TERMS OF THE LOAN CONTRACT

INFORMATION ABOUT THE CUSTOMER OWNED BANKING CODE OF PRACTICE

The relevant provisions of the Customer Owned Banking Code of Practice apply to this loan contract

1. Definitions and Interpretation

In this loan contract:

(a) a reference to 'we', 'us' or 'our' means the Credit Union;
(b) a reference to 'you' means each Borrower;
(c) words and phrases have the same meaning as in the Schedule;
(d) words and phrases have the same meaning as in the National Credit Code;
(e) headings are for convenience only and do not affect the interpretation of this agreement;
(f) words importing the singular include the plural and vice versa;
(g) words importing a gender include any gender;
(h) other parts of speech and grammatical forms of a word or phrase defined in this loan contract have a corresponding meaning;
(i) a reference to a Clause or Schedule is a reference to a clause or schedule of this loan contract;
(j) a reference to this loan contract includes any Schedule;
(k) a reference to a party to this contract includes that party's successors and permitted assigns; and
(l) a reference to a mortgage of Mortgaged Property described in the Schedule as a motor vehicle, motor cycle, caravan, trailer or boat is a reference to a mortgage created by this Loan Contract.

2. Funding Pre-conditions

2.1 We will not lend you the Amount of Credit until, where specified in the Schedule:

(a) you give us a mortgage over the Mortgaged Property;
(b) the Guarantor gives us a guarantee that satisfies us;
(c) the Guarantor gives us a mortgage over the Mortgaged Property that satisfies us;
(d) you and the Guarantor take out any compulsory insurance or mortgaged property insurance that we may reasonably require;
(e) your mortgage and the Guarantor's mortgage is stamped and, if appropriate, registered; and
(f) you and the Guarantor prove to us that you have taken out the insurance referred to in Clause 2.1(d).

2.2 You must arrange to draw the Amount of Credit within 30 days of the date of this loan contract or later as we both agree. If you do not do so, we may terminate this loan contract.

3. Amount of Credit

3.1 Subject to Clause 2 and this loan contract, we agree to lend you up to the Amount of Credit.

3.2 However, we will not advance to you the difference between the amount of a Credit Fee and Charge we are to pay out of the Amount of Credit and the amount that we actually pay of that Credit Fee and Charge.

4. Repayments

4.1 You must repay the balance of the loan by making the repayments set out in the Schedule. However, this is subject to other terms of this loan contract, for example, if we increase repayments or if you are in default.

4.2 If we do not receive value for a cheque or direct credit, we may:

(a) reverse the credit; and
(b) charge you interest or default interest; and
(c) exercise any right or remedy under this contract;

as if the repayment had never been made.

4.3 If you are liable to us under 2 or more loan contracts and do not tell us to which account we are to credit any repayment, we may credit the repayment to this loan contract or any of the other loan contracts as we choose.

4.4 We may apply any payment from you or the Guarantor to enforcement expenses, default interest, credit fees and charges, interest or principal as we choose.

4.5 We may apply any payment from you or the Guarantor to the most recent debit to your account.

4.6 You must make all payments due under this loan contract and any mortgage, without any deduction, set-off, counterclaim or condition.

5. Calculating Interest Charges

5.1 We will calculate interest daily by multiplying the unpaid daily balance of the account at the end of the day by the daily percentage rate. The daily

percentage rate is the Annual Percentage Rate divided by 365.

5.2 Subject to clause 5.3, we will debit interest on or about the same day every month. This day will not necessarily be the same day that your repayments are due. We will also debit interest on the day you pay the balance of your loan.

5.3 This clause applies to an interest only 'in-advance' investment loan:

(a) to which the National Credit Code does not apply; or

(b) to which the National Credit Code applies and which is secured against residential property.

We will debit your annual interest charge in advance on the day that your loan is first drawn and on each anniversary of this date.

6. Calculating Default Interest Charges

6.1 This clause 6 only applies if a Default Rate of Interest is specified in the Schedule.

6.2 If you do not make a repayment when due, you must pay us default interest as well as interest.

6.3 We will calculate default interest daily by multiplying the overdue amount by the daily default percentage rate. The daily default percentage rate is the Default Rate of Interest divided by 365.

6.4 We will debit default interest on the same days as we debit interest under clause 5.2.

7. Credit Fees and Charges

We may debit the Credit Fees and Charges, or Lenders Mortgage Insurance, specified in the Schedule to your account.

8. Variation of Annual Percentage Rate

8.1 We may vary the Annual Percentage Rate at any time. However, we do not have this right when the Schedule states that the Annual Percentage Rate is fixed.

8.2 If the variation increases your obligations, we must notify you on or before the day the increase takes effect by:

(a) publishing a notice in a newspaper and sending you notification in your next statement of account; or

(b) giving you written notice.

9. Variation of Interest Calculations

9.1 We may vary how we calculate interest or how often we debit interest.

9.2 If the variation increases your obligations, we must give you written notice at least 20 days before the increase takes effect

10. Variation of Credit Fees & Charges

10.1 We may:

(a) vary the amount of any Credit Fee or Charge;

(b) add a new credit fee or charge (which is a Credit Fee or Charge);

(c) vary the method of calculating any Credit Fee or Charge; or

(d) vary the time or frequency of payment for any Credit Fee or Charge.

10.2 If the variation increases your obligations, we must notify you 20 days before the change takes effect by:

(a) publishing a notice in a newspaper and sending you notification in your next statement of account; or

(b) giving you written notice.

10.3 If the variation does not increase your obligations, we will send you notification in your next statement of account.

11. Variation of Repayments

11.1 We may vary:

(a) the amount, frequency or time of repayments; or

(b) the method of calculating repayments; or

(c) the method of calculating the minimum repayment.

11.2 If any of these variations increases your obligations, we must give you written notice at least 20 days before the increase takes effect.

11.3 If a variation does not increase your obligations, we will notify you in your next statement of account.

12. Other Variations

12.1 We may vary this loan contract:

(a) when the Annual Percentage Rate stated in the Schedule is expressed as a reference rate plus or minus a margin - to increase or decrease that margin;

(b) when the Schedule does not state a Default Rate of Interest - to add a Default Rate of Interest to calculate Default Interest Charges;

(c) to increase or decrease the Default Rate of Interest specified in the Schedule;

(d) to vary the minimum amount under any Redraw facility attached to this loan.

12.2 If any of these variations increases your obligations, we must give you written notice at least 20 days before the increase takes effect.

12.3 If the variation does not increase your obligations, we will send you notification in your next statement of account.

13. Default

13.1 You are in default under this loan contract if:

(a) you do not make a repayment in full by the date it is due;

(b) you or the Guarantor breach any term of this loan contract, the guarantee, any mortgage or any insurance policy that we require;

(c) the guarantee or any mortgage that we require is unenforceable according to its terms;

(d) the insurer terminates any insurance policy we require;

(e) you or the Guarantor fail to renew on terms that satisfy us any mortgaged property insurance that we require;

(f) you become a bankrupt;

(g) you seek to make an arrangement or composition with your creditors under a law dealing with bankruptcy; or
(h) you are required to be a member and you cease to be a member.

13.2 If you are in default, we may send you a default notice. The notice will tell you:
(a) what the default is;
(b) what you have to do to remedy the default;
(c) that you will have at least 30 days from the date of the notice to remedy the default; and
(d) about your options and what can happen if the default is not remedied.

13.3 If you do not comply with the default notice, you become liable to pay us the balance of the loan immediately and we may repossess and sell any Mortgaged Property.

13.4 If you or the Guarantor fails to do anything that this loan contract, the guarantee, any mortgage or any insurance policy requires you or the Guarantor to do, we may:
(a) do the thing as required;
(b) do it in your name; and
(c) do it at your expense and debit your account for the expense.

14. Enforcement Expenses

14.1 If you are in default under this loan contract, we may charge you enforcement expenses we reasonably incur. We may debit these to your loan account.

14.2 An enforcement expense includes an expense for doing any of the following under this loan contract, any guarantee or any mortgage:
(a) enforcing any right we have;
(b) attempting to enforce any right;
(c) performing any of your obligations or those of any Guarantor in accordance with clause 13.4;
(d) protecting any right;
(e) waiving any right;
(f) contemplating the enforcement of any right;
(g) sending an arrears letter or default notice before commencing enforcement proceedings.

14.3 An enforcement expense also includes any expense we have to pay on the dishonour of a cheque or any other payment instrument given to us for a payment in relation to this loan contract.

15. Redraw Facility

15.1 If the Schedule states that there is a redraw facility attached to this loan, then, with our consent on each occasion (which we must not unreasonably withhold) you may drawback excess repayments up to, but not more than, the amount that would have been the outstanding balance under this loan contract had you made all repayments as the loan contract requires.

15.2 The minimum amount of each drawback is the amount specified in the Schedule. We may vary this amount from time to time.

15.3 If there is more than one borrower under this loan contract, you authorise us to process the drawback on the instructions of any of you until such time as any of you advise us, in writing, to the contrary.

16. Personal Property Security Agreement

16.1 If the Mortgage section of the Schedule specifies personal property, such as a motor vehicle, motor cycle, caravan, trailer, boat or term deposit, you grant us a security interest in the personal property to secure payment of the outstanding balance of the loan and your obligations under the Loan Contract.

16.2 The personal property described in the Schedule includes any other personal property in substitution for the original personal property.

16.3 The outstanding balance of the loan includes any increases to the Amount of Credit we subsequently agree to make.

16.4 You agree to:
(a) maintain any registration or licence required by law in connection with the personal property;
(b) give us satisfactory evidence of that registration or licence on our request.

16.5 If:
(a) the personal property is a term deposit; and
(b) we apply the deposit, or part of it, to the outstanding balance of the loan, before the deposit matures;

we may adjust the rate of interest to the rate that would have been payable if the term deposit had originally been lodged with us for the reduced term.

The reduced term will be calculated from the day the term deposit was lodged to the day of application.

16.6 We may renew the term deposit, regardless of any instruction that you may have given us, to coincide with the anticipated date of repayment of the loan and at the rate of interest then payable on term deposits of the like amount and term.

17. Insurance of Personal Property

17.1 If the Mortgage section of the Schedule specifies personal property, such as a motor vehicle, motor cycle, caravan, trailer, boat, you must:
(a) keep the personal property comprehensively insured against loss, theft, damage, accident, fire, storm, tempest and any other risk that a prudent owner would insure against;
(b) insure for an amount that we reasonably require.
(c) have our interest noted on the insurance policy; and
(d) provide evidence of the insurance.

17.2 If you make a claim under the insurance policy, you must pay to us any money you receive. We will then apply that insurance money towards payment of the outstanding balance of the loan.

18. Miscellaneous Matters

18.1 Taxes and expenses

(a) We may debit your account for any government tax or stamp duty payable in connection with this credit contract or any guarantee or mortgage specified in the Schedule or any insurance policy that we require.

(b) You agree to pay our reasonable legal costs and expenses of any guarantee or mortgage specified in the Schedule.

18.2 Payment on a Business Day

If you must make a payment or do any other thing on or by a day that is not a business day, you must make the payment or do the other thing by the next business day.

18.3 Joint Borrowers - Obligations are Separate & Together

If there is more than one Borrower, each of you is liable to us separately for the balance of the loan as well as together.

18.4 Assignment

You agree that we may assign our rights under this loan contract, any mortgage or any guarantee without further consent from you, if we choose to do so. If our rights under this loan contract are assigned to another person, or pass by law to another person, you will have (and may exercise) the same rights in respect of the loan contract against the assignee as you have against us.

18.5 Information is correct

You represent and warrant that all information, representations and documents that you, or any person acting on your behalf, gave us about your loan application or about the Mortgaged Property which are material to our decision to approve your loan are true and correct.

18.6 Waiver

A waiver of any of our rights under this loan contract does not occur unless we give it to you in writing.

18.7 Severability

If any part of this loan contract is invalid, unenforceable or in breach of any law, it is not included in this loan contract. The remainder of this loan contract continues in full force and effect.

18.8 Enforcing Personal Property Security Agreement

We may enforce the Personal Property Security Agreement without first enforcing any other security or guarantee for the loan.

19. Giving Any Guarantor Information

Your signing this loan contract also operates as a consent to us to give information about this loan contract to any Guarantor.