D Notes is reduced to zero;
- (b) if the insufficiency is not fully taken into account by a Charge-Off against the Class D Notes (because the Stated Amount of the Class D Notes have been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class C Notes so as to reduce the Stated Amount of the Class C Notes (pari passu and rateably between the Class C Notes based on their Stated Amounts), until the Stated Amount of the Class C Notes is reduced to zero;
- (c) if the insufficiency is not fully taken into account by a Charge-Off against the Class D Notes or the Class C Notes (because the Stated Amount of the Class D Notes and Class C Notes have been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class B Notes so as to reduce the Stated Amount of the Class B Notes (pari passu and rateably between the Class B Notes based on their Stated Amounts), until the Stated Amount of the Class B Notes is reduced to zero;
- (d) if the insufficiency is not fully taken into account by a Charge-Off against the Class D Notes, the Class C Notes or the Class B Notes (because the Stated Amount of the Class D Notes, the Class C Notes and the Class B Notes have been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class AB Notes so as to reduce the Stated Amount of the Class AB Notes (pari passu and rateably between the Class AB Notes based on their Stated Amounts), until the Stated Amount of the Class AB Notes is reduced to zero; and
- (e) if the insufficiency is not fully taken into account by a Charge-Off against the Class D Notes, the Class C Notes or the Class AB Notes (because the Stated Amount of the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes have been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class A Notes so as to reduce the Stated Amount of the Class A Notes (pari passu and rateably between the Class A Notes based on their Stated Amounts), until the Stated Amount of the Class A Notes is reduced to zero.

### 7.7.3 Reimbursements of Charge-Offs

Charge-Offs may be reimbursed from Total Investor Revenues in the manner explained in section 7.4.7.

A reimbursement of a Charge-Off will increase the Stated Amount of the Notes by the amount allocated from Total Investor Revenues.

Any amounts determined by the Manager on a Determination Date to be allocated for reimbursement of a Charge-Off in respect of the Notes will be allocated towards the Total Principal Collections and will be applied as described in section 7.5.2 on the next Distribution Date. The effect of this allocation will be to increase the Stated Amount of the Notes by the amount of the allocation in the following order of priority:

- (a) first, pari passu and rateably to the reduction of the Charge-Offs in respect of the Class A Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, until these are reduced to zero;
- (b) second, to the reduction of the Charge-Offs in respect of the Class AB Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, until these are reduced to zero;
- (c) third, to the reduction of the Charge-Offs in respect of the Class B Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, until these are reduced to zero;
- (d) fourth, to the reduction of the Charge-Offs in respect of the Class C Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, until these are reduced to zero; and
- (e) fifth, to the reduction of the Charge-Offs in respect of the Class D Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, until these are reduced to zero.

#### **7.7.4 Calculations and Directions**

The calculations referred to in this section 7 will be made by the Manager and provided to the Trustee on each Determination Date (based where necessary on information provided by the Servicer) in respect of the Collection Period just ended. The Manager must also direct the Trustee to make all necessary payments on the following Distribution Date. The Trustee is entitled to conclusively rely on the Manager's calculations and directions and is under no obligation to check their accuracy. The Trustee is not responsible or liable for any inaccuracy in these calculations and directions. Arrangements for notification of pool performance data are explained in section 4.5.

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## 8. The Mortgage Insurance Policies

### 8.1 General

Each Mortgage Loan is insured by a Mortgage Insurance Policy issued to the Seller by Genworth Financial Mortgage Insurance Pty Ltd ABN 60 106 974 305 (**Genworth**) or QBE Lenders' Mortgage Insurance Ltd ABN 70 000 511 071 (**QBE LMI**) (each, an **Approved Mortgage Insurer**).

Each Mortgage Loan is insured under one of the following:

- (a) an individual Mortgage Insurance Policy issued by an Approved Mortgage Insurer to Credit Union Australia either on origination or prior to the Closing Date; or
- (b) a pool Mortgage Insurance Policy issued by QBE LMI to Credit Union Australia and the relevant Warehouse Trust.

With effect from the Cut-Off Date, Credit Union Australia (in the case of the individual Mortgage Insurance Policies) and the relevant Warehouse Trust (in the case of the Warehouse Pool Master Policy) will each assign its entire right, title and interest in those Mortgage Insurance Policies relating to a Mortgage Loan to the Trustee. The assignment will be in equity (and so the insured on record under the assigned Mortgage Insurance Policies will remain the Seller or, in the case of the Warehouse Pool Master Policy, the relevant Warehouse Trust) unless and until a Perfection of Title Event occurs, in which case the Trustee may perfect its interest in the Mortgage Insurance Policies (for further details, see section 10.2.10).

Under the Series Supplement, the Seller (in its capacity as initial Servicer) undertakes to comply with its obligations (as the insured) under the Mortgage Insurance Policies in respect of each Mortgage Loan.

If the Trustee's interest in a Mortgage Loan is extinguished in favour of the Seller as a result of:

- (a) a breach of the Seller's representations and warranties in relation to the Mortgage Loan being discovered within the Prescribed Period in relation to that Mortgage Loan which was not remedied within that period (see section 10.2.6); or
- (b) a repurchase of a Mortgage Loan in accordance with the Seller's right on or following the termination of the Series Trust (see section 10.6.3) or following the payment by the Seller of the Clean-Up Settlement Price (see section 10.2.9),

then the Seller will be entitled to the benefit of the Mortgage Insurance Policy under which that Mortgage Loan is insured.

The terms of the Mortgage Insurance Policies are contained in the following:

- (a) a Lenders Mortgage Insurance Master Policy issued by QBE LMI to the Seller and the relevant Warehouse Trust dated 12 February 2004 (the **Warehouse Pool Master Policy**);
- (b) a Lenders Mortgage Insurance Master Policy issued by Genworth to the Seller dated on or about 15 July 1999 (the **Genworth Master Policy No. 1**);
- (c) a Lenders Mortgage Insurance Policy issued by QBE LMI to the Seller dated on or about 5 February 2002 (the **QBE LMI Policy No. 1**);
- (d) a Lenders Mortgage Insurance Master Policy issued by Genworth to the Seller dated on or about 15 January 2008 (the **Genworth Master Policy No. 2**);
- (e) a Lenders Mortgage Insurance Master Policy issued by Genworth to the Seller dated on or about 31 August 2009 (the **Genworth Master Policy No. 3**);

- (f) a Lenders Mortgage Insurance Master Agreement issued by QBE LMI to the Seller dated 14 May 2012 (the **QBE LMI Policy No. 2**); and
- (g) a Lenders Mortgage Insurance Provisions issued by QBE LMI to the Seller dated 19 December 2013 (the **QBE LMI Policy No. 3**)

QBE LMI (except in the case of the Warehouse Pool Master Policy) and Genworth have issued an individual insurance policy or certificate (which may have been issued in bulk) in respect of each Mortgage Loan governed by the terms of the Mortgage Insurance Policy they have issued. QBE LMI has issued one master policy in respect of all the Mortgage Loans insured under the Warehouse Pool Master Policy.

The remainder of this section 8 contains a brief description of each Approved Mortgage Insurer and a summary of some of the provisions of the Mortgage Insurance Policies in existence as at the date of this Information Memorandum. The terms of the Mortgage Insurance Policies may vary in the future from those described below.

## **8.2 Warehouse Pool Master Policy**

The Warehouse Pool Master Policy is provided by QBE LMI in the form of a master policy. Any premium in relation to the Mortgage Loans under the Warehouse Pool Master Policy has already been paid.

This section 8.2 summaries the terms and conditions applicable to the Warehouse Pool Master Policy.

## **8.3 Period of Cover**

The Warehouse Pool Master Policy terminates in respect of the Mortgage Loan it insures on the earliest of the following:

- (a) repayment in full of the Mortgage Loan;
- (b) the expiry date of the Warehouse Pool Master Policy, however if before 14 days after the expiry date of the Warehouse Pool Master Policy notice is given of default under the Mortgage Loan, the Warehouse Pool Master Policy will continue solely for the purpose of a claim;
- (c) payment of a claim under the Warehouse Pool Master Policy; or
- (d) cancellation of the Warehouse Pool Master Policy in accordance with the Insurance Contracts Act 1984.

## **8.4 Cover for Losses**

Subject to the exclusions outlined below, QBE LMI must pay the insured's loss in respect of a Mortgage Loan being the aggregate of the following amounts owed to the insured:

- (a) the balance of the loan account at the settlement date;
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days;
- (c) GST incurred on the sale or transfer of the mortgaged property to a third party in satisfaction of a debt owed under the loan account or in respect of any of the costs summarised below; and

- (d) costs incurred by the insured on sale of the mortgaged property which include:
- (i) costs properly incurred for insurance premiums, rates and land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
  - (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage;
  - (iii) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;
  - (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding a threshold will only be included if incurred by the insured with the prior written consent of QBE LMI; and
  - (v) any amounts applied with the prior written consent of QBE LMI to discharge a security interest having priority over the insured mortgage.

less the following deductions:

- (e) the gross proceeds of sale of the mortgaged property; and
- (f) the following amounts if not already applied to the credit of the loan account:
  - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
  - (ii) early repayment fees;
  - (iii) break funding costs;
  - (iv) all rents collected and other profits received relating to the mortgaged property or any collateral security;
  - (v) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
  - (vi) all amounts recovered from the exercise of the insured's rights relating to any collateral security;
  - (vii) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee; and
  - (viii) any amount incurred in respect of GST relating to the mortgaged property or any collateral security to the extent the insured is entitled to claim an input tax credit.

Amounts owed to the insured for the purposes of paragraphs (a) to (d) of the above calculations may not include the following amounts:

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher rate interest payable because of failure to make prompt payment;

- (d) fines, fees or charges debited to the loan account;
- (e) costs of restoration following damage to or destruction of the mortgaged property;
- (f) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (g) additional funds advanced to the borrower without QBE LMI's written consent other than any loan redraws in accordance with the terms of the Warehouse Pool Master Policy;
- (h) amounts paid by the insured in addition to the loan amount to complete improvements;
- (i) cost overruns; and
- (j) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Code.

## **8.5 Reduction in Claim**

The amount of a claim under the Warehouse Pool Master Policy may be reduced by the amount by which the insured loss is increased due to:

- (a) the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor;
- (b) the insured consenting to, without the written approval of QBE LMI:
  - (i) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
  - (ii) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage.

The amount of a claim will be less the amount of any GST input tax credits or reduced input tax credits that are available to the insured by reason of any taxable supply made to the insured in connection with the exercise of their rights in connection with the mortgaged property and in respect of which the payment is made.

## **8.6 Submission for Payment of Claims**

The insured must submit a claim for loss under the Warehouse Pool Master Policy providing all documents and information reasonably required by QBE LMI within 30 days of:

- (a) the date of completion of the sale of the corresponding mortgaged property; or
- (b) a request by QBE LMI to submit a claim for loss.

## **8.7 Genworth Master Policy No. 1**

### **8.7.1 Period of Cover**

The insured has the benefit of the Genworth Master Policy No. 1 in respect of each Mortgage Loan insured under it generally from the date the premium is received by Genworth until the earliest of:

- (a) if the Mortgage Loan and the mortgage securing the Mortgage Loan is beneficially assigned – midnight on the day immediately preceding such assignment;



- (b) the date the Mortgage Loan or the mortgage securing the Mortgage Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes entitled to the benefit of the policy;
- (c) the date the Mortgage Loan is repaid in full;
- (d) the date the Mortgage Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purposes);
- (e) the maturity date as set out in the certificate of insurance issued by Genworth in relation to the Mortgage Loan or as extended with the consent of Genworth or as varied by a court under the Consumer Credit Code; or
- (f) the date the Genworth Master Policy No. 1 is cancelled in respect of the Mortgage Loan in accordance with the terms of the policy.

### **8.7.2 Cover for Losses**

If a loss date occurs in respect of a Mortgage Loan insured under the Genworth Master Policy No. 1, Genworth will pay to the insured the loss in respect of that Mortgage Loan.

A loss date means:

- (a) if a default occurs under the insured loan and the insured or an approved prior mortgagee sells the mortgaged property, the date on which the sale is completed;
- (b) if a default occurs under the insured loan and the insured or an approved prior mortgagee becomes the absolute owner by foreclosure of the mortgaged property, the date on which this occurs;
- (c) if a default occurs under the insured loan and the mortgagor sells the mortgaged property with the prior approval of the insured and Genworth, the date on which the sale is completed;
- (d) if the mortgaged property is compulsorily acquired or sold by a government for public purposes and there is a default under the Mortgage Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a default in repayment of the Mortgage Loan which would have been a default but for the occurrence of that event), the date being the later of the date of the completion of the acquisition or sale or the date 28 days after the date of the default; or
- (e) where Genworth has agreed or determined to pay a claim under the Genworth Master Policy No. 1, the date specified in that agreement or determination.

A "default" in respect of an insured Mortgage Loan means any event which triggers the insured's power of sale in relation to the mortgaged property, whether such power of sale becomes exercisable immediately or at the insured's option or upon the expiration of any notice or period of time and whether or not the power of sale only arises if before the expiration of the notice or period of time the default remains unremedied.

The loss payable by Genworth to the insured in respect of an insured loan is the amount outstanding, less the deductions referred to below, in relation to the Mortgage Loan, in each case calculated as at the loss date.

The amount outstanding under a Mortgage Loan is the aggregate of the following:

- (a) the loan amount together with any interest, fees or charges (whether capitalised or not) that are outstanding as at the loss date;

- (b) fees and charges paid or incurred by the insured; and
- (c) such other amounts (including fines or penalties) approved by Genworth in its absolute discretion,

which the insured is entitled to recover under the Mortgage Loan or any mortgage guarantee; less the following deductions:

- (a) where the mortgaged property is sold, the sale price, or where the mortgaged property is compulsorily acquired, the amount of compensation less, in either case, any amount required to discharge any approved prior mortgage;
- (b) where foreclosure action occurs, the value of the insured's interest in the mortgaged property, including the interest of any unapproved prior mortgagee;
- (c) any amount received by the insured under any collateral security;
- (d) any amounts paid to the insured by way of rents, profits or proceeds in relation to the mortgaged property or under any insurance policy relating to the mortgaged property and not applied in restoration or repair;
- (e) any interest whether capitalised or not that exceeds interest at the non-default interest rate payable in relation to the Mortgage Loan and in addition any interest greater than the interest calculated and accrued at the standard rate under the Consumer Credit Code;
- (f) any fees or charges whether capitalised or not, that are not of a type or which exceed the maximum amounts specified below:
  - (i) premiums for approved general insurance policies, levies and other charges payable to a body corporate under the Australian strata titles system, rates, taxes and other statutory charges;
  - (ii) reasonable and necessary legal and other fees and disbursements of enforcing or protecting the insured's rights under the Mortgage Loan, up to a maximum of A\$2,000, unless otherwise approved in writing by Genworth;
  - (iii) repair, maintenance and protection of the mortgaged property, up to a maximum amount or proportion of A\$1,000, unless otherwise approved in writing by Genworth;
  - (iv) reasonable costs of the sale of the mortgaged property by the insured up to a maximum amount of A\$1,000 plus selling agent's commission unless otherwise approved in writing by Genworth.

In addition, any fees and charges exceeding those recoverable under the Consumer Credit Code, less any amount that must be accounted for to the borrower or the relevant mortgagor, will be excluded;

- (g) losses arising out of physical damage to the mortgaged property other than:
  - (i) fair wear and tear; or
  - (ii) losses recovered and applied in the restoration or repair of the mortgaged property prior to the loss date or which were recovered under a general insurance policy and applied to reduce the amount outstanding under the Mortgage Loan;

- (h) any amounts by which a claim may be reduced under the Genworth Master Policy No. 1; and
- (i) any deductible or other amount specified in the Schedule to the Genworth Master Policy No. 1.

### **8.7.3 Refusal or Reduction in Claim**

Genworth may refuse or reduce the amount of a claim with respect to a Mortgage Loan in certain circumstances, including where:

- (a) the mortgaged property is not insured under a general home owner's insurance policy;
- (b) there is not a Servicer approved by Genworth;
- (c) the mortgage with respect to the Mortgage Loan has not been duly registered with the Land Titles Office in the relevant Australian jurisdiction;
- (d) the insurer does not comply with the obligation to seek Genworth's consent under certain circumstances;
- (e) the insurer does not comply with certain reporting obligations; or
- (f) the insurer does not lodge a claim within 28 days after the loss date under the Genworth Master Policy No. 1.

Genworth may also cancel the Genworth Master Policy No. 1, in relation to a particular Mortgage Loan, if the insurer has failed to comply with other obligations under the Genworth Master Policy No. 1.

### **8.7.4 Exclusions**

The Genworth Master Policy No. 1 does not cover any loss arising from:

- (a) any war or warlike activities;
- (b) the use, existence or escape of nuclear weapons material or ionising radiation from or contamination by radioactivity from any nuclear fuel or nuclear waste from the combustion of nuclear fuel;
- (c) the existence or escape of any pollution or environmentally hazardous material;
- (d) the fact that the Mortgage Loan, any mortgage guarantee or any collateral security is void or unenforceable; or
- (e) any failure of the Mortgage Loan, mortgage guarantee or collateral security to comply with the requirements of the Consumer Credit Code.

### **8.7.5 Submission of Claims**

A claim for loss in respect of a Mortgage Loan must be lodged within 28 days after the loss date unless otherwise agreed by Genworth in its absolute discretion.

## **8.8 QBE LMI Policy No. 1, QBE LMI Policy No. 2 and QBE LMI Policy No. 3**

### **8.8.1 Period of Cover**

The QBE LMI Policy No. 1, QBE LMI Policy No. 2 and QBE LMI Policy No. 3 (each a **QBE LMI Policy**) each terminates in respect of a Mortgage Loan insured under its terms on the earliest of the following:

- (a) repayment in full of the Mortgage Loan;
- (b) in the case of the QBE LMI Policy No. 2 and the QBE LMI Policy No. 3, the relevant mortgage is discharged;
- (c) the expiry date of the QBE LMI Policy, however if before 14 days after the expiry date of the QBE LMI Policy notice is given of default under the Mortgage Loan, the QBE LMI Policy will continue solely for the purpose of a claim;
- (d) payment of a claim under the QBE LMI Policy;
- (e) cancellation of the QBE LMI Policy in accordance with the Insurance Contracts Act 1984; or
- (f) in the case of the QBE LMI Policy No. 2 and the QBE LMI Policy No. 3, any party cancels the policy in any way allowed under its terms.

### **8.8.2 Cover for Losses**

Subject to the exclusions outlined below, QBE LMI must pay the insured's loss in respect of a Mortgage Loan being the aggregate of the following amounts owed to the insured:

- (a) the balance of the loan account at the settlement date;
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days or, in the case of the QBE LMI Policy No. 2 and the QBE LMI Policy No. 3, for any period up to the settlement date to a maximum of 18 months after the date of the first default that has not been corrected; and
- (c) costs incurred by the insured on sale of the mortgaged property which include:
  - (i) costs properly incurred for insurance premiums, rates, strata levies, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
  - (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage (in the case of the QBE LMI Policy No. 2 and the QBE LMI Policy No. 3, up to \$25,000);
  - (iii) reasonable agent's commission, advertising costs, valuation costs, advertising and, in the case of the QBE LMI Policy No.1, other costs in each case relating to the sale of the mortgaged property;
  - (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding the relevant threshold set out in the policy will only be included if incurred by the insured with the prior written consent of QBE LMI;
  - (v) any amounts applied with the prior written consent of QBE LMI to discharge a security interest having priority over the insured mortgage;

- (vi) GST incurred on the sale or transfer of the mortgaged property to a third party in satisfaction of a debt owed under the loan account or in respect of any of the above costs; and
- (vii) in the case of the QBE LMI Policy No. 2 and the QBE LMI Policy No. 3, any GST the insured is liable to pay on the sale or transfer of the mortgaged property to a third party, in or towards the satisfaction of any debt that the borrower owed (to the extent the insured provides evidence to QBE LMI's satisfaction that it was liable to pay such amount),

less the following deductions:

- (d) the gross proceeds of sale of the mortgaged property;
- (e) any amount incurred in respect of GST relating to the mortgaged property or any collateral security to the extent the insured is entitled to claim input tax credit;
- (f) early repayment fees, in the case of the QBE LMI Policy No. 1;
- (g) break funding costs, in the case of the QBE LMI Policy No. 1; and
- (h) the following amounts if not already applied to the credit of the loan account:
  - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
  - (ii) all rents collected and other profits received relating to the mortgaged property or any collateral security;
  - (iii) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
  - (iv) all amounts recovered from the exercise of the insured's rights relating to any collateral security; and
  - (v) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee.

Amounts owed to the insured for the purposes of paragraphs (a) to (c) of the above calculations do not include, amongst other things, the following amounts:

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher rate interest payable because of failure to make payment when due or the relevant credit limit is exceeded;
- (d) fines, fees or charges debited to the loan account;
- (e) costs of restoration following damage to or destruction of the mortgaged property;
- (f) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (g) additional funds advanced to the borrower without QBE LMI's written consent (other than any loan redraws in accordance with the terms of the QBE LMI Policy in the case of the QBE LMI Policy No. 1);

- (h) amounts paid by the insured in addition to the loan amount to complete improvements;
- (i) cost overruns;
- (j) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Code; and
- (k) in the case of the QBE LMI Policy No. 2:
  - (i) insurance premiums, rates, strata levies and land tax or other statutory charges which were due and payable before the date that is the later of the date of the initial loan advance or of any further advance;
  - (ii) loss caused, contributed to, arising out of, or connected with any act of terrorism or war, any nuclear or biological or chemical contamination, pollution or infestation of the mortgaged property;
  - (iii) loss arising from any funds advanced to a borrower who was not a citizen or permanent resident of Australia or New Zealand (plus interest, fees or charges on that loss);
  - (iv) loss caused, contributed to, arising out of, or connected with any fraudulent act, error, omission, or statement by the insured, any loan originator or any other person (except the borrower);
  - (v) loss arising under an insured mortgage in respect of which any loan originator was not licenced or listed on the relevant loan proposal given to the insurer in connection with the relevant policy;
  - (vi) any loss to the extent it results because the mortgage or any collateral security cannot be enforced;
  - (vii) loss to the extent it results from anyone not being able to enforce the insured mortgage, or any collateral security, to recover the whole of the loan account, whether as a result of the operation of the National Credit Protection legislation or a Credit Code or otherwise; and
  - (viii) any legal fees or disbursements in relation to proceedings not referred to above under the sub-heading "Cover for Losses".

### **8.8.3 Reduction in Claim**

The amount of a claim under the relevant QBE LMI Policy may be reduced by the amount by which the insured loss is increased due to:

- (a) the insured (or any loan originator in the case of the QBE LMI Policy No. 2) making a false or misleading statement, assurance or representation to the borrower or any guarantor;
- (b) the insured consenting to, without the written approval of QBE LMI:
  - (i) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
  - (ii) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage;

- (c) in the case of the QBE LMI Policy No. 2 and QBE LMI Policy No. 3, any failure by the insured or any loan originator to take reasonable care or take all reasonable action/precaution to avoid a loss; or
- (d) in the case of the QBE LMI Policy No. 2 and QBE LMI Policy No. 3, any failure by the insured or any loan originator to comply with prudent lending policies and procedures or, in the case of QBE LMI Policy No. 2, any applicable law.

The amount of a claim will be less the amount of any GST input tax credits or reduced input tax credits that are available to the insured by reason of any taxable supply made to the insured in connection with the exercise of their rights in connection with the mortgaged property and in respect of which the payment is made.

#### **8.8.4 Submission for Payment of Claims**

The insured must submit a claim for loss under the QBE LMI Policy providing all documents and information reasonably required by QBE LMI within 30 days of:

- (a) the date of completion of the sale of the corresponding mortgaged property; or
- (b) a request by QBE LMI to submit a claim for loss.

### **8.9 Genworth Master Policy No. 2 and Genworth Master Policy No. 3**

#### **8.9.1 Period of Cover**

The insured has the benefit of the Genworth Master Policy No. 2 or the Genworth Master Policy No. 3 (as applicable) in respect of each Mortgage Loan insured under it generally from the date the premium is received by Genworth until the earliest of:

- (a) the date the Mortgage Loan or the mortgage securing the Mortgage Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes entitled to the benefit of the policy;
- (b) the date the Mortgage Loan is repaid in full;
- (c) the date the Mortgage Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purposes);
- (d) the expiry date as set out in the certificate of insurance issued by Genworth in relation to the Mortgage Loan or as extended with the consent of Genworth or as varied by a court under the Consumer Credit Code; or
- (e) the date the Genworth Master Policy No. 2 or Genworth Master Policy No. 3 (as applicable) or individual policy is cancelled in respect of the Mortgage Loan in accordance with the terms of the policy or the Insurance Contracts Act (Cth) 1984.

#### **8.9.2 Cover for Losses**

If a loss date occurs in respect of a Mortgage Loan insured under the Genworth Master Policy No. 2 or Genworth Master Policy No. 3 (as applicable), Genworth will pay to the insured the loss in respect of that Mortgage Loan.

A loss date means:

- (a) if a default occurs under the insured loan and the insured or an approved prior mortgagee sells the mortgaged property, the date on which the sale is completed;

- (b) if a default occurs under the insured loan and the insured or an approved prior mortgagee becomes the absolute owner by foreclosure of the mortgaged property, the date on which this occurs;
- (c) if a default occurs under the insured loan and the mortgagor sells the mortgaged property with the prior approval of the insured and Genworth, the date on which the sale is completed;
- (d) if the mortgaged property is compulsorily acquired or sold by a government for public purposes and there is a default under the Mortgage Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a default in repayment of the Mortgage Loan which would have been a default but for the occurrence of that event), the date being the later of the date of the completion of the acquisition or sale or the date 28 days after the date of the default; or
- (e) where Genworth has agreed or determined to purchase the insured loan.

A "default" in respect of an insured Mortgage Loan means any event which triggers the insured's power of sale in relation to the mortgaged property.

The loss payable by Genworth to the insured in respect of an insured loan is the amount outstanding, less the deductions referred to below, in relation to the Mortgage Loan, in each case calculated as at the loss date.

The amount outstanding under a Mortgage Loan is the aggregate of the following:

- (a) the loan amount together with any interest, fees or charges (whether capitalised or not) that are outstanding as at the loss date;
- (b) fees and charges paid or incurred by the insured; and
- (c) certain other amounts,

which the insured is entitled to recover under the Mortgage Loan or any mortgage guarantee; less the following deductions:

- (a) the following amounts not applied in reduction of the amount outstanding under the loan on the loss date:
  - (i) where the mortgaged property is sold, the sale proceeds, or where the mortgaged property is compulsorily acquired, the amount of compensation less, in either case, any amount required to discharge any approved prior mortgage;
  - (ii) where foreclosure action occurs, the value of the insured's interest in the mortgaged property, including the interest of any unapproved prior mortgagee;
  - (iii) any amount received by the insured under any collateral security;
  - (iv) any amounts paid to the insured by way of rents, profits or proceeds in relation to the mortgaged property or under any insurance policy relating to the mortgaged property and not applied in restoration or repair;
  - (v) any other amount received relating to the insured loan or any collateral security (including from a borrower);
  - (vi) any reduction in the value of the property due to physical damage (other than fair wear and tear) or contamination; and



- (vii) the amount of any input tax credit to which the insured is entitled; plus
- (b) the following amounts included in the amount outstanding under the loan:
  - (i) interest charged in advance for the period after the loss date;
  - (ii) any interest whether capitalised or not that exceeds interest at the non-default interest rate payable in relation to the Mortgage Loan and in addition any interest greater than the interest calculated and accrued at the standard rate under the Consumer Credit Code;
  - (iii) rates, taxes and other statutory charges incurred before the commencement date of the policy;
  - (iv) strata levies payable before the commencement date of the policy;
  - (v) fees or penalties (including early repayment fees, funding break fees and deferred establishment fees, except for certain dishonour fees paid by the insured);
  - (vi) costs of repairing physical damage to the property (other than fair wear and tear);
  - (vii) costs of removing contaminants from the property; and
  - (viii) any deductible or other amount specified in the Schedule of Claimable Amounts to the Genworth Master Policy No. 2 or the Genworth Master Policy No. 3 (as applicable).

### 8.9.3 Reduction in Claim

Genworth may refuse or reduce the amount of a claim with respect to a Mortgage Loan in certain circumstances, including where:

- (a) there are amounts which represent the extent to which Genworth has been prejudiced as a result of:
  - (i) misrepresentation or breach of the duty of disclosure;
  - (ii) breach of any term of the Genworth Master Policy No. 2;
  - (iii) an insured loan being reopened under section 70 of the Consumer Credit Code or being varied under section 72 of the Consumer Credit Code or being varied, other than with Genworth's approval; or
  - (iv) a borrower having a defence, a right of set-off or a counter claim in any proceedings taken by or on behalf of the insured;
- (b) where a collateral security in relation to the insured loan is unenforceable, the amount which could have been recovered from that collateral security if it was enforceable; and
- (c) where a valuer upon whose valuation the insured relied in respect of the insured loan was, negligent or in breach of a duty:
  - (i) if at the time the valuation was provided the valuer was not an approved valuer, the amount of the loss which resulted from the negligence or breach of duty of the valuer (except where valuation was provided prior to the commencement of this policy); or

- (ii) if at the time the valuation was provided the valuer was an approved valuer, the amount of any reduction of the valuer's liability on account of negligence on the part of the insured.

Genworth may also cancel the Genworth Master Policy No. 2 or the Genworth Master Policy No. 3, in relation to a particular Mortgage Loan, if the insured has failed to comply with any of its obligations under the Genworth Master Policy No. 2 or the Genworth Master Policy No. 3 (as applicable).

#### **8.9.4 Exclusions**

The Genworth Master Policy No. 2 and Genworth Master Policy No. 3 do not cover any loss arising from:

- (a) any further advances to a mortgagor not approved by Genworth;
- (b) any amount paid to discharge a security which has priority over the mortgage other than approved prior mortgages;
- (c) any civil or criminal penalty imposed by legislation;
- (d) any war or warlike activity;
- (e) the use, existence or escape of nuclear weapons material or ionising radiation from or contamination by radioactivity from any nuclear fuel or nuclear waste from the combustion of nuclear fuel;
- (f) the mortgages not being enforceable with their terms;
- (g) contamination of the property covered by the mortgages;
- (h) terrorism or terrorist activities;
- (i) riot or civil commotion;
- (j) termites or other insects or vermin;
- (k) physical damage other than fair wear and tear;
- (l) the failure, malfunction or inadequacy of any computer hardware or software not belonging to Genworth; or
- (m) any amount of fine or penalty the insured becomes liable to due to a failure to disclose or a misstatement regarding entitlements to input tax credits.

#### **8.9.5 Submission of Claims**

A claim for loss in respect of a Mortgage Loan must be lodged within 30 days after the loss date.

#### **8.10 Genworth Financial Mortgage Insurance Pty Limited**

Genworth Financial Mortgage Insurance Pty Limited ACN 106 974 305 (**Genworth**) is a proprietary company registered in Victoria and limited by shares. Genworth's principal activity is the provision of lenders mortgage insurance which it, and predecessor businesses, have provided in Australia since 1965.

Genworth's ultimate Australian parent company is Genworth Mortgage Insurance Australia Limited ACN 154 890 730, which is a public company listed on the Australian Securities Exchange and registered in Victoria.

The business address of Genworth is Level 26, 101 Miller Street, North Sydney, NSW, 2060, Australia.

## **8.11 QBE Lenders' Mortgage Insurance Limited**

QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071) is an Australian public company registered in New South Wales and limited by shares. QBE Lenders' Mortgage Insurance Limited's principal activity is lenders' mortgage insurance which it has provided in Australia since 1965.

QBE Lenders' Mortgage Insurance Limited's parent is QBE Holdings (AAP) Pty Ltd, a subsidiary of the ultimate parent company, QBE Insurance Group Limited (**QBE Group**). QBE Group is an Australian-based public company listed on the Australian Securities Exchange. QBE Group is recognised as Australia's largest international general insurance and reinsurance company with operations in more than 37 countries around the world, and is one of the top 20 global general insurers and reinsurers as measured by net earned premium.

As of 31 December 2017, the audited financial statements of QBE Lenders' Mortgage Insurance Limited had total assets of A\$1,896 million and shareholder's equity of A\$949 million.

The business address of QBE Lenders' Mortgage Insurance Limited is Level 5, 2 Park Street, Sydney, New South Wales, Australia, 2000.

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## 9. Support Facilities, Master Security Trust Deed and General Security Deed

### 9.1 The Interest Rate Swaps

#### 9.1.1 Interest Rate Mismatch between Mortgage Loans and Notes

Where the Mortgage Loans which are Assets of the Series Trust charge a fixed rate of interest this will result in an interest rate mismatch between the floating Interest Rate payable on the Notes and the rate of interest earned on those Mortgage Loans.

In order to eliminate the mismatch, on the Closing Date, the Trustee and the Manager will enter into a basis swap (the Basis Swap) and a fixed rate swap (the **Fixed Rate Swap**) with the relevant Hedge Provider.

The Basis Swap will apply in respect of any Mortgage Loan charged a variable rate of interest as at the Closing Date or which converts from a fixed rate to a variable rate after the Closing Date.

The Fixed Rate Swap will apply in respect of any Mortgage Loan charged a fixed rate of interest as at the Closing Date or which converts, subject to the restrictions described in section 9.1.7, from a variable rate to a fixed rate of interest after the Closing Date.

The Basis Swap will be governed by the terms of the Basis Swap Agreement entered into by the Manager, the Trustee and the relevant Hedge Provider. The initial Hedge Provider under the Basis Swap will be Credit Union Australia.

The Fixed Rate Swap will be governed by the terms of the Fixed Swap Agreement entered into by the Manager, the Trustee, the Standby Swap Provider and the Hedge Provider. The initial Hedge Provider under the Fixed Rate Swap will be Credit Union Australia. The Standby Swap Provider under the Fixed Rate Swap will be NAB who, in certain circumstances (see section 9.1.4), may become the Hedge Provider in respect of the Fixed Rate Swap.

#### 9.1.2 Basis Swap

The Hedge Provider in respect of the Basis Swap will provide the Basis Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on the Mortgage Loans at a variable rate and the floating Interest Rate payable on the Notes.

Under the Basis Swap, the Trustee will pay to the Hedge Provider in respect of the relevant Calculation Period the Variable Finance Charges for the Calculation Period. The **Variable Finance Charges** for a Calculation Period are the aggregate Finance Charges for the Collection Period immediately preceding the calendar month in which that Calculation Period ends for each Mortgage Loan charged a variable rate of interest during all or any relevant part of that Collection Period, excluding those Finance Charges which are:

- (a) expressed to be charges in subparagraph (a)(i) of section 7.3.2 (other than any interest charges) and net of any reversals of such charges where the original debit entry was made in error;
- (b) referred to in paragraphs (b), (e), (f), (g), (h), (i), (j), (k) or (l) of section 7.3.2; and
- (c) part of the Accrued Interest Adjustment payable by the Trustee to the Seller, in the case of the first Calculation Period.

The Hedge Provider will in turn pay to the Trustee in respect of the relevant Calculation Period, an amount calculated by reference to BBSW plus a margin based on the principal amount outstanding on the Mortgage Loans (excluding those being charged a fixed rate) as at the beginning of the relevant Collection Period. The margin over BBSW payable by the Hedge Provider is the weighted average margin of the Notes for the relevant Interest Period plus an

amount in respect of the other costs of the Series Trust (the latter being fixed at the time the Basis Swap is entered into).

If the credit ratings of the Hedge Provider in respect of the Basis Swap are less than the minimum ratings specified in the Basis Swap Agreement and if the weighted average of the variable rates charged on the Mortgage Loans is less than the Threshold Mortgage Rate, the relevant Hedge Provider must prepay its obligations under the Basis Swap to the Trustee on a monthly basis by depositing into an account with an Eligible Depository (separate to the Collections Account) an amount determined by reference to the difference between the current weighted average of the variable rates charged on the Mortgage Loans and the Threshold Mortgage Rate. To the extent that the aggregate amount of prepayments is in excess of the amount required, the Trustee must pay the excess to the relevant Hedge Provider.

The Servicer may otherwise ensure that the variable rate on the Mortgage Loans is at least equal to the Threshold Mortgage Rate or enter into such other arrangements, satisfactory to the Manager and in respect of which the Manager has issued a Rating Notification.

### 9.1.3 Fixed Rate Swap

The Hedge Provider in respect of the Fixed Rate Swap will provide the Fixed Rate Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Mortgage Loans at a fixed rate and the floating Interest Rate payable on the Notes.

Under the Fixed Rate Swap, the Trustee will pay to the Hedge Provider in respect of the relevant Calculation Period, the Fixed Finance Charges for that Calculation Period. The **Fixed Finance Charges** for a Calculation Period are the aggregate Finance Charges for the Collection Period immediately preceding the calendar month in which that the Calculation Period ends for each Mortgage Loan being charged a fixed rate of interest during all or any relevant part of that Collection Period, excluding those Finance Charges which are:

- (a) expressed to be charges in subparagraph (a)(i) of section 7.3.2 (other than any interest charges or Obligor Break Costs received by the Servicer (whether or not charged during a previous Collection Period) during the Collection Period in relation to those Mortgage Loans net of any reversals made during the Collection Period in respect of Obligor Break Costs debited in error) and net of any reversals of such charges where the original debit entry was made in error;
- (b) referred to in paragraphs (b), (e), (f), (g), (h), (i), (j), (k) or (l) of section 7.3.2;
- (c) Obligor Break Costs and Waived Obligor Break Costs in respect of the Collection Period to the extent that Obligor Break Costs or Waived Obligor Break Costs are not received by the Trustee or to the extent that any particular Obligor Break Costs or Waived Obligor Break Costs, as the case may be, have already been paid to the Hedge Provider under the Fixed Rate Swap from the Total Investor Revenues (see section 7.4.7); and
- (d) part of the Accrued Interest Adjustment payable by the Trustee to the Seller, in the case of the first Calculation Period.

The Hedge Provider will in turn pay to the Trustee in respect of the relevant Calculation Period an amount calculated by reference to BBSW (determined in accordance with the Fixed Swap Agreement) plus a margin and based on the principal amount outstanding on the fixed rate Mortgage Loans as at the beginning of the relevant Collection Period are calculated. The margin over BBSW payable by the Hedge Provider is the weighted average margin of the Notes for the relevant Interest Period plus an amount in respect of the other costs of the Series Trust (the latter being fixed at the time the Fixed Rate Swap is entered into).

#### 9.1.4 Standby Swap Provider for Fixed Rate Swap

In the event of a payment default by Credit Union Australia as the Hedge Provider in respect of the Fixed Rate Swap, the Standby Swap Provider will, following notice of such default, pay the defaulted amount to the Trustee on the due date for such payment, in which case such failure will not give rise to an event of default under the Fixed Swap Agreement. Credit Union Australia under the Fixed Rate Swap is required to reimburse the Standby Swap Provider for that payment. If Credit Union Australia fails to do so or it fails to comply with the collateral arrangements it has entered into with the Standby Swap Provider under the terms of the Fixed Swap Agreement, the rights and obligations of Credit Union Australia as Hedge Provider under the Fixed Rate Swap will be automatically, and without notice, novated to the Standby Swap Provider who from that date (the **Novation Date**) will become the Hedge Provider under the Fixed Rate Swap.

- (a) The standby swap arrangements will cease to have effect from the earlier of: the Novation Date;
- (b) the date all the Notes rated by a Designated Rating Agency have been redeemed in full;
- (c) the date on which the Fixed Rate Swap is terminated in accordance with its terms; and
- (d) the date Credit Union Australia is assigned credit ratings by each Designated Rating Agency that meet the minimum requirements set out in the Fixed Swap Agreement.

While the standby swap arrangements are in place or if the Standby Swap Provider becomes the Hedge Provider in respect of the Fixed Rate Swap as a result of a withdrawal or downgrade of the credit ratings of the Standby Swap Provider by a Designated Rating Agency, the Standby Swap Provider does not have the minimum ratings specified in the Fixed Swap Agreement, the Standby Swap Provider must, at its cost, take certain action as required pursuant to the Fixed Swap Agreement by the time periods stipulated by the Fixed Swap Agreement. Such action may include one or more of the following (depending on the Standby Swap Provider's rating):

- (a) providing collateral to the Trustee in support of its obligations under the Fixed Rate Swap in accordance with the relevant credit support annexes forming part of the Fixed Swap Agreement;
- (b) novating all its rights and obligations under the Fixed Rate Swap to a replacement counterparty who holds the minimum ratings required under the Fixed Swap Agreement or procuring another such person guarantees its obligations under the Fixed Rate Swap; or
- (c) entering into such other arrangements in relation to the Fixed Rate Swap in respect of which the Manager issues a Rating Notification.

The complete obligations of the Standby Swap Provider following such an event are set out in the terms of the Fixed Swap Agreement.

In the event Credit Union Australia acquires the minimum ratings required under the Fixed Swap Agreement and the standby swap arrangements terminate, Credit Union Australia is bound by similar obligations as those set out above if those ratings are subsequently downgraded or withdrawn under the terms of the Fixed Swap Agreement.

The Standby Swap Provider receives a fee from the Trustee payable on each Distribution Date as an Expense of the Series Trust for its commitment under the standby swap arrangements.

### 9.1.5 Early Termination

A Hedge Provider or the Trustee may only terminate the Basis Swap or the Fixed Rate Swap, as applicable, if certain events occur including:

- (a) there is a payment default which continues for 10 days after notice by the non-defaulting party (except where Credit Union Australia as the Hedge Provider is the defaulting party under the Fixed Rate Swap and the Standby Swap Provider has paid the Trustee the amount in respect of which the default occurred on the due date for such payment or the failure arises from Credit Union Australia or the Standby Swap Provider failing to make a payment under a credit support annex forming part of the Fixed Swap Agreement);
- (b) in the case of the Trustee only, there is a failure by the Hedge Provider to comply with any of its obligations under the relevant Hedge Agreement which continues for 30 days after notice by the Trustee of such failure (except where the relevant failure is a payment failure or the relevant failure arises under a credit support annex forming part of the relevant Hedge Agreement);
- (c) the performance by the Trustee of any obligations under the Hedge Agreement becomes illegal due to a change in law;
- (d) in the case of the Trustee only, certain representations and warranties given by the Hedge Provider (or by any credit support provider thereof) under the relevant Hedge Agreement prove to have been incorrect or misleading in any material respect when given;
- (e) in the case of the Fixed Swap Agreement, any of Credit Union Australia or the Standby Swap Provider fails to post collateral, make a prepayment or take any other action as is required under the Fixed Swap Agreement following a downgrade of its credit rating by a Designated Rating Agency below the relevant minimum ratings set out in the Fixed Swap Agreement to the extent it is obliged to do so under the terms of the Fixed Swap Agreement and such failure continues unremedied after the relevant cure period;
- (f) an Event of Default has occurred in relation to the Series Trust and the Security Trustee has enforced the General Security Deed in accordance with the Master Security Trust Deed;
- (g) in the case of the Trustee only, the Hedge Provider is insolvent, bankrupt or similar; or
- (h) in the case of the Trustee only, the Hedge Provider consolidates or merges with another entity and the resultant entity fails to assume all of the Hedge Provider's obligations under the relevant Hedge Agreement or any credit support documents cease to operate in respect of such resultant entity.

If the Trustee is not paid an amount owing to it by Credit Union Australia (as the Hedge Provider) under a Hedge Agreement within 10 days of its due for payment this will result in a Perfection of Title Event (see section 10.2.10).

### 9.1.6 Termination of swaps

The Basis Swap and Fixed Rate Swap terminate on the earlier of:

- (a) the date on which all the Notes have been redeemed in full in accordance with the Series Supplement;

- (b) the date on which the Trustee enters into a swap transaction, as previously notified to each Designated Rating Agency and which is the subject of a Rating Notification to replace the relevant transaction; or
- (c) the Maturity Date.

On the termination of the Basis Swap or the Fixed Rate Swap prior to its scheduled termination date the Manager and the Trustee must endeavour to:

- (a) within 3 Business Days, enter into a replacement swap on terms and with a counterparty in respect of which the Manager has issued a Rating Notification; or
- (b) enter into other arrangements in respect of which the Manager has issued a Rating Notification.

### 9.1.7 Restrictions on Conversions

The Servicer must not, at any time on or after the Novation Date, consent to a borrower converting the rate on its Mortgage Loan from a variable rate of interest to a fixed rate of interest (a **Conversion**) but prior to the Novation Date may consent to a Conversion where:

- (a) it is required to do so by law or some other code binding on the Servicer or the order of any authority that is binding on the Servicer;
- (b) the following conditions are satisfied:
  - (i) the Conversion will not result in the relevant Mortgage Loan having a fixed rate period greater than 5 years;
  - (ii) following the Conversion, the aggregate amounts outstanding in relation to all Mortgage Loans being charged a fixed rate of interest is less than or equal to the **Fixed Rate Conversion Cap** being 45% (or such other percentage as the Seller and the Standby Swap Provider agree); and
  - (iii) the Trustee and the Manager have in place or entered into a Fixed Rate Swap in respect of the Mortgage Loan the subject of the Conversion (the entry in respect of which the Manager has issued a Rating Notification); or
- (c) the Trustee and the Manager have entered into some other arrangements in respect of which the Manager has issued a Rating Notification.

## 9.2 The Liquidity Facility

### 9.2.1 Purpose of the Liquidity Facility

As described in section 5.4, borrowers may prepay an amount of principal under their Mortgage Loans and then cease to make scheduled payments under the terms of their Mortgage Loans. The Servicer does not treat the Mortgage Loan as being in arrears until such time as the borrower has exceeded the Scheduled Balance. However, this can affect the ability of the Trustee to make timely payments of Interest to Noteholders and pay other senior expenses. Furthermore, as described in section 5.5, if borrowers fail to make monthly payments in respect of Mortgage Loans (other than where a borrower has prepaid principal under its Mortgage Loan) this may also affect the ability of the Trustee to make timely payments of Interest to Noteholders.

The Liquidity Facility provided by the Liquidity Facility Provider to the Trustee mitigates the risk of a liquidity deficiency for the Notes should either of these situations occur in circumstances where the Excess Revenue Reserve and Principal Draws are not sufficient to address the risk.



### 9.2.2 Liquidity Facility Provider

The initial Liquidity Facility Provider will be NAB.

### 9.2.3 The Liquidity Facility Limit

The maximum liability of the Liquidity Facility Provider under the Liquidity Facility is an amount equal to the **Liquidity Facility Limit**, which at any time means the lesser of:

- (a) an amount equal to the greater of:
  - (i) 1.00% of the aggregate Invested Amount of the Notes at the relevant time; and
  - (ii) 0.10% of the aggregate Invested Amount of the Notes on the Closing date,  
  
or such other amount as is agreed in writing from time to time between the Manager and the Liquidity Facility Provider (and notified in writing to the Designated Rating Agencies by the Manager and in respect of which the Manager has issued a Rating Notification);
- (b) the aggregate principal outstanding under all performing Mortgage Loans (being Mortgage Loans with less than 90 Arrears Days or otherwise the subject of a Mortgage Insurance Policy as at the Closing Date); and
- (c) the amount (if any) to which the Liquidity Facility Limit is reduced at that time by the Manager or the Trustee in accordance with the Liquidity Facility Agreement (and notified in writing to the Liquidity Facility Provider and the Designated Rating Agencies by the Manager and in respect of which the Manager has issued a Rating Notification).

### 9.2.4 Utilisation of the Liquidity Facility

Following the occurrence of a Liquidity Shortfall (see section 7.4.4), an amount equal to the lesser of:

- (a) the un-utilised portion of the Liquidity Facility Limit or, in the case of an advance under the Liquidity Facility made from the Liquidity Collateralisation Deposit, the amount standing to the credit of the Liquidity Collateralisation Deposit; and
- (b) the Liquidity Shortfall,

may be available to be advanced or (in the circumstances described in section 9.2.9) applied under the Liquidity Facility on each Distribution Date in or towards extinguishment of that Liquidity Shortfall. The amount so claimed or applied is referred to as an **Applied Liquidity Amount**.

The necessary documentation for drawdowns or applications to be made under the Liquidity Facility must be prepared by the Trustee at the direction of the Manager.

### 9.2.5 Interest and fees

The duration that an Applied Liquidity Amount is outstanding is divided into interest periods. Interest accrues daily on each Applied Liquidity Amount advanced or applied under the Liquidity Facility to meet a Liquidity Shortfall at the BBSW for that interest period plus a margin, calculated on days elapsed and a year of 365 days. Interest is payable on each Distribution Date in accordance with the Cashflow Allocation Methodology(see section 7.4.7). Any amount of unpaid interest will be capitalised and interest will accrue in accordance with the foregoing on any unpaid interest.

A commitment fee accrues daily from the date of the Liquidity Facility Agreement and is calculated on the un-utilised portion of the Liquidity Facility Limit based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date and the termination of the Liquidity Facility in accordance with the Cashflow Allocation Methodology (see section 7.4.7).

### **9.2.6 Repayment of outstanding advances**

Each Applied Liquidity Amount outstanding on any Distribution Date is repayable on the following Distribution Date, but only to the extent that there are funds available for this purpose in accordance with the Cashflow Allocation Methodology (see section 7.4.7). If outstanding Applied Liquidity Amounts are not repaid in full on a Distribution Date, any unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Cashflow Allocation Methodology (see section 7.4.7), until such amounts are paid in full.

### **9.2.7 Events of default**

Each of the following is an event of default under the Liquidity Facility (whether or not caused by any reason whatsoever outside the control of the Trustee or any other person):

- (a) the Trustee fails to pay:
  - (i) subject to paragraph (ii) below, any amount due under the Liquidity Facility relating to increased costs incurred by the Liquidity Facility Provider where funds are available for that purpose in accordance with the Cashflow Allocation Methodology; and
  - (ii) any amount due in accordance with the Liquidity Facility Agreement in respect of any advance (including Liquidity Collateralisation Deposit) or Applied Liquidity Amount, interest or fees,within 10 days of the due date;
- (b) the Trustee breaches its undertaking described in section 9.2.10 or breaches any other undertaking that has a material adverse effect;
- (c) an Event of Default occurs under the General Security Deed (see section 9.4.2) and action is taken to enforce the Security under the Master Security Trust Deed; or
- (d) an Insolvency Event occurs in relation to the Trustee in its personal capacity, and a successor trustee of the Series Trust is not appointed within 60 days of that Insolvency Event.

At any time after the occurrence of an event of default under the Liquidity Facility, the Liquidity Facility Provider may, by written notice to the Trustee, declare all advances, accrued interest and all other sums which have accrued due under the Liquidity Facility Agreement immediately due and payable and declare the Liquidity Facility terminated (in which case the obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement will immediately terminate).

### **9.2.8 Termination**

The Liquidity Facility will terminate, and the Liquidity Facility Provider's obligation to make any advances will cease, on the earliest of the following to occur:

- (a) the date which is one day after the Maturity Date;
- (b) the date which is one day after the date the Notes have been redeemed in full;

- (c) the termination date appointed by the Liquidity Facility Provider if it becomes illegal or impossible for the Liquidity Facility Provider to maintain or give effect to its obligations under the Liquidity Facility Agreement as a result of a change of law or its interpretation;
- (d) the date upon which the Liquidity Facility Limit is reduced to zero (see section 9.2.3);
- (e) the date on which the Liquidity Facility Provider declares the Liquidity Facility terminated following an event of default under the Liquidity Facility (see section 9.2.7); and
- (f) the date the Liquidity Facility Provider novates all its rights and obligations to a replacement in accordance with the Liquidity Facility Agreement.

### **9.2.9 Liquidity Collateralisation Deposit**

If the credit ratings of the Liquidity Facility Provider are lower than the applicable Designated Credit Ratings specified in the Liquidity Facility Agreement, the Liquidity Facility Provider will deposit into an account held by the Trustee, with an Eligible Depository, an amount equal to the then un-utilised portion of the Liquidity Facility Limit within the time period specified in the Liquidity Facility Agreement (the **Liquidity Collateralisation Deposit**). Thereafter, if the Manager determines that a Liquidity Shortfall has occurred, the amount of such shortfall must be satisfied from the amount deposited in that account. On the termination of the Liquidity Facility or if the Liquidity Facility Provider obtains the Designated Credit Ratings, the un-utilised portion of the Liquidity Collateralisation Deposit must be repaid to the Liquidity Facility Provider and (except in the case of the termination of the Liquidity Facility) any Liquidity Shortfalls occurring thereafter will be satisfied by the Liquidity Facility Provider meeting a direct claim under the Liquidity Facility.

### **9.2.10 Trustee Undertaking**

The Trustee has undertaken to the Liquidity Facility Provider not to consent to amend or revoke the provisions of any Transaction Document in a manner which would change the basis on which any advance under the Liquidity Facility or Applied Liquidity Amount is calculated, the entitlement of the Trustee to request any such advance or the basis of calculation or order of application of any amount to be paid or applied under the Master Trust Deed, the Series Supplement, the Master Security Trust Deed or the General Security Deed without the prior written consent of the Liquidity Facility Provider.

## **9.3 The Redraw Facility**

### **9.3.1 Purpose of the Redraw Facility**

As described in section 10.2.7 the Seller may provide Redraws to a borrower who has prepaid the principal amount outstanding under its Mortgage Loan ahead of its Scheduled Balance. The Redraw Facility is made available to the Trustee by the Redraw Facility Provider to help fund the reimbursement of Redraws made by the Seller where the Seller has not been reimbursed in respect of those Redraws from Collections (as described in section 7.5.2).

The term of the Redraw Facility is 364 days and may be renewed at the option of the Redraw Facility Provider if it receives a request for extension from the Manager 60 days prior to the scheduled termination of the Redraw Facility.

### **9.3.2 Redraw Facility Provider**

The initial Redraw Facility Provider will be Credit Union Australia (see section 6.1) for a description of Credit Union Australia).

### **9.3.3 The Redraw Facility Limit**

The maximum amount that can be advanced under the Redraw Facility is the amount of the **Redraw Facility Limit**, being at any time the lesser of:

- (a) 0.45% of the aggregate Invested Amount of the Notes at any relevant time or such other percentage as is agreed in writing from time to time between the Manager and the Redraw Facility Provider (and in respect of which the Manager has issued a Rating Notification); or
- (b) the amount (if any) to which the Redraw Facility Limit has been reduced at that time by the Manager or the Trustee in accordance with the Redraw Facility Agreement (such a reduction is subject to the Manager issuing a Rating Notification).

### **9.3.4 Utilisation of the Redraw Facility**

If the Redraw Facility Provider provides a Redraw to an Obligor from its own funds in circumstances where the amount provided is not set-off against or reimbursed from Collections as described in section 7.5.2, such amount will, subject to clause 4.2, be treated as an advance by the Redraw Facility Provider pursuant to the Redraw Facility.

### **9.3.5 Interest and fees**

The duration of the Redraw Facility is divided into successive interest periods. Interest accrues daily on the principal outstanding under the Redraw Facility at a rate equal to the sum of the Cash Rate and a margin per annum, calculated on days elapsed and a year of 365 days. Interest is payable on each Distribution Date in accordance with the Cashflow Allocation Methodology (see section 7.4.7). Any amount of unpaid interest will be capitalised and interest will accrue in accordance with the foregoing on any unpaid interest.

A commitment fee accrues daily from the Closing Date on the un-utilised portion of the Redraw Facility Limit, based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date in accordance with the Cashflow Allocation Methodology.

### **9.3.6 Repayment**

The principal outstanding under the Redraw Facility on any Distribution Date is repayable on the following Distribution Date to the extent there are funds available for this purpose in accordance with the Cashflow Allocation Methodology. It is not an event of default in respect of the Redraw Facility if the Trustee does not have funds available to repay the full amount of the principal outstanding under the Redraw Facility on a Distribution Date.

On the Distribution Date immediately following the termination of the Redraw Facility as described in section 9.3.8 below, the Trustee must repay the principal outstanding under the Redraw Facility in full, together with all other amounts payable to the Redraw Facility Provider to the extent of funds available in accordance with the Cashflow Allocation Methodology. If on such Distribution Date, such amounts are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date until such amounts are paid in full in accordance with the Cashflow Allocation Methodology.

### **9.3.7 Events of Default**

Each of the following is an event of default under the Redraw Facility:

- (a) the Trustee fails to pay:
  - (i) subject to sub-paragraph (ii) below, any advance under the Redraw Facility or any other amount due under the Redraw Facility in respect of increased costs incurred by the Redraw Facility Provider where the funds

are available for that purpose in accordance with the Cashflow Allocation Methodology; and

- (ii) any amount due in accordance with the Redraw Facility in respect of any interest, and fees payable under the Redraw Facility Agreement (other than any amounts referred to in sub-paragraph (i) above),

within 10 days of the due date;

- (b) the Trustee breaches its undertaking described in section 9.3.9; or
- (c) an Event of Default occurs under the General Security Deed (see section 9.4.2) and action is taken to enforce the Security under Master Security Trust Deed.

At any time after the occurrence of an event of default under the Redraw Facility, the Redraw Facility Provider may by written notice to the Trustee declare all advances, accrued interest and/or all other sums which have accrued due under the Redraw Facility Agreement immediately due and payable and declare the Redraw Facility terminated (in which case, the obligations of the Redraw Facility Provider under the Redraw Facility Agreement will immediately terminate).

### **9.3.8 Termination**

The Redraw Facility will terminate, and the Redraw Facility Provider's obligation to make any advances will cease, upon the earliest to occur of the following:

- (a) the date notified by the Redraw Facility Provider to the Trustee and the Manager in writing which is at least one month after the date on which all Notes have been redeemed in full in accordance with the Series Supplement;
- (b) the expiry of 364 days from the date of the Redraw Facility Agreement unless the Redraw Facility Provider has agreed to extend the term of the Redraw Facility in accordance with the terms of the Redraw Facility Agreement;
- (c) the termination date appointed by the Redraw Facility Provider if it becomes illegal or impossible for the Redraw Facility Provider to maintain or give effect to its obligations under the Redraw Facility Agreement as a result of a change of law or its interpretation;
- (d) the date upon which the Redraw Facility Limit is reduced to zero (see section 9.3.3); and
- (e) the date on which the Redraw Facility Provider declares the Redraw Facility terminated following an event of default under the Redraw Facility or otherwise as notified by the Redraw Facility Provider (in its discretion) to the Trustee and the Manager.

### **9.3.9 Trustee Undertaking**

The Trustee has undertaken to the Redraw Facility Provider not to consent to amend or revoke any provisions of the Master Trust Deed, the Master Sale and Servicing Deed, the Series Supplement, the Master Security Trust Deed or the General Security Deed in respect of payments or the order of priorities of payments to be made thereunder without the prior written consent of the Redraw Facility Provider.

## 9.4 The Master Security Trust Deed and the General Security Deed

### 9.4.1 Security

Under the Master Security Trust Deed and the General Security Deed, the Trustee (as **Trustee**) grants a security interest (the **Security**) over the Collateral in favour of the Security Trustee to secure the Trustee's obligations (the **Secured Moneys**) to the Noteholders, each Hedge Provider, the Standby Swap Provider, the Liquidity Facility Provider, the Redraw Facility Provider, the Servicer, the Seller, the Manager, the Trustee (in its personal capacity) and the Security Trustee (both in its personal capacity and as trustee of the Security Trust) (the **Secured Creditors**). The Security Trustee holds the benefit of the Security and certain covenants of the Trustee on trust for those persons who are Secured Creditors at the time the Security Trustee distributes any of the proceeds of the enforcement of the Security (see section 9.4.4).

Although the Security is granted for the benefit of all Secured Creditors, if an Event of Default occurs while Notes remain outstanding, it is the Voting Secured Creditors who are the only Secured Creditors with the power to direct the Security Trustee as to enforcement of the Security. Whilst any Notes remain outstanding, the **Voting Secured Creditors** are the Noteholders of the most senior ranking Class of Notes (determined in accordance with the order of priority of payment of Interest on the Notes as described in section 7.4.7) and each Secured Creditor ranking equally or senior to those Noteholders as described in section 7.4.7. Once the Notes have been repaid in full all Secured Creditors are **Voting Secured Creditors**.

### 9.4.2 Events of Default

It is an event of default under for the purposes of the Master Security Trust Deed under the General Security Deed (an **Event of Default**), if:

- (a) the Trustee retires or is removed as trustee of the Series Trust and is not replaced within 60 days and the Manager fails within a further 20 days to convene a meeting of Investors to appoint a new Trustee;
- (b) the Security Trustee has actual notice or is notified by the Trustee or the Manager that the Trustee is not entitled fully to exercise its right of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within 14 days of the Security Trustee requiring the Trustee in writing to rectify them; or
- (c) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee (acting reasonably) to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being remedied or if it is capable of being remedied this has not occurred to the reasonable satisfaction of the Security Trustee within 30 days of its discovery;
- (d) an Insolvency Event occurs in relation to the Trustee in respect of the Series Trust;
- (e) the General Security Deed is not, or ceases to be, valid and enforceable or any Security Interest (other than a Permitted Security Interest) is created or exists in respect of the Collateral for a period of more than 10 Business Days following the Trustee becoming aware of the creation or existence of such Security Interest, where such event will have an Adverse Payment Effect;
- (f) distress or execution is levied or a judgment, order or a Security Interest is enforced, or becomes enforceable against any of the Collateral relating to the Series Trust for an amount exceeding \$1,000,000 (but does not include any action taken by the Servicer in respect of a Security Interest or any of the Collateral in accordance with the Transaction Documents) where, in each case, such event will have an Adverse Payment Effect;

- (g) the Security is or becomes wholly or partly void, voidable or unenforceable or loses the priority which it has at or after the date of the General Security Deed (other than by act or omission of the Security Trustee) where such an event will have an Adverse Payment Effect;
- (h) any Transaction Document becomes wholly or partly void, voidable or unenforceable, where such event will have an Adverse Payment Effect; or
- (i) any Senior Obligations are not paid within 10 days of when due.

### **9.4.3 Enforcement**

If the Security Trustee becomes actually aware that an Event of Default has occurred it must notify the Secured Creditors and each Designated Rating Agency and convene a meeting of the Voting Secured Creditors to seek the directions contemplated by this section 9.4.3.

At that meeting, the Voting Secured Creditors must vote by extraordinary resolution (being not less than 75% of all votes cast at a meeting or a written resolution signed by all Voting Secured Creditors) on whether to direct the Security Trustee to:

- (a) declare the Secured Moneys immediately due and payable;
- (b) appoint a receiver and, if a receiver is to be appointed, to determine the amount of the receiver's remuneration;
- (c) instruct the Security Trustee to sell and realise the Collateral and otherwise enforce the Security; and/or
- (d) take such further action as the Voting Secured Creditors may specify in the extraordinary resolution and which the Security Trustee indicates that it is willing to take.

The Security Trustee is required to take all action to give effect to any extraordinary resolution of the Voting Secured Creditors only if the Security Trustee is adequately indemnified from the Collateral or has been indemnified by the Voting Secured Creditors in a form reasonably satisfactory to the Security Trustee (which may be by way of an extraordinary resolution of the Voting Secured Creditors) against all actions, proceedings, claims and demands to which it may render itself liable, and all costs, charges, damages and expenses which it may incur, in giving effect to the extraordinary resolution.

If the Security Trustee convenes a meeting of the Voting Secured Creditors or is required by an extraordinary resolution of the Voting Secured Creditors to take any action in relation to the enforcement of the Security and the Security Trustee advises the Voting Secured Creditors that it will not take that action in relation to the enforcement of the Security unless it is personally indemnified by the Voting Secured Creditors to its reasonable satisfaction against all actions, proceedings, claims, demands, costs, charges, damages and expenses in relation to the enforcement of the Security and put in funds to the extent to which it may become liable and the Voting Secured Creditors refuse to grant the requested indemnity and put it into funds, the Security Trustee will not be obliged to act in relation to such action. In these circumstances, the Voting Secured Creditors may exercise such powers, and enjoy such protections and indemnities, of the Security Trustee under the Master Security Trust Deed and the General Security Deed in relation to the enforcement of the Security as they determine by extraordinary resolution. The Security Trustee will not be liable in any manner whatsoever if the Voting Secured Creditors exercise, or do not exercise, the rights given to them as described in the sentence preceding. Except in the foregoing situation, the powers, rights and remedies (including the power to enforce the Security or to appoint a receiver to any of the Collateral) are exercisable by the Security Trustee only and no Secured Creditor is entitled to exercise them.

The Security Trustee must not take any steps to enforce the Security unless the Voting Secured Creditors have passed an extraordinary resolution directing it to take such action or in the

opinion of the Security Trustee the delay required to obtain the consent of the Voting Secured Creditors would be prejudicial to the interests of the Voting Secured Creditors.

The Security Trustee is entitled, on such terms and conditions it deems expedient, without the consent of the Voting Secured Creditors, to agree to any waiver or authorisation of any breach or proposed breach of the Transaction Documents (including the Master Security Trust Deed and the General Security Deed) and may determine that any event that would otherwise be an Event of Default will not be treated as an Event of default for the purposes of the Master Security Trust Deed, which is not, in the opinion of the Security Trustee, materially prejudicial to the interests of the Secured Creditors.

The Security Trustee is not required to ascertain whether an Event of Default has occurred and, until it has actual notice to the contrary, may assume that no Event of Default has occurred and that the parties to the Transaction Documents (other than the Security Trustee) are performing all of their obligations.

Subject to any notices or other communications it is deemed to receive under the terms of the Master Security Trust Deed, the Security Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Security Trustee (or any Related Body Corporate of the Security Trustee) which have day to day responsibility for the administration or management of the Security Trustee's (or any Related Body Corporate of the Security Trustee's) obligations in relation to the Series Trust, the Master Security Trust Deed, having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of an Event of Default means notice, knowledge or awareness of the occurrence of the events or circumstances constituting an Event of Default.

#### **9.4.4 Priorities under the Master Security Trust Deed and the General Security Deed**

The proceeds from the enforcement of the Security are to be applied in the following order of priority, subject to any other priority which may be required by statute or law and without duplication:

- (a) first, *pari passu* and rateably towards satisfaction of amounts which become owing or payable under the Master Security Trust Deed to indemnify the Security Trustee against all loss, liability and reasonable expenses incurred in performing any of its duties or exercising any of its powers under the Master Security Trust Deed (except the receiver's remuneration) and to the Trustee in respect of any lien over or right of indemnification from the Assets of the Series Trust;
- (b) second, towards satisfaction of amounts which become owing or payable under the Master Security Trust Deed to indemnify any receiver appointed under the Master Security Trust Deed against all loss, liability and reasonable expenses incurred in performing its duties or exercising its powers under the Master Security Trust Deed (except the receiver's remuneration);
- (c) third, in payment towards satisfaction of any fees due to the Security Trustee;
- (d) fourth, in payment towards satisfaction of any fees due the receiver;
- (e) fifth, *pari passu* and rateably in payment of such other outgoings and/or liabilities that the receiver or the Security Trustee have incurred in performing their obligations or exercising their powers under the Master Security Trust Deed;
- (f) sixth, in payment of other security interests over the Collateral which the Security Trustee is aware have priority over the Security (other than the Trustee's lien over and right of indemnification from, the Assets of the Series Trust), in the order of their priority;
- (g) seventh, in payment to the Seller of any unpaid Accrued Interest Adjustment;



- (h) eighth, in payment pari passu and rateably:
- (i) to the Redraw Facility Provider of any amounts owing to it under the Redraw Facility Agreement (other than the amounts referred to in paragraph (n) below);
  - (ii) to the Liquidity Facility Provider of any amounts owing to it under the Liquidity Facility Agreement (other than the amounts referred to in paragraph (n) below);
  - (iii) to the Hedge Provider under a Hedge Agreement, pari passu and rateably between them, of any Secured Moneys owing to the Hedge Providers under the relevant Hedge Agreement (other than any termination payment payable to a Hedge Provider in respect of any Hedge Agreement as a result of a Hedge Provider Default Event occurring in relation to that Hedge Agreement and other than the amounts referred to in paragraph (n) below);
  - (iv) to the Seller the amount of all Redraws made by the Seller from its own funds which have not been set-off against or reimbursed from Collections or otherwise by the Trustee or treated as an advance under the Redraw Facility and amounts owing to the Seller in respect of the fees payable to the Seller for the provision of custodial services to the Trustee;
  - (v) to the Servicer of any Secured Moneys owing to the Servicer; and
  - (vi) to the Manager of any Secured Moneys owing to the Manager;
- (i) ninth, in payment to the Class A Noteholders of all Secured Moneys owing to them to be applied firstly in respect of accrued but unpaid interest on the Class A Notes and secondly in reduction of the Invested Amount of the Class A Notes until this is reduced to zero (in each case to be distributed pari passu and rateably between the Class A Noteholders);
- (j) tenth, in payment to the Class AB Noteholders of all Secured Moneys owing to them to be applied firstly in respect of accrued but unpaid interest on the Class AB Notes and secondly in reduction of the Invested Amount of the Class AB Notes until this is reduced to zero (to be distributed pari passu and rateably between the Class AB Noteholders);
- (k) eleventh, in payment to the Class B Noteholders of all Secured Moneys owing to them to be applied firstly of accrued but unpaid interest on the Class B Notes and secondly in reduction of the Invested Amount of the Class B Notes until this is reduced to zero (in each case to be distributed pari passu and rateably between the Class B Noteholders);
- (l) twelfth, in payment to the Class C Noteholders of all Secured Moneys owing to them to be applied firstly of accrued but unpaid interest on the Class C Notes and secondly in reduction of the Invested Amount of the Class C Notes until this is reduced to zero (in each case to be distributed pari passu and rateably between the Class C Noteholders);
- (m) thirteenth, in payment to the Class D Noteholders of all Secured Moneys owing to them to be applied firstly of accrued but unpaid interest on the Class D Notes and secondly in reduction of the Invested Amount of the Class D Notes until this is reduced to zero (to be distributed pari passu and rateably between the Class D Noteholders);
- (n) fourteenth, in payment pari passu and rateably to the Liquidity Facility Provider and the Redraw Facility Provider of any amounts payable in respect of increased costs incurred by the Liquidity Facility Provider or the Redraw Facility Provider (as

applicable) and which the Trustee is liable to reimburse under the relevant Support Facility and in payment to the Fixed Rate Swap Provider of any Obligor Break Costs charged in relation to the Mortgage Loans, and without double counting, any Waived Obligor Break Costs due by the Servicer to the Trustee to the extent such amounts remain payable to the Fixed Rate Swap Provider;

- (o) fifteenth, in payment to each Hedge Provider under a Hedge Agreement, pari passu and rateably between them, of any remaining Secured Moneys owing to the Hedge Provider the relevant Hedge Agreement;
- (p) sixteenth, in payment pari passu and rateably to each Secured Creditor any remaining amounts owing to that Secured Creditor which are secured under the General Security Deed;
- (q) seventeenth, in payment of subsequent security interests over the Collateral of which the Security Trustee is aware in the order of their priority; and
- (r) eighteenth, in payment of the surplus (if any) to the Trustee to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement.

#### **9.4.5 Repayment of Collateral**

Any Collateral provided to the Trustee as collateral or by way of prepayment of contingent future obligations by a Support Facility Provider or the Servicer, as applicable, to the Trustee will not be available for distribution as described in section 9.4.4. Any such collateral or amount (as the case may be) shall be returned to the relevant Support Facility Provider except to the extent that the relevant Support Facility Provider or Servicer, as applicable, except to the extent that any relevant Transaction Document requires it to be applied to satisfy any obligation owed to the Trustee by that Support Facility Provider or the Trustee.

#### **9.4.6 Amendments to the Master Security Trust Deed or the General Security Deed**

Subject to 5 Business Days' prior notice in writing being given to each Designated Rating Agency (or such other time as is agreed between the Manager and each Designated Rating Agency), the Security Trustee, the Manager and the Trustee may amend the Master Security Trust Deed or the General Security Deed if the amendment:

- (a) in the opinion of the Security Trustee (or a barrister, solicitor, tax accountant or tax specialist instructed by the Manager, the Trustee or the Security Trustee), is necessary or expedient to comply with any statute, ordinance, regulation or by-law or with the requirements of any Governmental Agency;
- (b) in the opinion of the Security Trustee is made to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
- (c) in the opinion of the Security Trustee is appropriate or expedient as a consequence of an amendment to any statute or regulation or altered requirements of any governmental agency or any decision of any court (including, without limiting the generality of the foregoing, an alteration, addition or modification which is in the opinion of the Security Trustee appropriate or expedient as a consequence of the enactment of, or amendment to, any statute or regulation or any tax ruling or government announcement or statement or any decision handed down by a court altering the manner or basis of taxation of trusts);
- (d) in the opinion of the Security Trustee or the Manager will enable the provisions of the Master Security Trust Deed or the General Security Deed to be more conveniently, advantageously, profitably or economically administered; or
- (e) in the opinion of the Security Trustee, the Manager and the Trustee is otherwise desirable for any reason.

However, where an amendment referred to in paragraphs (d) and (e) above will be or is likely to be, in the opinion of the Security Trustee, materially prejudicial to the interests of a particular Secured Creditor (other than a Noteholder) then the amendment can only be made if the relevant Secured Creditor consents.

If in the opinion of the Security Trustee any amendment, addition or revocation referred to in (d) and (e) will be or is likely to become materially prejudicial to the rights of a particular class of Noteholders, the amendment, addition or revocation may only be effected if the Noteholders of that class pass an extraordinary resolution approving it (being a resolution requiring not less than 75% of all votes cast at a meeting of, or a written resolution signed by, the Noteholders of that class).

If in the opinion of the Security Trustee an amendment referred to in paragraphs (d) and (e) will be or is likely to become materially prejudicial to the rights of all Noteholders, such amendment can only be effected if the Noteholders pass an extraordinary resolution approving it (being a resolution requiring not less than 75% of all votes cast at a meeting of, or a written resolution signed by, the Noteholders) and even if the amendment affects Noteholders of a particular class there will not be a separate extraordinary resolution required for each class of noteholders unless the amendment is a Subordinated Note Basic Term Modification.

The Security Trustee is obliged to concur in and to effect any modifications to provisions of the Master Security Trust Deed or the General Security Deed requested by the Manager in certain circumstances, including to:

- (a) accommodate the appointment of a new Servicer, new Hedge Provider, new Seller, new Custodian, new Support Facility Provider or new Manager;
- (b) to take account of changes in the ratings criteria of the Designated Rating Agencies where, absent such modifications, the Manager is reasonably satisfied that the rating assigned by the Designated Rating Agencies to the Notes would be subject to an adverse rating effect (even where such changes are, or may be, prejudicial to Noteholders); and
- (c) to ensure compliance of the Series Trust or by any party to the Transaction Documents with, or ensure that the Series Trust or such parties, may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) relating to securitisation provided that the Manager has certified to the Security Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be.

However, the Security Trustee will not be obliged to concur in and effect any modifications to any provision of the Master Security Trust Deed in accordance with the foregoing, if to do so would (i) impose additional obligations on the Security Trustee which are not provided for or contemplated by the Transaction Documents; (ii) adversely affect the Security Trustee's rights under the Transaction Documents or (iii) result in the Security Trustee being in breach of any applicable law.

#### **9.4.7 Subordinated Note Basic Term Modification**

Each class of Notes which ranks below the class then outstanding ranking in priority to all other Notes as determined by reference to the order of priority described in section 9.4.4 is referred to as a **Subordinated Class of Notes**.

Accordingly, a **Subordinated Note Basic Term Modification** is an amendment to a Transaction Document or to the terms and conditions of a Subordinated Class of Notes which has the effect of:

- (a) reducing, cancelling or postponing the date of payment, modifying the method for the calculation or altering the order of priority under a Transaction Document of any

amount payable in respect of any principal or interest in respect of that Subordinated Class of Notes;

- (b) altering the currency in which payments under that Subordinated Class of Notes are to be made;
- (c) altering the majority required to pass an Extraordinary Resolution under the Master Security Trust Deed; or
- (d) sanctioning any scheme or proposal for the exchange or sale of that Subordinated Class of Notes for or the conversion of that Subordinated Class of Notes into or the cancellation of that Subordinated Class of Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Trustee or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or in consideration of cash.

No Subordinated Note Basic Term Modification will be effective for any purpose unless it has been sanctioned by an extraordinary resolution of the Noteholders of each relevant Subordinated Class of Notes (being a resolution requiring not less than 75% of all votes cast at a meeting of, or a written resolution signed by, the Noteholders of the relevant Subordinated Class of Notes).

#### **9.4.8 Security Trustee Costs and Remuneration**

The Security Trustee is entitled to be reimbursed for all costs incurred in acting as Security Trustee.

The Security Trustee is entitled to be remunerated at the rate agreed from time to time between the Manager, the Security Trustee and the Trustee (such rate may include a component that represents or is referable to a goods and services tax).

#### **9.4.9 Limitations on Security Trustee's and Trustee's Liability**

The Security Trustee will have no liability under or in connection with any Transaction Document (whether to the Secured Creditors or any other person) in relation to the Series Trust other than to the extent to which the liability is able to be satisfied out of the property it holds on trust for the Secured Creditors under the Master Security Trust Deed from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Master Security Trust Deed or General Security Deed or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's fraud, negligence or wilful default.

The Security Trustee will be indemnified out of the property it holds on trust for the Secured Creditors under the Master Security Trust Deed against all liabilities incurred by the Security Trustee in connection with performing or exercising any of its powers or duties in relation to the Security Trust. This indemnity is in addition to any indemnity allowed by law, but does not extend to liabilities arising from the Security Trustee's fraud, negligence or wilful default.

In no event will the Security Trustee be personally liable for any failure or delay in the performance of its obligations under any Transaction Document because of circumstances beyond its control including, but not limited to: acts of God; flood; war (whether declared or undeclared); terrorism; fire; riot; embargo; general labour dispute; any statute, ordinance, code or other law which restricts or prohibits the Security Trustee from performing its obligations under any Transaction Document; the inability to obtain or the failure of equipment or the interruption of communications or computer facilities to the extent, in each case, that these occurrences are beyond the control of the Security Trustee and any other causes beyond the Security Trustee's control.

The Security Trustee will also not be liable in its personal capacity for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable, even if the Security Trustee has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise; provided that this this subparagraph will not apply to the extent that there is a determination by a relevant court of fraud by the Security Trustee. This limitation does not limit the liability of the Security Trustee in its capacity as trustee of a Security Trust.

#### **9.4.10 Limitation of Responsibility and Liability of the Security Trustee**

The Master Security Trust Deed contains a range of provisions regulating the scope of the Security Trustee's duties and liabilities. These include (which list is not exhaustive) the following:

- (a) the Security Trustee is not required to monitor whether an Event of Default has occurred or inquire as to compliance by the Trustee or the Manager with the Transaction Documents, or their other activities;
- (b) the Security Trustee is not required to take any enforcement action under the Master Security Trust Deed, except as directed by an extraordinary resolution of Voting Secured Creditors;
- (c) the Security Trustee is not required to act in relation to the enforcement of the Master Security Trust Deed unless its liability is limited in a manner satisfactory to it and the Secured Creditors place it in funds and indemnify it to its satisfaction;
- (d) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;
- (e) the Security Trustee need not give to the Secured Creditors information concerning the Trustee or the Manager which comes into the possession of the Security Trustee;
- (f) the Trustee gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (g) the Security Trustee may rely on documents and information provided by the Trustee or the Manager.

#### **9.4.11 Retirement, Removal and Replacement of the Security Trustee**

The Security Trustee must retire as Security Trustee of the Security Trust if:

- (a) an Insolvency Event occurs in respect of it in its personal capacity or in respect of its personal assets;
- (b) it ceases to carry on business;
- (c) a Related Body Corporate of it retires or is removed as trustee of the Series Trust under the Master Trust Deed and the Manager requires the Security Trustee by notice in writing to retire;
- (d) an extraordinary resolution requiring its retirement is passed at a meeting of Voting Secured Creditors;
- (e) it fails to comply with any of its obligations under any Transaction Document and such action has had or, if continued, will have an Adverse Effect and, if capable of remedy, is not remedied within 20 Business Days of written notice from the Manager or the Trustee;

- (f) there is a change in ownership of 50% or more of its issued equity share capital from the position as at the date of the Master Security Trust Deed or effective control of the Security Trustee alters from the position as at the date of the Master Security Trust Deed unless in either case approved by the Manager (such approval not to be unreasonably withheld).; or
- (g) any of the above occurs with respect to any other series trust established under the Master Trust Deed in respect of which the Security Trustee acts as security trustee.

If the Security Trustee refuses to retire immediately after any of these events have occurred, the Manager is entitled to remove the Security Trustee from office immediately by notice in writing (copied to each Designated Rating Agency) if an event referred to above has occurred. If this occurs the Trustee must use reasonable endeavours to appoint a substitute Security Trustee which is notified by the Manager to each Designated Rating Agency within 60 days of the notice of removal. If the Trustee does not appoint a substitute Security Trustee the Manager, may appoint the substitute Security Trustee provided it has notified each Designated Rating Agency of the appointment.

If the Manager is unable to appoint a substitute Security Trustee at a time when the position of Security Trustee becomes vacant, it must promptly convene a meeting of voting secured creditors of all series trusts established under the Master Trust Deed at which such voting secured creditors, holding or representing between them Voting Entitlements comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the total Voting Entitlements at that time may appoint any person nominated by any of them as the new Security Trustee.

#### **9.4.12 Voluntary Retirement of the Security Trustee**

The Security Trustee may retire as trustee of all security trusts established under the Master Security Trust Deed (including the Security Trust relating to the Series Trust) upon giving 3 months' notice in writing to the Trustee, the Manager and each Designated Rating Agency (or such lesser time as the Manager, the Trustee and the Security Trustee agree).

On such retirement, the Security Trustee may appoint another person approved by the Manager and the relevant secured creditors as its substitute (provided the Manager gives notice to each Designated Rating Agency of the substitute).

If the Security Trustee does not propose a substitute by the date at least 1 month prior to the date of its proposed retirement, the Manager may appoint a new Security Trustee approved by the voting secured creditors of all series trusts established under the Master Trust Deed by way of an extraordinary resolution (being the approval of voting secured creditors, holding or representing between them Voting Entitlements comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the total Voting Entitlements at that time or all relevant voting secured creditors in writing).

#### **9.4.13 Appointment by voting secured creditors**

If the Manager is unable to appoint a substitute Security Trustee at a time when the position of Security Trustee becomes vacant as described in sections 9.4.11 and 9.4.12, it must promptly convene a meeting of voting secured creditors of all series trusts established under the Master Trust Deed at which such voting secured creditors, holding or representing between them Voting Entitlements comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the total Voting Entitlements at that time may appoint any person nominated by any of them as the new Security Trustee.

#### **9.4.14 Rating Notification**

Any resignation or removal of the Security Trustee and appointment of a new Security Trustee in relation to the Series Trust will not become effective unless the Manager has given a Rating Notification in relation to such appointment.

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## 10. The Series Trust

### 10.1 Creation of Trusts

#### 10.1.1 Creation of the Series Trust

The Master Trust Deed provides for the creation of an unlimited number of series trusts. Each series trust is a separate and distinct trust fund. The assets of each series trust are not available to meet the liabilities of any other series trust and the Trustee must ensure that no moneys held by it in respect of any series trust are commingled with any moneys held by the Trustee in respect of any other series trust.

The Series Trust is the eighteenth series trust established under the Master Trust Deed.

The beneficial ownership of the Series Trust is divided into two classes of Units, ten Capital Units and one Income Unit.

The Trustee of the Series Trust will fund the purchase of the Mortgage Loans in the Mortgage Loan Pool by issuing the Notes.

The Series Trust is established for the purposes of the Trustee:

- (a) acquiring (and disposing of) Mortgage Loan Rights as approved financial assets, and acquiring (and disposing of) Authorised Short-Term Investments, in accordance with the Transaction Documents;
- (b) issuing (and redeeming) the Notes and the Units in accordance with the Transaction Documents; and
- (c) entering into, performing its obligations and exercising its rights under and taking any action contemplated by any of the Transaction Documents (as amended from time to time and including any additional Transaction Documents entered into in accordance with the Master Trust Deed or the Series Supplement from time to time),

and the Trustee, on the direction of the Manager, may exercise any or all of its powers under the Transaction Documents for these purposes and any purposes incidental to these purposes.

#### 10.1.2 Creation of the Seller Trust

In addition to the Mortgage Loans sold to the Series Trust, the following will also be sold to the Trustee:

- (a) the mortgages and collateral securities securing the Mortgage Loans; and
- (b) all other loans (the **Other Loans**) secured by the sold mortgages.

The Trustee's interest in the Other Loans will be held by way of a separate trust by the Trustee for the Seller (the **Seller Trust**). The Trustee's interest in the mortgages and collateral securities which secure only the Mortgage Loans will be held by the Trustee for the Series Trust. The Trustee's interest in the mortgages and collateral securities which secure the Other Loans in addition to the Mortgage Loans will also be held by the Trustee for the Series Trust but only to the extent that the proceeds the Trustee receives on their realisation equal the amount outstanding under the Mortgage Loans they secure (after payment of all enforcement expenses). The balance will be held by the Trustee subject to the terms of the Seller Trust and together with the Other Loans will comprise the assets of the Seller Trust.

The Trustee must not (and the Manager must not direct the Trustee to) dispose of or create any security interest in a collateral security which secures a Mortgage Loan and an Other Loan unless the relevant transferee or holder of the security interest is first notified of the interest of the Seller Trust in that collateral security. If the Trustee has breached (or the Seller reasonably

believes that the Trustee will breach) this restriction, the Seller will be entitled to lodge caveats to protect its interests in the relevant collateral securities.

### **10.1.3 Transfer of Mortgage Loans from another series trust under the Master Trust Deed**

The Master Trust Deed provides for the transfer of some or all of the assets of one trust established under it (the **Disposing Trust**) to another (the **Acquiring Trust**), subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust.

Under the Master Trust Deed, if the Trustee as trustee of a Disposing Trust has received:

- (a) a Transfer Proposal issued by the Manager in accordance with the Master Trust Deed; and
- (b) the Transfer Amount in respect of that Transfer Proposal,

then, subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust, the Trustee will hold the Assigned Assets in respect of that Transfer Proposal as trustee of the Acquiring Trust in accordance with the terms of the series supplement in relation to the Acquiring Trust.

To ensure that the Disposing Trust has the benefit of any receipts (other than receipts in the nature of principal), and bears the cost of any outgoings, in respect of the Assigned Assets for the period up to (but excluding) the Assignment Date and the Acquiring Trust has the benefit of such receipts and bears such costs for the period after (and including) that Assignment Date, the Manager may direct the trustee as trustee of the Acquiring Trust to pay an Adjustment Advance to the Disposing Trust on the Assignment Date.

The Series Trust will be an Acquiring Trust in respect of the Warehouse Mortgage Loans acquired on the Closing Date from the relevant Warehouse Trust (the relevant Warehouse Trust being the Disposing Trust).

## **10.2 Assignment of Mortgage Loans**

### **10.2.1 Assignment of Seller Mortgage Loans**

With effect from the Cut-Off Date the Seller will on payment of the consideration described in section 10.2.3, equitably assign its entire interest in, to and under the following to the Trustee:

- (a) the Seller Mortgage Loans;
- (b) all Other Loans in existence from time to time in relation to the Seller Mortgage Loans (to be held by the Trustee as trustee of the Seller Trust as described in section 10.1.2);
- (c) all mortgages in existence from time to time in relation to the Seller Mortgage Loans;
- (d) all collateral securities in existence from time to time securing the Seller Mortgage Loans;
- (e) all moneys owing at any time thereafter in connection with the Mortgage Loans;
- (f) the Mortgage Insurance Policies in relation to the Seller Mortgage Loans in existence as at the Closing Date; and
- (g) the documents relating to the above, including the original or duplicates of the relevant loan agreements, mortgages, collateral securities, insurance policies and the certificate of title (where existing) in relation to the land secured by the mortgages (the **Mortgage Documents**),



(but excluding the Accrued Interest Adjustment in respect of each Seller Mortgage Loan).

The items referred to in paragraphs (a) to (g) above are together known as the **Mortgage Loan Rights**.

The Trustee will assume the risk of losses with respect to the Mortgage Loans acquired by the Trustee arising from any default by a borrower. If cash flows relating to a Mortgage Loan are re-scheduled or re-negotiated, the Trustee will be subject to the re-scheduled or re-negotiated terms.

If any mortgages or collateral securities are granted after the Cut-Off Date which secure a Mortgage Loan or an insurance policy or any Mortgage Document is entered into in connection with a Mortgage Loan after the Cut-Off Date, these will be also assigned with the relevant Seller Mortgage Loans to the Trustee.

There are circumstances in which a mortgage that secures a Mortgage Loan may secure another loan that is not an Asset of the Series Trust (for an example refer to section 10.2.7). The Trustee in its capacity as trustee of the Series Trust will only be assigned those securities that appear in its records as intended to secure the Mortgage Loans assigned by the Seller to the Trustee. Any other securities which by their terms secure the Mortgage Loans but were not taken for that purpose are (as are the corresponding insurance policies) held by the Trustee as trustee of the Seller Trust (see section 10.1.2) and are not held for the benefit of the Noteholders, and the expressions "Mortgage Loan Rights" and "Mortgage Documents" should be construed accordingly.

If the Seller enforces a mortgage relating to a Mortgage Loan as a result of a default by a borrower in respect of other facilities provided by the Seller to the borrower, the proceeds of enforcement of the related mortgage are made available to the Trustee in priority to the Seller (after accounting for any costs of enforcement).

#### **10.2.2 Sale in equity only and free of set-off to extent permitted by law**

The assignment of Mortgage Loans and related securities to the Trustee will initially be in equity only. The Trustee will not be entitled to take any steps to perfect its legal title or give notice to any party to the Mortgage Documents unless a Perfection of Title Event under the Master Sale and Servicing Deed occurs (see section 10.2.10).

To the extent permitted by law, the Mortgage Loans will be sold free of any rights of set-off which any borrowers or security providers may have.

#### **10.2.3 Consideration payable to a Warehouse Trust and Seller**

On the Closing Date the Trustee will, in consideration of the assignment of the Mortgage Loans and related securities pay to the Seller and each relevant Warehouse Trust the total principal amount outstanding (as recorded on the Servicer's database) in respect of the Mortgage Loans calculated as at the Cut-Off Date. The Trustee may also pay to the relevant Warehouse Trust an Adjustment Advance as described in section 7.4.6.

To the extent that the amount subscribed by the initial Noteholders exceeds the aggregate of the total principal balance outstanding as at the Cut-Off Date in respect of the Mortgage Loans plus the Adjustment Advance (if any), the excess will form part of the Collections for the first Collection Period (see section 7.3.1).

#### **10.2.4 Seller's Representations and Warranties in relation to the Mortgage Loans**

The Trustee will have the benefit of representations and warranties made by the Seller in relation to each Seller Mortgage Loan as at the Cut-Off Date. The Trustee will also have the benefit of similar representations and warranties made by the Seller in relation to the Warehouse Mortgage Loans made at the time those Mortgage Loans were assigned by the Seller to the relevant Warehouse Trust (as at the relevant cut-off date for each such assignment). In the case

of the Warehouse Mortgage Loans no fresh representations and warranties are given by either the Seller or the trustee of the relevant Warehouse Trust. These are the representations and warranties referred to in the foregoing:

- (a) at the time the Seller entered into the mortgages relating to the Mortgage Loans, those mortgages complied in all material respects with applicable laws;
- (b) at the time the Seller entered into the Mortgage Loans, it did so in good faith;
- (c) at the time the Seller entered into the Mortgage Loans, the Mortgage Loans were originated in the ordinary course of the Seller's business;
- (d) at the time the Seller entered into the Mortgage Loans, all necessary steps were taken to ensure that, each related mortgage complied with the legal requirements applicable at that time to be:
  - (i) a first ranking mortgage; or
  - (ii) where the Seller already held the first ranking mortgage, a second ranking mortgage,  
  
(subject to any statutory charges and, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise, and any other prior Security Interests which do not prevent the mortgage from being considered to be a first-ranking mortgage or a second-ranking mortgage, as the case may be, in accordance with the Servicing Standards) in either case, secured over land, subject to stamping and registration in due course;
- (e) where there is a second or other mortgage securing a Mortgage Loan and the Seller is not the mortgagee of that second or other mortgage, satisfactory priority arrangements have been entered into to ensure that the mortgage ranks ahead in priority to the second or other mortgage on enforcement for at least the principal amount and accrued but unpaid interest on the Mortgage Loan plus such extra amount determined in accordance with the Servicing Standards;
- (f) at the time the relevant Mortgage Loans were approved, the Seller had received no notice of the insolvency or bankruptcy of the borrowers or any guarantors or Trustees or any notice that any such person did not have the legal capacity to enter into the relevant mortgage;
- (g) the Seller is the sole legal and beneficial owner of the Mortgage Loans and the related securities and no prior ranking security interest exists in relation to its interest in the Mortgage Loans and related securities (other than any pool Mortgage Insurance Policy) and, in respect of the insurance policies, is the sole legal and beneficial owner of its right, title and interest in such insurance policies;
- (h) each of the relevant Mortgage Documents (other than the Mortgage Insurance Policies and other related insurance policies) which is required to be stamped with stamp duty has been duly stamped;
- (i) the Mortgage Loans have not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant mortgage has not been released from the security of that mortgage;
- (j) the Seller holds, in accordance with the Servicing Standards, all documents which it should hold to enforce the provisions of the securities relating to Mortgage Loans;
- (k) other than the Mortgage Loan Documents and documents entered into in accordance with the Servicing Standards, there are no documents entered into by the Seller and

the mortgagor or any other relevant party in relation to the Mortgage Loans which would qualify or vary the terms of the Mortgage Loans;

- (l) the Seller has not received notice from any person that it claims to have a security interest ranking in priority to or equal with the Seller's mortgage;
- (m) the Mortgage Loans comply with the Eligibility Criteria (see section 6.3);
- (n) except in relation to fixed rate Mortgage Loans (or those which can be converted to a fixed rate or a fixed margin over a benchmark) and as may be provided by applicable laws, binding codes and competent authorities binding on the Seller, there is no limitation affecting, or consent required from a borrower to effect, a change in the interest rate under the Mortgage Loans, and a change in interest rate may be set at the sole discretion of the Servicer;
- (o) the Seller is lawfully entitled to sell and assign its interest in the Mortgage Loan Rights to the Trustee free of all security interests and, so far as the Seller is aware, adverse claims or other third party rights or interests;
- (p) the provisions of all legislation (if any) relating to the sale of the Mortgage Loan Rights have been complied with;
- (q) the sale of the Mortgage Loan Rights will not constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency laws;
- (r) the sale and assignment of the Seller's interest in the Mortgage Loan Rights will not constitute a breach of the Seller's obligations or a default under any security interest granted by the Seller or affecting the Seller's assets;
- (s) there are no Linked Accounts in relation to any Mortgage Loan other than any Interest Offset Account relating to the Mortgage Loan; and
- (t) the terms of the loan agreements relating to the Mortgage Loans require payments in respect of the Mortgage Loans to be made to the Seller free of set-off.

#### **10.2.5 Manager and Trustee entitled to assume accuracy of representations and warranties**

Each of the Manager and the Trustee is under no obligation to investigate or test the truth of any of the representations and warranties referred to in section 10.2.4 and is entitled to conclusively accept their accuracy (unless it is actually aware of a breach).

#### **10.2.6 Consequences of a Breach of the Representations and Warranties**

If the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty referred to in section 10.2.4 was incorrect when given, it must notify the others within 5 Business Days.

If any material representation or warranty is incorrect when given and notice of this is given by the Manager to the Seller or received by the Seller from the Trustee not later than 5 Business Days prior to the expiry of the Prescribed Period in relation to the relevant Mortgage Loan, and the Seller does not remedy the breach to the satisfaction of the Trustee within 5 Business Days of the notice being given, the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. However, all Collections received in connection with that Mortgage Loan from the Closing Date to the date of delivery of the notice are retained as Assets of the Series Trust. The Seller must pay to the Trustee the principal amount outstanding in respect of the relevant Mortgage Loan and interest accrued but unraised under the Mortgage Loan (as at the date of delivery of the relevant notice) on the day of that Mortgage Loan ceasing to form part of the Assets of the Series Trust.

During the Prescribed Period in relation to a Mortgage Loan, the Trustee's sole remedy for any of the representations or warranties being incorrect is the right to the above payment from the Seller. The Seller has no other liability for any loss or damage caused to the Trustee, any Noteholder or any other person.

If a representation or warranty by the Seller in relation to a Mortgage Loan and its related securities is discovered to be incorrect after the last day for giving notices in the Prescribed Period in relation to the Mortgage Loan, the Seller must indemnify the Trustee against any costs, damages or loss arising from the representation or warranty being incorrect. The amount of such costs, damages or loss must be agreed between the Trustee (acting on expert advice if reasonably determined necessary by the Trustee) and the Seller or, failing this, be determined by the Seller's external auditors. The amount of such costs, damages or loss must not exceed the principal amount outstanding, together with any accrued but unraised interest and any outstanding fees, in respect of the Mortgage Loan.

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a Mortgage Loan or its related securities is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event under the Master Sale and Servicing Deed except in the circumstances described in section 10.2.10 below.

#### **10.2.7 Consequences of Further Advances by the Seller or provision of additional features**

Under the terms and conditions of each Mortgage Loan, the Seller may, subject to its credit review process, make an advance to a borrower after the Cut-Off Date (a **Further Advance**).

If the Seller makes a Further Advance and opens a separate account in its records in relation to that Further Advance, then the Further Advance will be an Other Loan, and will be held by the Trustee for the Seller as trustee of the Seller Trust and the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. In return the Seller must pay the Trustee the principal amount (before the Further Advance) of, and accrued but unpaid interest on, the Mortgage Loan.

If the Seller makes a Further Advance which it records as a debit to the account in its records for an existing Mortgage Loan and which does not lead to an increase in the Scheduled Balance of that Mortgage Loan, the Further Advance is treated as an advance made pursuant to the terms of the relevant Mortgage Loan (each a **Redraw**) and the rights to repayment will be an amount due under the Mortgage Loan and will form part of the Assets of the Series Trust. The Seller may set-off the amount of any such Redraw against Collections held by it or on notifying the Manager of the Redraw, the Seller may be reimbursed by the Trustee for a Redraw if there are sufficient Collections for this purpose in the Collections Account (in each case as described in section 7.4.7). Failing that, the Redraw will be deemed to be an Advance under the Redraw Facility Agreement.

If the Seller makes a Further Advance which it records as a debit to the account in its records for an existing Mortgage Loan and which leads to an increase in the Scheduled Balance, the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust and will instead be held by the Trustee for the Seller as trustee of the Seller Trust. In return the Seller must pay the Trustee the principal amount (before the Further Advance) of, and accrued but unraised interest on, the Mortgage Loan.

If upon request of an obligor in relation to a Mortgage Loan, the Seller provides a Conversion or an additional feature offered with respect to other Mortgage Loans originated by the Seller which cannot be provided or added to the Mortgage Loan while it remains as an Asset of the Series Trust or for any other similar purpose a Mortgage Loan cannot remain as an Asset of the Series Trust, the Mortgage Loan is treated as having been repaid in full by the payment by the Seller to the Trustee of the sum necessary to repay that Mortgage Loan. Such payment from the Seller must equal the principal amount outstanding plus accrued but unraised interest owing in respect of the Mortgage Loan and must be allocated by the Trustee to the Collections Account of the Series Trust.

The Seller must not exercise its rights described in the preceding paragraphs if the Seller is aware that the borrower or mortgagor with respect to the relevant Mortgage Loan is in default of its obligations under the Mortgage Loan.

#### **10.2.8 Repayment of a Mortgage Loan**

If a Mortgage Loan is repaid in full, the remaining interest (if any) in the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. However, if any related securities also secure other existing Mortgage Loans, the Trustee will continue to hold the related securities until repayment of those other Mortgage Loans.

#### **10.2.9 Clean-Up Offer**

On the Determination Date immediately preceding the Call Date or any Determination date thereafter, the Manager may (in its discretion) direct the Trustee to give the Seller notice of exercise of the Clean-Up Offer. By giving that notice, the Trustee is deemed to irrevocably offer (the **Clean-Up Offer**) to extinguish in favour of the Seller its entire right, title and interest in the Mortgage Loans and related securities in return for payment by the Seller to the Trustee of the Clean-Up Settlement Price on the Call Date or any such following Distribution Date. The Trustee's entire right, title and interest in the Mortgage Loans and related securities will be extinguished with effect from the end of the last day of the Collection Period which ended prior to the payment of the Clean-Up Settlement Price by the Seller.

If the Clean-Up Settlement Price is not at least equal to the principal outstanding plus accrued interest in respect of each Mortgage Loan the Manager must seek the approval of Noteholders by way of an extraordinary resolution approving the Clean-Up Offer at the relevant Clean-Up Settlement Price (being not less than 75% of all votes cast at a meeting of the Noteholders or a written resolution signed by all the Noteholders).

However, if the Clean-Up Settlement Price is insufficient to ensure Noteholders will receive the aggregate of the Stated Amounts of the Notes and Interest payable on the Notes, then the Clean-Up Offer will be conditional upon an extraordinary resolution of Noteholders approving the Clean-Up Settlement Price.

#### **10.2.10 Perfection of Title Event**

A Perfection of Title Event occurs under the Master Sale and Servicing Deed if:

- (a) an Insolvency Event occurs in relation to the Seller;
- (b) the Seller makes any representation or warranty under the Master Sale and Servicing Deed in relation to a Mortgage Loan (see section 10.2.4) which is incorrect when made (other than where the Seller has complied with its obligations described in section 10.2.6 as a consequence) and that has, or if continued will have, an Adverse Effect as reasonably determined by the Trustee after the Trustee is actually aware of such representation or warranty being incorrect and:
  - (i) such breach is not satisfactorily remedied so that it no longer has or will have an Adverse Effect, within 20 Business Days (or such longer period as the Trustee agrees) of notice thereof to the Seller from the Manager or the Trustee; or
  - (ii) the Seller has not within 20 Business Days (or such longer period as the Trustee agrees) of such notice, paid compensation to the Trustee for its loss (if any) suffered as a result of such breach in an amount satisfactory to the Trustee (acting reasonably);
- (c) the Trustee is not paid an amount owing to it by the Seller under any Hedge Agreement in relation to the Series Trust within 10 Business Days (or such longer

period as the Trustee may agree to) of notice from the Trustee or the Manager requiring the failure to be remedied; or

- (d) if the Seller is the Servicer, a Servicer Default occurs.

The Trustee must declare a Perfection of Title Event (of which the Trustee is actually aware) by notice in writing to the Servicer, the Manager and each Designated Rating Agency unless the Manager has issued a Rating Notification in relation to the failure of the Trustee to take any action permitted to be taken by it under the Master Sale and Servicing Deed following a declaration.

If, and only if, the Trustee declares that a Perfection of Title Event has occurred, the Trustee and the Manager must immediately (unless approved by an extraordinary resolution of all noteholders) take all steps necessary to perfect the Trustee's legal title to the Mortgage Loan Rights (including lodgement of mortgage transfers) and must notify the relevant borrowers and mortgagors (including informing them, where appropriate that they should make payment in the manner specified to them by the Trustee.

On becoming aware of the occurrence of a Perfection of Title Event the Trustee must, within 30 Business Days, either have commenced all necessary steps to perfect legal title in, or have lodged a caveat in respect of, the Trustee's interest in each Mortgage Loan. However, if the Trustee does not hold all the Mortgage Documents necessary to vest in it the Seller's right, title and interest in any Mortgage Loan, within 5 Business Days of becoming aware of the occurrence of a Perfection of Title Event, the Trustee must, to the extent of the information available to it, lodge a caveat or similar instrument in respect of the Trustee's interest in that Mortgage Loan.

## **10.3 The Trustee**

### **10.3.1 Appointment**

The Trustee is appointed as trustee of the Series Trust on the terms set out in the Master Trust Deed, the Series Supplement and the other Transaction Documents.

### **10.3.2 The Trustee's undertakings**

The Trustee undertakes, among other things, that it will:

- (a) act in the interests of the Investors on and subject to the terms and conditions of the Master Trust Deed and the Series Supplement and, in the event of a conflict between such interests, act in the interests of the Noteholders;
- (b) exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Investors;
- (c) do everything and take all actions which are necessary to ensure that it is able to maintain its status as trustee of the Series Trust;
- (d) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (e) exercise all diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed, having regard to the interests of the Investors;
- (f) use all reasonable endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the Series Trust in a proper and efficient manner;
- (g) keep accounting records which correctly record and explain all amounts paid and received by the Trustee; and

- (h) keep the Series Trust separate from each other series trust which is constituted pursuant to the Master Trust Deed and account for the assets and liabilities of the Series Trust separately from the assets and liabilities of such other series trusts.

### **10.3.3 No duty to investigate**

Under the Master Trust Deed, the Master Sale and Servicing Deed and the Series Supplement the Trustee has no duty to investigate whether or not a Manager Default, Servicer Default or a Perfection of Title Event has occurred and can assume compliance except where the Trustee has actual notice, knowledge or awareness of the event.

Subject to the provisions of the Transaction Documents dealing with deemed receipt of notices or other communications, the Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Trustee (or any Related Body Corporate of the Trustee's) who have day to day responsibility for the administration or management of the Trustee's (or a Related Body Corporate of the Trustee's) obligations in respect of the Series Trust or the Seller Trust having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event means notice, knowledge or awareness of the occurrence of the event or circumstances constituting a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event.

### **10.3.4 The Trustee's powers**

Subject to the Master Trust Deed, the Trustee has all the powers in respect of the Assets of the Series Trust which it could exercise if it were the absolute and beneficial owner of those assets.

In particular, the Trustee has power to:

- (a) accept, select, acquire, invest in, dispose of or deal with any asset or property of the Series Trust (including the Mortgage Loans) in accordance with the Manager's written directions or in accordance with the Transaction Documents;
- (b) purchase and sell any asset of the Series Trust for cash or upon terms in accordance with the written directions of the Manager or in accordance with the Transaction Documents;
- (c) obtain and act on advice from such advisers as may be necessary, usual or desirable for the purpose of enabling the Trustee to be fully and properly advised and informed in order that it can properly exercise its powers and obligations;
- (d) enter into, vary, perform, enforce (subject to the restrictions in the Master Trust Deed) and amend (subject to any relevant terms and conditions) the Transaction Documents;
- (e) subject to the limitations set out in the Master Trust Deed, borrow or raise money, whether or not on terms requiring security to be granted over the Assets of the Series Trust; and
- (f) refuse to comply with any instruction or direction from the Manager, the Servicer or the Seller in respect of the Series Trust where it reasonably believes that the rights and interests of the Investors are likely to be materially prejudiced by so complying;
- (g) with the agreement of the Manager, do things incidental to any of its specified powers or necessary or convenient to be done in connection with the Series Trust or the Trustee's functions; and
- (h) purchase any Mortgage Loan notwithstanding that, as at the Cut-Off Date, such Mortgage Loan is in arrears at the time of its acquisition by the Trustee.

### **10.3.5 Delegation by Trustee**

The Trustee is entitled to appoint the Manager, the Servicer, the Seller, a Custodian, the Security Trustee, a Related Body Corporate or any other person selected with reasonable care and in good faith to be a delegate of the Trustee for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Trustee at all times remains liable for the acts and omissions of its delegates which are Related Body Corporates.

### **10.3.6 The Trustee's fees and expenses**

In respect of each Collection Period, the Trustee is entitled to a fee for performing its duties. The fee will be an amount agreed between the Manager and the Trustee and is payable to the Trustee in arrears on the Distribution Date following the end of the Collection Period. The Trustee Fee may also be adjusted, by agreement between the Trustee and the Manager. Any adjustment is subject to issue by the Manager of a Rating Notification in relation to the adjustment.

The Trustee is entitled to be reimbursed out of the Assets of the Series Trust in respect of all expenses properly incurred in respect of the Series Trust (but not general overhead costs and expenses). Furthermore, the Trustee is entitled to be indemnified out of the Assets of the Series Trust for all costs, charges, expenses and liabilities incurred by the Trustee in relation to or under any Transaction Document. The Trustee will also be indemnified for costs in connection with court proceedings alleging fraud, negligence or wilful default except where such allegation is found by the court to be correct.

To the extent that the fee payable to the Trustee on a Distribution Date is not paid in full in accordance with the Cashflow Allocation Methodology, the unpaid amount will accrue interest at the rate agreed between the Trustee and the Manager from time to time.

### **10.3.7 Retirement, removal and replacement of the Trustee**

The **Trustee Default** occurs if:

- (a) the Trustee fails or neglects, within 20 Business Days (or such longer period as the Manager may agree to) after receipt of a notice from the Manager requiring it to do so, to carry out or satisfy any material duty or obligation imposed on it by a Transaction Document;
- (b) an Insolvency Event occurs with respect to the Trustee in its personal capacity;
- (c) the Trustee ceases to carry on business;
- (d) any action is taken in relation to the Trustee in its personal capacity in respect of which a Rating Notification would not be able to be given;
- (e) the Trustee merges or consolidates with another entity unless:
  - (i) the Manager consents to the merger or consolidation (which cannot be unreasonably withheld);
  - (ii) the surviving entity assumes the obligations of the Trustee under the Transaction Documents; and
  - (iii) within 5 Business Days of the merger or consolidation the Manager has not given a Rating Notification in respect of the merger or consolidation;
- (f) there is a change in the ownership of 50% or more of the issued equity share capital of the Trustee or effective control of the Trustee, in each case from the position as at



the date of the Master Trust Deed, unless approved by the Manager (such approval not to be unreasonably withheld); or

- (g) any of the above occurs with respect to any other series trust established under the master trust deed in respect of which the Trustee acts as trustee.

If the Manager believes in good faith that a Trustee Default has occurred in relation to the Series Trust, the Manager may remove the Trustee on written notice.

The Manager may also remove the Trustee on written notice if a Trustee Default has occurred in relation to that Series Trust and the Manager has been directed to do so by the Noteholders by way of an extraordinary resolution (being not less than 75% of all votes cast at a meeting of Noteholders or a written resolution signed by all Noteholders).

### **10.3.8 Voluntary Retirement of the Trustee**

The Trustee may voluntarily retire as trustee of all series trusts established under the Master Trust Deed on giving 3 months' written notice (or such lesser time as the Manager and the Trustee agree) to the Manager and each Designated Rating Agency.

### **10.3.9 Appointment of substitute Trustee**

On the removal or retirement the Trustee as described in sections 10.3.7 and 10.3.8, the Manager must use reasonable endeavours to appoint a substitute Trustee within 60 days of notice of the removal or retirement, as applicable, of the Trustee being given by the Manager or the Trustee, as applicable, provided that a Rating Notification has been issued by the Manager.

If the Manager has issued a notice to remove the Trustee as described in section 10.3.7 in relation to the Series Trust (but not all series trusts established under the Master Trust Deed), and has been unable to appoint a substitute, the Manager must convene a meeting of Investors at which a new Trustee may be appointed by extraordinary resolution.

If the Manager has issued a notice to remove the Trustee as described in section 10.3.7

The Manager must use reasonable endeavours to appoint a substitute Trustee, in respect of which the Manager has issued a Rating Notification, for all then series trusts under the Master Trust Deed within 30 days of the retirement or removal of the Trustee.

If, after 30 days, the Manager is unable to appoint a substitute Trustee it must convene a meeting of Investors at which a substitute Trustee may be appointed by extraordinary resolution of all Investors of the Series Trust and of any other trust constituted under the Master Trust Deed (being not less than 75% of all votes cast at a meeting of such Investors or a written resolution signed by all such Investors). If at such a meeting the Investors do not appoint a Substitute Trustee, the Trustee may but is not obliged to appoint as Trustee of the Series Trusts in writing a Substitute Trustee in respect of which the Manager has issued a Rating Notification. Until the appointment of the Substitute Trustee is complete, the Manager must use reasonable endeavours to ensure that, notwithstanding the removal of the Trustee, the Trustee's obligations under the Transaction Documents are complied with (to the extent possible).

If the Trustee does not propose a substitute at least 1 month prior to its proposed retirement, the Manager may appoint a substitute Trustee in respect of which the Manager has issued a Rating Notification.

If the Manager is unable to appoint a substitute Trustee within 30 days or it has not approved the substitute Trustee proposed by the retiring Trustee, then the Manager must convene a meeting of Investors of all then series trusts at which a substitute Trustee may be appointed by extraordinary resolution of all Investors of the series trusts and of any other series trust constituted under the Master Trust Deed (being not less than 75% of all votes cast at a meeting of such Investors or a written resolution signed by all such Investors). If at such a meeting the Investors do not appoint a Substitute Trustee, the Trustee may but is not obliged to appoint as

Trustee of the series trusts in writing a Substitute Trustee provided that the Manager has issued a Rating Notification in relation to that proposed appointment of that Substitute Trustee. Until the appointment of the Substitute Trustee is complete, the Manager must use reasonable endeavours to ensure that, notwithstanding the removal of the Trustee, the Trustee's obligations under the Transaction Documents are complied with (to the extent possible).

#### **10.3.10 Substitute Trustee**

The appointment of a substitute Trustee will not be effective until the substitute Trustee has executed a deed under which it assumes the obligations of the Trustee under the Master Trust Deed and the other Transaction Documents.

#### **10.3.11 Limitation of the Trustee's responsibilities**

The Trustee has the particular role and obligations specifically set out in the Transaction Documents. The Manager, Servicer and Seller are responsible for different aspects of the operation of the Series Trust, as described elsewhere in this Information Memorandum. The Trustee has no liability for any failure by the Manager, Seller, Servicer or other person appointed by the Trustee under any Transaction Document (other than a person whose acts or omissions the Trustee is liable for under any Transaction Document) to perform their obligations in connection with the Series Trust except to the extent such failure is caused by fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

#### **10.3.12 Limitation of the Trustee's liability**

The Master Trust Deed, Series Supplement and other Transaction Documents contain provisions which regulate the Trustee's liability to Noteholders, other creditors of the Series Trust and any beneficiaries of the Series Trust.

The Trustee enters into the Transaction Documents as trustee of the Series Trust and in no other capacity, and the Trustee incurs the Obligations solely in its capacity as trustee of the Series Trust and will cease to have any Obligation under the Transaction Documents if it ceases for any reason to be trustee of the Series Trust.

Except in the case of and to the extent of fraud, negligence or wilful default on the part of the Trustee:

- (a) the Trustee, its officers, employees, agents and delegates it will not be liable to pay, satisfy or perform any Obligations except to the extent such liability, payment or the costs of performing such Obligation (as applicable) are able to be satisfied out of the Assets against which the Trustee is actually indemnified as trustee of the Series Trust;
- (b) the parties other than the Trustee may not sue the Trustee in respect of liabilities incurred by the Trustee, acting in its capacity as trustee of the Series Trust, in any capacity other than as trustee of the Series Trust including seeking the appointment of a receiver (except in relation to the Assets of the Series Trust), a liquidator, an administrator or any similar person to the Trustee or prove in any liquidation, administration or arrangements of or affecting the Trustee (except in relation to the Assets of the Series Trust); and
- (c) this section 10.3.12 will not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under the Master Trust Deed or any other Transaction Document in relation to the Series Trust or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the Assets of the Series Trust, as a result of the Trustee's fraud, negligence or wilful default.

The whole of the Transaction Documents are subject to these limitations on the Trustee's liability and the Trustee shall in no circumstances be required to satisfy any liability of the Trustee arising under, or for non-performance or breach of any Obligations under or in respect of, the

Transaction Documents or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than the Assets of the Series Trust under the Trustee's control and in its possession as and when they are available to the Trustee to be applied in exoneration for such liability provided that if the liability of the Trustee is not fully satisfied out of the Assets of the Series Trust as referred to in this section 10.3.12, the Trustee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the Assets of the Series Trust have been reduced by reasons of fraud, negligence or wilful default by the Trustee in the performance of the Trustee's duties as trustee of the Series Trust.

No act or omission of the Trustee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful default of the Trustee for the purposes of this section 10.3.12 to the extent to which the act or omission was caused or contributed to by any failure of any other person to fulfil its obligations relating to the Series Trust or by any other act or omission of any other person.

No attorney, agent or other person appointed in accordance with the Transaction Documents has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability (except in relation to a Related Body Corporate of the Trustee), and no act or omission of such a person will be considered fraud, negligence or wilful default of the Trustee for the purposes of this section 10.3.12.

The Trustee is not obliged to enter into any other Transaction Documents or any other agreement or deed relating to the Series Trust (including any further commitment or obligation under such Transaction Document, agreement or deed) unless the Trustee's liability in relation to such other Transaction Document, agreement or deed is limited in a manner consistent with this section 10.3.12 or otherwise in a manner satisfactory to the Trustee in its absolute discretion.

## **10.4 The Manager**

### **10.4.1 Appointment**

The Manager is appointed as manager of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

### **10.4.2 The Manager's Undertakings**

The Manager undertakes amongst other things that it will:

- (a) manage the Assets of the Series Trust which are not serviced by the Servicer and in doing so will exercise at least the degree of skill, care and diligence that an appropriately qualified manager of such Assets would reasonably be expected to exercise having regard to the interests of the Investors;
- (b) use all reasonable endeavours to carry on and conduct its business to which its obligations and functions under the Transaction Documents relate in a proper and efficient manner;
- (c) do everything to ensure that it and the Trustee are able to exercise all their powers and remedies and perform all their obligations under the Master Trust Deed and any of the other Transaction Documents to which it is a party and all other related arrangements;
- (d) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (e) exercise at least the degree of skill, care and diligence that an appropriately qualified manager of trusts equivalent to the Series Trust would reasonably be expected to exercise, having regard to the interests of the Investors; and

- (f) notify the Trustee promptly if it becomes actually aware of any Manager Default under the Master Trust Deed.

The parties to the Master Trust Deed have acknowledged and agreed that:

- (a) the Manager's obligations as manager of the Series Trust are limited to those set out in the Transaction Documents in relation to the Series Trust;
- (b) (without limiting the Manager's liability with respect to any breach of its obligations under the Transaction Documents in relation to the Series Trust) the Manager has no liability to the Trustee with respect to a failure by an Obligor, or any other person, to perform its obligations under any Mortgage Documents; and
- (c) the Manager is only obliged to remit any Collections in respect of the Series Trust (not being amounts payable by the Manager from its own funds including amounts payable in respect of breaches by the Manager of its obligations under the Transaction Documents in relation to the Series Trust) to the Trustee to the extent that these have been received by the Manager (if any).

#### **10.4.3 The Manager may rely**

If the Manager relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Manager) it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager so long as separate instructions are given to that expert by the Manager.

#### **10.4.4 Delegation by the Manager**

The Manager is entitled to appoint any person to be attorney or agent of the Manager for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Manager at all times remains liable for the acts or omissions of any such person to the extent that those acts or omissions constitute a breach by the Manager of its obligations in respect of the Series Trust.

#### **10.4.5 The Manager's Fees and Expenses**

The Manager is entitled to a fee (the **Management Fee**) for administering and managing the Series Trust for each Collection Period calculated at an agreed rate and based upon the actual number of days in the Collection Period divided by 365 and principal outstanding on the Mortgage Loans at the end of the Collection Period immediately preceding the Collection Period just ended. The Manager may agree to adjust the Management Fee from time to time by agreement with the Trustee subject to issue by the Manager of a Rating Notification in relation to the adjustment. The Management Fee for a Collection Period is payable by the Trustee in arrears on the Distribution Date following the end of the Collection Period in accordance with the Cashflow Allocation Methodology.

The Manager will be indemnified out of the Assets of the Series Trust for all expenses incurred by the Manager in connection with the enforcement or preservation of its rights under or in respect of any Transaction Document or otherwise in respect of the Series Trust. The Manager will also be indemnified for costs in connection with court proceedings against the Manager alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

#### **10.4.6 Manager Default and Removal of the Manager**

A **Manager Default** occurs in relation to the Series Trust if:

- (a) an Insolvency Event is continuing with respect to the Manager;

- (b) the Manager does not instruct the Trustee to pay the required amounts to the Noteholders within the specified time periods and such failure is not remedied within 3 Business Days of notice from the Trustee;
- (c) the Manager does not prepare and transmit to the Trustee any monthly report required to be prepared and given by it to the Trustee or any other reports it is required to prepare under the Transaction Documents and such failure is not remedied within 3 Business Days of notice from the Trustee (or such longer period agreed to by the Trustee) except when such failure is due in certain circumstances to a Servicer Default;
- (d) the Manager breaches any other obligation under the Master Trust Deed or the Series Supplement and such action has had or, if continued will have, an Adverse Effect (as reasonably determined by the Trustee) and either such breach is not remedied within 20 Business Days of notice from the Trustee, or the Manager has not, within 20 Business Days of such notice, paid compensation to the Trustee for its loss from such breach; and
- (e) a representation or warranty made by the Manager in a Transaction Document proves incorrect in any material respect and, as a result, gives rise to an Adverse Effect (as reasonably determined by the Trustee) and the Manager has not paid compensation for any loss suffered by the Trustee within 60 Business Days of notice from the Trustee.

The Trustee may agree to longer grace periods than those specified in paragraphs (b), (c), (d) and (e).

Whilst a Manager Default is subsisting, the Trustee may by notice to the Servicer, the Manager and the Designated Rating Agencies immediately terminate the appointment of the Manager and appoint another appropriately qualified person to act in its place.

#### **10.4.7 Voluntary retirement of the Manager**

The Manager may only voluntarily retire if it gives the Trustee and each Designated Rating Agency 3 months' notice in writing (or such lesser time as the Trustee agrees). Upon such retirement the Manager may appoint in writing any other appropriately qualified person approved by the Trustee as manager of the Series Trust. If the Manager does not propose a replacement at least 1 month prior to its proposed retirement, the Trustee may appoint a replacement.

#### **10.4.8 Trustee to act as Manager**

Pending appointment of a new Manager following the retirement or removal of the Manager as described in sections 10.4.6 and 10.4.7, the Trustee will act as Manager and will be entitled to receive the Management Fee.

In acting as Manager as described above, the Trustee will not be responsible for, and will not be liable for, amongst other things, any inability to perform, or deficiency in performing, its duties and obligations as Manager if the Trustee is unable to or is impaired in performing those duties and obligations due to:

- (a) a breach by the outgoing Manager of its obligations or any fraud, negligence or wilful default on its part;
- (b) the state of affairs of the outgoing Manager or its books and records of the state of any documents or files delivered by it to the Trustee; or
- (c) the Trustee is unable, after using reasonable endeavours, to obtain files, information and other materials from the outgoing Manager which it requires and which are reasonably necessary for it to perform those duties and obligations.

#### **10.4.9 Replacement Manager**

The appointment of a replacement Manager will not be effective until:

- (a) the replacement Manager has executed a document under which it assumes the obligations of the Manager under the Master Trust Deed and the other Transaction Documents; and
- (b) the Manager has notified each Designated Rating Agency of the appointment of the replacement.

#### **10.4.10 Limitation on liability of Manager**

The Manager is relieved from personal liability in respect of the exercise or non-exercise of its discretions or for any other act or omission on its part, except to the extent that any such liability arises from fraud, negligence or wilful default on the part of the Manager or its officers, employees or agents or any other person whose acts or omissions the Manager is liable for under the Transaction Documents.

#### **10.4.11 Obligation to act as Manager until termination of appointment**

The Manager's duties and obligations contained in the Master Trust Deed and the Transaction Documents in relation to the Series Trust continue until the earlier of:

- (a) the Termination Payment Date; and
- (b) the date of the Manager's retirement or removal as Manager in relation to the Series Trust as described in sections 10.4.6 and section 10.4.7.

### **10.5 The Servicer**

#### **10.5.1 Undertakings of Servicer**

In addition to its servicing role described in section 6.7, the Servicer also undertakes, among other things, that it will:

- (a) subject to the provisions of any applicable laws including, without limitation, the Privacy Act and any duty of confidentiality owed by the Servicer to its clients under the general law or otherwise, give promptly to the Manager and the Trustee any reports or information and supporting evidence of which the Servicer is aware that they reasonably request with respect to the Series Trust and the Mortgage Loan Rights forming part of the Assets of the Series Trust from time to time;
- (b) other than in accordance with the Master Sale and Servicing Deed, not transfer, assign, exchange or otherwise grant a Security Interest over the whole or any part of its right, title and interest (if any) in and to any Mortgage Loan Right;
- (c) use reasonable endeavours by reference to the Servicing Standards to ensure that a current Insurance Policy is maintained in respect of each relevant mortgaged property;
- (d) comply with the requirements of any relevant laws in carrying out its obligations under the relevant Transaction Documents including, if required, the Consumer Credit Code, where failure to do so would have an Adverse Effect; and
- (e) upon being directed to do so by either the Manager or the Trustee, following the occurrence of a Perfection of Title Event or Servicer Default, promptly take all action which it is directed to take by the Manager and the Trustee to assist the Trustee and the Manager to perfect the Trustee's legal title in the Mortgage Loans and related

securities or to assist any substitute Servicer to service the Mortgage Loans under the terms of the Master Sale and Servicing Deed.

#### **10.5.2 Delegation by the Servicer**

The Servicer may:

- (a) delegate to any of its officers and employees its duties and obligations as Servicer (whether or not involving the Servicer's judgment or discretion);
- (b) by power of attorney, appoint any person to be attorney or agent for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust; and
- (c) appoint by writing any person to be agent or sub-contractor of the Servicer as the Servicer thinks necessary or proper and with those powers, authorities and discretions (not exceeding those vested in the Servicer) as the Servicer thinks fit,

provided that, in each case, it does not delegate a material part of its powers, duties and obligations without the prior written consent of the Trustee (acting on the instructions of the Manager) and provided the Manager has issued a Rating Notification).

#### **10.5.3 The Servicer's Fees and Expenses**

The Servicer is entitled to a fee for servicing the Mortgage Loans for each Collection Period, calculated based upon the actual number of days in the Collection Period divided by 365 and a percentage of the principal outstanding on the Mortgage Loans as at the end of the Collection Period immediately prior to the commencement of the Collection Period.

The Servicer may agree to adjust the Servicing Fee from time to time by agreement with the Trustee and the Manager subject to the issue by the Manager of a Rating Notification in relation to the adjustment.

The Servicer must pay from such fee all expenses incurred in connection with servicing the Mortgage Loans except for expenses in connection with the enforcement of any Mortgage Loan or its related securities, the recovery of any amounts owing under any Mortgage Loan or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice from the Servicer's legal advisors.

#### **10.5.4 Servicer Default and Removal of the Servicer**

A Servicer Default occurs if:

- (a) the Servicer fails to remit amounts received in respect of the Mortgage Loans to the Trustee within the time periods specified in the Master Sale and Servicing Deed and such failure is not remedied within 5 Business Days of notice from the Manager or the Trustee;
- (b) the Servicer fails to provide to the Manager the information necessary to enable the Manager to prepare its monthly reports on each Determination Date (and such failure will have an adverse rating effect) and, if capable of remedy, is not remedied within 30 days of notice being given to the Servicer by the Manager or the Trustee;
- (c) the Servicer fails to comply with its obligation described in section 6.7.5 to maintain the Threshold Mortgage Rate, when applicable, and such failure is not remedied within 2 Business Days of its occurrence;
- (d) an Insolvency Event occurs with respect to the Servicer; or

- (e) the Servicer has breached its other obligations as Servicer under the Master Sale and Servicing Deed and such action has, or if continued will have, an Adverse Effect (as reasonably determined by the Trustee after it is actually aware of the breach) and either is not remedied so that it no longer has, or will have, an Adverse Effect within 20 Business Days of notice from the Manager or the Trustee, or the Servicer has not within this time paid compensation to the Trustee for its loss from such breach.

The Trustee may agree to longer grace periods than those specified in paragraphs (a), (c) and (e). The Trustee may agree to waive the occurrence of any event which would otherwise constitute a Servicer Default.

While a Servicer Default is subsisting of which the Trustee is actually aware, the Trustee must by written notice to the Servicer, the Manager and each Designated Rating Agency immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified person as Servicer in its place, subject to compliance with the Transaction Documents for the Series Trust.

#### **10.5.5 Voluntary Retirement of the Servicer**

The Servicer may only voluntarily retire if it gives the Trustee, the Manager and each Designated Rating Agency 3 months' notice in writing (or such lesser period as the Servicer, the Manager and the Trustee agree). Upon retirement the Servicer may appoint in writing as its replacement any other corporation approved by Trustee (acting at the Manager's direction). If the Servicer does not propose a replacement by 1 month prior to its proposed retirement, the Trustee may appoint a replacement.

#### **10.5.6 Trustee to act as Servicer**

Pending appointment of a new Servicer following the retirement or removal of the Servicer as described in sections 10.5.4 and 10.5.5, the Trustee will act as Servicer and will be entitled to receive the relevant fee payable to the Servicer.

In acting as Servicer as described above, the Trustee will not be responsible for, and will not be liable for, amongst other things, any inability to perform, or deficiency in performing, its duties and obligations as Servicer if the Trustee is unable to or is impaired in performing those duties and obligations due to:

- (a) a breach by the outgoing Servicer of its obligations or any fraud, negligence or wilful default on its part;
- (b) the state of affairs of the outgoing Servicer or its books and records of the state of any documents or files delivered by it to the Trustee; or
- (c) the Trustee is unable, after using reasonable endeavours, to obtain files, information and other materials from, or use or access the premises or systems of, the outgoing Servicer which it requires and which are reasonably necessary for it to perform those duties and obligations.

#### **10.5.7 Replacement Servicer**

The appointment of a replacement Servicer will not be effective until:

- (a) the replacement Servicer has executed a document under which it assumes the obligations of the Servicer under the Master Sale and Servicing Deed and the other Transaction Documents; and
- (b) the Manager has notified each Designated Rating Agency of the proposed replacement Servicer.



## **10.6 Termination of the Series Trust**

### **10.6.1 Termination Events**

The Series Trust terminates on the earliest to occur of:

- (a) the date appointed by the Manager as the date on which the Series Trust terminates (which, if the Notes have been issued by the Trustee, must not be a date earlier than:
  - (i) the date that the Stated Amount of the Notes has been reduced to zero; or
  - (ii) if an Event of Default under the General Security Deed has occurred, the date of the final distribution by the Security Trustee under the Master Security Trust Deed and the General Security Deed;
- (b) the date which is 80 years after its constitution; and
- (c) the date on which the Series Trust terminates under statute or general law, (such date being the **Termination Date**).

### **10.6.2 Realisation of Assets of the Series Trust**

Upon the termination of the Series Trust, the Trustee in consultation with the Manager must sell and realise the Assets of the Series Trust within 100 days of the termination event provided that during this period the Trustee is not entitled to sell the Mortgage Loans and related securities for less than their Fair Market Value.

If the Trustee is unable to sell the Mortgage Loans and related securities for at least their Fair Market Value on the above terms during the 100 day period, the Trustee may sell them after the expiry of that period for a price less than their Fair Market Value. Alternatively, the Trustee may perfect its legal title to the Mortgage Loans and related securities if it is necessary to do so to sell them for a price at least equal to their Fair Market Value. However, in such a sale the Trustee must use reasonable endeavours to include as a condition of the sale that the purchaser of the Mortgage Loans will consent to the Seller obtaining securities subsequent to the securities assigned to the purchaser and will enter into priority agreements such that the purchaser's security has first priority over the Seller's security only for the principal outstanding plus interest, fees and expenses on the relevant Mortgage Loan.

### **10.6.3 Offer to Seller**

On the Termination Date, the Trustee may (at the direction of the Manager) offer to sell the Mortgage Loans and related securities forming part of the Assets of the Series Trust to the Seller for a price equal to the Fair Market Value of those Mortgage Loans. The Seller may not accept an offer to purchase any Mortgage Loan Rights unless the aggregate principal outstanding on the Mortgage Loans is on the last day of the preceding Collection Period, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans at the relevant Closing Date, at or below 10%. However, if the Fair Market Value of the Mortgage Loans is insufficient to ensure that the Noteholders will receive the aggregate of the Stated Amounts of the Notes and Interest payable on the Notes, any offer will be conditional upon an extraordinary resolution of Noteholders approving the offer.

### **10.6.4 Distributions**

After deducting expenses, the Trustee must pay amounts standing to the credit of the Collections Account on the Termination Payment Date in accordance with the order of priority set out in the Master Security Trust Deed and General Security Deed (see section 9.4.4) (and to the extent that there are any funds remaining after such application such amounts are to be applied in accordance with the Series Supplement (see section 7)). If there are insufficient funds to make payments to Noteholders in full, the amount distributed (if any) will be in final redemption of the Notes, the Income Unit and the Capital Units.

## 10.7 Audit and Accounts

The initial auditor for the Series Trust is expected to be KPMG (the **Auditor**). The Auditor's remuneration is to be paid by the Trustee as a Series Trust Expense of the Series Trust.

The Manager must ensure that the accounts of the Series Trust are audited as at the end of each financial year. Copies of the accounts and the auditor's report will only be provided to the Investors on request but will be available for inspection during business hours at the Trustee's offices. The Manager must prepare and lodge the tax return for the Series Trust and any other statutory returns.

## 10.8 Amendments to Master Trust Deed, Master Sale and Servicing Deed and Series Supplement

The Trustee and the Manager may amend, add to or revoke a provision of the Master Trust Deed, the Master Sale and Servicing Deed and the Series Supplement if the amendment:

- (a) in the opinion of either the Trustee or the Manager (or a barrister or solicitor instructed by either of them) is necessary or expedient to comply with the provisions of any law, regulation or requirements of any governmental agency;
- (b) in the opinion of the Trustee or the Manager is to correct a manifest error or is of a formal, technical or administrative nature only;
- (c) in the opinion of the Trustee or the Manager is required by, a consequence of, consistent with or appropriate, expedient or desirable for any reason as a consequence of:
  - (i) the introduction of, or any amendment to, any statute, regulation or governmental agency requirement; or
  - (ii) a decision by any court,(including without limitation one relating to the taxation of trusts);
- (d) in the case of the Master Trust Deed or the Master Sale and Servicing Deed, relates only to a trust not yet constituted under its terms;
- (e) will enable the provisions of the Master Trust Deed, the Master Sale and Servicing Deed or the Series Supplement to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Trustee or the Manager is otherwise desirable for any reason.

However, where an amendment referred to in paragraphs (e) and (f) above in the reasonable opinion of the Trustee:

- (a) is likely to be prejudicial to the interests of any class of Unitholders or all Unitholders (as the case may be) the amendment will only be made if an extraordinary resolution approving the amendment is passed by the relevant class of Unitholders or all Unitholders, as applicable, (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the relevant Unitholders); or
- (b) is likely to be prejudicial to the interests of any class of Noteholders or all Noteholders (as the case may be) the amendment will only be made if an extraordinary resolution approving the amendment is passed by the relevant class of Noteholders or all Noteholders, as applicable, (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the relevant Noteholders).

An amendment referred to in paragraphs (e) and (f) above is also subject to the Manager issuing a Rating Notification in respect of the amendment.

The Trustee may not amend, add to or revoke any provision of the Master Trust Deed, the Master Sale and Servicing Deed or the Series Supplement if the consent of a party is required under a Transaction Document unless that consent has been obtained.

Notwithstanding the above, the Trustee is obliged to concur in and to effect any modifications to any provisions of a Transaction Document requested by the Manager in certain circumstances, including to:

- (a) accommodate the appointment of a new Servicer, new Hedge Provider, new Seller, new Custodian, new Support Facility Provider or new Manager;
- (b) to take account of changes in the ratings criteria of the Designated Rating Agencies where, absent such modifications, the Manager is reasonably satisfied that the rating assigned by the Designated Rating Agencies to the Notes would be subject to an adverse rating effect (even where such changes are, or may be, prejudicial to Noteholders); and
- (c) to ensure compliance by the Series Trust or a party to the Transaction Documents with, or ensure that the Series Trust or any such party may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) relating to securitisation provided that the Manager has certified to the Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be.

However, the Trustee will not be obliged to concur in and effect any modifications to any provision of any Transaction Document in accordance with the foregoing, if to do so would (i) impose additional obligations on the Trustee which are not provided for or contemplated by the Transaction Documents; (ii) adversely affect the Trustee's rights under the Transaction Documents or (iii) result in the Trustee being in breach of any applicable law.

## **10.9 Meetings of Voting Secured Creditors**

### **10.9.1 Who can convene meetings**

The Security Trustee, the Manager or the Trustee may convene a meeting of Voting Secured Creditors in accordance with the meeting provisions described below. These meeting provisions also apply to meetings of Investors, Noteholders, Unitholders, a Class of Noteholders or Unitholders or investors or noteholders of all Series Trusts established under the Master Trust Deed (for the purposes of the meeting provisions described below, including the Voting Secured Creditors, the **Relevant Investors**).

Relevant Investors who hold between them Voting Entitlements comprising an aggregate number of votes which is no less than 10% of the aggregate number of votes comprising the Voting Entitlements of all Relevant Investors may also request the Security Trustee or Trustee, as applicable, to convene a meeting of the Relevant Investors.

### **10.9.2 Notice of meetings**

At least 14 days' notice must be given to the Relevant Investors of a meeting unless a shorter notice period is agreed at the meeting by a resolution of the Relevant Investors who are a majority in number of Relevant Investors having the right to attend and vote at the meeting and hold or represent 95% of the relevant Voting Entitlements of Relevant Investors. The notice must specify the day, time and place of the proposed meeting, the reason for the meeting and the agenda, the terms of any proposed resolution, that persons appointed to maintain the Register may not register any transfer of a Note or Unit in the period 2 Business Days prior to the meeting, that appointments of proxies must be lodged no later than 24 hours prior to the time fixed for the

meeting and such additional information as the person giving the notice thinks fit. The accidental omission to give notice or the non-receipt of notice will not invalidate the proceedings at any meeting.

### **10.9.3 Quorum**

The quorum for a meeting is any 1 or more persons present in person being Relevant Investors or representatives holding in the aggregate not less than 67% of the aggregate number of votes comprised in all Voting Entitlements at that time.

If the required quorum is not present within 15 minutes, the meeting will be adjourned for between 7 and 42 days as specified by the chairman. At any adjourned meeting, 2 or more persons present in person being Relevant Investors holding or representing in the aggregate not less than 50% of the aggregate number of votes comprised in all Voting Entitlements at the relevant time will constitute a quorum. At least 5 days' notice must be given of any meeting adjourned through lack of a quorum.

### **10.9.4 Voting procedure**

Questions submitted to any meeting will be decided in the first instance by show of hands or, if demanded by the chairman, the Trustee, the Manager, the Security Trustee, any note trustee or one or more persons being Relevant Investors holding not less than 2% of the aggregate number of votes comprised in all then Voting Entitlements, by a poll. The chairman has a casting vote both on a show of hands and on a poll.

If a poll is demanded, it must be taken either at once or after such an adjournment as the chairman directs and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll must not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment must be taken at the meeting without adjournment.

### **10.9.5 Limitations on powers of meetings of Relevant Investors**

The powers of a meeting of Relevant Investors are specified in the Transaction Documents and can only be exercised by an extraordinary resolution. There are limitations on the powers of a meeting of Relevant Investors including:

- (a) remove or terminate the appointment of the Trustee or the Manager other than in accordance with the terms of the Transaction Documents;
- (b) interfering with the management of the Series Trust;
- (c) winding-up or terminating the Series Trust;
- (d) disposing of or dealing with the Assets of the Series Trust.

### **10.9.6 Extraordinary resolution of Relevant Investors binding**

An extraordinary resolution of Relevant Investors is binding on all Secured Creditors of the Series Trust or Relevant Investors, as applicable, provided that:

- (a) in the case of an extraordinary resolution of the Voting Secured Creditors under the Master Security Trust Deed:
  - (i) any such extraordinary resolution that sanctions a Subordinated Note Basic Term Modification will only be effective if it has also been sanctioned by an extraordinary resolution of the Noteholders of each

Class of Notes to which that Subordinated Note Basic Term Modification applies; and

- (ii) any such extraordinary resolution which, in the reasonable opinion of the Security Trustee, will be or is likely to become prejudicial to the interests of the Trustee (in its personal capacity), the Security Trustee, the provider of any Support Facility, the Seller or the Servicer, is not binding on such person unless they consent in writing to it; or
- (b) in the case of an extraordinary resolution of Noteholders or Unitholders under the Master Trust Deed, any such extraordinary resolution which affects a particular class of Noteholders or Unitholders only. or in a manner different to the rights of the Relevant Investors generally, is not binding on the Noteholders or Unitholders of that particular Class unless they agree (by extraordinary resolution) to be bound.

#### **10.9.7 Written resolutions**

A resolution of Relevant Investors may be passed without any meeting or previous notice being required by an instrument in writing signed by all Relevant Investors (as the case may be).

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## **11. Document Custody**

### **11.1 Document Custody**

The Seller will hold the Mortgage Documents in relation to Mortgage Loans that from time to time form part of the Assets of the Series Trust as custodian on behalf of the Trustee from and including the Closing Date until a Custodian Transfer Event occurs.

The Seller may appoint any person to be its agent for the purpose of complying with its obligations as custodian with such powers, authorities and discretions as it thinks fit.

The Seller must hold the Mortgage Documents in accordance with its standard safe-keeping practices and in the same manner and to the same extent as it holds its own documents until a Custodian Transfer Event occurs.

### **11.2 Custodian Transfer Event**

A **Custodian Transfer Event** means:

- (a) any failure by the Seller to comply with any of its obligations as custodian under the Master Sale and Servicing Deed where such failure has or, if continued, will have, an Adverse Effect as reasonably determined by the Trustee and such failure, if capable of remedy, has subsisted for at least 5 Business Days;
- (b) the occurrence of an Insolvency Event in relation to the Seller; or
- (c) a Perfection of Title Event occurs and the Trustee makes a declaration with respect to that Perfection of Title Event as described in section 10.2.10.

If a Custodian Transfer Event occurs, the Trustee must immediately upon becoming aware it deliver a notice to the Seller and on receipt of such notice the Seller must, subject to the following paragraph, transfer custody or arrange for custody to be transferred of all Mortgage Documents held by it to the Trustee as soon as practicable and, in any event, within 10 Business Days.

If following a Custodian Transfer Event:

- (a) the Trustee is satisfied, notwithstanding the occurrence of the Custodian Transfer Event, that the Seller is an appropriate person to act as custodian of the Mortgage Documents; and
- (b) the Manager has issued a Rating Notification in relation to the Seller continuing to act as custodian of the Mortgage Documents,

then the Trustee may by agreement with the Seller appoint the Seller to act as custodian of the Mortgage Documents in accordance with the terms of the Master Sale and Servicing Deed.

### **11.3 Retirement**

The Seller may retire as custodian upon giving to the Manager, the Trustee and each Designated Rating Agency 3 months' notice in writing or such lesser time as the Manager and the Seller agree. The obligations that apply following the occurrence of a Custodian Transfer Event will also apply where the Seller retires as custodian as if a Custodian Transfer Event had occurred for that purpose.

### **11.4 Custodian Fee**

The Seller is entitled to a fee for the provision of custodial services by it to the Trustee. The amount of such fee as agreed with the Manager from time to time (provided the Manager issues

a Rating Notification in relation to any fee so agreed). The fee for a Collection Period is payable by the Trustee in arrears on the Distribution Date following the end of the Collection Period subject to the Cashflow Allocation Methodology.

## **11.5 Trustee's obligations as Custodian**

If the Trustee is required to act as Custodian in respect of the Mortgage Documents it undertakes to hold those documents in safe custody and to clearly identify them as belonging to the Series Trust.

With the prior consent of the Manager, the Trustee is at liberty to place the Mortgage Documents and all deeds and other documents relating to them in any safe deposit, safe or other receptacle selected by it, or with any bank or banking company, document storage company, lawyer or firm believed to be of good repute.

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## 12. Taxation Considerations

The following is a summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 Commonwealth and any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this Information Memorandum, of payments of interest and certain other amounts on the Notes to be issued by the Trustee and certain other matters. It is a general guide only and is not exhaustive and, in particular, does not deal with the position of certain classes of holders of Notes (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons).

The following is a general guide and should be treated with appropriate caution. This summary is not intended to be, nor should it be construed as legal or tax advice to any particular investor. Prospective holders of Notes who are in any doubt as to their tax positions should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

### 12.1 Income Tax Treatment of the Noteholders

Persons holding an interest in the Notes (in this section, the **Noteholders**) will derive interest income from their Notes. Under the terms of the Notes the interest income will accrue on a monthly basis. The Noteholders will, if Australian residents or non-residents that hold their interest in the Notes in carrying on business at or through a permanent establishment in Australia, be assessable on this interest income for tax purposes. Whether this interest income will be recognised on a cash receipts or accruals basis for tax purposes will depend upon the tax status of the particular Noteholder.

### 12.2 Interest on the Notes: Interest Withholding Tax and Pay-As-You-Go Withholding Obligations

Non-resident Noteholders, other than persons holding their interest in such Notes as part of a business carried on, at or through a permanent establishment in Australia, are not subject to Australian income tax on payments of interest or amounts in the nature of interest where an exemption for interest withholding tax applies. If no exemption is available, interest withholding tax will be levied at a rate of 10% on interest or amounts in the nature of interest paid on the Notes.

Australian residents who hold an interest in such Notes as part of a business carried on, at or through a permanent establishment in a country outside Australia are subject to interest withholding tax, and may also be subject to Australian income tax, on payments of interest or amounts in the nature of interest.

There are a number of possible exemptions from withholding tax contained in the Tax Acts. Pursuant to section 128F of the Tax Act, an exemption from Australian interest withholding tax applies provided prescribed conditions are met. Where the section 128F exemption applies, the income ceases to be subject to Australian interest withholding tax.

These conditions in section 128F are:

- (a) the Trustee is a company (which for section 128F purposes includes a company acting as a trustee of an Australian trust estate, provided that all the beneficiaries are companies) that is a resident of Australia or a non-resident carrying on business through an Australian permanent establishment when it issues the Notes and when interest, as defined in section 128A(1AB) of the Tax Act, is paid; and
- (b) the Notes were issued in a manner which satisfied the public offer test as prescribed under section 128F of the Tax Act.

Each Joint Lead Manager has agreed with the Trustee to offer the Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied and all Notes having the benefit of the section 128F exemption.



Under present law, the public offer test will not be satisfied if, at the time of issue, the Trustee knew, or had reasonable grounds to suspect, that the Notes, or an interest in the Notes, were being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Trustee (as defined below) or the Seller, Credit Union Australia, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or otherwise in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The section 128F exemption also does not apply to interest paid by the Trustee to an Offshore Associate of the Trustee or Credit Union Australia if, at the time of payment of the interest, the Trustee knows, or has reasonable grounds to suspect, that such person is an Offshore Associate, and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

An **Offshore Associate** means an associate (as defined in section 128F(9) of the Tax Act) of the Trustee or the Seller, Credit Union Australia, that is either:

- a non-resident of Australia that does not acquire the Notes or an interest in the Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
- a resident of Australia that acquires the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

**Accordingly, the Notes should not be acquired by any Offshore Associate of the Trustee or the Seller, Credit Union Australia (except in the circumstances listed above).**

In addition, interest paid to non-resident superannuation funds may be exempt from interest withholding tax where that fund is a superannuation fund for foreign residents and the interest arising from the Notes is exempt from income tax in the country in which the fund is resident.

An amount may be withheld under section 12-140 of Schedule 1 to the Taxation Administration Act (**TA Act**) in respect of any interest payments on the Notes where the payee did not quote its Tax File Number (**TFN**) or Australian Business Number (**ABN**), unless an exception applies. The amount required to be withheld is currently prescribed by regulations to be 47% of the amount of the payment.

### 12.3 Interest on the Notes: Tax Treaties

The Australian government has signed a number of double tax conventions (**Treaties**) with certain countries including the United States of America, the United Kingdom, Norway, Finland, France, Japan, South Africa, New Zealand, Switzerland and Germany (**Specified Countries**). The Treaties may apply to interest derived by a resident of a Specified Country in relation to a Note.

The Treaties effectively prevent the withholding tax applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- (b) certain unrelated banks and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Series Trust,

by reducing the interest withholding tax rate to zero. Under the Treaties, back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax.

All Treaties listed above are currently in effect. The treatment of each Noteholder under a double tax treaty may differ as between particular countries' treaties and depending on the particular circumstances of each Noteholder. Therefore, each Noteholder will need to consider the specific terms of any applicable double tax treaty.

## **12.4 Gain or Profit on Sale of the Notes**

Australian resident Noteholders will generally be subject to Australian income tax on the amount of any profit or gain derived from the sale or disposal of the Notes.

Under existing Australian law, non-resident Noteholders will not be subject to Australian income tax on profits derived from the sale or disposal of the Notes provided that:

- the profits do not have an Australian source; or
- the Notes are not held, and the sale and disposal of the Notes does not occur, as part of a business carried on, at or through a permanent establishment in Australia.

The source of any profit on the disposal of the Notes will depend on the factual circumstances of the actual disposal. In general, provided the interest in the Notes is held outside Australia, in connection with a business conducted exclusively outside Australia and is disposed of directly to a non-resident which does not have a business carried on, at or through a permanent establishment in Australia, or to such a non-resident through a non-resident agent, the gain should not have a source in Australia.

Where the interest in the Notes is held, and the disposal occurs as part of a business carried on by the non-resident Noteholder at or through a permanent establishment in Australia, the profits derived from the sale or disposal may be deemed to have an Australian source. Such deeming will depend upon the country in which the non-resident Noteholder is located and any applicable double tax treaty between Australian and that country. As stated above, the treatment of each Noteholder under a double tax treaty may differ as between particular countries' treaties and depending on the particular circumstances of each Noteholder. Therefore, Noteholders who are potentially affected should seek advice specific to their circumstances.

## **12.5 Consolidation**

In general terms, a consolidated or consolidatable group (for income tax purposes) consists of a head company and all companies or trusts that are wholly-owned Australian subsidiaries of the head company. If 100% of the units in a trust are owned by Credit Union Australia, that trust may be consolidated as part of the Credit Union Australia group.

As 1 Capital Unit in the Series Trust will be held by an entity which is unrelated to Credit Union Australia, the Series Trust will not be able to be consolidated as part of the Credit Union Australia group.

## **12.6 Goods and Services Tax**

A goods and services tax (**GST**) is payable by all entities which make taxable supplies in Australia. The GST Legislation adopts a broad meaning of "entity", including within that term legal constructs such as partnerships and trusts. Therefore, for GST purposes, the Series Trust will be treated as a separate entity, making supplies and acquisitions. A reference to the Trustee in this section 12.6 is a reference to the Trustee in its capacity as trustee of the Series Trust. A reference to Australia in this section 12.6 includes the "indirect tax zone" as defined in the GST Act.

If an entity, such as the Series Trust, makes any taxable supply it will have to pay GST equal to 1/11th of the total consideration provided in connection with that supply. However, a supply will only be taxable to the extent that it is not "GST-free" or "input taxed". Based on the current GST Legislation and regulations, it is expected that the Series Trust would not make taxable supplies. In particular, it is expected that supplies made by the Series Trust, including:

- (a) the issuance of the Notes;
- (b) the payment of interest on the Notes; and
- (c) the repayment of any principal on the Notes,

would generally be input taxed (although certain supplies to non-residents outside of Australia could be GST-free rather than input taxed).

If a supply by the Trustee is:

- "GST-free," the Trustee does not have to remit GST on the supply and can obtain input tax credits for the GST included in the consideration provided for acquisitions to the extent they relate to the making of this supply; or
- "input taxed", which includes "financial supplies" as defined by regulation 40-5.09 of the A New Tax System (Goods and Services Tax) Regulations (Cth) 1999 (**GST Regulations**), the Trustee does not have to remit GST on the supply, but may not be able to claim input tax credits for any GST included in the consideration provided for acquisitions to the extent they relate to the making of this supply, unless one of the relevant exceptions applies, such as acquisitions that are eligible for reduced input tax credits.

Some of the services that the Series Trust would acquire are expected to be taxable supplies for GST purposes. Where this is the case, it will generally be the service provider who is liable to pay GST in respect of that supply, although in certain circumstances, the Trustee may become liable to remit GST in respect of certain offshore services. Whether a service provider is able to recoup an additional amount from the Series Trust on account of the service provider's GST liability, will depend on the terms of the contract with the service provider. Under the Series Supplement, the Trustee (in its personal capacity), the Manager and the Servicer are all entitled to be grossed-up for GST on their fees.

If amounts payable by the Series Trust are treated as the consideration for a taxable supply under the GST Legislation and they are increased by reference to the relevant supplier's GST liability, the Series Trust may be restricted in its ability to claim an input tax credit for that increase. Where this is the case, the expenses of the Series Trust could increase, resulting in a decrease in the funds available to the Series Trust to pay Noteholders.

There are however, three important circumstances in which the Series Trust may be entitled to input tax credits for acquisitions related to the making of input taxed supplies.

First, a "reduced input tax credit" may be claimed for "reduced credit acquisitions" for some of the supplies made to the Series Trust by service providers, where the acquisition relates to the making of financial supplies by the Series Trust. Where available, the amount of the reduced input tax credit is generally 75% of the GST which is payable by the service provider on the taxable supplies made to the Trustee. The GST Regulations provide a lower reduced input tax credit recovery rate of 55% for acquisitions of certain services by a "recognised trust scheme" from 1 July 2012. However, those provisions should not apply to acquisitions made by the Series Trust. The availability of reduced input tax credits will reduce the extent to which the expenses of the Series Trust will increase because of GST.

Secondly, an entity will not be precluded from claiming an input tax credit for an acquisition to the extent the acquisition relates to the making of financial supplies and the entity making the acquisition does not exceed the "financial acquisitions threshold".

Thirdly, an entity could be entitled to input tax credits for acquisitions relating to a financial supply that consists of a borrowing, provided that the borrowing relates to supplies that are not input taxed.

The acquisitions made by the Series Trust from the Trustee (in its personal capacity), the Manager and the Servicer are expected to be acquisitions of taxable supplies (where the Manager and the Servicer are not members of a GST group with the Series Trust) and, as such, the fees paid by the Series Trust for these supplies may include amounts on account of GST. However, the Series Trust's acquisitions of services from the Manager and the Trustee are also expected to be reduced credit acquisitions. As such, the Series Trust may be entitled to a reduced input tax credit in respect of the acquisition of those services.

An election could be made in the future for the Series Trust to become a member of a GST group with Credit Union Australia and other members of the Credit Union Australia corporate group (**Credit Union Australia GST Group**). Where the Series Trust is a member of the Credit Union Australia GST Group, the representative member of that GST group will be responsible for the GST and other indirect tax obligations of the Series Trust - including payment of any GST liabilities and claiming any input tax credits for acquisitions made by the Series Trust (as outlined above). In addition, where the Manager and the Servicer are members of the same GST Group along with the Series Trust, supplies made by the Manager and the Servicer will not be treated as taxable supplies.

The Australian tax legislation provides that each member of a GST group is jointly and severally liable for any indirect tax liability payable by the representative member. However, where members of a GST group have entered into a valid and effective indirect tax sharing agreement (**ITSA**), the liability for each member is limited to a "contributing amount" which represents a reasonable allocation of the indirect tax liability. Under the terms of the Master Trust Deed, if the Series Trust becomes a member of a GST group, the Manager must procure that the representative member of the GST group ensures that the indirect tax liabilities of the group members are covered by a valid indirect tax sharing agreement that allocates those liabilities on a reasonable basis on terms acceptable to the Trustee (a nil allocation will be acceptable provided it is reasonable).

The GST may increase the cost of repairing or replacing damaged properties offered as security for Mortgage Loans. However, Credit Union Australia has a right under its loan contract and mortgage documentation to require a borrower to maintain property insurance during the loan term.

The GST Legislation, in certain circumstances, could treat the Series Trust as making a taxable supply if the Trustee enforces a security by selling the mortgaged property and applying the proceeds of sale to satisfy the Mortgage Loan. In such case, the Trustee (or Credit Union Australia where the Series Trust is a member of the Credit Union Australia GST Group) would have to account for GST out of the sale proceeds, with the result that the remaining sale proceeds may be insufficient to cover the unpaid balance of the related loan.

## 12.7 Stamp Duty

The Manager has received advice that neither the issue, the transfer nor the redemption of the Notes will currently attract stamp duty in any jurisdiction of Australia.

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## **13. Selling Restrictions**

### **13.1 General**

The Joint Lead Managers will enter into the Dealer Agreement and may, upon the terms and subject to the conditions contained in the Dealer Agreement, effect the placement of the relevant Notes with investors.

No action has been or will be taken by the Trustee, the Manager or any Joint Lead Manager that would permit a public offering of the Notes or distribution of this Information Memorandum or any other public offering or publicity material relating to the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any circular, prospectus, form of application, advertisement or other material, may be distributed in or form or published in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws or regulations.

Should any investor purchase the Notes or any of them, each investor will be deemed to have represented that:

- (a) it has made its own independent decision to purchase such Notes and has not relied on any recommendation or advice from any of the Manager or Joint Lead Managers; and
- (b) it already has all required information and understands all the terms, conditions and restrictions of such Notes.

### **13.2 Australia**

No prospectus or other disclosure document (as defined in the Australian Corporations Act) has been or will be lodged with the Australian Securities and Investments Commission (ASIC). Each Joint Lead Manager has represented and agreed that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or other offering material relating to the Notes in Australia,

unless (1) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Australian Corporations Act, (2) such action complies with all applicable laws, regulations and directives, and (3) such action does not require any document to be lodged with ASIC.

### **13.3 United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Trustee; and

- (b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## 13.4 European Economic Area

Each Joint Lead Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**);
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## 13.5 Singapore

Each Joint Lead Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**) pursuant to section 274 of the SFA, (ii) to a relevant person (as defined in section 275(2) of the SFA) pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person pursuant to an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) pursuant to section 276(7) of the SFA.

***Notification under Section 309B(1)(c) of the SFA***

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), all Notes shall be "capital markets products other than prescribed capital markets products" (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This constitutes a notification to all relevant persons (as defined in Section 309A(1) of the SFA).

## **13.6 Hong Kong**

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than:
  - (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**) and any rules made under the SFO; or
  - (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (**CWMO**) or which do not constitute an offer to the public within the meaning of the CWMO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

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## 14. Transaction Documents available for inspection

Copies of the following documents will be made available to Noteholders and bona fide prospective Noteholders by the Manager on request. However, any person wishing to inspect these documents must first enter into an agreement with the Manager, in a form acceptable to it, not to disclose the contents of these documents without its prior written consent:

<b>Master Trust Deed</b>	A Master Trust Deed dated 16 August 2002 between CUA Management Pty Limited and Perpetual Trustee Company Limited (as amended from time to time).
<b>Master Security Trust Deed</b>	A Master Security Trust Deed dated 7 August 2018 between P.T. Limited, Perpetual Trustee Company Limited and CUA Management Pty Ltd.
<b>Master Sale and Servicing Deed</b>	A Master Sale and Servicing Deed dated 7 August 2018 between CUA Management Pty Ltd, Perpetual Trustee Company Limited and Credit Union Australia Ltd.
<b>Trust Creation Deed</b>	A Trust Creation Deed dated 14 September 2018 executed by Perpetual Trustee Company Limited.
<b>General Security Deed</b>	A General Security Deed dated 23 October 2018 between P.T. Limited, Perpetual Trustee Company Limited as trustee of the Series Trust and CUA Management Pty Ltd.
<b>Series Supplement</b>	A Series Supplement dated 23 October 2018 between CUA Management Pty Ltd, Perpetual Trustee Company Limited as trustee of the Series Trust and Credit Union Australia Ltd.
<b>Liquidity Facility Agreement</b>	A Liquidity Facility Agreement dated 23 October 2018 between CUA Management Pty Ltd, Perpetual Trustee Company Limited as trustee of the Series Trust and National Australia Bank Limited.
<b>Redraw Facility Agreement</b>	A Redraw Facility Agreement dated 23 October 2018 between Credit Union Australia Ltd, Perpetual Trustee Company Limited as trustee of the Series Trust and CUA Management Pty Ltd.
<b>Basis Swap Agreement</b>	An ISDA Master Agreement dated 23 October 2018 between Credit Union Australia Ltd, Perpetual Trustee Company Limited as trustee of the Series Trust and CUA Management Pty Ltd.
<b>Fixed Swap Agreement</b>	An ISDA Master Agreement dated 23 October 2018 between Credit Union Australia Ltd, Perpetual Trustee Company Limited as trustee of the Series Trust, CUA Management Pty Limited and National Australia Bank Limited.



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## 15. Glossary of Terms

<b>Accrued Interest Adjustment</b>	This is described in sections 2.5 and 7.4.6.
<b>Acquiring Trust</b>	This is described in section 10.1.3.
<b>ADI</b>	Has the same meaning as given in section 5 of the Banking Act.
<b>Adjustment Advance</b>	In relation to the Mortgage Loans means an amount, as determined by the Manager, not exceeding an amount equal to the accrued and unpaid interest in respect of the Mortgage Loans less any accrued and unpaid costs and expenses in respect of the Mortgage Loans during the period up to (but not including) the Closing Date.
<b>Adverse Effect</b>	Any event which materially and adversely affects the amount of any payment due to be made to any Noteholder of any Notes then rated by a Designated Rating Agency or materially and adversely affects the timing of such a payment.
<b>Adverse Payment Effect</b>	An event which materially and adversely affects the amount or timing of any payment of the Senior Obligations.
<b>AIFMR</b>	Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision.
<b>ANZ</b>	Australia and New Zealand Banking Group Limited ABN 11 005 357 522.
<b>Applied Liquidity Amount</b>	This is described in section 9.2.4 in relation to the Liquidity Facility.
<b>Approved Mortgage Insurer</b>	Genworth, QBE LMI or such other mortgage insurer in respect of which the Manager has issued a Rating Notification.
<b>Arrears Days</b>	<p>In relation to a Mortgage Loan and either the Cut-Off Date in relation to that Mortgage Loan or a Determination Date means:</p> <p>(a) where the Overdue Amount in respect of the Mortgage Loan as recorded on the Mortgage Loan System as at the relevant date is less than or equal to \$20.00, zero; and</p> <p>(b) where the Overdue Amount in respect of the Mortgage Loan as recorded on the Mortgage Loan System as at the relevant date is greater than \$20.00, the number of days commencing on (but excluding) the date on which more than \$20.00 of that Overdue Amount became outstanding and has not since been repaid and ending on (and including) the relevant date.</p>
<b>ASIC</b>	The Australian Securities and Investments Commission.

<b>Assets of the Series Trust</b>	All assets and property, real and personal (including choses in action and other rights), tangible and intangible, present or future, held by the Trustee as trustee of the Series Trust from time to time.
<b>Assigned Assets</b>	<p>In relation to a Transfer Proposal and a Disposing Trust or the Warehouse Trust, as applicable, the Trustee's entire right, title and interest (including the beneficial interest of each Unitholder in relation to the Disposing Trust or the Warehouse Trust, as applicable) as trustee of the Disposing Trust in:</p> <p>(a) the assets of the Disposing Trust or the Warehouse Trust, as applicable, insofar as they relate to the Mortgage Loans referred to in that Transfer Proposal; and</p> <p>(b) unless otherwise specified in that Transfer Proposal, the benefit of all undertakings, representations and warranties given to the Trustee by the Seller, the Servicer or any other person in relation to those assets.</p>
<b>Auditor</b>	This is described in section 10.7.
<b>Authorised Short-Term Investments</b>	<p>These are:</p> <p>(a) bonds, debentures, stock or treasury bills issued by or notes or other securities issued by the Commonwealth of Australia or the government of any State or Territory of the Commonwealth of Australia;</p> <p>(b) deposits with, or certificates of deposit issued by, an ADI;</p> <p>(c) bills of exchange, which at the time of acquisition have a maturity date of not more than 200 days and which have been accepted, drawn on or endorsed by an ADI and provide a right of recourse against that ADI by a holder in due course who purchases them for value; or</p> <p>(d) debentures or stock of any public statutory body constituted under the laws of the Commonwealth of Australia or any State of the Commonwealth where the repayment of the principal secured and the interest payable on that principal is guaranteed by the Commonwealth or the State,</p> <p>in each case held in the name of the Trustee or its nominee and denominated in Australian Dollars, except that Authorised Short-Term Investments must not be a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 dated January 2018 and issued by the Australian Prudential Regulation Authority or any replacement or amended version of that standard).</p>
<b>Average 60 Day Arrears Percentage</b>	In relation to a Determination Date, a percentage calculated as follows:

$$ADA = \frac{X}{Y}$$

where:

ADA = the Average 60 Day Arrears Percentage for that Determination Date;

X = the sum of the Collection Period Arrears for that Determination Date and the preceding 2 Determination Dates (or, if less than 2 preceding Determination Dates have occurred, the number of previous Determination Dates); and

Y = 3 (or, if fewer than 2 Determination Dates have occurred prior to the relevant Determination Date, 1 plus the number of preceding Determination Dates).

**Basis Swap**

This is described in section 9.1.2.

**Basis Swap Agreement**

This is described in section 14.

**BBSW**

In relation to an Interest Period means the rate expressed as a percentage per annum designated "AVG MID" appearing at approximately 10.30 a.m. Sydney time on the Thomson Reuters Screen BBSW Page on the first day of that Interest Period for bank bills and certificates of deposit with a tenor of 1 month.

If on that date the relevant rate is not published on the Thomson Reuters Screen BBSW Page in accordance with the foregoing, then the rate for that date will be determined by the Manager (or specified by the Liquidity Facility Provider in the case of the Liquidity Facility ) in good faith and in a commercially reasonable manner having regard to comparable indices then available. The rate so calculated by the Manager or the Liquidity Facility Provider as the case may be will be expressed as a percentage per annum and rounded, if necessary, to the next higher one ten thousandth of a percentage point.

**Business Day**

Any day, other than Saturday, Sunday or a public holiday in New South Wales, Queensland or Victoria on which ADIs are open for general banking business in Sydney, Brisbane, and Melbourne; and, if a payment is to be made through the Austraclear System and/or any other clearing system, a day on which Austraclear and/or such other clearing system is open for business.

**Calculation Period**

Calculation Period as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.).

**Call Option**

The Trustee's option to redeem all the Notes as described in section 4.3.4.

**Capital Requirements**

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential

<b>Regulation</b>	requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as supplemented by Commission Delegated Regulation (EU) No 625/2014 and Commission Implementing Regulation (EU) No 602/2014.
<b>Capital Units</b>	These are described in section 10.1.1.
<b>Capital Unitholder</b>	The Unitholder of a Capital Unit.
<b>Cash Rate</b>	At any time, the target official cash rate last announced by the Reserve Bank of Australia.
<b>Cashflow Allocation Methodology</b>	This is described in section 7.1.
<b>Charge-Offs</b>	These are described in section 7.7.
<b>Class A Note</b>	These are described in sections 2, 3 and 4.
<b>Class A Noteholder</b>	The registered holder of a Class A Note, including persons jointly registered.
<b>Class A Subordination Percentage</b>	On the Closing Date and any Determination Date the aggregate Invested Amounts of the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes as at that date expressed as a percentage of the aggregate Invested Amounts of all the Notes as at that date.
<b>Class AB Note</b>	These are described in sections 2, 3 and 4.
<b>Class AB Noteholder</b>	The registered holder of a Class AB Note, including persons jointly registered.
<b>Class AB Subordination</b>	On the Closing Date and any Determination Date the aggregate Invested Amounts of the Class B Notes, the Class C Notes and the Class D Notes as at that date expressed as a percentage of the aggregate Invested Amounts of all the Notes as at that date.
<b>Class B Note</b>	These are described in sections 2, 3 and 4.
<b>Class B Noteholder</b>	The registered holder of a Class B Note, including persons jointly registered.
<b>Class C Note</b>	These are described in sections 2, 3 and 4.
<b>Class C Noteholder</b>	The registered holder of a Class C Note, including persons jointly registered.
<b>Class D Note</b>	These are described in sections 2, 3 and 4.
<b>Class D Noteholder</b>	The registered holder of a Class D Note, including persons jointly registered.
<b>Clean-Up Offer</b>	The irrevocable offer by the Trustee to extinguish in favour of the Seller its entire right, title and interest in the Mortgage Loans in return for the payment by the Seller of the Clean-Up Settlement Price. The circumstances in which

	this offer is made are described in section 10.2.9.
<b>Clean-Up Settlement Price</b>	The amount determined by the Manager to be aggregate of the Fair Market Value of each Mortgage Loan as at the last day of the Collection Period ending before the date on which the Clean-Up Settlement Price is to be paid.
<b>Clearstream, Luxembourg</b>	Means Clearstream Banking, S.A. or its successor.
<b>Closing Date</b>	Subject to the satisfaction of certain conditions precedent, 25 October 2018 or such other date as agreed to in writing between the Seller and the Manager (and notified to the Trustee).
<b>Collateral</b>	All Assets of the Series Trust held by the Trustee from time to time including the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Trustee under the Transaction Documents.
<b>Collection Period</b>	The first Collection Period commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of the calendar month ending immediately prior to the first Distribution Date. Each subsequent Collection Period commences on (and includes) the first day after the last day of the previous Collection Period and ends on (and includes) the last day of the calendar month after the calendar month in which the previous Collection Period ended. The final Collection Period is the Collection Period ending on (but excluding) the Termination Payment Date.
<b>Collection Period Arrears</b>	In relation to a Determination Date, the aggregate principal amount outstanding of all Mortgage Loans which are Assets of the Series Trust with Arrears Days of 60 or greater as at the last day of the preceding Collection Period divided by the aggregate principal amount outstanding of all Mortgage Loans which are then Assets of the Series Trust at that time, expressed as a percentage.
<b>Collections</b>	This is described in section 7.3.1.
<b>Collections Account</b>	This is described in section 2.6.
<b>Consumer Credit Code</b>	The Consumer Credit Code means each of: <ul style="list-style-type: none"> <li>(a) the UCCC; and</li> <li>(b) the National Credit Code.</li> </ul>
<b>Consumer Credit Legislation</b>	The Consumer Credit Code, the National Consumer Protection Act 2009 (Cth), the National Consumer Credit Protection (Fees) Act 2009 (Cth), the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth), as applicable, and any associated legislation or regulations of any Australian jurisdiction as amended from time to time.
<b>Conversion</b>	This is described in section 9.1.7.

<b>CRR</b>	Capital Requirements Regulation (EU) No. 575/2013.
<b>CUA Management</b>	CUA Management Pty Ltd ABN 60 010 003 853.
<b>Current Balance</b>	The principal outstanding on a Mortgage Loan at a particular time.
<b>Custodian</b>	The Seller or any other person appointed as custodian of the Mortgage Documents pursuant to the Transaction Documents.
<b>Custodian Fee</b>	This is described in section 11.4.
<b>Custodian Transfer Event</b>	This is described in section 11.2.
<b>Cut-Off Date</b>	15 July 2018.
<b>Dealer Agreement</b>	A Dealer Agreement dated 23 October 2018 between Perpetual Trustee Company Limited, CUA Management Pty Ltd, National Australia Bank Limited, Australia and New Zealand Banking Group Limited, Macquarie Bank Limited and Westpac Banking Corporation.
<b>Defaulted Amount</b>	In relation to a Collection Period means the aggregate of the principal amount of any Mortgage Loans which have been written off by the Servicer as uncollectible during that Collection Period in accordance with the Servicing Standards.
<b>Designated Credit Rating</b>	<p>The following credit ratings:</p> <p>(a) in relation to S&amp;P:</p> <ul style="list-style-type: none"> <li>(i) a short term credit rating of no lower than A-2, together with a long term credit rating of no lower than BBB by S&amp;P;</li> <li>(ii) a long term credit rating of no lower than BBB+ by S&amp;P (if the relevant entity does not have a short term credit rating from S&amp;P); and</li> <li>(iii) a short term credit rating of no lower than A-2 by S&amp;P (if the relevant entity does not have a long term rating from S&amp;P); and</li> </ul> <p>(b) in relation to Fitch Ratings a short term credit rating of no lower than F1 or a long term credit rating of no lower than A by Fitch Ratings,</p> <p>or such other credit ratings as may be agreed in writing between the Manager and the Liquidity Facility Provider, and in respect of which the Manager has issued a Rating Notification.</p>
<b>Designated Rating Agencies</b>	S&P and Fitch Ratings.
<b>Determination Date</b>	The date which is 3 Business Days before each Distribution

	Date.
<b>Disposing Trust</b>	This is described in section 10.1.3.
<b>Distribution Date</b>	Means the 14th day of each month (or if such a day is not a Business Day, the next Business Day). The first Distribution Date will be 14 November 2018 (or if such a day is not a Business Day, the next Business Day) or such other date notified by the Manager to the Trustee and each Designated Rating Agency prior to the Closing Date.
<b>Eligibility Criteria</b>	These are described in section 6.3.
<b>Eligible Depository</b>	This means a financial institution which has assigned to it a short term credit rating equal to or higher than A-2 in the case of S&P and, in the case of Fitch Ratings, a short term credit rating equal to or higher than F1 or a long term credit rating equal to or higher than A.
<b>EU</b>	The European Union.
<b>EU Risk Retention Rules</b>	These are described in section 1 and section 5.18.
<b>Euroclear</b>	Means Euroclear S.A./N.V. or its successor.
<b>Event of Default</b>	These are described in section 9.4.2.
<b>Excess Investor Revenues</b>	This is described in section 2.6.
<b>Excess Revenue Reserve</b>	This is described in section 2.6 and 7.6.2.
<b>Excess Revenue Reserve Draw</b>	This is described in section 2.6 and section 7.6.2.
<b>Excess Revenue Reserve Target Balance</b>	This is described in section 2.6.
<b>Excess Revenue Reserve Trapping Conditions</b>	Will be satisfied on a Determination Date on which any of the following is subsisting: <ul style="list-style-type: none"> <li>(a) the Average 60 Day Arrears Percentage on that Determination Date is greater than 4%;</li> <li>(b) a Servicer Default;</li> <li>(c) the Stated Amount of the Class D Notes is less than the Invested Amount of the Class D Notes on that Determination Date; or</li> <li>(d) the Call Date has or will occur on the immediately following Distribution Date and the Notes will not be redeemed on that Distribution Date as described in section 4.3.4.</li> </ul>
<b>Extraordinary Expenses</b>	These is described in section 7.6.1.
<b>Extraordinary Expense Reserve</b>	This is described in section 2.6 and section 7.6.1.

<b>Fair Market Value</b>	In respect of a Mortgage Loan, means the fair market price for the purchase of that Mortgage Loan agreed between the Trustee (acting on expert advice if necessary) and the Seller (or, in the absence of agreement, determined by the Seller's external auditors) and which price reflects the performance status, underlying nature and franchise value of the Mortgage Loan. If the offered price is at least equal to the principal outstanding plus accrued interest for a Mortgage Loan, the Trustee is entitled to assume that this price is the Fair Market Value.
<b>FATCA</b>	Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the Code) (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into pursuant to section 1471(b) of the Code or non-US laws enacted or regulations or practices adopted pursuant to any intergovernmental agreement in connection with the implementation of those sections.
<b>FATCA Withholding Tax</b>	Any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to section 1471 through 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto or any withholding or deduction required pursuant to the legislation of any other jurisdiction which has or may have a similar effect as the Code.
<b>Finance Charges</b>	These are described in section 7.3.2.
<b>Fixed Rate Conversion Cap</b>	This is described in section 9.1.7.
<b>Fitch Ratings</b>	Fitch Australia Pty Ltd ABN 93 081 339 184.
<b>Fixed Rate Swap</b>	This is described in section 9.1.3.
<b>Fixed Rate Swap Amount</b>	This is described in section 9.1.3.
<b>Fixed Rate Swap Provider</b>	At any time, the Hedge Provider which is "Party A" under the Fixed Rate Swap at that time.
<b>Fixed Swap Agreement</b>	This is described in section 14.
<b>Further Advance</b>	This is described in section 10.2.7.
<b>General Security Deed</b>	This is described in section 14.
<b>Genworth</b>	Genworth Financial Mortgage Insurance Pty Limited ABN 60 106 974 305.
<b>Gross Liquidity Shortfall</b>	This is described in section 7.4.2.
<b>GST</b>	Any goods and services tax, broad based consumption tax or value added tax imposed by any Governmental Agency and includes any goods and services tax payable under the



	GST Act and related legislation.
<b>GST Act</b>	The A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>GST Legislation</b>	The "GST law" as defined in the GST Act.
<b>Hedge Agreement</b>	The Basis Swap Agreement and the Fixed Swap Agreement and any other similar arrangement entered into by the Trustee, or any agreement to which the Trustee and the Manager are a party where such agreement is in substitution (in whole or in part) for the Basis Swap Agreement or the Fixed Swap Agreement, as applicable.
<b>Hedge Provider</b>	Any entity described in section 9.1.1 as a Hedge Provider and includes any other party to a Hedge Agreement other than the Trustee and the Manager.
<b>Hedge Provider Default Event</b>	<p>This is:</p> <ul style="list-style-type: none"> <li>(a) an Event of Default where the Hedge Provider is the Defaulting Party (as those terms are defined in the relevant Hedge Agreement); or</li> <li>(b) a Termination Event where the Hedge Provider is the sole Affected Party other than a Termination Event following an Illegality, Force Majeure Event or a Tax Event (as those terms are defined in the relevant Hedge Agreement).</li> </ul>
<b>Income Unit</b>	This is described in section 10.1.1.
<b>Income Unitholder</b>	The holder of the Income Unit.
<b>Initial Invested Amount</b>	<p>In relation to:</p> <ul style="list-style-type: none"> <li>(a) a Note means \$1,000; and</li> <li>(b) a class of Notes means the aggregate initial principal amount of all Notes in that class of Notes upon the issue of those Notes.</li> </ul>
<b>Interest</b>	This is described in section 4.2.
<b>Interest Rate</b>	This is described in section 4.2.3.
<b>Insolvency Event</b>	<p>In relation to a body corporate, the happening of any of the following events:</p> <ul style="list-style-type: none"> <li>(a) an order is made that the body corporate be wound up;</li> <li>(b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed in respect of the body corporate or a substantial portion of its assets whether or not under an order;</li> <li>(c) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation by the Trustee,</li> </ul>

reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;

- (d) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation of the Trustee, except on terms reasonably approved by the Manager) by the Manager or is otherwise wound up or dissolved;
- (e) the body corporate is or states that it is insolvent;
- (f) as a result of the operation of section 459F(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (g) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (h) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Insurance Policy**

Any insurance policy (whether present or future), other than a Mortgage Insurance Policy, in which the Seller has an interest and which is in force from time to time in respect of the land the subject of a Mortgage or another security interest which forms part of the assets of a Series Trust.

**Interest Offset Account**

A deposit account then maintained by an Obligor with the Seller under which:

- (a) if the Obligor maintains a certain credit balance in that deposit account, the interest rate ordinarily charged on a Mortgage Loan then forming part of the Assets of the Series Trust which is provided by the Seller to the Obligor, is charged against a "net balance amount" of that Mortgage Loan. The net balance amount is the unpaid daily balance of that Mortgage Loan at the end of the day minus the multiplied total of the "offset rate" (which is a percentage rate determined by the Seller from time to time) and the balance of that deposit account at the end of the day; or
- (b) interest that would otherwise be earned in respect of that account is off-set (to the extent thereof) against interest that would otherwise be payable on a Mortgage Loan then forming part of the Assets of the Series Trust which is provided by the Seller to the

	Obligor.
<b>Interest Offset Reserve</b>	This is described in section 6.4.4.
<b>Interest Period</b>	This is described in section 4.2.2.
<b>Invested Amount</b>	In relation to a Note, means the initial face value of that Note less the aggregate amounts of payments previously made on account of principal in relation to that Note.
<b>Investor Revenues</b>	This has the meaning given to it in section 7.4.1.
<b>Investors</b>	The Noteholders and Unitholders of the Series Trust or, where relevant, the noteholders and beneficiaries of the other trusts constituted under the Master Trust Deed.
<b>Joint Lead Managers</b>	NAB, ANZ, Macquarie and Westpac.
<b>Linked Account</b>	Any Interest Offset Account or other deposit account with the Seller, the establishment of which was a condition precedent to the provision by the Seller of a Mortgage Loan.
<b>Liquidity Collateralisation Deposit</b>	This is described in section 9.2.9.
<b>Liquidity Facility</b>	The liquidity facility described in section 9.2.
<b>Liquidity Facility Agreement</b>	This is described in section 14.
<b>Liquidity Facility Limit</b>	This is described in section 9.2.3.
<b>Liquidity Facility Provider</b>	NAB.
<b>Liquidity Shortfall</b>	This is described in section 7.4.4.
<b>LVR</b>	In relation to a Mortgage Loan, the loan-to-value ratio of that Mortgage Loan (which calculation takes into account any other loan (including any other Mortgage Loan) secured by the same mortgaged property).
<b>Macquarie</b>	Macquarie Bank Limited ABN 46 008 583 542.
<b>Management Fee</b>	This is described in section 10.4.5.
<b>Manager</b>	The initial Manager of the Series Trust is CUA Management. If CUA Management retires or is terminated as Manager, this expression includes any substitute Manager appointed in its place and the Trustee whilst it is acting as Manager.
<b>Manager Default</b>	This is described in section 10.4.6.
<b>Margin</b>	The applicable margins over BBSW determined for each class of Notes as described in section 4.2.3.
<b>Master Sale and Servicing Deed</b>	This is described in section 14.

<b>Master Security Trust Deed</b>	This is described in section 14.
<b>Master Trust Deed</b>	This is described in section 14.
<b>Maturity Date</b>	This is described in sections 2.2 and 4.3.1.
<b>Mortgage Insurance Policies</b>	These are described in section 8.
<b>Mortgage Documents</b>	These are described in section 10.2.1
<b>Mortgage Loan Rights</b>	These are described in section 10.2.1
<b>Mortgage Loan Pool</b>	The pool of Mortgage Loans to be assigned to the Trustee by the Seller. This is described in section 6.2.
<b>Mortgage Loan System</b>	This is the electronic and manual reporting database and record keeping system used by the Servicer to monitor Mortgage Loans, as updated from time to time.
<b>Mortgage Loans</b>	The Mortgage loans forming part of the Mortgage Loan Pool assigned, or to be assigned, to the Trustee.
<b>NAB</b>	National Bank of Australia Limited ABN 12 004 044 937.
<b>National Credit Code</b>	Each of: <ul style="list-style-type: none"> <li>(a) the NCCP Act, including the National Credit Code that comprises Schedule 1 to the NCCP Act;</li> <li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li> <li>(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth);</li> <li>(d) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (c) (inclusive) and any regulations made under any of the acts set out in paragraphs (a) to (c) (inclusive) (including the NCCP Regulations); and</li> <li>(e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001, so far as it relates to the obligations of any of the Manager, the Servicer, a Seller or the Trustee in respect of an Australian Credit Licence issued under the National Consumer Credit Protection (Transitional and Consequential Provisions) Act.</li> </ul>
<b>NCCP Act</b>	National Consumer Credit Protection Act 2009 (Cth).
<b>NCCP Regulations</b>	National Consumer Credit Protection Regulations 2010 (Cth).
<b>Net Collections</b>	This is described in section 7.5.1.
<b>Net Liquidity Shortfall</b>	This is described in section 7.4.3.
<b>Note</b>	These are described in sections 2, 3 and 4.

<b>Note Certificate</b>	This is described in section 4.7.
<b>Note Factor</b>	At any time and in relation to any class of Notes the Stated Amount of that class of Notes on the last day of the just ended Collection Period expressed as a percentage of the Stated Amount of that class of Notes at its Closing Date.
<b>Note Transfer</b>	A transfer and acceptance form for the transfer of a Note in an approved form.
<b>Novation Date</b>	This is described in section 9.1.4.
<b>Obligor</b>	In relation to Mortgage Loan means the person or persons to whom a loan or other financial accommodation has been provided under that Mortgage Loan and includes, where the context requires, a guarantor (if any) of any obligations under the Mortgage Loan and the grantor of a Security Interest created by the mortgage or any collateral security in relation to that Mortgage Loan.
<b>Obligor Break Benefits</b>	Any benefits payable to an obligor under the terms of a Mortgage Loan or as required by law upon the early termination of a given fixed interest rate relating to all or part of that Mortgage Loan prior to the scheduled termination of that fixed interest rate.
<b>Obligor Break Costs</b>	Any costs payable by an obligor solely in respect of the early termination of a given fixed interest rate relating to all or part of a Mortgage Loan prior to the scheduled termination of that fixed interest rate including any proceeds from the enforcement of a mortgage or from the Mortgage Insurance Policy relating to that Mortgage Loan which represent Obligor Break Costs to the extent that such proceeds exceed the cost of enforcement and the interest and principal outstanding on the Mortgage Loan.
<b>Offshore Associate</b>	<p>An associate (as defined in section 128F(9) of the Tax Act) of an entity, that is either:</p> <ul style="list-style-type: none"> <li>(a) a non-resident of Australia (as defined in section 6 of the Tax Act) that does not acquire the Notes or an interest in the Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or</li> <li>(b) a resident of Australia (as defined in section 6 of the Tax Act) that acquires the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate outside Australia.</li> </ul>
<b>Operations Manual</b>	The written guidelines, policies and procedures established by the Seller and the Servicer for respectively originating, servicing and enforcing Mortgage Loans, as amended from time to time.
<b>Other Loans</b>	All loans, credit and financial accommodation (other than a Mortgage Loan) secured by a mortgage which also secures a Mortgage Loan.

**Overdue Amount**

At any given time in relation to a Mortgage Loan and the Obligor in respect of that Mortgage Loan means the amount calculated as follows:

Where:

OA = the Overdue Amount;

A = the aggregate of all payments of interest and repayments of principal scheduled to have been made by the Obligor at that time in respect of that Mortgage Loan; and

B = the aggregate of all amounts referred to under A above, actually paid by the Obligor in respect of that Mortgage Loan at that time,

in each case as recorded in the Mortgage Loan System.

**Penalty Payments**

Any:

- (a) civil or criminal penalty incurred by the Trustee under;
- (b) any money to be paid by the Trustee in relation to any claim against the Trustee under; or
- (c) a payment by the Trustee, with the consent of the Manager (such consent not be unreasonably withheld), in settlement of a liability or alleged liability under,

the Consumer Credit Code or any Verification Provision and includes any legal costs and expenses incurred by the Trustee or which the Trustee is to pay (in each case charged at the usual commercial rates of the relevant legal services provider) in connection with paragraphs (a) to (c) above.

**Perfection of Title Event**

This is described in section 10.2.10.

**Prescribed Period**

The period of 120 days (including the last day of the period) from the date that the loans were first assigned to a securitisation trust by the Seller (being 120 days from the date the Warehouse Mortgage Loans were assigned to the relevant Warehouse Trust in respect of those Mortgage Loans or 120 days from the Closing Date in respect of the Seller Mortgage Loans).

**PPSA**

Personal Properties Securities Act 2009 (Cth).

**PPS Register**

The register of security interests maintained in accordance with the PPSA.

**Pricing Date**

This is described in section 2.2.

**Principal Collections**

This is described in section 7.5.1.

**Principal Draw**

This is described in section 7.4.3.

<b>Privacy Act</b>	Privacy Act 1988 (Cth).
<b>QBE LMI</b>	QBE Lenders' Mortgage Insurance Limited ABN 70 000 511 071.
<b>Rating Notification</b>	In relation to an event or circumstance means written confirmation from the Manager that it has notified the Designated Rating Agencies of that event or circumstance and the Manager is satisfied that that event or circumstance is unlikely to cause or contribute to a downgrade or withdrawal of the rating given to any Notes by a Designated Rating Agency.
<b>Record Date</b>	This is described in section 2.2.
<b>Recoveries</b>	Amounts recovered in respect of the principal of a Mortgage Loan that was part (or the whole) of a Defaulted Amount.
<b>Redraw</b>	A Further Advance made by the Seller in respect of a Mortgage Loan which does not result in the Scheduled Balance of that Mortgage Loan being exceeded.
<b>Redraw Facility</b>	This is described in section 9.3.
<b>Redraw Facility Agreement</b>	This is described in section 14.
<b>Redraw Facility Limit</b>	This is described in section 9.3.3.
<b>Redraw Facility Provider</b>	Credit Union Australia or any other provider of the Redraw Facility from time to time.
<b>Redraw Principal Outstanding</b>	The aggregate of all advances made under the Redraw Facility less repayments of principal in respect of the Redraw Facility previously made to the Redraw Facility Provider on account of principal.
<b>Register</b>	The register to be kept by the Trustee of the Notes and Units in respect of the Series Trust. The requirements in respect of the Register are described in section 4.6.
<b>Related Body Corporate</b>	In relation to a body corporate, means a body corporate which is related to the first mentioned body corporate by virtue of Division 6 of Part 1.2 of the Corporations Act 2001 (Cth).
<b>Relevant Investors</b>	These are described in section 10.9.1.
<b>Required Extraordinary Expense Reserve</b>	\$150,000.
<b>S&amp;P</b>	S&P Global Ratings (Australia) Pty Limited ABN 62 007 324 852.
<b>Scheduled Balance</b>	In respect of a Mortgage Loan, the regularly scheduled loan amortisation balance of that Mortgage Loan.
<b>Secured Creditors</b>	These are described in section 9.4.1.

<b>Secured Moneys</b>	This is described in section 9.4.1.
<b>Securitisation Regulations</b>	This is described in section 5.18.
<b>Security</b>	The security interest granted over the Collateral under the General Security Deed.
<b>Security Interest</b>	Any encumbrance, bill of sale, mortgage, charge, lien, hypothecation, assignment in the nature of security, security interest, title retention, preferential right, trust arrangement, flawed asset arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any "security interest" as defined in section 12 of the PPSA.
<b>Security Trust</b>	The trust created under the Master Security Trust Deed on execution of the General Security Deed.
<b>Security Trustee</b>	P.T. Limited ABN 67 004 454 666.
<b>Seller</b>	Credit Union Australia.
<b>Seller Mortgage Loans</b>	These are described in section 5.10.
<b>Senior Obligations</b>	The obligations of the Trustee in respect of: <ul style="list-style-type: none"> <li>(a) the Class A Notes and any obligations ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority described in section 7.4.7) at any time while the Class A Notes are outstanding;</li> <li>(b) the Class AB Notes and any obligations ranking equally or senior to the Class AB Notes (as determined in accordance with the order of priority described in section 7.4.7) at any time while the Class AB Notes are outstanding but the Class A Notes have been redeemed in full;</li> <li>(c) the Class B Notes and any obligations ranking equally or senior to the Class B Notes (as determined in accordance with the order of priority described in section 7.4.7) at any time while the Class B Notes are outstanding but the Class A Notes and the Class AB Notes have been redeemed in full;</li> <li>(d) the Class C Notes and any obligations ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority described in section 7.4.7) at any time while the Class C Notes are outstanding but the Class A Notes, the Class AB Notes and the Class B have been redeemed in full;</li> <li>(e) the Class D Notes and any obligations ranking equally or senior to the Class D Notes (as determined in accordance with the order of priority set out in sections 7.4.7) at any time while the Class D Notes are outstanding but the Class A Notes, the Class AB Notes, the Class B Notes and the Class C Notes have</li> </ul>



	been redeemed in full; and
	(f) any Secured Moneys, at any time once all Notes have been redeemed in full.
<b>Serial Paydown Conditions</b>	These are described in section 7.5.5.
<b>Series Supplement</b>	This is described in section 14.
<b>Series Trust</b>	The trust known as the Series 2018-1 Harvey Trust.
<b>Series Trust Expenses</b>	This is described in section 7.4.8.
<b>Servicer</b>	The initial Servicer is Credit Union Australia. If Credit Union Australia retires or is terminated as Servicer, this expression includes any substitute Servicer appointed in its place and the Trustee whilst it is acting as Servicer.
<b>Servicer Default</b>	This is described in section 10.5.4.
<b>Servicer Obligations</b>	These are described in section 10.5.1.
<b>Servicing Fee</b>	This is described in section 10.5.3.
<b>Servicing Standards</b>	The standards and practices set out in the Operations Manual, or where a servicing function is not covered by the Operations Manual, the standards of practice of a prudent lender in the business of making residential mortgage loans.
<b>Solvency II Delegated Regulation</b>	Article 254(2) of the EU Solvency II Directive 2009/138/EC as supplemented by Articles 254 to 257 of the Commission Delegated Regulation (EU) 2015/35.
<b>Standby Swap Provider</b>	NAB.
<b>Stated Amount</b>	At any time which is not on a Determination Date means, in relation to a Note or a Class of Notes the aggregate Initial Invested Amount for that Note or class of Notes (as the case may be) less the sum of: <ul style="list-style-type: none"> <li>(a) the aggregate payments previously made on account of principal to the Noteholder or Noteholders (as the case may be) of that Note or Class of Note (as the case may be); and</li> <li>(b) the aggregate amount of unreimbursed Charge-Offs against that Note or Class of Note.</li> </ul>
<b>Step-up Margin</b>	0.25% per annum.
<b>Subordinated Note Basic Term Modification</b>	This is described in section 9.4.7.
<b>Support Facility</b>	Each Hedge Agreement, the Liquidity Facility, the Redraw Facility and the Mortgage Insurance Policies.
<b>Sydney/Brisbane Business Day</b>	Any day, other than Saturday, Sunday or a public holiday in New South Wales and Queensland on which ADIs are open for general banking business in Sydney and

Brisbane.

<b>Tax Act</b>	The Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 as relevant.
<b>Termination Date</b>	This is described in section 10.6.1.
<b>Termination Payment Date</b>	The Distribution Date declared by the Trustee to be the Termination Payment Date of the Series Trust.
<b>Threshold Mortgage Rate</b>	This is described in section 2.6.
<b>Total Expenses</b>	<p>In relation to a Collection Period means:</p> <ul style="list-style-type: none"><li>(a) if, as at the Determination Date immediately following the end of that Collection Period, the Stated Amount of the Class AB Notes is less than the Invested Amount of the Class AB Notes, all amounts to be paid by the Trustee as described in sections 7.4.7(a) to (e) (inclusive) on the Distribution Date immediately following that Collection Period;</li><li>(b) if, paragraph (a) above does not apply and as at the Determination Date immediately following the end of that Collection Period, the Stated Amount of the Class B Notes is less than the Invested Amount of the Class B Notes, all amounts to be paid by the Trustee as described in sections 7.4.7(a) to (f) (inclusive) on the Distribution Date following that Collection Period;</li><li>(c) if, paragraphs (a) and (b) above do not apply and as at the Determination Date immediately following the end of that Collection Period, the Stated Amount of the Class C Notes is less than the Invested Amount of the Class C Notes, all amounts to be paid by the Trustee as described in sections 7.4.7(a) to (g) (inclusive) on the Distribution Date immediately following that Collection Period;</li><li>(d) if, paragraphs (a), (b) and (c) above do not apply and:<ul style="list-style-type: none"><li>(i) as at the Determination Date immediately following the end of that Collection Period, the Stated Amount of the Class D Notes is less than the Invested Amount of the Class D Notes;</li><li>(ii) the Call Date has or will occur on the Distribution Date immediately following the end of that Collection Period; or</li><li>(iii) the Average 60 Day Arrears Percentage in relation to the Determination Date immediately following the end of that Collection Period is greater than 4%,</li></ul>all amounts to be paid by the Trustee as described in sections 7.4.7(a) to (h) (inclusive) on the Distribution Date immediately following that Collection Period; or</li><li>(e) if none of the above paragraphs apply, all amounts to</li></ul>

be paid by the Trustee as described in sections 7.4.7(a) to (i) (inclusive) on the Distribution Date immediately following that Collection Period.

<b>Total Investor Revenues</b>	This is described in section 7.4.5.
<b>Total Principal Collections</b>	These are described in section 7.5.1.
<b>Transaction Documents</b>	The documents described in section 14, the Dealer Agreement and any other document agreed by the Manager and the Trustee to be a Transaction Document.
<b>Transfer Amount</b>	The amount specified as such in a Transfer Proposal, which amount will be the aggregate principal amount of the mortgage loans specified in the Transfer Proposal on the cut-off date in relation to that Transfer Proposal or such other amount determined by the Manager provided that the Manager has issued a Rating Notification (where applicable).
<b>Transfer Proposal</b>	A proposal from the manager to the trustee given in accordance with the Master Trust Deed, for the trustee to transfer Assigned Assets from one series trust under the Master Trust Deed or the Warehouse Trust, as applicable, to another series trust under the Master Trust Deed.
<b>Trustee</b>	The initial Trustee is Perpetual Trustee Company Limited ABN 42 000 001 007. If Perpetual Trustee Company Limited is removed or retires as Trustee, the expression includes any substitute trustee appointed in its place.
<b>Trustee Default</b>	This is described in section 10.3.7.
<b>Trustee Fee</b>	The monthly fee payable to the Trustee for its trustee services and any interest payable thereon. This is described in section 10.3.6.
<b>UCCC</b>	Means the uniform consumer credit code set out in the Appendix to the Consumer Credit (Queensland) Act 1994 as in force or applied as a law of any jurisdiction of Australia or the provisions of the Code set out in the Appendix to the Consumer Credit (Western Australia) Act 1996 or the provisions of the Code set out in the Appendix to the Consumer Credit (Tasmania) Act 1996.
<b>Unit</b>	The Capital Units or the Income Unit in the Series Trust.
<b>Unitholder</b>	A holder of a Unit in the Series Trust.
<b>Verification Provisions</b>	Means, where applicable, any or all of the following: <ul style="list-style-type: none"><li>(a) sections 11A and 11B of the Land Title Act 1994 (Qld) and sections 288A and 288B of the Land Act 1994 (Qld);</li><li>(b) Part 2 [2-2005] and 60 [60-0390 and 60-2000] of the Land Titles Practice Manual (Queensland) prepared by, among others, the Registrar of Titles and Registrar of Water Allocations;</li></ul>

- (c) rule 6.5 of the Participation Rules (Queensland) dated 7 May 2015, determined by the Registrar of Titles (Queensland), pursuant to the Electronic Conveyancing National Law (Queensland) Act 2013 (Qld);
- (d) sections 87A and 87B of the Transfer of Land Act 1958 (Vic);
- (e) rule 6.5 of the Participation Rules dated 27 May 2017, determined by the Registrar of Titles (Victoria), pursuant to the Electronic Conveyancing (Adoption of National Law) Act 2013 (Vic);
- (f) requirement 3 of the Registrar's requirements for paper conveyancing transactions determined pursuant to section 106A of the Transfer of Land Act 1958 (Vic);
- (g) section 56C of the Real Property Act 1900 (NSW);
- (h) Rule 4 of the Conveyancing Rules made by the Registrar General pursuant to section 12E of the Real Property Act 1900 (NSW);
- (i) Rule 6.5 of the NSW Participation Rules for Electronic Conveyancing made by the Registrar General pursuant to section 23 of the appendix to the Electronic Conveyancing (Adoption of National Law) Act 2012 (NSW);
- (j) Chapter 14 of the Land Titles Registration Practice Manual (WA) as issued by Landgate in June 2018;
- (k) rule 6.5 of the WA Participation Rules dated 22 July 2017, determined by the Registrar of Titles (WA), pursuant to the Electronic Conveyancing Act 2014 (WA);
- (l) section 273A of the Real Property Act 1886 (SA);
- (m) rule 6.5 of the SA Participation Rules dated 27 May 2017, determined pursuant to the section 23 of the Electronic Conveyancing National (South Australia) Act 2013 (SA);
- (n) the Verification of Identity, Registrar-General's Verification of Identity Requirements (South Australia), dated 27 May 2017; and
- (o) all other similar provisions enacted or in force in any applicable Australian jurisdiction.

### **Voting Entitlement**

In relation to a meeting of Relevant Investors, on a particular date the number of votes which the Relevant Investors would be entitled to exercise if a meeting of Relevant Investors were held on that date, being:

- (a) in respect of a meeting of Relevant Investors who are Voting Secured Creditors, in respect of each Voting

Secured Creditor, the number calculated by dividing the Secured Moneys owing to that Voting Secured Creditor by 10 and rounding the resulting figure to the nearest whole number (exact half numbers to be rounded up);

- (b) in respect of a meeting of Relevant Investors who are Noteholders, Unitholders or Investors:
  - (i) in respect of each Noteholder, one vote for each A\$1 of outstanding principal amount in respect of the relevant Notes held by it; and
  - (ii) in respect of each Unitholder, one vote for each Unit held by it,

provided, in each case, where a meeting of Relevant Investors includes foreign currency noteholders and a note trustee is acting on their behalf the note trustee will have a Voting Entitlement equal to the aggregate Voting Entitlement (determined in accordance with the foregoing) for all foreign currency noteholders of the Series Trust on whose behalf it is acting.

<b>Voting Secured Creditors</b>	These are described in section 9.4.1.
<b>Waived Obligor Break Costs</b>	The Obligor Break Costs that the Servicer is or was entitled to charge in respect of the Mortgage Loans but has not charged.
<b>Warehouse Mortgage Loans</b>	These are described in section 2.5.
<b>Warehouse Trust</b>	A series trust established under the Master Trust Deed from which the Series Trust acquires Warehouse Mortgage Loans.
<b>Westpac</b>	Westpac Banking Corporation ABN 33 007 457 141.

## ANNEXURE 1 - DETAILS OF THE MORTGAGE LOAN POOL

The following tables summarise the Mortgage Loan Pool as at 15 July 2018. Further information regarding the Mortgage Loans and Credit Union Australia's mortgage loan business is contained in section 6.

### Summary Information

**700m pool**

<b>Total Current Balance:</b>	<b>\$ 699,904,903.88</b>
<b>Total Number of Loans:</b>	<b>2,484</b>
<b>Average Current Balance:</b>	<b>\$281,765</b>
<b>Highest Current Balance:</b>	<b>\$ 976,045</b>
<b>Average Approval LVR:</b>	<b>63.89%</b>
<b>Weighted Average Approval LVR:</b>	<b>67.18%</b>
<b>Average Current LVR:</b>	<b>55.59%</b>
<b>Weighted Average Scheduled LVR:</b>	<b>63.01%</b>
<b>Weighted Average Current LVR:</b>	<b>61.01%</b>
<b>Average Seasoning (Months):</b>	<b>32.02</b>
<b>Weighted Average Seasoning (Months):</b>	<b>31.09</b>
<b>Average Remaining Loan Term (Months):</b>	<b>295.79</b>
<b>Weighted Average Remaining Term:</b>	<b>305.72</b>
<b>Maximum Remaining Term (Months):</b>	<b>353.07</b>
<b>Weighted Average Variable Rate:</b>	<b>4.22%</b>
<b>Weighted Average Fixed Rate:</b>	<b>4.19%</b>
<b>Weighted Average Rate on All Loans:</b>	<b>4.21%</b>
<b>Percentage (by value) of Variable Rate Loans:</b>	<b>66.12%</b>
<b>Percentage (by value) of Fixed Rate Loans:</b>	<b>33.88%</b>
<b>Owner Occupied by Dollar Value</b>	<b>\$ 598,736,961.42</b>
<b>Percentage Owner Occupied</b>	<b>85.55%</b>

<b>Highest current scheduled LVR</b>	<b>93.56%</b>
<b>Loans &gt; \$400,000</b>	<b>30.09%</b>
<b>Total Current Balance for loans with LVR &gt;80%</b>	<b>8.96%</b>
<b>Total Current Balance for loans with LVR &gt;90%</b>	<b>2.15%</b>
<b>Total Current Balance for Investment Loans</b>	<b>14.45%</b>
<b>Total Current Balance for Interest Only Loans</b>	<b>11.71%</b>
<b>Total Current Balance for Fixed Rate Home Loans</b>	<b>33.88%</b>
<b>Total Current Balance for Non- Metro Loans</b>	<b>26.20%</b>
<b>Total Current Balance for loans with House as collateral</b>	<b>80.92%</b>
<b>Total Current Balance for loans with Unit as collateral</b>	<b>13.50%</b>
<b>Total Current Balance for loans with Townhouse &amp; Villa as collateral</b>	<b>5.58%</b>

**Table 1 - Mortgage Pool by Loan-to-Valuation Ratio at Approval**

Approval LVR			Number of Loans		Approval Amount		Average Balance
			#	%	\$	%	
>	0%	<= 25%	105	4.23%	\$16,283,283.90	2.02%	\$ 155,078.89
>	25%	<= 30%	63	2.54%	\$12,070,893.73	1.50%	\$ 191,601.49
>	30%	<= 35%	78	3.14%	\$17,906,139.75	2.22%	\$ 229,565.89
>	35%	<= 40%	121	4.87%	\$31,892,739.24	3.96%	\$ 263,576.36
>	40%	<= 45%	93	3.74%	\$23,059,205.55	2.86%	\$ 247,948.45
>	45%	<= 50%	132	5.31%	\$37,535,385.47	4.66%	\$ 284,358.98
>	50%	<= 55%	165	6.64%	\$50,495,534.97	6.26%	\$ 306,033.55
>	55%	<= 60%	172	6.92%	\$57,640,600.22	7.15%	\$ 335,119.77
>	60%	<= 65%	188	7.57%	\$63,285,180.93	7.85%	\$ 336,623.30
>	65%	<= 70%	214	8.62%	\$76,159,680.08	9.45%	\$ 355,886.36
>	70%	<= 75%	193	7.77%	\$66,674,760.30	8.27%	\$ 345,465.08
>	75%	<= 80%	711	28.62%	\$259,785,409.35	32.23%	\$ 365,380.32
>	80%	<= 85%	38	1.53%	\$13,579,033.65	1.68%	\$ 357,342.99
>	85%	<= 90%	75	3.02%	\$27,884,011.45	3.46%	\$ 371,786.82
>	90%	<= 95%	136	5.48%	\$51,763,905.91	6.42%	\$ 380,616.96
>	95%	<= 999%	0	0.00%	\$0.00	0.00%	\$ 0.00
<b>Total</b>			<b>2484</b>	<b>100.00%</b>	<b>\$806,015,764.50</b>	<b>100.00%</b>	<b>\$ 324,483.00</b>

**Table 2 - Mortgage Pool by Current Loan-to-Valuation Ratio**

Current LVR			Number of Loans		Current Balance		Average Balance
			#	%	\$	%	
>	0%	<= 25%	245	9.86%	\$28,990,510.30	4.14%	\$118,328.61
>	25%	<= 30%	114	4.59%	\$20,305,134.70	2.90%	\$178,115.22
>	30%	<= 35%	119	4.79%	\$22,692,402.61	3.24%	\$190,692.46
>	35%	<= 40%	146	5.88%	\$34,357,304.36	4.91%	\$235,324.00
>	40%	<= 45%	125	5.03%	\$29,797,630.93	4.26%	\$238,381.05
>	45%	<= 50%	175	7.05%	\$46,221,130.58	6.60%	\$264,120.75
>	50%	<= 55%	187	7.53%	\$56,402,107.65	8.06%	\$301,615.55
>	55%	<= 60%	202	8.13%	\$59,411,495.01	8.49%	\$294,116.31
>	60%	<= 65%	194	7.81%	\$61,590,805.42	8.80%	\$317,478.38
>	65%	<= 70%	218	8.78%	\$74,609,681.16	10.66%	\$342,246.24
>	70%	<= 75%	259	10.43%	\$84,186,450.84	12.03%	\$325,044.21
>	75%	<= 80%	331	13.33%	\$118,618,541.03	16.95%	\$358,364.17
>	80%	<= 85%	58	2.33%	\$20,251,171.72	2.89%	\$349,158.13
>	85%	<= 90%	74	2.98%	\$27,431,165.59	3.92%	\$370,691.43
>	90%	<= 95%	37	1.49%	\$15,039,371.98	2.15%	\$406,469.51
>	95%	<= 100%	0	0.00%	\$0.00	0.00%	\$0.00
<b>Total</b>			<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 3 - Mortgage Pool by Current Loan Balances**

Current Loan Balance		Number of Loans		Current Balance		Average Current LVR	
		#	%	\$	%		
>	\$ 0	<= \$ 50,000	0	0.00%	\$0.00	0.00%	0.00%
>	\$ 50,000	<= \$ 100,000	198	7.97%	\$15,291,904.80	2.18%	23.34%
>	\$ 100,000	<= \$ 150,000	225	9.06%	\$28,756,102.87	4.11%	38.40%
>	\$ 150,000	<= \$ 200,000	312	12.56%	\$54,739,819.18	7.82%	45.79%
>	\$ 200,000	<= \$ 250,000	383	15.42%	\$86,885,022.92	12.41%	55.65%
>	\$ 250,000	<= \$ 300,000	381	15.34%	\$104,928,139.14	14.99%	61.52%
>	\$ 300,000	<= \$ 350,000	348	14.01%	\$112,848,279.70	16.12%	64.62%
>	\$ 350,000	<= \$ 400,000	229	9.22%	\$85,850,972.56	12.27%	68.09%
>	\$ 400,000	<= \$ 500,000	253	10.19%	\$111,828,654.30	15.98%	68.33%
>	\$ 500,000	<= \$ 750,000	126	5.07%	\$74,644,754.75	10.66%	67.50%
>	\$ 750,000	<= \$ 1,000,000	29	1.17%	\$24,131,253.66	3.45%	65.37%
<b>Total</b>			<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>55.59%</b>

**Table 4 - Mortgage Pool by Available Redraw**

Available Redraw		Number of Loans		Available Redraw		Average
		#	%	\$	%	
>	\$ 0 <= \$ 50,000	1460	83.86%	\$15,688,316.51	32.89%	\$10,745.42
>	\$ 50,000 <= \$ 100,000	155	8.90%	\$10,964,943.73	22.98%	\$70,741.57
>	\$ 100,000 <= \$ 150,000	71	4.08%	\$8,497,238.70	17.81%	\$119,679.42
>	\$ 150,000 <= \$ 200,000	29	1.67%	\$5,116,526.68	10.73%	\$176,431.95
>	\$ 200,000 <= \$ 250,000	14	0.80%	\$3,027,738.08	6.35%	\$216,267.01
>	\$ 250,000 <= \$ 300,000	3	0.17%	\$872,088.66	1.83%	\$290,696.22
>	\$ 300,000 <= \$ 400,000	6	0.34%	\$2,007,007.65	4.21%	\$334,501.28
>	\$ 400,000 <= \$ 500,000	1	0.06%	\$467,850.26	0.98%	\$467,850.26
>	\$ 500,000 <= \$ 1,000,000	2	0.11%	\$1,063,524.85	2.23%	\$531,762.43
<b>Total</b>		<b>1741</b>	<b>100.00%</b>	<b>\$47,705,235.12</b>	<b>100.00%</b>	<b>\$27,401.05</b>

**Table 5 - Fixed Rate Mortgages by Fixed Rate Term**

Maturity of Current Interest Rate Fixing				Number of Loans		Current Balance		Average Balance	Weighted Average Fixed Rate	
				#	%	\$	%			
0	<=	6	mths	103	12.58%	\$29,809,244.40	12.57%	\$289,410.14	4.34%	
>	6	<=	12	mths	208	25.40%	\$65,351,844.82	27.56%	\$314,191.56	4.18%
>	12	<=	24	mths	222	27.11%	\$63,898,160.34	26.95%	\$287,829.55	4.18%
>	24	<=	36	mths	229	27.96%	\$63,906,735.27	26.95%	\$279,068.71	4.09%
>	36	<=	60	mths	57	6.96%	\$14,172,447.70	5.98%	\$248,639.43	4.40%
<b>Total</b>				<b>819</b>	<b>100.00%</b>	<b>\$237,138,432.53</b>	<b>100.00%</b>	<b>\$289,546.32</b>	<b>4.19%</b>	

**Table 6 - Mortgage Pool by Months Since Drawdown**

Days Since Drawdown				Number of Loans		Current Balance		Average Balance	
				#	%	\$	%		
>	0	<=	3	mths	0	0.00%	\$0.00	0.00%	\$0.00
>	3	<=	6	mths	0	0.00%	\$0.00	0.00%	\$0.00
>	6	<=	12	mths	128	5.15%	\$39,536,234.35	5.65%	\$308,876.83
>	12	<=	18	mths	385	15.50%	\$119,385,937.82	17.06%	\$310,093.34
>	18	<=	24	mths	316	12.72%	\$88,013,204.93	12.58%	\$278,522.80
>	24	<=	36	mths	834	33.57%	\$234,042,260.44	33.44%	\$280,626.21
>	36	<=	48	mths	523	21.05%	\$143,246,735.26	20.47%	\$273,894.33
>	48	<=	60	mths	150	6.04%	\$40,585,046.94	5.80%	\$270,566.98
>	60	<=	180	mths	148	5.96%	\$35,095,484.14	5.01%	\$237,131.65
>	180	<=	360	mths	0	0.00%	\$0.00	0.00%	\$0.00
<b>Total</b>				<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>	

**Table 7 - Mortgage Pool by Original Loan Term**

Original Loan Term				Number of Loans		Current Balance		Average Balance	
				#	%	\$	%		
>	0	<=	5	years	4	0.16%	\$441,000.00	0.06%	\$110,250.00
>	5	<=	10	years	36	1.45%	\$3,408,317.73	0.49%	\$94,675.49
>	10	<=	15	years	117	4.71%	\$19,591,709.54	2.80%	\$167,450.51
>	15	<=	20	years	206	8.29%	\$44,311,177.98	6.33%	\$215,102.81
>	20	<=	25	years	329	13.24%	\$87,623,669.47	12.52%	\$266,333.34
>	25	<=	30	years	1792	72.14%	\$544,529,029.16	77.80%	\$303,866.65
>	30	<=	35	years	0	0.00%	-	0.00%	\$0.00
<b>Total</b>				<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>	



**Table 8 - Mortgage Pool by Remaining Loan Term**

Remaining Loan Term				Number of Loans		Current Balance		Average Balance
				#	%	\$	%	
>	0	<=	5 years	6	0.24%	\$563,874.39	0.08%	\$93,979.07
>	5	<=	10 years	43	1.73%	\$4,490,088.10	0.64%	\$104,420.65
>	10	<=	15 years	120	4.83%	\$20,615,744.59	2.95%	\$171,797.87
>	15	<=	20 years	218	8.78%	\$47,459,785.54	6.78%	\$217,705.44
>	20	<=	25 years	470	18.92%	\$122,788,516.89	17.54%	\$261,252.16
>	25	<=	30 years	1627	65.50%	\$503,986,894.37	72.01%	\$309,764.53
>	30	<=	35 years	0	0.00%	\$0.00	0.00%	\$0.00
<b>Total</b>				<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 9 - Mortgage Pool by Product Codes**

Product Codes		Number of Loans		Current Balance		Average Balance
		#	%	\$	%	
	Variable	1665	67.03%	\$462,766,471.35	66.12%	\$277,937.82
	Fixed (1 year)	24	0.97%	\$6,325,873.71	0.90%	\$263,578.07
	Fixed (2 year)	152	6.12%	\$47,308,630.04	6.76%	\$311,240.99
	Fixed (3 year)	511	20.57%	\$146,534,302.90	20.94%	\$286,759.89
	Fixed (4 year)	0	0.00%	\$0.00	0.00%	\$0.00
	Fixed (5 year)	132	5.31%	\$36,969,625.88	5.28%	\$280,072.92
<b>Total</b>		<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 10 - Mortgage Pool by Geographic Distribution**

Location of Security Properties	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
BRISBANE METRO	551	22.18%	\$156,367,975.79	22.34%	\$283,789.43
QLD COUNTRY	281	11.31%	\$63,359,822.54	9.05%	\$225,479.80
SYD METRO	287	11.55%	\$106,530,028.88	15.22%	\$371,184.77
OTHER NSW METRO	134	5.39%	\$39,398,498.13	5.63%	\$294,018.64
NSW COUNTRY	374	15.06%	\$96,824,035.10	13.83%	\$258,887.79
ACT METRO	50	2.01%	\$14,972,445.06	2.14%	\$299,448.90
MELBOURNE METRO	536	21.58%	\$154,696,099.55	22.10%	\$288,612.13
VICTORIA COUNTRY	82	3.30%	\$16,622,144.56	2.37%	\$202,709.08
PERTH METRO	113	4.55%	\$32,735,482.93	4.68%	\$289,694.54
WA COUNTRY	20	0.81%	\$4,840,714.93	0.69%	\$242,035.75
ADELAIDE METRO	38	1.53%	\$10,053,438.55	1.44%	\$264,564.17
SA COUNTRY	7	0.28%	\$1,185,148.91	0.17%	\$169,306.99
DARWIN METRO	0	0.00%	\$0.00	0.00%	\$0.00
NT COUNTRY	1	0.04%	\$373,204.74	0.05%	\$373,204.74
HOBART METRO	9	0.36%	\$1,780,927.41	0.25%	\$197,880.82
TAS COUNTRY	1	0.04%	\$164,936.80	0.02%	\$164,936.80
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

NSW 35%  
VIC 24%  
QLD 31%

Non-Metropolitan Loans 766 183,370,007.58 26.20%

**Table 11 - Mortgage Pool by Post Code Concentration**

Top 10 Post Codes by Current Balance	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
2530	30	1.21%	\$7,360,187.96	1.05%	\$245,339.60
2527	23	0.93%	\$6,365,710.10	0.91%	\$276,770.00
2529	22	0.89%	\$6,092,769.89	0.87%	\$276,944.09
3030	25	1.01%	\$6,008,416.14	0.86%	\$240,336.65
4207	19	0.76%	\$5,603,162.96	0.80%	\$294,903.31
4053	18	0.72%	\$5,217,425.19	0.75%	\$289,856.96
2518	20	0.81%	\$4,878,369.99	0.70%	\$243,918.50
4152	15	0.60%	\$4,845,573.75	0.69%	\$323,038.25
4305	19	0.76%	\$4,697,735.21	0.67%	\$247,249.22
4510	18	0.72%	\$4,560,176.09	0.65%	\$253,343.12
<b>Total</b>	<b>209</b>	<b>8.41%</b>	<b>\$55,629,527.28</b>	<b>7.95%</b>	<b>\$266,169.99</b>

**Table 12 - Mortgage Pool by Days in Arrears**

Number of Days in Arrears	Number of Loans		Current Balance		Amount In Arrears		% of Balance
	#	%	\$	%	\$	%	
>= 0 <= 1 days	2484	100.00%	\$699,904,903.88	100.00%	\$0.00	0.00%	0.0000%
> 1 <= 7 days	0	0.00%	\$0.00	0.00%	\$0.00	0.00%	0.0000%
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>0.00%</b>

**Table 13 - Mortgage Pool by Uniform Consumer Credit Code Regulation**

Regulated by Credit Code	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
Regulated Loans	2159	86.92%	\$598,736,961.42	85.55%	\$277,321.43
Non-Regulated Loans	325	13.08%	\$101,167,942.46	14.45%	\$311,285.98
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 14 - Mortgage Pool by Loan Purpose**

Loan Purpose	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
Refinance	691	27.82%	\$188,410,698.21	26.92%	\$272,663.82
Renovation	106	4.27%	\$26,949,403.56	3.85%	\$254,239.66
Purchase - New Dwelling	159	6.40%	\$47,378,011.62	6.77%	\$297,974.92
Purchase - Existing Dwelling	824	33.17%	\$241,383,222.20	34.49%	\$292,940.80
Buy Home (Investment)	183	7.37%	\$57,424,838.68	8.20%	\$313,796.93
Other	521	20.97%	\$138,358,729.61	19.77%	\$265,563.78
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 15 - Mortgage Pool by Mortgage Insurer**

Mortgage Insurer	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
GENWORTH INSURANCE	36	1.45%	\$9,201,839.95	1.31%	\$255,606.67
QBE LMI	215	8.66%	\$76,077,404.11	10.87%	\$353,848.39
QBE LMI (To be arranged)	2233	89.90%	\$614,625,659.82	87.82%	\$275,246.60
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

**Table 16 - Interest Only Loans**

	Number of Loans		Current Balance		Average Balance
	#	%	\$	%	
Interest Only Loans	235	9.46%	\$81,929,825.03	11.71%	\$348,637.55
Principal & Interest Loans	2249	90.54%	\$617,975,078.85	88.29%	\$274,777.71
<b>Total</b>	<b>2484</b>	<b>100.00%</b>	<b>\$699,904,903.88</b>	<b>100.00%</b>	<b>\$281,765.26</b>

## **DIRECTORY**

### **Sponsor, Seller and Servicer**

Credit Union Australia Ltd  
Level 23, 145 Ann Street  
Brisbane QLD 4000

### **Manager**

CUA Management Pty Ltd  
Level 23, 145 Ann Street  
Brisbane QLD 4000

### **Trustee**

Perpetual Trustee Company Limited  
Level 18, 123 Pitt Street  
Sydney NSW 2000

### **Security Trustee**

P.T. Limited  
Level 18, 123 Pitt Street  
Sydney NSW 2000

### **Arranger and Joint Lead Manager**

National Australia Bank Limited  
Level 32, 500 Bourke Street

Melbourne VIC 3000

### **Joint Lead Manager**

Australia and New Zealand Banking Group Limited  
Level 5, 242 Pitt Street  
Sydney NSW 2000

### **Joint Lead Manager**

Macquarie Bank Limited  
Level 1, 50 Martin Place  
Sydney NSW 2000

### **Joint Lead Manager**

Westpac Banking Corporation  
Level 2, 275 Kent Street  
Sydney NSW 2000

### **Solicitors to Credit Union Australia and the Manager**

Clayton Utz  
Level 15  
1 Bligh Street  
Sydney NSW 2000