



**Bank of
Melbourne**

Portfolio Loan Agreement

General Terms and Conditions

Effective Date: 1 July 2014

IMPORTANT NOTE

This document does not contain all the terms of your loan agreement or all of the information we are required by law to give you before the agreement is made. Further terms and information are in the Portfolio Loan Agreement *Offer*.

Information relating to transactions is in the Bank of Melbourne Transaction, Savings and Investment Accounts Banking Services Terms and Conditions and General Information booklet.

Contents

page

1	Using your Portfolio Loan	4
2	<i>Sub-accounts</i>	5
3	Our requirements before we make funds available	7
4	Our additional requirements if you have a building <i>sub-account</i>	9
5	Interest charges and default interest charges	13
6	Interest rate options	14
7	<i>Break Costs</i>	16
8	Fees and charges	22
9	Changes to fees and charges	22
10	Enforcement expenses	23
11	Lender's mortgage insurance	23
12	Statements	24
13	Minimum Repayments	24
14	Capitalised interest	25
15	Review	25
16	Repayment	26
17	Transactions	28
18	Variation	28
19	Set off	29
20	National Credit Code	30
21	General information	30
22	Joint accounts	31
23	Applicable law	31
24	GST	31
25	How we may exercise our rights	32
26	Our certificates	32
27	Assignment	32
28	Appropriate use of our services	33
29	Problems, errors and complaints	33
30	Our reporting obligations	33
31	Meaning of words	34

Information Statement

Things You Should Know About Your Proposed Credit Contract	38
The Contract	38
Insurance	41
Mortgages	43
General	45

About this loan agreement

This loan agreement consists of two documents: the Portfolio Loan Agreement *Offer* and the Portfolio Loan Agreement General Terms and Conditions. They should be read together.

Portfolio Loan Agreement General Terms and Conditions

The meaning of words printed *like this* and some other key words is explained in the section entitled “Meaning of words” at the end of these terms and conditions.

At the back of this booklet (in addition to the terms and conditions of this loan agreement) there is also a description of your major rights and obligations under the National Credit Code.

1 Using your Portfolio Loan

We make funds available to one or more of the *borrowers* up to the *portfolio credit limit* through one or more *sub-accounts*, each of which has its own *sub-account credit limit* which the *borrowers* may choose in accordance with this loan agreement.

If you have a building *sub-account*, we make funds available on the building *sub-account* as the building works progress and as indicated in the progress payment schedule to the *Offer*. The full *sub-account credit limit* is not available on a building *sub-account* during the construction period. We determine the amount of the *sub-account credit limit* available during the construction period. You can ask us what the available credit is at any time.

You must not allow any *sub-account credit limit* to be exceeded. If a *sub-account credit limit* is exceeded and you have received a statement to advise you of the excess, then you must repay the excess by the next statement due date.

You must also comply with the conditions that apply to the use of the *sub-accounts* or any card connected to any of them. Those conditions (including, but not limited to, any applicable fees) form part of this loan agreement.

You must take your own advice on taxation matters connected with this loan agreement.

2 *Sub-accounts*

The *borrowers* may elect to have up to ten *sub-accounts* each of which may have a different interest rate option.

The *primary sub-account* must be:

- in the name of all *borrowers*; and
- at a variable rate.

The *borrowers* must nominate the *sub-account holders* for each other *sub-account*. The *sub-account holders* for each other *sub-account* need not be the same but all *sub-account holders* must be one or more of the *borrowers*.

If one or more of the *borrowers* is not a *sub-account holder* under all *sub-accounts*, then they must execute a separate guarantee and indemnity in a form satisfactory to us in respect of the *sub-accounts* of which they are not a *sub-account holder*.

We maintain a separate account for each *sub-account*.

Where the word “you” is used in this loan agreement in respect of obligations under a particular *sub-account*, it is to be read as a reference only to those *borrowers* who are the *sub-account holders* of that *sub-account*, unless otherwise specified.

All *portfolio fees and charges* payable under this loan agreement will be debited to the primary *sub-account*. Any fees and charges payable under this loan agreement which are not *portfolio fees and charges* will be debited to the *sub-account* to which we determine they relate.

If a variable interest rate (which has not been discounted) applies to all the *sub-accounts* at any time, the *borrowers* may adjust a *sub-account credit limit* by:

- increasing the *sub-account credit limit* of one or more *sub-accounts* and decreasing the *sub-account credit limit* of other *sub-accounts* by the same total amount; or
- creating one or more additional *sub-accounts* and decreasing existing *sub-account credit limits* by a total amount equal to the total *sub-account credit limits* of the new *sub-account(s)*; or
- deleting one or more existing *sub-accounts* and increasing the existing *sub-account credit limits* by a total amount equal to the total *sub-account credit limits* of the deleted *sub-account(s)*.

However, after any adjustments, the sum of the *sub-account credit limits* must equal the *portfolio credit limit*.

The *borrowers* may not be allowed to adjust *sub-account credit limits* on any *sub-account*:

- to which a discounted or negotiated variable interest rate applies;
- to which a fixed interest rate applies; or
- which is a building *sub-account*, during the construction period.

We will tell the *borrowers* when they request an adjustment to a *sub-account credit limit* whether any restrictions apply.

The *borrowers* may close a *sub-account* at any time provided its *sub-account* total amount owing is zero. However, the *borrowers* may not close the primary *sub-account* without nominating another *sub-account* to be the primary *sub-account*.

3 Our requirements before we make funds available

We suggest *borrowers* go through these requirements with their solicitor or conveyancer to find out if there is anything they personally need to do. *Borrowers* should also ask their solicitor or conveyancer to contact the person preparing the mortgage documentation (as indicated in the *Offer*) for further details of these and any other settlement requirements.

3.1 We only have to make funds available if:

- (a) the title to each *security property* is satisfactory to us; and
- (b) all searches, certificates, valuations, reports and consents we request relating to a *security property* have been provided and are satisfactory to us; and
- (c) we have received evidence to our satisfaction that council, water and other rates, taxes or charges for each *security property* are paid up to date; and

Borrowers must ensure that rates, taxes, charges and other amounts in connection with each *security property* are paid promptly when due during the term of the loan facility. If they are not, we may take action under the *security*.

- (d) unless the *security property* is under construction (see clause 4.5(a)), we have received or been shown a copy of an insurance policy or a certificate of currency satisfactory to us:
 - noting our interest as mortgagee;
 - which shows that each *security property* specified in the *Offer* under “Security” is insured (as required under each *security*) on a replacement and reinstatement basis;
 - for at least the amount of cover specified in the *Offer* under “Security”; and

You must ensure that the insurance required under the *security* is maintained during the term of the loan facility. If it is not, we may take action under the *security*.

- (e) the *borrowers* are not in default under this loan agreement (for example, *borrowers* are in default if they give us incorrect financial information when applying for the loan facility); and
- (f) nothing has happened since the *borrowers* applied for the loan facility which has led or could lead to a worsening in their financial circumstances which is material to our decision as to whether to provide or continue to provide the loan facility; and
- (g) we have received the securities detailed in the *Offer* under “Security” in a form satisfactory to us, and no-one is in default under any of them and they have not been withdrawn; and
- (h) when a guarantee and indemnity *security* is being given:
 - our securities department or solicitors have confirmed that a copy of the *Offer*, this booklet and the guarantee and indemnity have been sent to each guarantor; and
 - we have received:
 - a certificate of independent legal advice satisfactory to us for each guarantor from a solicitor who does not work for the firm of solicitors acting for the *borrowers* or the firm acting for us in relation to the loan facility; or
 - a statutory declaration satisfactory to us by each guarantor that the guarantor has received independent legal advice prior to signing the guarantee or indemnity; and
- (i) where the *borrowers* are not residents of Australia, they have satisfied the Foreign Investment Review Board requirements in connection with the loan facility purpose; and
- (j) each special settlement requirement (if any) detailed in the *Offer* has been satisfied; and

- (k) for a building *sub-account*, the additional requirements in clause 4.2 have been satisfied; and
- (l) we have received anything else we require and any other settlement requirement we specify has been complied with.

3.2 Our obligation to make the loan facility available to you ends if the settlement requirements in clause 3.1 are not finalised within 3 months of the disclosure date.

3.3 If any borrower enters into this loan agreement as trustee of any trust or settlement, that borrower warrants that:

- this loan agreement is for the benefit of the trust;
- the borrower has authority to enter into this loan agreement; and
- the borrower has the right to be fully indemnified out of trust assets for obligations incurred under this loan agreement.

4 Our additional requirements if you have a building *sub-account*

4.1 Requirements before you begin building work

You must not begin building work until all our requirements for making funds available are satisfied (see clause 4.2 below) and we (or our solicitors) give you a letter stating that you may begin building work.

4.2 Requirements before we make funds available on a building *sub-account*

We need not make funds available on a building *sub-account* unless the following requirements (in addition to those in clause 3) are all satisfied:

(a) Your contribution

You have contributed any money you have agreed to contribute.

(b) Builder's insurance

You (if you are an owner/builder) or your builder must have builders' all risk insurance for the building work for its full insurable value on a replacement and reinstatement basis.

If the building *sub-account* is for a kit or transportable home, you must take out insurance cover for all risks during the period of manufacture, transportation to site and construction of the kit or home.

In each case:

- the insurance must cover the period until practical completion; and
- if you are an owner/builder, our interest as mortgagee must be noted on the policy; and
- if we request it, you must provide us with a copy of the insurance policy or a certificate of currency.

(c) Builder's licence

You must obtain a certificate from the relevant authority showing that the builder is a licensed builder and if we request it, provide us with a copy or, if you are an owner/builder, that you provide us with your current owner/builder's licence.

(d) Builder's guarantee

If we request, you must provide evidence from the relevant authority that a building guarantee is in force for the proposed building works.

(e) Plans and specifications

You must provide a set of council approved plans and specifications to the valuer or quantity surveyor nominated by us.

(f) Survey

If we request, you must provide a survey showing that the building works are sited correctly on the land and will conform with the relevant local government regulations.

(g) Soil pest treatment

If we request, you must ensure that you (if you are an owner/builder) or your builder provides a certificate from a licensed pest exterminator showing that the building site has been treated for pests in accordance with the appropriate Australian standard.

4.3 Additional requirements each time we make funds available on a building *sub-account* if you are an owner/builder or you have a kit or transportable home built.

We may require that the valuer or quantity surveyor nominated by us must inspect the site and certify that the building works have been satisfactorily completed to the agreed extent and in accordance with the approved plans and specifications provided to us. (You must provide to us any additional information or documentation reasonably required by the valuer or quantity surveyor.) If we require this, we need not make any funds available on a building *sub-account* unless the valuer or quantity surveyor so certifies.

4.4 General conditions for building sub-accounts

(a) Insurance

You must ensure the insurance required under 4.2(b) and 4.5(a) is maintained.

(b) Plans

You must not have any changes made to the council approved plans and specifications without our written consent which we will not withhold unreasonably.

(c) Schedule of progress payments

We make progress payments for building works to your builder, or we make funds available to you if you are an owner/builder. The number of progress payments, the approximate amount of each progress payment and the building work which must be completed before each progress payment, is set out in the schedule attached to the *Offer*.

The amount of each progress payment to the builder is subject to availability of funds in the building *sub-account*. If the available credit at the time a progress payment is requested is less than the amount shown in the progress payment schedule, we make the available credit as the progress payment.

(d) Additional inspections

We may require at any stage that the valuer or quantity surveyor nominated by us, inspects the site and certifies that the building works have been satisfactorily completed to the agreed extent and in accordance with the approved plans and specifications provided to us (you must provide any additional information or documentation reasonably required by the valuer or quantity surveyor). We need not make any loan advance (including the first and the final loan advances) unless the valuer or quantity surveyor so certifies.

(e) Completion date

Unless the building works are completed and the scheduled final progress payment is made within 6 months of the *settlement date*, we may refuse to make further credit available on any *sub-account*.

4.5 Requirements before final progress payment

We need not make the final progress payment on a building *sub-account* unless the following additional requirements are satisfied:

(a) Insurance

We must receive a copy of an insurance policy or a certificate of currency satisfactory to us noting our interest as mortgagee if required, which shows that the *security property* is insured on a replacement and reinstatement basis and for at least the amount of cover specified in the *Offer* under “Security”.

(b) Inspections

The valuer or quantity surveyor nominated by us must inspect the site and certify that the building works have been satisfactorily completed in accordance with the council approved plans and specifications provided to us.

(c) Certificate of occupancy

If we request, you must provide a certificate of compliance or occupancy or similar certificate in relation to the completed building works.

5 Interest charges and default interest charges

5.1 Interest charges

In respect of each *sub-account* you must pay us interest charges for each day on the *balance owing on the sub-account* at the end of that day.

Interest charges are calculated daily at the interest rate applying to that *sub-account* on the basis of a 365 day year (including in a leap year).

The interest charges accrue daily and are debited to the *sub-account* in arrears at the end of each month in which they accrue.

Any amount on which interest is charged at the default rate under clause 5.2 is excluded from the balance owing on the *sub-account* for the purpose of this clause. We charge interest instead on that amount under clause 5.2.

5.2 Default interest charges

Under this loan agreement a default rate of interest may be charged when payments are in default.

We may charge interest at a higher rate - the default rate described in the *Offer* - on:

- (a) any minimum repayment required (see clause 13) while it is overdue; and
- (b) any amount after the date it becomes due for payment under clause 16; and
- (c) any excess you must repay under clause 1 (third paragraph).

These interest charges are calculated daily on the basis of a 365 day year (including in a leap year). They accrue daily and are debited to the relevant *sub-account* in arrears at the end of each month in which they accrue.

6 Interest rate options

Information on the current Portfolio Loan variable rates and other interest rates is available from your nearest branch.

If:

- a variable interest rate (which has not been discounted) applies to all *sub-accounts* at any time; and
- the *borrowers* choose to adjust a *sub-account credit limit* by creating one or more *sub-accounts* as provided by clause 2,

then the interest rate on the new *sub-account* or *sub-accounts* is to be the variable rate that applies from time to time to your Portfolio Loan.

In all other cases, if the *borrowers* elect to have more than one *sub-account*, the *borrowers* must agree with us the interest rate which is to apply to each *sub-account*.

As at the disclosure date, if the *borrowers* elect to have more than one *sub-account*, the interest rate option applying to each *sub-account* is shown in the *Offer*.

We call the interest rate (except the default rate) applying to the loan facility, the “**annual percentage rate**.” The *annual percentage rate* at the disclosure date for the interest rate option for each *sub-account* is also shown in the *Offer*.

Variable rate option

Whenever a *sub-account* is under the variable rate option:

- (a) we can change the *annual percentage rate* at any time;
- (b) the *annual percentage rate* shown in the *Offer* is only a guide. The actual *annual percentage rate* applying at the *settlement date* may have changed;
- (c) we will tell you of a change in the *annual percentage rate* no later than the day it takes effect by writing to you or by press advertisement.

Fixed rate option

If you are under the fixed rate option:

- (a) the entire *sub-account credit limit* (less any amount we agree may remain undrawn initially and be used for capitalisation purposes) must be fully drawn within 30 days from the *settlement date*. Any amount which is not drawn within that period is not available on that *sub-account* for that fixed rate period;
- (b) we will not change your *annual percentage rate* for the agreed period that it is fixed (called the “fixed rate period”);
- (c) if you ask us, we may agree with you to hold a fixed interest rate available for up to 90 days from the date of your request. (If we agree this interest rate is referred to in the *Offer* as the “locked rate” and the *Offer* will show the number of days remaining before the *locked rate* is no longer available). The *Offer* states whether or not there is a *locked rate* on a *sub-account*;
- (d) if there is a *locked rate* and the *settlement date* occurs before the number of days shown in the *Offer* has expired, the interest rate for the fixed rate period is the lesser of:
 - (i) the *locked rate*; and
 - (ii) our advertised fixed rate of the type specified in the *Offer* last published by us on or before the *settlement date* (modified by any margin, that we notify to you, applying during the fixed rate period);
- (e) if there is no *locked rate* or if there is a *locked rate* and the *settlement date* does not occur until after the number of days shown in the *Offer* has expired, then the interest rate for the fixed rate period will be the fixed rate last published by us on or before the *settlement date* for the same period on the same type of loan and not the rate stated in the *Offer*;
- (f) your fixed rate period begins on the *settlement date* or if your loan has already been drawn down, on the date we tell you;

- (g) you may make extra repayments up to the value of *prepayment threshold* in each relevant 12 month period (as described in clause 7.2) without incurring a break cost. In each relevant 12 month period, any prepayments or part thereof, which are in excess of the *prepayment threshold*, may be subject to a break cost, as determined by Bank of Melbourne (see clause 7);
- (h) unless the *Offer* indicates otherwise, at the end of the fixed rate period, your *sub-account* automatically converts to the variable rate option at no charge. Your *annual percentage rate* changes on the same day to the Portfolio Loan variable rate which applies to your Portfolio Loan;
- (i) we will confirm to you in writing, prior to the end of the fixed rate period:
 - the date the *annual percentage rate* changes; and
 - the Portfolio Loan variable rate current at the date of this notice and new repayment amount which applies to your Portfolio Loan;
- (j) you cannot draw any amount you repay on a *sub-account* under a fixed rate option.

7 Break Costs

- 7.1 When Bank of Melbourne lends you money at a fixed rate for a set term, the risk associated with movements in interest rates is accepted by Bank of Melbourne. We then manage this risk based on the understanding that all the required repayments due over the whole of the fixed rate period will be made in full and on time. We obtain funding on this basis through transactions at wholesale market interest rates. If you make a prepayment (that is, you repay ahead of the due date or you pay an extra or higher amount) or change to another interest rate option, that will change our funding position. If wholesale market interest rates have dropped, this causes a loss to Bank of Melbourne. The estimated amount of this loss is passed on to you as *break costs* (subject to the *prepayment threshold* described below).
- 7.2 If a *sub-account* is under the fixed rate option and before the end of the fixed rate period you:

- (a) prepay the *sub-account total amount owing*; or
- (b) make prepayments on that *sub-account* in excess of the *prepayment threshold*; or
- (c) are in default so that the *sub-account total amount owing* becomes immediately due for payment,

then you must pay us the *prepayment break costs* we calculate.

- 7.3 If a *sub-account* is under the fixed rate option and before the end of the fixed rate period you change to another interest rate option (fixed or variable), then you must pay us the *switch break costs* that we calculate.
- 7.4 Each of the events referred to in clauses 7.2 and 7.3 is a “break”.
- 7.5 This clause applies if you prepay less than the *sub-account total amount owing*.

The *prepayment threshold* is the maximum amount we allow you to prepay on each fixed rate *sub-account* in each 12 month period without charging you *prepayment break costs*. Your *prepayment threshold* is \$10,000 in each 12 month period. You will reach your *prepayment threshold* for a 12 month period once the total prepayments for the *sub-account* during that 12 month period reach \$10,000 or more on a day during that 12 month period. After that, each prepayment during that 12 month period will trigger a *prepayment break costs* calculation. A prepayment is any regular or lump sum payment of any amount in excess of your contractual obligation.

For this purpose a “12 month period” is the period from the date the fixed rate period of the *sub-account* starts to the first anniversary of that date and each consecutive 12 month period after that during the fixed rate period.

For example, if a *sub-account* has a 3 year fixed rate period and in year 1 you:

- prepaid \$9,000 in month 3;
- prepaid \$5,000 in month 8;

you would exceed your *prepayment threshold* by \$4,000 in month 8. Therefore *prepayment break costs* may apply.

We do not treat payments of overdue amounts as prepayments. For example if the overdue amount of a fixed rate *sub-account* is \$2,000 and you pay \$7,000, then only \$5,000 is counted towards your *prepayment threshold*.

- 7.6 Both *prepayment break costs* and *switch break costs* are calculated using the *break costs method* described in clause 7.7.
- 7.7 In general terms you will need to pay us *break costs* if our current Wholesale Market Interest Rates for the part of the fixed rate period remaining after the break are lower than the Wholesale Market Interest Rates for the original fixed rate period (that is, the Wholesale Market Interest Rates on the first day of the fixed rate period or as at the rate lock date if there is a rate lock facility).

The “Wholesale Market Interest Rates” are the rates at which we determine we can get fixed rate funds from the wholesale markets on the relevant day.

To work out *break costs*, we take into account:

- (i) the relevant Wholesale Market Interest Rates on the first day of the fixed rate period or as at the rate lock date if there is a rate lock facility (the “original Wholesale Market Interest Rates”);
- (ii) the Wholesale Market Interest Rates for the part of the fixed rate period remaining on the date of the break (the “current Wholesale Market Interest Rates”);
- (iii) the difference between your *annual percentage rate* on the fixed rate *sub-account* for the fixed rate period and the original Wholesale Market Interest Rates;
- (iv) the outstanding balance on the *sub-account* and in the case of partial prepayments, the *prepayment threshold* we allow you to prepay before we impose *break costs*;
- (v) the number of days remaining until the end of the fixed rate period of the *sub-account*;
- (vi) the timing, frequency and dollar amount of payments required under the contract for the *sub-account*; and

(vii) any amount of any unpaid interest, fees and charges and any default interest which was debited to your *sub-account*.

Our *break costs* formula is complex. A simplified version of it is:

$$\begin{aligned} & \text{Interest Rate Differential} \\ & \quad \mathbf{x \text{ (Multiplied by)}} \\ & \text{Average Outstanding Balance} \\ & \quad \mathbf{x \text{ (Multiplied by)}} \\ & \text{Number of Years Remaining in Fixed Term} \\ & \quad \mathbf{x \text{ (Multiplied by)}} \\ & \text{Net Present Value Discount Factor} \end{aligned}$$

Our formula estimates our loss but may not necessarily reflect any actual transaction that we may enter into (either before or at the time of the break).

Some examples of the amount of *break costs* are set out under Fixed Rate Break Costs Examples below.

Fixed Rate Break Costs Examples

The following examples will help you understand how the *break costs* formula generally works.

Say you decide to fix the interest rate on your *sub-account* of \$100,000 for 5 years in April 2009. Your customer fixed interest rate is 7.00%p.a. for 5 years (no locked rate was requested). You don't make any prepayments. The Wholesale Market Interest Rates on the *settlement date* for your fixed rate period was 6.00%p.a.

You then prepay the *sub-account total amount owing* in full after one year on a repayment date in April 2010, (i.e. 4 years still remain in your fixed rate period).

If the four year Wholesale Market Interest Rates in April 2010 is 5.00%p.a. you will need to pay us a break cost of approximately \$3,600.

This *break costs* example is based on:

Fixed rate period	5 years
<i>Sub-account</i> loan amount	\$100,000
Customer rate	7.00%p.a. (no <i>locked rate</i> was requested)

Examples after the 1st, 2nd, 3rd and 4th years as follows:

Sub-account loan Amount	Years remaining (in fixed rate period)	Effective Wholesale Market Interest Rates p.a. on date of settlement	Effective Wholesale Market Interest Rates p.a. at the time of break	Estimated <i>break costs</i> (using simplified formula)
\$100,000	4	6.00%	5.00%	\$3,600
\$100,000	3	6.00%	5.00%	\$2,775
\$100,000	2	6.00%	5.00%	\$1,900
\$100,000	1	6.00%	5.00%	\$975
\$100,000	0			

An explanation of the terms used in our *break costs* formula is outlined below. Examples of these terms (based on the information contained in the table) have also been provided.

Average outstanding balance: The average balance of the sub-account between the time of break and what the balance would have been at the expiry of the fixed rate period (assuming no prepayment).

In this example, since the repayment type is interest only, the average outstanding balance of the fixed rate *sub-account* is \$100,000.

Interest Rate Differential: The difference between the original Wholesale Market Interest Rates for the applicable fixed rate period and the current Wholesale Market Interest Rates for the remainder of the fixed rate period.

For example, say you prepay the *sub-account total amount owing* after one year on a repayment date in April 2010 (i.e. 4 years still remain in your fixed rate period). The *Interest Rate Differential* would be 1.00% (6.00% less 5.00%).

Number of Years Remaining in the Fixed Term: If you prepay the sub-account total amount owing after one year on a repayment date in April 2010, there are still 4 years remaining in your fixed rate period.

Net Present Value Discount Factor: The factor which discounts the cost incurred to the Bank spread over the remaining fixed rate period, to today's value. The formula for calculating the *Net Present Value Discount Factor* is as follows:

$$\frac{100.00\% - (\text{Current Wholesale Market Interest Rates} \times \text{Number of Years Remaining in Fixed Rate Period})}{\div 2}$$

For example, say you prepay the *sub-account total amount owing* after one year on a repayment date in April 2010 (i.e. 4 years still remain in your fixed rate period). The *Net Present Value Discount Factor* would be 90.00%.

WARNING: The examples in the table above, and the simplified version of our *break costs* formula, are a general guide only. If you do have to pay *break costs*, the actual amount may be different from the amount you calculate yourself using the simplified version of our formula.

7.8 *Break costs* can be quite high. We suggest you ask us for an estimate of the *break costs* and seek independent financial advice before you repay your *sub-account* early during a fixed rate period.

Our *break costs* formula is complex. If you would like to see a more detailed description of the formula used to work out the *break costs*, you can obtain from any Bank of Melbourne branch a booklet called Things you should know about Break Costs.

Please also note that we will not pay you a benefit if the current Wholesale Market Interest Rates are higher than the original Wholesale Market Interest Rates. This is because we allow you to make prepayments up to the *prepayment threshold* without charging *break costs*.

8 Fees and charges

Fees and charges payable or which may become payable under this loan agreement, and when they are payable, are set out in the *Offer* under “Fees and charges”.

Unless you have already paid them, you authorise us to debit these fees and charges to the *sub-account* to which they relate or, if they are *portfolio fees and charges*, to the *primary sub-account*. We may do so on or after the date we pay them or the date they become due or payable by you or us (whichever is earlier).

We need not notify you first.

You must also pay us an amount equal to any government charges and duties on receipts or withdrawals under this loan agreement, calculated in accordance with the relevant legislation. These are payable whether or not you are primarily liable for such charges and duties. We debit these amounts to the *sub-account* to which they relate.

You must pay for anything that you must do under this loan agreement.

9 Changes to fees and charges

The fees and charges current at the *disclosure date* are shown in the *Offer*.

We may change the amount, or frequency of payment, of any fee or charge, or introduce a new one. We will tell you of the introduction or change to a fee or charge before it takes effect. We will do this in writing to you or by press advertisement.

However, we need not notify you in advance in relation to certain government fees and charges, if they are published by the government itself.

Information on current fees and charges is available on request - you may pick up from any branch a copy of the booklets "Loan accounts - Charges for specific services and accounts" and "Bank of Melbourne Transaction, Savings and Investment Accounts - Fees and charges and how to minimise them". These booklets are regularly updated and contain details of our fees and charges for loans and transaction fees and other fees applicable to operating a Portfolio Loan *sub-account*.

10 Enforcement expenses

Enforcement expenses may become payable under this loan agreement and under any *security* in the event of a breach.

You must pay us, when we ask, any reasonable expenses we reasonably incur in enforcing this loan agreement or a *security* after you are in default (including in the case of a mortgage *security*, expenses incurred in preserving and maintaining the property such as by paying insurance, rates and taxes for the property).

We may debit these expenses to the *sub-account* to which they relate.

11 Lender's mortgage insurance

Any lender's mortgage insurance protects us as lender and not the *borrower*.

If any of the *borrowers* default under this loan agreement or any mortgage *security* resulting in a need to sell the mortgaged property and the sale proceeds are insufficient to fully repay the loan facility, we may incur a loss.

We may recover this loss under a lender's mortgage insurance policy (if any).

However, if there is a lender's mortgage insurance policy, the *borrowers* become legally responsible for paying to the insurer any amount outstanding under this loan agreement or under any mortgage *security*.

12 Statements

We send you a monthly statement for each *sub-account*.

We also send the *borrowers* (or, if there is one, the person nominated to receive statements for the *primary sub-account*) a monthly portfolio statement (and by entering into this loan agreement each of the *borrowers* consents to this). This provides a summary of all *sub-accounts* and shows any adjustments during the month to the *sub-account credit limits*.

13 Minimum Repayments

We tell you when a *sub-account* is set up whether you must make a monthly minimum repayment on that *sub-account*. Unless we agree otherwise, you will be required to make a monthly minimum repayment on the *primary sub-account* and on any *sub-account* which is for personal, domestic or household purposes.

You must pay the minimum repayment set out in each statement by the due date (which is the last *banking day* of the month after the month covered by that statement). You may not pay the minimum repayment for a *sub-account* from, or by drawing a cheque on, that *sub-account*.

The minimum repayment for a *sub-account* is the total of government charges (being withholding tax, if any), interest charges and the monthly administration fee (if applicable) shown on the monthly statement for that *sub-account*. However, the minimum repayment is never greater than the closing balance on the statement and, if the closing balance is nil or there is a credit balance, the minimum repayment is nil.

If you do not make the minimum repayment for a *sub-account* by the due date, we may prevent the operation of any transactions on that *sub-account* (including by dishonouring any cheques drawn on the *sub-account*) until we receive payment.

If there is an overdue amount or an amount in excess of the *sub-account credit limit* or both shown on a statement, you must immediately pay us those amounts. We need not ask you for any of those amounts first. Those amounts are in addition to the minimum repayment required on the statement.

14 Capitalised interest

If the *Offer* states that a minimum repayment is not required on a *sub-account*, interest, fees and charges will be capitalised on that *sub-account*. The *borrowers* must ensure that *sub-account credit limits* are adjusted so that any *sub-account* on which interest, fees and charges are capitalised has a sufficient *sub-account credit limit* to allow the capitalisation. The balance owing on the *sub-account* must not exceed the *sub-account credit limit*.

15 Review

We may review any *sub-account* at any time, but at least annually. You must give us any information we reasonably ask for.

We may reduce the *portfolio credit limit* or any *sub-account credit limit* or stop providing further credit as we choose. Without limiting our rights, we may choose to do so if:

- your financial position has changed adversely;
- you do not pay an amount when it is due; or
- there has been a reduction in the value of any *security* which affects our *security interest* adversely.

We tell the *borrowers* in writing of any changes we choose to make under this clause.

16 Repayment

Variable rate sub-accounts

We may demand that you repay the whole or part of the *sub-account* total amount owing at any time unless the interest rate under the *sub-account* is a fixed rate. You must repay in full the amount we demand at the time we specify in the demand.

You acknowledge that there is no agreement, arrangement or understanding between you and us that we may demand repayment only when a particular event occurs or does not occur.

Fixed rate sub-accounts

You are in default in connection with a *sub-account* under which the interest rate is a fixed rate if:

- (a) you do not pay on time any amount due under any *sub-account* (whether or not it has a fixed rate); or
- (b) you do something you agree not to do, or you don't do something you agree to do under any *sub-account* (whether or not it has a fixed rate); or
- (c) you give, or another person acting on your behalf gives, us materially incorrect or misleading information in connection with any *sub-account* (whether or not it has a fixed rate) or a *security*; or
- (d) we reasonably believe you or another person has acted fraudulently in connection with any *sub-account* (whether or not it has a fixed rate) or a *security*; or
- (e) you become or another person who provides a *security* becomes insolvent or steps are taken to make you or them so; or
- (f) you are, or a person who provides a *security* is, in default under that *security* or withdraws from it.

A reference to "you" in any of paragraphs (a) - (f) above is a reference to any of you whether or not you are a *sub-account holder* of a *sub-account* under which the interest rate is a fixed rate.

If you are in default in connection with a *sub-account* under which the interest rate is a fixed rate, we may give you a notice stating that you are in default.

If you do not, or cannot, correct the default within any grace period given in the notice (or if you are in default again for a similar reason at the end of that period), then, at the end of that period and without further notice to you, the *sub-account total amount owing* becomes immediately due for payment (to the extent it is not already due for payment).

We may then take action to recover that amount, or enforce any *security*, or do both.

If you are in default and:

- we believe on reasonable grounds that we were induced to enter into the credit contract or a security by fraud on the part of any borrower or a person who provides a security;
- we have made reasonable attempts to locate you without success;
- a Court authorises us to begin enforcement proceedings; or
- we believe on reasonable grounds that a borrower or a person who provides a security has removed or disposed of mortgaged goods or intends to do so, without our permission or that urgent action is necessary to protect the mortgaged property;

the *sub-account total amount owing* becomes immediately due for payment without notice. We may then immediately take action to recover that amount, or enforce any *security*, or do both.

All sub-accounts

Unless the amount owing is genuinely in dispute, if we have demanded repayment of the whole or part of the *sub-account total amount owing* or if you are in default, we may use any money you have in another account with us towards repaying the *sub-account total amount owing* (this is known as “combining accounts”). We may combine accounts without giving you any notice but we will tell you afterwards.

17 Transactions

We may assign any date we consider appropriate to a debit or credit to a *sub-account* (except that, in the case of a debit, the date must not be earlier than the date on which the relevant transaction occurs). However, we credit payments to a *sub-account* as soon as practicable after we receive them. This is not necessarily the same day that you pay.

We may subsequently adjust debits and credits to a *sub-account*, and the balance owing on the *sub-account*, so as to accurately reflect the legal obligations of you and us (for example, because of an error or because a deposited cheque or a direct entry payment is dishonoured). If we do this we may make consequential changes (including to the interest charges).

We may debit to a *sub-account* a cheque written on the account (thereby temporarily increasing the *balance owing on the sub-account*) even if we subsequently dishonour that cheque.

We may use any payment we receive from you in any order we choose.

18 Variation

We may introduce new fees and charges and vary any provision of this agreement relating to:

- annual percentage rate;
- default rate;
- loan amount;
- loan term,
- amount, frequency and number of repayments, and time for repayments or the method of calculation of repayments.
- existing fees and charges and their times for payment; and
- Account number.

We may also vary any other term or condition of this loan agreement.

We will notify you of, or advertise, any changes to this agreement before they are made, as follows.

- Any change in the annual percentage rate - we will notify you, or advertise, on or before the day the change happens.
- Any change in the amount of fees or charges - we will notify you, or advertise, at least 30 days before the change takes effect.
- The introduction of any new fees or charges - we will notify you at least 30 days before the change takes effect (if your loan is regulated by a National Credit Code we may advertise the change instead of writing to you).
- In relation to the variation or introduction of a government charge payable directly or indirectly by you - we will notify you of, or advertise, the change at least 30 days before the changes take. However if your loan is not regulated by a National Credit Code and the change is published by a government, governmental agency or representative body, we may not notify you of, or advertise, the change.
- Any other change - we will notify you at least 30 days before the change takes effect.

However, where the change reduces your obligations or extends the time for payment, we will generally only give you details of the change when we send you the next statement of account after the change takes effect.

Unless your Loan Offer says otherwise, any advertisements of changes will appear in *The Australian* and *The Australian Financial Review*. If we advertise a variation, we will give you the details when we send you the next statement of account.

19 Set off

Except for your right of set-off under National Credit Code if a court orders us to pay a civil penalty to you, you must pay all amounts due under this loan agreement in full without setting off amounts you believe we owe you and without counterclaiming amounts from us.

20 National Credit Code

This clause applies to the extent that a National Credit Code applies to this loan agreement.

If:

- (a) that Code would otherwise make a provision of this loan agreement illegal, void or unenforceable; or
- (b) a provision of this loan agreement would otherwise contravene a requirement of that Code or impose an obligation or liability which is prohibited by that Code, this loan agreement is to be read as if that provision were varied to the extent necessary to comply with that Code, or if necessary, omitted.

21 General information

More information about banking

There is a booklet called "Bank of Melbourne Transaction, Savings and Investment Accounts. Banking Services Terms and Conditions and General Information" which you received when you received the Offer and which is available on request from any Bank of Melbourne branch. This booklet contains all types of information which you may find helpful about banking services and the Code of Banking Practice, such as account opening procedures, confidentiality and complaint handling procedures, combining accounts, bank cheques, cheques and cheque clearing, the importance of reading the terms and conditions applying to the banking services you obtain from us and the advisability of you notifying us if you are in financial difficulty.

We strive to give you account information which is accurate and up-to-date at all times. However, if your interest charges are due to be debited on a non-*banking day* and you make an automated balance enquiry (for example by Phone Banking or at an ATM) on the interest debit day itself (or any immediately preceding non-*banking day(s)*), the balance quoted will not be the balance on the actual enquiry date. Instead, it will be the opening balance for the day after the interest charges are debited (that is, it will take into account the amount of the interest charges).

22 Joint accounts

If there are more than one of you in respect of a *sub-account*, then you are jointly and severally bound to comply with these terms and conditions in respect of that *sub-account*, and are liable for all amounts which are owing to us at any time on that joint *sub-account*.

Either of you can write to us and terminate your liability for future advances on a *sub-account*. If either of you ask to terminate your liability on a *sub-account*, we may cancel all your operations on the *sub-account*. In any case, each of you remain liable for all transactions either of you make prior to the date you cancelled your liability for future advances on the *sub-account* even if the transactions are debited to the *sub-account* after the cancellation date.

A joint *sub-account holder* may only make a withdrawal on the terms of any authority to operate on the *sub-account*. Unless you nominate otherwise, the method of operation of any joint *sub-account* will be EITHER to sign.

23 Applicable law

This loan agreement is governed by the law in force in the State or Territory of our address stated in the *Offer*. You and we submit to the non-exclusive jurisdiction of the courts of that place.

24 GST

You must increase the amount (“**original amount**”) of any payment due by you at any time under this loan agreement by an additional amount sufficient to cover any GST payable by us on your payment, if not already included in the calculation of that original amount.

The total amount received by us, after discounting for the amount of any GST payable by us on that total, must equal the original amount.

We will tell you of any additional GST amount, if it has not already been set out in this loan agreement.

You must pay, as requested by us, any additional amount necessary to compensate us for any direct or indirect increase resulting from any GST in the cost to us of:

- carrying on the business connected with making, funding, maintaining or administering this loan agreement; or
- any possession, repair or sale of, or other dealing or action relating to, any property connected with this loan agreement or any *security*.

25 How we may exercise our rights

We may exercise a right or remedy or give or refuse our consent in any way we reasonably consider appropriate including by imposing conditions.

If we do not exercise a right or remedy fully or at a given time, we can still exercise it later.

Our rights and remedies under this loan agreement are in addition to other rights and remedies provided by law independently of it.

26 Our certificates

We may give the *borrowers* a certificate about a matter or about any amount payable in connection with this loan agreement. The certificate is sufficient evidence of the matter or amount, unless it is proved to be incorrect.

27 Assignment

We may assign or otherwise deal with our rights under this loan agreement in any way we consider appropriate. The *borrowers* agree that we may disclose any information or documents we consider desirable to help us exercise this right. The *borrowers* also agree that we may disclose information or documents at any time to a person to whom we assign our rights under this loan agreement.

28 Appropriate use of our services

You must not use the services we provide for any illegal purpose.

Where we consider it necessary for us to meet our regulatory and compliance obligations:

- you must provide us with any information we reasonably request;
- we will disclose information we hold to regulatory and law enforcement agencies, other financial institutions, third parties and members of the Westpac Group; and
- we may delay, block or refuse to provide any of our services.

29 Problems, errors and complaints

If you believe an error has been made, please notify your nearest Bank of Melbourne branch. We will correct any error that is found to be ours as soon as possible.

If you have a problem or complaint about your loan account, you should speak to our Customer Service personnel. The relevant details are set out on the back of this booklet.

To assist us in resolving your problem or complaint, you should:

- report it promptly;
- state clearly the nature of the problem or your particular grievance; and
- have available all documents and background information.

30 Our reporting obligations

We are required to identify certain US persons in order to meet account information reporting requirements under local and international laws.

If you or (where you are an entity) any office bearer* of the entity and/or any individual who holds an interest in the entity of more than 25% (a Controlling Person) are a US citizen or US tax resident, you must telephone 1300 667 156 at the time of accepting these Terms and Conditions. When you contact us you will be asked to

provide additional information about your US tax status and/or the US tax status of any Controlling Person which will constitute certification of US tax status for the purposes of the application to which these Terms and Conditions relate.

Unless you notify us that you and/or any Controlling Person are a US citizen or US tax resident as specified above, accepting these Terms and Conditions constitutes certification that you and/or any Controlling Person are not a US citizen or US tax resident.

If at any time after account opening, information in our possession suggests that you and/or any Controlling Person may be a US citizen or US tax resident, you may be contacted to provide further information on your US tax status and/or the US tax status of any Controlling Person. Failure to respond may lead to certain reporting requirements applying to the account.

*Director of a company, partner in a partnership, trustee of a trust, chairman, secretary or treasurer of an association or co-operative

31 **Meaning of words**

annual percentage rate means the per annum rate of interest applying to the loan facility.

balance owing on the sub-account means at any time in respect of a *sub-account*, the difference between all amounts credited and all amounts debited to you under this loan agreement at that time on that *sub-account*. When this amount is to be calculated at the end of a day, it includes all debits and credits assigned to that day.

banking day means a day other than a Saturday or Sunday or public, special or bank holiday in the State or Territory of the applicable law governing this loan agreement.

borrowers means all the persons named in the Offer as “Borrower”.

break costs means *prepayment break costs* or *switch break costs*.

break cost method means the method of calculating *break costs* described in clause 7.7.

the **disclosure date** is stated in the *Offer*.

GST means any tax imposed on the supply of any goods, services, real or personal property or other things or similar tax.

including or **as such** or **for example** when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

locked rate is the fixed interest rate we agree to hold for a *sub-account* in accordance with the “Fixed rate option” section of clause 6.

Offer means the Portfolio Loan Agreement *Offer* which is part of this loan agreement.

prepayment break costs are described in the *Offer* and clause 7.

prepayment threshold has the meaning specified in clause 7.5.

portfolio credit limit means the *portfolio credit limit* specified in the *Offer* or otherwise agreed.

portfolio fees and charges are those fees and charges identified as such in the *Offer*.

primary sub-account means the *sub-account* nominated in the *Offer* as *sub-account* no. 1 or another *sub-account* we agree to.

security means each *security* interest described in the *Offer* under “Security” and any substitute or additional *security* interest given in connection with this loan agreement.

The property the subject of any mortgage of real property described in the *Offer* under “Security” comprises all the mortgagor’s estate and interest in the property and rights which may arise in connection with it; and rights to personal goods left on the property if we take possession; and rights to set off any money we owe the mortgagor against the amount secured by that mortgage.

The property the subject of the mortgage contained in any authority to set off deposits referred to in the *Offer* under “Security” comprises the *borrower’s* rights to deposits described in the authority.

security interest means any mortgage, charge, lien, pledge, trust, power or other rights given as or in effect as *security* for the payment of money or performance of obligations. It also includes a guarantee or guarantee and indemnity.

security property means property over which a *security* interest is held.

settlement date means the date on which you satisfy all the settlement requirements in clause 3.1.

small business means a business employing:

- (a) less than 100 full-time (or equivalent employees) if the business is or includes the manufacture of goods; or
- (b) in any other case, less than 20 full-time (or equivalent) employees,

unless you enter into this loan agreement to obtain a facility for use in connection with a business that does not meet the elements in (a) or (b) of this definition.

sub-account means a separate account maintained under the loan facility.

sub-account credit limit means the credit limit which applies to a sub-account specified in the *Offer* or otherwise agreed.

sub-account holder means, in respect of a *sub-account*, the person or persons nominated by the *borrowers* to be the borrower or *borrowers* in respect of that *sub-account*.

sub-account total amount owing means, at any time, the balance owing on the *sub-account* at that time plus all accrued interest charges, default interest charges and other amounts which you must pay under the *sub-account* but which have not been debited to the *sub-account* at that time.

switch break costs are described in the *Offer* and clause 7.

we or **us** or **Bank of Melbourne** or the **Bank** means Bank of Melbourne – A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714 and its successors and assigns.

you means, in respect of each *sub-account*, those of the *borrowers* who are *sub-account holders* of that *sub-account*. If there are more than one, you means each of them separately and every two or more of them jointly. You includes your successors and assigns.

The singular includes the plural and vice versa.

A reference to:

- a document includes any variation or replacement of it;
- law means common law, principles of equity and laws made by parliament (and laws made by parliament include regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of them);
- any thing (including the credit obtained under this loan agreement) includes the whole and each part of it.

The relevant provisions of the Code of Banking Practice apply to this loan agreement if you are an individual or a small business.

The following information only applies to you, if you are an individual and, at the time you sign the *Offer*, you intend to use the credit obtained under this loan agreement or *sub-account* wholly or predominantly for personal, domestic or household purposes.

Information Statement

Things you should know about your proposed credit contract

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

If you have any concerns about your contract, contact your credit provider and, if you still have concerns, your credit provider's external dispute resolution scheme or get legal advice.

The Contract

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

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

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

whichever happens first.

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

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

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

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

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

3 Can I terminate the contract?

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

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

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

4 Can I pay my credit contract out early?

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

5 How can I find out the pay out figure?

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

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

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

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

7 Can my contract be changed by my credit provider?

Yes, but only if your contract says so.

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

That depends on the type of change. For example:

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

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

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

Yes. You should first talk to your credit provider. Discuss the matter and see if you can come to some arrangement. If that is not successful you may contact your credit provider's external dispute resolution scheme. External dispute resolution is a free service established to provide you with an independent mechanism to resolve specific complaints. Your credit provider's external dispute resolution provider is Financial Ombudsman Service and can be contacted at:

Telephone: 1300 780 808

Internet: www.fos.org.au

Post: Financial Ombudsman Service

GPO Box 3, Melbourne VIC 3001

Alternatively, you can go to court. You may wish to get legal advice, for example from your community legal centre or Legal Aid.

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

Insurance

10 Do I have to take out insurance?

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

11 Will I get details of my insurance cover?

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

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

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

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

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

13 In that case, what happens to the premiums?

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

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

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

Mortgages

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

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

16 Should I get a copy of my mortgage?

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

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

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

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

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

See the answers to questions 22 and 23.

Otherwise you may:

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

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

If your credit provider won't give permission contact their external dispute resolution scheme for help.

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

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

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

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

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

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

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

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

General

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

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

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

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

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

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

24 Can my credit provider take action against me?

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

25 Do I have any other rights and obligations?

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

If you have any complaints about your credit contract, or want more information, contact your credit provider. You must attempt to resolve your complaint with your credit provider before contacting your credit provider's external dispute resolution scheme. If you have a complaint which remains unresolved after speaking to your credit provider you can contact your credit provider's external dispute resolution scheme or get legal advice.

External dispute resolution is a free service established to provide you with an independent mechanism to resolve specific complaints. Your credit provider's external dispute resolution provider is financial ombudsman service and can be contacted at:

Telephone: 1300 780 808

Internet: www.fos.org.au

Post: Financial Ombudsman Service,
GPO Box 3, Melbourne VIC 3001

Please keep this information statement.
You may want some information from it at a later date.

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DISPUTES

If your complaint is not immediately resolved to your satisfaction, you should:

speak to us by:

- contacting the branch where the problem arose; or
- phoning Customer Relations between 8am and 8pm, 7 days a week on 1800 266 352 (outside the metro area) or 9982 4150 (metro); or

write to us and:

- send it to the Senior Manager, Customer Relations, Locked Bag 20037 Melbourne VIC 3001; or
- fax it to Customer Relations on 9982 4185;

After this, if the matter is still not resolved to your satisfaction contact:

Financial Ombudsman Service (FOS)
GPO Box 3
Melbourne Vic. 3001
Tel 1300 780 808
www.fos.org.au

For further information
Ask at any branch or call
13 22 66, 24 hours 7 days
bankofmelbourne.com.au



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