

INFORMATION MEMORANDUM



**FIRSTMAC MORTGAGE FUNDING TRUST NO. 4 SERIES 3PP-2014**

**FIRSTMAC FIDUCIARY SERVICES PTY LIMITED (ABN 60 105 052 515)**

**\$700,000,000**

**Mortgage Backed Secured Floating Rate Notes Comprising**

<b>\$595,000,000</b> <b>Class A-1 Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "AAA(sf)" by Standard & Poor's "AAAsf" by Fitch	<b>\$35,000,000</b> <b>Class A-2 Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "AAA(sf)" by Standard & Poor's "AAAsf" by Fitch	<b>\$43,000,000</b> <b>Class AB Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "AAA(sf)" by Standard & Poor's
<b>\$16,000,000</b> <b>Class B-1 Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "AA-(sf)" by Standard & Poor's	<b>\$4,000,000</b> <b>Class B-2 Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "A(sf)" by Standard & Poor's	<b>\$4,900,000</b> <b>Class B-3 Notes</b> <b>Due April 2046</b> <i>Expected Rating</i> "BB(sf)" by Standard & Poor's
<b>\$2,100,000</b> <b>Class C Notes</b> <b>Due April 2046</b> <i>Not rated</i>		

**Arranger**

**National Australia Bank Limited**  
(ABN12 004 044 937)

**Class A-1 Joint Lead Managers**

**National Australia Bank Limited**  
(ABN 12 004 044 937)

**J.P. Morgan Australia Limited**  
(ABN 52 002 888 011)

**Lead Manager**

**National Australia Bank Limited**  
(ABN 12 004 044 937)

17 December 2014

**THE NOTES ARE NOT LIABILITIES OF J.P. MORGAN AUSTRALIA LIMITED OR NATIONAL AUSTRALIA BANK LIMITED.**

**THE INSTRUMENTS ISSUED PURSUANT TO THIS INFORMATION MEMORANDUM (“NOTES”) BY FIRSTMAC FIDUCIARY SERVICES PTY LIMITED (ABN 60 105 052 515) IN ITS CAPACITY AS TRUSTEE OF THE FIRSTMAC MORTGAGE FUNDING TRUST NO. 4 IN RESPECT OF SERIES 3PP-2014 (“FIRSTMAC” AND “REGISTRAR”) DO NOT REPRESENT DEPOSITS OR OTHER LIABILITIES OF J.P. MORGAN AUSTRALIA LIMITED (ABN 52 002 888 011) (“J.P. MORGAN” AND “CLASS A-1 JOINT LEAD MANAGER”) AND NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 937) (“NAB”, “ARRANGER”, “CLASS A-1 JOINT LEAD MANAGER”, “LEAD MANAGER” AND “INTEREST RATE SWAP PROVIDER”) OR ANY ASSOCIATE OF J.P. MORGAN (IN EACH CASE, ACTING IN ANY CAPACITY, INCLUDING IN ITS CAPACITY AS A CLASS A-1 JOINT LEAD MANAGER) OR NAB (IN EACH CASE, ACTING IN ANY CAPACITY, INCLUDING IN ITS CAPACITY AS THE ARRANGER, A CLASS A-1 JOINT LEAD MANAGER, LEAD MANAGER AND INTEREST RATE SWAP PROVIDER), NOR DOES J.P. MORGAN OR NAB OR ANY ASSOCIATE OF J.P. MORGAN (INCLUDING AS A CLASS A-1 JOINT LEAD MANAGER) OR NAB (INCLUDING AS THE ARRANGER, A CLASS A-1 JOINT LEAD MANAGER, LEAD MANAGER AND INTEREST RATE SWAP PROVIDER) NOR DOES ANY OTHER MEMBER OF J.P. MORGAN GROUP OR NAB GROUP GUARANTEE IN ANY WAY ANY RETURN ON THE NOTES, ANY PARTICULAR RATE OF RETURN OR THE PERFORMANCE OF THE NOTES. THE HOLDING OF NOTES IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE DELAYS IN REPAYMENT AND LOSS OF INCOME AND PRINCIPAL INVESTED.**

None of Firstmac Limited, in its individual capacity and as Manager, Servicer, Calculation Agent and an Originator, First Mortgage Company Pty Limited, in its individual capacity and as an Originator, Firstmac Fiduciary Services Pty Limited, in its individual capacity, as trustee of the Trust in respect of the Series and as trustee of any trust, J.P. Morgan, in its individual capacity and as a Class A-1 Joint Lead Manager, NAB, in its individual capacity and as Arranger, a Class A-1 Joint Lead Manager, Lead Manager and Interest Rate Swap Provider, P.T. Limited, in its individual capacity, as Security Trustee and as trustee of any trust, Perpetual Trustee Company Limited, in its individual capacity and as Standby Servicer and Custodian, Perpetual Corporate Trust Limited, in its individual capacity and as Standby Trustee, Perpetual Nominees Limited, in its individual capacity and as Registrar, or any Counterparty, or any associate of any of them, nor any other member of the J.P. Morgan Group or NAB Group, guarantee in any way any return on the Notes, any particular rate of return or the performance of the Notes, except in the case only of Firstmac Limited, First Mortgage Company Pty Limited and Firstmac to the limited extent provided in the Transaction Documents.

None of Firstmac Limited, in its individual capacity and as Manager, Servicer, Calculation Agent and an Originator, First Mortgage Company Pty Limited, in its individual capacity and as an Originator, Firstmac Fiduciary Services Pty Limited, in its individual capacity, as trustee of the Trust in respect of the Series and as trustee of any trust, J.P. Morgan, in its individual capacity and as a Class A-1 Joint Lead Manager, NAB, in its individual capacity and as Arranger, a Class A-1 Joint Lead Manager, Lead Manager and Interest Rate Swap Provider, P.T. Limited, in its individual capacity, as Security Trustee and as trustee of any trust, Perpetual Trustee Company Limited, in its individual capacity and as Standby Servicer and Custodian, Perpetual Corporate Trust Limited, in its individual capacity and as Standby Trustee, Perpetual Nominees Limited, in its individual capacity and as Registrar, or any Counterparty, or any associate of any of them, nor any other member of the J.P. Morgan Group or NAB Group, nor any associate of any of them, guarantees the payment of interest or the repayment of principal due on the Notes or the obligations of Firstmac except, in the case only of Firstmac Limited, First Mortgage Company Pty Limited and Firstmac to the limited extent provided in the Transaction Documents.

Capitalised terms not otherwise defined in this Information Memorandum where first used have the meaning given to them in section 1 (“*Important Notice*”), section 3 (“*Overview*”), section 14 (“*Transaction Documents*”) and section 16 (“*Glossary of Terms*”).

None of the obligations of Firstmac are guaranteed in any way by any member of the J.P. Morgan Group or the NAB Group.

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## 1 Important Notice

### 1.1 Purpose

This Information Memorandum ("**Information Memorandum**") has been prepared solely in connection with the Firstmac Mortgage Funding Trust No. 4 in respect of Series 3PP-2014 in respect of which Firstmac Fiduciary Services Pty Limited (ABN 60 105 052 515) as trustee in respect of the Series may issue Notes.

This Information Memorandum has been prepared for distribution only to persons whose ordinary business includes the buying and selling of securities (whether as principal or agent) and on the express understanding that the information it contains will be regarded and treated as strictly confidential. Its contents may not be reproduced or used in whole or in part for any purpose other than for assisting prospective investors to understand some of the features of the Notes (other than the FastPay Notes and the Class C Notes). It is not intended for, and should not be distributed to, any other person without the express written permission of the Manager.

This Information Memorandum is not intended to provide the sole basis of any credit or other evaluation and it does not constitute a recommendation, offer or invitation to purchase any Notes by any person.

### 1.2 Responsibility for Information Contained in Information Memorandum

This Information Memorandum has been prepared by the Manager based on information provided by Firstmac and otherwise available to it and the facts and circumstances existing as at 17 December 2014 being the date of its preparation ("**Preparation Date**"). To the best of both Firstmac and the Manager's information and knowledge, the contents of this Information Memorandum are correct as at the Preparation Date. None of Firstmac, the Manager or any other person has any obligation to the holders of any Notes ("**Holders**") to update this Information Memorandum after the Preparation Date having regard to information which becomes available, or facts and circumstances which come to exist after the Preparation Date.

No representation or warranty, express or implied, as to the accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum is made by any of Firstmac, the Arranger, each Class A-1 Joint Lead Manager, the Lead Manager, any Interest Rate Swap Provider, each Originator, the Servicer, the Manager, the Security Trustee, the Standby Trustee, the Standby Servicer, the Custodian, the Registrar or any other party named in this Information Memorandum.

Each Class A-1 Joint Lead Manager and the Lead Manager have confirmed the accuracy of its name and address in the Directory of this Information Memorandum, but no Class A-1 Joint Lead Manager nor the Lead Manager has authorised or caused the issue of any other part of this Information Memorandum, and no Class A-1 Joint Lead Manager nor the Lead Manager has conducted any due diligence or otherwise independently verified any of the information contained in this Information Memorandum. Accordingly, no Class A-1 Joint Lead Manager nor the Lead Manager makes any representation, express or implied, as to, or accepts any responsibility for, the accuracy or completeness of the information contained in this Information Memorandum. No Class A-1 Joint Lead Manager nor the Lead Manager makes any statement in this Information Memorandum and has not authorised or caused the issue of it.

The Security Trustee, the Custodian, the Registrar, the Standby Servicer, the Standby Trustee, the Arranger, the Class A-1 Joint Lead Managers, the Lead Manager and the Interest Rate Swap Providers have had no involvement in the preparation of any part of this Information Memorandum (other than the particular references to them in the Directory). The Security Trustee, the Custodian, the Registrar, the Standby Servicer, Standby Trustee, the Arranger, the Class A-1 Joint Lead Managers, the Lead Manager and the Interest Rate Swap

Providers, expressly disclaim and take no responsibility for any other part of this Information Memorandum. The Security Trustee, the Custodian, the Registrar, the Standby Servicer, the Standby Trustee, the Arranger, the Class A-1 Joint Lead Managers, the Lead Manager and the Interest Rate Swap Providers make no statement in this Information Memorandum and have not authorised or caused the issue of it.

### 1.3 Reliance on Information Memorandum

Any institution contemplating the purchase of Notes should make, and will be taken to have made, its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of Firstmac. Neither the delivery of this Information Memorandum nor any purchase of Notes made hereunder will, under any circumstance, create any implication that there has been no change in the affairs of Firstmac or any other person referred to in this Information Memorandum since the Preparation Date.

Each potential purchaser should determine for itself whether to purchase or otherwise acquire any of the Notes described in this Information Memorandum, based on such documentation and information as it deems appropriate at the time.

### 1.4 Authorised Information or Material

No person has been authorised to give any information or to make any representation not contained in this Information Memorandum or any documents incorporated by reference in accordance with section 1.7 ("*Documents Incorporated by Reference*"). Accordingly, if any such information or representation is given or made to a potential purchaser of Notes, it must not be relied upon as having been authorised by or on behalf of Firstmac, the Class A-1 Joint Lead Managers, the Lead Manager, the Interest Rate Swap Providers, the Arranger, the Servicer, the Manager, the Security Trustee, the Standby Trustee, the Custodian, the Standby Servicer or the Registrar.

### 1.5 Disclosure

Each Class A-1 Joint Lead Manager, the Lead Manager, the Interest Rate Swap Provider and the Arranger discloses that in addition to the arrangements and interests it will or may have with respect to any other party including without limitation the Manager, the Servicer, Firstmac, each Originator and the Custodian (together, the "**Group**") as described in this Information Memorandum (the "**Transaction Document Interests**"), it, its Related Entities (as such term is defined in the Corporations Act) (the "**Related Entities**"), directors, officers and employees:

- (a) may have pecuniary or other interests in the Notes and they may also have interests pursuant to other arrangements; and
  - (b) will receive fees, brokerage and commissions or other benefits, and may act as principal in any dealing in the Notes,
- (the "**Note Interests**").

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

- (i) each party and each of their Related Entities, directors, officers 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 (the "**Other Transactions**") in various capacities in respect of any member of the Group or any other person, both on the

Relevant Entity's own account and for the account of other persons (the "**Other Transaction Interests**");

- (ii) each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, Note Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;
- (iii) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of any member of the Group and the Notes are limited to the contractual obligations of the parties to the relevant members of the Group as set out in the Transaction Documents and, in particular, no advisory or fiduciary duty (except in the case of Firstmac in respect of the Trust and the Security Trustee in respect of the Security Trust) is owed to any person;
- (iv) 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**");
- (v) to the maximum extent permitted by applicable law but subject to the Transaction Documents, no Relevant Entity is under any obligation to disclose any Relevant Information to any member of the Group or to any potential investor and this 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
- (vi) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business, including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against a member of the Group arising from the Transaction Document Interests (for example, by a Class A-1 Joint Lead Manager or the Lead Manager) or from an Other Transaction may affect the ability of the Group member to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest, Note Interest or Other Transaction Interest may affect how a Relevant Entity in another capacity (for example, as a Holder of Notes) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Group or a Holder of Notes, and the Group or a Holder of Notes 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 Holders of Notes or the Group, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

## 1.6 Information Memorandum a Summary of Terms

This Information Memorandum contains only a summary of the terms and conditions of the Series and should not be relied upon by intending purchasers.

If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information. With the approval of the Manager, a copy of certain Transaction Documents may be inspected by prospective purchasers or Holders at the offices of the Manager on a confidential basis, by prior arrangement during normal business hours.

## 1.7 Documents Incorporated by Reference

The following documents are incorporated in, and deemed to form part of, this Information Memorandum:

- (a) all amendments and supplements to this Information Memorandum prepared by the Manager from time to time; and
- (b) all documents stated by the Manager to be incorporated in this Information Memorandum by reference, including without limitation any announcements by the Current Rating Agencies in respect of the Notes (including announcements in relation to changes in the credit rating of the Notes).

To the extent that anything contained in a subsequent document which is or is deemed to be incorporated in this Information Memorandum by reference supersedes any earlier statement, that earlier statement will be deemed to be modified or superseded for the purposes of this Information Memorandum.

Copies of all documents incorporated by reference herein may be inspected, without charge, by appointment with the Manager at its offices during normal business hours.

## 1.8 No Disclosure under Corporations Act

Each offer to purchase or invitation to buy Notes will not require disclosure to investors under the Corporations Act as the amount payable by each person to whom an offer is made or to whom an invitation is issued will be at least A\$500,000 (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 Corporations Act and does not constitute an offer or invitation to a “retail client” under Chapter 7 of the Corporations Act. Accordingly, this Information Memorandum is not required to be lodged with ASIC.

## 1.9 Offering restrictions

This Information Memorandum is available for distribution within the Commonwealth of Australia, and may not be distributed outside the Commonwealth of Australia, except in accordance with the Dealer Agreement.

This Information Memorandum is distributed in Australia for use by “Wholesale Clients” as defined in s 761G of the Corporations Act. This Information Memorandum may not otherwise be released, issued or distributed to the public.

No prospectus or other disclosure document in relation to the Notes has been or will be lodged with ASIC. No person shall:

- (a) invite, directly or indirectly, an offer of the Notes (or an interest in them) for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
  - (b) distribute or publish, any draft, preliminary or definitive Information Memorandum or any other offering material or advertisement relating to the Notes in Australia,
- unless:
- (i) either (x) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;

- (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 716G of the Corporations Act;
- (iii) such action complies with any applicable laws and directives in Australia including, without limitation the financial services licensing requirements of the Corporations Act); and
- (iv) such action does not require any documents to be lodged with ASIC.

The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. No representation is made that this Information Memorandum may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available under them, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Firstmac, the Arranger, the Class A-1 Joint Lead Managers or the Lead Manager which would permit a public offering of Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions.

See section 13 (“*Selling Restrictions*”) for a more detailed description of the restrictions which may apply in some such jurisdictions.

#### **1.10 Notes limited recourse instruments**

The Notes issued by Firstmac are limited recourse instruments and are issued only in respect of the Series of the Trust. The rights of each Holder and Secured Creditor to take action with respect to any amounts owing to it by Firstmac is limited to the Assets of the Series of the Trust in the manner prescribed by the Master Trust Deed and the Supplementary Terms Notice. This limitation will not apply to any obligation or liability of Firstmac to the extent that the obligation or liability is not satisfied because, under the Master Trust Deed or the Supplementary Terms Notice or by operation of law, there is a reduction in the extent of Firstmac’s indemnification out of the Assets of the Series of the Trust as a result of Firstmac’s fraud, gross negligence or wilful default. See section 9.9 (“*Limited Recourse and Limited Liability*”) for further information on Firstmac’s limited liability. In no case will the assets of any Relevant Trust or Other Series of the Trust be available to meet amounts owing to any Holder or Secured Creditor.

#### **1.11 Series Segregation**

Except to the extent expressly prescribed by the Transaction Documents in respect of the Series, the Assets of the Series are not available in any circumstances to meet any obligations of Firstmac in respect of any Other Series and if, upon enforcement or realisation of the Security for the Series, sufficient funds are not realised to discharge in full the obligations of Firstmac in respect of the Series, no further claims may be made against Firstmac in respect of such obligations and no claims may be made against any of its assets in respect of any Other Series. Firstmac is not permitted to commingle any Assets in respect of the Series with assets in respect of any Other Series.

#### **1.12 Rating Agency**

Any reference in this Information Memorandum to the credit ratings of various parties or the Notes is not a recommendation to buy, sell or hold Notes. The credit rating is subject to revision, suspension or withdrawal at any time by the relevant rating agency.



No rating agency has been involved in the preparation of this Information Memorandum.

### 1.13 European Union Capital Requirements Regulation

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 (as amended by corrigendum) of the European Parliament and Council (known as the “**Capital Requirements Regulation**” or the “**CRR**”) came into force on 1 January 2014.

Article 405 of the CRR restricts ‘credit institutions’ and ‘investment firms’ (each as defined in the CRR) and the consolidated group subsidiaries thereof (each, an “**Affected Investor**”) from investing in a ‘securitisation’ (as defined in the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation in the manner contemplated by the CRR and, once they become effective following adoption by the European Commission, the regulatory technical standards in relation to the same.

Investors should also be aware of Article 17 of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) and Section 5 of Chapter III of the Regulation supplementing it (together, “**Investment Managers Directive**”), the provisions of which introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the Investment Managers Directive and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. The requirements under the Investment Managers Directive are similar (but not identical) to those which apply under the CRR. Similar requirements are also scheduled to apply in the future to investment in securitisations by Undertakings for Collective Investment in Transferable Securities (“**UCITS**”) and insurance and reinsurance undertakings subject to regulation by supervisory authorities in any member state of the European Economic Area. For the purpose of this Section 1.13, all such requirements, together with Articles 404 – 410 of the CRR, are referred to as the “**Retention Rules**”.

No Originator nor any other party to the transaction undertakes to retain, either initially or on an ongoing basis, an economic interest in this transaction in accordance with the requirements of the Retention Rules or take any other action which may be required by investors for the purposes of their compliance with the Retention Rules. Investors in the Notes are responsible for analysing their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding compliance with the Retention Rules and the suitability of the Notes for investment.

Relevant investors should independently assess and determine the sufficiency of the information described in this Information Memorandum and in any reports provided to investors in relation to the transaction for the purposes of complying with the Retention Rules and the regulatory technical standards that may apply in relation to the same and none of Firstmac, the Manager, the Class A-1 Joint Lead Managers, the Lead Manager and each other party to a Transaction Document makes any representation that the information described above or in this Information Memorandum is sufficient in all circumstances for such purposes. Prospective investors who are uncertain as to the requirements under the Retention Rules and any implementing rules in a relevant jurisdiction should seek relevant professional advice or guidance from their regulator.

See Section 4.37 (“*European Union Capital Requirements Regulation*”) for further details.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.**

**This Information Memorandum is being distributed for information purposes only. The information contained herein is not intended to constitute or contain an offer or invitation to sell or a solicitation to buy, and may not be used as, or in connection with, an offer or invitation to sell or a solicitation to buy, any of the Notes (as defined herein). This Information Memorandum is being issued for the purpose of a select marketing of the Notes (other than the FastPay Notes) and must not be circulated or delivered to any person other than the recipient.**

## 2 Introduction

### 2.1 Trust

This Information Memorandum relates solely to Notes to be issued by Firstmac Fiduciary Services Pty Limited (ABN 60 105 052 515) in its capacity as trustee of the Firstmac Mortgage Funding Trust No. 4 (the “**Trust**”) in respect of the Series. The issue of Notes will comprise seven initial tranches as set out in section 2.4 (“*The Notes*”). The proceeds from the issue of the Notes (other than the FastPay Notes) will be used to fund:

- (a) the acquisition of Eligible Receivables from any Relevant Trust or Relevant Series; and
- (b) the acquisition of Liquid Authorised Investments.

FastPay Notes may be issued by Firstmac in certain circumstances as described in this Information Memorandum for the purposes of funding Redraws.

Firstmac’s rights in respect of the above are collectively included in the “**Assets**” of the Series. Firstmac will grant a security interest over the Assets of the Series to P.T. Limited (ABN 67 004 454 666) (“**Security Trustee**”) for the benefit of Holders as well as other Secured Creditors in accordance with the Master Trust Deed and the General Security Agreement.

### 2.2 The Assets of the Trust

#### Eligible Receivables

The Housing Loans and the Related Securities have been originated by the Originators in the ordinary course of their mortgage lending businesses across a range of geographic regions and demographic sectors. The Housing Loans have been made to Australian resident and non-resident borrowers and are secured by first ranking mortgages over residential property located in a state or territory of Australia.

All of the Housing Loans will satisfy the Receivables Parameters on their date of acquisition by Firstmac in respect of the Series.

#### Additional Assets of the Series

Besides the Receivables and Related Securities, the other Assets of the Series are:

- (a) cash on hand or at a Bank representing cleared or immediately available funds;
- (b) Authorised Investments or any other investments;
- (c) amounts owing to Firstmac by Debtors;
- (d) any prepayment of expenditure;
- (e) any asset acquired for the Series by Firstmac in accordance with the Master Trust Deed and the Supplementary Terms Notice;
- (f) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of Firstmac under the Transaction Documents in respect of the Series;
- (g) other property as identified in writing by Firstmac; and
- (h) income, or amounts in the nature of income, accrued from investments or other assets referable to the Series of the Trust to the extent not included in the preceding paragraphs of this definition.

### 2.3 Servicing

Under the Transaction Documents, Firstmac Limited (ABN 59 094 145 963) has been appointed as the Servicer in respect of the Series and is liable for the obligations of the Servicer under the Transaction Documents.

### 2.4 The Notes

The initial issue of Notes will comprise seven tranches of secured, mortgage-backed, pass-through securities. The Notes will comprise one tranche of Class A-1 Notes ("**Class A-1 Notes**"), one tranche of Class A-2 Notes ("**Class A-2 Notes**"), one tranche of Class AB Notes ("**Class AB Notes**"), one tranche of Class B-1 Notes ("**Class B-1 Notes**"), one tranche of Class B-2 Notes ("**Class B-2 Notes**"), one tranche of Class B-3 Notes ("**Class B-3 Notes**", and together with the Class B-1 Notes and Class B-2 Notes, the "**Class B Notes**") and one tranche of Class C Notes ("**Class C Notes**"). The Class A-1 Notes, the Class A-2 Notes and the Class AB Notes are expected, on issue, to be assigned a "AAA(sf)" rating by Standard & Poor's Australia Pty Limited ("**Standard & Poor's**"). The Class A-1 Notes and Class A-2 Notes are expected, on issue, to be assigned a "AAAsf" rating by Fitch Australia Pty Ltd ("**Fitch**"). The Class B-1 Notes are expected, on issue, to be assigned an "AA-(sf)" rating by Standard & Poor's. The Class B-2 Notes are expected, on issue, to be assigned a "A(sf)" rating by Standard & Poor's. The Class B-3 Notes are expected, on issue, to be assigned a "BB(sf)" rating by Standard & Poor's. The Class AB Notes, Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will not be rated by Fitch. The Class C Notes will not be rated.

The Manager may direct Firstmac from time to time to issue FastPay Notes. It is expected that FastPay Notes will have a rating assigned to them on their issue. It is a condition precedent to each issue of FastPay Notes that a Rating Notification is issued.

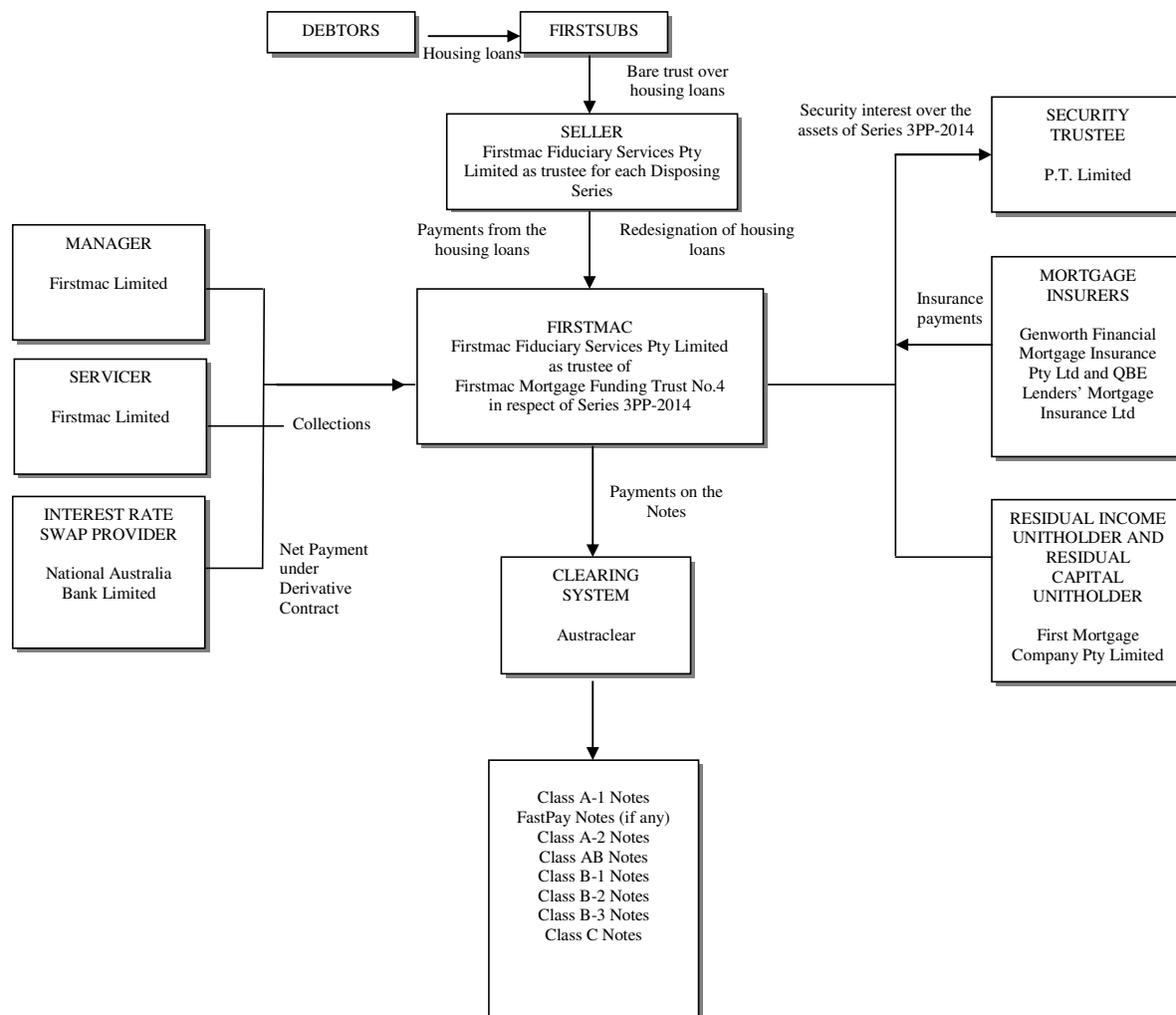
The Holders of all Notes will all have the benefit of the security under the Master Trust Deed and the General Security Agreement. Interest on all Notes is payable monthly in arrears except in respect of the first Interest Period which will commence on (and include) the Issue Date of the Notes and end on (but exclude) the first Payment Date. Further, a number of structural features to protect Holders from credit losses have been incorporated into the structure as outlined in section 5 ("*Credit Support and Liquidity Support*").

The Notes will be constituted by the Note Deed Poll and take the form of entries on a register maintained by the Registrar. No certificate or other evidence of title will be issued.

### 3 Overview

The following is only a brief summary of the terms and conditions of the Notes and the diagram included in this section is only for the purpose of assisting readers of this Information Memorandum in understanding the relationships between the various parties involved in the transaction and the Notes. Prospective investors should read the diagram and summary in conjunction with the whole of this Information Memorandum and the Transaction Documents.

#### 3.1 Structure Diagram



### 3.2 The Firstmac Mortgage Funding Trust No. 4

The Firstmac Mortgage Funding Trust No. 4 (“**Trust**”) is a special purpose trust and was established for the purpose of enabling Firstmac, as trustee of the Trust, to issue notes and to apply the proceeds of those notes to invest in assets (which includes Housing Loans). The Trust is a single trust and no series constitutes a separate trust.

Firstmac Limited established the “Firstmac Mortgage Funding Trust No. 4” on 2 June 2014 for the purpose of enabling Firstmac, as trustee of the Trust in respect of various series, to issue instruments and to apply the proceeds of those instruments to invest in assets originated from time to time by Firstmac Limited in the name of various “FirstSubs” or to acquire assets from third party originators.

The Master Trust Deed and the Notice of Creation of Trust established the Firstmac Mortgage Funding Trust and the general framework under which series of the Firstmac Mortgage Funding Trust No. 4 may be established from time to time. Further trusts may be established under the Master Trust Deed and an unlimited number of series in respect of any trust may be established under the Master Trust Deed. Each series is not a separate and distinct trust fund but rather a separate security structure enabling different instruments to be issued having recourse to specific pools of assets. The supplementary terms notice for a series sets out the specific provisions of the relevant series and the instruments to be issued in respect of that series. Multiple classes of instruments may be issued by Firstmac in relation to each series that differ amongst themselves as to, among other things, currency of denomination and payment and priority of repayment.

#### **Series 3PP-2014**

Series 3PP-2014 is the third series established in respect of the Firstmac Mortgage Funding Trust No. 4.

The Series will be established under the Master Trust Deed, the Notice of Creation of Security Trust and the Supplementary Terms Notice.

The specific terms of the Series are set out in the Supplementary Terms Notice. The Supplementary Terms Notice sets out (among other things) various representations and undertakings of the parties which relate to the Housing Loans and Related Securities (in addition to those contained in the Master Trust Deed) and amends the Master Trust Deed to the extent necessary to give effect to the specific aspects of the Series and the issue of the Notes. The Supplementary Terms Notice also sets out the cashflow allocation methodology for the Series.

The Master Trust Deed and the Supplementary Terms Notice should therefore be read together when determining the rights, powers and obligations of Firstmac and the Manager in relation to the Series.

For a more detailed explanation of the transaction, see section 9 (“*Transaction Structure*”).

### 3.3 General information

<b>Firstmac and Registrar</b>	Firstmac Fiduciary Services Pty Limited (ABN 60 105 052 515) as trustee of the Trust in respect of Series 3PP-2014.
<b>Trust</b>	Firstmac Mortgage Funding Trust No. 4.
<b>Series</b>	Series 3PP-2014

<b>Manager</b>	Firstmac Limited (ABN 59 094 145 963).
<b>Servicer</b>	Firstmac Limited (ABN 59 094 145 963).
<b>Originators</b>	Firstmac Limited (ABN 59 094 145 963) and First Mortgage Company Pty Limited (ABN 37 099 125 318).
<b>Security Trustee</b>	P.T. Limited (ABN 67 004 454 666).
<b>Custodian</b>	Perpetual Trustee Company Limited (ABN 42 000 001 007).
<b>Standby Servicer</b>	Perpetual Trustee Company Limited (ABN 42 000 001 007).
<b>Standby Trustee</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533).
<b>Interest Rate Swap Provider</b>	National Australia Bank Limited (ABN 12 004 044 937).
<b>Arranger</b>	National Australia Bank Limited (ABN 12 004 044 937).
<b>Class A-1 Joint Lead Manager</b>	(a) J.P. Morgan Australia Limited (ABN 52 002 888 011); and  (b) National Australia Bank Limited (ABN 12 004 044 937).
<b>Lead Manager</b>	National Australia Bank Limited (ABN 12 004 044 937).
<b>Residual Income Unitholder</b>	First Mortgage Company Pty Limited (ABN 37 099 125 318).
<b>Residual Capital Unitholder</b>	First Mortgage Company Pty Limited (ABN 37 099 125 318).
<b>Current Rating Agencies</b>	Standard & Poor's (Australia) Pty Ltd and Fitch Australia Pty Ltd.  A credit rating is not a recommendation to buy, sell or hold securities. A rating does not address the market price or suitability of the Notes for you. There is no assurance that a rating will remain for any given period of time. A rating may be subject to revision, suspension, qualification or withdrawal at any time by a Current Rating Agency. A revision, suspension, qualification or withdrawal of the rating of the Notes may adversely affect the price of the Notes. If a Current Rating Agency changes its rating or withdraws its rating, no one has any obligation to provide additional credit enhancement or restore the original rating.
<b>Initial Issue Size</b>	A\$700,000,000

### 3.4 Principal Characteristics of the Notes

**Classes of Notes**

The initial issue of Notes by Firstmac will comprise seven tranches of Notes which are secured mortgage-backed floating rate securities:

- Class A-1 Notes;
- Class A-2 Notes;
- Class AB Notes;
- Class B-1 Notes;
- Class B-2 Notes;
- Class B-3 Notes; and
- Class C Notes.

**FastPay Notes**

In certain limited circumstances, the Manager may also direct Firstmac to issue FastPay Notes from time to time. Firstmac must issue FastPay Notes on a Payment Date, with an aggregate Initial Invested Amount and Relevant Margin as specified in the Manager's notice to Firstmac on or before that Payment Date.

If the Invested Amount of any FastPay Note has not been reduced to zero by the FastPay Conversion Date, then that FastPay Note will at that time be treated in all respects as forming part of the then most senior Class of Notes, for this purpose determined with reference to the allocation of payments under section 8.20 (*"Application of proceeds following an Enforcement Event"*) with effect from the Payment Date immediately following the FastPay Conversion Date and will cease to constitute a FastPay Note.

**Form**

The Notes will be issued in registered form. Entry of the name of the purchaser or transferee in the register of Holders ("**Register**") will constitute the obtaining or passing of title and will be conclusive evidence of entitlement to receive amounts payable under Notes.

**Currency**

Australian Dollars or "A\$".

**Denomination**

All Notes will be issued in initial denominations of A\$10,000. The Notes will be subject to a minimum purchase consideration of A\$500,000 (or such other consideration agreed between the Manager and the Class A-1 Joint Lead Managers or the Lead Manager (as applicable) provided that the relevant offer of Notes does not require disclosure to investors under Part 6D.2 or Part 7 of the Corporations Act).



**Initial Invested Amount** The initial aggregate Invested Amount in respect of each Class of Notes (other than FastPay Notes) is as follows:

- Class A-1 Notes: A\$595,000,000;
- Class A-2 Notes: A\$35,000,000;
- Class AB Notes: A\$43,000,000;
- Class B-1 Notes: A\$16,000,000;
- Class B-2 Notes: A\$4,000,000;
- Class B-3 Notes: A\$4,900,000; and
- Class C Notes: A\$2,100,000.

**Principal repayments** Subject to there being sufficient funds for this purpose, repayments of principal will be made on each Payment Date to each Holder then entitled to receive such payments.

A detailed explanation of the principal repayment methodology is provided in section 8.19 ("*Distribution of Principal Repayment Fund*").

**Interest** Subject to there being sufficient funds for this purpose, interest due on the FastPay Notes, the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes (other than Residual Class B-1 Interest), the Class B-2 Notes (other than Residual Class B-2 Interest) and the Class B-3 Notes (other than Residual Class B-3 Interest) will be payable on the Payment Date occurring at the end of that Interest Period.

A detailed explanation of the interest repayment methodology is provided in section 8.14 ("*Distribution of Total Interest Collections*").

Interest for the Notes (other than the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes) will be calculated with reference to the Interest Rate for the relevant Note for the relevant Interest Period on the Invested Amount of that Note on the first day of the that Interest Period.

Prior to (but excluding) the Class B Step-down Margin Date, interest for the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will be calculated with reference to the Interest Rate for the relevant Note for the relevant Interest Period on the Invested Amount of the Notes of that Class on the first day of that Interest Period.

On and from the Class B Step-down Margin Date, the Relevant Margin in respect of the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will decrease by the Class B-1 Residual Margin, the Class B-2

Residual Margin and the Class B-3 Residual Margin (respectively), and interest for the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will be calculated with reference to the Interest Rate (as decreased by the Class B-1 Residual Margin, Class B-2 Residual Margin or Class B-3 Residual Margin, as applicable) for the relevant Note for the relevant Interest Period on the Stated Amount of that Note on the first day of that Interest Period (such interest amount being the “**Senior Class B-1 Interest**”, the “**Senior Class B-2 Interest**” and the “**Senior Class B-3 Interest**”), as applicable).

On and from the Class B Step-down Margin Date, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will also be entitled to be paid interest calculated with reference to the Interest Rate (as decreased by the Class B-1 Residual Margin, Class B-2 Residual Margin or Class B-3 Residual Margin, as applicable) for the relevant Note for the relevant Interest Period on the difference between the Invested Amount and the Stated Amount of that Note on the first day of that Interest Period, such payment being subordinated in priority to the payment of Senior Class B-1 Interest, Senior Class B-2 Interest and Senior Class B-3 Interest (as applicable) due on the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes (as applicable) and all other amounts which rank senior in accordance with the Supplementary Terms Notice. See section 8.14 (“*Distribution of Total Interest Collections*”).

On and from the Class B Step-down Margin Date, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will also be entitled to be paid interest calculated with reference to the Class B-1 Residual Margin, Class B-2 Residual Margin or Class B-3 Residual Margin, as applicable for the relevant Note for the relevant Interest Period on the Invested Amount of that Note on the first day of that Interest Period, such payment being subordinated in priority to the payment of Senior Class B-1 Interest, Senior Class B-2 Interest and Senior Class B-3 Interest (as applicable) due on the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes (as applicable) and all other amounts which rank senior in accordance with the Supplementary Terms Notice. See section 8.14 (“*Distribution of Total Interest Collections*”).

Prior to (but excluding) the Class C Step-down Margin Date, interest for the Class C Notes will be calculated with reference to the Interest Rate for the Class C Notes for the relevant Interest Period on the Invested Amount of the Class C Notes on the first day of that Interest Period.

On and from the Class C Step-down Margin Date, the Relevant Margin in respect of the Class C Notes will decrease by the Class C Residual Margin, and interest for the Class C Notes will be calculated with reference to the Interest Rate (as decreased by the Class C Residual Margin) for the Class C Note for the relevant

Interest Period on the Stated Amount of that Note on the first day of that Interest Period (such interest amount being the **“Senior Class C Interest”**).

On and from the Class C Step-down Margin Date, the Class C Notes will also be entitled to be paid interest calculated with reference to the Interest Rate (as decreased by the Class C Residual Margin) for the Class C Note for the relevant Interest Period on the difference between the Invested Amount and the Stated Amount of that Note on the first day of that Interest Period, such payment being subordinated in priority to the payment of Senior Class C Interest due on the Class C Notes and all other amounts which rank senior in accordance with the Supplementary Terms Notice. See section 8.14 (*“Distribution of Total Interest Collections”*).

On and from the Class C Step-down Margin Date, the Class C Notes will also be entitled to be paid interest calculated with reference to the Class C Residual Margin for the relevant Note for the relevant Interest Period on the Invested Amount of that Note on the first day of that Interest Period, such payment being subordinated in priority to the payment of Senior Class C Interest due on the Class C Notes and all other amounts which rank senior in accordance with the Supplementary Terms Notice. See section 8.14 (*“Distribution of Total Interest Collections”*).

All interest will accrue on a daily basis and will be calculated on the basis of the actual number of days in that Interest Period and a year of 365 days. Interest in respect of the first Interest Period will commence from (and include) the Issue Date and end on (but exclude) the first Payment Date.

**Interest Rate**

The Interest Rate on each Note for an Interest Period will be the aggregate of the Bank Bill Rate on the first day of that Interest Period plus the Relevant Margin for that Note provided that BBSW for the first Interest Period will be the rate determined as if the Interest Period were one month in length.

**Relevant Margin**

The Relevant Margin for each Class of Notes will be the rate, expressed as a percentage rate per annum, determined on the Pricing Date and notified to Holders of the relevant Class of Notes and inscribed on the Register as the margin applicable to that Class of Notes. See section 7 (*“Terms and Conditions of the Notes”*).

**Subordination**

**Principal**

Prior to an Enforcement Event, unless the Pro Rata Test are satisfied with respect to a Payment Date:

- (a) the Class A-1 Notes and the Class A-2 Notes will always be subordinated to the FastPay Notes (if any) in their right to receive principal

payments;

- (b) the Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes will always be subordinated to the Fast Pay Notes (if any), the Class A-1 Notes and the Class A-2 Notes in their right to receive principal payments;
- (c) the Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes and the Class AB Notes in their right to receive principal payments;
- (d) the Class B-2 Notes, Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes and the Class B-1 Notes in their right to receive principal payments;
- (e) the Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes and the Class B-2 Notes in their right to receive principal payments; and
- (f) the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes in their right to receive principal payments.

No amounts of principal will be paid to any Holder of Class C Notes while any other Notes are outstanding, regardless of whether the Pro Rata Test has been satisfied.

***Interest***

The Class A-1 Notes and the FastPay Notes (if any) will be entitled to receive interest payments on a pari passu and rateable basis between themselves.

The Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes and the FastPay Notes (if any) in their right to receive interest payments.

The Class AB Notes, the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any) and the Class A-2 Notes in their

right to receive interest payments.

The Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes and the Class AB Notes in their right to receive interest payments.

The Class B-2 Notes, Class B-3 Notes and Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes and Class B-1 Notes in their right to receive interest payments, except that on and from the Class B Step-down Margin Date, payment of senior interest in respect of the Class B-2 Notes, senior interest in respect of the Class B-3 Notes and senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

The Class B-3 Notes and Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes, Class B-1 Notes and the Class B-2 Notes in their right to receive interest payments, except that on and from the Class B Step-down Margin Date, payment of senior interest in respect of the Class B-3 Notes and senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes and the junior interest in respect of the Class B-2 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

The Class C Notes will always be subordinated to all other Notes in their right to receive interest payments, except that on and from the Class C Step-down Margin Date, payment of senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes, Class B-2 Notes and Class B-3 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

<b><i>Cut-Off Date</i></b>	31 October 2014
<b><i>Closing Date</i></b>	17 December 2014
<b><i>Pricing Date</i></b>	The date notified by the Manager to Firstmac in accordance with the Dealer Agreement in respect of the issue of the Notes (other than the FastPay Notes), and such other date as may be determined by the Manager in respect of the issue of FastPay Notes.
<b><i>Issue Date</i></b>	In relation to a Class of Notes (other than the FastPay Notes), 17 December 2014, or such other date approved in accordance with the Dealer Agreement.  In relation to the FastPay Notes, such other date as

may be determined by the Manager.

***Determination Date***

The Date which is 2 Business Days prior to a Payment Date. The first Determination Date will be 10 February 2015.

***Payment Date***

The:

- 12th day of each month or if that day is not a Business Day, then the immediately following Business Day (unless that day falls in the next calendar month, in which case the preceding Business Day); and
- the Final Maturity Date.

The first Payment Date is 12 February 2015.

***Final Maturity Date***

The Payment Date in April 2046.

***Ratings***

A condition precedent to the issue of the Notes is that:

- Standard & Poor's assigns a rating of "AAA(sf)" to the Class A-1 Notes, Class A-2 Notes and Class AB Notes;
- Fitch assigns a rating of "AAAsf" to the Class A-1 Notes and Class A-2 Notes;
- Standard & Poor's assigns a rating of "AA-(sf)" to the Class B-1 Notes; and
- Standard & Poor's assigns a rating of "A(sf)" to the Class B-2 Notes; and
- Standard & Poor's assigns a rating of "BB(sf)" to the Class B-3 Notes.

***Collection Period***

With respect to the first period, the period commencing on (but excluding) the Cut-Off Date and ending on (but including) 31 January 2015.

With respect to the last period, the period commencing on (but excluding) the last day of the previous Collection Period to (and including) the Final Maturity Date.

With respect to every other period, each calendar month.

***Use of proceeds***

The proceeds from the issue of Notes (other than FastPay Notes) will be used to purchase or Redesignate Eligible Receivables and to fund the Required Liquid Authorised Investment Amount.

The proceeds of issue of any FastPay Notes will be used to provide Redraws in respect of the Receivables.

**Call Option**

Firstmac will be entitled to redeem all Classes of Notes in full on the Call Date.

The Call Date will be the earlier of the Payment Date in February 2020 and the Payment Date following the Determination Date on which the aggregate of the Invested Amount of all Notes is equal to or less than 10% of the aggregate of the Initial Invested Amount of all Notes on the initial Issue Date for the Series, and each Payment Date thereafter.

Firstmac will, if the Manager directs it to do so, redeem all (but not some only) of the Notes then outstanding on any Call Date.

The Notes will be redeemed at their respective Invested Amounts or (with the consent of an Extraordinary Resolution of the Holders of the relevant Class of Notes) their respective Stated Amounts, in each case together with any accrued and unpaid interest at that time.

**Withholding Tax on Notes**

Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes assessed against the Trust. Firstmac is not obligated to pay any additional amounts to the Holders to cover any withholding taxes, including any FATCA Withholding Tax.

Under the Australian Income Tax Assessment Act 1936, the relevant applicable Australian law, the Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions. Firstmac will seek to issue the Class AB Notes in a manner which will satisfy the conditions for an exemption from Australian interest withholding tax. One of these conditions is that Firstmac must not know or have reasonable grounds to suspect that a Class AB Note, or an interest in a Class AB Note, was being, or would later be, acquired directly or indirectly by "Offshore Associates" of Firstmac. Accordingly, Offshore Associates of Firstmac should not acquire any Class AB Notes. See Section 12 ("*Taxation Considerations*") for more information regarding the meaning of "Offshore Associate" and the conditions that must be satisfied in order for the issue of the Class AB Notes to qualify for an exemption from Australian interest withholding tax.

If the Commonwealth of Australia requires the withholding of amounts from payments of principal or interest to Holders due to taxes, duties, assessments or other governmental charges (excluding any FATCA Withholding Tax), the Manager may (but is not obliged to) direct Firstmac to redeem all of the Class AB Notes.

Firstmac may be required to withhold or deduct tax from a payment of interest on the Class AB Notes to a Holder if the Holder does not supply Firstmac with their

Australian tax file number (in certain circumstances)  
Australian Business Number or proof of an exemption  
from a requirement to provide such details. See Section  
12 ("*Taxation Considerations*") for more information.

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

For further details, see Section 12 ("*Taxation  
Considerations*").

***Unpaid Interest***

If Firstmac does not pay an amount under condition 6  
("*Interest*") of the Conditions on the due date, then  
Firstmac agrees to pay interest on the unpaid amount at  
the last applicable Interest Rate plus 2% per annum.

Interest payable under condition 6 ("*Interest*") of the  
Conditions accrues daily from (and including) the due  
date to (but excluding) the date Firstmac actually pays  
and is calculated using the Day Count Fraction.

In accordance with the Cashflow Allocation  
Methodology which applies prior to an Enforcement  
Event, on each Payment Date, Unpaid Interest for a  
Note (other than a Class B-1 Note, a Class B-2 Note, a  
Class B-3 Note or a Class C Note) in respect of  
previous Payment Periods will be paid before the  
interest payable on the Notes in respect of the current  
Interest Period.

***Business Day***

A day (not being a Saturday, Sunday or public holiday)  
on which commercial banks are open for general  
banking business in Sydney, Melbourne and Brisbane.

***Allocation of  
Liquidation Losses and  
Carryover Charge-Offs***

On any Determination Date or on the Final Maturity  
Date (as the case may be), if the Manager determines  
that there are Liquidation Losses in respect of any  
Eligible Receivable during the immediately preceding  
Collection Period, the Manager must allocate those  
Liquidation Losses in the following order:

- (a) first, towards the Class C Notes until the  
amount so allocated equals the Stated Amount  
of the Class C Notes (such amount being a  
"**Class C Charge-Off**");
- (b) second, upon the Class C Charge-Off equalling  
the Stated Amount of the Class C Notes as a  
result of the application of the above  
paragraph, towards the Class B-3 Notes until  
the amount so allocated equals the Stated  
Amount of the Class B-3 Notes (such amount  
being a "**Class B-3 Charge-Off**");
- (c) third, upon the Class B-3 Charge-Off equalling  
the Stated Amount of the Class B-3 Notes as a  
result of the application of the above



paragraph, towards the Class B-2 Notes until the amount so allocated equals the Stated Amount of the Class B-2 Notes (such amount being a “**Class B-2 Charge-Off**”);

- (d) fourth, upon the Class B-2 Charge-Off equalling the Stated Amount of the Class B-2 Notes as a result of the application of the above paragraph, towards the Class B-1 Notes until the amount so allocated equals the Stated Amount of the Class B-1 Notes (such amount being a “**Class B-1 Charge-Off**”);
- (e) fifth, upon the Class B-1 Charge-Off equalling the Stated Amount of the Class B-1 Notes as a result of the application of the above paragraph, towards the Class AB Notes until the amount so allocated equals the Stated Amount of the Class AB Notes (such amount being a “**Class AB Charge-Off**”); and
- (f) sixth, upon the Class AB Charge-Off equalling the Stated Amount of the Class AB Notes as a result of the application of the above paragraph, towards the Class A-2 Notes until the amount so allocated equals the Stated Amount of the Class A-2 Notes (such amount being a “**Class A-2 Charge-Off**”); and
- (g) seventh, upon the Class A-2 Charge-Off equalling the Stated Amount of the Class A-2 Notes as a result of the application of the above paragraph, towards pari passu and rateably, the Class A-1 Notes and the FastPay Notes until the amount so allocated equals the Stated Amount of the Class A-1 Notes and the Stated Amount of the FastPay Notes (such amount being respectively a “**Class A-1 Charge-Off**” and “**FastPay Charge-Off**”).

If, on any Determination Date, the Charge-Offs for the preceding Collection Period exceed the aggregate of the amount of the Total Interest Collections available for allocation to Liquidation Losses under section 8.13 (“*Calculation and application of Total Interest Collections*”) on that Determination Date, then the Manager must direct Firstmac to, on and with effect from the next Payment Date:

- (a) allocate such excess to the Class C Notes until such excess allocated equals the Stated Amount of the Class C Notes (such amount being a “**Class C Carryover Charge-Off**”);
- (b) upon the amount allocated under paragraph (a) being equal to the Stated Amount of the Class C Notes, allocate such excess to the Class B-3 Notes until such excess allocated equals the Stated Amount of the Class B-3 Notes (such

amount being a **“Class B-3 Carryover Charge-Off”**);

- (c) upon the amount allocated under paragraph (b) being equal to the Stated Amount of the Class B-3 Notes, allocate such excess to, pari passu and rateably, the Class B-2 Notes until such excess allocated equals the Stated Amount of the Class B-2 Notes (such amount being a **“Class B-2 Carryover Charge-Off”**);
- (d) upon the amount allocated under paragraph (c) being equal to the Stated Amount of the Class B-2 Notes, allocate such excess to, pari passu and rateably, the Class B-1 Notes until such excess allocated equals the Stated Amount of the Class B-1 Notes (such amount being a **“Class B-1 Carryover Charge-Off”**);
- (e) upon the amount allocated under paragraph (d) being equal to the Stated Amount of the Class B-1 Notes, allocate such excess to, pari passu and rateably, the Class AB Notes until such excess allocated equals the Stated Amount of the Class AB Notes (such amount being a **“Class AB Carryover Charge-Off”**);
- (f) upon the amount allocated under paragraph (e) being equal to the Stated Amount of the Class AB Notes, allocate such excess to, pari passu and rateably, the Class A-2 Notes until such excess allocated equals the Stated Amount of the Class A-2 Notes (such amount being a **“Class A-2 Carryover Charge-Off”**);
- (g) upon the amount allocated under paragraph (f) being equal to the Stated Amount of the Class A-2 Notes, allocate such excess to, pari passu and rateably, the Class A-1 Notes and the FastPay Notes until such excess allocated equals the Stated Amount of the Class A-1 Notes and the Stated Amount of the FastPay Notes (such amount being respectively a **“Class A-1 Carryover Charge-Off”** and **“FastPay Carryover Charge-Off”**).

Amounts charged off may be reinstated in accordance with section 8.18 (*“Reinstatement of Carryover Charge-Offs”*).

**Austraclear**

Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes to be issued under this Information Memorandum will be purchased through Austraclear Limited (**“Austraclear”**) in a manner consistent with the regulations of Austraclear (**“Austraclear Regulations”**).

**Governing Law**

New South Wales.

**Transfer**

A Holder may transfer its Notes provided the Notes are transferred in whole but not in part. As at the date of this Information Memorandum, the minimum aggregate consideration payable on each transfer of Notes within, to or from Australia must be at least A\$500,000 (disregarding amounts lent by the transferor or its associates to the transferee) or the offer or invitation resulting in transfer must not otherwise require disclosure to be made in accordance with Part 6D.2 or Part 7.9 of the Corporations Act.

No Note may be offered or transferred in a manner which may constitute an offer or invitation to a “retail client” under Chapter 7 of the Corporations Act.

Notes that are transferred entirely in a jurisdiction outside of Australia may only be transferred in accordance with the laws of the jurisdiction in which transfer takes place.

Transfers of the Notes will be made in accordance with the Austraclear Regulations.

**3.5 The Eligible Receivables**

***The Eligible Receivables*** The Housing Loans are secured by first ranking prime residential mortgages which have been originated by the Originators in the ordinary course of their mortgage lending businesses.

The Housing Loans originated by the Originators which will be acquired from certain Relevant Series and each Relevant Trust have been originated in the name of the relevant FirstSub and, upon their acquisition by the Series of the Trust, that FirstSub will hold its right, title and interest in each such Housing Loan on bare trust for, and as nominee of, Firstmac in its capacity as trustee of the Trust in respect of the Series.

The legal title to each Eligible Receivable originated by the Originators will be held by a FirstSub. However, beneficial title to each Eligible Receivable will at all times be held by Firstmac. If an Originator Termination Event occurs, then Firstmac will be entitled to, and required to, have transferred to it the legal title to each such Eligible Receivable. Each FirstSub has granted an irrevocable power of attorney to Firstmac to enable it to take such actions.

Each Originator has made a representation and warranty under the Supplementary Terms Notice to the effect that the Eligible Receivables comply with certain parameters. The receivables parameters are set out in section 15 (“*Receivables Parameters*”). The origination process is discussed in greater detail in section 10 (“*The Firstmac Group*”).

Eligible Receivables are spread across a range of

geographic regions and demographics.

Some further information in relation to the Eligible Receivables is set out in section 6 (*"The Housing Loans"*).

***Redesignation and acquisition of Eligible Receivables***

The proceeds of the issue of the Notes (other than the FastPay Notes) will be used to fund (among other things) the Redesignation to the Series of a pool of Eligible Receivables from certain Relevant Trusts and Relevant Series.

The consideration for the Redesignation or acquisition will be the aggregate Outstanding Amount as at the Cut-Off Date of the Eligible Receivables to be assigned to the Series, together with any accrued interest in respect of the Eligible Receivables.

***Custody of Loan Agreements***

Perpetual Trustee Company Limited has agreed to act as a Custodian in accordance with the Master Trust Deed of all documents relating to the Eligible Receivables forming part of the Assets of the Series. Such documents will include the Loan Agreements, mortgages, certificates of title and any documents evidencing any other security or any guarantees and any amending documents and any other Title Documents.

***Servicing of Eligible Receivables***

The Servicer has been appointed as Servicer under the terms of the Master Servicer Deed and may only be removed in the circumstances set out in section 9.7 (*"The Servicer"*).

In the event the Servicer is removed as Servicer to the Series, the Standby Servicer will step in and perform the servicing obligations for that Servicer as set out in the Master Servicer Deed.

***Collections***

All collections received in respect of the Eligible Receivables from (and including) the Issue Date will be allocated to the Series.

Moneys due from Debtors under the terms of each Eligible Receivable will be collected by the Servicer.

All monies collected under or in respect of the Eligible Receivables will be paid into the Collection Account for the Series within two Business Days of receipt of those funds. The Security Trustee is the authorised signatory of the Collection Account.

***Threshold Rate***

Firstmac has undertaken to set the relevant Interest Rate for the Loan Agreements such that the rates are the Threshold Margin plus the minimum rates required to be set on the Receivables (excluding any Defaulted Receivables) which will ensure that Firstmac has sufficient funds (from Collections on such Receivables as well as any net amounts due to it under Derivative Contracts) available to meet its obligations, including payment of the Threshold Amount, under the

Transaction Documents assuming that all parties comply with their obligations under such documents and such Receivables, and taking into account Receivables where the Servicer does not have the discretion under the related Loan Agreement to vary the interest rate of that Receivable, moneys held in Authorised Investments.

### 3.6 Spread Reserve

Firstmac will establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the "Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Spread Reserve" (the "**Spread Reserve**").

Amounts will only be released from the Spread Reserve on a Payment Date:

- (a) for a Determination Date to meet Liquidation Losses from the current Collection Period or Carryover Charge-Offs from prior Collection Periods which remain outstanding where there would be insufficient Total Interest Collections (without giving effect to any amounts to be withdrawn from the Spread Reserve other than the Required Payments Deficit) on the immediately following Payment Date to reimburse any such outstanding Liquidation Losses or outstanding Carryover Charge-Offs;
- (b) into the Collection Account for the purpose of making Spread Reserve Draws to be applied as set out in section 8.8 ("*Spread Reserve Draw*");
- (c) to be paid into the Collection Account to be applied in accordance with section 8.14 ("*Distribution of Total Interest Collections*") in an amount equal to the amount by which the then balance of the Spread Reserve exceeds the then Required Spread Reserve Balance, provided that a Rating Notification has been given in respect of the then Required Spread Reserve Balance;
- (d) to be paid to the Residual Income Unitholder on the Final Maturity Date; or
- (e) into the Collection Account to be applied in accordance with the Supplementary Terms Notice (as described in section 8.20 ("*Application of proceeds following an Enforcement Event*")) following the occurrence of an Enforcement Event.

The Spread Reserve balance will be nil on the Issue Date. On each Payment Date, an amount equal to the Required Spread Reserve Amount will be applied to the Spread Reserve in accordance with section 8.14 ("*Distribution of Total Interest Collections*") to the extent there are funds available for that purpose.

### 3.7 Principal Draws

If the Manager determines on any Determination Date that the aggregate of the Interest Collections for the preceding Collection Period, the balance of the Spread Reserve to be applied as a Spread Reserve Draw on the Payment Date immediately following that Determination Date and the estimated Accrual Amount for the period commencing on (but excluding) the last day of the preceding Collection Period to (but excluding) the following Payment Date are not sufficient to meet the Required Payments on the following Payment Date, then, the available amount of Principal Collections calculated in accordance with section 8.6 ("*Calculation of Principal Collections*") held by Firstmac will be applied to meet that shortfall (a "**Principal Draw**").

### 3.8 Liquid Authorised Investments

Firstmac must ensure that it holds and maintains for the Series an amount of Liquid Authorised Investments equal to the Required Liquid Authorised Investment Amount at all times. Where the Standby Trustee replaces Firstmac in accordance with the Master Trust Deed, the Standby Trustee is under no obligation to maintain the Required Liquid Authorised Investment Amount other than with funds available to it from the Series.

If the Manager determines, on any Determination Date, that there is a Payment Shortfall, then the Manager will advise Firstmac of that insufficiency and must direct Firstmac to realise an amount of the Liquid Authorised Investments equal to the lesser of:

- (a) the amount of the Payment Shortfall on that day; and
- (b) the amount of the Liquid Authorised Investments on that day,

and apply it as part of Total Interest Collections for that Collection Period.

### 3.9 Extraordinary Expense Draws

Firstmac will establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the "Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Extraordinary Expense Reserve" (the "**Extraordinary Expense Reserve**"). On the Issue Date, the Residual Income Unitholder will make a deposit of A\$150,000 (the "**Required Extraordinary Expense Reserve Balance**") from its own funds into the Extraordinary Expense Reserve. Amounts may also be deposited into the Extraordinary Expense Reserve in accordance with section 8.14 ("*Distribution of Total Interest Collections*"). Extraordinary Expense Draws will only be able to be made to the extent that there are sufficient funds in the Extraordinary Expense Reserve to meet that Extraordinary Expense Reserve Draw.

If the Manager determines, on any Determination Date, that there is an Extraordinary Expense, the Manager must direct Firstmac to withdraw from the Extraordinary Expense Reserve an amount equal to the lesser of:

- (a) the amount of the Extraordinary Expense on that day; and
- (b) the balance of the Extraordinary Expense Reserve on that day,

and apply that amount to Total Interest Collections for that Collection Period for payment on the next Payment Date.

### 3.10 Derivatives Contracts

Subject to the following paragraph, Firstmac will enter into swaps with the Interest Rate Swap Provider to hedge the interest rate risk between the interest rate on the Housing Loans which accrue interest at a fixed rate of interest and the floating rate obligations of the Series.

#### **Fixed Rate Loans**

The Servicer has undertaken to ensure that the Outstanding Amount of Housing Loans with a fixed rate of interest is limited to an amount not exceeding 6% (or such other percentage in respect of which a Rating Notification is issued) of the Outstanding Amount of Housing Loans in respect of the Series at the time any fixed rate loan is being entered into.

The Manager agrees to ensure that:

- (a) any Housing Loans which as at the initial Issue Date were not fixed rate loans but which subsequently become fixed rate loans are the subject of a Derivative Contract which ensures that:

- (i) Firstmac's obligations under the Derivative Contract are to pay an amount calculated by multiplying the appropriate notional amount under the Derivative Contract by the weighted average interest rate on all such fixed rate Housing Loans; and
  - (ii) the interest rate on such Housing Loans (taking into account the relevant Derivative Contracts) is at least equal to the one month Bank Bill Rate plus 2.50% per annum; and
- (b) no further Housing Loans convert to fixed rate loans:
- (i) after the first Call Date; or
  - (ii) if the hedging arrangements referred to in paragraph (a) have not been effected when required by that paragraph.

In addition, Firstmac may from time to time enter into further interest rate swaps (each a "**Derivative Contract**") with a Counterparty to the extent required for Firstmac to further hedge Receivables against any interest rate risk.

### 3.11 Security

The obligations of Firstmac in respect of the Notes are secured by a security interest granted by Firstmac over the Assets of the Series of the Trust in favour of the Security Trustee. The Security Trustee holds the benefit of the security interest on trust for (among others) the Holders, the Interest Rate Swap Providers, any Counterparty and any other person who is specified as a "Secured Creditor" in the Transaction Documents for the Series.

In addition, the obligations of Firstmac will be guaranteed by each FirstSub holding the legal title of the Eligible Receivables. Each FirstSub has granted a charge over its legal title to each Eligible Receivable in favour of the Security Trustee to secure each FirstSub's performance of that guarantee.

Each of Firstmac, the Manager and the Servicer have agreed to co-operate to do, and to do, anything required (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed, signed and lodged) necessary to provide more effective security, perfect security or to ensure no prejudice to any existing security under the Personal Property Securities Act 2009 (Cwlth) ("**PPSA**") in relation to the assignment of the Eligible Receivables and the security granted under the General Security Agreement and any other matters relevant to the Series.

### 3.12 Taxes

#### *Withholding Tax*

Other than as specified in the terms and conditions of the Notes, all payments by Firstmac in respect of Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes (including any FATCA Withholding Tax), levies, duties, assessments or governmental charges of any nature whatsoever imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision thereof or any authority therein or thereof, unless such withholding or deduction is required by law.

It is intended that the Class AB Notes will be offered, and interest will be paid from time to time, in a manner which satisfies the exemption from Australian interest withholding tax contained in section 128F of the Australian Tax Act (see section 12 ("*Taxation Considerations*") for further information).

If such withholding or deduction is required by law by any party in relation to a payment on the Notes (including, without any limitation, any FATCA Withholding Tax), that party will account to the relevant authority for the amount required to be withheld or deducted and no additional amounts in respect of any such withholding or deduction will be paid to the relevant Holder (including, without any limitation, any FATCA Withholding Tax).

***Other tax***

For a brief summary of the material Australian tax consequences see section 12 ("*Taxation Considerations*"). However, potential investors should obtain their own taxation advice.



## **4 Special Considerations and risk factors**

*The purchase, and subsequent holding, of the Notes is not free from risk. The Manager believes that the risks described below are some of the material risks inherent in the transaction for Holders and that the discussion in relation to the Notes indicates some of the possible implications for Holders. However, the inability of Firstmac to make a payment 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 exhaustive. It is only a summary of some of the material risks. There can be no assurance that the structural protection available to Holders will be sufficient to ensure that the payment or distribution of a payment is made on a timely or full basis. Prospective investors should read the detailed information set out elsewhere in this Information Memorandum, review the Transaction Documents, make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.*

### **4.1 Investment in the Notes may not be suitable for all investors**

The Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors.

Mortgage-backed securities, like the Notes, usually produce faster rates of return of principal to investors when market interest rates for housing loans fall below the interest rates on the Housing Loans and produce slower rates of return of principal when market interest rates for housing loans rise above the interest rates on the Housing Loans. If borrowers refinance their Housing Loans as a result of lower interest rates, Holders may receive an unanticipated payment of principal. As a result, Holders are likely to receive more money to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Holders will bear the risk that the timing and amount of payments on the Notes will prevent you from attaining the desired yield.

### **4.2 The Notes are not guaranteed**

None of Firstmac Fiduciary Services Pty Limited, the Manager, the Arranger, the Class A-1 Joint Lead Managers, the Lead Manager, the Standby Servicer, the Custodian, the Security Trustee, the Standby Trustee, the Servicer, the Registrar, the Calculation Agent, the Interest Rate Swap Provider, or their respective related bodies corporate (each a "**Relevant Person**"), guarantees or is otherwise responsible for payment or repayment of any moneys owing to Holders or the principal of the Notes or the payment of interest in respect of any Notes (other than Firstmac). The Notes will be the obligations solely of Firstmac Fiduciary Services Pty Limited in its capacity as trustee of the Trust in respect of the Series and do not represent obligations of or interests in, and are not guaranteed by, Firstmac Fiduciary Services Pty Limited in its personal capacity and do not represent deposits or other liabilities of the Arranger, any Class A-1 Joint Lead Manager, the Lead Manager, the Interest Rate Swap Providers or any other party. Firstmac's obligation in respect of the Notes is limited (except in certain limited circumstances) to the Assets of the Series over which security has been granted to make payments on the Notes.

### **4.3 The Notes will only be paid from the Assets of the Series**

The Notes are debt obligations of Firstmac in its capacity as trustee of the Trust in respect of the Series. The Notes do not represent an interest in or obligation of any of the other parties to the transaction.

Firstmac will be entitled to be indemnified out of the Assets of the Series for all payments of interest and principal in respect of the Notes.

The recourse of a Holder of Notes against Firstmac with respect to the Notes is limited to the amount by which Firstmac is indemnified from the Assets of the Series. Except in the case of, and to the extent that a liability is not satisfied because Firstmac's right of indemnification against the Assets of the Series is reduced as a result of fraud, gross negligence or wilful default, no rights may be enforced against Firstmac by any person and no proceedings may be brought against Firstmac to the extent of Firstmac's right of indemnity and reimbursement out of the Assets of the Series. Except in those limited circumstances, the assets of Firstmac in its personal capacity are not available to meet payments of interest or principal in respect of the Notes.

In no circumstances, either before or after the occurrence of an Event of Default in respect of the Series, will the Holder of a Note have recourse to the assets of any Other Series.

Upon the occurrence of an Event of Default in respect of the Series, the Security Trustee will be entitled to enforce the Security and apply the Assets of the Series which are secured in favour of the Security Trustee for the benefit of the Secured Creditors of the Series. The Security Trustee may incur costs in enforcing the Security, with respect to which the Security Trustee will be entitled to indemnification. Any such indemnification will reduce the amounts available to pay interest on and repay principal of the Notes of the Series.

#### **4.4 The Assets of the Series are limited**

The Assets of the Series consist of Housing Loans and Related Securities as well as Authorised Investments which may be acquired by Firstmac from time to time. If the Housing Loans, Related Securities, Authorised Investments and other Assets of the Series are not sufficient to make payments of interest or principal on the Notes in accordance with the cashflow allocation methodology (as described in more detail in section 8 ("*Cashflow Allocation Methodology*")), then payments to Holders of Notes will be reduced accordingly.

The rights of the Secured Creditors as beneficiaries under the Security Trust are restricted. In particular, the Secured Creditors have only limited rights with respect to directing and removing the Manager, the Servicer, Firstmac and the Security Trustee, and the winding up of the Series.

#### **4.5 Secondary Market Risk**

There is no assurance that 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.

The risk that the secondary market in the Notes will cease to develop or fail is increased during major disruptions in the capital markets. Such disruptions may not be limited to issues which are directly relevant to the Assets of the Series and which therefore may appear to be unrelated to the Notes. For example, in 2007 there was a significant downturn in the global credit markets which has been precipitated by performance concerns in the "sub-prime" loan market in the United States. Due to the way in which those "sub-prime" loans were funded in the capital markets, many investors with exposure to sub-prime were forced to revalue their investments based on current market prices and liquidate holdings which crystallised losses.

A reduction in demand for mortgage-backed or other debt securities (including in relation to Australian prime residential mortgage backed securities), alone or in combination with the continuing fluctuation in prevailing market interest rates, may adversely affect the market value of the Notes and may adversely affect the ability of the Holders to sell the Notes.

There is no certainty as to the duration of the destabilising effect in the capital markets or whether the price of the Notes will be affected by factors which are unrelated to the credit

quality of the Notes. For example, the price of the Notes may be affected by issues including the performance of instruments of Other Series or other Relevant Trust, even though these events may have no direct correlation to the quality of the Assets of the Series.

There is no certainty that the secondary market performance of the Notes will recover or whether the price of the Notes will be affected by factors which are unrelated to the credit quality 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.

#### **4.6 Interest Rate Risk**

The spread between the Bank Bill Rate and the official Australian overnight cash rate may vary over time. There can be no certainty whether the official Australian overnight cash rate or the Bank Bill Rate will increase or decrease in the future.

As the interest rate on the Notes is calculated by reference to the Bank Bill Rate, any increases in the Bank Bill Rate which are not passed onto borrowers may reduce the level of credit enhancement provided to the Notes by excess income. However this risk is mitigated in respect of variable rate Housing Loans which are Receivables of the Series by the obligation of the Servicer to set the weighted average interest rate payable by Debtors on the Housing Loans at a rate which is equal to or greater than the Threshold Rate. The Servicer has passed on to the borrowers increases made by the Reserve Bank of Australia in the overnight cash rate in addition to other increases reflecting the increased cost of funding the Housing Loans. Also, the Servicer may not fully pass on reductions in interest rates made by the Reserve Bank of Australia as a result of the increased cost of funding the Housing Loans. In respect of fixed-rate Housing Loans which are Receivables of the Series, this risk is mitigated under the Interest Rate Swap, by Firstmac exchanging the interest payments from the fixed-rate Housing Loans for variable-rate payments based upon the Bank Bill Rate (or another published reference rate selected by the Manager in accordance with its internal policies with respect to derivatives). If the Interest Rate Swap is terminated or the relevant Counterparty fails to perform its obligations, the Holders will be exposed to the risk that the floating rate of interest payable on the Notes will be greater than the weighted average interest rate set by the Servicer on the variable and fixed-rate Housing Loans, which may lead to Firstmac having insufficient funds to pay interest on the Notes.

Furthermore, the Servicer may choose to, or may be obliged to, increase the interest rate on the variable rate Housing Loans. While this may provide further credit enhancement due to there being an increased amount of excess income:

- (a) as described in this section 4.6 ("*Interest Rate Risk*"), if other home loan providers have not increased interest rates at a similar level, Debtors may choose to refinance their Housing Loans resulting in early repayments of principal; and
- (b) as described in section 4.14 ("*Delinquency/Default Risk*"), the increased repayments this may result in may place stress on Debtors' ability to repay their Housing Loans.

#### **4.7 Collections on the Housing Loans may be commingled with other collections**

Before Collections are remitted to the Collection Account, the Collections will be deposited into a clearing account in the name of Firstmac Assets Pty Limited and may be commingled with the assets of Firstmac Assets Pty Limited pending the reconciliation of the Collections and remittance to the Collection Account. The Servicer undertakes to deposit all Collections into the Collection Account within 2 Business Days of receipt. Only Firstmac and the Security Trustee are signatories to this clearing account. If Firstmac Assets Pty Limited becomes insolvent, Firstmac may only be able to claim those Collections as a creditor of the insolvent company. This could lead to a failure to receive the Collections on the Housing Loans, delays in receiving the Collections, or losses to Holders.

#### **4.8 The timing of Principal Distributions for Notes cannot be predicted**

Subject to the Cashflow Allocation Methodology, Principal Collections in respect of the Receivables will be repaid to Holders on each Payment Date and will reduce the principal balance of the Notes. Principal Collections will consist of the principal component of scheduled payments and partial or full prepayments, including amounts received as Timely Payment Cover. Principal Collections may be utilised to meet Liquidity Shortfalls in priority to payments to Holders.

There can be no assurances as to the amount of Principal Collections to be received in any Collection Period or the amount retained to meet Liquidity Shortfalls.

Receivables are expected to mature prior to the Final Maturity Date of the Notes. In addition, a Debtor in respect of a Receivable may choose to make a repayment, in part or in full, of the amount outstanding under the Receivable prior to the scheduled maturity profile of the Receivable. The reasons for the early payment may include, but are not limited to, the level of interest rates, general economic conditions, legal and political conditions, availability of more competitive funding alternatives, changes in the funding requirements of the Debtor, the overall economic circumstances of the Debtor, or receipts from disposal of assets as part of enforcement proceeds.

Prospective Holders who consider any projection of the weighted average life or maturity in determining the price of a Note should be aware that these Notes are subject to maturity and prepayment risk based on the principal payment behaviour of the Receivables which may change.

#### **4.9 If the Manager directs Firstmac to redeem the Notes, you could suffer losses and the yield on your Notes could be lower than expected**

If the Manager directs Firstmac to redeem the Notes earlier than the Final Maturity Date of the Notes as described in condition 8.3 ("*Call Option*") and condition 8.4 ("*Redemption for Taxation or other reasons*") of the Conditions and Liquidation Losses have occurred, the Holders of each Class may by Extraordinary Resolution consent to receiving an amount equal to the outstanding Invested Amount of the Notes, less Liquidation Losses, plus accrued interest. As a result, the Holders of Notes may not fully recover their investment. In addition, such early redemption will shorten the average lives of the Notes and potentially lower the yield on the Notes.

#### **4.10 The redemption of the Notes on a Call Date may affect the return on the Notes**

There is no assurance that the Assets of the Series will be sufficient to redeem the Notes on a Call Date or that the Manager will exercise its discretion and direct the Firstmac to redeem the Notes on a Call Date.

The Manager has the right under the Supplementary Terms Notice to direct Firstmac to sell, realise or Redesignate Housing Loans in order to raise funds to redeem the Notes on a Call Date. However, there is no guarantee that the Housing Loans will be able to be sold, realised or Redesignated in order to raise sufficient funds to redeem the Notes on that Call Date.

#### **4.11 General Security Agreement**

Following the enforcement of the Security, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of priority set out in the Supplementary Terms Notice and in section 9.8 ("*Security structure*") of this Information Memorandum. 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 Secured Creditors. Neither the Security Trustee nor Firstmac will have any liability to the Secured Creditors in respect of any such deficiency.

#### 4.12 Application of the Personal Property Securities regime

A new personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (“PPSA”). The PPSA has established a national system for the registration of security interests in personal property and introduced new rules for the creation, priority and enforcement of security interests in personal property.

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages over personal property. However, they also include transactions that, in substance, secure payment or performance of an obligation but may not have been previously legally classified as securities (referred to as “in-substance” security interests), including transactions that were not regarded as securities. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation - these deemed security interests include assignments of certain monetary obligations.

A person who holds a security interest under the PPSA will need to register (or otherwise perfect) the security interest to ensure that the security interest has priority over competing interests (and in some cases, to ensure that the security interest survives the insolvency of the grantor). If they do not do so, the consequences include the following:

- (a) another security interest may take priority;
- (b) another person may acquire an interest in the assets which are subject to the security interest free of their security interest; or
- (c) they may not be able to enforce the security interest against a grantor who becomes insolvent.

The security granted by Firstmac under the General Security Agreement and is a security interest under the PPSA. The Manager intends to effect a registration of this security interest by way of registration on the Personal Property Securities Register. The Transaction Documents may also contain other security interests. The Manager has undertaken in the Supplementary Terms Notice that if it determines that any other such security interests arise and that failure to perfect those security interests could have material adverse effect upon Secured Creditors that it will give directions to Firstmac and the Security Trustee to take appropriate action to perfect such security interests under the PPSA.

There is uncertainty on aspects of the implementation of the PPSA regime because the PPSA significantly alters the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time.

Under the General Security Agreement, Firstmac grants a security interest over all of the Assets of the Series in favour of the Security Trustee to secure the payment of moneys owing to the Secured Creditors (including among others, the Holders of Notes).

Under the General Security Agreement, Firstmac has agreed not to create or allow another interest in, or dispose or part with possession of, the Housing Loans except in the ordinary course of Firstmac’s business and in accordance with the Transaction Documents, unless Firstmac is expressly permitted under the Transaction Documents or the Security Trustee (at the direction of an Extraordinary Resolution of the Voting Secured Creditors) consents. However, under Australian law:

- dealings by Firstmac with the Housing Loans in breach of such undertaking may nevertheless have the consequence that a third party acquires title to the relevant Housing Loans free of the security interest created under the General Security Agreement or another security interest over such Housing Loans has priority over that security interest; and

- contractual prohibitions upon dealing with the Housing Loans (such as those contained in the General Security Agreement) will not of themselves prevent a third party from obtaining priority or taking such Housing Loans free of the Security (although the Security Trustee would be entitled to exercise remedies against Firstmac in respect of any such breach by Firstmac).

Whether this would be the case, depends upon matters including the nature of the dealing by the Firstmac, the particular Housing Loan concerned and the actions of the relevant third party.

#### **4.13 Consumer Credit Legislation**

##### ***Federal Consumer Credit Regime (National Consumer Credit Protection Act)***

In 2009, the National Consumer Credit Protection Act 2009 (Cwlth) (the “**NCCP Act**”) (which includes the new National Credit Code (“**Credit Code**”)) and certain related legislation were enacted. The NCCP Act and related legislation was part of a package of reforms directed towards the introduction of a new national consumer credit law to replace state-based regimes. The NCCP Act commenced on 1 July 2010.

The Credit Code applies to the Housing Loans that had previously been regulated under the Consumer Credit Code. The Credit Code also applies to Housing Loans made after 1 July 2010 if the Debtor is an individual or a strata corporation, there has been a charge for the provision of credit, the credit is provided for personal, domestic or household purposes or to purchase, renovate or improve residential property for investment purposes or to refinance that credit. Some of the Housing Loans and Housing Loan Rights are regulated by the Credit Code.

The majority of the Housing Loans in the Indicative Housing Loan Pool are regulated by the Credit Code (and therefore the NCCP Act).

The NCCP Act incorporates a requirement for providers of credit related services to hold an “Australian credit licence”, and to comply with “responsible lending” requirements, including a mandatory “unsuitability assessment” before a loan is made or there is an agreed increase in the amount of credit under a loan.

Obligations under the NCCP Act extend to Firstmac and its service providers (including the Servicer) in respect of the Housing Loans.

Under the terms of the Credit Code and the NCCP Act, Firstmac is a “credit provider” with respect to regulated loans, and as such is exposed to civil and criminal liability for certain violations. These include violations caused in fact by the Servicer. The Servicer has indemnified Firstmac for any civil or criminal penalties in respect of Credit Code or NCCP Act violations caused by the Servicer. There is no guarantee that the Servicer will have the financial capability to pay any civil or criminal penalties which arise from Credit Code or NCCP Act violations.

If for any reason the Servicer does not discharge its obligations to Firstmac, then Firstmac will be entitled to indemnification from the Assets of the Series. Any such indemnification may reduce the amounts available to pay interest and repay principal in respect of the Notes.

Under the Credit Code, a borrower in respect of a regulated Housing Loan may have the right to apply to a court to, amongst other things:

- grant an injunction preventing a regulated Housing Loan from being enforced (or any other action in relation to the Housing Loan) if to do so would breach the NCCP Act;
- order compensation to be paid for loss or damage suffered (or likely to be suffered) as a result of a breach of a civil penalty provision or a criminal offence in the NCCP Act;

- if a credit activity has been engaged in without an Australian credit licence and no relevant exemption applies, issue an order it considers appropriate so that no profiting can be made from the activity, 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;
- vary their Housing Loan on the grounds of hardship or that it is an unjust contract;
- reduce or annul any interest rate payable on the Housing Loan which is unconscionable;
- have certain provisions of the Housing Loan or Related Security which are in breach of the legislation declared unenforceable; or
- obtain restitution or compensation from Firstmac in relation to any breach of the Credit Code.

As a condition of the Servicer holding an Australian credit licence and Firstmac being able to perform its role, the Servicer and Firstmac must also allow each borrower to have access to an external dispute resolution scheme, which has power to resolve disputes where the amount in dispute is A\$500,000 or less.

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

Under the 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 order made under any of the above consumer credit laws may affect the timing or amount of principal repayments under the relevant Housing Loans which may in turn affect the timing or amount of interest and principal payments under the Notes.

### ***Unfair Terms***

On 1 July 2010, the Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010 ("**UCT Law**") commenced. The UCT Law introduces a national unfair terms regime whereby 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 and is not reasonably necessary to protect the supplier's legitimate interests. The UCT Law will apply to a term of the Housing Loans to the extent that those contracts are renewed, or the term is varied, after commencement of the UCT Law.

Also on 1 July 2010, Victoria amended its unfair terms regime (contained in Part 2B of the Fair Trading Act 1999 (Vic)) to follow the wording in the UCT Law. Victoria's unfair terms regime had applied to certain Housing Loans since 10 June 2009.

Any finding that a term of a Housing Loan is unfair and therefore void may, depending on the relevant term, affect the timing or amount of principal repayments under the relevant Housing Loans which may in turn affect the timing or amount of interest and principal payments under the Notes.

***Effect of orders***

Any order made under any of the above consumer credit laws may affect the timing or amount of collections under the relevant Eligible Receivable which may in turn affect the timing or amount of interest and principal payments under the Notes.

***Representation and warranty***

The Originators have made certain representations and warranties that the Eligible Receivables complied with all applicable laws at the time the Eligible Receivables were made. The Servicer has undertaken to comply with all applicable laws in servicing those loans regulated by the legislation.

**4.14 Delinquency/Default Risk**

The failure by Debtors to make payments on the Housing Loans when due may result in Firstmac having insufficient funds available to it to make full payments of interest and principal to the Holders.

Firstmac's obligation to pay interest and to repay principal in respect of the Notes is limited to its receipts under or in respect of the Housing Loans and the Insurance Policies and the amount of any Liquid Authorised Investments then held by Firstmac (described in section 5 ("*Credit Support and Liquidity Support*")). Holders must rely, for payment under the Notes, on Debtors making payments under the Housing Loans, on the Mortgage Insurers paying any claims properly made under the relevant Insurance Policy and on there being sufficient funds available from the following sources to meet any shortfall:

- (a) the Principal Draw;
- (b) the Spread Reserve Draw;
- (c) the Extraordinary Expense Draw; and
- (d) the Liquid Authorised Investments.

A wide variety of factors of legal, economic, political or other nature could affect the performance of Debtors in making payments of interest and principal under the Housing Loans. In particular, if interest rates increase significantly or if there is any deterioration in real estate values or the economy in which the property is located (which, given the current international and domestic economic conditions, is likely), Debtors may experience distress and increased default rates on the Housing Loans may result. In addition, under the Consumer Credit Code, a court may order a Housing Loan to be varied on the grounds of hardship.

If a Debtor defaults on payments under a Housing Loan and the Servicer enforces the Mortgage and takes possession of the relevant property, many factors may affect the price at which the property is sold and the length of time taken to complete that sale. Any delay or loss incurred in this process may affect the ability of Firstmac to make payments, and the timing of those payments, in respect of the Notes.

**4.15 Subordination provides only limited protection against losses**

The amount of credit enhancement provided through the subordination (determined by reference to the order of priority of payments described in section 8.20 ("*Application of proceeds following an Enforcement Event*")) of:



- the Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes to the Class A-1 Notes is limited and could be depleted prior to the payment in full of the Class A-1 Notes;
- the Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes to the Class A-1 Notes and Class A-2 Notes is limited and could be depleted prior to the payment in full of the Class A-1 Notes and the Class A-2 Notes;
- the Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes to the Class A-1 Notes, Class A-2 Notes and Class AB Notes is limited and could be depleted prior to the payment in full of the Class A-1 Notes, Class A-2 Notes and Class AB Notes;
- the Class B-2 Notes, Class B-3 Notes and Class C Notes to the Class A-1 Notes, Class A-2 Notes, Class AB Notes and Class B-1 Notes is limited and could be depleted prior to the payment in full of the Class A-1 Notes, Class A-2 Notes, Class AB Notes and Class B-1 Notes;
- the Class B-3 Notes and Class C Notes to the Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes and Class B-2 Notes is limited and could be depleted prior to the payment in full of the Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes and Class B-2 Notes; and
- the Class C Notes to all other Notes is limited and could be depleted prior to the payment in full of all other Notes.

If the Aggregate Stated Amount of:

- the Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes is reduced to zero, the Holders of the Class A-1 Notes may suffer losses on the Class A-1 Notes;
- the Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes is reduced to zero, the Holders of the Class A-1 Notes and Holders of the Class A-2 Notes may suffer losses on the Class A-1 Notes and Class A-2 Notes (as applicable);
- the Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes is reduced to zero, the Holders of the Class A-1 Notes, the Holders of the Class A-2 Notes and the Holders of the Class AB Notes may suffer losses on the Class A-1 Notes, Class A-2 Notes and Class AB Notes (as applicable);
- the Class B-2 Notes, Class B-3 Notes and Class C Notes is reduced to zero, the Holders of the Class A-1 Notes, the Holders of the Class A-2 Notes, the Holders of the Class AB Notes and the Holders of the Class B-1 Notes may suffer losses on the Class A-1 Notes, Class A-2 Notes, Class AB Notes and Class B-1 Notes (as applicable);
- the Class B-3 Notes and Class C Notes is reduced to zero, the Holders of the Class A-1 Notes, the Holders of the Class A-2 Notes, the Holders of the Class AB Notes, the Holders of the Class B-1 Notes and the Holders of the Class B-2 Notes may suffer losses on the Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes and Class B-2 Notes (as applicable); and
- the Class C Notes is reduced to zero, the Holders of all other Notes may suffer losses on those Notes.

Losses on the Housing Loans will reduce the loss protection provided by the more subordinate Classes of Notes to the more senior Classes of Notes and will increase the likelihood that the more senior Classes of Notes will not receive all of their expected principal payments.

#### **4.16 The termination of any Derivative Contracts may subject you to losses from interest rate fluctuations**

Firstmac will in certain circumstances exchange the interest payments from the fixed-rate Housing Loans for variable-rate payments based upon the Bank Bill Rate (or another published reference rate selected by the Manager in accordance with the Derivative Policy). If a Derivative Contract is terminated or the Counterparty fails to perform its obligations, the Holders will be exposed to the risk that the floating rate of interest payable on the Notes will be greater than the weighted average interest rate set by the Servicer on the variable and fixed-rate Housing Loans, which may lead to Firstmac having insufficient funds to pay interest on the Notes.

If Firstmac elects (at the direction of the Manager) to enter into a new Derivative Contract to replace a terminated Derivative Contract, Firstmac may need to pay a premium to the replacement Counterparty, which may lead to Firstmac having insufficient funds to pay interest on the Notes.

A termination of a Derivative Contract may also require the Manager to direct the Servicer to reset the interest rate on the variable-rate Housing Loans at a rate high enough to cover (in the absence of the terminated Derivative Contract) the payments owed by Firstmac. If the rates on the variable-rate Housing Loans are set above the market interest rate for similar variable-rate Housing Loans, the affected borrowers will have an incentive to refinance their loans with another institution, which may lead to higher rates of principal prepayment than the Holders initially expected, which will affect the yield on the Notes.

#### **4.17 Recent Origination of the Housing Loans**

The Housing Loans have all been originated in a period from 3 September 1998 to 30 September 2014. Accordingly, all of the Housing Loans are not fully seasoned and may display different characteristics until they are fully seasoned.

#### **4.18 Geographic Concentration of Housing Loans**

If the Series contains a high concentration of Housing 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 loss than expected on the Housing 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 Housing Loans.

#### **4.19 Mortgage Insurance Risk**

The liability of the Mortgage Insurer is governed by the terms of the relevant Insurance Policy, which contains certain exclusions that may allow that Mortgage Insurer to reject or reduce a claim or terminate mortgage insurance cover in respect of a Housing Loan in certain circumstances. Any such reduction or termination may affect the ability of Firstmac to pay principal and interest on the Notes. The exclusions and conditions differ between Insurance Policies.

The rating of the Notes may be adversely affected in the event that a Mortgage Insurer is downgraded by a Current Rating Agency. Increased default rates on the Housing Loans (discussed in section 4.14 ("*Delinquency/Default Risk*") above) or any other loans insured by a Mortgage Insurer may result in a Mortgage Insurer being downgraded. This is not an exhaustive description of the circumstances in which a Mortgage Insurer may be downgraded.

There is no guarantee that a Mortgage Insurer will promptly make payment under any Insurance Policy or that the Mortgage Insurer will have the necessary financial capacity to make any such payment at the relevant time.

Substantial delays could be encountered in connection with the enforcement of a Housing Loan and result in shortfalls in distributions to Holders to the extent not covered by an Insurance Policy or if the relevant Mortgage Insurer fails to perform its obligations. Further, Enforcement Expenses such as legal fees, real estate taxes and maintenance and preservation expenses (to the extent not covered by an Insurance Policy) will reduce the net amounts recoverable by Firstmac from an enforced Housing Loan. In the event that any of the properties fail to provide adequate security for the relevant Housing Loan, Holders could experience a loss to the extent the loss was not covered by an Insurance Policy or if the relevant Mortgage Insurer failed to perform its obligations under the relevant Insurance Policy.

Approximately 44.4% of the Housing Loans by value in the indicative pool as at the date of their origination were covered by 24 month Timely Payment Cover. No pool mortgage insurance policy will be issued or available to insure losses in respect of the Housing Loans. If the Mortgage Insurers do not meet their obligations under such Timely Payment Cover, Firstmac may not have sufficient funds to meet payments of principal and interest on the Notes.

#### **4.20 Housing Loans with high original loan-to-value ratios may present a greater risk of loss**

Certain Housing Loans have original loan-to-value ratios of greater than 80%. Housing Loans with high loan-to-value ratios may be more likely to experience default and foreclosure than mortgage loans with low original loan-to-value ratios.

#### **4.21 Interest Only Loans may demonstrate greater risk of loss**

Approximately 45.60% of the Housing Loans in the indicative Housing Loan pool have interest-only periods of up to 10 years. Interest Only Loans can demonstrate a higher propensity of default as the accumulation of equity over time can be less due to a shorter amortisation period than that of mortgage loans where repayments are made on a principal and interest basis.

#### **4.22 The features of the Housing Loans may change, which could affect the timing and amount of payments to Holders**

The features of the Housing Loans, including their interest rates, may be changed by the Servicer, either on its own initiative or at a borrower's request. Some of these changes may include the addition of features not yet developed or offered to borrower's and which are not described in this Information Memorandum. As a result of these changes and borrower payments of principal, the concentration of Housing Loans with specific characteristics is likely to change over time, which may affect the timing and amount of payments the Holders receive.

If the Servicer changes the features of the Housing Loans, borrowers may elect to refinance their loan with another lender to obtain more favourable features. In addition, for so long as a Housing Loan is included in the Series, the Transaction Documents prescribe certain restrictions on the Servicer consenting to certain feature changes which a borrower may request in respect of that Housing Loan (such as the making of a Further Advance or a Redraw or fixing the interest rate payable on the Housing Loan). If such restrictions would prevent the Servicer from consenting to the borrower's request, the Manager may direct Firstmac to sell the Housing Loan in which case the Housing Loan will be removed from the Series. See Section 8.21 ("*Redesignation*") for further details.

The refinancing or removal from the Series of Housing Loans could cause the Holders of Notes to experience higher rates of principal prepayment than expected, which will affect the yield on the Notes.

#### **4.23 The expiration of fixed rate interest periods may result in significant repayment increases and hence increased borrower defaults**

The fixed rate Housing Loans have fixed interest rates that are set for a shorter time period (up to 5 years) than the life of the Housing Loan (up to 30 years). At the end of the fixed rate period, the Housing Loan either converts to a variable rate, or can be refinanced for a further period (generally not for more than 5 years). When the Housing Loan converts to a variable rate or a new fixed rate, prevailing interest rates may result in the scheduled repayments increasing significantly in comparison to the repayments required during the fixed rate term just completed. This may increase the likelihood of borrower delinquencies, which may cause losses on the Notes.

#### **4.24 Reinvestment risk on payments received during a Collection Period**

If a prepayment is received on a Housing Loan during a Collection Period, then to the extent it is not applied towards funding Redraws where permitted at any time, then interest will cease to accrue on that part of the Housing Loan prepaid from the date of the prepayment. The amount repaid will be deposited into the Collection Account or invested in Authorised Investments and may earn interest at a rate less than the then current rate on the Housing Loans. Accordingly, this would result in less funds being available to make payments of interest on the Notes.

#### **4.25 Redesignation of Eligible Receivables**

Pursuant to the terms of the Master Trust Deed, Firstmac as trustee of each Relevant Trust and, if applicable, in respect of each Relevant Series will transfer certain Eligible Receivables to the Series. This process is known as Redesignation. Where Firstmac as trustee of each Relevant Trust and, if applicable, in respect of each Relevant Series transfers Eligible Receivables to Firstmac, the beneficial interest in the Eligible Receivables is transferred from Firstmac as trustee of each Relevant Trust and, if applicable, in respect of each Relevant Series as the case may be, to Firstmac and the legal title remains with the relevant FirstSub.

#### **4.26 Equitable Assignment**

Legal title in the Housing Loans is held by the FirstSubs and such Housing Loans will be equitably assigned to Firstmac by the Seller. If Firstmac declares that a Title Perfection Event has occurred under the Supplementary Terms Notice, Firstmac and the Manager must, amongst other things, take all such steps as are necessary to perfect Firstmac's legal title in the mortgages relating to those Housing Loans. Until such time, Firstmac is not to take any such steps to perfect legal title and, in particular, it will not notify any Debtor of its interest in the relevant Housing Loans.

The delay in notification to a Debtor of Firstmac's interest in the relevant Housing Loans may have the following consequences:

- (a) until a Debtor has notice of Firstmac's interest in the Housing Loans, such person is not bound to make payment to anyone other than the lender of record and can obtain a valid discharge from that entity. However, Firstmac Limited is appointed as the Servicer of the Housing Loans and is obliged to deal with all moneys received from Debtors in accordance with the Master Servicer Deed and to service those Housing Loans in accordance with the Servicing Procedures;
- (b) rights of set-off or counterclaim may accrue in favour of the Debtor against its obligations under the Housing Loans which may result in Firstmac receiving less money than expected from the Housing Loans. However, under the Housing Loan documents, Debtors agree to waive rights of set-off or counterclaim that they may have against the relevant FirstSub;
- (c) for so long as Firstmac holds only an equitable interest in the Housing Loans, Firstmac's interest in those Housing Loans may become subject to the interests of

third parties created after the creation of Firstmac's equitable interest but prior to it acquiring a legal interest; and

- (d) for so long as Firstmac holds only an equitable interest in the relevant Housing Loans, the lender of record may need to be a party to certain legal proceedings against any Debtor in relation to the enforcement of those Housing Loans.

#### **4.27 Australian Anti-Money Laundering and Counter-Terrorism Financing Regime**

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cwlth) ("**AML/CTF Act**") regulates the anti-money laundering and counter-terrorism financing obligations on financial services providers.

Under the AML/CTF Act, if an entity has not met its obligations under the AML/CTF Act, that entity will be prohibited from providing a designated service, which includes:

- (a) opening or providing an account, allowing any transaction in relation to an account or receiving instructions to transfer money in and out of the account;
- (b) issuing, dealing, acquiring, disposing of, cancelling or redeeming a security; and
- (c) exchanging one currency for another.

These obligations will include undertaking customer identification procedures before a designated service is provided and receiving information about international and domestic institutional transfers of funds. Until the obligations have been met, an entity will be prohibited from providing funds or services to a party or making any payments on behalf of a party.

The obligations placed upon an entity could affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts received by a Holder of Notes.

#### **4.28 Originator Termination Event**

If an Originator Termination Event occurs in respect of a FirstSub, Firstmac and the Manager must take such steps as are necessary to protect Firstmac's title to, and interest in, the Receivables. Until such time, Firstmac will not be able to notify Debtors of the underlying ownership of the Receivables by Firstmac in respect of such Receivables – see section 4.26 ("*Equitable Assignment*") for more information. However, until that time, the Security Trustee will have the benefit of a security interest granted by each FirstSub over its legal title to the relevant Receivables which will secure that FirstSub's performance of its guarantee as described in section 3.11 ("*Security*").

#### **4.29 Termination of the appointment of the Manager or the Servicer may affect Collections on the Housing Loans**

The appointment of each of the Manager and the Servicer may be terminated in certain circumstances. If the appointment of either of them is terminated, a substitute will need to be found to perform the relevant role for the Series.

The appointment of a substitute will not have effect unless a replacement manager has been appointed which is acceptable to Firstmac, the Security Trustee and each Current Rating Agency, and the substitute has executed a deed under which it covenants to act as Manager on substantially the same terms and for a fee determined on market basis.

There is no guarantee that such a substitute will be found or that the substitute will be able to perform its duties with the same level of skill and competence as any previous Manager or

Servicer (as the case may be) or on the same terms agreed by the Manager or Servicer (as the case may be).

The failure to timely appoint a suitable successor manager or servicer, including due to the failure of Firstmac, the Security Trustee and any Current Rating Agency to agree upon an acceptable replacement Manager, may result in delayed or reduced payments of interest on or payments or allocations of principal of the Notes.

To reduce the risk of not being able to find a suitable substitute servicer, Firstmac, the Manager and the Servicer have entered into the Master Servicer Deed whereby Perpetual Trustee Company Limited has agreed to act as the standby servicer in accordance with the terms of the Master Servicer Deed.

#### **4.30 Master Trust Deed and General Security Agreement**

If an Event of Default occurs while any Notes are outstanding, the Security Trustee may and, if directed to do so by an Extraordinary Resolution of Secured Creditors, must, enforce the Security in accordance with the terms of each of the Master Security Trust Deed and the General Security Agreement. That enforcement may include the sale of the Assets of the Series.

Following the enforcement of the Security and sale of the Assets of the Series, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of priority set out in the Supplementary Terms Notice and in section 9.8 ("*Security structure*") of this Information Memorandum. However, no assurance can be given that the Security Trustee will be in a position to sell the Assets of the Series for an amount equal to the then outstanding amount under the Housing Loans held in the Series. Accordingly, the Security Trustee may not be able to realise the full value of the underlying Housing Loans.

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 Secured Creditors and this may have an impact upon Firstmac's ability to repay all amounts outstanding in relation to the Notes.

Neither the Security Trustee nor Firstmac will have any liability to the Secured Creditors in respect of any such deficiency.

#### **4.31 Nature of Security**

Under the General Security Agreement, Firstmac grants a security interest over all the Assets of the Series in favour of the Security Trustee to secure the payment of moneys owing to Secured Creditors of the Series, including, among others, the Holders, the Counterparty, the Custodian, the Registrar, the Manager and the Servicer.

As described in section 4.12 ("*Personal Properties Securities regime*"), the nature, characterisation and priority of the security interest will be affected by the operation of the PPSA.

#### **4.32 Ratings**

The credit ratings of the Notes should be evaluated independently from similar ratings on other types of notes or securities. A rating does not address the market price or suitability of the Notes for you.

A credit rating by a Current 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 a Current Rating Agency. There is no assurance that a rating will remain for any given period of time. A revision, suspension, qualification or withdrawal of the credit rating of the Notes may adversely affect the price of the Notes. If a Current Rating Agency changes its

rating or withdraws its rating, no one has any obligation to provide additional credit enhancement or restore the original rating.

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 Final Maturity Date.

The ratings of the Notes entail substantial risks and may be unreliable as an indication of the creditworthiness of the Notes. The Current Rating Agencies does not consider the risks of fluctuations in market value or other factors that may influence the value of the Notes and, therefore, the assigned credit rating may not fully reflect the true risks of an investment in the Notes. The Current Rating Agencies may change their methods of evaluating credit risk and determining ratings on securities backed by mortgage loans. These changes may occur quickly and often.

Prospective investors in the Notes should make their own evaluation of an investment in the Notes and not rely solely on the ratings of the Notes.

No party will have any obligation to cause any rating of any of the Notes to be maintained. Changes affecting the Housing Loans, the parties to the Transaction Documents or other persons may have an adverse effect on the ratings of the Notes and their market value. Any such adverse changes (including a rating downgrade of the Notes) do not by themselves constitute a default under the Transaction Documents.

#### **4.33 Goods and Services Tax**

GST in Australia may decrease the funds available to the Trust to make payments on the Notes.

GST is payable by all entities which make taxable supplies in Australia. Some service providers to the Trust will be subject to GST in respect of such services and will pass on that additional cost to the Trust.

To the extent that the Trust cannot claim a full input tax credit in respect of the GST included in the cost of goods and services acquired by it, it will have less funds available to meet its obligations, and the holders of the Notes may suffer losses. See section 12 ("*Taxation Considerations*") for an outline of GST.

#### **4.34 Australian Interest Withholding Tax**

There will not be any withholding or deduction from payments of interest under the Notes on account of Australian interest withholding tax where the Holder is:

- (a) an Australian resident who does not derive the interest in carrying on business at or through a permanent establishment outside Australia; or
- (b) a non-resident which derives the interest in carrying on business at or through a permanent establishment in Australia.

Australian interest withholding tax will be withheld or deducted on payments of interest to any Holder who is an Australian resident who derives the interest in carrying on business at or through a permanent establishment outside Australia or a non-resident (other than a non-resident who derives the interest in carrying on business at or through a permanent establishment in Australia) unless the Notes are offered, and interest is paid from time to time, in a manner which satisfies the exemption from Australian interest withholding tax contained in section 128F of the Australian Tax Act or another exemption applies (see section 12 ("*Taxation Considerations*") for further information). Firstmac intends to issue the Class AB Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

#### **4.35 Changes of law may impact the structure of the transaction and the treatment of the Notes**

The structure of the transaction and, inter alia, the issue of the Notes and ratings assigned to the Notes are based on Australian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Australian law, tax or administrative practice will not change after the Closing Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

On 16 December 2010, the Assistant Treasurer of the former Government issued Media Release No. 0.25 of 2010 in relation to the taxation of trusts. As a follow on from this release, a consultation paper was released on options for modernising the taxation of trusts on 21 November 2011 (refer to the former Assistant Treasurer's Media Release No. 155 of 2011). The consultation paper explored the impediments to the effective operation of the trust income tax provisions in Division 6 of the Australian Tax Act and highlighted options for reform.

On 30 July 2012, the former Government announced that it will delay the start date for the broader reform and rewrite of the trust taxation rules from 1 July 2013 until 1 July 2014. The former Government also released an options paper for the proposed reforms to the scope of the trust taxation rules on 24 October 2012. The options paper contained proposed models for how trust taxation will operate, and posed questions to stakeholders regarding how certain aspects of those models should operate. The options paper did not provide any further guidance with respect to the timing of the reforms. On 6 November 2013, the Treasurer and Assistant Treasurer to the current Government released a document entitled 'Restoring Integrity In The Australian Tax System' and a media release entitled "Integrity restored to Australia's taxation system" respectively. Neither document provided any specific update or position on the proposed rewrite of the taxation of trust provisions. An update provided by the Assistant Treasurer in a media release dated 14 December 2013 also does not provide further guidance on the position of the proposed rewrite. The proposed start date of 1 July 2014 for implementation of the taxation of trust reforms did not occur, and as at the date of this Information Memorandum, no further Australian Government announcements have been made.

It is not currently expected that the outcome of the Government's reform of the taxation of trusts should adversely affect the tax treatment of the Trust. However, the development of any new laws should be monitored.

#### **4.36 Further Advances**

Further Advances may be requested by a Debtor and, if granted, may take the Outstanding Amount on the Housing Loan above the original amount approved. Any request of this nature is at the discretion of the Servicer, requires the approval of the relevant Mortgage Insurer and is subject to a full credit assessment as if the Further Advance were a new Housing Loan. If the request is granted the Debtor will enter into a contract to vary the original Mortgage.

No Further Advance may be made in respect of any Housing Loan which is an Asset of the Series.

#### **4.37 European Union Capital Requirements Regulation**

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 of the European Parliament and Council (the "CRR") came into force on 1 January 2014. Article 405 of the CRR restricts 'credit institutions' and 'investment firms' (each as defined in the CRR), and the consolidated group subsidiaries thereof (each, an "**Affected Investor**"), from investing in or being exposed to a 'securitisation' (as defined in the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation as



contemplated by the CRR and, once they become effective following adoption by the European Commission, the regulatory technical standards in relation to the same.

The CRR also requires an Affected Investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Investors should also be aware of Article 17 of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) and Section 5 of Chapter III of the Regulation supplementing it (together, "**Investment Managers Directive**"), the provisions of which introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the Investment Managers Directive and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. The requirements under the Investment Managers Directive are similar (but not identical) to those which apply under the CRR. Similar requirements are also scheduled to apply in the future to investment in securitisations by undertakings for collective investment in transferrable securities ("**UCITS**") and insurance and reinsurance undertakings subject to regulation by supervisory authorities in any Member State of the European Economic Area. In the following paragraphs, all such requirements, together with the Articles 404 – 410 of the CRR, are referred to as the "**Retention Rules**".

On 17 December 2013 the European Banking Authority published its final draft regulatory technical standards in relation to Articles 404 – 410 of the CRR (the "**Technical Standards**"). The Technical Standards have been adopted by the European Commission and are now subject to the review by the European Parliament and the Council. No assurance can be provided that any changes made in connection with the CRR, the Technical Standards and any implementing rules in a relevant jurisdiction will not affect the requirements applying to relevant investors.

Affected Investors should make themselves aware of the requirements of the Retention Rules (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and should carefully consider whether the applicable conditions under the Retention Rules are satisfied at any time.

Neither Firstmac Limited nor any other party to this transaction undertakes to retain, either initially or on an ongoing basis, an economic interest in this transaction in accordance with the requirements of the Retention Rules. Affected investors in the Notes are responsible for analysing their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding compliance with the Retention Rules and the suitability of the Notes for investment.

There remains considerable uncertainty with respect to the Retention Rules and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges or other sanctions for non-compliance with the Retention Rules and any implementing rules in a relevant jurisdiction should seek advice from their advisors or guidance from their regulator.

The Retention Rules 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 certain individual investors and, in addition, could have a negative impact on the price and liquidity of the Notes in the secondary market.

There can be no assurance that the regulatory capital treatment of the Notes for any investor will not be affected by any future implementation of, and changes to, the CRR, the Investment Managers Directive, the Technical Standards or other regulatory or accounting changes.

#### **4.38 Foreign Account Tax Compliance**

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (“**FATCA**”) were enacted in March 2010 in an effort to assist the United States Internal Revenue Service (“**IRS**”) in enforcing U.S. taxpayer compliance. More specifically, FATCA imposes a 30% withholding tax on certain payments to certain non-U.S. financial institutions which do not enter into and comply with an agreement with the IRS to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market). In addition, FATCA imposes a 30 percent withholding tax on “passthru payments” of U.S. source income from certain non-U.S. financial institutions to holders of debt or equity that do not provide the necessary information and certifications. Under FATCA, a “grandfather rule” exempts from withholding tax under FATCA (i) payments of U.S. source income (interest and proceeds) on obligations outstanding on 1 July 2014, and (ii) payments from a non-U.S. issuer to holders of its obligations, if such obligation is outstanding six months after the adoption of U.S. Treasury final regulations addressing the term “foreign passthru payments” (unless the obligation is significantly modified, and is thus treated as being reissued for U.S. federal income tax purposes, after the applicable date). In addition, under FATCA, withholding on “foreign passthru payments” will be phased in no earlier than 1 January 2017.

The Australian Government and U.S. Government signed an intergovernmental agreement with respect to FATCA (“**IGA**”) on 28 April 2014. The obligations imposed on Australian financial institutions under the IGA were implemented into Australian law on 30 June 2014 under the Tax Laws Amendment (Implementation of the FATCA Agreement) Act 2014 (Cth) (“**Act**”). With effect from 1 July 2014, Australian financial institutions which are Reporting Australian Financial Institutions under the IGA that maintain U.S. Reportable Accounts (as defined in the IGA) must follow specific due diligence procedures to identify their account holders and provide information about certain accounts as specified in the IGA and the Act to the Commissioner of Taxation. The Commissioner of Taxation will provide that information to the IRS. Under the IGA, an Australian financial institution, which may include the Trust, which is in compliance with its obligations under the Act should not generally be subject to withholding under FATCA on any payments it receives. Further, a Reporting Australian Financial Institution would generally not be required to withhold under FATCA from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). There can be no assurance that the Trust will be treated as a Reporting Australian Financial Institution or that it would not be required to withhold under FATCA or pursuant to the IGA. To the extent amounts paid to or from the Trust are subject to FATCA Withholding, there will be no “gross up” (or any additional amount) payable by way of compensation to any Holders for the deducted amount.

Firstmac (at the direction of the Manager) may determine that the Trust should or must comply with certain obligations as a result of the IGA. As such, Holders will be required to provide any information, tax documentation and waivers that Firstmac (at the direction of the Manager) determines are necessary to comply with FATCA, the IGA or rules implementing the IGA. Firstmac’s ability to satisfy such obligations will depend on each Holders providing, or causing to be provided, any information, tax documentation and waivers, including information concerning the direct or indirect owners of such Holders, that Firstmac (at the direction of the Manager) determines are necessary to satisfy such obligations.

The above discussion is based on the IGA, the Act and regulations and guidance of the U.S. Treasury Department and the IRS may supplement or modify these regulations and/or guidance in a way that would alter the application of FATCA to the Trust and the Notes. The impact of the FATCA regime for Australian financial institutions will also depend on any associated guidance issued by the Australian Taxation Office (“**Guidance**”). As at the date of this Information Memorandum, final Guidance has not yet been released. Each Holder should

consult its own tax advisor to obtain a more detailed explanation of FATCA and the IGA and to learn how they might affect such holder in its particular circumstance.

#### **4.39 European Market Infrastructure Regulation**

European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation (“**EMIR**”) entered into force on 16 August 2012. EMIR provides for certain “over the counter” derivative contracts to be submitted to central clearing and imposes, inter alia, margin posting and other risk mitigation techniques, reporting and record keeping requirements. EMIR is a Level 1 regulation and requires secondary rules for full implementation of all elements. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are now in effect. These requirements do not include the clearing or margin posting requirements, which requirements are expected only to apply in respect of new swap arrangements entered into from the relevant future effective dates.

Aspects of EMIR and its application to securitisation vehicles remain unclear. If Firstmac is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for Firstmac, this may in turn reduce amounts available to make payments with respect to the Notes.

#### **4.40 The proposed financial transactions tax (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. At this stage, it is too early to say whether the FTT proposals will be adopted and in what form. However, if the FTT is adopted based on the current proposals, then it may operate in a manner giving rise to tax liabilities for Firstmac with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)). Any such liabilities may reduce amounts available to Firstmac to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected.

#### **4.41 Basel Capital Accord**

The Basel Committee on Banking Supervision (the “**Basel Committee**”) has approved significant changes to the Basel II framework (such changes being commonly referred to as “**Basel III**”). In particular, Basel III provides for a substantial strengthening of prudential rules, including new 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 certain minimum liquidity standards (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 and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15%.

In Australia, Australian Prudential Regulatory Authority (“**APRA**”) has implemented prudential standards, practice guides and reporting requirements to give effect to these reforms. On 29 April 2014, APRA released a Discussion Paper in relation to proposed amendments to Australian Prudential Standard 120 (“**APS 120**”). It is too early to tell what aspects of that Discussion Paper will ultimately become applicable for ADIs in Australia, and there remains a consultative period before APRA will release its draft of the proposed revised APS 120. In any event the Discussion Paper indicates that the proposed revised APS 120 will not be implemented prior to 2016.

Implementation of the Basel framework, the proposed revised APS 120 and any changes as described above 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 or APS 120 (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### **4.42 EU Savings Directive**

Under EU Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to, or collected by, such a person for, an individual resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment by Firstmac in respect of the Notes were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither Firstmac nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax.

#### **4.43 Economic conditions in the Eurozone**

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect Firstmac, one or more of the other parties to the Transaction Documents (including the Seller, the Servicer and/or the Interest Rate Swap Providers) and/or any Debtors in respect of the Housing Loans. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Holders of the Notes, the market value of the Notes and/or the ability of Firstmac to satisfy its obligations under the Notes.

#### **4.44 CRA Regulations**

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not

been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The Class A-1 Notes, the Class A-2 Notes and the Class AB Notes are expected, on issue, to be assigned a “AAA(sf)” rating by Standard & Poor’s Australia Pty Limited (“**Standard & Poor’s**”). The Class A-1 Notes and the Class A-2 Notes are expected, on issue, to be assigned a “AAAsf” rating by Fitch Australia Pty Ltd (“**Fitch**”). The Class B-1 Notes are expected, on issue, to be assigned an “AA-(sf)” rating by Standard & Poor’s. The Class B-2 Notes are expected, on issue, to be assigned a “A(sf)” rating by Standard & Poor’s. The Class B-3 Notes are expected, on issue, to be assigned a “BB(sf)” rating by Standard & Poor’s. The Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes will not be rated by Fitch. The Class C Notes will not be rated. Each of Standard & Poor’s and Fitch Ratings is not established in the European Union and has not applied for registration under the CRA Regulation. The ratings have been endorsed by Standard & Poor’s Credit Market Services Europe Limited and Fitch Ratings Ltd, respectively, in accordance with the CRA Regulation. Each of Standard & Poor’s Credit Market Services Europe Limited and Fitch Ratings Ltd is established in the European Union and registered under the CRA Regulation. As such Standard & Poor’s Credit Market Services Europe Limited and Fitch Ratings Ltd are 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. The European Securities 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 Ltd may be used in the EU by the relevant market participants.

## 5 Credit Support and Liquidity Support

### 5.1 Introduction

The Cashflow Allocation Methodology has been structured to provide certain protections for each category of Holder as set out below. The following protections are in place:

- (a) the Borrower Rates are required to be set at pre-determined levels in order to provide excess income that is intended to protect all Holders;
- (b) subordination of certain Classes of Notes to the FastPay Notes, Class A-1 Notes and Class A-2 Notes - this is intended to provide a certain degree of protection to the Holders of the senior Class of Notes;
- (c) the Principal Draws, Spread Reserve Draws, Extraordinary Expense and Liquid Authorised Investments are available in order to ensure the timely payment of interest to the Holders; and
- (d) certain of the Housing Loans will have the benefit of an Insurance Policy and, where applicable, Timely Payment Cover. Timely Payment Cover will, if necessary, to that extent be available to ensure the timely payment of interest on the Notes.

## Credit Support

### 5.2 Insurance Policies

Approximately 55.50% of the Housing Loans in the indicative pool which are to become Assets of the Series will be covered by an Insurance Policy.

The Mortgage Insurance Policies will be master policies written by a Mortgage Insurer. Each Mortgage Insurer will acknowledge that the Mortgage Insurance Policies are available for the benefit of Firstmac.

No pool mortgage insurance policy will be issued or available to insure losses in respect of the Housing Loans.

Subject to the terms of the Insurance Policies, Firstmac will be covered against principal and interest losses on the Housing Loans and Enforcement Expenses of the Insurance Policies, and where applicable, Timely Payment Cover, as at the date of origination of the relevant Housing Loan to cover failure by a Debtor to pay all or part of a periodic mortgage payment. The maximum amount payable in respect of a claim for an individual Housing Loan is limited to 24 times the scheduled payment due but unpaid on that Housing Loan (calculated at the non-default rate), as at the time of the most recent claim for Timely Payment Cover, in respect of those Housing Loans which have the benefit of an Insurance Policy. Approximately 46.22% of the Housing Loans in the indicative pool which are to become Assets of the Series will be covered by Timely Payment Cover. See section 9.4 (*“Representations, Warranties and Eligible Receivables”*). See section 6 (*“The Housing Loans”*) for further information.

### 5.3 Excess available income

Under the Supplementary Terms Notice, additional credit protection to Holders against any potential losses is provided by the allocation of the excess income. The excess income is generated for a Payment Date to the extent the Receivables generate more income than is required to meet the payments to be made in respect of the Series. Income will be allocated in accordance with the Cashflow Allocation Methodology set out in section 8 (*“Cashflow Allocation Methodology”*). As part of the allocation of income of any Payment Date, any excess income after meeting the Required Payments, towards payment of any interest due on the Class C Notes, purchasing Liquid Authorised Investments and reimbursing any outstanding Principal Draws is applied towards payment of any Unpaid Interest on the Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes from previous Interest

Periods, any outstanding Spread Reserve Draws and increasing the balance of the Spread Reserve to the Required Spread Reserve Amount, prior to that excess income being used to cover any losses on the Receivables (to the extent not covered by any applicable Mortgage Insurance Policy) and Charge-Offs on the Notes before being applied to meet other subordinated amounts (such as allocating amounts to the Extraordinary Expense Reserve) in the order set out in section 8.14 (“*Distribution of Total Interest Collections*”).

#### 5.4 Spread Reserve (to the extent used to meet Liquidation Losses)

Firstmac will establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the “Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Spread Reserve” (the “**Spread Reserve**”).

Amounts will only be released from the Spread Reserve to meet Liquidation Losses from the current Collection Period or Carryover Charge-Offs from prior Collection Periods which remain outstanding where there would be insufficient Total Interest Collections (without giving effect to any amounts to be withdrawn from the Spread Reserve other than the Required Payments Deficit) on the immediately following Payment Date to reimburse any such outstanding Liquidation Losses or outstanding Carryover Charge-Offs.

Amounts will also be released from the Spread Reserve to ensure timely payment of interest to the Holders and at certain other times as described in section 5.7 (“*Spread Reserve (to the extent used to meet Required Payments)*”) below.

#### 5.5 Subordination and Allocation of Losses

##### **Principal**

Prior to an Enforcement Event, principal payments in respect of the Notes will be made in the order described in section 8.19 (“*Distribution of Principal Repayment Fund*”) and interest payments in respect of the Notes will be made in the order described in section 8.14 (“*Distribution of Total Interest Collections*”).

The order of repayment of principal of the Notes on a Payment Date will depend on whether the Pro Rata Test is satisfied. The Pro Rata Test will not be satisfied prior to the second anniversary of the initial Issue Date.

Prior to an Enforcement Event, unless the Pro Rata Test are satisfied with respect to a Payment Date:

- (a) the Class A-1 Notes and the Class A-2 Notes will always be subordinated to the FastPay Notes (if any) in their right to receive principal payments;
- (b) Class AB Notes, the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes and the Class A-2 Notes in their right to receive principal payments;
- (c) the Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes and the Class AB Notes in their right to receive principal payments;
- (d) the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, Class AB Notes and Class B-1 Notes in their right to receive principal payments;
- (e) the Class B-3 Notes and the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, Class AB Notes, Class B-1 Notes and Class B-2 Notes in their right to receive principal payments; and
- (f) the Class C Notes will always be subordinated to the FastPay Notes (if any), the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes in their right to receive principal payments.

No amounts of principal will be paid to any Holder of Class C Notes while any other Notes are outstanding, regardless of whether the Pro Rata Test has been satisfied.

***Interest***

The Class A-1 Notes and the FastPay Notes (if any) will be entitled to receive interest payments on a pari passu and rateable basis between themselves.

The Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes and the FastPay Notes (if any) in their right to receive interest payments.

The Class AB Notes, the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any) and the Class A-2 Notes in their right to receive interest payments.

The Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes and the Class AB Notes in their right to receive interest payments.

The Class B-2 Notes, Class B-3 Notes and Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes and Class B-1 Notes in their right to receive interest payments, except that on and from the Class B Step-down Margin Date, payment of senior interest in respect of the Class B-2 Notes, senior interest in respect of the Class B-3 Notes and senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

The Class B-3 Notes and Class C Notes will always be subordinated to the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes, Class B-1 Notes and the Class B-2 Notes in their right to receive interest payments, except that on and from the Class B Step-down Margin Date, payment of senior interest in respect of the Class B-3 Notes and senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes and the junior interest in respect of the Class B-2 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

The Class C Notes will always be subordinated to all other Notes in their right to receive interest payments, except that on and from the Class B Step-down Margin Date, payment of senior interest in respect of the Class C Notes will rank ahead of the junior interest in respect of the Class B-1 Notes, Class B-2 Notes and Class B-3 Notes. See section 8.14 (*"Distribution of Total Interest Collections"*).

***Allocation of Liquidation Losses***

The Class C Notes will bear all losses on the Housing Loans before the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes.

The Class B-3 Notes will bear all losses on the Housing Loans before the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes and the Class B-2 Notes.

The Class B-2 Notes will bear all losses on the Housing Loans before the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes, the Class AB Notes and the Class B-1 Notes.

The Class B-1 Notes will bear all losses on the Housing Loans before the Class A-1 Notes, the FastPay Notes (if any), the Class A-2 Notes and the Class AB Notes.

The Class AB Notes will bear all losses on the Housing Loans before the Class A-1 Notes, the FastPay Notes (if any) and the Class A-2 Notes.



The Class A-2 Notes will bear all losses on the Housing Loans before the Class A-1 Notes and the FastPay Notes.

Any losses allocated to the outstanding Class A-1 Notes and FastPay Notes (if any) will be allocated pro rata among the outstanding Class A-1 Notes (based on the Stated Amount of such Class A-1 Notes) and FastPay Notes (if any) (based on the Stated Amount of such FastPay Notes).

## Liquidity Support

### 5.6 Liquid Authorised Investments

Firstmac must ensure that it holds and maintains for the Series an amount of Liquid Authorised Investments equal to the Required Liquid Authorised Investment Amount at all times. The purchase of Liquid Authorised Investments up to the Required Liquid Authorised Investment Amount will initially be funded by the proceeds of the issuance of the Notes.

If the Manager determines, on any Determination Date, that there is a Payment Shortfall then the Manager will advise Firstmac of that insufficiency and must direct Firstmac to realise an amount of the Liquid Authorised Investments equal to the lesser of the Payment Shortfall and the amount of Liquid Authorised Investments and apply it as part of Total Interest Collections for that Collection Period.

If the Manager determines, on any Determination Date, that the amount of Liquid Authorised Investments exceeds the Required Liquid Authorised Investment Amount on that Determination Date (taking into account all payments to be made on the immediately following Payment Date), then the Manager must direct Firstmac to realise an amount of the Liquid Authorised Investments equivalent to that excess and allocate that amount to the Principal Repayment Fund for distribution as part of the Principal Repayment Fund.

On the Closing Date, Firstmac may, at the direction of the Manager, utilise a portion of Liquid Authorised Investments to fund the purchase price of Receivables insofar as the funding relates to accrued interest on the Receivables. Any such realisation of an amount of Liquid Authorised Investments will be subsequently reimbursed out of Total Interest Collections in accordance with section 8.14 (*"Distribution of Total Interest Collections"*).

Amounts of Liquid Authorised Investments will only be realised:

- (a) on each Payment Date for the purposes of meeting any Payment Shortfall;
- (b) on the Payment Date on which all Notes are to be redeemed in full, by realising the remaining Liquid Authorised Investments and applying that amount (taking into account all payments to be made on the immediately following Payment Date) and applying that amount to the Principal Repayment Fund for distribution in accordance with section 8.19 (*"Distribution of Principal Repayment Fund"*); or
- (c) following the occurrence of an Enforcement Event, by realising the remaining Liquid Authorised Investments and applying that amount in accordance with section 8.20 (*"Application of proceeds following an Enforcement Event"*).

### 5.7 Spread Reserve (to the extent used to meet Required Payments)

Firstmac agrees to:

- (a) establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the "Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Spread Reserve" (the "**Spread Reserve**"); and
- (b) deposit amounts into the Spread Reserve as required under section 8.14 (*"Distribution of Total Interest Collections"*).

Amounts will only be released from the Spread Reserve:

- (c) into the Collection Account on each Payment Date for the purposes of making Spread Reserve Draws;
- (d) to be paid into the Collection Account to be applied in accordance with section 8.14 (“*Distribution of Total Interest Collections*”) in an amount equal to the amount by which the then balance of the Spread Reserve exceeds the then Required Spread Reserve Balance, provided that a Rating Notification has been given in respect of the then Required Spread Reserve Balance;
- (e) if not otherwise required in accordance with this section 8.7 (“*Spread Reserve (to the extent used to meet Required Payments)*”) to be paid to the Residual Income Unitholder on the Final Maturity Date; or
- (f) into the Collection Account to be applied in accordance with section 8.20 (“*Application of proceeds following an Enforcement Event*”) following the occurrence of an Enforcement Event.

## 5.8 Principal Draw

If the Manager determines on any Determination Date that the aggregate of the Interest Collections for the preceding Collection Period, the realisation of Liquid Authorised Investments, the balance of the Spread Reserve to be applied as a Spread Reserve Draw on the Payment Date immediately following that Determination Date and the estimated Accrual Amount for the period commencing on (but excluding) the last day of the preceding Collection Period to (but excluding) the following Payment Date are not sufficient to meet the Required Payments on the following Payment Date, then, the available amount of Principal Collections calculated in accordance with section 8.6 (“*Calculation of Principal Collections*”) held by Firstmac will be applied to meet that shortfall (a “**Principal Draw**”).

## 5.9 Extraordinary Expense Draws

Firstmac will establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the “Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Extraordinary Expense Reserve” (the “**Extraordinary Expense Reserve**”). On the Issue Date, the Residual Income Unitholder will make a deposit of A\$150,000 (the “**Required Extraordinary Expense Reserve Balance**”) from its own funds into the Extraordinary Expense Reserve. Amounts may also be deposited into the Extraordinary Expense Reserve in accordance with section 8.14 (“*Distribution of Total Interest Collections*”). Extraordinary Expense Draws will only be able to be made to the extent that there are sufficient funds in the Extraordinary Expense Reserve to meet that Extraordinary Expense Draw.

If the Manager determines, on any Determination Date, that there is an Extraordinary Expense, the Manager must direct Firstmac to withdraw from the Extraordinary Expense Reserve an amount equal to the lesser of:

- (a) the amount of the Extraordinary Expense on that day; and
- (b) the balance of the Extraordinary Expense Reserve on that day,

and apply that amount to Total Interest Collections for that Collection Period for payment on the next Payment Date.

## 5.10 Threshold Rate

The “**Threshold Rate**” means the Threshold Margin plus the minimum rates required to be set on the Receivables which will ensure that Firstmac has sufficient funds (from Collections on such Receivables as well as money held in Authorised Investments and any net amounts due to it under Derivative Contracts) available to meet its obligations, including the payment of the Threshold Amount, under the Transaction Documents assuming that all parties comply with their obligations under such documents and such Receivables, and taking into account Receivables where the Servicer does not have the discretion under the related Loan

Agreement to vary the interest rate of that Receivable, moneys held in Authorised Investments.

## **6 The Housing Loans**

### **6.1 Origination of Housing Loans**

The origination of the Housing Loans is described in section 9.10 (*"Purchase and Origination of Housing Loans"*).

### **6.2 Servicing of Receivables**

The servicing of the Housing Loans is described in section 11.2 (*"Housing Loan Servicing"*).

### **6.3 Redesignation of Housing Loans**

The Seller may hold the beneficial interest in Eligible Receivables as a result of purchasing that beneficial interest from the relevant Originator or from holding the beneficial interest in Housing Loans which were originated in the name of a FirstSub for the benefit of Firstmac. Pursuant to the terms of the Master Trust Deed, the Seller may dispose of Eligible Receivables. This process is known as Redesignation. Where the Seller transfers Eligible Receivables to Firstmac, the beneficial interest in the Eligible Receivables is equitably assigned from the Seller.

The relevant FirstSub has granted an irrevocable power of attorney to Firstmac to enable it to take such actions permitted under the Transaction Documents to protect its interest in the Eligible Receivables.

### **6.4 Valuations**

A valuation report based on a full property inspection has been completed on the properties securing the Housing Loans.

The valuation report must be for mortgage lending/security purposes and must be performed by a registered licensed valuer acceptable to Firstmac Limited and be in the Australian Property Institute (API) 'PropertyPRO' format unless otherwise agreed by Firstmac Limited.

If a valuation is conditional upon a certain requirement, such as a survey report or pest inspection, this requirement must be satisfied.

There has been no specific revaluation of the properties for the purpose of the issue. The LVRs quoted in section 6.7 (*"Indicative Pool Statistics (Based on pool as at 31 October 2014)"*) are as at the date of the original initial mortgage loan origination or as at the date of any approved additional loan advance.

### **6.5 Housing Loans**

#### ***Loan Characteristics and Servicing***

The Housing Loans are loans secured by first registered mortgages over residential real estate. Firstmac does permit direct crediting and salary crediting, however, scheduled payments are made predominantly by direct debit and are paid directly to Indue Limited (formerly Creditlink Services Ltd) (ABN 97 087 822 464) (an Authorised Deposit-taking Institution under the supervision of the Australian Prudential Regulatory Authority) for the account of Firstmac, before being transferred to the Collection Account.

On each Payment Date, the Servicer will, where possible, reset the interest rate on the Housing Loans so that the weighted average interest rate on all Housing Loans (excluding any Defaulted Receivables) equals or exceeds the Threshold Rate.

The Housing Loans are prepayable in full or in part at any time. Fees include various administration fees, default interest and Borrower Exit Fees for the prepayment of loans within the first 6 years. These are also Assets of the Series.

**Loan Types**

The Housing Loans comprise a number of different loan types with differing features, but the loans may be categorised generally as either principal and interest loans or interest only loans converting to principal and interest after an initial interest only period. The interest only period may be for terms of between 1-5 years or ten years. Line of credit loans have an interest only term of ten years, however, the credit limit may be reduced at any time at the discretion of the lender and the facility is repayable on demand.

The Housing Loans may be subject to either a variable rate of interest or a fixed rate of interest for terms of between 1-5 years. With the exception of line of credit loans, all Housing Loans include an option to fix subject to the lender's consent. Upon expiry of any fixed interest rate period the interest rate will convert to a variable interest rate, however, the borrower has the option to fix the interest rate for a further term if desired.

**Fixed Rate Loans**

The Servicer has undertaken to ensure that after the Issue Date, the Outstanding Amount of Housing Loans with a fixed rate will not exceed 6% (or such other percentage in respect of which a Rating Notification has been given) of the Outstanding Amount of Housing Loans in respect of the Series at the time a fixed rate loan is being entered into.

The Manager has agreed to ensure that:

- (a) any Housing Loans which as at the initial Issue Date are fixed rate loans, or were not fixed rate loans but which subsequently become fixed rate loans, are the subject of an Interest Rate Swap Agreement which ensures that:
  - (i) Firstmac's obligations under the Interest Rate Swap Agreement are to pay an amount calculated by multiplying the appropriate notional amount under the Interest Rate Swap Agreement by the weighted average interest rate on all such fixed rate Housing Loans; and
  - (ii) the interest rate on such Housing Loans (taking into account the relevant Interest Rate Swap Agreement) is at least equal to the one month Bank Bill Rate plus 2.50% per annum;
- (b) no further Housing Loans convert to fixed rate loans:
  - (i) after the first Call Date; or
  - (ii) if the hedging arrangements referred to in paragraph (a) have not been effected when required by that paragraph.

**Insurance**

Approximately 55.50% of the Housing Loans in the indicative pool which are to become Assets of the Series will be covered by an Insurance Policy. The Mortgage Insurance Policies will be master policies written by a Mortgage Insurer. Each Mortgage Insurer will acknowledge that the Mortgage Insurance Policies are available for the benefit of Firstmac.

No pool mortgage insurance policy will be issued or available to insure losses in respect of the Housing Loans.

Subject to the terms of the Insurance Policies, Firstmac will be covered against principal and interest losses on the Housing Loans and Enforcement Expenses of the Insurance Policies, and, where applicable, Timely Payment Cover as at the date of origination of the relevant Housing Loan to cover failure by a Debtor to pay all or part of a periodic mortgage payment. The maximum amount payable in respect of a claim for an individual Housing Loan is limited to 24 times the scheduled payment due but unpaid on that Housing Loan (calculated at the non-default rate), as at the time of the most recent claim for Timely Payment Cover, in respect of those Housing Loans which have the benefit of an Insurance Policy. Approximately 46.20% of

the Housing Loans in the indicative pool which are to become Assets of the Series will be covered by Timely Payment Cover.

### ***Regulation***

Housing Loans are subject to regulation under the Consumer Credit Code unless the loan purpose is predominantly for investment purposes in which case the Consumer Credit Code does not apply.

### ***Documentation***

All Housing Loans were originated using standard Consumer Credit Code compliant loan documentation prepared for use in each relevant jurisdiction.

### ***Governing law***

Each Housing Loan will be governed by the laws of a State or Territory of Australia.

## **6.6 Insurance Policies and Mortgage Insurers**

### ***General***

Approximately 55.50% of the Housing Loans in the indicative pool are the subject of a Mortgage Insurance Policy issued by Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305) ("**Genworth**") or QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071) ("**QBE**") or Housing Loans Insurance Corporation ("**HLIC**"). HLIC Mortgage Insurance Policies now vest in the Commonwealth of Australia. The Mortgage Insurance Policies insures the payment of the principal outstanding under that Housing Loan (plus interest and other amounts). No pool mortgage insurance policy will be issued or available to insure losses in respect of the Housing Loans.

### ***The Mortgage Insurers***

#### **QBE Lenders' Mortgage Insurance Limited ("**QBE**")**

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 and in New Zealand since 1988.

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 recognized as Australia's largest international general insurance and reinsurance company with operations in more than 45 countries around the world, and is one of the top 20 global general insurers and reinsurers as measured by net earned premium. QBE Group currently has a counterparty credit rating by Standard & Poor's of A- (outlook negative).

As of 31 December 2013, the audited financial statements of QBE Lenders' Mortgage Insurance Limited had total assets of A\$2,324 million and shareholder's equity of A\$1,174 million. QBE Lenders' Mortgage Insurance Limited currently has an insurer financial strength rating by Standard & Poor's of AA- (outlook negative) and Fitch of AA- (outlook stable) and by Moody's of A2 (outlook stable).

There is no assurance that the ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if, in their judgment, circumstances so warrant. The ratings reflect each respective rating agency's current assessments of the creditworthiness of QBE Lenders' Mortgage Insurance Limited and its ability to pay claims on its policies of insurance. Each insurer financial strength rating of QBE Lenders' Mortgage Insurance Limited should be evaluated independently. Any further explanation as to the significance of the above ratings may be obtained only from the

applicable rating agency. Such ratings are subject to revision, qualification or withdrawal at any time by the applicable rating agency.

The business address of QBE Lenders' Mortgage Insurance Limited is 82 Pitt Street, Sydney, New South Wales, Australia, 2000.

### **Genworth Financial Group**

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 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. Genworth Financial, Inc. has ultimate control of the majority (approximately 66% as at 22 May 2014) of the fully paid ordinary shares of Genworth Mortgage Insurance Australia Limited.

Genworth Financial, Inc. (NYSE: GNW) is a leading Fortune 500 insurance holding company. Genworth operates through three divisions: U.S. Life Insurance, which includes life insurance, long term care insurance and fixed annuities; Global Mortgage Insurance, containing U.S. Mortgage Insurance and International Mortgage Insurance segments; and the Corporate and Other division, which includes the International Protection and Runoff segments. Genworth, headquartered in Richmond, Virginia, traces its roots back to 1871 and became a public company in 2004.

The business address of Genworth Financial Mortgage Insurance Pty Limited is Level 26, 101 Miller Street, North Sydney, NSW, 2060, Australia.

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

#### **The Genworth Policy**

The policy covers losses to a FirstSub in respect of:

- (a) failure by a Debtor to make payments in a timely fashion (timely payment cover); and
- (b) losses on disposal of a property subject to a Housing Loan.

The policy insures a FirstSub's loss on disposal of a property (or foreclosure). The loss is calculated as the aggregate of the principal outstanding on the loan together with any interest (whether capitalised or not), fees or charges and other amounts outstanding less any deductions as specified in the Genworth Master Policy less any deductions as specified in the Genworth Master Policy and any reductions as specified in the Genworth Master Policy.

Claims for loss may be reduced or refused to the extent that loss is caused or contributed by certain acts or omissions of a FirstSub (e.g. delay in lodgement of a claim or the failure of a FirstSub to comply with certain reporting obligations) or where there has been a failure to comply with a condition, provision or requirement of the policy which is prejudicial to the interests of Genworth.

The policy may be cancelled in respect of a Housing Loan if at any time:

- (a) the relevant FirstSub fails to comply with the duty of utmost good faith in respect of that policy;
- (b) the relevant FirstSub fails to comply with the duty of disclosure in respect of that policy;
- (c) the relevant FirstSub makes a misrepresentation to Genworth during the negotiation for that policy;

- (d) the relevant FirstSub fails to comply with a provision of that policy; or
- (e) a fraudulent claim is made by the relevant FirstSub under that policy or under some other contract of insurance. No claim can be made in respect of a loan until the:
  - (i) date of the sale of the relevant property by the relevant FirstSub following default;
  - (ii) date of absolute ownership of the relevant property upon foreclosure by the relevant FirstSub following default; or
  - (iii) date on which Genworth agrees or determines to pay a claim.

Genworth has no liability under the policy in respect of any claim for loss arising or occasioned by:

- (a) war or warlike activities;
- (b) the use or existence of nuclear weapons or materials;
- (c) the presence of any substance on the property which renders the property in whole or in part harmful or unusable or both (including asbestos, biological agents, heavy metals and toxins);
- (d) the unenforceability or void nature of any insured loan contract, mortgage guarantee or collateral security; or
- (e) any civil or criminal penalty imposed under any legislation including the National Consumer Credit Protection Act and the National Credit Code.

Timely payment cover is available to the relevant FirstSub in respect of all Housing Loans insured by Genworth to cover failure by a Debtor to pay all or part of a periodic mortgage payment. The maximum amounts of claims payable in respect of an individual Housing Loan is limited to 24 times the scheduled payments due but unpaid on that Housing Loan (calculated at the non-default rate) as at the time of the most recent claim for timely payment cover.

Claims may be made:

- (a) under the primary mortgage cover, within 30 days upon realisation of the loss (sale, foreclosure or compulsory acquisition) provided that Genworth's liability in respect of any claims made more than 30 days after the date of the relevant loss will be reduced by the amount of any prejudice suffered by Genworth due to the delay in making that claim; and
- (b) under the timely payment cover, within 14 days or more after the Debtor has failed to pay.

Claims are formally payable (as far as practicable) within , in respect of the primary mortgage cover, 20 days and, in respect of the timely payment cover, 10 business days, after a proper claim is made.

### **The QBE Policies**

The policies cover losses to each FirstSub in respect of:

- (a) failure by a Debtor to make payments of interest under a Housing Loan in a timely fashion (cash flow cover); and
- (b) losses on disposal of a property subject to a mortgage loan.

The policies insure each FirstSub's loss on disposal of a property to the extent of principal, interest at the non-default rate, prepayment fees (subject to certain limitations), outgoings



properly paid by or on behalf of each FirstSub in respect of the property, enforcement costs and the enforcement proceeds from the sale of the underlying real property.

Claims for loss on disposal may be reduced to the extent that the value of a FirstSub's rights in respect of the relevant Housing Loan have been reduced, postponed or impaired by certain acts, omissions or negligence of a FirstSub or the Manager (e.g. waivers of the relevant FirstSub's rights against a Debtor or breaches of the terms of the policies).

The policies may be terminated in respect of a Housing Loan if at any time:

- (a) the loan is repaid in full;
- (b) the related mortgage is discharged;
- (c) the expiry date occurs under and in accordance with the policy;
- (d) QBE pays a claim in relation to that Housing Loan;
- (e) the policy is cancelled in accordance with the Insurance Contracts Act 1984; or
- (f) either the relevant FirstSub or QBE cancels the policy in any way allowed under the policy. QBE may only exercise its right to terminate for the above reasons if in its reasonable opinion, QBE's liability in respect of the mortgage cannot be appropriately reduced by a reduction as referred to above.

QBE has no liability under the policy in respect of any claim for loss:

- (a) arising out of or occasioned by acts of terrorism or war;
- (b) arising directly or indirectly out of, or connected with, a fraudulent act or statement by any person (other than the Debtor);
- (c) caused by or connected with any nuclear, biological or chemical contamination or weapons, waste or other materials; or
- (d) to the extent it results from anyone not being able to enforce the related mortgage or collateral security to recover the whole or any part of the moneys advanced under the loan.

For loans originated by Firstmac Limited, the QBE policies include 24 month timely payment cover as at the date of origination to cover failure by a Debtor to pay all or part of a periodic mortgage payment. The maximum amounts of claims payable in respect of an individual Housing Loan while in arrears is limited to the total of 24 scheduled payments payable on that Housing Loan (calculated at the non-default rate). Claims may be made within one month (or such longer period as QBE may approve) from the earlier of settlement of the sale and notification by QBE to submit a claim for loss.

Claims are payable (so far as is practicable) within one month after a proper claim is made.

## **6.7 Indicative Pool Statistics (Based on pool as at 31 October 2014)**

LVR tables are presented on a consolidated basis. Other pool statistics (e.g. seasoning, repayment, occupancy) are presented on an individual loan basis given loan characteristics differ for different loans.

**THE MORTGAGE POOL BY RATE TYPE**

Rate Type	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Floating	2,145	97.50%	671,606,289	97.06%
Fixed	55	2.50%	20,329,654	2.94%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY CONSTRUCTION FLAG**

	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Not Construction	2,200	100.00%	691,935,943	100.00%
Construction	0	0.00%	-	0.00%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY LMI PROVIDER**

Mortgage Insurer	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Genworth Financial Mortgage Insurance Pty Limited	712	32.36%	195,193,800	28.21%
QBE Lenders' Mortgage Insurance Limited	608	27.64%	188,815,090	27.29%
Uninsured	880	40.00%	307,927,053	44.50%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY TIMELY PAYMENT INSURANCE (CASH FLOW COVER)**

	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
12 months or greater	1,111	50.50%	307,414,291	44.43%
None	1,089	49.50%	384,521,652	55.57%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY LOAN SIZE DISTRIBUTION ALL LOANS (Individual Borrower Exposures)**

Current Balance Ranges	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - \$100k	134	6.09%	8,020,540	1.16%
\$100k - \$200k	402	18.27%	63,221,224	9.14%
\$200k - \$300k	671	30.50%	170,490,007	24.64%
\$300k - \$400k	519	23.59%	179,509,360	25.94%
\$400k - \$500k	220	10.00%	97,742,538	14.13%
\$500k - \$600k	107	4.86%	58,058,237	8.39%
\$600k - \$750k	90	4.09%	60,337,445	8.72%
\$750k - \$1000k	40	1.82%	34,291,933	4.96%
\$1000k +	17	0.77%	20,264,659	2.93%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY LOAN SIZE DISTRIBUTION NON-LMI ONLY (Individual Borrower Exposures)**

Current Balance Ranges	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - \$100k	38	4.32%	2,587,471	0.84%
\$100k - \$200k	150	17.05%	23,778,126	7.72%
\$200k - \$300k	233	26.48%	59,017,754	19.17%
\$300k - \$400k	195	22.16%	67,787,421	22.01%
\$400k - \$500k	116	13.18%	51,832,618	16.83%
\$500k - \$600k	57	6.48%	31,029,312	10.08%
\$600k - \$750k	55	6.25%	36,816,754	11.96%
\$750k - \$1000k	25	2.84%	22,070,369	7.17%
\$1000k +	11	1.25%	13,007,228	4.22%
<b>Total</b>	<b>880</b>	<b>100.00%</b>	<b>307,927,053</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY PROPERTY VALUE**

	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
\$0k - \$300k	604	27.45%	143,803,359	20.78%
\$300k - \$500k	885	40.23%	240,537,215	34.76%
\$500k - \$1000k	609	27.68%	243,292,749	35.16%
\$1000k +	102	4.64%	64,302,620	9.29%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY CURRENT LVR - ALL LOANS**

LVR Ranges	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - 25%	152	6.91%	15,265,565	2.21%
25 - 30%	53	2.41%	9,281,127	1.34%
30 - 35%	69	3.14%	14,307,800	2.07%
35 - 40%	82	3.73%	19,025,859	2.75%
40 - 45%	93	4.23%	24,623,900	3.56%
45 - 50%	78	3.55%	22,482,182	3.25%
50 - 55%	122	5.55%	38,914,861	5.62%
55 - 60%	136	6.18%	45,262,332	6.54%
60 - 65%	140	6.36%	50,384,545	7.28%
65 - 70%	193	8.77%	72,640,195	10.50%
70 - 75%	206	9.36%	75,287,365	10.88%
75 - 80%	513	23.32%	185,879,625	26.86%
80 - 85%	125	5.68%	42,090,879	6.08%
85 - 90%	191	8.68%	61,950,812	8.95%
90 - 95%	47	2.14%	14,538,896	2.10%
95 - 97%	0	0.00%	-	0.00%
97% +	0	0.00%	-	0.00%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY APPROVAL LVR**

LVR Ranges	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - 25%	54	2.45%	7,178,960	1.04%
25 - 30%	23	1.05%	3,280,103	0.47%
30 - 35%	35	1.59%	6,967,404	1.01%
35 - 40%	40	1.82%	7,522,392	1.09%
40 - 45%	61	2.77%	15,651,464	2.26%
45 - 50%	82	3.73%	19,487,960	2.82%
50 - 55%	76	3.45%	21,789,346	3.15%
55 - 60%	85	3.86%	27,041,669	3.91%
60 - 65%	122	5.55%	40,320,483	5.83%
65 - 70%	146	6.64%	49,425,101	7.14%
70 - 75%	182	8.27%	64,184,689	9.28%
75 - 80%	852	38.73%	297,005,686	42.92%
80 - 85%	56	2.55%	17,327,809	2.50%
85 - 90%	277	12.59%	85,328,519	12.33%
90 - 95%	90	4.09%	25,365,577	3.67%
95 - 97%	16	0.73%	3,463,944	0.50%
97% +	3	0.14%	594,837	0.09%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY GEOGRAPHICAL DISTRIBUTION (1) - ALL LOANS**

State	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
NSW	596	27.09%	207,919,725	30.05%
QLD	683	31.05%	203,583,472	29.42%
VIC	450	20.45%	143,358,448	20.72%
SA	234	10.64%	54,662,141	7.90%
WA	150	6.82%	54,023,516	7.81%
ACT	50	2.27%	17,471,911	2.53%
NT	20	0.91%	7,345,960	1.06%
TAS	17	0.77%	3,570,770	0.52%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY GEOGRAPHICAL DISTRIBUTION (1) - NON-LMI ONLY**

State	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
NSW	343	38.98%	130,453,890	42.37%
QLD	188	21.36%	58,843,505	19.11%
VIC	230	26.14%	82,950,165	26.94%
SA	62	7.05%	16,889,882	5.49%
WA	4	0.45%	843,874	0.27%
ACT	33	3.75%	11,191,247	3.63%
NT	13	1.48%	5,219,863	1.70%
TAS	7	0.80%	1,534,627	0.50%
<b>Total</b>	<b>880</b>	<b>100.00%</b>	<b>307,927,053</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY GEOGRAPHICAL DISTRIBUTION (2) - ALL LOANS**

	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Metro	1,646	74.82%	543,897,825	78.61%
Non Metro	518	23.55%	136,447,453	19.72%
Inner City	36	1.64%	11,590,665	1.68%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY GEOGRAPHICAL DISTRIBUTION (2) - NON-LMI ONLY**

	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Metro	712	80.91%	262,608,218	85.28%
Non Metro	154	17.50%	40,276,402	13.08%
Inner City	14	1.59%	5,042,433	1.64%
<b>Total</b>	<b>880</b>	<b>100.00%</b>	<b>307,927,053</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY PERIOD BEFORE AMORTISATION**

PERIOD	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Amortising (Fully P&I)	1,245	56.59%	376,439,967	54.40%
<= 5	553	25.14%	167,188,881	24.16%
>5 and <=10	402	18.27%	148,307,095	21.43%
>10 and <=30	0	0.00%	-	0.00%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY DOCUMENTATION**

Documentation	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Full	2,200	100.00%	691,935,943	100.00%
Low	0	0.00%	-	0.00%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY REPAYMENT METHOD - ALL LOANS**

Repayment Method	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Interest Only	955	43.41%	315,495,976	45.60%
Principal and Interest	1,245	56.59%	376,439,967	54.40%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY REPAYMENT METHOD - NON-LMI ONLY**

Repayment Method	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
Interest Only	310	35.23%	117,467,880	38.15%
Principal and Interest	570	64.77%	190,459,173	61.85%
<b>Total</b>	<b>880</b>	<b>100.00%</b>	<b>307,927,053</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY UCCC REGULATED / LOAN TYPE**

Full-doc loans UCCC Regulated	Number of Loans		Value of Loans	
	Number	% of Full-doc	\$ Value	% of Total
Regulated/ Owner Occupied	1,374	62.45%	425,954,339	61.56%
Non-Regulated/ Investment	826	37.55%	265,981,604	38.44%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

Low-doc loans UCCC Regulated	Number of Loans		Value of Loans	
	Number	% of Low-doc	\$ Value	% of Total
Regulated/ Owner Occupied	0	0.00%	-	0.00%
Non-Regulated/ Investment	0	0.00%	-	0.00%
<b>Total</b>	<b>0</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>

**THE MORTGAGE POOL BY SEASONING DISTRIBUTION**

Loan Seasoning	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - 1 months	0	0.00%	-	0.00%
1 - 2 months	388	17.64%	131,201,078	18.96%
2 - 3 months	322	14.64%	104,051,872	15.04%
3 - 4 months	301	13.68%	108,492,296	15.68%
4 - 5 months	181	8.23%	70,480,784	10.19%
5 - 6 months	19	0.86%	7,650,237	1.11%
6 - 9 months	23	1.05%	8,074,229	1.17%
9 - 12 months	40	1.82%	15,793,748	2.28%
12 - 18 months	50	2.27%	20,699,206	2.99%
18 - 24 months	18	0.82%	9,030,987	1.31%
24 - 36 months	23	1.05%	8,527,642	1.23%
36 - 48 months	14	0.64%	4,281,471	0.62%
48 - 60 months	9	0.41%	2,794,614	0.40%
60 + months	812	36.91%	200,857,779	29.03%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY REMAINING LOAN TERM**

Remaining Loan Term	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - 5 years	2	0.09%	91,384	0.01%
5 - 10 years	2	0.09%	171,341	0.02%
10 - 15 years	25	1.14%	4,956,129	0.72%
15 - 20 years	61	2.77%	13,154,515	1.90%
20 - 25 years	815	37.05%	207,753,042	30.02%
25 - 30 years	1,295	58.86%	465,809,532	67.32%
30 + years	-	0.00%	-	0.00%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY ARREARS - LOAN BALANCES**

Days in arrears	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
2 - 5 days	9	29.03%	2,291,925	0.33%
5 - 10 days	13	41.94%	3,268,590	0.47%
10 - 15 days	4	12.90%	1,137,087	0.16%
15 - 20 days	3	9.68%	726,601	0.11%
20 - 25 days	1	3.23%	531,334	0.08%
25 - 30 days	1	3.23%	376,920	0.05%
30 - 60 days	-	0.00%	-	0.00%
60 - 90 days	-	0.00%	-	0.00%
90 + days	-	0.00%	-	0.00%
<b>Total</b>	<b>31</b>	<b>100.00%</b>	<b>8,332,457</b>	<b>1.20%</b>

**THE MORTGAGE POOL BY ARREARS - AMOUNT IN ARREARS**

Days in arrears	Number of Loans		Value of Loans	
	Number	% of Total	\$ Arrears Amount	% of Total
2 - 5 days	9	0.41%	7,020	0.00%
5 - 10 days	13	0.59%	8,338	0.00%
10 - 15 days	4	0.18%	4,170	0.00%
15 - 20 days	3	0.14%	5,323	0.00%
20 - 25 days	1	0.05%	3,379	0.00%
25 - 30 days	1	0.05%	739	0.00%
30 - 60 days	-	0.00%	-	0.00%
60 - 90 days	-	0.00%	-	0.00%
90 + days	-	0.00%	-	0.00%
<b>Total</b>	<b>31</b>	<b>1.41%</b>	<b>28,969</b>	<b>0.00%</b>

**THE MORTGAGE POOL BY ARREARS - LOAN BALANCE LESS THAN 15 DAYS IN ARREARS BY MORTGAGE AGE**

Age of loan	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
0 - 6 months	10	0.45%	2,747,500	41.02%
6 - 12 months	-	0.00%	-	0.00%
12 - 18 months	1	0.05%	332,695	4.97%
18 - 24 months	1	0.05%	342,995	5.12%
24 - 30 months	-	0.00%	-	0.00%
30 - 36 months	-	0.00%	-	0.00%
36 - 42 months	-	0.00%	-	0.00%
42 - 48 months	-	0.00%	-	0.00%
48 + months	14	0.64%	3,274,413	48.89%
<b>Total</b>	<b>26</b>	<b>1.18%</b>	<b>6,697,603</b>	<b>100.00%</b>

**THE MORTGAGE POOL BY PROPERTY TYPE**

Property Type	Number of Loans		Value of Loans	
	Number	% of Total	\$ Value	% of Total
House	1,634	74.27%	527,997,201	76.31%
Unit	562	25.55%	163,571,530	23.64%
Vacant Land	4	0.18%	367,212	0.05%
<b>Total</b>	<b>2,200</b>	<b>100.00%</b>	<b>691,935,943</b>	<b>100.00%</b>

## 7 Terms and Conditions of the Notes

The following, subject to amendments in accordance with the Master Trust Deed, are the terms and conditions of the Notes, substantially as they will appear in Schedule 1 of the Note Deed Poll ("**Conditions**").

### 1 Interpretation

#### 1.1 Incorporated definitions

A term which has a defined meaning in this Information Memorandum has the same meaning when used in these Conditions unless it is expressly defined in these Conditions, in which case the meaning in these Conditions prevails.

#### 1.2 Definitions

**Austraclear** means Austraclear Limited (ABN 94 002 060 773).

**Austraclear System** means the system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between members of the system.

**Bank Bill Rate or BBSW** means, in respect of an Interest Period, the rate determined by the Manager and expressed as a percentage per annum:

- (a) appearing on the Reuters screen "BBSW" page (or any page which replaces that page) at or about 10.10am (Sydney time) on the first day of that Interest Period as being the average mid rate (rounded to four decimal places, the number 5 being rounded upwards) for a bill of exchange having a tenor equal to that Interest Period; or
- (b) if a manifest error would result from a determination of the rate in accordance with paragraph (a) or if for any reason BBSW cannot be determined in accordance with paragraph (a), the rate calculated by taking the arithmetic mean of the rates quoted by three banks on application by the Manager for a bill of exchange commencing on the first day of that Interest Period and having a tenor equal to that Interest Period; or
- (c) if a rate for that Interest Period cannot be determined in accordance with the procedures in paragraphs (a) or (b), or if a rate is not available for the reason that no rate is quoted in respect of a bill of exchange commencing on the first day of that Interest Period and having a tenor equal to that Interest Period, the rate specified in good faith by the Manager at or around that time on the first day of the Interest Period, having regard, to the extent possible, to comparable indices then available or to the rates otherwise bid and offered for bills of that tenor at that time,

provided that BBSW for the first Interest Period will be the rate determined as if the Interest Period were one month in length.

**Calculation Agent** means the Manager.

**Class A-1 Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class A-1 Notes and inscribed in the Register as the margin applicable to those Class A-1 Notes. If the Class A-1 Notes are not redeemed on the first Call Date, then with effect on and from that Call Date, the Class A-1 Margin will increase by 0.25% per annum.

**Class A-2 Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class A-2 Notes and inscribed in the Register as the margin applicable to those Class A-2 Notes. If the Class A-2 Notes are not redeemed on the first Call Date, then with effect on and from that Call Date, the Class A-2 Margin will increase by 0.25% per annum.

**Class AB Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class AB Notes and inscribed in the Register as the margin applicable to those Class AB Notes. If the Class AB Notes are not redeemed on the first Call Date, then with effect on and from that Call Date, the Class AB Margin will increase by 0.25% per annum.

**Class B Step-down Margin Date** means the Payment Date after the first Determination Date on which the aggregate Invested Amount of the all Notes is equal to or less than 10% of the aggregate Invested Amount of the all Notes issued on the initial Issue Date for the Series (for avoidance of doubt, not including amounts to be distributed on that Payment Date).

**Class B-1 Margin** means:

- (a) for calculation of interest to be paid on or prior to the Class B Step-down Margin Date, the Initial Class B-1 Margin; and
- (b) if there are Class B-1 Notes outstanding on or from the Class B Step-down Margin Date, the Initial Class B-1 Margin less the Class B-1 Residual Margin.

**Class B-1 Residual Margin** means:

- (a) prior to the Class B Step-down Margin Date, 0%; and
- (b) on each day from (and including) the Class B Step-down Margin Date in respect of Class B-1 Notes outstanding on that day, the percentage rate per annum agreed between Firstmac and the Manager on the Pricing Date and notified to the Holders of the Class B-1 Notes.

**Class B-2 Margin** means:

- (a) for calculation of interest to be paid on or prior to the Class B Step-down Margin Date, the Initial Class B-2 Margin; and
- (b) if there are Class B-2 Notes outstanding on or from the Class B Step-down Margin Date, the Initial Class B-2 Margin less the Class B-2 Residual Margin.

**Class B-2 Residual Margin** means:

- (a) prior to the Class B Step-down Margin Date, 0%; and
- (b) on each day from (and including) the Class B Step-down Margin Date in respect of Class B-2 Notes outstanding on that day, the percentage rate per annum agreed between Firstmac and the Manager on the Pricing Date and notified to the Holders of the Class B-2 Notes.

**Class B-3 Margin** means:

- (a) for calculation of interest to be paid on or prior to the Class B Step-down Margin Date, the Initial Class B-3 Margin; and
- (b) if there are Class B-3 Notes outstanding on or from the Class B Step-down Margin Date, the Initial Class B-3 Margin less the Class B-3 Residual Margin.

**Class B-3 Residual Margin** means:

- (a) prior to the Class B Step-down Margin Date, 0%; and
- (b) on each day from (and including) the Class B Step-down Margin Date in respect of Class B-3 Notes outstanding on that day, the percentage rate per annum agreed between Firstmac and the Manager on the Pricing Date and notified to the Holders of the Class B-3 Notes.

**Class C Margin** means:

- (a) for calculation of interest to be paid on or prior to the Class C Step-down Margin Date, the Initial Class C Margin; and
- (b) if there are Class C Notes outstanding on or from the Class C Step-down Margin Date, the Initial Class C Margin less the Class C Residual Margin.

**Class C Residual Margin** means:

- (a) prior to the Class C Step-down Margin Date, 0%; and
- (b) on each day from (and including) the Class C Step-down Margin Date in respect of Class C Notes outstanding on that day, the percentage rate per annum agreed between Firstmac and the Manager on the Pricing Date and notified to the Holders of the Class C Notes.

**Class C Step-down Margin Date** means the Payment Date after the first Determination Date on which the aggregate Invested Amount of all Notes is equal to or less than 10% of the aggregate Invested Amount of all Notes issued on the initial Issue Date for the Series (for avoidance of doubt, not including amounts to be distributed on that Payment Date).

**Clearing System** means:

- (a) the Austraclear System; or
- (b) any other clearing system specified in the Supplementary Terms Notice.

**Day Count Fraction** means, for the purposes of the calculation of interest for any period, the actual number of days in the period divided by 365.

**Denomination** means, for each Class of Note, the initial principal amount of the Note.

**FastPay Margin** means the percentage rate per annum determined on the Pricing Date and notified to subscribers of the FastPay Notes no later than 2 Business Days prior to the issue of any FastPay Notes.

**FATCA** means the Foreign Account Taxation Compliance Act provisions, sections 1471 through to 1474 of the Internal Revenue Code (including any regulations or official interpretations issued with respect thereof or agreement thereunder and any amended or successor provisions and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any published intergovernmental agreement entered into in connection with the implementation of such sections of the U.S. Internal Revenue Code of 1986).

**FATCA Withholding Tax** means any withholding or deduction required pursuant to FATCA.

**Holder** means, for a Note, each person whose name is entered in the Register for the Series as the holder of that Note. If a Note is held in a Clearing System, references to the Holder of that Note include the operator of that Clearing System or its nominee, depository or common depository (in each case acting in accordance with the rules and regulations of the Clearing System).

**Initial Class B-1 Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class B-1 Notes and inscribed in the Register as the margin applicable to those Class B-1 Notes.

**Initial Class B-2 Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class B-2 Notes and inscribed in the Register as the margin applicable to those Class B-2 Notes.



**Initial Class B-3 Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class B-3 Notes and inscribed in the Register as the margin applicable to those Class B-3 Notes.

**Initial Class C Margin** means the percentage rate per annum determined on the Pricing Date and notified to Holders of the Class C Notes and inscribed in the Register as the initial margin applicable to those Class C Notes.

**Initial Invested Amount** means, in respect of a Note, A\$10,000.

**Interest Period** means, in respect of the first payment of interest for a Note, the period from (and including) the Issue Date for that Note to (and excluding) the first Payment Date for that Note. Each subsequent Interest Period for that Note commences on (and includes) a Payment Date referable to that Note and ends on (but excludes) the next Payment Date referable to that Note. The last Interest Period will be the period commencing on (and including) the Payment Date immediately preceding the date on which all Secured Money is repaid by Firstmac and ends on (but excludes) the date on which all Secured Money is repaid by Firstmac (as the case may be).

**Interest Rate** means, for a Note, the interest rate (expressed as a percentage rate per annum) for that Note determined in accordance with these Conditions.

**Modified Following Business Day Convention** means that, if a date would otherwise fall on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

**Note** means a Class A-1 Note, a Class A-2 Note, a Class AB Note, a Class B-1 Note, a Class B-2 Note, a Class B-3 Note, a Class C Note and a FastPay Note (as the context requires).

**Note Deed Poll** means the document entitled "Firstmac Mortgage Funding Trust No.4 Note Deed Poll – Series 3PP-2014" dated on or about 17 September 2014 executed by Firstmac.

**Record Date** means, for a payment due in respect of a Note of the Series, the fourth calendar day immediately preceding the relevant Payment Date.

**Registrar** means, in respect of the Series:

- (a) Firstmac; or
- (b) such other person appointed by Firstmac to maintain the Register for the Series.

**Relevant Country** means any country, or political sub division of one or more countries, or any federation or association of countries in which the relevant Holder is either incorporated or is resident or domiciled for any tax purpose or in which the relevant Holder carries on business or owns or leases property or from which, or through which, any payment in respect of a Note is made.

**Relevant Margin** means:

- (a) in the case of Class A-1 Notes, the Class A-1 Margin;
- (b) in the case of Class A-2 Notes, the Class A-2 Margin;
- (c) in the case of Class AB Notes, the Class AB Margin;
- (d) in the case of Class B-1 Notes, the Class B-1 Margin;
- (e) in the case of Class B-2 Notes, the Class B-2 Margin;
- (f) in the case of Class B-3 Notes, the Class B-3 Margin;

(g) in the case of Class C Notes, the Class C Margin; or

(h) in the case of FastPay Notes, the FastPay Margin.

**Residual Class B-1 Interest** means for an Interest Period the amounts calculated in accordance with Condition 6.1(c) and Condition 6.1(d) in respect of the Class B-1 Notes for that Interest Period.

**Residual Class B-2 Interest** means for an Interest Period the amounts calculated in accordance with Condition 6.1(f) and Condition 6.1(g) in respect of the Class B-2 Notes for that Interest Period.

**Residual Class B-3 Interest** means for an Interest Period the amounts calculated in accordance with Condition 6.1(i) and Condition 6.1(j) in respect of the Class B-3 Notes for that Interest Period.

**Residual Class C Interest** means for an Interest Period the amounts calculated in accordance with Condition 6.1(l) and Condition 6.1(m) in respect of the Class C Notes for that Interest Period.

**Specified Office** means, for a person for the Series, that person's office specified in the Supplementary Terms Notice or any other address notified to Holders from time to time.

### 1.3 Other Interpretation Provisions

Unless the contrary intention appears, in these Conditions a reference to a time of day is a reference to Sydney time.

### 1.4 Modified Following Business Day Convention

Unless the contrary intention appears, in these Conditions a reference to a particular date is a reference to that date adjusted in accordance with the Modified Following Business Day Convention.

## 2 General

### 2.1 Supplementary Terms Notice

Notes are issued on the terms set out in these Conditions and the Supplementary Terms Notice. If there is any inconsistency between these Conditions and the Supplementary Terms Notice, the Supplementary Terms Notice prevails.

Notes are initially issued in 7 Classes:

- (a) Class A-1 Notes;
- (b) Class A-2 Notes;
- (c) Class AB Notes;
- (d) Class B-1 Notes;
- (e) Class B-2 Notes;
- (f) Class B-3 Notes; and
- (g) Class C Notes.

FastPay Notes may also be issued from time to time.

## **2.2 Denomination**

The Notes will be issued in denominations of \$10,000 for each Note.

## **2.3 Currency**

Notes are denominated in Australian dollars.

## **2.4 Clearing Systems**

Notes may be held in a Clearing System. If Notes are held in a Clearing System, the rights of each Holder and any other person holding an interest in those Notes are subject to the rules and regulations of the Clearing System. Firstmac is not responsible for anything the Clearing System does or omits to do.

## **3 Form**

### **3.1 Constitution**

Notes are debt obligations of Firstmac constituted by, and owing under, the Note Deed Poll and the Supplementary Terms Notice.

### **3.2 Registered form**

Notes are issued in registered form by entry in the Register.

No certificates will be issued in respect of any Notes unless the Manager determines that certificates should be issued or they are required by law.

### **3.3 Effect of entries in Register**

Each entry in the Register in respect of a Note constitutes:

- (a) an irrevocable undertaking by Firstmac to the relevant Holder to:
  - (i) pay principal and any interest and any other amounts payable in respect of the Note in accordance with these Conditions; and
  - (ii) comply with the other conditions of the Note; and
- (b) an entitlement to the other benefits given to the relevant Holder in respect of the Note under these Conditions.

### **3.4 Register conclusive as to ownership**

Entries in the Register in relation to a Note are conclusive evidence of the things to which they relate (including that the person entered as the Holder is the owner of the Note or, if two or more persons are entered as joint Holders, they are the joint owners of the Note) subject to correction for fraud, error or omission.

### **3.5 Non-recognition of interests**

Except as ordered by a court of competent jurisdiction or required by law, Firstmac must treat the person whose name is entered as the Holder of a Note in the Register as the owner of that Note.

No notice of any trust or other interest in, or claim to, any Note will be entered in the Register. Firstmac need not take notice of any trust or other interest in, or claim to, any Note, except as ordered by a court of competent jurisdiction or required by law.

This Condition applies whether or not a Note is overdue.

### **3.6 Joint Holders**

If two or more persons are entered in the Register as joint Holders of a Note, they are taken to hold the Note as joint tenants with rights of survivorship. However, Firstmac is not bound to register more than four persons as joint Holders of a Note.

### **3.7 Inspection of Register**

On providing reasonable notice to the Registrar, a Holder will be permitted, during business hours, to inspect the Register. A Holder is entitled to inspect the Register only in respect of information relating to that Holder.

The Registrar must make a certified copy of the Register available to a Holder upon request by that Holder within one Business Day of receipt of the request.

### **3.8 Notes not invalid if improperly issued**

No Note is invalid or unenforceable on the ground that it was issued in breach of any Transaction Document.

### **3.9 Location of the Notes**

The property in the Notes for all purposes is situated where the Register is located.

## **4 Status**

### **4.1 Status**

Notes are direct, secured, limited recourse obligations of Firstmac.

### **4.2 Security**

Firstmac's obligations in respect of the Notes are secured by the General Security Agreement.

### **4.3 Ranking**

The Notes of each Class rank equally amongst themselves.

The Classes of Notes rank against each other in the order set out in the Supplementary Terms Notice.

## **5 Transfer of Notes**

### **5.1 Transfer**

Holders may only transfer Notes in accordance with the Master Trust Deed and these Conditions.

### **5.2 Title**

Title to Notes passes when details of the transfer are entered in the Register.

### **5.3 Transfers in whole**

Notes may only be transferred in whole.

### **5.4 Compliance with laws**

Notes may only be transferred if:

- (a) the offer or invitation giving rise to the transfer is not:

- (i) an offer or invitation which requires disclosure to investors under Part 6D.2 of the Corporations Act; or
  - (ii) an offer to a retail client under Chapter 7 of the Corporations Act; and
- (b) the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place.

## 5.5 Transfer procedures

Interests in Notes held in a Clearing System may only be transferred in accordance with the rules and regulations of that Clearing System.

Notes not held in a Clearing System may be transferred by sending a transfer form to the Specified Office of the Registrar.

To be valid, a transfer form must be:

- (a) in the form set out in Schedule 2 ("*Note Transfer*") of the Note Deed Poll;
- (b) duly completed and signed by, or on behalf of, the transferor and the transferee; and
- (c) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly signed.

No fee is payable to register a transfer of Notes provided all applicable Taxes in connection with the transfer have been paid.

## 5.6 Transfers of unidentified Notes

If a Holder transfers some but not all of the Notes it holds and the transfer form does not identify the specific Notes transferred, the Registrar may choose which Notes registered in the name of the Holder have been transferred. However, the aggregate Invested Amount of the Notes registered as transferred must equal the aggregate Invested Amount of the Notes expressed to be transferred in the transfer form.

## 6 Interest

### 6.1 Interest on Notes

- (a) Each Note (other than each Class B Note and each Class C Note) accrues interest on a daily basis in respect of each Interest Period calculated:
    - (i)
      - (A) at the Interest Rate for that Note for that Interest Period; multiplied by
      - (B) the aggregate Invested Amount of all Notes of that Class of Notes on the first day of that Interest Period; multiplied by
      - (C) the actual number of days in that Interest Period; divided by
      - (D) 365,rounded to ten decimal places;
    - divided by:
    - (ii) the number of Notes in that Class of Notes,
- and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

- (b) Each Class B-1 Note accrues interest on a daily basis in respect of each Interest Period calculated:
  - (i)
    - (A) at the Interest Rate for that Class B-1 Note for that Interest Period; multiplied by
    - (B)
      - (aa) prior to (but excluding) the Class B Step-down Margin Date, the aggregate Invested Amount of all Class B-1 Notes on the first day of that Interest Period; and
      - (ab) on and from the Class B Step-down Margin Date, the aggregate Stated Amount of all Class B-1 Notes on the first day of that Interest Period,multiplied by;
    - (C) the actual number of days in that Interest Period; divided by
    - (D) 365,rounded to ten decimal places;divided by:
  - (ii) the number of Class B-1 Notes,and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (c) On and from the Class B Step-down Margin Date, each Class B-1 Note will also accrue interest on a daily basis in respect of each Interest Period calculated:
  - (i)
    - (A) at the Interest Rate for that Class B-1 Note for the relevant Interest Period; multiplied by
    - (B) the difference between the aggregate Invested Amount of all Class B-1 Notes on the first day of that Interest Period and the aggregate Stated Amount of all Class B-1 Notes on the first day of that Interest Period; multiplied by
    - (C) the actual number of days in that Interest Period; divided by
    - (D) 365,rounded to ten decimal places;divided by:
  - (ii) the number of Class B-1 Notes,and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (d) To the extent any Class B-1 Notes are outstanding during any Interest Period commencing on and from the Class B Step-down Margin Date, each Class B-1 Note

will accrue further interest on a daily basis in respect of each Interest Period on and from the Class B Step-down Margin Date calculated:

- (i)
  - (A) at the Class B-1 Residual Margin for that Class B-1 Note for that Interest Period; multiplied by
  - (B) the aggregate Invested Amount of all Class B-1 Notes on the first day of that Interest Period; multiplied by
  - (C) the actual number of days in that Interest Period; divided by
  - (D) 365,  
rounded to ten decimal places;

divided by:

- (ii) the number of Class B-1 Notes,

and which will be payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

- (e) Each Class B-2 Note accrues interest on a daily basis in respect of each Interest Period calculated:

- (i)
  - (A) at the Interest Rate for that Class B-2 Note for that Interest Period; multiplied by
  - (B)
    - (aa) prior to (but excluding) the Class B Step-down Margin Date, the aggregate Invested Amount of all Class B-2 Notes on the first day of that Interest Period; and
    - (ab) on and from the Class B Step-down Margin Date, the aggregate Stated Amount of all Class B-2 Notes on the first day of that Interest Period,

multiplied by;

- (C) the actual number of days in that Interest Period; divided by
- (D) 365,

rounded to ten decimal places;

divided by:

- (ii) the number of Class B-2 Notes,

and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

- (f) On and from the Class B Step-down Margin Date, each Class B-2 Note will also accrue interest on a daily basis in respect of each Interest Period calculated:

- (i)

- (A) at the Interest Rate for that Class B-2 Note for the relevant Interest Period; multiplied by
- (B) the difference between the aggregate Invested Amount of all Class B-2 Notes on the first day of that Interest Period and the aggregate Stated Amount of all Class B-2 Notes on the first day of that Interest Period; multiplied by
- (C) the actual number of days in that Interest Period; divided by
- (D) 365,  
rounded to ten decimal places;  
divided by:
  - (ii) the number of Class B-2 Notes,and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (g) To the extent any Class B-2 Notes are outstanding during any Interest Period commencing on and from the Class B Step-down Margin Date, each Class B-2 Note will accrue further interest on a daily basis in respect of each Interest Period on and from the Class B Step-down Margin Date calculated:
  - (i)
    - (A) at the Class B-2 Residual Margin for that Class B-2 Note for that Interest Period; multiplied by
    - (B) the aggregate Invested Amount of all Class B-2 Notes on the first day of that Interest Period; multiplied by
    - (C) the actual number of days in that Interest Period; divided by
    - (D) 365,  
rounded to ten decimal places;  
divided by
      - (ii) the number of Class B-2 Notes,and which will be payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (h) Each Class B-3 Note accrues interest on a daily basis in respect of each Interest Period calculated:
  - (i)
    - (A) at the Interest Rate for that Class B-3 Note for that Interest Period; multiplied by
    - (B)
      - (aa) prior to (but excluding) the Class B Step-down Margin Date, the aggregate Invested Amount of all Class B-3 Notes on the first day of that Interest Period; and



(ab) on and from the Class B Step-down Margin Date, the aggregate Stated Amount of all Class B-3 Notes on the first day of that Interest Period,

multiplied by;

(C) the actual number of days in that Interest Period; divided by

(D) 365,

rounded to ten decimal places;

divided by:

(ii) the number of Class B-3 Notes,

and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

(i) On and from the Class B Step-down Margin Date, each Class B-3 Note will also accrue interest on a daily basis in respect of each Interest Period calculated:

(i)

(A) at the Interest Rate for that Class B-3 Note for the relevant Interest Period; multiplied by

(B) the difference between the aggregate Invested Amount of all Class B-3 Notes on the first day of that Interest Period and the aggregate Stated Amount of all Class B-3 Notes on the first day of that Interest Period; multiplied by

(C) the actual number of days in that Interest Period; divided by

(D) 365,

rounded to ten decimal places;

divided by:

(ii) the number of Class B-3 Notes,

and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

(j) To the extent any Class B-3 Notes are outstanding during any Interest Period commencing on and from the Class B Step-down Margin Date, each Class B-3 Note will accrue further interest on a daily basis in respect of each Interest Period on and from the Class B Step-down Margin Date calculated:

(i)

(A) at the Class B-3 Residual Margin for that Class B-3 Note for that Interest Period; multiplied by

(B) the aggregate Invested Amount of all Class B-3 Notes on the first day of that Interest Period; multiplied by

(C) the actual number of days in that Interest Period; divided by

(D) 365,

rounded to ten decimal places;

divided by

- (ii) the number of Class B-3 Notes,

and which will be payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

- (k) Each Class C Note accrues interest on a daily basis in respect of each Interest Period calculated:

- (i)

- (A) at the Interest Rate for that Class C Note for that Interest Period; multiplied by

- (B)

- (aa) prior to (but excluding) the Class C Step-down Margin Date, the aggregate Invested Amount of all Class C Notes on the first day of that Interest Period; and

- (ab) on and from the Class C Step-down Margin Date, the aggregate Stated Amount of all Class C Notes on the first day of that Interest Period,

multiplied by;

- (C) the actual number of days in that Interest Period; divided by

- (D) 365,

rounded to ten decimal places;

divided by:

- (ii) the number of Class C Notes,

and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.

- (l) On and from the Class C Step-down Margin Date, each Class C Note will also accrue interest on a daily basis in respect of each Interest Period calculated:

- (i)

- (A) at the Interest Rate for that Class C Note for the relevant Interest Period; multiplied by

- (B) the difference between the aggregate Invested Amount of all Class C Notes on the first day of that Interest Period and the aggregate Stated Amount of all Class C Notes on the first day of that Interest Period; multiplied by

- (C) the actual number of days in that Interest Period; divided by

- (D) 365,

rounded to ten decimal places;

divided by:

- (ii) the number of Class C Notes,  
  
and is payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (m) To the extent any Class C Notes are outstanding during any Interest Period commencing on and from the Class C Step-down Margin Date, each Class C Note will accrue further interest on a daily basis in respect of each Interest Period on and from the Class C Step-down Margin Date calculated:
  - (i)
    - (A) at the Class C Residual Margin for that Class C Note for that Interest Period; multiplied by
    - (B) the aggregate Invested Amount of all Class C Notes on the first day of that Interest Period; multiplied by
    - (C) the actual number of days in that Interest Period; divided by
    - (D) 365,  
  
rounded to ten decimal places;  
  
divided by
  - (ii) the number of Class C Notes,  
  
and which will be payable in arrears on the Payment Date immediately following the end of the relevant Interest Period.
- (n) No interest accrues in respect of a Note on any day on which the Stated Amount of that Note is zero.

## **6.2 Interest Rate determination**

The Calculation Agent must determine the Interest Rate for the Notes for an Interest Period in accordance with these Conditions and the Supplementary Terms Notice.

The Interest Rate must be expressed as a percentage rate per annum.

## **6.3 Interest Rate**

The Interest Rate for a Note for each Interest Period is the sum of the Relevant Margin and Bank Bill Rate for that Note and that Interest Period.

## **6.4 Calculation of interest payable on Notes**

As soon as practicable after determining the Interest Rate for any Note for an Interest Period, the Calculation Agent must calculate the amount of interest payable on that Note for the Interest Period.

## **6.5 Notification of Interest Rate and other things**

If any Interest Period or calculation period changes, the Calculation Agent may amend its determination or calculation of any rate, amount, date or other thing. If the Calculation Agent amends any determination or calculation, it must notify Firstmac, the Manager and the Holders. The Calculation Agent must give notice as soon as practicable after amending its determination or calculation.

**6.6 Determination and calculation final**

Except where there is an obvious error, any determination or calculation the Calculation Agent makes in accordance with these Conditions is final and binds Firstmac and each Holder.

**6.7 Rounding**

For any determination or calculation required under these Conditions:

- (a) all percentages resulting from the determination or calculation must be rounded to the nearest one hundred thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); and
- (b) all amounts that are due and payable resulting from the determination or calculation must be rounded (with halves being rounded up) to:
  - (i) in the case of Australian dollars, one cent; and
  - (ii) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency; and
- (c) all other figures resulting from the determination or calculation (excluding any determination or calculation made pursuant to condition 6.1 ("*Interest on Notes*") of these Conditions must be rounded to five decimal places (with halves being rounded up).

**6.8 Default interest**

If Firstmac does not pay an amount under this condition 6 ("*Interest*") of these Conditions on the due date, then Firstmac agrees to pay interest on the unpaid amount at the last applicable Interest Rate plus 2% per annum.

Interest payable under this Condition accrues daily from (and including) the due date to (but excluding) the date Firstmac actually pays and is calculated using the Day Count Fraction.

**7 Allocation of Carryover Charge-Offs**

The Supplementary Terms Notice contains provisions for:

- (a) allocating Carryover Charge-Offs to the Notes and reducing the Stated Amount of the Notes; and
- (b) reinstating reductions in the Stated Amount of the Notes.

**8 Redemption****8.1 Redemption of Notes - Final Maturity**

Firstmac agrees to redeem each Note on its Final Maturity Date by paying to the Holder the Invested Amount for the Note plus all accrued and unpaid interest on such Note up to its Final Maturity Date and any other amount payable but unpaid with respect to the Note. However, Firstmac is not required to redeem a Note on its Final Maturity Date if Firstmac redeems, or purchases and cancels the Note before its Final Maturity Date.

**8.2 Payment of principal in accordance with Supplementary Terms Notice**

Payments of principal on each Note will be made in accordance with the Supplementary Terms Notice. The Invested Amount of each Note reduces from the date, and by the amount, of each payment of principal that Firstmac makes under the Supplementary Terms Notice.

**8.3 Call Option**

Firstmac must, if so directed by the Manager (and at the election of the Manager), redeem all, and not some only, of the Notes on a Call Date. Firstmac will redeem the Notes at their then Invested Amount or (with the consent of an Extraordinary Resolution of the Holders of the relevant Class of Notes) their then Stated Amount, in each case together with accrued interest (if any) thereon to (but excluding) the date of redemption on the relevant Call Date.

**8.4 Redemption for Taxation or other reasons**

- (a) If Firstmac is required under condition 10.2 (“*Withholding tax*”) of these Conditions (in respect of the Notes) to deduct or withhold an amount in respect of Taxes (excluding any FATCA Withholding Tax) from a payment in respect of a Note, the Manager may direct Firstmac to redeem all (but not some only) of the Notes and upon receipt of such direction Firstmac must redeem the Notes by paying to the Holders on the redemption date an amount equal to the aggregate of:
- (i) the Invested Amount of the Notes on that day; and
  - (ii) all accrued and unpaid interest in respect of the Notes on (but excluding) that day.
- (b) The Manager agrees to direct Firstmac to give notice of the proposed redemption under this condition 8.4, at least 15 days before the proposed redemption date, to the Registrar and the Holders and any stock exchange on which the Notes are listed.
- (c) For any redemption of Notes under this condition 8.4, the proposed redemption date must be a Payment Date.

**8.5 Late payments**

If Firstmac does not pay an amount under this condition 8 (“*Redemption*”) on the due date, then Firstmac agrees to pay interest on the unpaid amount at the last applicable Interest Rate plus 2% per annum.

Interest payable under this condition accrues daily from (and including) the due date to (but excluding) the date Firstmac actually pays and is calculated using the Day Count Fraction.

Any interest which accrues after the Final Maturity Date will be payable by Firstmac or the Security Trustee in accordance with the Supplementary Terms Notice.

**8.6 Firstmac may purchase Notes**

Firstmac may purchase Notes in the open market or otherwise at any time and at any price.

If Firstmac purchases Notes under this condition, Firstmac may hold, resell or cancel the Notes at its discretion.

**8.7 Final Redemption**

A Note will be finally redeemed, and the obligations of Firstmac with respect to the payment of the Invested Amount of that Note will be finally discharged, on:

- (a) the date upon which the Invested Amount of that Note is reduced to zero; or
- (b) the date on which Firstmac completes a sale and realisation of all Assets of the Series in accordance with the Transaction Documents and the proceeds of that sale and realisation are applied, to the extent available, to repay the Invested Amount of that Note.

## **9 Payments**

### **9.1 Payments to Holders**

Firstmac agrees to pay:

- (a) interest and amounts of principal (other than a payment due on the Final Maturity Date for the relevant Note), to the person who is the Holder at the close of business in the place where the Register is maintained on the Record Date; and
- (b) amounts due on the Final Maturity Date for the relevant Note to the person who is the Holder at 4.00pm in the place where the Register is maintained on the due date.

### **9.2 Payments to accounts**

Firstmac agrees to make payments in respect of a Note:

- (a) if the Note is held in a Clearing System, by crediting on the Payment Date, the amount due to the account previously notified by the Clearing System to Firstmac and the Registrar in accordance with the Clearing System's rules and regulations in the country of the currency in which the Note is denominated; and
- (b) if the Note is not held in a Clearing System, subject to condition 9.3 ("*Payments by cheque*") of these Conditions, by crediting on the Payment Date, the amount due to an account previously notified by the Holder to Firstmac and the Registrar in the country of the currency in which the Note is denominated.

### **9.3 Payments by cheque**

If a Holder has not notified Firstmac of an account to which payments to it must be made by close of business in the place where the Register is maintained on the Record Date, Firstmac may make payments in respect of the Notes held by that Holder by cheque.

If Firstmac makes a payment in respect of a Note by cheque, Firstmac agrees to send the cheque by prepaid ordinary post on the Business Day immediately before the due date to the Holder (or, if two or more persons are entered in the Register as joint Holders of the Note, to the first named joint Holder) at its address appearing in the Register at close of business in the place where the Register is maintained on the Record Date.

Cheques sent to a Holder are sent at the Holder's risk and are taken to be received by the Holder on the due date for payment. If Firstmac makes a payment in respect of a Note by cheque, Firstmac is not required to pay any additional amount (including under condition 8.3 ("*Late payments*")) as a result of the Holder not receiving payment on the due date.

### **9.4 Payments subject to law**

All payments are subject to applicable law. However, this does not limit condition 10 ("*Taxation*").

### **9.5 Currency indemnity**

Firstmac waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion; and

- (b) Firstmac satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

## **10 Taxation**

### **10.1 No set-off, counterclaim or deductions**

Firstmac agrees to make all payments in respect of a Note in full without set-off or counterclaim, and shall be made free and clear of, and without any withholding or deduction in respect of, Taxes, unless such withholding or deduction is required by law.

### **10.2 Withholding tax**

If a law requires Firstmac to withhold or deduct an amount in respect of Taxes (including, without limitation, any FATCA Withholding Tax) from a payment in respect of a Note, then (at the direction of the Manager):

- (a) Firstmac agrees to withhold or deduct the amount;
- (b) Firstmac agrees to pay an amount equal to the amount withheld or deducted to the relevant authority in accordance with applicable law; and
- (c) Firstmac will not be liable to pay any additional amount to the relevant Holder in respect of any such withholding or deduction (including, without limitation, any FATCA Withholding Tax).

## **11 Time limit for claims**

A claim against Firstmac for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

## **12 General**

### **12.1 Role of Calculation Agent**

In performing calculations under these Conditions, the Calculation Agent is not an agent or trustee for the benefit of, and has no fiduciary duty to or other fiduciary relationship with, any Holder. Wherever the Calculation Agent is required to act, make a determination or exercise judgement in any way under these Conditions, it will do so in a good faith and in a commercially reasonable manner.

### **12.2 Meetings of Secured Creditors**

The Master Trust Deed contains provisions for convening meetings of the Secured Creditors to consider any matter affecting their interests, including any variation of these Conditions.

## **13 Governing law**

### **13.1 Governing law and jurisdiction**

These Conditions are governed by the law in force in New South Wales. Firstmac and each Holder submit to the non-exclusive jurisdiction of the courts of that place.

### **13.2 Serving documents**

Without preventing any other method of service, any document in any court action in connection with any Notes may be served on Firstmac by being delivered to or left at Firstmac's address for service of notices in accordance with clause 46 ("*Notices*") of the Master Trust Deed.

**14      Limitation of liability**

Firstmac's liability to the Holders of the Series (and any person claiming through or under a Holder of the Series) in connection with the Note Deed Poll and the other Transaction Documents of the Series is limited in accordance with clause 28 ("*Firstmac indemnity and limitation of liability*") and clause 30 ("*Limited Recourse*") of the Master Trust Deed.



## 8 Cashflow Allocation Methodology

### 8.1 General

Clause 6 (“*Cashflow Allocation Methodology*”) of the Supplementary Terms Notice provides for the way in which the Manager will calculate and Firstmac will pay amounts on each Payment Date to, amongst others, the Holders of the Notes.

### 8.2 Collections

Collections in respect of principal and interest will be received by the Servicer during each Collection Period. The Servicer will deposit all Collections into the Collection Account within 2 Business Days of receipt.

Collections are derived from receipts from the Assets of the Series and other Authorised Investments of the Series and any other amount payable to Firstmac in respect of the Series under the Transaction Documents (excluding Borrower Exit Fees during such Collection Period). Collections may also be derived from other sources including, but not limited to, proceeds from enforcement of the Assets of the Series and any Insurance Policy, including Timely Payment Cover (collectively, the “**Collections**”).

### 8.3 Distributions made during a Collection Period

Prior to an Enforcement Event, Firstmac will, on any day other than a Payment Date, apply the Collections received during the relevant Collection Period towards payment of any of the following amounts when such funds are available from time to time for the relevant purpose:

- (a) subject to the Supplementary Terms Notice, to fund Redraws on Housing Loans;
- (b) to the Mortgage Insurers of any amounts received from Debtors during the Collection Period in relation to Timely Payment Cover previously paid by those Mortgage Insurers (including amounts in the nature of principal, interest and penalty fees or other charges); and
- (c) to the Interest Rate Swap Providers or Counterparty of:
  - (i) any net payment due by Firstmac under the Interest Rate Swap Agreement in respect of the Series on a day other than a Payment Date; and
  - (ii) any break costs or any early termination amount in relation to the partial or full repayment of any fixed rate Receivables for which Firstmac and such Interest Rate Swap Provider or Counterparty had entered into transactions under the relevant Interest Rate Swap Agreement or Derivative Contract (to the extent there are sufficient break costs and early termination amounts (without double counting) recovered from Debtors to pay such break costs and early termination amounts),

where and on the date that such amounts become due for payment provided that:

- (A) with respect to any amounts payable by Firstmac under paragraphs (a) or (b) (to the extent that the Timely Payment Cover relates to the overdue principal component of the payment) above, there are sufficient Principal Collections out of which such payments can be made at the relevant time;
- (B) Firstmac:
  - (aa) holds in reserve an amount of Interest Collections at least equal to the amount required to repay any outstanding Principal Draw on the immediately following Payment Date; and

- (ab) must not make any payment under this section from an amount that would constitute part of the Total Interest Collections for the relevant Collection Period unless Firstmac is satisfied that there will be sufficient Total Interest Collections on the immediately following Payment Date to make the Required Payments in accordance with section 8.14 (“*Distribution of Total Interest Collections*”) (assuming that no Liquid Authorised Investments would be realised, and no Spread Reserve Draw, Principal Draw or Extraordinary Expense Draw would be required, in order to meet such Required Payments); and
- (C) with respect to any amounts payable by Firstmac under paragraphs (b) (to the extent that the Timely Payment Cover relates to the overdue interest component of the payment) or (c), there are sufficient Interest Collections out of which such payment can be made at the relevant time.

The aggregate of such amounts for a Collection Period are the “**Collection Period Distributions**”.

#### **8.4 Manager’s calculations**

On each Determination Date, the Manager will calculate (among other things):

- (a) the Interest Collections;
- (b) the Principal Collections;
- (c) the aggregate of the Borrower Exit Fees (if any) received by Firstmac during the immediately preceding Collection Period;
- (d) the aggregate of the fixed rate break costs received from Debtors during the immediately preceding Collection Period;
- (e) the Principal Draw (if any);
- (f) the Spread Reserve Draw (if any);
- (g) the Extraordinary Expense Draw (if any);
- (h) the Class C Carryover Charge-Off (if any);
- (i) the Class C Charge-Off (if any);
- (j) the Class B-3 Carryover Charge-Off (if any);
- (k) the Class B-3 Charge-Off (if any);
- (l) the Class B-2 Carryover Charge-Off (if any);
- (m) the Class B-2 Charge-Off (if any);
- (n) the Class B-1 Carryover Charge-Off (if any);
- (o) the Class B-1 Charge-Off (if any);
- (p) the Class AB Carryover Charge-Off (if any);
- (q) the Class AB Charge-Off (if any);
- (r) the Class A-2 Carryover Charge-Off (if any);

- (s) the Class A-2 Charge-Off (if any);
- (t) the Class A-1 Carryover Charge-Off (if any);
- (u) the Class A-1 Charge-Off (if any);
- (v) the FastPay Carryover Charge-Off (if any);
- (w) the FastPay Charge-Off (if any);
- (x) the Liquid Authorised Investments to be realised (if any);
- (y) the Liquidity Shortfall;
- (z) the Payment Shortfall;
- (aa) the Required Payments Deficit;
- (bb) the Liquidation Loss Shortfall Amount;
- (cc) the Threshold Amount, and notify the Servicer of such amount when calculated;
- (dd) the Accrual Amount for both the immediately preceding Collection Period and for the period from the end of the immediately preceding Collection Period to the Payment Date after that Payment Date; and
- (ee) whether the Principal Repayment Fund will be sufficient to meet in full the aggregate of any Redraws provided during the preceding Collection Period.

## 8.5 Calculation of Interest Collections

On each Determination Date, the Interest Collections in respect of the immediately preceding Collection Period will be calculated by the Manager (without double counting) as follows:

- (a) the Adjusted Collections received by or on behalf of Firstmac during that Collection Period; minus
- (b) the Principal Collections for that Collection Period; plus
- (c) any Other Income received in respect of that Collection Period; plus
- (d) any net payments to be received by Firstmac under the Interest Rate Swap Agreement and any other Derivative Contracts on the next Payment Date; plus
- (e) all other amounts received (including any Borrower Exit Fees) by or on behalf of Firstmac in respect of the Assets of the Series and which are determined by Firstmac to be in the nature of income during that Collection Period,

("Interest Collections").

## 8.6 Calculation of Principal Collections

On each Determination Date, the Principal Collections for a Collection Period are equal to:

- (a) the aggregate of:
  - (i) the Collections for the immediately preceding Collection Period; and
  - (ii) the proceeds of issue of any FastPay Notes on the immediately following Payment Date; less

- (b) the Finance Charge Collections received by Firstmac during that Collection Period; less
- (c) the Accrual Amount for that Collection Period; less
- (d) the Shortfall Adjustment calculated on the immediately preceding Determination Date; less
- (e) the aggregate of any amounts paid in accordance with paragraphs (a) and (b) (to the extent that the Timely Payment Cover relates to the overdue principal component of the payment) of section 8.3 ("*Distributions made during a Collection Period*") during that Calculation Period,

**("Principal Collections").**

If the amount calculated as a result of the above formula is a positive number then the amount so calculated will be the Principal Collections for that Collection Period. If the amount calculated as a result of the above formula is negative, then the Principal Collections are equal to zero.

## 8.7 Spread Reserve

- (a) Firstmac agrees to:
  - (i) establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the "Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Spread Reserve" (the "**Spread Reserve**"); and
  - (ii) deposit amounts into the Spread Reserve as required under section 8.14(y) ("*Distribution of Total Interest Collections*").
- (b) The parties agree that amounts will only be released from the Spread Reserve:
  - (i) into the Collection Account on each Payment Date for the purposes of making Spread Reserve Draws;
  - (ii) to be paid into the Collection Account to be applied in accordance with section 8.14 ("*Distribution of Total Interest Collections*") in an amount equal to the amount by which the then balance of the Spread Reserve exceeds the then Required Spread Reserve Balance, provided that a Rating Notification has been given in respect of the then Required Spread Reserve Balance;
  - (iii) if not otherwise required in accordance with this section 8.7 ("*Spread Reserve*") to be paid to the Residual Income Unitholder on the Final Maturity Date; or
  - (iv) into the Collection Account to be applied in accordance with section 8.20 ("*Application of proceeds following an Enforcement Event*") following the occurrence of an Enforcement Event.

## 8.8 Spread Reserve Draw

- (a) Subject to paragraph (b), if, on any Determination Date, the Manager determines:
  - (i) that Required Payments for that Payment Period exceeds the Interest Collections for the preceding Collection Period (the amount equal to that excess being the "**Required Payments Deficit**"); or
  - (ii) for a Determination Date, there would be insufficient Total Interest Collections (ignoring any amounts to be withdrawn from the Spread Reserve other than the Required Payments Deficit) on the immediately following Payment Date to reimburse any Liquidation Losses from the current Collection Period or any

Carryover Charge-Offs from prior Collection Periods and which remains outstanding (the amount equal to that insufficiency being the "**Liquidation Loss Shortfall Amount**"),

then an amount equal to the lesser of:

- (A) the sum of the Required Payments Deficit and the Liquidation Loss Shortfall Amount; and
- (B) the balance of the Spread Reserve,

will be applied from the Spread Reserve on the following Payment Date by Firstmac to meet that shortfall ("**Spread Reserve Draw**").

- (b) Firstmac will distribute any Spread Reserve Draw in accordance with section 8.14 ("*Distribution of Total Interest Collections*").

## 8.9 Liquidity Shortfall

On each Determination Date the Manager must calculate the Liquidity Shortfall, being the amount by which the Required Payments on the following Payment Date exceed the aggregate of:

- (a) the Interest Collections for the preceding Collection Period;
- (b) the balance of the Spread Reserve to be applied as a Spread Reserve Draw on the Payment Date immediately following that Determination Date; and
- (c) the estimated Accrual Amount for the period commencing on (but excluding) the last day of the preceding Collection Period to (but excluding) the following Payment Date,

("Liquidity Shortfall").

## 8.10 Liquid Authorised Investments

- (a) Firstmac must ensure that it holds and maintains for the Series an amount of Liquid Authorised Investments equal to the Required Liquid Authorised Investment Amount at all times. The purchase of Liquid Authorised Investments up to the Required Liquid Authorised Investment Amount will initially be funded by the proceeds of the issuance of the Notes. Where the Standby Trustee replaces Firstmac in accordance with the Master Trust Deed, the Standby Trustee is under no obligation to maintain the Required Liquid Authorised Investment Amount other than with funds available to it from the Series.
- (b) On the Closing Date, Firstmac may, at the direction of the Manager, utilise a portion of Liquid Authorised Investments to fund the purchase price of Receivables insofar as the funding relates to accrued interest on the Receivables. Any such realisation of an amount of Liquid Authorised Investments will be reimbursed out of Total Interest Collections in accordance with section 8.14 ("*Distribution of Total Interest Collections*").
- (c) On each Determination Date, the Manager must calculate the Payment Shortfall, being an amount equal to the aggregate of:
  - (i) the estimated Accrual Amount for the period commencing on (but excluding) the last day of the preceding Collection Period to (but excluding) the following Payment Date; and
  - (ii) the Liquidity Shortfall calculated on that Determination Date,

("Payment Shortfall").

- (d) The Manager will advise Firstmac of any Payment Shortfall and must direct Firstmac to realise an amount of the Liquid Authorised Investments equal to the lesser of:
- (i) the amount of the Payment Shortfall on that day; and
  - (ii) the amount of the Liquid Authorised Investments on that day,
- and apply it as part of Total Interest Collections for that Collection Period,
- (a “**Liquidity Draw**”).
- (e) If the Manager determines, on any Determination Date, that the amount of Liquid Authorised Investments exceeds the Required Liquid Authorised Investment Amount on that Determination Date (taking into account all payments to be made on the immediately following Payment Date), then the Manager must direct Firstmac to realise an amount of the Liquid Authorised Investments in an amount equal to that excess and allocate that amount to the Principal Repayment Fund for distribution in accordance with section 8.19 (“*Distribution of Principal Repayment Fund*”).
- (f) The parties agree that amounts of Liquid Authorised Investments will only be realised:
- (i) on each Payment Date for the purposes of meeting any Payment Shortfall;
  - (ii) on the Payment Date on which all Notes are to be redeemed in full, by realising the remaining Liquid Authorised Investments and applying that amount (after any realisation of Liquid Authorised Investments has been made in accordance with paragraph (c) above) and applying that amount to the Principal Repayment Fund for distribution in accordance with section 8.19 (“*Distribution of Principal Repayment Fund*”); or
  - (iii) following the occurrence of an Enforcement Event, by realising the remaining Liquid Authorised Investments and applying that amount in accordance with section 8.20 (“*Application of proceeds following an Enforcement Event*”).

### 8.11 Principal Draw

- (a) On each Determination Date, the Manager must calculate the Principal Draw, being an amount equal to the lesser of:
- (i) the amount by which the Liquidity Shortfall on that Determination Date exceeds:
    - (A) the Liquidity Draw on that Determination Date; minus
    - (B) the estimated Accrual Amount for the period commencing on (but excluding) the last day of the preceding Collection Period to (but excluding) the following Payment Date; and
  - (ii) the Principal Collections as calculated on that Determination Date,
- (“**Principal Draw**”).
- (b) Firstmac, at the direction of the Manager, agrees to distribute any Principal Draw in accordance with section 8.14 (“*Distribution of Total Interest Collections*”).

### 8.12 Extraordinary Expense Draw

- (a) Firstmac agrees to:
- (i) establish and maintain in the name of Firstmac a bank account with an Eligible Bank known as the “Firstmac Mortgage Funding Trust No.4 Series

- 3PP-2014 Extraordinary Expense Reserve” (the “**Extraordinary Expense Reserve**”);
- (ii) on the Issue Date, deposit the Required Extraordinary Expense Reserve Balance into the Extraordinary Expense Reserve; and
  - (iii) deposit amounts into the Extraordinary Expense Reserve as required under section 8.14(gg) (“*Distribution of Total Interest Collections*”).
- (b) The Residual Income Unitholder will, on the Closing Date, make a deposit (of its own funds) to the Extraordinary Expense Reserve of an amount equal to the Required Extraordinary Expense Reserve Balance on that day as an additional contribution of capital in relation to the Residual Income Unit.
- (c) If the Manager determines, on any Determination Date, that there is an Extraordinary Expense, then the Manager must direct Firstmac to withdraw from the Extraordinary Expense Reserve an amount equal to the lesser of
- (i) the amount of the Extraordinary Expense on that day; and
  - (ii) the balance of the Extraordinary Expense Reserve on that day,
- and apply that amount towards Total Interest Collections for that Collection Period (an “**Extraordinary Expense Draw**”).
- (d) The parties agree that amounts will only be released from the Extraordinary Expense Reserve:
- (i) into the Collection Account on each Payment Date for the purposes of making Extraordinary Expense Draws;
  - (ii) on the Payment Date on which all Notes are to be redeemed in full, any amounts standing to the balance of the Extraordinary Expense Reserve after any Extraordinary Expense Draw has been made in accordance with paragraph (c), will be applied as a distribution to the Residual Income Unitholder; or
  - (iii) following the occurrence of an Enforcement Event, by applying any amounts standing to the balance of the Extraordinary Expense Reserve in accordance with section 8.20 (“*Application of proceeds following an Enforcement Event*”).
- (e) Each Extraordinary Expense Draw made on any Payment Date in accordance with paragraph (c) is to be repaid on subsequent Payment Dates, but only to the extent that there are funds available for this purpose in accordance with section 8.14 (“*Distribution of Total Interest Collections*”).

### 8.13 Calculation and application of Total Interest Collections

On each Determination Date, the Total Interest Collections are calculated as the aggregate of:

- (a) any Interest Collections calculated in accordance with section 8.5 (“*Calculation of Interest Collections*”) on that Determination Date;
- (b) any Spread Reserve Draw for that Determination Date;
- (c) any amounts released from the Spread Reserve in accordance with section 8.7(b)(ii) (“*Spread Reserve*”);
- (d) any Liquid Authorised Investments realised in accordance with section 8.10(c) (“*Liquid Authorised Investments*”) on that Determination Date;

- (e) any Principal Draw calculated in accordance with section 8.11 (“*Principal Draw*”) on that Determination Date; and
- (f) any Extraordinary Expense Draw calculated in accordance with section 8.11 (“*Extraordinary Expense Draw*”) on that Determination Date,

(“**Total Interest Collections**”).

The Total Interest Collections in respect of a Determination Date must be applied on the immediately following Payment Date to meet Required Payments in accordance with section 8.14 (“*Distribution of Total Interest Collections*”).

#### **8.14 Distribution of Total Interest Collections**

The Manager must direct Firstmac to pay (or direct payment of), subject to section 8.13 (“*Calculation and application of Total Interest Collections*”), the following items in the following order of priority out of Total Interest Collections (as calculated on the relevant Determination Date) on each Payment Date:

- (a) first, at the Manager’s discretion, by way of distribution of the income of the Trust, to the Residual Income Unitholder, the sum of A\$1;
- (b) second, in paying or providing for the payment of any Taxes owing by Firstmac in respect of the Series;
- (c) third, *pari passu*, in payment of any fees and any expenses of the Security Trustee, the Custodian, the Registrar, the Standby Trustee (whether or not acting as trustee of the Trust) and the Standby Servicer in respect of the Series (in the amounts (as to fees only) agreed in accordance with the Supplementary Terms Notice);
- (d) fourth, in payment to the Interest Rate Swap Providers, any net payment due by Firstmac under an Interest Rate Swap Agreement or any other Derivative Contract in respect of the Series on that Payment Date including any break costs incurred during the relevant Collection Period (or unpaid from previous Collection Periods) to the extent that:
  - (i) where the break costs arise as a result of a transaction being terminated due to the prepayment of any related Receivable, there are sufficient break costs or early termination amounts (without double counting) recovered from Debtors to pay such break costs); and
  - (ii) the Counterparty is not the “defaulting party” or “sole affected party” (for the avoidance of doubt, excluding any break costs payable to each Counterparty where that Counterparty is the “defaulting party” or a sole “affected party”);
- (e) fifth, in payment of any fees of, or any expenses reasonably and properly incurred that are due to be reimbursed to, Firstmac in respect of the Series (in the amounts (as to fees only) agreed in accordance with the Supplementary Terms Notice);
- (f) sixth, in payment of any fees of, or any expenses due to be reimbursed to, the Manager in respect of the Series that have been reasonably and properly incurred (in the amounts (as to fees only) agreed in accordance with the Supplementary Terms Notice);
- (g) seventh, in payment of any fees of, or any Enforcement Expenses due to be reimbursed to, the Servicer in respect of the Series (in the amounts (as to fees only) agreed in accordance with the Supplementary Terms Notice);
- (h) eighth, in paying or providing for the payment or satisfaction of any Expenses of the Series (other than amounts owing to any Secured Creditor) to the extent not otherwise described in this section 8.14 (“*Distribution of Total Interest Collections*”) incurred during the Collection Period immediately preceding that Payment Date;



- (i) ninth, in payment pari passu and rateably of:
  - (i) any Unpaid Interest on the FastPay Notes owing at the time; and
  - (ii) any Unpaid Interest on the Class A-1 Notes owing at the time;
- (j) tenth, in payment pari passu and rateably of:
  - (i) any interest that is due and payable to the Holders of the FastPay Notes on that Payment Date;
  - (ii) any interest that is due and payable to the Holders of the Class A-1 Notes on that Payment Date;
- (k) eleventh, in payment pari passu and rateably of any Unpaid Interest on the Class A-2 Notes owing at that time;
- (l) twelfth in payment pari passu and rateably of any interest that is due and payable to the Holders of the Class A-2 Notes on that Payment Date;
- (m) thirteenth, in payment pari passu and rateably of any Unpaid Interest on the Class AB Notes owing at that time;
- (n) fourteenth, in payment pari passu and rateably of any interest due and payable to the Holders of the Class AB Notes on that Payment Date;
- (o) fifteenth, in payment pari passu and rateably of any interest due and payable to the Holders of the Class B-1 Notes (other than Residual Class B-1 Interest) on that Payment Date;
- (p) sixteenth, in payment pari passu and rateably of any interest due and payable to the Holders of the Class B-2 Notes (other than Residual Class B-2 Interest) on that Payment Date;
- (q) seventeenth, in payment pari passu and rateably of any interest due and payable to the Holders of the Class B-3 Notes (other than Residual Class B-3 Interest) on that Payment Date;
- (r) eighteenth, in payment pari passu and rateably of any interest due and payable to the Holders of the Class C Notes (other than Residual Class C Interest) on that Payment Date;
- (s) nineteenth, in reimbursement to the Principal Repayment Fund pari passu and rateably:
  - (i) of any outstanding Principal Draw made on any preceding Payment Date and which remains outstanding; and
  - (ii) of any amounts that remain unreimbursed under this section 8.14(s) ("*Distribution of Total Interest Collections*") in respect of previous Collection Periods;
- (t) twentieth, in payment of an amount to be applied towards the purchase of Liquid Authorised Investments in an amount equal to any Liquid Authorised Investments realised on any preceding Determination Date in accordance with section 8.10(c) ("*Liquid Authorised Investments*") which have not been reimbursed on any preceding Payment Date;
- (u) twenty-first, in payment pari passu and rateably of any Unpaid Interest on the Class B-1 Notes owing at that time;

- (v) twenty-second, in payment pari passu and rateably of any Unpaid Interest on the Class B-2 Notes owing at that time;
- (w) twenty-third, in payment pari passu and rateably of any Unpaid Interest on the Class B-3 Notes owing at that time;
- (x) twenty-fourth, in payment pari passu and rateably of any Unpaid Interest on the Class C Notes owing at that time;
- (y) twenty-fifth, in applying an amount to the Spread Reserve equal to:
  - (i) the amount of any outstanding Spread Reserve Draw made on any preceding Payment Date which remains outstanding; and
  - (ii) the Required Spread Reserve Amount for that Payment Date;
- (z) twenty-sixth, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (*“Allocation of Liquidation Losses”*), all FastPay Charge-Offs and all Class A-1 Charge-Offs on the preceding Determination Date; and
  - (ii) second, all FastPay Carryover Charge-Offs and all Class A-1 Carryover Charge-Offs that remain unreimbursed at that time;
- (aa) twenty-seventh, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to clause 8.16 (*“Allocation of Liquidation Losses”*), all Class A-2 Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class A-2 Carryover Charge-Offs that remain unreimbursed at that time;
- (bb) twenty-eighth, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (*“Allocation of Liquidation Losses”*), all Class AB Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class AB Carryover Charge-Offs that remain unreimbursed at that time;
- (cc) twenty-ninth, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (*“Allocation of Liquidation Losses”*), all Class B-1 Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class B-1 Carryover Charge-Offs that remain unreimbursed at that time;
- (dd) thirtieth, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (*“Allocation of Liquidation Losses”*), all Class B-2 Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class B-2 Carryover Charge-Offs that remain unreimbursed at that time;

- (ee) thirty-first, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (“*Allocation of Liquidation Losses*”), all Class B-3 Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class B-3 Carryover Charge-Offs that remain unreimbursed at that time;
- (ff) thirty-second, in allocation to the Principal Repayment Fund of an amount equal to the aggregate of:
  - (i) first, pursuant to section 8.16 (“*Allocation of Liquidation Losses*”), all Class C Charge-Offs on the preceding Determination Date; and
  - (ii) second, all Class C Carryover Charge-Offs that remain unreimbursed at that time;
- (gg) thirty-third, in allocation to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve is equal to the Required Extraordinary Expense Reserve Balance;
- (hh) thirty-fourth, towards payment to the Interest Rate Swap Providers or any Counterparty of any outstanding break costs payable in relation to an Interest Rate Swap Agreement or a Derivative Contract (as applicable) where the relevant Counterparty is the “defaulting party” or sole “affected party” (including interest at the Bank Bill Rate plus 2% on such costs not paid to the Interest Rate Swap Providers or a Counterparty in any month and to the extent not paid from any premium received from a replacement Interest Rate Swap Provider or Counterparty (as applicable)) and any other amounts owing to the Interest Rate Swap Providers or a Counterparty (as applicable) that are not in the nature of principal and which are not otherwise described in this section 8.14 (“*Distribution of Total Interest Collections*”);
- (ii) thirty-fifth, in payment pari passu and rateably of any Residual Class B-1 Interest due and payable to the Holder of the Class B-1 Notes on that Payment Date;
- (jj) thirty-sixth, in payment pari passu and rateably of any Unpaid Residual Class B-1 Interest on the Class B-1 Notes owing at that time;
- (kk) thirty-seventh, in payment pari passu and rateably of any Residual Class B-2 Interest due and payable to the Holders of the Class B-2 Notes on that Payment Date;
- (ll) thirty-eighth, in payment pari passu and rateably of any Unpaid Residual Class B-2 Interest on the Class B-2 Notes owing at that time;
- (mm) thirty-ninth, in payment of any Residual Class B-3 Interest due and payable to the Holders of the Class B-3 Notes on that Payment Date;
- (nn) fortieth, in payment pari passu and rateably of any Unpaid Residual Class B-3 Interest on the Class B-3 Notes owing at that time;
- (oo) forty-first, in payment of any Residual Class C Interest due and payable to the Holders of the Class C Notes on that Payment Date;
- (pp) forty-second, in payment pari passu and rateably of any Unpaid Residual Class C Interest on the Class C Notes owing at that time;
- (qq) forty-third, the Tax Shortfall (if any) for that Payment Period;
- (rr) forty-fourth, the Tax Amount (if any) for that Payment Period; and

- (ss) forty-fifth, in payment pari passu and rateably of any other amounts that are not in the nature of principal that are payable by Firstmac under the Transaction Documents not otherwise described in this section 8.14 (“*Distribution of Total Interest Collections*”); and
- (tt) forty-sixth, at the irrevocable direction of the Residual Income Unitholder (such direction being given by its execution of the Supplementary Terms Notice), in payment of any amounts that are scheduled to be paid under any applicable financing arrangements which are secured by the Residual Income Unit during the period from and including the relevant Payment Date to (but excluding) the next Payment Date.

Firstmac will only make a payment under any of paragraphs 8.14(a) to 8.14(tt) inclusive to the extent that any Total Interest Collections from which to make the payment remains after amounts with priority to the payment amount have been paid and distributed in full.

### 8.15 Distribution of income of Trust

On each Payment Date, after all amounts of Total Interest Collections are paid in accordance with section 8.14 (“*Distribution of Total Interest Collections*”), Firstmac must, to the extent any surplus amount remains, distribute such amount to the Residual Income Unitholder (by way of distribution of the income of the Series). Any amounts distributed in accordance with section 8.14(tt) (“*Distribution of Total Interest Collections*”) will also be by way of distribution of the income of the Trust.

### 8.16 Allocation of Liquidation Losses

On any Determination Date or on the Final Maturity Date (as the case may be), if the Manager determines that there are Liquidation Losses during the immediately preceding Collection Period, the Manager must allocate those Liquidation Losses in the following order:

- (a) first, towards the Class C Notes until the amount so allocated equals the Stated Amount of the Class C Notes (such amount being a “**Class C Charge-Off**”);
- (b) second, upon the Class C Charge-Off equalling the Stated Amount of the Class C Notes as a result of the application of this section, towards the Class B-3 Notes until the amount so allocated equals the Stated Amount of the Class B-3 Notes (such amount being a “**Class B-3 Charge-Off**”);
- (c) third, upon the Class B-3 Charge-Off equalling the Stated Amount of the Class B-3 Notes as a result of the application of this section, towards the Class B-2 Notes until the amount so allocated equals the Stated Amount of the Class B-2 Notes (such amount being a “**Class B-2 Charge-Off**”);
- (d) fourth, upon the Class B-2 Charge-Off equalling the Stated Amount of the Class B-2 Notes as a result of the application of this section, towards the Class B-1 Notes until the amount so allocated equals the Stated Amount of the Class B-1 Notes (such amount being a “**Class B-1 Charge-Off**”);
- (e) fifth, upon the Class B-1 Charge-Off equalling the Stated Amount of the Class B-1 Notes as a result of the application of this section, towards the Class AB Notes until the amount so allocated equals the Stated Amount of the Class AB Notes (such amount being a “**Class AB Charge-Off**”);
- (f) sixth, upon the Class AB Charge-Off equalling the Stated Amount of the Class AB Notes as a result of the application of this clause, towards the Class A-2 Notes until the amount so allocated equals the Stated Amount of the Class A-2 Notes (such amount being a “**Class A-2 Charge-Off**”); and
- (g) seventh, upon the Class A-2 Charge-Off equalling the Stated Amount of the Class A-2 Notes as a result of the application of this section, towards pari passu and rateably, the Class A-1 Notes and the FastPay Notes until the amount so allocated equals the Stated Amount of the Class A-1 Notes and the Stated Amount of the FastPay Notes

(such amount being respectively a “**Class A-1 Charge-Off**” and “**FastPay Charge-Off**”).

### 8.17 Carryover Charge-Offs

If, on any Determination Date, the Charge-Offs for that Determination Date exceed the aggregate of the amount of the Total Interest Collections available for allocation to the Principal Repayment Fund in respect of Class C Charge-Offs, Class B-3 Charge-Offs, Class B-2 Charge-Offs, Class B-1 Charge-Offs, Class AB Charge-Offs, Class A-2 Charge-Offs, Class A-1 Charge-Offs and FastPay Charge-Offs in accordance with sections 8.14(z), 8.14(aa), 8.14(bb), 8.14(cc), 8.14(dd), 8.14(ee) and 8.14(ff) (“*Distribution of Total Interest Collections*”) on that Determination Date, then the Manager must direct Firstmac to, on and with effect from the next Payment Date:

- (a) allocate such excess to the Class C Notes until such excess allocated equals the Stated Amount of the Class C Notes (such amount being a “**Class C Carryover Charge-Off**”);
- (b) upon the amount allocated under paragraph (a) being equal to the Stated Amount of the Class C Notes, allocate such excess to the Class B-3 Notes until such excess allocated equals the Stated Amount of the Class B-3 Notes (such amount being a “**Class B-3 Carryover Charge-Off**”);
- (c) upon the amount allocated under paragraph (b) being equal to the Stated Amount of the Class B-3 Notes, allocate such excess to, pari passu and rateably, the Class B-2 Notes until such excess allocated equals the Stated Amount of the Class B-2 Notes (such amount being a “**Class B-2 Carryover Charge-Off**”);
- (d) upon the amount allocated under paragraph (c) being equal to the Stated Amount of the Class B-2 Notes, allocate such excess to, pari passu and rateably, the Class B-1 Notes until such excess allocated equals the Stated Amount of the Class B-1 Notes (such amount being a “**Class B-1 Carryover Charge-Off**”);
- (e) upon the amount allocated under paragraph (d) being equal to the Stated Amount of the Class B-1 Notes, allocate such excess to, pari passu and rateably, the Class AB Notes until such excess allocated equals the Stated Amount of the Class AB Notes (such amount being a “**Class AB Carryover Charge-Off**”);
- (f) upon the amount allocated under paragraph (e) being equal to the Stated Amount of the Class AB Notes, allocate such excess to, pari passu and rateably, the Class A-2 Notes until such excess allocated equals the Stated Amount of the Class A-2 Notes (such amount being a “**Class A-2 Carryover Charge-Off**”); and
- (g) upon the amount allocated under paragraph (f) being equal to the Stated Amount of the Class A-2 Notes, allocate such excess to, pari passu and rateably, the Class A-1 Notes and the FastPay Notes until such excess allocated equals the Stated Amount of the Class A-1 Notes and the Stated Amount of the FastPay Notes (such amount being respectively a “**Class A-1 Carryover Charge-Off**” and “**FastPay Carryover Charge-Off**”).

Amounts charged off may be reinstated in accordance with section 8.18 (“*Reinstatement of Carryover Charge-Offs*”).

### 8.18 Reinstatement of Carryover Charge-Offs

To the extent that, on any Determination Date, amounts are available for allocation to the Principal Repayment Fund in respect of Class C Carryover Charge-Offs, Class B-3 Carryover Charge-Offs, Class B-2 Carryover Charge-Offs, Class B-1 Carryover Charge-Offs, Class AB Carryover Charge-Offs, Class A-2 Carryover Charge-Offs, Class A-1 Carryover Charge-Offs and FastPay Carryover Charge-Offs in accordance with sections 8.14(z), 8.14(aa), 8.14(bb), 8.14(cc), 8.14(dd), 8.14(ee) and 8.14(ff) (“*Distribution of Total Interest Collections*”), then that amount will be applied on the next Payment Date to increase respectively:

- (a) in respect of section 8.14(z) (“*Distribution of Total Interest Collections*”), pari passu and rateably, the Stated Amount of the FastPay Notes and the Stated Amount of the Class A-1 Notes until the Stated Amount of the relevant Note equals the Invested Amount of that Note;
- (b) in respect of clause 8.14(aa) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class A-2 Notes until the Stated Amount of the Class A-2 Notes equals the Invested Amount of the Class A-2 Notes;
- (c) in respect of section 8.14(bb) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class AB Notes until the Stated Amount of the Class AB Notes equals the Invested Amount of the Class AB Notes;
- (d) in respect of section 8.14(cc) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class B-1 Notes until the Stated Amount of the Class B-1 Notes equals the Invested Amount of the Class B-1 Notes;
- (e) in respect of section 8.14(dd) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class B-2 Notes until the Stated Amount of the Class B-2 Notes equals the Invested Amount of the Class B-2 Notes;
- (f) in respect of section 8.14(ee) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class B-3 Notes until the Stated Amount of the Class B-3 Notes equals the Invested Amount of the Class B-3 Notes; and
- (g) in respect of section 8.14(ff) (“*Distribution of Total Interest Collections*”), the Stated Amount of the Class C Notes until the Stated Amount of the Class C Notes equals the Invested Amount of the Class C Notes.

#### **8.19 Distribution of Principal Repayment Fund**

At the direction of the Manager, Firstmac must pay the following items in the following order of priority out of the Principal Repayment Fund on each Payment Date:

- (a) first, to allocate to Total Interest Collections the amount of any Principal Draw to be provided on that Payment Date in accordance with section 8.11 (“*Principal Draw*”);
- (b) second, to repay or reimburse subject to the Supplementary Terms Notice, any Redraws provided in relation to a Receivable to the extent that it has not previously been repaid or reimbursed;
- (c) third, pari passu and rateably to Holders of FastPay Notes, of an amount up to the remainder of the Principal Repayment Fund until the Invested Amount of the FastPay Notes has been reduced to zero;
- (d) fourth;
  - (i) if the Pro Rata Test has been satisfied on that Payment Date, an amount up to the remainder of the Principal Repayment Fund will be paid in the following order:
    - (A) an amount equal to the Class A-1 Pro Rata Amount, pari passu and rateably to pay the Holders of the Class A-1 Notes, until the Invested Amount of the Class A-1 Notes has been reduced to zero;
    - (B) an amount equal to the Class A-2 Pro Rata Amount, pari passu and rateably to pay the Holders of the Class A-2 Notes, until the Invested Amount of the Class A-2 Notes has been reduced to zero; and
    - (C) an amount equal to the Class AB Pro Rata Amount, pari passu and rateably to pay the Holders of any Class AB Notes, until the Invested Amount of the Class AB Notes has been reduced to zero; and

- (D) an amount equal to the Class B-1 Pro Rata Amount, pari passu and rateably to pay the Holders of any Class B-1 Notes, until the Invested Amount of the Class B-1 Notes has been reduced to zero; and
  - (E) an amount equal to the Class B-2 Pro Rata Amount, pari passu and rateably to pay the Holders of any Class B-2 Notes, until the Invested Amount of the Class B-2 Notes has been reduced to zero; and
  - (F) an amount equal to the Class B-3 Pro Rata Amount, pari passu and rateably to pay the Holders of any Class B-3 Notes, until the Invested Amount of the Class B-3 Notes has been reduced to zero; and
- (ii) if the Pro Rata Test has not been satisfied on that Payment Date, an amount up to the remainder of the Principal Repayment Fund will be paid in the following order:
- (A) first, pari-passu and rateably to pay the Holders of any Class A-1 Notes and Holders of Class A-2 Notes until the Invested Amount of the Class A-1 Notes and the Class A-2 Notes has been reduced to zero;
  - (B) second, pari passu and rateably to pay the Holders of the Class AB Notes until the Invested Amount of the Class AB Notes has been reduced to zero;
  - (C) third, pari passu and rateably to pay the Holders of any Class B-1 Notes, until the Invested Amount of the Class B-1 Notes has been reduced to zero;
  - (D) fourth, pari passu and rateably to pay the Holders of the Class B-2 Notes until the Invested Amount of the Class B-2 Notes has been reduced to zero;
  - (E) fifth, pari passu and rateably to pay the Holders of the Class B-3 Notes until the Invested Amount of all Class B-3 Notes has been reduced to zero;
- (e) fifth, pari passu and rateably to pay the Holders of the Class C Notes until the Invested Amount of all Class C Notes has been reduced to zero; and
- (f) sixth, the balance to the Residual Income Unitholder.

Firstmac will only make a payment under any of paragraphs (a) to (f) inclusive to the extent that any funds comprising the Principal Repayment Fund remain from which to make the payment after accounts with priority to that amount have been paid and distributed in full.

## 8.20 Application of proceeds following an Enforcement Event

Following the occurrence of an Enforcement Event, the Security Trustee (in respect of an Enforcement Event under paragraph (a) of the definition of that term) and Firstmac (in respect of an Enforcement Event under paragraphs (b) of the definition of that term) must apply all moneys received by it in respect of the Collateral in the following order:

- (a) first, to each holder of a Security Interest in which the Security Trustee is aware and which has priority over the Security in relation to the Assets of the Series;
- (b) second, to pay rateably any fees, remuneration and any outgoings, liabilities, losses, costs, claims, demands, expenses, actions, damages, charges, stamp duties and other taxes due to or incurred by the Receiver or the Security Trustee;
- (c) third, to pay rateably any fees and any liabilities, losses, costs, claims, expenses, actions, damages, demands, charges, stamp duties and other taxes of the Manager,

Firstmac, the Servicer, the Custodian, the Registrar, the Standby Servicer and the Standby Trustee (whether or not acting as trustee of the Trust in respect of the Series) (other than any amounts owing by Firstmac to the Manager and the Servicer to be applied in accordance with paragraph (n) below for so long as Firstmac Limited is the Manager or the Servicer (as applicable));

- (d) fourth, to pay rateably other outgoings and liabilities that Firstmac or the Manager have incurred in acting under the Master Trust Deed and the Supplementary Terms Notice and which are not otherwise referred to in this section 8.20 (*“Application of proceeds following an Enforcement Event”*);
- (e) fifth, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Interest Rate Swap Providers and each Counterparty under the Interest Rate Swap Agreement and any Derivative Contract in respect of the Series (including any break costs payable to each Interest Rate Swap Provider and each Counterparty where the Interest Rate Swap Provider or the Counterparty (as applicable) is not the “defaulting party” or sole “affected party” but excluding any break costs payable to each Interest Rate Swap Provider and each Counterparty where the Interest Rate Swap Provider or that Counterparty (as applicable) is the “defaulting party” or sole “affected party”);
- (f) sixth, pari passu and rateably in payment of all amounts due and payable by Firstmac to:
  - (i) the Holders of FastPay Notes (if any); and
  - (ii) the Holders of Class A-1 Notes; and
- (g) seventh pari passu and rateably in payment of all amounts due and payable by Firstmac to Holders of Class A-2 Notes;
- (h) eighth, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Holders of Class AB Notes;
- (i) ninth, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Holders of Class B-1 Notes;
- (j) tenth, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Holders of Class B-2 Notes;
- (k) eleventh, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Holders of Class B-3 Notes;
- (l) twelfth, pari passu and rateably of any other amounts owing to the Interest Rate Swap Providers and the Counterparties under the Interest Rate Swap Agreements and the Derivative Contracts (as applicable) not otherwise paid under paragraph (e) above;
- (m) thirteenth, pari passu and rateably in payment of all amounts due and payable by Firstmac to the Holders of Class C Notes;
- (n) fourteenth, for so long as Firstmac Limited is the Manager and/or the Servicer, in payment pari passu of all amounts owing by Firstmac to the Manager and the Servicer under the Master Management Deed and the Master Servicer Deed (respectively) in respect of the Series or any fees owed by Firstmac under a broker agreement; and
- (o) fifteenth, to pay any surplus to Firstmac to be distributed in accordance with the terms of the Master Trust Deed and the Supplementary Terms Notice.

The proceeds of any Collateral which:

- (i) is Swap Collateral; or



- (ii) otherwise represents moneys or proceeds received by the Security Trustee or a Receiver in respect of Collateral which is Swap Collateral,

must not be distributed in accordance with this section 8.20 (“*Application of proceeds following an Enforcement Event*”).

Any such Swap Collateral or moneys received in respect of Swap Collateral (as applicable) shall (subject to the operation of any netting provisions in the relevant Interest Rate Swap or Derivative Contract) be returned to the relevant Interest Rate Swap Provider or Counterparty following the occurrence of an Enforcement Event except to the extent that the relevant Interest Rate Swap or Derivative Contract requires it to be applied to satisfy any obligation owed to Firstmac by the relevant Interest Rate Swap Provider or Counterparty, as the case may be.

## 8.21 Redesignation

No Further Advance may be made in respect of any Housing Loan which is an Asset of the Series. Without limiting the foregoing, if, in respect of a Housing Loan:

- (a) the relevant Debtor requests that a Further Advance be provided in respect of that Housing Loan and the Servicer notifies the Manager that it proposes to consent to the making of such Further Advance; or
- (b) the relevant Debtor requests that a Redraw be provided in respect of that Housing Loan and:
  - (i) the Servicer notifies the Manager that it proposes to consent to the making of such Redraw;
  - (ii) the Manager forms the view that the Collections that are available to fund that Redraw in accordance with section 8.3 (“*Distributions made during a Collection Period*”) is less than the amount of such Redraw; and
  - (iii) the Manager is unable to direct Firstmac to issue FastPay Notes in accordance with the Supplementary Terms Notice in respect of such Redraw; or
- (c) the relevant Debtor requests that the variable interest rate on that Housing Loan be converted to a fixed rate of interest and:
  - (i) the Servicer notifies the Manager that it proposes to consent to such conversion; and
  - (ii) the Manager forms the view that the Servicer is prohibited from consenting to that conversion in accordance with the Supplementary Terms Notice,

then the Manager may direct Firstmac to deliver a Receivables Transfer Statement in respect of that Housing Loan in accordance with the Master Trust Deed. See section 4.22 (“*The features of the Housing Loans may change, which could affect the timing and amount of payments to you*”).

## 9 Transaction Structure

### 9.1 Master Trust Deed

The Master Trust Deed was entered into with the Security Trustee to enable Firstmac to acquire, originate and securitise Receivables and Related Securities. Separate trusts may, from time to time, be constituted under the Master Trust Deed. Each trust is separate and distinct from any other trust under the Master Trust Deed and the assets of each trust will not be available to meet the liabilities of any other trust. The terms of each trust will be governed by the Master Trust Deed and the specific terms of each trust will be set out in a supplementary terms notice for the trust.

### 9.2 The Trust

The Firstmac Mortgage Funding Trust No. 4 is a common law trust established on 2 June 2014 by the Manager under the laws of New South Wales. The Trust may only act through Firstmac in its capacity as trustee of the Trust. Accordingly references to actions or obligations of Firstmac refer to such actions or obligations of the Trust.

### 9.3 Series Segregation

The Trust is constituted by the Master Trust Deed. The assets of the Trust are allocated to separate "Series", each established by the execution of a "General Security Agreement" and "Supplementary Terms Notice" for that series by Firstmac as trustee in accordance with the Master Trust Deed.

The Series will comprise assets allocated to it by Firstmac and liabilities incurred by Firstmac as trustee in respect of the Series (including liabilities under the Notes) will be secured against those assets under the General Security Agreement for that Series.

The assets and liabilities of the Series are accounted for separately from those of any Other Series established under the Master Trust Deed and are not available in any circumstances to meet any obligations of Firstmac as trustee in respect of any other series. If, upon enforcement or realisation of the General Security Agreement, sufficient funds are not realised to discharge in full the obligations of Firstmac in respect of the Series, no further claims may be made against Firstmac in respect of such obligations and no claims may be made against any of its assets.

An Event of Default in respect of the Series will not constitute an event of default in respect of any Other Series of the Trust.

The Series will correspond to the issuance of Notes.

### 9.4 Firstmac as trustee

Firstmac is appointed as trustee of the Trust, pursuant to the existing Notice of Creation of Trust, on the terms set out in the Master Trust Deed and the Supplementary Terms Notice. Firstmac is paid a regular periodic fee (as agreed from time to time between Firstmac and the Manager).

#### ***Duties of Firstmac***

Under the Master Trust Deed, Firstmac undertakes to (among other things):

- (a) act continuously as trustee of the Trust until the Trust is terminated in accordance with the Master Trust Deed or until it has retired or been removed in accordance with the Master Trust Deed;
- (b) not create any security interest over, charge, or deal with, the Assets of the Series except in the manner permitted by the Transaction Documents;

- (c) not, except in the manner contemplated by the Transaction Documents, transfer or deal with the Assets of the Trust or merge the Assets of the Trust with any other assets of Firstmac (in its personal capacity or in its capacity as trustee of another trust);
- (d) prepare proper and adequate books of account in accordance with the Corporations Act and give the audited accounts in respect of the Series to the Security Trustee within 180 days of the end of each financial year; and
- (e) notify the Security Trustee as soon as practicable after becoming aware of an Event of Default (as defined below).

***Powers of Firstmac (as trustee)***

Firstmac has all the powers in respect of the Trust that it is legally possible for a natural person or corporation to have and as though it were the absolute and beneficial owner of the Assets of the Series. Such powers include the ability and power to borrow and raise funds (subject to the Transaction Documents) on the security of the Assets of the Series.

Firstmac may delegate its powers and will not be liable for the acts or omissions of any agent or delegate provided that:

- (a) Firstmac appoints the agent or delegate in good faith and using due care; and
- (b) the agent or delegate is not a related entity of Firstmac.

The Master Trust Deed contains customary provisions for a document of its type that regulate the performance by Firstmac of its duties and obligations and the protections afforded to Firstmac in doing so. In general, Firstmac's liability in all circumstances (and the recourse of the Secured Creditors) will be limited to the Assets of the Series unless Firstmac is fraudulent, grossly negligent or acted with wilful default.

***Termination***

Firstmac must immediately retire as trustee of the Trust if:

- (a) Firstmac (in its personal capacity) is insolvent;
- (b) Firstmac is in breach of a material obligation under the Transaction Documents and, where such breach is remediable, Firstmac has not remedied such breach within 90 days of becoming aware of it; or
- (c) required by law,

(each a "**Trustee Termination Event**").

Firstmac may also retire as trustee of the Trust upon giving 3 months' notice in writing to the Unitholders and Secured Creditors. The retirement takes effect on the later to occur of the retirement date specified in the notice and the appointment of a replacement trustee.

***Standby Trustee***

If Firstmac's appointment is terminated due to the occurrence of a Trustee Termination Event then, from the date of termination until the earlier of:

- (a) the appointment of a replacement trustee (subject to approval by an Extraordinary Resolution of the Holders of the then most senior Class of Notes (such approval not to be unreasonably withheld) and provided that a rating Notification has been given in respect of such appointment); and
- (b) the retirement of the Standby Trustee under the Master Trust Deed,

the Standby Trustee (or any other person appointed to act as its agent) must use its best endeavours to act as standby trustee with respect to the Transaction Documents in relation to the Trust upon the terms specified in the Master Trust Deed and to carry on and conduct its business in a proper and efficient manner as standby trustee.

The Standby Trustee will, regardless of the scope of its obligations from time to time, have all the rights and powers of Firstmac (in its capacity as trustee of the Trust) under the Transaction Documents which it may or may not exercise at its discretion. Neither the Standby Trustee nor its agent is liable for any loss, costs, liabilities or expenses arising out of it exercising or failing to exercise any powers or rights, or performing or failing to perform its obligations or duties as Standby Trustee, except where such acts or omissions amount to gross negligence, wilful default or fraud.

## 9.5 Receivables and Related Securities

The “**Receivables**” to be acquired by Firstmac will consist of Housing Loans originated by the Originators which satisfy the parameters set out in section 15 (“*Receivables Parameters*”).

Any Related Securities will also be assigned to the Trust upon transfer of the Receivables.

Under clause 3.4 (“*Asset representations and warranties*”) of the Supplementary Terms Notice the Servicer will give the following representations and warranties to each other party to the Supplementary Terms Notice in relation to each Receivable Redesignated as an Asset of the Series (as at the Cut)off Date for the Receivable):

- (a) the Receivable is an Eligible Receivable ;
- (b) since the Receivable was entered into, the Receivable has been serviced in a manner which is consistent with the Servicing Procedures and applicable law (including the Consumer Credit Code);
- (c) no notice of insolvency or bankruptcy of the Debtor has been received nor any notice that the Debtor does not have the legal capacity to enter into the Receivable;
- (d) the Custodian holds, in accordance with the Servicing Procedures, all documents necessary to enforce the provisions of, and the security created by, the Receivable and each Related Security;
- (e) except if the Receivable is subject to a fixed rate of interest at any time and except as may be provided by applicable laws or any provision of any law, regulation or code of conduct, the interest payable on the Receivable is not subject to any limitation and no consent, additional memoranda or other writing is required from the Debtor to give effect to a change in the interest rate payable on the Receivable and any change will be effective on notice being given to the Debtor in accordance with the terms of the Receivable;
- (f) no Debtor Insolvency Event has occurred and is subsisting in respect of any Debtor; and
- (g) in respect of each Receivable which is not insured under a Mortgage Insurance Policy:
  - (i) that Receivable was originated in accordance with the Servicing Procedures to the same credit requirements as that for Receivable which are insured under a Mortgage Insurance Policy;
  - (ii) at the time of approval, that Receivable satisfied the criteria of the Mortgage Insurers; and
  - (iii) at the time of approval and in the Manager’s reasonable opinion, that Receivable was eligible to be insured under a Mortgage Insurance Policy.

In addition, under clause 3.6 (“*Seller representations and warranties*”) of the Supplementary Terms Notice, the Seller will give the following representations and warranties to each other party to the Supplementary Terms Notice:

- (a) it has been duly incorporated as a company limited by shares in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) it has power to enter into and observe its obligations under the Supplementary Terms Notice and to carry out the transactions contemplated by it;
- (c) each authorisation which is required in relation to:
  - (i) the execution, delivery and performance by it of the Supplementary Terms Notice and the transactions contemplated by it; and
  - (ii) the validity and enforceability of it,has been obtained or effected and each is in full force and effect. It has complied with such authorisation and has paid all applicable fees for each of them;
- (d) its obligations under the Supplementary Terms Notice are valid and binding and are enforceable against it in accordance with their terms (subject to laws relating to insolvency and creditors’ rights generally including the PPSA);
- (e) the execution, delivery and performance by it of the Supplementary Terms Notice does not and will not violate in any respect any material provision of:
  - (i) any law, regulation, authorisation, ruling, consent, judgement, order or decree of any Governmental Agency; or
  - (ii) the constitution of the Trust;
- (f) it has good title to each Receivable specified in the Receivables Transfer Statement, free of any Encumbrance (other than a Permitted Encumbrance);
- (g) upon acquisition pursuant to a Redesignation of any Receivable in accordance with clause 16 (“*Disposal of Receivables*”) of the Master Trust Deed, Firstmac will receive good title to such Receivables free of any Encumbrance (other than a Permitted Encumbrance);
- (h) no Insolvency Event has occurred in respect of it;
- (i) each Receivable specified in a Receivables Transfer Statement was not entered into in contravention of any applicable law which would result in a Material Adverse Effect;
- (j) each Receivable specified in a Receivables Transfer Statement is enforceable in accordance with its terms against the relevant Debtor;
- (k) each Receivable specified in a Receivables Transfer Statement was entered into in good faith;
- (l) no Debtor was required to open or maintain a deposit account with the relevant FirstSub in relation to or as a precondition of entering into each relevant Receivable;
- (m) no notice of insolvency or bankruptcy of any Debtor has been received nor any notice that any Debtor does not have the legal capacity to enter into any relevant Receivable, which is an Asset of the Series;
- (n) other than in respect of priorities granted by statute (other than the PPSA), it has not received notice from any person that claims to have an Encumbrance ranking in

priority to or equal with any relevant Receivable, which is an Asset of the Series, or its Related Security (if any);

- (o) except if a relevant Receivable is subject to a fixed rate of interest at any time and except as may be provided by applicable laws or any provision of any law, regulation or code of conduct which is binding on it, the interest payable on the Receivable, which is an Asset of the Series, is not subject to any limitation and no consent, additional memoranda or other writing is required from the Debtor to give effect to a change in the interest rate payable on each such Receivable and any change will be effective on notice being given to the Debtor in accordance with the terms of any such Receivable;
- (p) it is lawfully entitled to assign each Receivable upon the terms and conditions of the Receivables Transfer Statement and no consent to the sale and assignment of any Receivable or notice of that sale and assignment is required to be given by or to any person including, without limitation, any Debtor;
- (q) at the time each Receivable, which is an Asset of the Series, was entered into, all necessary steps were taken to ensure that the related Mortgage complied with all legal requirements applicable at that time to be a first ranking registered mortgage (subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise) secured over Land, subject to stamping and registration in due course; and
- (r) the sale of the relevant Receivable would not be held by a court to constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency laws.

Under clause 3.5 ("*Servicer representations and warranties*") of the Supplementary Terms Notice, the Servicer will give the following representations and warranties to each other party to the Supplementary Terms Notice:

- (a) it and each FirstSub has been duly incorporated as a company limited by shares in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) it and each FirstSub has power to enter into and observe its obligations under the Transaction Documents and to carry out the transactions contemplated by them;
- (c) each authorisation which is required in relation to:
  - (i) the execution, delivery and performance by it and each FirstSub of the Transaction Documents and the transactions contemplated by them; and
  - (ii) the validity and enforceability of them,

has been obtained or effected and each is in full force and effect. It and each FirstSub have complied with such authorisations and have paid all applicable fees for each of them;
- (d) its and each FirstSub's obligations under the Transaction Documents are valid and binding and are enforceable against it and each FirstSub (as applicable) in accordance with their terms (subject to laws relating to insolvency and creditors' rights generally including the PPSA);
- (e) the execution, delivery and performance by it and each FirstSub of the Transaction Documents does not and will not violate in any respect any material provision of:
  - (i) any law, regulation, authorisation, ruling, consent, judgement, order or decree of any Governmental Agency; or

- (ii) its and each FirstSub's constitution;
- (f) in respect of any Receivable which is an Asset of the Series, either:
  - (i) each FirstSub; or
  - (ii) Firstmac,

has legal title to the Receivables free of any Encumbrance (other than a Permitted Encumbrance);
- (g) no Insolvency Event has occurred in respect of it and each FirstSub;
- (h) in respect of any Receivable which is an Asset of the Series, each Receivable was not entered into in contravention of any applicable law (including the Consumer Credit Code) which would result in a Material Adverse Effect;
- (i) in respect of any Receivable which is an Asset of the Series, each Receivable is enforceable in accordance with its terms against the relevant Debtor;
- (j) in respect of any Receivable which is an Asset of the Series, each Receivable is an Eligible Receivable as at the Cut-Off Date for that Receivable;
- (k) in respect of any Receivable which is an Asset of the Series, each Receivable was entered into in good faith;
- (l) in respect of any Receivable which is an Asset of the Series, at the time the Receivable (and any Related Security) was originated, the Receivable and any Related Securities were originated in good faith and in the ordinary course of its or the Originator's (as applicable) business and in accordance with its origination manual;
- (m) in respect of any Receivable which is an Asset of the Series, since each Receivable was entered into, the Receivable, has been serviced in a manner which is consistent with the Servicing Procedures and applicable law (including the Consumer Credit Code) and it has complied with the Servicing Procedures and applicable law (including the Consumer Credit Code);
- (n) in respect of any Receivable which is an Asset of the Series, no notice of insolvency or bankruptcy of any Debtor has been received nor any notice that any such Debtor does not have the legal capacity to enter into the Receivable;
- (o) that:
  - (i) it has delivered to the Custodian all documents necessary to enforce the provisions of, and the security created by, the Receivables and each Related Security (if any); and
  - (ii) in accordance with the Master Trust Deed, the Custodian holds all such documents;
- (p) in respect of any Receivable which is an Asset of the Series, other than in respect of priorities granted by statute other than the PPSA, it and each FirstSub have not received notice from any person that claims to have an Encumbrance ranking in priority to or equal with any Receivables or Related Security;
- (q) in respect of any Receivable which is an Asset of the Series, except if a Receivable is subject to a fixed rate of interest at any time and except as may be provided by applicable laws or any provision of any law, regulation or code of conduct which is binding on the relevant FirstSub, the interest payable on that Receivable is not subject to any limitation and no consent, additional memoranda or other writing is required from the Debtor to give effect to a change in the interest rate payable on that

Receivable and any change will be effective on notice being given to the Debtor in accordance with the terms of that Receivable;

- (r) in respect of any Receivable which is an Asset of the Series, the Seller is lawfully entitled to assign the Receivable and no consent to the sale and assignment of that Receivable or notice of that sale and assignment is required to be given by or to any person including, without limitation, any Debtor;
- (s) in respect of any Receivable which is an Asset of the Series, at the time each Receivable was entered into, all necessary steps were taken to ensure that the related Mortgage complied with all legal requirements applicable at that time to be a first ranking registered mortgage (subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise) secured over Land, subject to stamping and registration in due course; and
- (t) in respect of any Receivable which is an Asset of the Series, any sale or Redesignation of a Receivable to Firstmac will not be held by a court to constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency laws.

## 9.6 The Manager

Firstmac Limited has been appointed as a Manager under the Master Management Deed and the Supplementary Terms Notice to carry on the day to day administration, supervision and management of each Series in respect of the Trust. The Manager is paid a regular periodic fee (as agreed from time to time between Firstmac and the Manager, but not to be increased unless a Rating Notification has been given in respect of such increase).

### *Duties of the Manager*

Under the Master Management Deed, the Manager agrees to undertake the following duties (among others):

- (a) take all steps as it considers necessary or desirable to enable Firstmac to perform its obligations under the Transaction Documents or exercise its rights in respect of any present and future right, property or undertaking of Firstmac of whatever kind and wherever situated;
- (b) evaluate proposals in relation to the acquisition of Receivables and Related Securities;
- (c) open, close, maintain and operate the bank account of each Series in respect of the Trust;
- (d) maintain appropriate records and prepare accounts and reports in respect of each Series in respect of the Trust as required;
- (e) notify the Security Trustee, Firstmac and each Current Rating Agency as soon as practicable after becoming aware of an Event of Default, a Manager Termination Event or a Servicer Termination Event (each as defined below); and
- (f) comply with the requirements of any relevant laws (including, where relevant, the requirements of the Consumer Credit Code) in exercising its rights and carrying out its obligations under the Master Management Deed.

### *Termination*

Upon the occurrence of certain events (each a "**Manager Termination Event**"), the appointment of the Manager may be terminated. The Manager may also retire from the management of each Series in respect of the Trust upon giving 3 months' notice in writing, or such lesser time as the Manager and Firstmac agree, provided that the Manager may not retire unless:



- (a) it has appointed a replacement manager which is acceptable to Firstmac, the Security Trustee and each Current Rating Agency; and
- (b) the replacement manager executes a deed under which it covenants to act as Manager on, substantially, the same terms and for a fee determined on a market basis.

If a Manager's appointment is terminated due to the occurrence of a Manager Termination Event then from the date of termination until the earlier of:

- (a) the appointment of a replacement manager; and
- (b) the retirement of the Security Trustee as manager under the Transaction Documents,

the Security Trustee (or any another person appointed to act as its agent) must act as standby manager with respect to the Transaction Documents in relation to the Series and is required to carry on and conduct its business in a proper and efficient manner as standby manager. The Security Trustee is only required to perform the services specified in the Transaction Documents.

The Security Trustee when acting in this capacity will, regardless of the scope of its obligations from time to time, have all the rights and powers of the Manager under the Transaction Documents which it may or may not exercise at its discretion. Neither the Security Trustee nor its agent is liable for any loss, costs, liabilities or expenses arising out of it exercising or failing to exercise any powers or rights, or performing or failing to perform its obligations or duties as Manager, except where such acts or omissions amount to fraud, gross negligence or wilful default of the Security Trustee or its agent.

## 9.7 The Servicer

Under the Master Servicer Deed and the Supplementary Terms Notice, Firstmac Limited has been appointed as a Servicer to service, manage and administer the Receivables and Related Securities in respect of each Series in respect of the Trust until a Servicer Termination Event (defined below) occurs or where its appointment is terminated in respect of each Series in respect of the Trust. The Servicer agrees to service, manage and administer the Receivables and Related Securities at its expense using all proper care, skill and diligence, and all its experience and expertise in the management of Receivables and Related Securities, in accordance with (among other things) the Master Servicer Deed, the requirements of the Servicing Procedures and any written instructions given by Firstmac. The Servicer is paid a regular periodic fee (as agreed from time to time between Firstmac and the Servicer, but not to be increased unless a Rating Notification has been given in respect of such increase.

### ***Duties***

Under the Master Servicer Deed, the Servicer agrees to undertake the following duties in respect of each Series in respect of the Trust (among others):

- (a) take action to protect or enforce the terms of any Receivable or otherwise exercise any rights conferred under documentation or at law in relation to the Receivable and take such action and incur such expenses as are necessary for such protection, enforcement or exercise of rights in accordance with the Servicing Procedures;
- (b) set the interest rate charged (if that rate is a variable rate) on or any fees payable in respect of each Receivable on the instructions of the Manager;
- (c) prepare and collate all reasonably necessary performance statistics of the Receivables;
- (d) provide to Firstmac promptly from time to time such information, documents, records, reports or other information relating to the Receivables or the operations of the Servicer as may be reasonably requested by either of them;

- (e) on behalf of Firstmac, collect all Collections (defined in section 8.2 (“*Collections*”)) received by it in respect of each Receivable and remit any such Collections in the manner required by the Supplementary Terms Notice;
- (f) maintain any loan account in respect of any Receivable of each Series in respect of the Trust and give all notices, documents or statement required to be given under the Servicing Procedures to the relevant debtor; and
- (g) notify the Security Trustee, Firstmac and each Current Rating Agency as soon as practicable after becoming aware of a Servicer Termination Event (defined below).

### ***Termination***

Upon the occurrence of certain events (each a “**Servicer Termination Event**”), the appointment of the Servicer may be terminated. The Servicer may also retire upon giving to Firstmac 3 months’ notice in writing, or such lesser time as the Servicer and Firstmac agree, provided that the Servicer may not retire unless:

- (a) it has appointed a replacement Servicer which is acceptable to Firstmac, the Security Trustee and each Current Rating Agency; and
- (b) the replacement servicer executes a deed under which it covenants to act as Servicer on, substantially, the same terms and for a fee determined on a market basis.

### ***Standby Servicer***

If a Servicer’s appointment is terminated due to the occurrence of a Servicer Termination Event then from the date of termination until the earlier of:

- (a) the appointment of a replacement servicer; and
- (b) the retirement of the Standby Servicer under the Master Servicer Deed,

the Standby Servicer (or any another person appointed to act as its agent) must act as standby servicer with respect to the Transaction Documents in relation to the Series and is required to carry on and conduct its business in a proper and efficient manner as standby servicer. The Standby Servicer is only required to perform the services specified in the Master Servicer Deed (including without limitation, collecting Collections, preparing and issuing notices to debtors and setting the interest rate on Receivables in accordance with the relevant Loan Agreement) and will only be required to perform such other services as agreed with the Manager in writing from time to time.

The Standby Servicer will, regardless of the scope of its obligations from time to time, have all the rights and powers of the relevant Servicer under the Transaction Documents which it may or may not exercise at its discretion. Neither the Standby Servicer nor its agent is liable for any loss, costs, liabilities or expenses arising out of it exercising or failing to exercise any powers or rights, or performing or failing to perform its obligations or duties as Standby Servicer, except where such acts or omissions amount to fraud, gross negligence or wilful default of the Standby Servicer or its agent.

## **9.8 Security structure**

### ***Security Trustee***

The Master Trust Deed contains customary provisions for a document of this type that regulate the performance by the Security Trustee of its duties and obligations and the protections afforded to the Security Trustee in doing so. In addition, it contains provisions which regulate the steps that are to be taken by the Security Trustee upon the occurrence of an Event of Default. In general, if an Event of Default occurs, the Security Trustee will convene a meeting of the Secured Creditors of the Series to obtain directions as to what actions the Security Trustee should take in respect of the Collateral (as defined below).

### **General Security Agreement**

The Holders have the benefit of a security interest over all the Assets of the Series (the “**Collateral**”) under the General Security Agreement and the Master Trust Deed. The Security Trustee holds this security interest on behalf of the Secured Creditors (including the Holders) pursuant to the Master Trust Deed and the General Security Agreement and may enforce the security interest upon the occurrence of an Event of Default (as defined below).

### **Event of Default**

An “**Event of Default**” occurs if any of the following occurs in respect of the Series:

- (a) **(Failure to Pay)** Firstmac fails to pay any amount payable by it in respect of the Senior Obligations on time and in the manner required under the Transaction Documents unless, in the case of a failure to pay on time, Firstmac pays the amount within 5 Business Days of the due date;
- (b) **(other obligations)**
  - (i) Firstmac fails to perform or observe any other obligation or undertaking in respect of the Series expressed in, or given in relation to, any Transaction Document in respect of the Series; and
  - (ii) if the non-compliance can be remedied, does not remedy the non compliance within 7 Business Days,

and that failure has a Material Adverse Effect on the Senior Obligations;
- (c) **(General Security Agreement)** the General Security Agreement is not or ceases to be valid and enforceable or Firstmac breaches the terms of clause 3.1 (“*Restricted dealings*”) of the General Security Agreement;
- (d) **(representations and warranties)** any representation or warranty given by Firstmac in respect of the Series in any Transaction Document is incorrect when made or repeated and has a Material Adverse Effect on the Senior Obligations in respect of the Series;
- (e) **(Insolvency Event)**
  - (i) an Insolvency Event occurs in respect of Firstmac (in its capacity as trustee of the Trust) in respect of the Series; or
  - (ii) an Insolvency Event occurs in respect of Firstmac (in its personal capacity) and a new trustee or the Standby Trustee is not appointed within 60 days of the occurrence of the Insolvency Event;
- (f) **(Illegality)** any Transaction Document is:
  - (i) terminated or is or becomes void, or any other party becomes entitled to terminate, rescind or avoid any Transaction Document where such event results in a Material Adverse Effect on the Senior Obligations; and
  - (ii) illegal, unenforceable or of no force or effect;
- (g) **(Trust)** without the prior consent of the Security Trustee:
  - (i) the Trust is wound up, or Firstmac is required to wind up the Trust under the Master Trust Deed or applicable law, or the winding up of the Trust commences;
  - (ii) the Trust or Series is held or is conceded by Firstmac not to have been constituted or to have been imperfectly constituted;

- (iii) unless another trustee is contemporaneously and immediately appointed to the Trust under the Transaction Documents, Firstmac ceases to be solely authorised under the Trust to hold the property of the Series in its name and to perform its obligations under the Transaction Documents; or
- (iv) the Series is terminated; and
- (h) **(indemnity not exercisable)** Firstmac is (for any reason) not entitled to fully exercise its right of indemnity against the assets of the Trust in respect of the Series 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 Firstmac in writing to rectify them.

#### ***Other Default***

If any of the following occurs:

- (a) **(failure to remedy)** the failure described in the Events of Default above is remediable and Firstmac has not remedied it within 21 days after becoming aware of the failure;
- (b) **(Material Adverse Change)** a material adverse change occurs in relation to the Assets of the Series or the value of the Receivables which comprise the assets of the Series, as the case may be;
- (c) **(Servicer Termination Event)** a Servicer Termination Event has occurred in respect of the Series and, if capable of remedy, has not been remedied within 21 days of the occurrence of the Servicer Termination Event;
- (d) **(Title Perfection Event)** a Title Perfection Event has occurred in respect of the Series and, if capable of remedy, has not been remedied within 21 days of the occurrence of the Title Perfection Event;
- (e) **(Receivables Parameters)** any Receivable of the Series does not satisfy the Receivables Parameters and Firstmac does not remedy that breach within 30 days; or
- (f) **(other charges)** any charge granted or guarantee given by Firstmac, a Related Entity or the relevant FirstSub over its assets is void, voidable or unenforceable or action is taken to enforce it, or it loses the priority which it is intended to have,

the Servicer and Manager must indemnify Firstmac against any loss incurred, and, if appropriate, the relevant defaulting party must be replaced in accordance with the Master Servicer Deed, Master Management Deed or other relevant document, as the case may be.

#### ***Limited recourse to Security Trustee***

The Security Trustee's liability under the Transaction Documents is limited to the amount which it receives from Firstmac or a receiver in respect of the Collateral under the Master Trust Deed. This limitation will not apply to a liability of the Security Trustee to the extent that it is caused by the Security Trustee's fraud, gross negligence or wilful default.

#### ***Fees and indemnities***

Firstmac, under the Master Trust Deed, has agreed to pay to the Security Trustee from time to time a fee (as agreed to between Firstmac and the Security Trustee). Firstmac must also pay or reimburse the Security Trustee for all costs, charges and expenses incurred by the Security Trustee in connection with its obligations under the Transaction Documents, except to the extent such cost, charge or expense was incurred directly as a result of the Security Trustee's fraud, gross negligence or wilful default.

***Application of proceeds following an Event of Default***

Following the occurrence of an Event of Default and enforcement of the Security, the Security Trustee must apply all moneys received by it in respect of the Collateral in the order described in section 8.20 (“*Application of proceeds following an Enforcement Event*”).

***FirstSub guarantee and security***

The relevant FirstSub has entered into a guarantee in favour of the Security Trustee. Under that guarantee, the relevant FirstSub will guarantee the payment by Firstmac of the amounts due by Firstmac to the Secured Creditors. The obligations of the relevant FirstSub under the guarantee will be limited to the extent of the charge provided by the relevant FirstSub in favour of the Security Trustee over the legal title that the relevant FirstSub holds to the relevant Receivables. The relevant FirstSub will also grant an irrevocable power of attorney in favour of Firstmac to take certain actions if a Title Perfection Event occurs.

**9.9 Limited Recourse****(a) *Limitation on Firstmac’s liability***

The Transaction Documents in respect of the Series apply to Firstmac only in its capacity as trustee of the Trust and in no other capacity. A liability incurred by Firstmac acting in its capacity as trustee of a Trust in respect of the Series arising under or in connection with the Master Trust Deed or any other Transaction Document is limited to and can be enforced against Firstmac only to the extent to which it can be satisfied out of the Assets of the Series of which Firstmac is actually indemnified for the liability. This limitation of Firstmac’s liability applies despite any other provision of the Master Trust Deed or any other Transaction Document (other than as set out below) and extends to all liabilities and obligations of Firstmac in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Master Trust Deed or any other Transaction Document.

The parties other than Firstmac may not sue Firstmac in any capacity other than as trustee of the relevant Trust, including seeking the appointment of a receiver (except in relation to the Assets of the Series in respect of the relevant Trust), or a liquidator, an administrator or any similar person to Firstmac or prove in any liquidation, administration or arrangements of or affecting Firstmac (except in relation to the Assets of the Series).

The provisions of this Section limiting Firstmac’s liability do not apply to any obligation or a liability of Firstmac to the extent that it is not satisfied because under the Master Trust Deed or any other Transaction Document in relation to the Series or by operation of law there is a reduction in the extent of Firstmac’s indemnification out of the relevant Assets of the Series as a result of Firstmac’s fraud, gross negligence or wilful default.

Each Secured Creditor is taken to have acknowledged that the Manager and other parties are responsible, under the Master Trust Deed and the other Transaction Documents in relation to the Series to which the Manager or such other parties (as the case may be) are a party, for performing a variety of obligations relating to the Series. No act or omission of Firstmac (including any related failure to satisfy its obligations or breach of representation or warranty under the Master Trust Deed) will be considered fraud, gross negligence or wilful default for the purpose of the Master Trust Deed if and to the extent the act or omission was caused or contributed to by any failure by the Manager or any other person appointed by Firstmac under any Transaction Document (other than a person whose acts or omissions Firstmac is liable for in accordance with any Transaction Document) to fulfil its obligations relating to the Series or by any other act or omission of the Manager or any other such person regardless of whether or not the act or omission is purported to be done on behalf of Firstmac.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Master Trust Deed or any other Transaction Document has authority to act on behalf of Firstmac in a way that exposes Firstmac to any personal liability, and no act or omission of any such person will be considered fraud, gross negligence or wilful default of Firstmac for the purpose of the Master Trust Deed.

Firstmac is not obliged to do anything or refrain from doing anything under or in connection with the Master Trust Deed (including incur a liability) unless Firstmac's liability is limited in the same manner as set out in the Master Trust Deed.

The provisions of the Master Trust Deed described in this section 9.9(a) ("*Limitation on Firstmac's liability*"):

- (a) are paramount and apply regardless of any other provision of the Master Trust Deed or any other instrument, even a provision which seeks to apply regardless of any other provision;
- (b) survive and enure beyond any termination of the Master Trust Deed for any reason; and
- (c) are not severable from the Transaction Documents.

Notwithstanding any other provision of any other Transaction Document, Firstmac is not obliged to execute or do or omit to do anything (including any instrument), enter into any agreement or incur any obligation in connection with the Series unless Firstmac has received independent legal advice (if required by Firstmac) in relation to the act, omission, instrument, agreement, obligation or liability and unless Firstmac's liability in connection with the act, omission, instrument, agreement, obligation or liability is limited in a manner satisfactory to Firstmac.

(b) ***Indemnity***

Firstmac is indemnified out of the Assets in respect of the Series against any liability or loss arising from, and any Costs properly incurred in connection with, complying with its obligations or exercising its rights under the Transaction Documents in respect of the Series.

This indemnity does not extend to any liabilities, losses or Costs to the extent that they are due to Firstmac's fraud, gross negligence or wilful default.

For this purpose, "**wilful default**" means, in respect of Firstmac, any wilful failure to comply with or wilful breach of any of its obligations under the Master Trust Deed, other than a wilful failure or wilful breach which:

- (a) is in accordance with a lawful court order or direction or otherwise required by law; or
- (b) is in accordance with an instruction or direction from the Manager in respect of the Series; or
- (c) arose as a result of a breach by a person other than Firstmac or any other person contemplated by this section and performance of the action (or non-performance of which gave rise to such breach) is a precondition to Firstmac performing its obligations under the Master Trust Deed.

(c) ***No restriction on action***

Nothing in the provisions of the Master Trust Deed referred to in sections 9.9(a) ("*Limitation on Firstmac's liability*") and 9.9(b) ("*Indemnity*") above are taken to impose any restriction upon the rights of the Residual Capital Unitholder, Residual Income Unitholder, the Holders, any other Secured Creditors or any other persons in respect

of a Trust or any Series to bring an action against Firstmac for loss or damage suffered by reason of Firstmac's fraud, gross negligence or wilful default.

(d) **Limited recourse**

Firstmac's liability in connection with the Transaction Documents of the Series (including any transaction in connection with them) may be discharged from, and the recourse of the Security Trustee and the Secured Creditors is limited to, only that part of the Collateral which relates to that Series.

The realisation of the Collateral which relates to the Series and its application towards the Secured Money of the Series in accordance with the Transaction Documents of the Series constitutes a complete discharge of Firstmac's liability to the Security Trustee and each Secured Creditor of that Series in connection with the Transaction Documents of that Series (including any transaction in connection with them).

(e) **No proceedings**

The Security Trustee, a Secured Creditor of the Series or any person acting on their behalf may not seek to recover any shortfall in the amounts which would otherwise be owing by Firstmac in connection with the Transaction Documents of a Series if section 9.9(d) ("*Limited recourse*") did not apply (being the shortfall after the realisation of that part of the Collateral which relates to that Series and its application towards the Secured Money of the Series). This includes bringing proceedings against Firstmac or applying to have Firstmac wound up.

However, the Security Trustee, a Secured Creditor or any person acting on one or more of their behalf, may:

- (a) do anything necessary to enforce their rights in connection with the Collateral of the Series; and
- (b) take proceedings to obtain:
  - (i) an injunction or other order to restrain any breach of the Transaction Documents of the Series by Firstmac; or
  - (ii) declaratory relief or other similar judgment or order as to the obligations of Firstmac under the Transaction Documents of the Series.

(f) **All liabilities of Firstmac subject to limited recourse**

Despite any other provision of the Transaction Documents, neither the Security Trustee nor any other person (including any Attorney appointed under the Security or any Receiver appointed to the Collateral of the Series) may incur any liability on behalf of Firstmac except a liability which is subject to this section.

## 9.10 Purchase and Origination of Housing Loans

### Origination of Housing Loans by Originators

In respect of the Housing Loans originated by the Originators in the name of a FirstSub, Firstmac has appointed each FirstSub as its agent to originate Housing Loans and Related Security in respect of each relevant trust pursuant to the terms of the Master Origination Deed. Each FirstSub undertakes to procure applications, approve loans and attend to the settlement of loans in accordance with:

- (a) the terms of the Master Origination Deed;
- (b) the requirements of any relevant Servicing Procedures;

- (c) the then current Receivables Parameters;
- (d) the requirements of any relevant Insurance Policy; and
- (e) any written instructions given by Firstmac or the Mortgage Insurer.

Pursuant to the terms of the Master Trust Deed, Firstmac in its capacity as trustee of the Trust in respect of a Relevant Series may dispose of its interest in the Receivables. Where Firstmac in its capacity as trustee of the Trust (including in respect of a Relevant Series) transfers Housing Loans to Firstmac, the beneficial interest in the Housing Loans is transferred from Firstmac in its capacity as trustee of the Trust in respect of a Relevant Series to Firstmac (in its capacity as trustee of the Trust and in respect of the Series). The legal title remains with the relevant FirstSub.

## 9.11 Interest Rate Swap Agreement

### General

Subject to the following paragraph, Firstmac will enter into the Interest Rate Swap with the Interest Rate Swap Provider to hedge the interest payable by the Debtors under the Housing Loans with the interest payable by Firstmac under the Notes. To the extent that Housing Loans to be acquired by the Series have already been hedged under swap agreements relating to another Relevant Trust or Relevant Series, the relevant swap transactions will be novated to the Interest Rate Swap Provider.

### Fixed Rate Loans

The Servicer has undertaken to ensure that the Outstanding Amount of Housing Loans with a fixed rate of interest is limited to an amount not exceeding 6% (or such other percentage in respect of which a Rating Notification has been given) of the Outstanding Amount of Housing Loans in respect of the Series at the time any fixed rate loan is being entered into.

The Manager agrees to ensure that:

- (a) any Housing Loans which as at the initial Issue Date are fixed rate loans, or were not fixed rate loans but which subsequently become fixed rate loans, are the subject of an Interest Rate Swap Agreement which ensures that:
  - (i) Firstmac's obligations under the Interest Rate Swap Agreement are to pay an amount calculated by multiplying the appropriate notional amount under the Interest Rate Swap Agreement by the weighted average interest rate on all such fixed rate Housing Loans; and
  - (ii) the interest rate on such Housing Loans (taking into account the relevant Interest Rate Swap Agreements) is at least equal to the one month Bank Bill Rate plus 2.50% per annum; and
- (b) no further Housing Loans convert to fixed rate loans:
  - (i) after the first Call Date; or
  - (ii) if the hedging arrangements referred to in paragraph (a) have not been effected when required by that paragraph.

### Interest Rate Swap Provider Downgrade

In respect of the Interest Rate Swap, in the case of Fitch, if at any time a Fitch Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must, at its own cost and within 30 days of that event (or such longer period as may apply in accordance the Interest Rate Swap Agreement):



- (a) novate all of that Interest Rate Swap Provider's rights and obligations under the Interest Rate Swap Agreement to a Fitch Eligible Replacement (as defined in the Interest Rate Swap Agreement);
- (b) arrange for the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by a Fitch Eligible Replacement; or
- (c) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes.

In respect of the Interest Rate Swap, in the case of Standard & Poor's, if an S&P Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must use commercially reasonable efforts to, at its own cost and within 60 days of that event (or such other period as may apply in accordance with the Interest Rate Swap Agreement) either:

- (a) novate all of the Interest Rate Swap Provider's rights and obligations under the Interest Rate Swap Agreement to an S&P Eligible Replacement (as defined in the Interest Rate Swap Agreement); or
- (b) arrange for the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by an S&P Eligible Replacement; or
- (c) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes,

in accordance with the terms of the Interest Rate Swap Agreement.

If the Interest Rate Swap Provider lodges cash collateral or any other collateral in accordance with the Interest Rate Swap Agreement with Firstmac, any interest or income on that cash collateral or interest or other income earned on any other collateral posted in accordance with the Interest Rate Swap Agreement will be paid to the Interest Rate Swap Provider, provided that any such interest or income will only be payable to the extent that any payment will not reduce the balance of the collateral to less than the amount required to be maintained.

Any cash collateral lodged by that Interest Rate Swap Provider or any other collateral posted by the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement with Firstmac will not form part of the Assets of the Series, except to the extent the cash collateral or other posted collateral is available to Firstmac under the terms of the Interest Rate Swap Agreement, and will not be applied as part of the Collections on a Payment Date or be available to the Secured Creditors upon an Enforcement Event.

Firstmac may only dispose of any investment acquired with the collateral lodged in accordance with paragraph (a) above or make withdrawals of the collateral lodged in accordance with paragraph (a) above if directed to do so by the Manager for certain purposes prescribed in the Interest Rate Swap Agreement.

The complete obligations of the Interest Rate Swap Provider following the downgrade of its credit rating is set out in the relevant Interest Rate Swap Agreement.

### **Early Termination**

A party to the Interest Rate Swap Agreement may have the right to terminate the Interest Rate Swap Agreement if (among other things):

- (a) the other party fails to make a payment under the Interest Rate Swap Agreement within 3 Business Days after notice of failure given to it;
- (b) certain insolvency related events occur in relation to the other party;

- (c) the other party merges with, or otherwise transfers all or substantially all of its assets to, another entity and the new entity does not assume all of that other party's obligations under the Interest Rate Swap Agreement; and
- (d) due to a change in or a change in interpretation of law, it becomes illegal for the other party to make or receive payments, perform its obligations under any credit support document or comply with any other material provision of the Interest Rate Swap Agreement.

The Interest Rate Swap Provider will also have the right to terminate an Interest Rate Swap Agreement if an Event of Default occurs and the Security Trustee has declared the Notes immediately due and payable.

Firstmac will also have the right to terminate the Interest Rate Swap Agreement if (among other things) the Interest Rate Swap Provider fails to comply with or perform any agreement or its obligations referred to in paragraphs (a) to (c) (inclusive) with respect to the relevant Current Rating Agency under the heading "Interest Rate Swap Provider Downgrade" above within the timeframes specified in that Interest Rate Swap Agreement.

The rights of the Interest Rate Swap Provider and Firstmac to terminate the Interest Rate Swap Agreement are subject to any limitations imposed in the Interest Rate Swap Agreement.

Firstmac may only terminate the Interest Rate Swap Agreement at the direction of the Manager. Subject to its duties under the Master Trust Deed and the Supplementary Terms Notice, Firstmac may exercise any rights in its capacity as holder of the Assets of the Series only on the instructions of the Manager and only after consultation between the Interest Rate Swap Provider, itself and the Manager.

#### **Replacement of Interest Rate Swap Agreement**

If the Interest Rate Swap Agreement is terminated prior to its scheduled termination date, the Manager and Firstmac may enter into one or more replacement interest rate swaps on terms and with a counterparty in respect of which the Manager has given a Rating Notification.

#### **9.12 Other Derivative Agreements**

Firstmac may from time to time enter into derivative transactions in order to hedge mismatches between the timing, amount, interest rate basis or other basis of calculation between amounts payable to Firstmac and amounts payable by Firstmac provided that such derivative transactions are entered into:

- (a) on terms in respect of which the Manager has given a Rating Notification; and
- (b) with a counterparty which has the Required Rating or any other counterparty in respect of which the Manager has given a Rating Notification.

Each such derivative transaction will be governed by the relevant Derivative Contract.

## 10 The Firstmac Group

### 10.1 Background to First Mortgage Company Pty Limited

First Mortgage Company Pty Limited (“**FMC**”) is a wholly Australian owned, privately held company, headquartered in Brisbane with offices in Sydney and Melbourne. FMC’s registered office is at Riverside Centre, Level 40, 123 Eagle Street, Brisbane, Queensland, 4000, Australia.

### 10.2 Background to Firstmac Limited

Firstmac Limited (“**FML**”) is a wholly Australian owned, privately held company, headquartered in Brisbane. Since 1988, FML’s core business has been the origination and management of prime residential home loans. In 2002 it established its own funding vehicle and undertook its first public residential mortgage-backed securities (“**RMBS**”) transaction in 2003. Since 2003, FML has been a consistent issuer of RMBS in the Australian domestic and European markets. In 2011, FML diversified away from a purely third party distribution model to include its own online retail business. FML continues to play a role in the evolution of the Australian home loan market into a more competitive market.

FML also has a loan portfolio servicer ranking of ‘STRONG’ from Standard & Poor’s (Australia) Pty Ltd and benefits from warehouse lending provided by Australian banking institutions.

### 10.3 Regulatory

FML holds an Australian Financial Services Licence and an Australian Credit Licence both issued by Australia’s corporate regulator, ASIC.

ASIC has set out as a regulatory requirement that FML appoint certain individuals (“**Responsible Managers**”) to perform supervisory and management functions in connection with FML’s business. Responsible Managers are required to perform specific tasks in a manner that is competent and in the best interests of the company and its clients. Responsible Managers are only approved by ASIC following a review of their suitability, including verification of business qualifications, expertise, and experience, together with confirmation of good fame and character. FML has appointed Responsible Managers who have been approved by ASIC.

As a holder of an Australian Credit Licence, FML is required to have satisfied ASIC that it meets acceptable standards with respect to financial resources, risk management, compliance and corporate governance.

### 10.4 Corporate Governance

FML is managed and directed by a four member board of directors, of which two are independent including FML’s Chairman. FML’s constituent documents set out the minimum quorum requirement for Board meetings – being two members.

The Board may from time to time issue documents containing statements for approval by Circular Resolution. In these cases resolutions are deemed to have been passed at the date and time where all directors have signed the resolution document.

The FML Board and senior management are charged with the oversight of FML’s compliance, risk and corporate governance structure. The corporate governance structure is comprised of the following:

1. FML Board;
2. FML Audit Committee;

3. FML Finance Management Committee;
4. FML Internal Audit Committee; and
5. FML Credit Committee.

Board sub-committees are governed by individual charters setting out:

1. The committee's purpose;
2. Eligibility and composition;
3. Meeting quorum and attendance;
4. Duties, responsibilities and powers;
5. Attendance; and
6. Reporting and assessment.

The Firstmac Group's corporate governance structure is also responsible for the establishment and maintenance of FML's risk management systems.

The Firstmac Group's risk management systems have been adopted by the Board following endorsement by the FML Audit Committee and present the framework whereby FML will manage risk in accordance with the principles outlined in the Australian Standard on Risk Management.

In addition, FML has business compliance policies and procedures that are regularly tested and reviewed. FML has independent audits conducted at least annually by external auditors.

Whilst privately owned the board is generally involved across major business activities and strategic initiatives. The board and management team are actively involved in the review of FML's operations and performance with regular oversight performed to oversee audit, finance, credit and fund management functions.

The executive management team have an average of 20 years experience and middle management has an average of approximately 10 years professional experience with backgrounds in accounting, law, risk management, property, finance, and funds management.

FML's policies generally require that FML senior risk and compliance staff undertake an audit on all loans following credit approval and prior to settlement. The audit is undertaken for fraud mitigation purposes and as a check on lending criteria compliance, and security and credit acceptability. This commitment to underwriting and risk management is reflected in FML's arrears and loss performance.

## **10.5 Internal Audit Regime**

FML has an internal audit function whose general purpose is to assess the effectiveness of FML's risk management framework, and the business' controls and governance processes. The internal audit function is supported by the Board and Audit Committees.

The primary objective of the internal audit function is to provide assistance to the business in the effective discharge of its business obligations. Certain internal audit services are directed towards providing assurances that FML's network of risk management, controls and governance processes, as designed and represented by management, are adequate and functioning in a manner for the following purposes:

1. Risks are appropriately identified and managed;
2. Interaction between internal audit and management occurs as required;

3. Significant financial and operating information is accurate, reliable and timely;
4. Business activities and operations remain in compliance with business policies, standards, procedures and applicable laws and regulations;
5. Quality and continuous improvement are achieved in FML's business processes;
6. Significant legislative and regulatory issues are recognised and addressed appropriately; and
7. Opportunities for business improvements are identified and implemented.

The internal auditor prepares on an annual basis an annual internal audit plan which identifies and prioritises individual audit tasks aligned to the business risk review. Audits typically are conducted in accordance with standard audit methodologies with the resulting reports being submitted independently to the FML Audit Committee.

#### **10.6 External Audit Program**

FML has engaged an external audit firm as its independent audit provider.

In addition, the audit firm has also been engaged to undertake annual reviews of FML's IT environment as well as its compliance with AFSL conditions.

#### **10.7 Relationship with transaction parties**

None of the Servicer, the Manager, the Calculation Agent, the Arrangers, the Class A-1 Joint Lead Managers, the Lead Manager, the Interest Rate Swap Provider, the Security Trustee, the Standby Trustee, the Custodian, the Standby Servicer, the Registrar, any Counterparty or any Mortgage Insurer is a subsidiary of, or is controlled by, Firstmac Fiduciary Services Pty Limited.

#### **10.8 Obligations of the Servicer and Manager**

See section 9.6 (*"The Manager"*) for details regarding the role of the Manager.

See section 9.7 (*"The Servicer"*) for details regarding the role of the Servicer.

## **11 Firstmac Residential Loan Program**

### **11.1 Housing Loan Origination**

All Housing Loans redesignated to this series have been originated by Firstmac Limited (“**FML**”) and First Mortgage Company Pty Limited (“**FMC**”) and have been approved in accordance with the Firstmac Residential Lending Policy, and FML as servicer represents and warrants that the Housing Loans conform to the requirements for Eligible Receivables.

#### **Origination duties**

##### *Portfolio Review*

The loan portfolio is regularly analysed to assess the level of concentration of risk in relation to valuers, borrowers, documentation type, loan-to-value (LTV) range, and security property location. Arrears performance is also reviewed to ascertain loan performance by introducer and to identify any particular trends or factors that may be evident.

##### *Hindsight credit reviews*

A review of all loan approvals are undertaken. This process is designed to verify that the required information is held on the loan files, loan criteria has been met and the loan is within lending parameters and the security represents acceptable security for lending purposes. Loan approvals are also scrutinised for possible fraud.

##### *Check valuations*

Check valuations are completed on selected loan applications either to provide some comfort where valuations may have left some questions unanswered or at random. Significant discrepancies between the valuation provided with the application and the check valuation are escalated for further investigation and consideration.

##### *Disbursement Schedule testing*

Solicitor disbursement schedules are also checked prior to settlement to ensure that disbursements are permissible and are consistent with the loan purpose disclosed. Questions may be raised in situations where disbursements are made to parties and/or in amounts which seem unusual in relation to the loan application.

##### *Watch List*

An “internal” watch list is maintained for use by credit staff. It identifies introducers whose historic record requires caution in regard to the quality of business written or whose association with other parties may be of concern.

##### *Valuers’ Panel*

The Valuers’ Panel is regularly reviewed and where necessary valuers are placed on notice in regard to valuations which, when test checked, fall substantially outside the check valuation. Where warranted, valuers are removed from the panel.

##### *Delinquency file audits*

Each quarter, a review is conducted of current delinquency files. This review is undertaken to ensure that the legal recovery process is progressing as it should be to facilitate an efficient recovery process and meets the requirements of the mortgage insurers.

### *Policies and Procedures*

FML maintains documented and centrally managed policies and procedures for all aspects of the origination process and servicing of the loan portfolio. These are accessed by way of the company's intranet site and updated as required.

### ***Distribution***

FML and FMC source Housing Loans applications through a Firstmac Group retail online business and through a network of accredited unrelated third party introducers. FML assumes administration responsibility for all aspects of the origination process including application processing, credit assessment and decisioning and loan settlement. Loans are sourced from all states and territories of Australia.

### ***Introducer Accreditation***

Prerequisites for accreditation are that the introducers, who in the main are corporate entities but may be individuals, be able to demonstrate a satisfactory level of industry expertise in the sourcing of loans consistent with regulatory requirements and lender credit quality expectation, assessing credit worthiness and managing customer relationships. The accreditation process also includes a site visit to the introducer's premises to assess systems and staffing support, document management and security, and where applicable, conduct interviews with key staff. Further requirements for accreditation are as follows:

- Resume and asset and liability statements for the principals, directors or major shareholders, as applicable
- Two forms of identification in respect of the introducer principals or directors as applicable
- Evidence of business/company registration
- Organisational chart and details of corporate structure
- Financial statements
- Evidence of required regulatory licencing
- Evidence of membership of an external dispute resolution scheme
- Evidence of industry body membership
- Provision of a certificate of currency evidencing professional indemnity cover in the amount of \$2 million any one claim and \$6 million in aggregate together with terms of cover
- Evidence of Anti-Money Laundering and Counter Terrorism Financing Act compliance

FML will also make enquiries of the mortgage insurers and, if possible, other financial institutions in order to identify any possible adverse industry history.

### ***Credit Policy***

The credit policy in place for the Firstmac Residential Loan Program has been implemented with a view to establishing a Housing Loan credit risk profile consistent with market expectation for prime AAA rated RMBS and which is acceptable for mortgage insurance and warehouse funding purposes, and which represents industry best practice generally.

The Firstmac Residential Lending Policy is prepared and maintained by FML and describes loan products and features, acceptable loan parameters and credit criteria, and the specific requirements that must be satisfied for loan approval purposes.

The policy is for use by introducers in determining the acceptability of loan applications and the supporting information required for credit assessment, and by FML credit staff when assessing a loan application for approval purposes.

The policy covers the following:

- Compliance with the responsible lending provisions of the National Consumer Credit Code
- Borrower, guarantor and mortgagor acceptability
- Security property requirements
- Acceptable loan purpose
- Loan amount and LVR limits
- Security valuations
- Acceptable employment and income criteria
- Loan serviceability
- Employment and income confirmation and verification requirements
- Credit history and verification requirements
- Savings history and proof of equity requirements
- Applicant identification

Adherence to the Firstmac Residential Lending Policy is designed to ensure compliance with the regulatory requirements under the:

- National Consumer Credit Protection Act
- Privacy Act
- Anti-Discrimination and Code of Conduct provisions of the Trade Practices Act
- Anti-Money Laundering and Counter Terrorism Financing Act

#### ***Credit Assessment Process***

Loan approvals are centralised within FML and are undertaken by credit underwriters with various levels of approval authority. Loan approvals are randomly reviewed by credit management and subject to credit committee oversight. No approval authority is delegated to third parties.

The credit assessment is undertaken to establish whether the loan represents an acceptable risk for the Firstmac Home Loan Program based on:

- The applicant's employment history
- The applicant's credit history
- The applicant's ability to service
- The purpose for which the loan funds are to be utilised
- The acceptability of the security property

Depending on the source of the loan application and the arrangements in place with FML, some introducers may undertake a preliminary credit assessment, evaluate capacity to repay, independently verify employment and income details by telephone with the employer, commission valuations and, if applicable, obtain mortgage insurance approval. Such introducers have been directly approved by the mortgage insurance providers and have satisfied FML over time as to their capability in this regard. With regard to all other introducers and Firstmac Group retail, these tasks are undertaken by FML staff.

The decision by FML credit underwriters to approve an application will be conditional on the loan meeting Firstmac Home Loan Program criteria for loan purpose, loan amount and LVR criteria and the acceptability of the following:



- Stability and type of employment
- Employment and income details verified by employer letters, payslips, tax returns, tax assessment notices and separately confirmed by telephone directly with the employer. Employer authenticity is checked by way of public telephone listing and a search of the Australian Business Number register.
- Credit bureau check which will disclose credit enquiries, payment defaults, debt judgments and bankruptcies
- Capacity to service based on net disposable income less living expenses and all financial commitments. For the purpose of testing serviceability capacity, the home loan interest rate is stressed at a notional rate of two per cent over the actual rate and interest only loans are tested based on principal and interest loan repayments.
- ID verification conforming to Anti-Money Laundering & Counter Terrorism Financing Act requirements
- Evidence of the good conduct of any existing credit facilities, in particular, any account to be refinanced
- Security property valuation
- If applicable, confirmation of mortgage insurance cover

At present, the Firstmac Home Loan Program, only requires mortgage insurance cover on loans with an LVR in excess of 80%. Loans with an LVR less than or equal to 80% may be insured on a selective basis for reasons such as overall borrower exposure, security location or type of security or nature of employment eg government pension. Loans that are not mortgage insured generally must comply with mortgage insurance eligibility requirements and qualify for mortgage insurance cover at the time of approval.

In instances, loan applications may be approved where compliance criteria is not met in full, subject to senior underwriter approval and there being sufficient mitigation for any perceived additional risk. Reasons for any exception approval will be recorded in the loan history file.

#### ***Post Approval Loan Review***

All approved loans are reviewed by senior risk and compliance officers following credit approval and prior to settlement. This review is a final check to ensure that the loan meets all Firstmac Home Loan Program criteria, the security property is of an acceptable standard and that there are no elements of the loan that suggest the possibility of fraud.

#### ***Valuations***

A valuation report based on a full property inspection has been completed on the properties securing the Housing Loans.

The valuation report must be for mortgage lending/security purposes and must be performed by a registered licensed valuer acceptable to FML and be in the Australian Property Institute (API) 'PropertyPRO' format unless otherwise agreed by FML.

The valuation report is generally required to:

- Have been completed in accordance with the API Code of Ethics & Rules of Conduct, and the API 'PropertyPRO' Residential Valuation and Security Assessment Pro-forma Supporting Memorandum and Valuation Standards or other equivalent professional standards, codes of conduct and guidelines.
- State that the property is suitable for prudent mortgage lending purposes, the property is in satisfactory internal/external condition, habitable, readily saleable; and not adversely affected by any easements, restrictions, environmental, planning or heritage issues that affect marketability.

- Stipulate that the valuation report is available for LMI purposes and it must be addressed to the appropriate party with the interest of any other parties also noted as required.
- Confirm the property to be for residential use.
- Include a detailed list of any defects or recommended repairs, including an approximate cost to complete the required work.
- Include appropriate comparable sales details supporting the valuation amount.
- Include suitable external and internal photographs of the property in order to evidence the condition of the property.
- Prominently highlight any limitations or exclusions.
- Be based on an internal inspection of the property.

If a valuation is conditional upon a certain requirement, such as a survey report or pest inspection, this requirement must be satisfied.

There has been no specific revaluation of the properties for the purpose of the issue. The LVRs quoted in section 6.7 ("*Indicative Pool Statistics (Based on pool as at 31 October 2014)*") are as at the date of the original initial mortgage loan origination or as at the date of any approved additional loan advance.

### ***Valuation Panel***

FML maintains a panel of accredited valuers which is subject to annual review. Requirements for accreditation are as follows:

- A company profile and resume of each of the principals/directors of the valuer evidencing industry experience and the geographic areas in which the valuer specialises.
- Acceptable reference checks from current lender clients and LMI providers.
- No adverse history with industry regulatory bodies.
- Satisfactory ASIC company director searches on each principal/director of the valuer.
- Valuers to be current financial members of the Australian Property Institute (**API**) or other recognized valuation industry body.
- Valuers to hold Current Practising Valuer (CPV) status or Residential Property Valuer (RPV) status.
- Valuers must maintain professional indemnity insurance cover on terms satisfactory to FML.

### ***Settlement Process***

Upon final loan approval, the loan management system will electronically request a title search on the proposed security property. When documents are to be issued an electronic request is generated by the loan management system including all the loan data required to create a set of loan and security documents, and is sent to the documentation lawyers via a secure B2B link. The documents are reviewed by FML staff prior to dispatch to the borrower.

All loan and security documentation has been prepared by external legal counsel who have certified documentary and procedural compliance with all relevant laws including the Consumer Credit Code, Privacy Act and Trade Practices Act.

Upon return of the executed loan and security documents and receipt of a request to settle, details of the loan disbursements are sent to FML's settlement agents who attend settlement on FML's behalf. Settlement funds are remitted to the agent's trust account on the morning of settlement following which cheques are drawn and the agent physically attends settlement. The agent then attends to registration and stamping of the documents and upon completion forwards the documents to the Custodian.

In respect of the Housing Loans originated by the Originators in the name of a FirstSub, Firstmac has appointed each FirstSub as its agent to originate Housing Loans and Related Security in respect of each relevant trust pursuant to the terms of the Master Origination Deed. Each FirstSub undertakes to procure applications, approve loans and attend to the settlement of loans in accordance with:

- the terms of the Master Origination Deed;
- the requirements of any relevant Servicing Procedures;
- the then current Receivables Parameters;
- the requirements of any relevant Insurance Policy; and
- any written instructions given by Firstmac or the Mortgage Insurer.

Pursuant to the terms of the Master Trust Deed, Firstmac in its capacity as trustee of the Trust in respect of a Relevant Series may dispose of its interest in the Receivables. Where Firstmac in its capacity as trustee of the Trust (including in respect of a Relevant Series) transfers Housing Loans to Firstmac, the beneficial interest in the Housing Loans is transferred from Firstmac in its capacity as trustee of the Trust in respect of a Relevant Series to Firstmac (in its capacity as trustee of the Trust and in respect of the Series). The legal title remains with the relevant FirstSub.

#### ***Lender of record***

The lender of record of the Mortgage Loans is one of the FirstSubs. Each FirstSub is owned by Firstmac Assets Pty Limited ("**Firstmac Assets**"). Firstmac Assets is a company incorporated in Australia regulated by ASIC which, on incorporation, issued one share to BNY Trust Company of Australia Limited (formerly Guardian Trust Australia Limited) in its capacity as trustee of the FirstMac Assets Ownership Trust. The sole beneficiaries of the FirstMac Assets Ownership Trust are Australian registered charities.

#### ***Governing law***

Each Mortgage Loan is governed by the laws of a State or Territory of Australia.

## **11.2 Housing Loan Servicing**

### ***The Servicer***

FML acts as the sole servicer to the Firstmac Home Loan Program and has performed this role since 2002. FML is regulated by the Australian Securities and Investments Commission, and holds an Australian Financial Services Licence and an Australian Credit Licence as required under the Financial Services Reform Act and the National Consumer Credit Protection Act, respectively.

FML has also been assigned a STRONG servicer ranking by Standard & Poor's.

### ***Servicer Responsibilities***

FML is responsible for the following:

- Control management of the Firstmac Home Loan Program

- Loan Processing
- Loan account administration
- Loan account collections
- Arrears management
- Loan enforcement
- LMI claim management
- Reporting
- Systems Technology
- Custody

### **Control Environment**

FML undertakes the following activities for the purpose of establishing and maintaining an effective servicing control environment.

#### *Internal audit*

FML carries out risk based audits through its internal audit function across all business units. The internal audit function has a formal audit charter, undertakes an annual audit plan and liaises with the external auditors of FML.

#### ***Loan Processing***

FML's loan application and workflow system, Justice, provides online application processing functionality. It creates a workflow for each loan application stage and allows for tasking of job flow, automated loan assessment within specified criteria, automated valuation ordering, data verification at various stages of the process and production of loan documentation and settlement processing. Full loan tracking reporting is available.

#### ***Loan Account Administration***

Once settled the loan moves to the Ultracs II loan management system and is serviced using the in-house servicing platform Lite. Lite provides loan servicing staff access to all required account details, full account history, payment details, redraw requests, storage of scanned documents and tools to service the loan portfolio for internal management purposes and to facilitate customer services. FML manages the currency of borrower information and utilises the system to provide online customer access to loan information and transactional banking services.

In addition, FML uses the system for communication with customers, such as preparation of settlement confirmation letters, provision of account statements and notifications of interest rate and loan repayment changes etc.

#### ***Collections and Payments***

FML undertakes all day to day account transaction management. Transactional processing is outsourced to Indue Limited (ABN 97 087 822 464) (an Approved Deposit-taking Institution under the supervision of the Australian Prudential Regulation Authority) which is a nationally based payment systems and financial services provider. All direct entry processing, including direct debits, settlements and redraws are processed under an agency agreement with Indue.

Borrower collections are deposited to a clearing account from where the collections can only be swept to the appropriate trust collection account. Borrowers may make loan repayments through any of the following mediums:

- Salary credit

- Deposit through Westpac bank branches
- Direct debit against nominated account
- Direct credit from nominated account

Transfer of funds to strictly segregated Trust collection accounts are made within one working day of receipt. Other services provided include Cheque books, ATM cards, and Visa debit cards.

### ***Arrears Management***

The arrears portfolio is managed actively and in accordance with applicable legislative requirements (particularly the Consumer Credit Code and the Privacy Act).

A loan is in arrears when a borrower fails to pay or only partially pays a scheduled repayment. FML will not commence legal recovery action in such instances if the borrower has previously made additional payments to the loan account and as a consequence the outstanding loan balance is below the scheduled loan balance.

FML's loan management system supports the management of arrears and includes an automated 'Arrears Job System' which provides a full audit trail and is designed to enhance the efficient allocation of arrears files to collections staff. The internally developed software also provides a range of flexible tools to enable an effective collections process. Functionality includes:

- A systematic allocation of arrears files to collection personnel
- Catering for both internal Group and external Mortgage Manager collections activities
- Utilises 'user definable rules' for arrears file allocation to end users based on, for example, loan introduction source, user profiles, pool specific, borrower domicile, days outstanding, or account status
- Flexibility includes the ability to reallocate files and workloads depending upon circumstances (eg user on leave)
- Provides historical database of individual loan transactions together with loan history notes from inception
- Arrears and other loan account data including advice of payment dishonours and defaults, loan balances, arrears amounts and days overdue is updated daily
- Delivers automated arrears reminder letters. The first is generated immediately when a loan goes into arrears with a further two letters being dispatched prior to the commencement of enforcement action.
- Provides an auto 'follow up' function for various actions required in the collection process (eg borrower away on holidays. – auto reminder in two weeks)
- Records 'promises to pay' and review dates and provides an auto 'follow up' function following non-compliance with the appropriate date
- Includes a flexible range of reporting capability from standard reports to specifically requested information together with the ability to download to Excel

### **Legal Enforcement**

In the event that the arrears are not cleared as a result of the dispatch of arrears reminder notices and telephone actioning, or a suitable arrangement not be agreed with the borrower for clearance of the arrears, legal enforcement action will be initiated.

FML issues statutory default notices between 20 and 31 days of the first arrears. Service is followed up 7 days later by a house call undertaken by a mercantile agent who will provide FML with a written status report as to the borrower's response.

The statutory default notices expire 30 days after service. Where no positive response has been made for the clearance of arrears, specialist in-house enforcement solicitors will progress action in the Supreme Court for judgment and a writ of possession.

Once possession of the security property is obtained, FML retains the service of a third party, who is acceptable to the mortgage insurance providers, to arrange an acceptable level of presentation of the property for sale purposes, to engage real estate agents to undertake the sale of the property and to agree a suitable advertising campaign and costs. This third party reports directly to FML and acts under instruction by FML staff.

### **Arrears Collections Timeline**

Step	Day
Dishonour report generated online daily with full audit trail of all account actioning	1
1 <sup>st</sup> reminder letter issued	5
2 <sup>nd</sup> reminder letter issued	10
Final reminder letter issued	17
Statutory notices issued Mercantile agents retained to conduct house calls prior to commencement of enforcement action	30
File for Statement of Claim	60
Statement of Claim served	80
File for Judgement and Writ of Possession	110
Judgement entered	130
Writ of Possession exercised Upon possession, management of the sale of the property is outsourced to an LMI recognised body	150
Auction	190
Property sale settlement	225
LMI Claim Paid	250

***LMI Management***

FML prepares the required monthly arrears loan reporting detailing the level of arrears and recovery action being undertaken consistent with the requirements of the respective LMI Master Policies. Upon foreclosure and the realisation of a loss upon sale, FML will prepare the LMI claim and follow-up for payment.

***Reporting***

The Loan Collateral data includes the following data:

- Arrears
- LVR bands
- Geographic concentrations
- Loan balance bands
- Occupancy type
- Repayment type
- Documentation type
- Mortgage Insurance provider

In addition to providing online access to data as noted above FML prepares trust cash flow reconciliation, collateral and losses reports for ratings agencies as required under the terms of their engagement. FML also provides collateral performance and cash flow data to Bloomberg, Intex CIB and Perpetual Trustee for market information purposes.

***Systems Technology***

FML makes use of advanced and fully integrated, technology and workflow-based loan-servicing systems that provide end-to-end processing and servicing capabilities. The following systems and infrastructure are used to perform loan processing and servicing activities:

- A front-end loan application processing and workflow based system, which has online application submission and tasking capabilities
- The Ultracs II loan management system provided by Ultradata, under license to First Mortgage Company Pty Ltd. The system is used by Australian Prudential Regulatory Authority (APRA) regulated major credit unions and building societies, and non-bank financial institutions
- A proprietary servicing system that interfaces with Ultracs II and which is used for all post-settlement loan and customer management purposes
- A comprehensive Internet banking service facility
- A fully equipped customer contact centre

FML provides fast, reliable, and secure public web application services. The FML websites are protected by traditional Deep Packet Inspection (DPI) Firewalls, as well as each transaction being analysed by Intrusion Detection & Prevention Systems (IDS/IPS) and Layer-7 Application Delivery Controllers (ADC), to mitigate the current security threats that are found out on the Internet. These security measures are closely monitored by FML's skilled in-house analysts.

***Disaster Recovery Plan***

FML has a documented strategy it follows after the business' executive team has declared a disaster. The plan prioritises business critical systems, provides an orderly course of action for the recovery of these systems and allocates responsibilities for the execution of the plan.

FML has a fully redundant infrastructure for core systems with a disaster recovery site enabling core systems to be brought on line within minutes of gaining access to the site. The Ultracs II system is hosted at FML's office in Brisbane with a back-up located in Sydney hosted by an independent data centre operator as a contingency.

#### *Business Continuity Plan*

FML has a Business Continuity Plan to ensure it has the capacity to carry on business and continue to prudently service and manage the mortgage portfolio in the event of unexpected business interruptions or environmental disasters. The objective is to minimise the effects of any such disruptions through a process of pre-planning and effective recovery and continuity actions.

#### **Document Custody**

FML has established document custody, retrieval, and tracking procedures. All physical documents are scanned, labelled, and filed electronically upon receipt using standard filing and labelling conventions. System generated documents are also saved to the electronic document storage and retrieval system.

When security documents are complete, they are delivered to a trustee company for custody. Document integrity reviews are undertaken pre- and post-settlement, in line with industry standards.

#### **General Risk Mitigation**

FML also manages general risks associated with lending and administration of receivables via specific insurance covers (outside of general Lenders Mortgage Insurance cover specified in the disclosure document). These include:

- A Mortgage Impairment Insurance policy is in place for protection in the event that a loss has been incurred in the form of a security property being damaged or destroyed and the borrower has insufficient or no cover. Debtors are required to provide evidence of insurance with the lender notified prior to settlement and are required to maintain adequate fire and general insurance for replacement value of the Loan Collateral throughout the loan term (being notified half yearly).
- A Comprehensive Crime Insurance Policy has also been put in place to cover the general risk of fraud or loss from criminal actions. The cover is in place for the exposure of the company either to internal or external fraud and general crime whether it be third party or internal. The cover protects the lender from such risks as fraud whether electronic, identity, documentary or general illegal activity which causes loss of security rights.
- Professional Indemnity Insurance- FML currently has PI Insurance cover in place for the amount of A\$20 million.

#### **Custody of Loan and Security Documents**

Perpetual Trustee Company Limited has agreed to act as Custodian in accordance with the Master Trust Deed of all documents relating to the Eligible Receivables forming part of the Assets of the Series. Such documents will include loan agreements, mortgages, certificates of title and any documents evidencing any other security or any guarantees and any amending documents and any other Title Documents.

#### **Standby Servicing**

The Standby Servicer to this transaction is Perpetual Trustee Company Limited ("**Perpetual**"). Perpetual and FML have implemented a 'warm' standby servicing arrangement to better facilitate the transfer of servicing responsibilities from the servicer to the standby servicer. A Standby Loan Servicing Plan has been formulated which incorporates sufficient information and procedural guidance for Perpetual staff to continue servicing the mortgage assets.



Firstmac is satisfied that the plan extends to all aspects of loan servicing including arrears management, LMI reporting and claim management processes. The plan is reviewed by Perpetual semi-annually to ensure currency. FML also provides Perpetual with a monthly data tape.

Expenses incurred by the Servicer in connection with the enforcement of Receivables are charged to and borne by Firstmac and all other expenses incurred by the Servicer in carrying out its duties are borne by the Servicer. Prior to the date on which the Standby Servicer takes over the duties of the Servicer, the annual fees charged by the Standby Servicer are 0.005%, and thereafter, 0.20%. The Standby Servicer's fee is calculated by multiplying the annual fee rate by the Outstanding Amount of the Housing Loans on the last day of the related Collection Period and multiplying such product by the number of days in the Collection Period divided by 365.

## 12 Taxation Considerations

*The following is a summary of the material Australian tax consequences under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, "Australian Tax Act") of the purchase, ownership and disposition of the Notes (other than the FastPay Notes) by Holders who purchase the Notes on original issuance at the stated offering price and hold the Notes on capital account. It is not exhaustive and, in particular, does not deal with the position of certain classes of Holders of Notes (including, dealers in securities, custodians or other third parties who hold Notes on behalf of any Holders).*

*This summary represents the basis of Australian law as in effect on the date of this Information Memorandum which is subject to change, possibly with retroactive effect, and should be treated with appropriate caution.*

*The following is not intended to be, nor should it be construed as, legal or tax advice to any particular Holder of Notes. It is a general guide only and should be treated with appropriate caution. Each prospective investor should consult his or her own tax advisors concerning the tax consequences, in their particular circumstances, of the purchase, ownership and disposition of the Notes.*

### 12.1 Interest Withholding Tax

An exemption from Australian interest withholding tax ("IWT") imposed under Division 11A of Part III of the Australian Tax Act is available, in respect of the Class AB Notes issued by Firstmac under section 128F of the Australian Tax Act, if the following conditions are met:

- (a) Firstmac is a company as defined in section 128F(9) (which includes certain companies acting in their capacity as trustee) and a resident of Australia when it issues those Class AB Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Class AB Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that Firstmac is offering those Class AB Notes for issue. In summary, the five methods are:
  - offers to 10 or more unrelated financiers or securities dealers;
  - offers to 100 or more investors of a certain type;
  - offers of listed Class AB Notes;
  - offers via publicly available information sources; and
  - offers to a dealer, manager or underwriter who offers to sell those Class AB Notes within 30 days by one of the preceding methods.

The issue of any of those Class AB Notes (whether in global form or otherwise) and the offering of interests in any of those Class AB Notes by one of these methods should satisfy the public offer test;

- (c) Firstmac does not know or have reasonable grounds to suspect, at the time of issue, that those Class AB Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an "associate" of Firstmac (as defined in section 128F(9) of the Australian Tax Act), except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, Firstmac does not know, or have reasonable grounds to suspect, that the payee is an "associate" of Firstmac (as defined in section

128F(9) of the Australian Tax Act), except as permitted by section 128F(6) of the Australian Tax Act.

### **Associates**

Since Firstmac is a trustee of a trust, the entities that are “associates” of Firstmac for the purposes of section 128F of the Australian Tax Act include:

- any entity that benefits, or is capable of benefiting, under the trust (“**Beneficiary**”), either directly or through any interposed entities; and
- any entity that is an “associate” of a Beneficiary. If the Beneficiary is a company, an “associate” of that Beneficiary for these purposes includes:
  - (i) a person or entity that holds more than 50% of the voting shares in, or otherwise controls, the Beneficiary;
  - (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Beneficiary;
  - (iii) a trustee of a trust where the Beneficiary is capable of benefiting (whether directly or indirectly) under that trust; and
  - (iv) a person or entity that is an “associate” of another person or entity that is an “associate” of the Beneficiary under (i) above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above), the issue of the Class AB Notes to, and the payment of interest to, the following “associates” will not be subject to IWT:

- (A) onshore “associates” (ie Australian resident “associates” who do not acquire the Class AB Notes in carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who acquire the Notes in carrying on business at or through a permanent establishment in Australia); or
- (B) offshore “associates” (ie Australian resident “associates” that acquire the Class AB Notes in carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who do not acquire the Class AB Notes in carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:
  - (i) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Class AB Notes or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or
  - (ii) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

### **Compliance with section 128F of the Australian Tax Act**

Unless otherwise specified in any relevant Series Supplement (or another relevant supplement to this Information Memorandum), Firstmac intends to issue the Class AB Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

### ***Holders in Specified Countries***

The Australian Government has signed new or amended double tax conventions (“**New Treaties**”) with a number of countries (each a “**Specified Country**”) which contain certain exemptions from IWT.

In broad terms, the New Treaties prevent IWT being imposed on payments of interest derived by either:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- a “financial institution” which is a resident of a “Specified Country” and which is unrelated to and dealing wholly independently with the Australian Issuer. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at the Federal Treasury’s Department’s website.

### ***No payment of additional amounts***

Despite the fact that the Class AB Notes are intended to be issued in a manner which will satisfy the requirements of section 128F of the Australian Tax Act and unless expressly provided to the contrary in a Series Supplement (or another relevant supplement to this Information Memorandum), if Firstmac is at any time compelled or authorised by law to withhold or deduct an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of such Class AB Notes or any other Notes, Firstmac is not obliged to pay any additional amounts in respect of such withholding or deduction.

Therefore, payments of interest on those classes of Notes will be subject to IWT if those Notes are held by:

- Australian residents that acquire those Notes in carrying on business at or through a permanent establishment outside Australia; and
- non-residents of Australia who do not acquire those Notes in carrying on business at or through a permanent establishment in Australia.

## **12.2 Goods and Services Tax**

If an entity makes a “taxable supply”, it is required to remit GST to the Australian Taxation Office at the rate of 10% based on the value of that supply.

For GST purposes, trusts are treated as a separate entity, albeit a trust is not a legal entity. To give effect to this GST fiction, a supply or acquisition that is made by the trustee of a trust, in its capacity as trustee (as opposed to its personal capacity), is treated as having been made by the trust. References below to supplies or acquisitions that are made by the Trust are a reference to supplies or acquisitions that will be made by Firstmac in its capacity as trustee.

Neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the

payment of principal or interest by the Trust in respect of the Series, nor the disposal of the Notes, would give rise to any GST liability on the part of the Trust in respect of the Series.

The supply of some services made to the Trust in respect of the Series may give rise to a liability for GST on the part of the relevant service provider.

In relation to the acquisition of these taxable services by the Trust in respect of the Series:

- (a) the supplier of a service has the primary obligation to account for GST in respect of that supply, and in the ordinary course of business, the service provider would seek to recoup the GST and charge the Trust in respect of the Series an additional amount on account of GST unless the agreed fee is already GST-inclusive.
- (b) assuming that the Trust exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, which is likely to be the case, the Trust would not be entitled to a full input tax credit from the ATO to the extent that the acquisition relates to:
  - (i) the Trust's input taxed supply of issuing Notes to:
    - (A) Australian residents; or
    - (B) to non-residents acting through a fixed place of business in Australia; and
  - (ii) the acquisition by the Trust of the Housing Loans.

In the case of acquisitions which relate to the making of supplies of the nature described above, the Trust may still be entitled to a "reduced input tax credit" (which is equal to 75% of 1/11th of the GST-inclusive consideration payable by the Trust to the person making the taxable supply) in relation to certain acquisitions prescribed in the GST regulations, but only where the Trust is the recipient of the taxable supply and the Trust either provides or is liable to provide the consideration for the taxable supply.

- (c) From 1 July 2012, changes were made to the GST rules concerning reduced input tax credits for the acquisition of trustee services by "recognised trust schemes". If the Trust is a "recognised trust scheme" (as defined) then the rate of reduced input tax credit available to the Trust in respect of the acquisition of trustee services from Firstmac and the Security Trustee would be 55% instead of 75%. However it is not anticipated that the Trust will be a "recognised trust scheme" (as defined). Therefore the applicable rate of reduced input tax credit in respect of the acquisition of the relevant trustee services should be 75% (and not 55%).
- (d) Where services are provided to the Trust by an entity comprising an "associate" of the Trust for income tax purposes, those services are provided for nil or less than market value consideration, and the Trust would not be entitled to a full input tax credit, the relevant GST (and any input tax credit or reduced input tax credit) would be calculated by reference to the market value of those services (as opposed to any fee charged for the service). The associate may be entitled to recover the GST calculated by reference to the market value of the services from the Trust.

In the case of supplies performed outside Australia for the purposes of the Trust's business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Trust would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the "reverse charge" rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Trust.

Where services are performed offshore for the Trust and the supplies relate solely to the issue of Notes by the Trust to Australian non-residents who subscribe for the Notes through a fixed place of business outside Australia, the "reverse charge" rule

should not apply to these offshore supplies. This is because the Trust would have been entitled to a full input tax credit for the acquisition of these supplies if the supplies had been performed in Australia.

Where GST is payable on a taxable supply made to the Trust in respect of the Series but a full input tax credit is not available, this will mean that less money is available to pay interest on the Notes or other liabilities of the Series.

### 12.3 Other tax matters

Under Australian laws as presently in effect, in respect of the Notes (other than FastPay Notes):

- (a) *income tax - non-Australian Holders* - assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a Holder of those Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes; and
- (b) *income tax - Australian Holders* - Australian residents or non-Australian residents who hold the Notes in carrying on business at or through a permanent establishment in Australia ("**Australian Holders**"), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of those Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Holder and the terms and conditions of those Notes. Special rules apply to the taxation of Australian residents who hold those Notes in carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located; and
- (c) *gains on disposal of Notes - non-Australian Holders* - a Holder of the Notes, who is a non-resident of Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source, or, where the non-resident Holder is located in a country with which Australia has concluded a double tax convention, those 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. A gain arising on the sale of Notes by a non-Australian resident Holder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be regarded as having an Australian source; and
- (d) *gains on disposal of Notes - Australian Holders* - Australian Holders will be required to include any gain or loss on disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located; and
- (e) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and
- (f) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes; and
- (g) *other withholding taxes on payments in respect of Notes* - Section 12-140 of Schedule 1 to the Taxation Administration Act 1953 (Cwlth) ("**Taxation Administration Act**") imposes a type of withholding tax (see below for the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (if applicable) an Australian Business Number ("**ABN**") or provided proof of some other exception (as appropriate). Assuming the requirements of section 128F of the Australian Tax Act

are satisfied with respect to the Notes, then the requirements of Section 12-140 do not apply to payments to a Holder of Notes in registered form who is not a resident of Australia and not holding those Notes in carrying on business at or through a permanent establishment in Australia. Payments to other classes of Holders of Notes in registered form may be subject to a withholding where the Holder does not quote a TFN or ABN or provide proof of an appropriate exemption (as appropriate).

The rate of withholding tax is 49% for the 2014-15, 2015-16 and 2016-17 income years and, under current law, will be reduced to 47% following the 2016-17 income year; and

- (h) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (i) *debt/equity rules* - Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. Firstmac intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and returns paid on the Notes are to be “interest” for the purpose of Section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to adversely affect the Australian tax treatment of Holders of Notes; and
- (j) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for IWT purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in carrying on business at or through a permanent establishment in Australia. If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes. These rules also do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident; and
- (k) *additional withholdings from certain payments to non-residents* - Section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, Section 12-315 expressly provides that the regulations will not apply to interest and other payments which are treated as interest under the IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations that have so far been promulgated under Section 12-315 prior to the date of this Information Memorandum are not applicable to any payments in respect of the Notes. Any further regulations also should not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and
- (l) *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a Holder of Notes any amount in respect of Australian tax payable by the Holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

## 12.4 Taxation of the Trust

On 18 October 2010, the Assistant Treasurer of the former Government issued Media Release No. 4 of 2010 and an accompanying discussion paper (“Discussion Paper”). The Discussion Paper was mainly concerned with developing a new tax system for Managed

Investment Trusts but also contained two proposals which apply more broadly to trusts in general:

- Firstly, the Discussion Paper confirmed an earlier announcement that the former Federal Government would introduce legislation to abolish Division 6B of the Australian Tax Act from 1 July 2011.
- Second, there was a proposal to amend the definition of “public unit trust” in Division 6C of Part III of the Australian Tax Act so that a trust would not be treated as a public unit trust solely because complying superannuation funds and tax exempt entities that are entitled to a refund of franking credits have 20% or more of the membership interests in the trust.

On 16 December 2010, the Assistant Treasurer of the former Government issued Media Release No. 0.25 of 2010 in relation to the taxation of trusts. As a follow on from this release, a consultation paper was released on options for modernising the taxation of trusts on 21 November 2011 (refer to the Assistant Treasurer’s Media Release No. 155 of 2011). The consultation paper explored the impediments to the effective operation of the trust income tax provisions in Division 6 of Part III of the Australian Tax Act and highlighted options for reform.

In July 2012, the former Government announced that the proposed start date for the reform/rewrite of the trust taxation rules in Division 6 would be 1 July 2014 (rather than 1 July 2013).

The former Government released an options paper for the proposed reforms to the scope of the trust taxation rules on 24 October 2012. The options paper contained proposed models for how trust taxation would operate, and posed questions to stakeholders regarding how certain aspects of those models should operate.

On 6 November 2013, the Treasurer and Assistant Treasurer released a document entitled ‘Restoring Integrity In The Australian Tax System’ (“**November Paper**”). The November Paper did not provide any specific update or position on the proposed rewrite of the taxation of trust provisions. An update provided by the Assistant Treasurer in a media release dated 14 December 2013 also does not provide further guidance on the position of the proposed rewrite.

It is not currently expected that the outcome of the Australian Government’s reform of the taxation of trusts should adversely affect the tax treatment of the Trust. However, the development of any new laws should be monitored.



## 13 Selling Restrictions

### 13.1 Introduction

No action has been taken by Firstmac or the Lead Manager which would or is intended to permit a public offer of the Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes and Class C Notes (together the “**Relevant Notes**”) in any country or jurisdiction where action for that purpose is required. No action has been taken by each Class A-1 Joint Lead Manager which would or is intended to permit a public offer of the Class A-1 Notes in any country or jurisdiction where action for that purpose is required. The offer does not constitute an offer to a “retail client” for the purposes of Chapter 7 of the Corporations Act. All Notes will be offered to wholesale investors only. Neither this Information Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction except under circumstances which will result in compliance with applicable laws and regulations.

Each of the Class A-1 Joint Lead Manager’s obligations, undertakings, representations and warranties under sections 13.2 to 13.13 are limited to the Class A-1 Notes only.

### 13.2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Notes has been lodged with ASIC.

Accordingly each of the Class A-1 Joint Lead Managers and the Lead Manager represents and agrees that it:

- (a) has not made or invited, and will not make or invite, directly or indirectly, an offer of the Notes (or an interest in them) for issue or sale in 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 draft, preliminary or definitive Information Memorandum or any other offering material, advertisement or other document relating to any Notes (or an interest in them) in Australia,

unless:

- (c) either (x) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, and, in either case, disregarding money lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (d) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;
- (e) such action complies with applicable laws and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and
- (f) such action does not require any document to be lodged with ASIC.

### 13.3 The United States of America

Each of the Class A-1 Joint Lead Managers and the Lead Manager represents, warrants and agrees that:

- (a) the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), and Firstmac has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended ("**Investment Company Act**"). An interest in the Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S under the Securities Act ("**Regulation S**")) at any time except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act;
- (b) it has offered and sold the Notes, and will offer and sell the Notes:
  - (i) as part of their distribution at any time; and
  - (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date,

only in accordance with Rule 903 of Regulation S.

Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restriction requirements of Regulation S;

- (c) at or prior to confirmation of the sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulation authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

- (d) it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes in contravention of this paragraph and paragraphs (a), (b) and (c) above, except with its affiliates or with the prior written consent of Firstmac and the Manager; and
- (e)
  - (i) except to the extent permitted under US Treas. Reg. § 1.163-(5)(c)(2)(i)(D) (the "**D Rules**"):
    - (A) it has not offered or sold, and until 40 days after the later of the commencement of the offering and the Closing Date (the "restricted period") will not offer or sell, the Notes to a person who is within the United States or its possessions or to a United States person; and

- (B) it has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who directly engage in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of US Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (iv) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, such Class A-1 Joint Lead Manager or Lead Manager either:
  - (A) repeats and confirms the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above on behalf of such affiliate; or
  - (B) agrees that it will obtain from such affiliate for Firstmac's benefit the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above.

Terms used in paragraphs (a), (b) and (c) have the meanings given to them by Regulation S.

Terms used in paragraph (e) have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

#### 13.4 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Class A-1 Joint Lead Managers and the Lead Manager represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Class A-1 Joint Lead Managers or the Lead Manager; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require Firstmac, the Class A-1 Joint Lead Managers or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU. The expression "European Economic Area" means the European Union, and "**Member State of the European Economic Area**" means Iceland, Liechtenstein, Norway or any other of the member states of the European Union.

### 13.5 The United Kingdom

In relation to each Class of Notes, each person subscribing for the Notes:

- (a) may only communicate or cause to be communicated any 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 or would not, if Firstmac was not an authorised person, apply to Firstmac; and
- (b) must comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### 13.6 Hong Kong

Each of the Class A-1 Joint Lead Managers and the Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("**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 the Laws of Hong Kong) ("**SFO**") and any rules made under that Ordinance; 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 (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; 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 (in each case 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) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

### 13.7 Singapore

Each of the Class A-1 Joint Lead Managers and the Lead Manager represents and warrants that the Information Memorandum has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Notes will be offered pursuant to exemptions. Accordingly, each of the Class A-1 Joint Lead Managers and the Lead Manager represents and agrees that it will not offer, sell, deliver or transfer the Notes nor make the Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute the Information Memorandum or any relevant supplement, advertisement or other offering material in connection with the offer, sale, delivery or transfer, or an invitation for subscription or purchase, of the Notes to the public or any member of the public be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor pursuant to section 274 of the Securities and Futures Act, Chapter 289 of Singapore as amended (the “SFA”);
- (b) to a relevant 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
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance on an exemption under section 274 or 275 of the SFA, the Notes shall not be sold within the period of 6 months from the date of the initial acquisition of the Notes, except to any of the following persons:

- (d) an institutional investor (as defined in section 4A of the SFA);
- (e) a relevant person (as defined in section 275(2) of the SFA); or
- (f) any person pursuant to an offer referred to in section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Where the Notes are subscribed or purchased under in section 275 of the SFA by a person who is:

- (g) 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
- (h) 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 in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under section 275 of the SFA except:

- (i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person, or any person defined in section 275(2) of the SFA and in accordance with the conditions, specified in section 275 of the SFA;
- (ii) (in the corporation) where the transfer arises from an offer referred to in section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in section 276(4)(i)(B) of the SFA;
- (iii) where no consideration is given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in section 276(7) of the SFA: or
- (vi) as specified in regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### 13.8 Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (“**Financial Instruments and Exchange Act**”) and, accordingly, each of the Class A-1 Joint Lead Managers and the Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the account or benefit of, any Japanese Person, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements of and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

For the purposes of this paragraph, “**Japanese Person**” means any person resident in Japan, including any corporation having its principal office in or other entity organized under the laws of Japan. Any branch or office in Japan of a non-resident will be deemed to be a resident for the purpose whether such branch or office has the power to represent such non-resident.

### 13.9 Republic of Ireland

Each of the Class A-1 Joint Lead Managers and the Lead Manager represents, warrants and agrees that:

- (a) no person may and it has not offered or sold and will not offer or sell any Notes, except in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (Statutory Instrument No. 324 of 2005) (“**Prospectus Directive Regulations**”) and the provisions of the Irish Companies Act 1963-2005 and any rules issued under section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Irish Central Bank and the Irish Financial Services Regulatory Authority;
- (b) no person may and it has not and will not offer or sell any Notes other than in compliance with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under section 34 of the Irish Investment Funds Companies and Miscellaneous Provisions Act 2005 by the Irish Central bank and the Irish Financial Services Regulatory Authority;
- (c) it will not underwrite the issue of, or place, the Notes in the Republic of Ireland, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942-1999 (as amended) and any codes of conduct made under Section 117(1) thereof; and
- (d) no person may and it will not underwrite the issue of or place the Notes otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including without limitation Sections 9, 23 (including any advertising restrictions made under that section), 37 and 50 (including any codes of conduct issued under that section) and the provisions of the Irish Investor Compensation Act 1998, including without limitation, section 21.

### 13.10 Republic of China

Each of the Class A-1 Joint Lead Managers and the Lead Manager represents, warrants and agrees that:

- (a) the Notes may not be sold or offered in the Republic of China; and
- (b) it will only offer and sell the Notes to Republic of China resident investors from outside the Republic of China in such a manner as complies with securities laws and regulations applicable to such cross border activities in the Republic of China.

### 13.11 New Zealand

Each of the Class A-1 Joint Lead Managers and the Lead Manager represents and agrees that:

- (a) it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes; and
- (b) it has not distributed and will not distribute, directly or indirectly, any offering materials or advertisement in relation to any offer of Notes,

in each case in New Zealand unless:

- (i) in relation to Notes offered on or before 31 May 2015:
  - (A) to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the Notes before the allotment of those Notes (disregarding any amount payable, or paid, out of money lent by the Trustee, the offeror or any associated person of the Trustee or the offeror); or
  - (B) to persons who have each paid a minimum subscription price of at least NZ\$500,000 for financial products of the same class previously issued by the Trustee ("**Existing Securities**") (in a single transaction before allotment of those Existing Securities and disregarding any amount lent by the Trustee, the offeror or any associated person of the Trustee or the offeror), provided that the date of the first allotment of those Existing Securities occurred not more than 18 months before the date of offer of the Notes; or
- (ii) in relation to Notes offered on or after 1 December 2014:
  - (A) to persons who are "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand ("**FMC Act**"), being a person who is:
    - (aa) an "investment business";
    - (bb) "large"; or
    - (cc) a "government agency",in each case as defined in Schedule 1 to the FMC Act; or
  - (B) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (ii)(A) above) Notes may not be offered or transferred to any "eligible investors" (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act.

### 13.12 Switzerland

This Information Memorandum does not constitute a prospectus within the meaning of Article 652A of the Swiss Code of Obligations and Article 1156 et seq. of the Swiss Code of Obligations. Each of the Class A-1 Joint Lead Managers and the Lead Manager represents, warrants and agrees that it will not publicly offer or distribute the Notes in or from Switzerland, and neither the preliminary Information Memorandum, the final Information Memorandum nor any other offering materials relating to any of the Notes may be publicly distributed in connection with any such offering or distribution.

This Information Memorandum does not constitute a public offering prospectus as that term is understood pursuant to Article 1156 et seq. of the Code of Obligations. Firstmac has not

applied for a listing of the Notes on the SIX Swiss Exchange and as a result, the information set out in this prospectus does not necessarily comply with the information standards set out in the relevant listing rules. The Notes will not be publicly offered or sold in Switzerland. Each of the Class A-1 Joint Lead Managers and the Lead Manager represents, warrants and agrees that it will not publicly offer or distribute the Notes in or from Switzerland, and neither the preliminary Information Memorandum, the final Information Memorandum nor any other offering materials relating to any of the Notes may be publicly distributed in connection with any such offering or distribution.

### **13.13 General**

These selling restrictions may be modified by the agreement of Firstmac, each Class A-1 Joint Lead Manager and the Lead Manager following a change in or clarification of a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country concerned or any change in or introduction of any of them or in their interpretation or administration.



## 14 Transaction Documents

Copies of the following documents will be available for inspection by Holders and bona fide prospective investors during business hours at the office of the Manager. 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.

However, that the term “Transaction Documents” appearing throughout this Information Memorandum has the meaning given to that term in section 16 (“*Glossary of Terms*”).

### 14.1 Master Trust Documents

- FirstMac Trusts Master Definitions Schedule dated 23 June 2003 between Firstmac Fiduciary Services Pty Limited and P.T. Limited (as amended from time to time) (“**Master Definitions Schedule**”);
- FirstMac Trusts Master Trust and Security Trust Deed dated 23 June 2003 between Firstmac Fiduciary Services Pty Limited, P.T. Limited and others (“**Master Trust Deed**”);
- FirstMac Trusts Master Management Deed dated 23 June 2003 between Firstmac Fiduciary Services Pty Limited, the Manager and P.T. Limited (as amended from time to time) (“**Master Management Deed**”);
- FirstMac Trusts Master Origination Deed dated 23 June 2003 between Firstmac Fiduciary Services Pty Limited, the Security Trustee and the Originator (as amended from time to time); and
- FirstMac Trusts Master Servicer Deed dated 23 June 2003 between Firstmac Fiduciary Services Pty Limited, P.T. Limited, the Servicer and the Standby Servicer (as amended from time to time) (“**Master Servicer Deed**”).

### 14.2 Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents

- Notice of Creation of Trust executed by Firstmac dated 2 June 2014 constituting the Firstmac Mortgage Funding Trust No. 4 (“**Notice of Creation of Trust**”);
- Notice of Creation of Security Trust executed by Firstmac and P.T. Limited dated 3 December 2014 constituting the Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Security Trust (“**Notice of Creation of Security Trust**”);
- Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Supplementary Terms Notice dated on or about 16 December 2014 between (among others) Firstmac, the Manager, the Servicer and the Security Trustee (“**Supplementary Terms Notice**”);
- Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 General Security Agreement dated on or about 16 December 2014 between Firstmac and the Security Trustee (“**General Security Agreement**”);
- Delegation and Calculation Agency Deed (FirstMac Mortgage Funding Trust) dated 24 April 2009 between Firstmac Fiduciary Services Pty Limited, the Manager and Perpetual Nominees Limited (ABN 37 000 733 700) (“**Delegation Deed**”);
- Firstmac Mortgage Funding Trust No. 4 - Series 3PP-2014 Dealer Agreement dated on or about 16 December 2014 between Firstmac, the Manager, the Arranger, the Class A-1 Joint Lead Managers and the Lead Manager (“**Dealer Agreement**”);

- Firstmac Mortgage Funding Trust No. 4 - Series 3PP-2014 Note Deed Poll dated on or about 16 December 2014 executed by Firstmac ("**Note Deed Poll**").
- ISDA Master Agreement, Schedule and Credit Support Annex and Confirmation dated on or about 16 December 2014 between the Manager, the Interest Rate Swap Provider and Firstmac ("**Interest Rate Swap Agreement**"); and
- any Security Interest and guarantee to be given by the relevant FirstSub in favour of the Security Trustee.

## 15 Receivables Parameters

A Housing Loan is an Eligible Receivable where the Housing Loan satisfies the following criteria (unless otherwise agreed between Firstmac and the Security Trustee):

1. A FirstSub or Firstmac is the registered first mortgagee of the Mortgages.
2. The Housing Loan is denominated in Australian Dollars.
3. The Housing Loan may be made to Australian or non-Australian residents. At the Closing Date, the aggregate Outstanding Amount of Housing Loans made to non-Australian residents will be 2.13% of the Limit.
4. The Housing Loan has a maximum term of thirty years and the final maturity date (however defined) of the Housing Loan is at least one year and one day prior to the Final Maturity Date of the Notes.
5. Interest is payable at either a fixed rate or floating rate, provided that the fixed rate period in respect of any Housing Loan must not exceed five years. The Outstanding Amount of Housing Loans with a fixed rate of interest is limited to an amount not exceeding 6% (or such other percentage in respect of which a Rating Notification has been provided) of the Outstanding Amount of Housing Loans in respect of the Series.
6. Repayments on the Housing Loan are either principal and interest or interest only. The maximum interest only term is ten years. Interest only loans represent 45.60% of the Limit as at the Closing Date.
7. Properties are located in capital city metropolitan areas and regional centres in any Australian State or Territory. Properties which are located in non-metropolitan areas, represent 19.7% of the Limit as at the Closing Date.
8. At the Closing Date, the maximum LVR of any Housing Loan will not exceed 95% and the percentage of loans with an LVR greater than 80% will be 17.13% of the Limit.
9. As at the Closing Date, all Properties are restricted to residential properties and include no Properties under construction.
10. The Housing Loans are secured only by registered first Mortgages over land. The form of title may be either freehold or Crown leasehold (where the term of the Crown leasehold expires not less than 35 years after the Housing Loan commences amortising).
11. Full fire and general insurance cover with the interest of the mortgagee or assignee noted is in place.
12. An Insurance Policy in respect of any Receivable which can be drawn upon in the event of a loss arising which is due to the absence of general insurance cover over a particular Debtor's Property is in place. The insurance cover will be for a minimum amount of A\$1,000,000.
13. Debtors are entitled to discharge their Mortgages early upon the repayment of all principal and of all interest and other amounts due and upon payment of any contractual prepayment fee if applicable.
14. A Valuation, in a form and by a valuer acceptable to the Mortgage Insurer, has been obtained in respect of the Property, and was dated no earlier than six (6) months from the proposed Housing Loan settlement date (unless otherwise agreed in writing by the Servicer, and where applicable, the relevant Mortgage Insurer).

15. All legal requirements (including by way of example and not limitation, the Consumer Credit Code and the Corporations Act in each case as amended from time to time) must have been and will be strictly complied with.
16. The interest rate on each fixed rate Housing Loan will be set such that a margin with a weighted average of greater than 2.50% per annum exists between the rate of interest charged on the aggregate Outstanding Amount of fixed rate Housing Loans at the relevant time, being the date the Housing Loan is made or at the commencement of the relevant fixed rate period ("**Relevant Day**"), and the interbank swap rate relevant for the fixed rate period of the Housing Loan on the Relevant Day.
17. Housing Loans for investment purposes represent 38.44% of the Limit at the Closing Date.
18. There will be no Housing Loans with arrears greater than 30 days as at the Closing Date.
19. Where a Mortgage secures one or more Housing Loans, all Housing Loans secured by such Mortgage will be transferred.
20. There will not be any Housing Loans where the borrower's income and employment has not been verified.

## 16 Glossary of Terms

**ABN** has the meaning given to that term in section 12.3(g) ("*Other withholding taxes on payments in respect of Notes*").

**Accrual Amount** means for a specified period:

- (a) the aggregate amount of fees, interest and charges which were accrued (but which have not been Posted) on the Receivables (excluding any Delinquent Receivables or Defaulted Receivables) up to (and including) the last day of that specified period (provided that the accrued amount on the last day of the specified period in respect of a Receivable sold during that period is zero); minus
- (b) the aggregate of fees, interest and charges which were accrued (but which have not been Posted) on the Receivables (excluding any Delinquent Receivables or Defaulted Receivables) up to (but excluding) the first day of that specified period (provided that the accrued amount on the first day of the specified period in respect of a Receivable purchased during that period is zero).

**Adjusted Collections** means for a Collection Period:

- (a) the Collections received during that Collection Period; minus
- (b) the Collection Period Distributions for that Collection Period.

**Adverse Rating Effect** means an effect which either causes or contributes to a downgrading or withdrawal of the rating given to any Notes by a Current Rating Agency.

**Approved Corporation** means:

- (a) a person having a Required Credit Rating; or
- (b) a person who is a wholly owned subsidiary of an entity having a Required Credit Rating, and whose obligations are unconditionally guaranteed by such entity at the relevant time.

**Arranger** means National Australia Bank Limited (ABN 12 004 044 937).

**ASIC** means the Australian Securities and Investments Commission.

**Assets** means, in respect of the Series, the right, title and interest of Firstmac, in its capacity as trustee of the Trust in respect of the Series, in all assets which are subject to the General Security Agreement in respect of the Series including, without limitation, the following (to the extent to which they relate to the Series):

- (a) any Receivables, and Related Securities related to such Receivables held by Firstmac;
- (b) cash on hand or at a Bank representing cleared or immediately available funds;
- (c) Authorised Investments or any other investments;
- (d) amounts owing to Firstmac by Debtors;
- (e) any prepayment of expenditure;

- (f) any asset acquired by Firstmac or originated in accordance with the Master Trust Deed and the Supplementary Terms Notice for that Series;
- (g) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of Firstmac under the Transaction Documents;
- (h) other property as identified in writing by Firstmac; and
- (i) income, or amounts in the nature of income, accrued from investments or other assets referable to the Series to the extent not included in the preceding paragraphs of this definition.

**Associate** has the meaning given to that term in the Corporations Act.

**ASX** means the Australian Securities Exchange.

**Austraclear** has the meaning given to that term in the Conditions.

**Austraclear System** has the meaning given to that term in the Conditions.

**Austraclear Regulations** has the meaning given to that term in section 3.4 ("*Principal Characteristics of the Notes*").

**Australian Holder** has the meaning given in section 12.3(b) ("*income tax - Australian Holders*").

**Australian Tax Act** has the meaning given in section 12 ("*Taxation Considerations*").

**Authorised Investments** means investments in:

- (a)
  - (i) stock, bonds, notes or other securities issued by;
  - (ii) securities, deposits or loans secured or guaranteed by; or
  - (iii) deposits or loans secured upon stock, bonds, notes or other securities issued or guaranteed by,

the Commonwealth of Australia or any State or Territory of the Commonwealth of Australia and which investments have a Required Credit Rating at the time of the acquisition of such investments by Firstmac;

- (b) deposits with, or purchase of bills of exchange, promissory notes, certificates of deposit or other negotiable instruments accepted, drawn or endorsed by, an Approved Corporation at the time of the deposit, loan or purchase;
- (c) guarantee investment contract with a party which has a Required Credit Rating at the time Firstmac enters into the contract;
- (d) a chose in action in respect of rights to direct the Reserve Bank of Australia to deliver securities being Authorised Investments (other than under this paragraph (d)) to or to the order of Firstmac; and
- (e) Liquid Authorised Investments,

being, in all cases:

- (i) an investment which will mature prior to the immediately succeeding Payment Date;
- (ii) an investment denominated in Australian Dollars;
- (iii) an investment held in the name of Firstmac; and
- (iv) an investment which does not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority including any amendment or replacement of that Prudential Standard).

**Bank** has the meaning given to the expression “Australian bank” in the Corporations Act.

**Bank Bill Rate** or **BBSW** has the meaning given to it in the Conditions.

**Borrower Exit Fees** means any break costs or exit fees (howsoever defined) charged to the borrower in respect of a Receivable for early determination of that Receivable but excluding any break costs or exit fees charged due to the prepayment of a fixed rate Receivable.

**Borrower Rate** means, in respect of a Receivable, the interest rate from time to time applicable to that Receivable.

**Business Day** means a day (excluding Saturday, Sunday and any public holiday) on which commercial banks are open for business in Sydney, Melbourne and Brisbane.

**Calculation Agent** has the meaning given to that term in the Conditions.

**Calculation Period** means:

- (a) in respect of calculations being made on a Determination Date in respect of a Payment Date, the relevant Collection Period; or
- (b) on any other day, the period from and including the first day of the Collection Period during which that day falls, to but excluding that day.

**Call Date** means the earlier of:

- (a) the Payment Date in February 2020; or
- (b) the Payment Date following the Determination Date on which the aggregate of the Invested Amount of all Notes is equal to or less than 10% of the aggregate of the Initial Invested Amount of all Notes,

and each Payment Date thereafter.

**Call Option** means Firstmac's option to redeem all Classes of Notes in full on a Call Date.

**Carryover Charge-Offs** means either a Class A-1 Carryover Charge-Off, Class A-2 Carryover Charge-Off, Class AB Carryover Charge-Off, Class B-1 Carryover Charge-Off, Class B-2 Carryover Charge-Off, Class B-3 Carryover Charge-Off, Class C Carryover Charge-Off or a FastPay Carryover Charge-Off, as the context requires.

**Cashflow Allocation Methodology** means the methodology outlined in section 8 (“*Cashflow Allocation Methodology*”).

**Charge-Off** means either a Class A-1 Charge-Off, Class A-2 Charge-Off, Class AB Charge-Off, Class B-1 Charge-Off, Class B-2 Charge-Off, Class B-3 Charge-Off, Class C Charge-Off or a FastPay Charge-Off, as the context requires.

**Cheque** means a cheque, bank cheque or payment order.

**Class A- 1 Joint Lead Manager** means:

- (a) J.P. Morgan Australia Limited (ABN 52 002 888 011); and
- (b) National Australia Bank Limited (ABN 12 004 044 937),

or any or all of them, as the context requires.

**Class A-1 Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied, the greater of zero and:

- (a) the aggregate Invested Amount of the Class A-1 Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions under sections 8.19(a) to 8.19(c) ("*Distribution of Principal Repayment Fund*") (inclusive).

**Class A-1 Subordination Percentage** means on any day:

- (a) the aggregate Invested Amount of the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B2 Notes, the Class B-3 Notes and the Class C Notes on the previous Payment Date (after any payments made on that Payment Date); divided by
- (b) the aggregate of the Invested Amount of all Notes on the previous Payment Date (after any payments made on that Payment Date),

expressed as a percentage.

**Class A-1 Carryover Charge-Off** has the meaning given to it in section 8.17(g) ("*Carryover Charge-Offs*").

**Class A-1 Charge-Off** has the meaning given to it in section 8.16(f) ("*Allocation of Liquidation Losses*").

**Class A-1 Margin** has the meaning given to that term in the Conditions.

**Class A-1 Note** means a Note issued pursuant to clause 4.1(a) ("*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*") of the Supplementary Terms Notice.

**Class A-1 Stated Amount** means, in relation to a Class A-1 Note on any date, an amount equal to the Invested Amount of that Class A-1 Note on that date less any Class A-1 Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class A-1 Note which have not been reimbursed at that date.

**Class A-2 Carryover Charge-Off** has the meaning given to it in section 8.17(g) ("*Carryover Charge-Offs*").



**Class A-2 Charge-Off** has the meaning given to it in section 8.16(f) (“*Allocation of Liquidation Losses*”).

**Class A-2 Margin** has the meaning given to that term in the Conditions.

**Class A-2 Note** means a Note issued pursuant to clause 4.1(b) (“*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*”) of the Supplementary Terms Notice.

**Class A-2 Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied, the greater of zero and:

- (a) the aggregate Invested Amount of the Class A-2 Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions under clauses 8.19(a) to 8.19(c) (“*Distribution of Principal Repayment Fund*”) (inclusive).

**Class A-2 Stated Amount** means, in relation to a Class A-2 Note on any date, an amount equal to the Invested Amount of that Class A-2 Note on that date less any Class A-2 Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class A-2 Note which have not been reimbursed at that date.

**Class AB Carryover Charge-Off** has the meaning given to it in section 8.17(e) (“*Carryover Charge-Offs*”).

**Class AB Charge-Off** has the meaning given to it in section 8.16(e) (“*Allocation of Liquidation Losses*”).

**Class AB Margin** has the meaning given to that term in the Conditions.

**Class AB Note** means a Note issued pursuant to clause 4.1(c) (“*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*”) of the Supplementary Terms Notice.

**Class AB Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied:

- (a) the aggregate Invested Amount of the Class AB Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions in accordance with section 8.19 (“*Distribution of Principal Repayment Fund*”) (a) to (c) (inclusive).

**Class AB Stated Amount** means, in relation to a Class AB Note on any date, an amount equal to the Invested Amount of that Class AB Note on that date less any Class AB Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class AB Note which have not been reimbursed at that date.

**Class AB Subordination Percentage** means on any day:

- (a) the aggregate Invested Amount of the Class B-1 Notes, the Class B-2 Notes, the Class B-3 Notes and the Class C Notes on the previous Payment Date (after any payments made on that Payment Date); divided by
- (b) the aggregate of the Invested Amount of all Notes on the previous Payment Date (after any payments made on that Payment Date),

expressed as a percentage.

**Class B Note** means each or all of:

- (a) a Class B-1 Note;
- (b) a Class B-2 Note; or
- (c) a Class B-3 Note,

as the context requires.

**Class B-1 Carryover Charge-Off** has the meaning given to it in section 8.18(f) ("*Carryover Charge-Offs*").

**Class B-1 Charge-Off** has the meaning given to it in section 8.16(e) ("*Allocation of Liquidation Losses*").

**Class B-1 Margin** has the meaning given to that term in the Conditions.

**Class B-1 Note** means a Note issued pursuant to clause 4.1(d) ("*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*") of the Supplementary Terms Notice.

**Class B-1 Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied:

- (a) the aggregate Invested Amount of the Class B-1 Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions in accordance with section 8.19 ("*Distribution of Principal Repayment Fund*") (a) to (c) (inclusive).

**Class B-1 Stated Amount** means, in relation to a Class B-1 Note on any date, an amount equal to the Invested Amount of that Class B-1 Note on that date less any Class B-1 Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class B-1 Note which have not been reimbursed at that date.

**Class B Step-down Margin Date** has the meaning given to that term in the Conditions.

**Class B-2 Carryover Charge-Off** has the meaning given to it in section 8.17(c) ("*Carryover Charge-Offs*").

**Class B-2 Charge-Off** has the meaning given to it in section 8.16(c) ("*Allocation of Liquidation Losses*").

**Class B-2 Margin** has the meaning given to it in the Conditions.

**Class B-2 Note** means a Note issued pursuant to clause 4.1(e) ("*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*") of the Supplementary Terms Notice.

**Class B-2 Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied, the greater of zero and:

- (a) the aggregate Invested Amount of the Class B-2 Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions under clauses 8.19(a) to 8.19(c) ("*Distribution of Principal Repayment Fund*") (inclusive).

**Class B-2 Residual Margin** has the meaning given to it in the Conditions.

**Class B-2 Stated Amount** means, in relation to a Class B-2 Note on any date, an amount equal to the Invested Amount of that Class B-2 Note on that date less any Class B-2 Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class B-2 Note which have not been reimbursed at that date.

**Class B-3 Carryover Charge-Off** has the meaning given to it in section 8.17(b) ("*Carryover Charge-Offs*").

**Class B-3 Charge-Off** has the meaning given to it in section 8.16(b) ("*Allocation of Liquidation Losses*").

**Class B-3 Margin** has the meaning given to it in the Conditions.

**Class B-3 Note** means a Note issued pursuant to clause 4.1(f) ("*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*") of the Supplementary Terms Notice.

**Class B-3 Pro Rata Amount** means, on any Payment Date on which the Pro Rata Test has been satisfied, the greater of zero and:

- (a) the aggregate Invested Amount of the Class B-3 Notes; divided by
- (b) the aggregate of the Invested Amount of the Class A-1 Notes, the Class A-2 Notes, the Class AB Notes, the Class B-1 Notes, the Class B-2 Notes and the Class B-3 Notes; multiplied by
- (c) the remaining Principal Repayment Fund following distributions under clauses 8.19(a) to 8.19(c) ("*Distribution of Principal Repayment Fund*") (inclusive).

**Class B-3 Residual Margin** has the meaning given to it in the Conditions.

**Class B-3 Stated Amount** means, in relation to a Class B-3 Note on any date, an amount equal to the Invested Amount of that Class B-3 Note on that date less any Class B-3 Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class B-3 Note which have not been reimbursed at that date.

**Class C Carryover Charge-Off** has the meaning given to it in section 8.17(a) ("*Carryover Charge-Offs*").

**Class C Charge-Off** has the meaning given to it in section 8.16(a) (*"Allocation of Liquidation Losses"*).

**Class C Margin** has the meaning given to it in the Conditions.

**Class C Note** means a Note issued pursuant to clause 4.1(g) (*"Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes"*) of the Supplementary Terms Notice.

**Class C Residual Margin** has the meaning given to it in the Conditions.

**Class C Stated Amount** means, in relation to a Class C Note on any date, an amount equal to the Invested Amount of that Class C Note on that date less any Class C Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that Class C Note which have not been reimbursed at that date.

**Class of Notes** means each of the Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes, as the context requires.

**Clearing System** has the meaning given to that term in the Conditions.

**Closing Date** means the date specified in a Receivables Transfer Statement as the date on which Receivables are to be transferred or Redesignated to the Series.

**Code** and **Consumer Credit Code** means the National Credit Code set out in Schedule 1 of the National Consumer Credit Protection Act 2009 (Cwlth), the Consumer Credit Code set out in the Appendix to the Consumer Credit (Queensland) Act 1994 (Qld) 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 (WA) or the provisions of the Code set out in the Appendix to the Consumer Credit Code (Tasmania) Act 1996.

**Collateral** means all present and future Assets of the Series held by Firstmac on the terms of the Trust and the Series in accordance with the Master Trust Deed and the Supplementary Terms Notice.

**Collections** has the meaning given to it in section 8.2 (*"Collections"*).

**Collection Account** means the account opened by Firstmac in its capacity as trustee of the Trust in respect of the Series in accordance with the Supplementary Terms Notice.

**Collection Period** means:

- (a) with respect to the first period, the period commencing on (but excluding) the Cut-Off Date and ending on (but including) 31 January 2015;
- (b) with respect to the last period, the period commencing on (but excluding) the last day of the previous Collection Period to (and including) the Final Maturity Date for the Notes; and
- (c) with respect to every other period, each calendar month.

**Collection Period Distributions** has the meaning given to that term in section 8.3 (*"Collection Period Distributions"*).

**Conditions** means the terms and conditions of the Notes set out in section 7 (*"Terms and Conditions of the Notes"*).

**Corporations Act** means the Corporations Act 2001 (Cwth).

**Counterparty** means, in respect of the Series, any counterparty with which Firstmac has entered into one or more Derivative Contracts in respect of the Series.

**Current Rating Agency** means, in respect of the Series or any Transaction Document, at any given time, each internationally recognised rating agency which at that time, at the request of Firstmac, assigns a rating to any Notes.

**Custodian** means Perpetual Trustee Company Limited (ABN 42 000 001 007).

**Cut-Off Date** means 31 October 2014.

**Day Count Fraction** has the meaning given to that term in the Conditions.

**Debtor** means, in relation to a Receivable, the person who is obliged to make payments with respect to that Receivable, whether as a principal or secondary obligation and includes, where the context requires, another person obligated to make payments with respect to that Receivable (including any mortgagor or guarantor).

**Debtor Insolvency Event** means:

- (a) in relation to a body corporate, the happening of any of these events in respect of that body corporate:
  - (i) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
  - (ii) it has a Controller (as defined in the Corporations Act) appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a Receiver appointed to any part of its property; or
  - (iii) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by Firstmac); or
  - (iv) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (i), (ii) or (iii) above; or
  - (v) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or
  - (vi) it is the subject of an event described in section 459(C)(2)(b) or section 585 of the Corporations Act (or it makes a statement from which Firstmac reasonably deduces it is so subject); or
  - (vii) it is otherwise unable to pay its debts, other than the relevant Receivable, when they fall due; or
  - (viii) something having a substantially similar effect to (i) to (vii) happens in connection with that person under the law of any jurisdiction; and
- (b) in respect of a person which is not a body corporate, the happening of any of the following events in respect of that person:

- (i) the death, mental incapacity or bankruptcy of the person (including without limitation the occurrence of an “act of bankruptcy” (as defined in section 40 of the Bankruptcy Act 1966 (Cwth) with respect to the person) or the appointment of a receiver, trustee or other official in respect of all or any part of the assets of the person; or
- (ii) such person has a security granted by them enforced against them; or
- (iii) the person is otherwise unable to pay its debts, other than the relevant Receivable, when they fall due; or
- (iv) anything analogous to or having a substantially similar effect to any of the events referred to above happens under the law of any applicable jurisdiction.

**Defaulted Receivable** means a Housing Loan:

- (a) under which the relevant Debtor fails to make a payment (in whole or in part) and 90 days or more have elapsed since the due date for such payment;
- (b) which has been written-off in accordance with the credit and collection policies of the relevant Servicer; or
- (c) in respect of which a Debtor Insolvency Event has occurred in respect of the applicable Debtor.

**Delegation Deed** has the meaning given to that term in section 14.2 (“*Firstmac Mortgage Funding Trust No.4 Series 3PP-2014 Documents*”).

**Delinquent Receivable** means a Housing Loan under which the relevant Debtor fails to make a payment (in whole or in part) and at least 30 days but not more than 90 days have elapsed since the due date for such payment.

**Denomination** has the meaning given to that term in the Conditions.

**Derivative Contract** means, in respect of the Series, any interest rate swap, forward rate agreement, cap, floor, collar or other rate or price protection transaction or agreement, currency swap, any option with respect to any such transaction or agreement, or any combination of such transactions or agreements or other similar arrangements entered into by Firstmac in connection with:

- (a) the Notes in respect of the Series;
- (b) any Asset in respect of the Series; or
- (c) any Authorised Investment of the Series.

**Determination Date** means the day which is 2 Business Days prior to a Payment Date. The first Determination Date will be 10 February 2015.

**Eligible Bank** means a Bank with a short term and a long term credit rating equal to, or greater than, the Required Credit Rating.

**Eligible Receivables** means, at any time, Receivables complying with the Receivables Parameters.

**Encumbrance** means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA; or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

**Enforcement Expenses** means all expenses paid by the Servicer and/or Firstmac in connection with the enforcement of any Housing Loan or any Related Security in respect of the Trust.

**Enforcement Event** means any of the following has occurred:

- (a) the occurrence of an Event of Default and the enforcement of the Security under the General Security Agreement; or
- (b) the Termination Date for the Trust has occurred and Firstmac has sold and realised the Assets of the Series.

**Event of Default** means the occurrence of an event specified in section 9.8 ("*Security structure*").

**Expenses of the Series** means all costs, charges and expenses reasonably and properly incurred by Firstmac or the Manager in connection with the Series excluding any amounts owing to any Secured Creditors.

**Extraordinary Expenses** means, in relation to a Collection Period, any out of pocket expenses properly and reasonably incurred by Firstmac in relation to the Trust in respect of the Series in respect of that Collection Period which are:

- (a) not contemplated by the Transaction Documents; and
- (b) not incurred in the ordinary course of business of the Trust in respect of the Series.

**Extraordinary Resolution** means a Resolution which is by 75% of votes cast by the persons present and entitled to vote at a meeting.

**Extraordinary Expense Draw** has the meaning given to that term in section 8.11 ("*Extraordinary Expense Draw*").

**Extraordinary Expense Reserve** means the reserve account established in accordance with section 8.11 ("*Extraordinary Expense Draw*").

**FastPay Carryover Charge-Off** has the meaning given to it in section 8.17(g) ("*Carryover Charge-Offs*").

**FastPay Charge-Off** has the meaning given to it in section 8.16(f) ("*Allocation of Liquidation Losses*").

**FastPay Conversion Date** means, in respect of a FastPay Note, the first anniversary of its Issue Date.

**FastPay Margin** has the meaning given to it in the Conditions.

**FastPay Note** means a Note issued pursuant to clause 4.1(g) ("*Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes, Class B-3 Notes, Class C Notes and FastPay Notes*") of the Supplementary Terms Notice.

**FastPay Stated Amount** means, in relation to a FastPay Note on any date, an amount equal to the Invested Amount of the FastPay Note on that date less any FastPay Carryover Charge-Offs as at the immediately preceding Payment Date made in respect of that FastPay Note which have not been reimbursed at that date.

**FATCA** has the meaning given to that term in the Conditions.

**FATCA Withholding Tax** has the meaning given to that term in the Conditions.

**Final Maturity Date** means the Payment Date occurring in April 2046.

**Finance Charge Collections** means, as calculated on a Determination Date, any interest and other amounts in the nature of interest or income, fees and charges (excluding Borrower Exit Fees but including any Holding Period Interest received in respect of Assets disposed of, transferred or Redesignated by Firstmac during such Collection Period) received during the immediately preceding Collection Period under or in respect of any Receivable (including, for the avoidance of doubt, in respect of any Timely Payment Cover), or any similar amount in respect of a Receivable deemed by the Servicer to be in the nature of income, interest, fee or charge.

**FirstSub** means Firstmac Assets Pty Limited, its subsidiaries and each entity appointed a 'FirstSub' pursuant to the Transaction Documents.

**Further Advance** means, in respect of a Receivable, any additional provision of financial accommodation (other than Redraws) made pursuant to the terms of the Receivable.

**General Security Agreement** has the meaning given to that term in section 14.2 ("*Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents*").

**GST** means the goods and services tax payable under the A New Tax System (Goods and Services Tax) Act 1999 (Cwlth).

**GST Act** means the A New Tax System (Goods and Services Tax) Act 1999 (Cwlth).

**Holder** has the meaning given to that term in the Conditions.

**Holding Period** means in respect of any Receivables being acquired, Redesignated or disposed, the period commencing on the Cut-Off Date relating to such disposal, Redesignation or acquisition of such Receivables and ending on the date of such disposal, Redesignation or acquisition of such Receivables.

**Holding Period Interest** means, in respect of any Receivables being acquired or disposed of by Firstmac, the Accrual Amount for Receivables for the Holding Period calculated on the assumption that the Outstanding Amount of such Receivables for the duration of the Holding Period was the Outstanding Amount of those Receivables as at the first day of such Holding Period.

**Housing Loan** means a receivable secured by a Mortgage over Land.



**Initial Invested Amount** has the meaning given to it in the Conditions.

**Insolvency Event** means the happening of any of these events:

- (a) an application (other than a frivolous or vexatious application or an application which is stayed within 15 Business Days) is made to a court or an order is made that the relevant body corporate be wound up other than for the purposes of a solvent reconstruction or amalgamation;
- (b) an application is made to a court or an order appointing a liquidator or provisional liquidator in respect of the relevant body corporate, or one of them is appointed, whether or not under an order;
- (c) a receiver, receiver and manager, liquidator, trustee or similar officer is appointed in respect of any part of the property of the relevant body corporate and such appointment is not remedied within 15 Business Days;
- (d) an administrator is appointed to the relevant body corporate or any steps are taken for the appointment of an administrator to the relevant body corporate;
- (e) the relevant body corporate commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;
- (f) the relevant body corporate is or states that it is unable to pay its debts as and when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as a result of the failure to pay a debt or claim which is the subject of a good faith dispute); or
- (g) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

**Insurance Policy** means, in respect of a Receivable, any policy of insurance provided by a Mortgage Insurer in force in respect of a Receivable or its Related Security (if any), including:

- (a) any policy insuring against losses resulting from a default by a Debtor in respect of that Receivable; and
- (b) any property insurance insuring damage to the Property.

**Interest Collections** means an amount determined in accordance with section 8.5 ("*Calculation of Interest Collections*").

**Interest Period** has the meaning given to it in the Conditions.

**Interest Rate** has the meaning given to it in the Conditions.

**Interest Rate Swap** means the interest rate transaction that is entered into under the Interest Rate Swap Agreement.

**Interest Rate Swap Agreement** means:

- (a) the ISDA Master Agreement, and the Schedule, each Credit Support Annex and Confirmation forming part of it, dated on or about 17 September 2014 between Firstmac, the Manager and the Interest Rate Swap Provider; and
- (b) any other ISDA Master Agreement and the Schedule forming part of it, which is designated as an "Interest Rate Swap Agreement" for the purposes of the

Supplementary Terms Notice, entered into between Firstmac, the Manager and an Interest Rate Swap Provider from time to time provided that a Rating Notification has been given in respect of such agreement.

**Interest Rate Swap Provider** means National Australia Bank Limited (ABN 12 004 044 937).

**Invested Amount** means on any date and in respect of a Note, an amount equal to:

- (a) the Initial Invested Amount of that Note; less
- (b) the aggregate of the principal payments made on or before that date in relation to that Note.

**Issue Date** means:

- (a) in relation to a Class of Notes other than the FastPay Notes 17 December 2014; and
- (b) in relation to the FastPay Notes, such other date as may be determined by the Manager.

**IWT** has the meaning given to that term in section 12.1 ("*Interest Withholding Tax*" ("*IWT*").

**J.P. Morgan Group** means J.P. Morgan Australia Limited (ABN 52 002 888 011) and each Associate of J.P. Morgan Australia Limited (ABN 52 002 888 011).

**Land** means:

- (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the terms of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) wherever situated and including any fixtures to land; and
- (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (NSW) or the Community Land Development Act 1989 (NSW) or any equivalent legislation in any other Australian jurisdiction.

**Lead Manager** means National Australia Bank Limited (ABN 12 004 044 937).

**Limit** means the aggregate Outstanding Amount of all Receivables of the series as at the Closing Date.

**Liquid Authorised Investments** means the following for the purposes of the Trust:

- (a) cash held at an Eligible Bank (other than amounts held in the Collections Account, Extraordinary Expense Reserve or the Spread Reserve);
- (b) any:
  - (i) stock, bonds, notes or other securities issued by;
  - (ii) securities, deposits or loans secured or guaranteed by; or
  - (iii) deposits or loans secured upon stock, bonds, notes or other securities issued or guaranteed by,

the Commonwealth of Australia or any State or Territory of the Commonwealth of Australia and which investments have a Required Credit Rating at the time of the acquisition of such investments by Firstmac;

- (c) deposits with, or purchase of bills of exchange, promissory notes, certificates of deposit or other negotiable instruments accepted, drawn or endorsed by, an Approved Corporation at the time of the deposit:
  - (i) rated AAA by Standard & Poor's for maturities exceeding 365 days, or A-1+ by Standard & Poor's for maturities less than 365 days (or both the long term and short term ratings if the liquid authorised investment holds both short term and long term ratings); and
  - (ii) with:
    - (A) a minimum long-term issuer default rating of A or a minimum short-term issuer default rating of F1 by Fitch for maturities up to 30 days; or
    - (B) a minimum long-term senior unsecured credit rating of AA- or a minimum short-term credit rating of F1+ by Fitch for maturities between 31 days and 365 days;
- (d) deposits with, certificates of deposits or securities issued by, or bills of exchange, promissory notes, commercial paper or other negotiable instruments, accepted, drawn or endorsed by, a bank or financial institution:
  - (i) rated AAA by Standard & Poor's for maturities exceeding 365 days, or A-1+ by Standard & Poor's for maturities less than 365 days (or both the long term and short term ratings if the liquid authorised investment holds both short and long term ratings); and
  - (ii) with:
    - (A) a minimum long-term issuer default rating of A or a minimum short-term issuer default rating of F1 by Fitch for maturities up to 30 days; or
    - (B) a minimum long-term senior unsecured credit rating of AA- or a minimum short-term credit rating of F1+ by Fitch for maturities between 31 days and 365 days; and
- (e) investments in certain short-term debt of issuers rated A-1 by Standard & Poor's and F1 by Fitch. Each investment should not mature beyond 30 days.

Such investments must:

- (i) be held in the name of Firstmac in respect of the Series;
- (ii) be in Australian Dollars;
- (iii) mature prior to the immediately succeeding Payment Date;
- (iv) not have any significant non-credit risks, for instance securities with the 'r' symbol attached to the rating and all mortgage-backed securities should not be included as eligible investments unless reviewed by Standard & Poor's or Fitch before their inclusion;

- (v) have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change;
- (vi) have interest tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index; and
- (vii) not be an investment which constitutes a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority including any amendment or replacement of that Prudential Standard).

**Liquidation Loss** means, in respect of a Collection Period, the aggregate of:

- (a) all losses (as determined by the Manager) for all Authorised Investments acquired from principal collections which arise during that Collection Period; and
- (b) in respect of a Housing Loan:
  - (i) the amount payable by the borrower under that Housing Loan together with all expenses relating to enforcement of that Housing Loan and the Related Security; less
  - (ii) the sum of:
    - (A) the amount realised by Firstmac on enforcement of the Housing Loan and the Related Security;
    - (B) any amount received in respect of the Housing Loan and the Related Security under any Insurance Policy; and
    - (C) the amount received by Firstmac from the Manager, the relevant FirstSub or Servicer in respect of a breach of a representation, warranty or covenant in respect of that Housing Loan or under an indemnity.

**Liquidation Loss Shortfall Amount** has the meaning given to that term in section 8.8(a)(ii) ("*Spread Reserve Draw*").

**Liquidity Draw** has the meaning given to that term in section 8.10 ("*Liquid Authorised Investments*").

**Liquidity Shortfall** has the meaning given in section 8.9 ("*Liquidity Shortfall*").

**Loan Agreement** means the document or documents which evidence the obligation of a Debtor to repay amounts owing under a Receivable and to comply with the other terms of that Receivable.

**LVR** has the meaning given to that term in section 15 ("*Receivables Parameters*").

**Manager** means Firstmac Limited (ABN 59 094 145 963).

**Manager Termination Event** has the meaning given to that term in section 9.6 ("*The Manager*").

**Master Definitions Schedule** has the meaning given to that term in section 14.1 ("*Master Trust Documents*").

**Master Management Deed** has the meaning given to that term in section 14.1 (*“Master Trust Documents”*).

**Master Servicer Deed** has the meaning given to that term in section 14.1 (*“Master Trust Documents”*).

**Master Trust Deed** has the meaning given to that term in section 14.1 (*“Master Trust Documents”*).

**Material Adverse Effect** means an event which will materially and adversely affect the amount of any payment of a Senior Obligation to a Secured Creditor or the timing of such payments.

**Monthly Expenses** means in respect of a Payment Date the aggregate of the Required Payments in respect of that Payment Date, the Residual Class B-1 Interest payable on that Payment Date and any Unpaid Residual Class B-1 Interest, the Residual Class B-2 Interest payable on that Payment Date and any Unpaid Residual Class B-2 Interest, the Residual Class B-3 Interest payable on that Payment Date and any Unpaid Residual Class B-3 Interest the Residual Class C Interest payable on that Payment Date, any Unpaid Interest owing on the Class C Notes and any Unpaid Residual Class C Interest.

**Mortgage Insurance Policy** means, in respect of a Receivable, any policy of insurance provided by a Mortgage Insurer in force in respect of a Receivable or its Related Security (if any), including any policy insuring against losses resulting from a default by a Debtor in respect of that Receivable.

**Mortgage Insurer** means each of Genworth Financial Mortgage Insurance Pty Ltd (ABN 60 106 974 305), and QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071).

**NAB Group** means National Australia Bank Limited (ABN 12 004 044 937) and each Associate of National Australia Bank Limited (ABN 12 004 044 937).

**Note** means a Class A-1 Note, Class A-2 Note, Class AB Note, Class B-1 Note, Class B-2 Note, Class B-3 Note, the Class C Note and FastPay Note (or more than one of them) as the context requires.

**Note Deed Poll** has the meaning given to that term in section 14.2 (*“Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents”*).

**Notice of Creation of Security Trust** has the meaning given to that term in section 14.2 (*“Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents”*).

**Notice of Creation of Trust** has the meaning given to that term in section 14.2 (*“Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents”*).

**Originator** means each of Firstmac Limited (ABN 59 094 145 963) and First Mortgage Company Pty Limited (ABN 37 099 125 318).

**Originator Termination Event** means, in respect of an Originator, the occurrence of any of the following events in respect of that Originator:

- (a) that Originator breaches any material covenant or provision of the Master Origination Deed (as determined in the reasonable opinion of Firstmac) and such breach has a Material Adverse Effect and such breach (if capable of remedy) is not remedied to the satisfaction of Firstmac within 10 days of notice of such breach by Firstmac to that Originator;
- (b) any representation or warranty made by that Originator under the Master Origination Deed is untrue or incorrect and has a Material Adverse Effect and either:

- (i) the breach is not remedied to the satisfaction of Firstmac within 30 days of notice of such inaccuracy by Firstmac to that Originator; or
  - (ii) that Originator has not paid an amount to Firstmac representing the loss suffered by Firstmac as a result of that inaccuracy (being an amount agreed between that Originator and Firstmac or, failing agreement, by Firstmac's accountants) within 30 days of notice of such inaccuracy by Firstmac to that Originator;
- (c) an Insolvency Event occurs in respect of that Originator;
  - (d) that Originator, without the prior consent of Firstmac, ceases to carry on business or threatens so to do; or
  - (e) the Master Origination Deed ceases to be in full force and effect or is declared by any court of competent jurisdiction to be void or unenforceable.

**Other Income** means, on a Determination Date:

- (a) any interest received on Authorised Investments during the immediately preceding Collection Period;
- (b) any income earned and received on moneys standing to the credit of the Collection Account, the Spread Reserve and the Extraordinary Expense Reserve during the immediately preceding Collection Period; and
- (b) any other miscellaneous income received or expected to be received by Firstmac on or before the immediately following Payment Date.

**Other Series** means any Series (as defined in the Master Definitions Schedule) relating to the Trust other than the Series.

**Outstanding Amount** means, in relation to a Receivable, the principal outstanding (for the avoidance of doubt, including any interest that has been Posted but remains unpaid) in respect of that Receivable calculated in accordance with the terms of the relevant Loan Agreement.

**Payment Date** means:

- (a) the 12<sup>th</sup> day of each month or if that day is not a Business Day, then the immediately following Business Day (unless that day falls in the next calendar month, in which case the preceding Business Day); and
- (b) the date on which all Secured Money is repaid by Firstmac.

The first Payment Date will be 12 February 2015.

**Payment Period** means the period commencing on (and including) a Payment Date and ending on (but excluding) the next Payment Date. The first Payment Period in respect of a Note will be the period commencing on (and including) the Issue Date of that Note and ending on (but excluding) the first Payment Date. The last Payment Period in respect of a Note will be the period commencing on (and including) the Payment Date immediately preceding the Final Maturity Date and ending on (but excluding) the date on which all Secured Money is repaid by Firstmac.

**Payment Shortfall** has the meaning given to that term in section 8.10 ("*Liquid Authorised Investments*").

**Permitted Encumbrance** means any Encumbrance over any Receivable or Related Security, which will be released on the relevant Closing Date.

**Posted** means, in respect of any interest, fees and charges in respect of a Receivable that such any interest, fees and charges have accrued on such Receivable and have been added to the account of the borrower and which remain unpaid by the borrower.

**PPSA** means:

- (a) the Personal Property Securities Act 2009 (Cwlth) (“PPS Act”);
- (b) any regulations made at any time under the PPS Act;
- (c) any provision of the PPS Act or regulations referred to in paragraph (b) above;
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to any other legislation as a consequence of the PPSA referred to in paragraphs (a) to (d) above.

**Pricing Date** means the date notified by the Manager to Firstmac pursuant to the Dealer Agreement in respect of the issue of the Notes (other than the FastPay Notes), and such other date as may be determined by the Manager in respect of the issue of FastPay Notes.

**Principal Collections** means an amount determined in accordance with section 8.6 (“*Calculation of Principal Collections*”).

**Principal Draw** has meaning given in section 8.11 (“*Principal Draw*”).

**Principal Repayment Fund** means, for a Collection Period, the aggregate of:

- (a) all Principal Collections for that Collection Period;
- (b) all amounts allocated to the Principal Repayment Fund to reimburse FastPay Charge-Offs, Class A-1 Charge-Offs, Class A-2 Charge-Offs, Class AB Charge-Offs, Class B-1 Charge-Offs, Class B-2 Charge-Offs, Class B-3 Charge-Offs or Class C Charge-Offs (as the case may be) pursuant to section 8.14 (“*Distribution of Total Interest Collections*”) on the Payment Date immediately following the end of that Collection Period;
- (c) all amounts allocated to the Principal Repayment Fund to reimburse FastPay Carryover Charge-Offs, Class A-1 Carryover Charge-Offs, Class A-2 Carryover Charge-Offs, Class AB Carryover Charge-Offs, Class B-1 Carryover Charge-Offs, Class B-2 Carryover Charge-Offs, Class B-3 Carryover Charge-Offs or Class C Carryover Charge-Offs (as the case may be) pursuant to section 8.14 (“*Distribution of Total Interest Collections*”) on the Payment Date immediately following the end of that Collection Period;
- (d) the amount (if any) allocated to Principal Collections in reimbursement of any outstanding Principal Draw under section 8.14(s) (“*Distribution of Total Interest Collections*”);
- (e) the Accrual Amount for the immediately preceding Collection Period;
- (f) in respect of the first Determination Date, any proceeds of issuance of the Notes issued on the Closing Date which is in excess of what was required to acquire the Housing Loans and the initial Liquid Authorised Investments on the Closing Date;

- (g) the proceeds from the realisation of any Liquid Authorised Investments during that Collection Period in accordance with section 8.10(d) ("*Liquid Authorised Investments*") to the extent that the Liquid Authorised Investments are not required for the purposes of satisfying the Required Liquid Authorised Investment Amount as at the Payment Date immediately following the end of that Collection Period; and
- (h) any Liquid Authorised Investments realised in accordance with section 8.10(f)(ii) ("*Liquid Authorised Investments*") on the Payment Date on which all Notes are to be redeemed in full.

**Pro Rata Test** will be satisfied on any Payment Date after the second anniversary of the Issue Date if, as at the immediately preceding Determination Date:

- (a) no more than 2.0% (calculated by reference to the Outstanding Amounts of the relevant Receivables) of the Receivables is 90 days or more in arrears on average over the four Collection Periods prior to that Determination Date;
- (b) there are no Carryover Charge-Offs in respect of any Notes which remain unreimbursed as at that Determination Date;
- (c) the aggregate Invested Amount of all Notes is greater than 10% of the aggregate Invested Amount of the Notes on the initial Issue Date;
- (d) the Class A-1 Subordination Percentage is at least 19.0%; and
- (e) the Class AB Subordination Percentage is at least 6.4%.

**QBE** has the meaning given to that term in section 6.6 ("*Insurance Policies and Mortgage Insurers*").

**Rating Notification** in relation to an event or circumstance means that the Manager has confirmed in writing to Firstmac that:

- (a) it has notified each Current Rating Agency in writing of the event or a circumstance; and
- (b) it is satisfied that the event or circumstance is unlikely to result in an Adverse Rating Effect.

**Receivable** means the right, title and interest in, to and under any asset, including, without limitation, under:

- (a) a Housing Loan, secured line of credit or other secured revolving facility, commercial loan, personal loan, credit card receivables and other receivables or any other form of monetary obligation; or
- (b) Related Securities and other rights in respect of such an asset.

**Receivables Parameters** means, in respect of the Series, the parameters set out in section 15 ("*Receivables Parameters*").

**Receivables Transfer Statement** means a statement by Firstmac substantially in the form of Schedule 3 to the Master Trust Deed.

**Record Date** has the meaning given to that term in the Conditions.

**Redesignation** means the redesignation by Firstmac (in its capacity as trustee of the trusts) of a Receivable from being designated as a Receivable of one Relevant Trust or Relevant



Series, to being designated as a Receivable of a Relevant Trust or Relevant Series (or both) pursuant to the Master Trust Deed.

**Redraws** means a request made by a Debtor under the terms of a Receivable for payment to that Debtor of amounts which that Debtor has repaid under the terms of its Receivable which does not result in an increase in the scheduled balance (calculated in accordance with the terms of the Housing Loan related to that Receivable on its Settlement Date) of the Housing Loan related to that Receivable.

**Register** means the Register of Holders in respect of the Series maintained by the Registrar pursuant to the Master Trust Deed and the Note Deed Poll.

**Registrar** Firstmac Fiduciary Services Pty Limited (ABN 60 105 052 515) in its capacity as trustee of the Trust in respect of the Series.

**Related Security** means, in respect of a Receivable:

- (a) any:
  - (i) Mortgage;
  - (ii) Insurance Policy;
  - (iii) Security Interest;
  - (iv) guarantee, indemnity or other assurance; or
  - (v) asset,

which, in either case, secures or otherwise provides for the repayment or payment of the amount owing under the Receivable; or

- (b) any Insurance Policy (both present and future) in respect of the Receivable.

**Relevant Country** has the meaning given to that term in the Conditions.

**Relevant Day** has the meaning given to that term in section 15 ("*Receivables Parameters*").

**Relevant Margin** has the meaning given to it in the Conditions.

**Relevant Series** means each part of the assets of a trust (other than the Trust) created pursuant to the Master Trust Deed which are secured under a separate general security agreement and the transaction documents relating to those assets and liabilities which is constituted by the creation of the relevant security trust.

**Relevant Trust** means any trust constituted under the Master Trust Deed (other than the Trust, the Security Trust or any other security trust including any trust (other than the Trust) constituted under clause 2 ("*Establishment of Trusts*") of the Master Trust Deed.

**Required Credit Rating** means:

- (a) for Authorised Investments:
  - (i) a short term credit rating of F1+ or a long term credit rating of 'AA-' (or both ratings if the Authorised Investment holds both a short and long term ratings) from Fitch; together with

- (ii) a short term credit rating of A-1+ or a long term credit rating of AAA from Standard and Poor's (as the case may be); and
- (b) for an Eligible Bank:
  - (i) a short term credit rating of 'F1' and a long term credit rating of 'A' from Fitch; together with
  - (ii) either a:
    - (A) long term credit rating of at least 'A' from Standard & Poor's, provided the Bank also has short term credit rating of not less than 'A-1' from Standard & Poor's; or
    - (B) long term rating is at least 'A+' from Standard & Poor's.

**Required Extraordinary Expense Reserve Balance** means \$150,000.

**Required Liquid Authorised Investment Amount** means an amount of Liquid Authorised Investments equal to:

- (a) on the Closing Date, \$6,300,000;
- (b) at any time following the Closing Date, the greater of:
  - (i) 0.9% of the aggregate Invested Amount of all Notes at the relevant time; and
  - (ii) \$630,000,

or such lesser amount in respect of which a Rating Notification has been given.

**Required Payments** means:

- (a) for the purposes of the definition of Liquidity Shortfall and Required Payments Deficit only, on any Determination Date where the Stated Amount of the Class C Notes is equal to or less than 95% of their Invested Amount, the aggregate of priority payments in sections 8.14(a) to 8.14(q) ("*Distribution of Total Interest Collections*") (inclusive) only;
- (b) for the purposes of the definition of Liquidity Shortfall and Required Payments Deficit only, on any Determination Date where the Stated Amount of the Class B-3 Notes is equal to or less than 95% of their Invested Amount, the aggregate of priority payments in sections 8.14(a) to 8.14(p) ("*Distribution of Total Interest Collections*") (inclusive) only; and
- (c) in all other cases, the aggregate of priority payments in sections 8.14(a) to 8.14(r) ("*Distribution of Total Interest Collections*") (inclusive).

**Required Payments Deficit** has the meaning given in section 8.8(a)(i) ("*Spread Reserve Draw*").

**Required Spread Reserve Amount** means:

- (a) on any Payment Date falling on or prior to the first Call Date:
  - (i) where none of paragraphs (ii)(A) to (ii)(E) (inclusive) below are satisfied, zero; or

(ii)

- (A) where there are Carryover Charge-Offs in respect of any Notes which remain unreimbursed as at the Determination Date immediately preceding that Payment Date; or
- (B) on which there is a Servicer Termination Event subsisting; or
- (C) on which the fee payable to the Servicer is equal to or greater than 0.20% per annum; or
- (D) where more than 2.0% (calculated by reference to the Outstanding Amounts of the relevant Receivables) of the Receivables is 90 days or more in arrears on average over the four Collection Periods prior to that Payment Date; or
- (E) where:
  - (aa) the Total Interest Collections remaining after the application of paragraphs (a) to (nn) (inclusive) of section 8.14 ("*Distribution of Total Interest Collections*") on that Payment Date is less than \$90,000; and
  - (ab) on the immediately preceding Payment Date, a Receivable which is not insured under a Mortgage Insurance Policy is 90 days or more in arrears on average over the four Collection Periods prior to that Payment Date,

the Required Spread Reserve Amount Shortfall on that Payment Date; and

- (b) on any Payment Date after the first Call Date, the Total Interest Collections remaining after the application of paragraphs (a) to 8.14(x) (inclusive) of section 8.14 ("*Distribution of Total Interest Collections*") on that Payment Date.

**Required Spread Reserve Amount Shortfall** means, on any Payment Date:

- (a) A\$2,500,000; minus
- (b) the balance of the Spread Reserve prior to the application of Total Interest Collections on that Payment Date.

**Required Spread Reserve Balance** means, on any day, such amount as determined by the Manager provided that a Rating Notification has been given in respect of such amount.

**Residual Class B-1 Interest** has the meaning given to that term in the Conditions.

**Residual Class B-2 Interest** has the meaning given to that term in the Conditions.

**Residual Class B-3 Interest** has the meaning given to that term in the Conditions.

**Residual Class C Interest** has the meaning given to that term in the Conditions.

**Residual Capital Unit** means each unit issued by Firstmac to the Residual Capital Unitholder in accordance with the terms of the Trust.

**Residual Capital Unitholder** means each holder of a Residual Capital Unit in accordance with the Transaction Documents being, at the date of this Information Memorandum, First Mortgage Company Pty Limited (ABN 37 099 125 318)..

**Residual Income Unit** means the unit issued by Firstmac to the Residual Income Unitholder in accordance with the terms of the Trust.

**Residual Income Unitholder** means the holder of a Residual Income Unit in accordance with the Transaction Documents being, at the date of this Information Memorandum, First Mortgage Company Pty Limited (ABN 37 099 125 318).

**Resolution** means:

- (a) a resolution passed at a meeting:
  - (i) on a show of hands, by the required majority or percentage, as the case may be, of persons present and voting, in person or by proxy; or
  - (ii) if a poll is duly demanded, by the persons holding the required majority of the Secured Moneys (in the case of a meeting of Beneficiaries) or percentage of the amount outstanding under the Notes (in the case of a meeting of Holders); or
- (b) where the law allows, a resolution in writing signed by persons holding the required majority of the Secured Moneys (in the case of a meeting of Beneficiaries) or percentage of Holders (in the case of a meeting of Holders).

**Secured Creditors** means:

- (a) each Holder of a Note;
- (b) each Interest Rate Swap Provider;
- (c) each other Counterparty;
- (d) the Manager;
- (e) the Servicer;
- (f) the Custodian;
- (g) the Registrar;
- (h) the Standby Trustee;
- (i) the Standby Servicer;
- (j) the Standby Manager; and
- (k) the Security Trustee (in its personal capacity and as trustee of the Security Trust).

**Secured Money** means all amounts which at any time for any reason or circumstance in connection with any Transaction Document that relates to, or applies to, the Series or the General Security Agreement or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Series), whatsoever whether at law, in equity, under statute or otherwise, and whether or not of a type within the contemplation of the parties at the date of the General Security Agreement:

- (a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by Firstmac to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver; or

- (b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:
  - (i) at the express request of Firstmac; or
  - (ii) on behalf of Firstmac; or
- (c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission on Firstmac's part or has paid or advanced in the protection or maintenance of the Collateral or the security interest in the General Security Agreement following an act or omission on Firstmac's part; or
- (d) are reasonably foreseeable as likely, after that time, to fall within any of paragraphs (a), (b) or (c) above.

This definition applies:

- (i) irrespective of the capacity in which Firstmac, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;
- (ii) whether Firstmac, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;
- (iii) whether Firstmac is liable alone or jointly, or jointly and severally with another person;
- (iv) whether or not the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Money and whether or not:
  - (A) the assignment or transfer took place before or after the date of the General Security Agreement; or
  - (B) Firstmac consented to or was aware of the assignment or transfer; or
  - (C) the assigned or transferred obligation was secured; or
- (v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not Firstmac consented to or was aware of the assignment or transfer; or
- (vi) irrespective of whether or not Firstmac has a right of indemnity out of the Collateral.

**Securities Act** means the U.S. Securities Act of 1933, as amended.

**Security** means:

- (a) the Master Trust Deed;
- (b) the General Security Agreement;
- (c) each other present or future Encumbrance created or entered into as security for the payment of the Secured Money of the Series in favour of the Security Trustee; and

- (d) each other document which Firstmac and the Security Trustee agree is a 'Security' for the purposes of the Security Trust.

**Security Interest** means any bill of sale (as defined in any statute), mortgage, charge, letter of credit, lien, pledge, hypothecation, title retention arrangement, trust or power, as or in effect as security for the payment of a monetary obligation or the observance of any other obligation.

**Security Trust** means the "Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Security Trust" constituted under the Master Trust Deed and the Notice of Creation of Security Trust.

**Security Trustee** means P.T. Limited (ABN 67 004 454 666).

**Seller** means Firstmac Fiduciary Services Pty Limited in its capacity as trustee of each Relevant Trust and in respect of each Relevant Series.

**Senior Obligations** means, the obligations of Firstmac:

- (a) i; in respect of the FastPay Notes and Class A-1 Notes and any obligations ranking equally or senior to the FastPay Notes and the Class A-1 Notes (as determined in accordance with the order of priority set out in section 8.14 ("*Distribution of Total Interest Collections*")), at any time while the FastPay Notes or Class A-1 Notes are outstanding;
- (b) in respect of the Class A-2 Notes and any obligations ranking equally or senior to the Class A-2 Notes (as determined in accordance with the order of priority set out in clause 8.14 ("*Distribution of Total Interest Collections*")) at any time while the Class A-2 Notes are outstanding but no FastPay Notes or Class A-1 Notes are outstanding;
- (c) in respect of 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 set out in section 8.14 ("*Distribution of Total Interest Collections*")), at any time while the Class AB Notes are outstanding but no FastPay Notes, Class A-1 Notes or Class A-2 Notes are outstanding;
- (d) in respect of the Class B-1 Notes and any obligations ranking equally or senior to the Class B-1 Notes (as determined in accordance with the order of priority set out in section 8.14 ("*Distribution of Total Interest Collections*")), at any time while the Class B-1 Notes are outstanding but no FastPay Notes, Class A-1 Notes, Class A-2 Notes or Class AB Notes are outstanding;
- (e) in respect of the Class B-2 Notes and any obligations ranking equally or senior to the Class B-2 Notes (as determined in accordance with the order of priority set out in section 8.14 ("*Distribution of Total Interest Collections*")), other than Residual Class B-2 Interest, at any time while the Class B-2 Notes are outstanding but no FastPay Notes, Class A-1 Notes, Class A-2 Notes, Class AB Notes or Class B-1 Notes are outstanding;
- (f) in respect of the Class B-3 Notes and any obligations ranking equally or senior to the Class B-3 Notes (as determined in accordance with the order of priority set out in section 8.14 ("*Distribution of Total Interest Collections*")), other than Residual Class B-3 Interest at any time, while the Class B-3 Notes are outstanding but no FastPay Notes, Class A-1 Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes or Class B-2 Notes are outstanding; and
- (g) in respect of 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 set out in section 8.14 ("*Distribution of Total Interest Collections*")), other than Residual Class C Interest at any time while the Class C Notes are outstanding but no FastPay Notes, Class A-1

Notes, Class A-2 Notes, Class AB Notes, Class B-1 Notes, Class B-2 Notes or Class B-3 Notes are outstanding; and

- (h) under the Transaction Documents generally, at any time while no Notes are outstanding.

**Servicer** means Firstmac Limited (ABN 59 094 145 963).

**Servicer Termination Event** has the meaning given to that term in section 9.7 (*"The Servicer"*).

**Series** means the Series 3PP-2014 established in accordance with the Master Trust Deed and the Supplementary Terms Notice.

**Servicing Procedures** means, from time to time, the then current policies and procedures of the Servicer and Firstmac in relation to the servicing of Receivables.

**Shortfall Adjustment** means, if the amount in paragraph (a)(i) less the amounts in paragraphs (b), (c) and (d) of the definition of Principal Collections is a negative amount, the absolute value of that amount, otherwise zero.

**Specified Officer** has the meaning given to that term in the Conditions.

**Spread Reserve** has the meaning given to that term in section 8.7 (*"Spread Reserve"*).

**Spread Reserve Draw** has the meaning given to that term in section 8.8 (*"Spread Reserve Draw"*).

**Standard & Poor's** means Standard & Poor's (Australia) Pty Limited (ABN 62 007 324 852).

**Standby Servicer** means Perpetual Trustee Company Limited (ABN 42 000 001 007).

**Standby Trustee** means Perpetual Corporate Trust Limited (ABN 99 000 341 533).

**Stated Amount** means the Class A-1 Stated Amount, the Class A-2 Stated Amount, the Class AB Stated Amount, the Class B-1 Stated Amount, the Class B-2 Stated Amount, the Class B-3 Stated Amount, the Class C Stated Amount or the FastPay Stated Amount, as the context requires.

**Supplementary Terms Notice** has the meaning given to that term in section 14.2 (*"Firstmac Mortgage Funding Trust No. 4 Series 3PP-2014 Documents"*).

**Support Facilities** means the agreements or arrangements (the terms of any such agreements or arrangements must be notified by the Manager and notified to the Current Rating Agencies) entered into by Firstmac with the Support Facility Provider to fund Redraws where there are insufficient Principal Collections on any particular day.

**Support Facility Provider** means any support facility provider to the Series.

**Swap Collateral** means, on any day, the amount of cash collateral or securities (if any) paid to Firstmac by an Interest Rate Swap Provider or a Counterparty that has not been previously applied to satisfy that person's obligations under the relevant Interest Rate Swap Agreement or the Derivative Contract.

**Tax Amount** means, a proportion determined by the Manager to be the Series share, in respect of a Payment Period, of the amount (if any) of Tax that the Manager reasonably determines will be payable in the future by Firstmac in respect of the Trust and which accrued during that Payment Period.

**Tax Shortfall** means, a proportion determined by the Manager to be the Series share, in respect of a Payment Period, of the amount (if any) determined by the Manager to be the shortfall between the aggregate Tax Amounts determined by the Manager in respect of previous Payment Dates and the amounts set aside under sections 8.14(oo) and 8.14(rr) (“*Distribution of Total Interest Collections*”) on previous Payment Dates.

**Threshold Amount** means the total amount required to pay all Monthly Expenses (taking into account the commercial rates that would apply if the Manager, the Servicer or Firstmac, as the case may be, were replaced by unrelated third parties) on each Payment Date as calculated by the Manager.

**Threshold Margin** means 0.25%.

**Threshold Rate** means the Threshold Margin plus the minimum rates required to be set on the Receivables (excluding any Defaulted Receivables) which will ensure that Firstmac has sufficient funds (from Collections on such Receivables as well as any net amounts due to it under Derivative Contracts) available to meet its obligations, including the payment of the Threshold Amount, under the Transaction Documents assuming that all parties comply with their obligations under such documents and such Receivables, and taking into account Receivables where the Servicer does not have the discretion under the related Loan Agreement to vary the interest rate of that Receivable and moneys held in Authorised Investments.

**Timely Payment Cover** means amounts paid or to be paid by an insurer under an Insurance Policy in respect of scheduled instalments which are not paid when due for payment.

**Title Documents** means the documents of title and other supporting documents with respect to that Housing Loan including, without limitation:

- (a) the mortgage cover sheet and any schedule or annexure to it;
- (b) the Loan Agreement;
- (c) any guarantee in respect of the borrower’s obligations under the Loan Agreement;
- (d) any acknowledgment that the obligations of the borrower under the Loan Agreement or a guarantor under the guarantee are secured under the Housing Loan;
- (e) the certificate of title or its equivalent (if issued) to the property over which the Housing Loan is taken;
- (f) a copy of the solicitor’s certificate given in respect of the Housing Loan;
- (g) if applicable, a copy of all Insurance Policies or evidence of the currency or existence of such Insurance Policies required in relation to the Housing Loan; and
- (h) such other originals or copies of documents relating to the Housing Loan as may have been entered into or prepared and which evidence the obligations of the borrower, mortgagor or guarantor in respect of the Housing Loan, or the interest of Firstmac in respect of the Housing Loan.

**Title Perfection Event** means, in respect of a Series:

- (a) the occurrence of an Insolvency Event in respect of a Seller or a FirstSub; or
- (b) a Seller or the Servicer of the Series fails to pay Collections in accordance with the Master Trust Deed within three Business Days of the due date for payment (except



where the Security Trustee determines that the event is not a "Title Perfection Event" and notifies each Current Rating Agency).

**Total Interest Collections** means, on a Determination Date, the amount calculated in accordance with section 8.13 ("*Calculation and application of Total Interest Collections*") on that Determination Date.

**Transaction Document** means:

- (a) the Master Trust Deed (insofar as it relates to the Trust and the Series);
- (b) the Master Definitions Schedule (insofar as it relates to the Trust and the Series);
- (c) the Notice of Creation of Trust in respect of the Trust;
- (d) the Notice of Creation of Security Trust in respect of the Series;
- (e) the Supplementary Terms Notice;
- (f) the Interest Rate Swap Agreement;
- (g) the Dealer Agreement;
- (h) the Note Deed Poll (including the Conditions);
- (i) the Master Servicer Deed (insofar as it relates to the Series);
- (j) the Master Management Deed (insofar as it relates to the Series);
- (k) the General Security Agreement;
- (l) any Derivative Contract;
- (m) any Support Facilities; and
- (n) any Security Interest or guarantee to be given by the relevant FirstSub in favour of the Security Trustee.

**Trust** means the Firstmac Mortgage Funding Trust No. 4 constituted under the Master Trust Deed by the Notice of Creation of Trust.

**Unpaid Interest** means, on any day, any amount of interest (other than Residual Class B-1 Interest, Residual Class B-2 Interest, Residual Class B-3 Interest and Residual Class C Interest) due to the Holder of a Note which is not paid in full on the date when it is due and payable, together with interest on that amount calculated at the aggregate of:

- (a) the Interest Rate in respect of that Note; and
- (b) in respect of the Class B-1 Notes only, the Class B-1 Residual Margin;
- (c) in respect of the Class B-2 Notes only, the Class B-2 Residual Margin; and
- (d) in respect of the Class B-3 Notes only, Class B-3 Residual Margin; and
- (e) in respect of the Class C Notes only, Class C Residual Margin,

from the date on which the amount of interest fell due for payment until the day on which it is actually paid in full in accordance with the Supplementary Terms Notice.

**Unpaid Residual Class B-1 Interest** means, on any day, any amount of Residual Class B-1 Interest due to the Holder of a Class B-1 Note which is not paid in full on the date when it is due and payable, together with interest on that amount calculated at the aggregate of:

- (a) the Bank Bill Rate; and
- (b) the Class B-1 Margin; and
- (c) the Class B-1 Residual Margin,

from the date on which the amount of interest fell due for payment until the day on which it is actually paid in full in accordance with the Supplementary Terms Notice.

**Unpaid Residual Class B-2 Interest** means, on any day, any amount of Residual Class B-2 Interest due to the Holder of a Class B-2 Note which is not paid in full on the date when it is due and payable, together with interest on that amount calculated at the aggregate of:

- (a) the Bank Bill Rate; and
- (b) the Class B-2 Margin; and
- (c) the Class B-2 Residual Margin,

from the date on which the amount of interest fell due for payment until the day on which it is actually paid in full in accordance with the Supplementary Terms Notice.

**Unpaid Residual Class B-3 Interest** means, on any day, any amount of Residual Class B-3 Interest due to the Holder of a Class B-3 Note which is not paid in full on the date when it is due and payable, together with interest on that amount calculated at the aggregate of:

- (a) the Bank Bill Rate; and
- (b) the Class B-3 Margin; and
- (c) the Class B-3 Residual Margin,

from the date on which the amount of the interest fell due for payment until the day on which it is actually paid in full in accordance with the Supplementary Terms Notice.

**Unpaid Residual Class C Interest** means, on any day, any amount of Residual Class C Interest due to the Holder of a Class C Note which is not paid in full on the date when it is due and payable, together with interest on that amount calculated at the aggregate of:

- (a) the Bank Bill Rate; and
- (b) the Class C Margin; and
- (c) the Class C Residual Margin,

from the date on which the amount of the interest fell due for payment until the day on which it is actually paid in full in accordance with the Supplementary Terms Notice.

**Voting Secured Creditors** means at any time:

- (a) if any Class A-1 Notes or FastPay Notes remain outstanding:
  - (i) (for so long as Class A-1 Notes are outstanding) the Holders of the Class A-1 Notes;

- (ii) (for so long as FastPay Notes are outstanding) the Holders of the FastPay Notes;
  - (iii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class A-1 Notes, the Class A-2 Notes or the FastPay Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iv) any Secured Creditors ranking equally or senior to the Holders of the Class A-1 Notes, the Class A-2 Notes or the FastPay Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”));
- (b) if Class A-2 Notes but no Class A-1 Notes or FastPay Notes, remain outstanding:
  - (i) the Holders of Class A-2 Notes;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class A-2 Notes (as determined in accordance with the order of priority set out in clause 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iii) any Secured Creditors ranking equally or senior to the Holders of the Class A-2 Notes (as determined in accordance with the order of priority set out in clause 8.14 (“*Distribution of Total Interest Collections*”));
- (c) if Class AB Notes but no Class A-1 Notes, Class A-2 Notes or FastPay Notes, remain outstanding:
  - (i) the Class AB Holders;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class AB Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iii) any Secured Creditors ranking equally or senior to the Holders of the Class AB Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”));
- (d) if Class B-1 Notes but no Class A-1 Notes, Class A-2 Notes, FastPay Notes or Class AB Notes remain outstanding:
  - (i) the Class B-1 Holders;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class B-1 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and

- (iii) any Secured Creditors ranking equally or senior to the Holders of the Class B-1 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”));
- (e) if Class B-2 Notes, but no Class B-1 Notes, Class AB Notes, Class A-1 Notes, Class A-2 Notes or FastPay Notes, remain outstanding:
  - (i) the Holders of the Class B-2 Notes;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class B-2 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iii) any Secured Creditors ranking equally or senior to the Holders of the Class B-2 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)), other than Residual Class B-2 Interest;
- (f) if Class B-3 Notes, but no Class B-2 Notes, Class B-1 Notes, Class AB Notes, Class A-1 Notes, Class A-2 Notes or FastPay Notes, remain outstanding:
  - (i) the Holders of the Class B-3 Notes;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class B-3 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iii) any Secured Creditors ranking equally or senior to the Holders of the Class B-3 Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)), other than Residual Class B-3 Interest;
- (g) if Class C Notes, but no Class B-3 Notes, Class B-2 Notes, Class B-1 Notes, Class AB Notes, Class A-1 Notes, Class A-2 Notes or FastPay Notes, remain outstanding:
  - (i) the Holders of the Class C Notes;
  - (ii) each Interest Rate Swap Provider, provided that any amounts owing to an Interest Rate Swap Provider that rank below the Class C Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)) will not be taken into account for the purposes of calculating the voting entitlement of each Interest Rate Swap Provider; and
  - (iii) any Secured Creditors ranking equally or senior to the Holders of the Class C Notes (as determined in accordance with the order of priority set out in section 8.14 (“*Distribution of Total Interest Collections*”)), other than Residual Class C Interest; or
- (h) if no Notes remain outstanding, the Secured Creditor or Secured Creditors then ranking the highest in priority for payment in accordance with the order set out in section 8.14 (“*Distribution of Total Interest Collections*”).

## DIRECTORY

### **Firstmac**

#### **Firstmac Fiduciary Services Pty Limited**

Level 42  
1 Macquarie Place  
Sydney NSW 2000

#### **Manager, Servicer and Originator**

##### **Firstmac Limited**

Level 42  
1 Macquarie Place  
Sydney NSW 2000

#### **Arranger, Class A-1 Joint Lead Manager, Lead Manager and Interest Rate Swap Provider**

##### **National Australia Bank Limited**

Level 29  
500 Bourke Street  
MELBOURNE VIC 3000

#### **Standby Servicer and Custodian**

##### **Perpetual Trustee Company Limited**

Level 12  
123 Pitt Street  
Sydney NSW 2000

#### **Legal Advisers to Firstmac, the Manager and the Servicer**

##### **King & Wood Malleons**

Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

#### **Legal Advisers to the Arranger, Class A-1 Joint Lead Manager and Lead Manager**

##### **Clayton Utz**

Level 15  
1 Bligh Street  
Sydney NSW 2000

### **Security Trustee**

#### **P.T. Limited**

Level 12  
123 Pitt Street  
Sydney NSW 2000

#### **Originator**

##### **First Mortgage Company Pty Limited**

Level 40  
123 Eagle Street, Riverside Centre  
Brisbane QLD 4000

#### **Class A-1 Joint Lead Manager**

##### **J.P. Morgan Australia Limited**

Level 18  
85 Castlereagh Street  
Sydney NSW 2000

#### **Standby Trustee**

##### **Perpetual Corporate Trust Limited**

Level 12  
123 Pitt Street  
Sydney NSW 2000