

## Information Memorandum

# Westpac Securitisation Trust Series 2012-1 WST Trust

Mortgage Backed Floating Rate Notes

A\$1,058,000,000 Class A Notes

A\$39,100,000 Class B Notes

and

A\$52,900,000 Class C Notes

BNY Trust Company of Australia Limited

(ABN 49 050 294 052)

(in its capacity as Trustee of the Series 2012-1 WST Trust)

Westpac Securitisation Management Pty Limited

(ABN 73 081 709 211)

(Trust Manager)

Westpac Banking Corporation

(ABN 33 007 457 141)

(Approved Seller)

Westpac Banking Corporation

(ABN 33 007 457 141)

(Lead Manager)

21 May 2012

## Notes

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- (a) The Notes do not represent protected accounts, deposits or other liabilities of Westpac Banking Corporation (**Westpac**) or associates of Westpac or any other person who provides a facility or service to the Trustee.
- (b) The holding of Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested.
- (c) Neither Westpac nor any associate of Westpac in any way stands behind the capital value and/or performance of the Notes or the assets of the Trust except to the limited extent provided in the Transaction Documents for the Trust.
- (d) None of Westpac, whether as Approved Seller, Servicer, Swap Provider, Liquidity Facility Provider or Redraw Facility Provider, BNY Trust Company of Australia Limited, in its individual capacity and as Trustee, Westpac Securitisation Management Pty Limited, as Trust Manager, the Security Trustee nor any Dealer in any way stands behind the value and/or performance of the Notes or the assets of the Trust or guarantees the payment of interest or the repayment of principal due on the Notes except to the limited extent provided in the Transaction Documents for the Trust.
- (e) None of the obligations of Westpac Securitisation Management Pty Limited as Trust Manager, or BNY Trust Company of Australia Limited as Trustee, in respect of the Notes are guaranteed in any way by Westpac or any associate of Westpac.

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## 1. Important notice

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### 1.1 Purpose

This Information Memorandum relates solely to the proposed issue of Notes by BNY Trust Company of Australia Limited (the **Trustee**) as trustee of the Series 2012-1 WST Trust (the **Trust**).

The purpose of this Information Memorandum is only to assist the recipient to decide whether to proceed with a further investigation of the Notes. It is only a summary of the terms and conditions of the Notes and does not purport to contain all the information a person considering investing in Notes may require. The definitive terms and conditions of the Notes are contained in the Transaction Documents. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information. A copy of the Transaction Documents may be viewed at the offices of the Trust Manager in accordance with the procedures outlined in section 12 of this Information Memorandum.

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

### 1.2 Terms

References in this Information Memorandum to various parties and documents are explained in sections 2 and 13 respectively. Unless defined elsewhere, other terms are defined in the Glossary of Terms in section 14. Section 14 should be referred to in conjunction with any review of this Information Memorandum.

### 1.3 Limited Responsibility for Information

This Information Memorandum has been prepared solely by the Trust Manager based on information available and facts and circumstances known to it as at 21 May 2012 (the **Preparation Date**). The Trust Manager has requested and authorised the distribution of this Information Memorandum and has sole responsibility for its accuracy. Whilst the Trust Manager believes the contents of this Information Memorandum are correct, none of the Trust Manager, the Trustee, Westpac (in any capacity), the Security Trustee, any Dealer or any other person makes any representation or warranty, express or implied, as to, or assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any accompanying, previous or subsequent material or presentation.

Westpac has been involved in the preparation of this Information Memorandum only for the purposes of making the disclosure in section 12.5. Apart from this, Westpac has not been involved in the preparation of any part of this Information Memorandum or authorised or caused its issue, and has not made and does not purport to make, any other statement or representation in this Information Memorandum.

None of the Trustee, the Security Trustee, any Dealer or the Trust Manager has made, or otherwise purports to make, any statement or representation in this Information Memorandum, nor have any of them been involved in the preparation of any part of it or authorised or caused the issue of it.

None of the Trust Manager, the Trustee, the Security Trustee, Westpac (in any capacity), any Dealer nor any other person accepts any responsibility to Noteholders or prospective Noteholders to update or correct this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

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

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

#### **1.4 Date of this Information Memorandum**

This Information Memorandum has been prepared based on information available and facts and circumstances known to the Trust Manager as at the Preparation Date. Neither the delivery of this Information Memorandum, nor any offer or issue of Notes, implies or should be relied upon as a representation or warranty that:

- (a) there has been no change since the Preparation Date in the affairs or financial condition of the Trust, the Trustee, Westpac, the Security Trustee, any Dealer or any other party named in this Information Memorandum; or
- (b) the information contained in this Information Memorandum is accurate, timely and complete at any time after the Preparation Date.

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

#### **1.5 Authorised Material**

No person is authorised to give any information or make any representation which is not expressly contained in this Information Memorandum and any information or representation which is not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Trust Manager, the Trustee, Westpac (in any capacity), the Security Trustee, any Dealer or any other party to the Transaction Documents.



**1.6 Intending Purchasers to make Independent Investment Decisions**

The information contained in this Information Memorandum is not a recommendation by the Trust Manager, the Trustee, Westpac (in any capacity), the Security Trustee or any Dealer that any person subscribe for or purchase any Notes. Each intending purchaser must make its own independent assessment and investigation of the terms of issue of the Notes as it considers appropriate and must base any decision to acquire Notes solely upon such independent assessment and investigation.

**1.7 Distribution to Professional Investors Only**

This Information Memorandum has been prepared on a confidential basis for distribution only to professional investors whose ordinary business includes the buying or selling of securities such as the Notes. This Information Memorandum is not intended for and should not be distributed to any other person except with prior written consent of the Trust Manager.

**1.8 Excluded Offer or Invitation**

Each offer to purchase or invitation to buy Notes will not require disclosure for the purposes of Part 6D.2 or Chapter 7 of the Corporations Act as the amount payable on acceptance of the offer by each person to whom the offer is made or the invitation is issued will be at least A\$500,000 (disregarding any amount payable to the extent to which it is to be paid out of money lent by the Trustee or other person offering those Notes or an associate (as defined in the Corporations Act) of either of them). Accordingly, this Information Memorandum is not required to be lodged with, or registered by, the Australian Securities and Investments Commission. Further information regarding the transfer of Notes is set out in section 2.10.

**1.9 Distribution**

The distribution of this Information Memorandum and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Trust Manager, the Trustee, Westpac, the Security Trustee and any Dealer to inform themselves about and to observe any such restriction. Further details are set out in section 12.

Each Dealer has confirmed that it has complied or will comply with each of the selling restrictions set out in section 12.

**1.10 Limited recovery**

The Trustee's liability to make payments in respect of the Notes is limited to its right of indemnity from the assets of the Trust which are from time to time available to make such payments under the Trust Deed, the Series Notice and the Security Trust Deed. All claims against the Trustee in relation to the Notes may only be satisfied out of the assets of the Trust except in the case of (and to the extent of) any fraud, negligence or wilful misconduct on the part of the Trustee. See section 9.1(j).

Each holder of Notes is required to accept any distribution of moneys under the Security Trust Deed in full and final satisfaction of all moneys owing to it, and any debt represented by any shortfall that exists after any such final distribution is extinguished.

The Trustee shall not be liable to satisfy any obligations or liabilities from its personal assets except arising from (and to the extent of) any fraud, negligence or wilful misconduct on the part of the Trustee.

None of the Trustee, the Servicer, the Trust Manager, Westpac, the Security Trustee, any Dealer or their respective related bodies corporate guarantee payment or repayment of any moneys owing to holders of Notes or the principal of Notes or the payment of interest, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any investment which is made under this Information Memorandum.

### **1.11 References to ratings**

There are several references in this Information Memorandum to the credit rating of the Notes and parties. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant Rating Agency. The credit rating of the Notes addresses the likelihood of the timely payment of interest. The credit rating of the Notes does not address the expected rate of principal repayment other than the ultimate payment of principal no later than the final Maturity Date. No Rating Agency was involved in the preparation of this Information Memorandum.

### **1.12 Australian financial services licensing regime**

Pursuant to section 913B of the Corporations Act, the Trust Manager holds an Australian Financial Services Licence (the **AFSL**), Licence No. 253128, which was issued on 24 February 2004 and amended in July 2005 and April 2006. Under the AFSL, the Trust Manager is authorised to provide general advice in respect of and deal in various financial products, including securities and derivatives with wholesale counterparties and investors. The AFSL enables the Trust Manager to perform various functions, including assisting each Dealer in connection with the offering of the Notes, and facilitating the management of interest rate risk arising in connection with the Housing Loans.

Pursuant to section 913B of the Corporations Act, the Security Trustee holds an Australian Financial Services Licence, Licence No. 239053, which was issued on 16 February 2004.

### **1.13 Exchange Controls and Limitation**

There is a prohibition on, or in some cases the specific prior approval of the Reserve Bank of Australia or the Minister for Foreign Affairs must be obtained for, certain payments or other dealings connected with parties identified with terrorism or to whom financial sanctions apply. See [www.dfat.gov.au](http://www.dfat.gov.au) and [www.rba.gov.au](http://www.rba.gov.au) for the most up to date information on the Australian sanctions regime.

## **1.14 Listing**

Application will be made by the Trust Manager to have the Class A Notes listed on the ASX. No assurance can be made that the application will be granted. Prospective purchasers of the Class A Notes should consult with the Trust Manager to determine their listing status. No application has been made to list any other Notes on the ASX, or any Notes on any other securities exchange.

## **1.15 Repo eligibility**

Application will be made by the Trust Manager to the Reserve Bank of Australia to have the Class A Notes made repo-eligible. No assurance can be made that the application will be successful.

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## 2. Summary

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### Summary Only

The following is only a brief summary of the terms and conditions of the Notes. It should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Information Memorandum.

### 2.1 Westpac Securitisation Trust programme

The Westpac Securitisation Trust (**WST**) programme was established pursuant to the Trust Deed for the purpose of investing in pools of consumer assets originated from time to time by the Westpac Group. The Trust Deed provides for the creation of an unlimited number of WST trusts. Each WST trust will be a separate and distinct trust fund and will be created subject to the Trust Deed and a series notice establishing specific provisions of the relevant WST trust and the instruments to be issued by that trust. Multiple classes of Notes may be issued by the Trustee in relation to each WST trust that may differ among themselves as to priority of repayment and ratings.

#### **Series 2012-1 WST Trust**

The Series 2012-1 WST Trust was established on 16 May 2012 pursuant to a notice of creation of trust to the Trustee from the Trust Manager. Under the notice of creation of trust, the Trust Manager agrees to be bound by the duties and obligations imposed on a "Trust Manager" (as that term is used in the Trust Deed) by the Trust Deed in all respects as if it had originally been named as a party to the Trust Deed and the Trustee agrees to be bound by the duties and obligations imposed on a "Trustee" (as that term is used in the Trust Deed) by the Trust Deed in all respects as if it had originally been named as a party to the Trust Deed. The detailed terms of the Trust and the Notes are as set out in the Series Notice.

The trustee of the Trust will fund the purchase of a pool of residential housing loans originated by Westpac, which will be specified in a Sale Notice from the Approved Seller, by issuing three classes of debt securities.

Westpac is the sole Residual Capital Beneficiary and the sole Residual Income Beneficiary. There are no other beneficiaries of the Trust. The Trust will therefore be a member of the Westpac consolidated tax group.

### 2.2 Transaction Parties

#### **Trustee**

BNY Trust Company of Australia Limited (ABN 49 050 294 052), as trustee of the Trust

#### **Security Trustee**

BTA Institutional Services Australia Limited (ABN 48 002 916 396), as trustee of the Security Trust

**Trust Manager**

Westpac Securitisation Management Pty Limited (ABN 73 081 709 211), a wholly owned subsidiary of Westpac, in its capacity as manager of the Trust

**Approved Seller**

Westpac Banking Corporation in its capacity as originator of the Housing Loans

**Servicer**

Westpac Banking Corporation in its capacity as servicer of the Housing Loans and custodian of related documents

**Arranger**

Westpac Banking Corporation

**Lead Manager**

Westpac Banking Corporation

**Dealer**

Westpac Banking Corporation

**Mortgage Insurer**

Genworth Financial Mortgage Insurance Pty Limited, Housing Loans Insurance Corporation and Westpac Lenders Mortgage Insurance Limited

**Liquidity Facility Provider**

Westpac Banking Corporation in its capacity as the provider of the Liquidity Facility

**Redraw Facility Provider**

Westpac Banking Corporation in its capacity as the provider of the Redraw Facility

**Basis Swap Provider**

Westpac Banking Corporation in its capacity as the provider of the Basis Swap

**Interest Rate Swap Provider**

Westpac Banking Corporation in its capacity as the provider of the Interest Rate Swap

**Residual Capital Beneficiary**

Westpac Banking Corporation

**Residual Income Beneficiary**

Westpac Banking Corporation

**2.3 General Information regarding the Notes****Issuer of the Notes**

The Trustee as trustee of the Trust

**Description of the Notes**

Pass-through floating rate debt securities. The Notes are issued with the benefit of, and subject to, the Trust Deed, the Series Notice and the Security Trust Deed.

**Classes of Notes**

The Trustee will issue Notes in three Classes:

- (a) a single tranche of senior notes, designated Class A Notes;
- (b) a single tranche of notes which will, post enforcement, rank behind the Class A Notes for the payment of principal and Coupons, designated Class B Notes; and
- (c) a single tranche of notes which will, post enforcement, rank behind the Class B Notes for the payment of principal and Coupons, designated Class C Notes.

**Proposed Issue Amount**

A\$1,150,000,000

**Cut-Off Date**

2 May 2012

**Closing Date**

22 May 2012

**Payment Date**

The 19<sup>th</sup> day of each month. The first Payment Date will be 19 June 2012.

**Use of Proceeds**

On the Closing Date, the proceeds of issue of the Notes will be used to acquire Housing Loans.

**Business Days**

If a date on which any amount falls due for payment is not a Business Day, then any payment due on that day will be paid on the next Business Day unless that day falls in the next calendar month, in which case the due date will be the preceding Business Day.

**Collection Period**

Each period which commences on (and includes) the 6<sup>th</sup> day of each month and runs until (and includes) the 5<sup>th</sup> day of the following month. However, the first Collection Period will commence on (and include) the day after the Cut-Off Date and end on (and include) 5 June 2012. The last Collection Period is the period from (but excluding) the last day of the previous Collection Period to (and including) the Termination Date of the Trust.

**Coupon Period**

- (a) In relation to the first Coupon Period of any Note, the period commencing on (and including) the Closing Date and ending on (and including) the day immediately before the first Payment Date.
- (b) In relation to each succeeding Coupon Period, each period commencing on (and including) a Payment Date and ending on (and including) the day immediately before the next Payment Date.
- (c) The final Coupon Period ends on (and excludes) the day on which all amounts due on the Notes are redeemed in full in accordance with the Transaction Documents.

**Determination Date**

Four Business Days before each Payment Date.

**Maturity Date**

19 June 2043.

**Pricing Date**

15 May 2012.

**Record Date**

With respect to a Payment Date, 4.00pm (Sydney time) on the second Business Day before that Payment Date.

**Initial Invested Amount of each Note**

Each Note will have a denomination of A\$100,000. Notes will initially be issued in minimum parcels of at least A\$500,000 or in whole multiples of A\$100,000 in excess thereof.

**Aggregate Initial Invested Amount of each Class of Notes**

Class A:	A\$1,058,000,000
Class B:	A\$39,100,000
Class C:	A\$52,900,000

**Issue Price**

The Class A Notes, the Class B Notes and the Class C Notes will be issued at par value.

**Rating**

It is expected that the Class A Notes will be rated AAA (sf) by S&P and Aaa (sf) by Moody's, the Class B Notes will be rated AAA (sf) by S&P and Aa1 (sf) by Moody's and the Class C Notes will be unrated.

**Coupon for Class A Notes and Class B Notes and Class C Notes**

Coupon on the Class A Notes, the Class B Notes and the Class C Notes for each Coupon Period will be payable in arrear on the Payment Date following the end of that Coupon Period. The first Coupon on the Class A Notes, the Class B Notes and the Class C Notes will be payable on 19 June 2012 in respect of the first Coupon Period.

The Coupon on the Notes will be calculated on a daily basis:

- (a) in the case of:
  - (i) a Class A Note and a Class B Note, on the Invested Amount of the relevant Note as at the first day of that Coupon Period; and
  - (ii) a Class C Note and:
    - (A) a Class C Required Coupon, on the Stated Amount of that Note; and
    - (B) a Class C Residual Coupon, on the amount (if any) by which the Invested Amount of that Note exceeds the Stated Amount of that Note,

- as at the first day of that Coupon Period;
- (b) at the Coupon Rate applicable for that Class of Note for that Coupon Period;
  - (c) on the basis of the actual number of days in that Coupon Period divided by 365 days,

and shall accrue due from day to day.

No interest will accrue on any Note for the period from and including the date on which the Stated Amount of that Note is reduced to zero.

No Coupon will be payable on a Payment Date in respect of the Class B Notes and the Class C Notes until all Coupon in respect of the Class A Notes and all draw fees under the Redraw Facility (see section 8.2(a)) have been paid (see section 7.8(a)).

No Coupon will be payable on a Payment Date in respect of the Class C Notes until all Coupon in respect of the Class A Notes and the Class B Notes, and all draw fees under the Redraw Facility have been paid.

#### **Coupon Rate for Class A Notes, Class B Notes and Class C Notes**

The Coupon Rate applicable to the Class B Notes and the Class C Notes for any Coupon Period or applicable to the Class A Notes for a Coupon Period commencing before the Margin Step-Up Date will be the Bank Bill Rate on the first day of the Coupon Period plus the relevant Margin for the relevant Note.

The Coupon Rate applicable to the Class A Notes for a Coupon Period commencing on or after the Margin Step-Up Date will be the Bank Bill Rate on the first day of the Coupon Period plus the Margin for the Class A Notes plus a further percentage rate per annum equal to the Step-Up Margin for the Class A Notes.

The Margin for each of the Class A Notes, the Class B Notes and the Class C Notes is as determined on the Pricing Date.

#### **Principal Repayment**

Any repayment of principal which is required to be made on a Payment Date as described in section 7.10(b) will be made to the persons whose names are, on the Record Date, entered in the Register as the holders of the Notes.

The distribution of Total Available Funds will be made in accordance with the order of priority set out in section 7.8(a).

For so long as the Serial Paydown Conditions are not met, Principal Collections will be distributed sequentially (first to Class A Noteholders, then to Class B Noteholders and then to Class C Noteholders). If the Serial Paydown Conditions are met, Principal Collections will be distributed to the Noteholders of each Class proportionately, as described in section 7.10(b).

#### **Clean-up Offer**

On any Payment Date on or after the Call Option Date, Westpac may, subject to the restrictions described in section 4.5, purchase the equitable title to the Housing Loans held by the Trust for an amount equal to (in respect of Performing Loans) their Unpaid Balance and (in respect of Housing Loans other than Performing Loans) the Fair Market Value of



those Housing Loans. The proceeds of sale will be applied by the Trustee (as trustee of the Trust) to repay moneys owing to Noteholders at that time in accordance with the Series Notice (see section 7).

## 2.4 The Housing Loans

### Acquisition of the Housing Loans

On the Closing Date, the proceeds of the issue of the Notes will be used to acquire Housing Loans.

The purchase price for the Housing Loans will be A\$1,149,999,999.98 (the **Purchase Price**), being the Housing Loan Principal of the Housing Loans as at the Cut-Off Date.

On the Closing Date, the Housing Loans purchased by the Trust will be specified in a Sale Notice from the Approved Seller to the Trustee. Some of those Housing Loans will be subject to a discretionary variable rate of interest set by the Approved Seller, while others will be subject to a fixed rate of interest.

The Housing Loans will be sourced from the Approved Seller's portfolio of residential housing loans, originated by the Approved Seller in the ordinary course of its business. Each Housing Loan may have some or all of the product features referred to in section 6.2. They are required to be secured by a registrable first ranking mortgage (or, in certain circumstances, a subordinated mortgage) on or after the Closing Date (see section 6.1(a)(ii)) and comply in all respects with the Eligibility Criteria (see section 6.1).

For more information on the Housing Loans, see section 6.

### Assignment of the Housing Loans

On the Closing Date, the Approved Seller will equitably assign the Housing Loans, Mortgages and Related Securities securing those Housing Loans to the Trustee, pursuant to a Sale Notice substantially in the form annexed to the Trust Deed, after which the Trustee will be entitled to receive (with the assistance of the Servicer) Collections on those Housing Loans. If a Title Perfection Event occurs, the Trustee must take certain actions to perfect its legal title in the Housing Loans. The Trustee will be entitled, under irrevocable powers of attorney granted by the Approved Seller, to perfect its legal title should it be required to do so.

The Approved Seller may in some instances assign to the Trustee a Housing Loan secured by an "all moneys" Mortgage, which may also secure financial accommodation that has not been sold into the Mortgage Pool and is instead retained by the Approved Seller. The Trustee will hold the benefit of the relevant Mortgage as bare trustee in relation to that other financial accommodation, although the Mortgage will secure the assigned Housing Loan in priority to that financial accommodation.

### Servicing and Custody

Westpac has been appointed Servicer under the terms of the Servicing Agreement. As Servicer, Westpac will also maintain custody of the mortgage documents relating to the Housing Loans.

See sections 5, 9.4 and 9.5 for further information.

### **Transfer of Housing Loans**

The Trust Manager is obliged to ensure that if it proposes to comply with a Borrower's request for a Further Advance under a Housing Loan, or to convert (in whole or in part) a Housing Loan from a floating rate of interest to a fixed rate of interest but is unable to ensure that fixed rate of interest is fully hedged, it will direct the Trustee to transfer that Housing Loan out of the Trust.

The Trust Manager may also, from time to time, direct the Trustee to transfer a Housing Loan to Westpac or an Other Trust.

Any transfer of a Housing Loan referred to in this section 2.4:

- (a) must be for a consideration which is not less than the greater of the Unpaid Balance of that Housing Loan and its Fair Market Value; and
- (b) may only be made if the transfer is the subject of a Rating Notification.

## **2.5 Credit Enhancements**

There are three levels of protection against losses available to Class A Noteholders and the Redraw Facility Provider, to the extent that the protections remain available at any given time. These protections are:

- (a) Mortgage Insurance Policies (where applicable);
- (b) Subordination of Excess Available Income; and
- (c) Subordination of the Class B Notes and the Class C Notes.

There are three levels of protection against losses available to Class B Noteholders, to the extent that the protections remain available at any given time. These protections are:

- (a) Mortgage Insurance Policies (where applicable);
- (b) Subordination of Excess Available Income; and
- (c) Subordination of the Class C Notes.

There are two levels of protection against losses available to Class C Noteholders, to the extent that the protections remain available at any given time. These protections are:

- (a) Mortgage Insurance Policies (where applicable); and
- (b) Subordination of Excess Available Income.

### **Mortgage Insurance Policies**

Generally, Housing Loans with an LVR greater than 80% at the time of origination will be covered by individual mortgage insurance policies issued by the Mortgage Insurer. These individual mortgage insurance policies will cover an amount equal to the scheduled principal balance of the relevant Housing Loan as at the Cut-Off Date.

Housing Loans with an LVR less than or equal to 80% at the time of origination may not be covered by individual or pool mortgage insurance policies.

**Excess Available Income**

To the extent there is a loss under a Housing Loan that is not satisfied by a claim (or deemed claim) under a Mortgage Insurance Policy (if any) or by amounts recoverable by the Trustee from the Approved Seller or the Servicer, the amount which would otherwise have been available to be distributed to the relevant Beneficiary as Excess Available Income (see section 9.3) will be applied (to the extent available) to reimburse, and apply as Gross Principal Collections, losses that were realised during that Collection Period.

To the extent it is available, Excess Available Income may also be used to reimburse any Principal Charge Offs or Carryover Charge Offs of the Notes from previous Collection Periods that remain unreimbursed.

For further details see section 7.8(d).

**Subordination of Class B Notes**

Class A Noteholders and the Redraw Facility Provider will have the benefit of the subordination of the Class B Notes and the Class C Notes. That is, to the extent that there is a loss on a Housing Loan which is not satisfied by a claim (or deemed claim) under a Mortgage Insurance Policy (if any), by amounts recoverable by the Trustee from the Approved Seller or the Servicer, or by the application of Excess Available Income, the amount of that loss will be allocated first to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero, and then to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero. The amount of any remaining loss will then be allocated pari passu to the Class A Notes and the Redraw Facility, reducing the Stated Amount of the Class A Notes until their Stated Amount is zero and reducing the principal outstanding under the Redraw Facility until it is zero.

For further details see section 7.11.

**Subordination of Class C Notes**

Class A Noteholders, the Redraw Facility Provider and the Class B Noteholders will have the benefit of the subordination of Class C Notes. That is, to the extent that there is a loss on a Housing Loan which is not satisfied by a claim (or deemed claim) under a Mortgage Insurance Policy (if any), by amounts recoverable by the Trustee from the Approved Seller or the Servicer, or by the application of Excess Available Income, the amount of that loss will be allocated first to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero. The amount of any remaining loss will then be allocated to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero and then allocated pari passu to the Class A Notes and the Redraw Facility, reducing the Stated Amount of the Class A Notes until their Stated Amount is zero and reducing the principal outstanding under the Redraw Facility until it is zero.

For further details see section 7.11.

## 2.6 Interest Rate Risk Management

### Hedge Agreements

The Trustee will enter into a Basis Swap and an Interest Rate Swap with the Swap Provider under which the basis risk between the floating rate obligations of the Trust (including Coupon on the Notes) and the variable rates or fixed rates (as the case may be) set on the Housing Loans, as permitted by the relevant Housing Loan agreements, at the discretion of the Approved Seller, will be hedged for the benefit of the Noteholders.

See section 8.3 for more information.

### Threshold Rate

If at any time the Basis Swap is terminated, the Trust Manager must, on each Determination Date following that termination, calculate the rate of interest (expressed as a percentage per annum) which if set on all Housing Loans (where permitted under the terms of the relevant loan agreements and to the extent permitted by applicable law) would, when calculated on an overall portfolio basis, be sufficient (assuming that all relevant parties comply with their obligations at all times under the Transaction Documents, the Housing Loans and the relevant Related Securities), when aggregated with the income produced by the rate of interest on all other assets of the Trust (including Hedge Agreements), to ensure that the Trustee will have available to it sufficient Collections to enable it to comply with its obligations under the Transaction Documents as they fall due (the **Threshold Rate**).

If the Servicer is notified of the Threshold Rate, it is required, subject to the terms of the loan agreements for the relevant Housing Loans to ensure that the process is commenced to change the interest rates payable on all relevant discretionary variable rate Housing Loans, such that, the weighted average rate of interest payable on all relevant discretionary variable rate Housing Loans is not less than the Threshold Rate and immediately notify the Trustee when that process has been completed.

## 2.7 Liquidity Support

### Principal Draws

If the Trust Manager determines on any Determination Date that the Available Income of the Trust is insufficient to meet Total Payments of the Trust on the following Payment Date (a **Payment Shortfall**), then Principal Collections collected during the immediately preceding Collection Period can be used to fund the Payment Shortfall (a **Principal Draw**) (see section 7.5).

Amounts paid from any Principal Collections in this way will be reimbursed through Excess Available Income (to the extent available) in subsequent periods out of the Excess Available Income for that period. If there is insufficient Excess Available Income to reimburse Principal Draws, the principal repayable on Notes at maturity may be reduced.

### Liquidity Facility

If the Trust Manager determines on any Determination Date that there will be a Liquidity Shortfall on the following Payment Date, the Trustee may be able to draw down on a committed facility provided by the Liquidity Facility Provider up to a total amount equal to

the facility limit, being A\$14,950,000 as at the Closing Date. A drawdown is subject to a number of conditions precedent being satisfied (see section 8.1 for further details).

The Transaction Documents permit the Trust Manager to take certain steps so that funding is provided under the Liquidity Facility. The Trustee is not responsible for any actions of the Trust Manager in doing so, or for any losses arising from those actions.

## **2.8 Redraw and Further Advance Funding**

Under the terms of the loan agreements for some of the Housing Loans to be purchased by the Trustee, the relevant Borrower may request the Approved Seller to provide them with a Redraw (see section 6.2(b)). Under the terms of each variable rate Housing Loan, a Borrower may, at the discretion of Westpac, obtain a Further Advance which results (unlike a Redraw) in the Housing Loan Principal exceeding the scheduled principal balance of the Housing Loan prior to the Further Advance. The Approved Seller may only provide a Further Advance if the Approved Seller purchases the relevant Housing Loan from the Trustee.

The Approved Seller is entitled to be reimbursed by the Trustee for Redraws funded by the Approved Seller:

- (a) first, from Gross Principal Collections (see sections 7.9 and 7.10); and
- (b) second, from drawings under the Redraw Facility (see section 8.2(c)),

to the extent each is available. If a Redraw is funded out of Gross Principal Collections or the Approved Seller is reimbursed for a Redraw, the obligation of the Borrower to repay the amount of the Redraw becomes an asset of the Trust.

If Gross Principal Collections are insufficient to fund Redraws or to reimburse the Approved Seller for Redraws funded by it, the Trustee may be able to draw down on a standby facility provided by the Redraw Facility Provider up to a total amount equal to the facility limit, being A\$11,500,000 as at the Closing Date (see section 8.2).

The Transaction Documents permit the Trust Manager to take certain steps so that funding is provided under the Redraw Facility. The Trustee is not responsible for any actions of the Trust Manager doing so, or for any losses arising from those actions.

If the Approved Seller is not fully reimbursed in relation to a Redraw, it will bear the cost of funding that Redraw until such time as it can be reimbursed by the Trustee.

## **2.9 Security Trust Deed**

The Trustee has, pursuant to the Security Trust Deed, granted a security interest to the Security Trustee over the Trust's assets for the benefit of Noteholders and certain other creditors of the Trust. For further details in relation to the Security Trust Deed refer to section 10.

## **2.10 Further Information**

### **Transfer**

The Notes may only be purchased or sold by execution and registration of a Note Transfer. For further details, see sections 4.12 and 4.13.

A Noteholder must not transfer any Notes held by it unless:

- (a) where the Notes are traded on the ASX, they are traded in parcels with a minimum value of A\$500,000; and
- (b) if the transfer is in or from Australia:
  - (i) the amount payable for the Notes on transfer (whether on the ASX or elsewhere) by the transferee is a minimum amount of A\$500,000 (disregarding amounts, if any, lent by the Trustee or other person offering the Notes or an associate (as defined in the Corporations Act) of either of them); or
  - (ii) the offer or invitation to the transferee by the Noteholder otherwise does not require disclosure under Parts 6D.2 or 7.9 of the Corporations Act and the Corporations Regulations made under the Corporations Act; and
- (c) if the transfer is in or from Australia, the transfer is to a person who is not a retail client within the meaning of section 761 of the Corporations Act.

No Note has been or will be registered under the United States Securities Act of 1933 as amended (the **Securities Act**) and the Notes may not be offered, sold, delivered or transferred within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption 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.

None of the Trustee, the Security Trustee, the Trust Manager, the Servicer or the Approved Seller is liable to any Noteholder in relation to a breach by that Noteholder of these restrictions.

#### **Stamp Duty**

The Trust Manager has received advice that neither the issue, nor the transfer, of the Notes will currently attract stamp duty in any jurisdiction of Australia.

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### 3. Special considerations and risk factors

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

#### 3.1 Limited liability under the Notes

The Notes are debt obligations of the Trustee as trustee of the Trust. They are issued with the benefit of, and subject to the Trust Deed, the Series Notice and the Security Trust Deed. The Trustee's liability in respect of the Notes is limited to the assets of the Trust available in accordance with the terms of the Trust Deed, the Series Notice and the Security Trust Deed to meet its obligations in relation to the Notes and, except in certain limited circumstances (as to which see section 9.1(j)), the Trustee will not be personally liable in respect of the Notes.

#### 3.2 Secondary market risk

There is no assurance that a secondary market in the Notes will develop, or if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes. No assurance can be given that it will be possible to effect a sale of the Notes, nor can any assurance be given that if a sale were to take place it would not be at a discount to the acquisition price or the face value of the Notes.

#### 3.3 Early principal distributions

On each Payment Date, Principal Collections will be passed through to Noteholders. The rate of principal and interest payments on different securitised pools of Housing Loans varies among those pools and is influenced by a variety of economic, demographic, social, tax, legal and other factors, including prevailing market interest rates for Housing Loans, the availability of alternative financing and the particular terms of the relevant Housing Loans. No assurance can be given as to the rate at which payments are received under the Housing Loans, which may be faster or slower than Noteholders may expect.

Further, there are a number of circumstances in which the Trust may receive early payments of principal on the Housing Loans and, therefore, pay such Principal Collections to the Noteholders earlier than would otherwise have been the case, including:

- (a) receipt by the Trustee of enforcement proceeds due to a Borrower having defaulted on its Housing Loan;
- (b) receipt by the Trustee of insurance proceeds in relation to a claim under a Mortgage Insurance Policy in respect of a Housing Loan (if any);
- (c) the transfer of a Housing Loan to the Approved Seller or an Other Trust (see section 2.4);
- (d) repurchase by the Approved Seller of Housing Loans as a result of a breach of any representation referred to in section 6.1(a);
- (e) repurchase by Westpac of Housing Loans as a result of the Trustee accepting the Clean-Up Offer referred to in section 2.3;
- (f) receipt of proceeds of enforcement of the Security Trust Deed prior to the Maturity Date of the Notes (see section 3.14); or
- (g) receipt of proceeds of the sale of Housing Loans if the Trust is terminated while Notes are outstanding (for example, if required by law) and the Housing Loans are then repurchased by the Approved Seller under its right of first refusal or sold to a third party.

Repayments which are received earlier than expected may not be able to be reinvested at the same rate of return as is applicable to the Notes.

#### **3.4 Payment holidays may result in insufficient interest**

If a Borrower prepays principal on his or her Housing Loan, that Borrower may not be required to make any payments, including interest payments, until the outstanding principal balance of the Housing Loan plus unpaid interest equal or exceed the scheduled principal balance of that Housing Loan at the relevant time. If a significant number of Borrowers take advantage of this feature at the same time, and the Liquidity Facility and Principal Draws do not provide enough funds to cover the scheduled repayments which were not made on the Housing Loans, the Trustee may not have sufficient funds to pay the full amount of interest on the Notes on the next Payment Date.

#### **3.5 Westpac's ability to set the interest rate on variable rate Housing Loans may lead to increased delinquencies or prepayments**

The interest rates on the variable rate Housing Loans are set at the sole discretion of Westpac. If Westpac increases interest rates on the Housing Loans, Borrowers may be unable to make their required payments and, accordingly, may become delinquent or may default on their Housing Loans. In addition, if the interest rates are raised above market interest rates, Borrowers may refinance their loans with another lender to obtain a lower interest rate. This could cause higher rates of principal prepayment than expected which could affect the yield on Notes and may lead to reinvestment risk (see section 3.11).

#### **3.6 Delinquency and default risk**

If Borrowers fail to make payments of interest and principal under Housing Loans when due there is a possibility that the Trustee may have insufficient funds to make full payments of interest and principal to the Noteholders.



The Trustee's obligation to pay interest and to repay principal in respect of the Notes in full is limited by reference to, among other things, receipts under or in respect of the outstanding Housing Loans. Noteholders must rely for payment under the Notes on Borrowers making payments under the Housing Loans and on amounts available under the Mortgage Insurance Policies (where applicable) and any amounts payable by the Approved Seller or the Servicer in respect of any breach of a representation and warranty or undertaking respectively and, in the case of Coupon, on Principal Collections and the Liquidity Facility (see sections 7 and 8.1).

A wide variety of factors of a legal, economic, political or other nature could affect the performance of Borrowers in making payments of interest and principal under the Housing Loans.

In particular, if interest rates increase significantly, Borrowers may experience distress and increased default rates on the Housing Loans may result. Under the Consumer Credit Legislation, a court may order a Housing Loan to be varied on the grounds of hardship (see section 3.12).

If a Borrower defaults on payments under a Housing Loan and the Servicer enforces the Housing Loan and takes possession of the relevant Mortgaged Property, many factors may affect the price for which the Mortgaged Property is sold and the length of time required to realise the proceeds of sale. Any delay, and any loss incurred as a result of the realised proceeds of the sale of a Mortgaged Property being less than the amount due under the Housing Loan, may affect the ability of the Trustee to make payments, or the timing of those payments, in respect of the Notes, notwithstanding any amounts that may be claimed under a Mortgage Insurance Policy (if any) or otherwise allocated from Principal Collections or drawn under the Liquidity Facility.

### 3.7 Servicer risk

The appointment of the Servicer under the Trust Deed and Servicing Agreement may be terminated in certain circumstances (as set out in section 9.4(i)) or the Servicer may resign (as set out in section 9.4(j)). If the Servicer is removed for any reason, the Trustee is obliged to appoint a suitably qualified person as Servicer whose appointment would not materially prejudice the interests of Noteholders (an **Eligible Servicer**) to assume responsibility for servicing the Housing Loans in accordance with the Trust Deed and the Servicing Agreement. There is no guarantee that an Eligible Servicer will be found who would be willing to service the Housing Loans on the terms of the Trust Deed and Servicing Agreement, in which case the Trustee must be appointed as an Eligible Servicer (subject to the conditions and restrictions in the Transaction Documents and limitations on the Trustee's liability in that capacity specified in the Transaction Documents). The ability of the Eligible Servicer (whether it is the Trustee or a third party) to perform the servicing functions under the Trust Deed and Servicing Agreement would depend on the information and records available to it.

In addition, before Westpac as Servicer remits Collections to the Collection Account, the Collections may be commingled with the assets of Westpac. If Westpac becomes insolvent, the Trustee may only be able to claim those Collections as an unsecured creditor

of Westpac in Westpac's insolvency. This could lead to a failure to receive the Collection on the Housing Loans, delays in receiving the Collections or losses to Noteholders.

### **3.8 Equitable assignment**

The Housing Loans will initially be assigned by the Approved Seller to the Trustee in equity. If a Title Perfection Event occurs, the Trustee with the assistance of the Servicer must take such steps as are necessary to perfect the Trustee's legal title in the Housing Loans. Until such time, the Trustee is not permitted to take any steps to perfect legal title and, in particular, it will not notify the Borrowers of the equitable assignment of the Housing Loans to the Trustee.

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

- (a) until a Borrower has notice of the assignment, that Borrower is not bound to make payments under the relevant Housing Loan to anyone other than the Approved Seller and can obtain a valid discharge from the Approved Seller. However, the Servicer is appointed as the initial Servicer of the Housing Loans and is obliged to deal with all moneys received from Borrowers in accordance with the Servicing Agreement and the Trust Deed;
- (b) for so long as the Trustee holds only an equitable interest in the Housing Loans, the Trustee's interest in them may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. However, the Servicer undertakes not to consent to the creation or existence of any security interest over the Mortgaged Property; and
- (c) for so long as the Trustee holds only an equitable interest in the Housing Loans, it must join the Approved Seller as a party to any legal proceedings against any Borrower in relation to the enforcement of any Housing Loan. In this regard, the Approved Seller undertakes in the Servicing Agreement to co-operate with the Servicer in connection with the enforcement of any Housing Loans.

### **3.9 Breach of representation or warranty**

The Approved Seller will make certain representations and warranties to the Trustee in relation to the Housing Loans to be assigned to the Trustee (as at the Cut-Off Date), on the Cut-Off Date and the Closing Date (see section 6.1). The Trustee has not investigated or made any enquiries regarding the accuracy of the representations and warranties, and under the Trust Deed is under no obligation to do so. The Trustee is entitled to rely entirely upon the representations and warranties being correct (unless it has actual notice of any event to the contrary). The rights of the Trustee in respect of any representation or warranty being incorrect are described in section 6.1.

### **3.10 Mortgage Insurance Policies**

Some Housing Loans have the benefit of Mortgage Insurance Policies (see section 2.5).

The liability of the Mortgage Insurer under a Mortgage Insurance Policy is subject to certain exclusions. The Mortgage Insurer also has the right to cancel cover or terminate a Mortgage Insurance Policy in respect of a Housing Loan (if any) in certain circumstances.

The exclusions and rights may affect the ability of the Trustee to make timely and full payments of interest and principal repayments on the Notes (see section 8.4).

The availability of a Mortgage Insurance Policy (if any) as credit support will ultimately be dependent on the financial strength of the Mortgage Insurer. If the Mortgage Insurer encounters financial difficulties which impede or prohibit the performance of its obligations under the Mortgage Insurance Policy, the Trustee may not have sufficient funds to pay the full amount of principal and interest due on the Notes.

### **3.11 Reinvestment risk**

If a prepayment is received on a Housing Loan during the period between one Payment Date and the next, interest at the then rate on the Housing Loan will cease to accrue on that part of the Housing Loan prepaid from the date of the prepayment. The amount prepaid will be invested in Authorised Investments for the balance of the Collection Period at a rate that may be less than the then rate on the Housing Loan. Interest will, however, continue to be payable in respect of a corresponding amount of principal on the Notes until the next Payment Date following the prepayment. Accordingly, this may affect the ability of the Trustee to pay interest in full on the Notes. The Trustee has access to Principal Collections and the Liquidity Facility for such shortfalls (see sections 7.5 and 7.6).

### **3.12 Consumer Credit Legislation**

Some of the Housing Loans are regulated by Consumer Credit Legislation. Under that legislation, a Borrower may have a right to apply to a court to:

- (a) vary their Housing Loan on the grounds of hardship or that it is an unjust contract;
- (b) reduce or cancel any interest rate change, establishment fee, early termination fee or prepayment charge payable on the Housing Loan which is unconscionable;
- (c) have certain provisions of the Housing Loan or relevant Mortgage which are in breach of the Consumer Credit Legislation declared unenforceable;
- (d) obtain an order for a civil penalty where their Housing Loan breaches certain key requirements of the Consumer Credit Legislation (the amount of the penalty will depend on who brings the application, the nature of the breach and the type of Housing Loan, but for some Housing Loans in some situations it could be a maximum amount equal to all interest charges payable under the contract from the date it was made). If an application for a civil penalty is made by a Borrower, any civil penalty awarded may be set off by the Borrower against any amount due under the Housing Loan;
- (e) obtain restitution or compensation from the Trustee, in relation to any breaches of the Consumer Credit Legislation in relation to the Housing Loan or relevant Mortgage, or

- (f) obtain an order for the recovery of fees and charges which are not authorised to be charged under the terms of their Housing Loan or the Consumer Credit Legislation.

Any such order may affect the timing or amount of interest, fees and charges or principal repayments under the relevant Housing Loan (which might in turn affect the timing or amount of interest payments or principal repayments under the Notes).

Breaches of the Consumer Credit Legislation may also lead to civil penalty payments to a fund established by the relevant government agency (where the application for a civil penalty is made by a government agency) and/or criminal fines being imposed on the Approved Seller, for so long as it holds legal title to the Housing Loans and the Mortgages. If the Trustee acquires legal title, it will then become primarily responsible for compliance with the Consumer Credit Legislation. The Trustee will (subject to limited exceptions) be indemnified out of the assets of the Trust for its liabilities under the Consumer Credit Legislation.

The core provisions of the National Consumer Credit Protection Act 2009 and associated Acts and regulations (the **NCCP Regime**) commenced on 1 July 2010 and this legislation replaced the existing legislation from that date. The new National Credit Code which forms part of the NCCP Regime is in substantially the same terms as the previous Consumer Credit Code. While there are some key differences, most of the key differences are not relevant to Housing Loans in the Trust, as the majority were originated before commencement of the National Credit Code. The new legislation has significant consequences for credit providers and those engaging in credit activities. It establishes a new licensing regime (administered by ASIC) for credit providers and transfers responsibility for enforcement and supervision to ASIC. This may be expected to result in an increased level of enforcement, supervisory and regulatory activity. In particular, ASIC now has the power (which has not previously existed) to bring representative actions in relation to interest rate changes, early termination fees and prepayment charges on the grounds that they are unconscionable (this power will arise in relation to Housing Loans which were originated under and regulated by the superseded consumer credit legislation).

Additional consumer protections took effect from 1 July 2010 through amendments to the Australian Securities and Investments Commission Act 2001 (Cth). These include an unfair contract terms regime under which terms found to be unfair will be void. This regime will apply to the Housing Loans in the Trust which were entered into after the regime commenced. It will also apply to Housing Loans entered into before the regime commenced if such Housing Loans were or are varied on or after commencement, but only in relation to the terms as varied in relation to conduct that occurs after the variation.

The Approved Seller will give certain representations and warranties that the Housing Loans and related Mortgages complied in all material respects with the Consumer Credit Legislation when those documents were entered into. The Servicer has undertaken to comply with the Consumer Credit Legislation and the NCCP Regime in connection with servicing the Housing Loans and related Mortgages where failure to do so would have an Adverse Effect. The Trustee may have the right to claim damages from the Approved Seller or the Servicer, as the case may be, where the Trustee suffers loss in connection

with a breach of the Consumer Credit Legislation or the NCCP Regime which is caused by a breach of a relevant representation or undertaking.

**3.13 Unreimbursed Redraws will be paid before principal on the Notes**

On each Payment Date, Gross Principal Collections will be used to reimburse Westpac for any Redraws funded by Westpac during the related Collection Period prior to principal payments being made on the Notes. In addition, unreimbursed Redraws will rank ahead of the Class B Notes and the Class C Notes with respect to payment of principal after enforcement of the security interest granted under the Security Trust Deed. Noteholders may not receive full repayment of principal on the Notes.

**3.14 The proceeds from the enforcement of the Security Trust Deed may be insufficient to pay amounts due under the Notes**

If the Security Trustee enforces the security interest over the assets of the Trust after an Event of Default occurs under the Security Trust Deed (see section 10), there is no assurance that the market value of the assets of the Trust (including the Housing Loans) will be equal to or greater than the outstanding principal and interest due on the Notes and the other secured obligations that rank ahead of or equally with the Notes, or that the Security Trustee will be able to realise the full value of the assets of the Trust (including selling the Housing Loans for their Unpaid Balance). The Trustee and the Security Trustee will generally be entitled to receive the proceeds of any sale of the assets of the Trust, to the extent they are owed fees and expenses, before the Noteholders. Consequently, the proceeds from the sale of the assets of the Trust after an Event of Default under the Security Trust Deed may be insufficient to pay Noteholders outstanding principal and interest in full.

**3.15 The use of Principal Collections to cover shortfalls may lead to Principal Losses**

If Principal Collections are drawn upon to cover shortfalls in interest collections and there are insufficient excess interest collections in succeeding Collection Periods to repay those Principal Draws, Noteholders may not receive full repayment of principal on their Notes.

**3.16 There are limits on the amount of available liquidity**

If Principal Collections (in the form of Principal Draws) are not sufficient to cover a shortfall in Finance Charge Collections for a Payment Date, the Trustee will draw funds under the Liquidity Facility. If there is not enough money available under the Liquidity Facility, the Noteholders may not receive a full payment of interest on that Payment Date.

**3.17 The concentration of Housing Loans in specific geographic areas may increase the possibility of losses on the Notes**

If the Trust contains a high concentration of Housing Loans secured by properties located in a particular region or state, 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. These events may in turn have a disproportionate impact on funds available to the Trust, which could result in losses for Noteholders.

**3.18 Natural disasters or change in environmental circumstances may increase the possibility of losses on the Notes**

If the Trust contains a significant concentration of Housing Loans secured by properties located in a region or state that experiences natural disasters or change in environmental circumstances which result in property damage (and those properties are not fully insured against the type of natural disaster which occurs), affect the value of properties or result in a deterioration of the economy, it could result in higher rates of delinquencies, foreclosures and losses than expected on the Housing Loans. These events may in turn have a disproportionate impact on funds available to the Trust, which could result in losses for Noteholders.

**3.19 A decline in Australian economic conditions may lead to losses on the Notes**

The Australian economy experienced a shallow downturn as a consequence of the global financial crisis. This was in contrast to the dramatic collapse in output and asset prices seen across the Organisation for Economic Co-operation and Development (OECD). More recently, the economy has recovered to a degree, but there has nevertheless been recent evidence of depreciation in the value of real property assets. If the Australian economy were to experience a future downturn, an increase in unemployment, an increase in interest rates, a fall in property values or any combination of these factors, delinquencies or losses on the Housing Loans may increase, which may cause losses on the Notes. To the extent such losses are covered by a Mortgage Insurance Policy (where relevant) described in this Information Memorandum, proceeds of such policy will be treated as a prepayment of principal and will be distributed to the Noteholders earlier than otherwise would be the case.

**3.20 Some of the Housing Loans have high LVRs which may affect the return on the Notes**

Housing Loans with higher LVRs may present greater risk of delinquency or loss than Housing Loans with a lower LVR. Although as of the Cut-Off Date Housing Loans in the Trust with an LVR in excess of 80% at origination are generally covered by a Mortgage Insurance Policy which insures the full amount of the Unpaid Balance, proceeds from the liquidation of such Housing Loans may be insufficient to cover the Unpaid Balance if a Borrower fails to make payments under the Housing Loan and the Mortgage Insurer has elected, if entitled, to:

- (a) cancel the relevant Mortgage Insurance Policy;
- (b) reduce the amount of a claim made under the Mortgage Insurance Policy; or
- (c) refuse the amount of a claim made or is otherwise unable to honour its obligations under the Mortgage Insurance Policy.

As a result, there may be losses in relation to Notes.

In addition, Housing Loans in the Trust with an LVR less than or equal to 80% at origination will generally not be covered by any Mortgage Insurance Policy.

### 3.21 Rating

It is expected that the Class A Notes will be rated AAA (sf) by S&P and Aaa (sf) by Moody's and that the Class B Notes will be rated AAA (sf) by S&P and Aa1 (sf) by Moody's. The Class C Notes will be unrated. Ratings other than these have not been requested. There can be no assurance as to whether another rating agency will rate the Notes and if so, what ratings would be so assigned to the Notes. Any ratings so assigned could be lower than those indicated above. The rating of a Note may change over time for numerous reasons including, but not limited to, a change in the ratings criteria used by ratings agencies.

The ratings of the Notes should be evaluated independently from similar ratings on other types of Notes. A Note rating is not a recommendation to buy, sell or hold Notes and may be subject to revision or withdrawal at any time by the assigning rating agency.

The ratings of the Notes do not address the expected rate of principal repayments (including prepayments) under the Housing Loans.

Neither Rating Agency has been involved in the preparation of this Information Memorandum.

### 3.22 The termination of any of the Hedge Agreements may subject Notes to losses

The basis risk between the floating rate obligations of the Trustee (including interest payable on the Notes) and the variable housing rates set by Westpac will be hedged by means of the Basis Swap. Pursuant to the Basis Swap, each month the interest rate swap provider will pay the Trustee an amount calculated by reference to the aggregate principal balance of all Housing Loans at the Bank Bill Rate plus an agreed spread, and will receive from the Trustee amounts calculated by reference to the same notional principal amount at the daily weighted average variable housing rate applicable to the Housing Loans – see section 8.3(a).

If at any time the Basis Swap is terminated, the Trust Manager must, on each Determination Date following that termination, calculate the Threshold Rate. If the Servicer is notified of the Threshold Rate, it is required, subject to the terms of the relevant Housing Loans, to ensure that the process is commenced to change the rate of interest (expressed as a percentage per annum) on all relevant discretionary variable rate Housing Loans, such that, the weighted average rate of interest payable on all relevant discretionary variable Housing Loans is not less than the Threshold Rate and immediately to notify the Trustee when that process has been completed. In this situation, the variable Housing Loan rates across the Mortgage Pool owned by the Trustee may be set at above market interest rates on Westpac's other variable rate housing loans to meet the obligations of the Trustee, which could result in the affected Borrowers refinancing their Housing Loans with another bank, which in turn could cause Noteholders to experience higher rates of principal repayment on their Notes than initially anticipated.

An Interest Rate Swap will be used to hedge the interest rate risk between the floating rate obligations of the Trustee (including interest payable on the Notes) and the fixed rate set by Westpac on those Housing Loans which are subject to a fixed rate of interest – see section 8.3.

If the Interest Rate Swap is terminated, the Trustee will be subject to the risk that the interest payable on those Housing Loans which are subject to a fixed rate of interest will be insufficient to enable the Trustee to make payments of the floating rate of interest payable on the Notes. See section 8.3(b) for more details relating to the termination of the Hedge Agreements.

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

The Notes are not a suitable investment for any investor that requires a regular or predictable schedule of payments on any specific date. 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 such as the Notes usually produce more returns of principal to investors when market interest rates fall below the interest rates on the Housing Loans and produce less returns of principal when market interest rates rise above the interest rates on the Housing Loans. If Borrowers refinance their Housing Loans as a result of lower market interest rates, Noteholders will receive an unanticipated payment of principal. As a result, Noteholders 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. Noteholders will bear the risk that the timing and amount of distributions on the Notes will prevent them from attaining any desired yield.

### **3.24 Withholding tax**

If a withholding tax is imposed on payments of interest on the Notes, Noteholders will not be entitled to receive any gross up or other additional amount to compensate for the withholding tax. Noteholders will therefore receive less interest than is scheduled to be paid on each Payment Date. In addition, the Trust Manager has a discretion to direct the Trustee to redeem the Notes in full (but not in part) if a withholding tax is imposed on payments due by the Trustee under the Notes or by Borrowers under the Housing Loans (see section 4.6). If the Notes are redeemed in this way, Noteholders may not be able to invest the amounts received on redemption at an interest rate comparable to that payable on their Notes.

In addition, if the Swap Provider is required to deduct or withhold from any payment under a Hedge Agreement an amount for or on account of any Tax, it is not required to gross up such payments. In these circumstances, the Trustee may not have sufficient funds to meet its payment obligations in respect of the Notes.

### **3.25 FATCA**

The United States Hiring Incentives to Restore Employment Act 2010 (the HIRE Act) imposes a new withholding tax and reporting regime known as the Foreign Account Tax Compliance rules or FATCA. Under the FATCA regime, a non-United States financial



institution may enter into an agreement with the United States Internal Revenue Service (the "IRS"). Any institution which enters into an agreement may be required to:

- (a) obtain information regarding holders of its accounts (including certain debt instruments issued by them) and comply with certain due diligence and verification procedures in relation to such accounts;
- (b) report information about such accounts and their holders to the IRS; and
- (c) withhold up to 30% from certain payments to holders of accounts for which requested information has not been provided or to non-United States financial institutions that have not entered into a FATCA agreement.

At this time, only limited guidance regarding FATCA has been issued and it is not yet known whether Westpac, the Trust or the Trustee will enter into a FATCA agreement. It is possible that Noteholders will be requested to provide information to the Trustee, upon request, to enable it, the Trust or Westpac to comply with its obligations under the FATCA regime, or if the Notes are held through another non-United States financial institution that has entered into a FATCA agreement, to such other non-United States financial institution, and any such information may be provided to the IRS. If the Trustee or any other person is required by FATCA to withhold amounts from any payments made in respect of the Notes, the Noteholders will not be entitled to receive any gross up or other additional amounts to compensate them for such withholding.

### **3.26 Enforcement**

The servicer could encounter substantial delays in connection with the enforcement of a Housing Loan, which may lead to shortfalls in payments to Noteholders to the extent those shortfalls are not covered by applicable Mortgage Insurance Policies (if any), Excess Available Income or the subordination features of the Class B Notes and the Class C Notes (in the case of Class A Notes) or the subordination feature of the Class C Notes (in the case of Class B Notes). If the proceeds of the sale of a Mortgaged Property, net of preservation and liquidation expenses, are less than the amount due under the related Housing Loan, the Trustee may not have enough funds to make full payments of interest and principal due to Noteholders, unless the difference is covered by the relevant Mortgage Insurance Policy (if any), Excess Available Income or the subordination features of the Class B Notes and the Class C Notes (in the case of Class A Notes) or the subordination feature of the Class C Notes (in the case of Class B Notes).

### **3.27 Support Facilities**

Westpac is acting in the capacities of Redraw Facility Provider, Liquidity Facility Provider, Basis Swap Provider and Interest Rate Swap Provider. Accordingly, the availability of these various support facilities with respect to the Notes will ultimately be dependent on the financial strength of Westpac. If Westpac encounters financial difficulties which impede or prohibit the performance of its obligations under the various support facilities, the Trustee may not have sufficient funds to pay the full amount of principal and interest due on the Notes.

**3.28 Consolidation**

The Trust will form part of the Westpac consolidated tax group, and the Trustee will be covered by the Westpac tax sharing agreement. This means that the Trustee should only be liable for its contribution amount, which must represent a reasonable allocation of the total amount of the group liability among Westpac and the members of the Westpac consolidated tax group.

On the basis that the Trust would otherwise be taxed on a flow through basis and that the Residual Income Unit Beneficiary would be presently entitled to all of the net income of the Trust if the Trust was not part of the Westpac consolidated tax group, then the contribution amount of the Trustee should be nil.

**3.29 Subordination of the Class B Notes and the Class C Notes provides only limited protection against losses**

The subordination of the Class B Notes and the Class C Notes is intended to increase the likelihood of payment on the Class A Notes. The amount of credit enhancement provided to the Class A Notes through the subordination of the Class B Notes and the Class C Notes, however, is limited and could be depleted prior to the payment in full of the Class A Notes. If the Invested Amount of the Class B Notes and the Class C Notes is reduced to zero, the Class A Noteholders may suffer losses on their Notes.

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## 4. Details of the Notes

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### 4.1 General Description of the Notes

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

In the event of an enforcement under the Security Trust Deed, the obligations of the Trustee are secured by way of a first ranking security interest granted under the Security Trust Deed to the Security Trustee over the assets of the Trust in favour of Noteholders and other creditors of the Trust. The Security Trust Deed is described in section 10, including priorities that will apply if the Security Trust Deed is enforced.

### 4.2 Coupon on the Class A Notes, Class B Notes and Class C Notes

- (a) **(Coupon)** Each Note bears interest on its Invested Amount (however, no interest will accrue on any Note for the period after its Stated Amount is reduced to zero). The Invested Amount of a Note is equal to the Initial Invested Amount of that Note less all payments previously made on account of principal in respect of that Note.
- A Coupon is payable monthly in arrear on each Note, to the person whose name is, on the Record Date, entered in the Register as the holder of the Note, until the Maturity Date or until the Stated Amount of the Note is reduced to zero (whichever is earlier). The first Coupon Payment Date will be 19 June 2012. Each Note will bear floating rate interest at stipulated margins over the Bank Bill Rate.
- (b) **(Calculation of Coupon)** Coupon is calculated on a Class of Note for each Coupon Period:
- (i) in the case of:
    - (A) a Class A Note and a Class B Note, on the Invested Amount of the relevant Note as at the first day of that Coupon Period; and
    - (B) a Class C Note and:
      - (1) a Class C Required Coupon, on the Stated Amount of that Note; and
      - (2) a Class C Residual Coupon, on the amount (if any) by which the Invested Amount of that Note exceeds the Stated Amount of that Note,
  - as at the first day of that Coupon Period;
  - (ii) on a daily basis at the Coupon Rate applicable for that Class of Note for that Coupon Period; and
  - (iii) on the actual number of days in that Coupon Period divided by 365 days.

- (c) **(Coupon Period)** The first Coupon Period in relation to the Notes commences on (and includes) the Closing Date and ends on (and includes) the day immediately before the first Payment Date (being 19 June 2012).

Each succeeding Coupon Period, commences on (and includes) a Payment Date and ends on (and includes) the day immediately before the next Payment Date.

The final Coupon Period for a Note ends on (and excludes) the day on which that Note is redeemed in full in accordance with the Transaction Documents.

- (d) **(Coupon Rate)** The Coupon Rate for each Coupon Period commencing before the Margin Step-Up Date and each Class of Note is the Bank Bill Rate on the first day of that Coupon Period plus the Margin for that Class of Note.

In the case of the Class A Notes only, the Coupon Rate for each Coupon Period commencing on or after the Margin Step-Up Date, is the Bank Bill Rate on the first day of that Coupon Period plus the Margin for the Class A Notes plus a percentage rate per annum equal to the Step-Up Margin for the Class A Notes.

The Margin for each Class of Note is as determined on the Pricing Date by agreement between the Lead Manager and the Trust Manager. The Margin for each Class of Note will be notified to the Noteholders by the Lead Manager.

- (e) **(Coupon Payment)** If sufficient Total Available Funds are available, Coupon on each Class of Note will be payable on each Payment Date in arrear in respect of the Coupon Period ending on the day immediately before that Payment Date.

Total Available Funds available for the payment of Coupon on Notes on the Payment Date (after application of senior amounts – see section 7.8(a)) will be paid in the following order of priority:

- (i) to Class A Noteholders;
- (ii) to Class B Noteholders; and
- (iii) to Class C Noteholders.

The method for calculating Total Available Funds is set out in section 7.3 and the priority of payments out of Total Available Funds is set out in section 7.8.

Failure to pay Coupon on the most senior Class of Notes within 10 Business Days of the due date will be an Event of Default under the Security Trust Deed (see section 10.3(a)). The Events of Default and the remedies available to Noteholders are detailed in section 10.

#### 4.3 Principal Repayments on the Notes

Principal Collections on a Payment Date will be allocated to Noteholders in the order of priority described in section 7.10(b).

No Noteholder will be entitled to receive aggregate principal on any Note in excess of the Invested Amount for that Note after taking into account reimbursement of charge-offs (if applicable) in the relevant Coupon Period.

#### 4.4 Maturity Date

Subject to the Trustee's limitation of liability, the Invested Amount of each Note is required to be repaid in full on or by the Maturity Date.

#### 4.5 Optional Redemption

The Trustee must, when so directed by the Trust Manager (at the Trust Manager's option) on or before the date which is 3 Business Days before any Payment Date falling on or after the Call Option Date, redeem all, but not some only of the Notes or a Class of Notes by repaying the Invested Amount, or, if all the Noteholders or Class of Noteholders (as the case may be) so agree, the Stated Amount, of those Notes or Class of Notes, together with accrued interest to (but excluding) the date of redemption, provided that:

- (a) the Trust Manager has provided no less than 3 Business Days prior written notice to:
  - (i) the Security Trustee;
  - (ii) the Class A Noteholders and the Class B Noteholders in the case of the Class A Notes and the Class B Notes;
  - (iii) the Class C Noteholders in the case of the Class C Notes; and
  - (iv) each Rating Agency,of the Trust Manager's intention to direct the Trustee to redeem the Notes or Class of Notes as described in this section 4.5;
- (b) the Trust Manager has given a Rating Notification in relation to the repayment;
- (c) the Trustee has sufficient cash to make such repayment and discharge all its liabilities in respect of amounts which are required under the Security Trust Deed to be paid in priority or equally with each relevant Class of Notes being redeemed as if the security for the Notes were being enforced. The Trustee may:
  - (i) at the direction of the Trust Manager, dispose of any Housing Loans for an amount not less than:
    - (A) in the case of Performing Loans, their Unpaid Balance; or
    - (B) in the case of Housing Loans other than Performing Loans, their Fair Market Value;in order to raise such cash; and
  - (ii) rely conclusively on a certificate from the Trust Manager as to the amount of the repayment and other payments referred to above;
- (d) the Trustee retains such amount as the Trust Manager reasonably determines will be necessary to satisfy any outstanding or anticipated Expenses, payment under the Liquidity Facility, payment under the Redraw Facility or payment to any Swap Provider under a Hedge Agreement; and
- (e) if the Class C Notes are to be redeemed in accordance with this section 4.5, all Class A Notes and all Class B Notes have been redeemed in full before that Payment Date, or will be redeemed in full on that Payment Date.

Repayment and redemption of Class A Notes, Class B Notes or Class C Notes in accordance with this section 4.5 (as the case may be) shall be in full satisfaction of the Trustee's obligations under the relevant Notes.

The Trustee may redeem Notes of a Class at their Stated Amounts instead of at their Invested Amounts, together with accrued but unpaid interest to but excluding the date of redemption, if so approved unanimously by the relevant Noteholders. However, the Trustee will not redeem any Notes unless it is in a position on the relevant Payment Date to repay the then Invested Amounts or the Stated Amounts, as required, of the Notes together with all accrued but unpaid interest to but excluding the date of redemption and to discharge all its liabilities in respect of amounts which are required under the Security Trust Deed to be paid in priority to or equally with the Notes as if the security interest granted under the Security Trust Deed in respect of the Trust were enforced. If the Trustee, at the direction of the Trust Manager, proposes to exercise its option to redeem the Notes on a Payment Date on or after the Call Option Date at their Stated Amounts rather than their Invested Amounts, as described above, but is unable to do so because, following a meeting of Noteholders convened under the provisions of the Trust Deed for this purpose, the Noteholders have not unanimously approved the redemption of the Notes at their Stated Amounts, then the spread over the Bank Bill Rate to be applied in determining the Coupon Rate on the Class A Notes for each Coupon Period commencing on or after that Payment Date will remain at, or revert to, the Margin applying at the Closing Date (as the case may be).

#### **4.6 Redemption for Tax Event**

If the Trust Manager notifies the Trustee that in its opinion (based on such advice it deems necessary) either:

- (a) on the next Payment Date the Trustee would be required to deduct or withhold from any payment of principal or interest in respect of any Class of the Notes any amount for or on account of any present or future Taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Commonwealth of Australia or any of its political sub-divisions or any of its authorities; or
- (b) the total amount payable in respect of interest in relation to any of the Housing Loans for a Collection Period ceases to be receivable (whether or not actually received) by the Trustee during such Collection Period (but, for the avoidance of doubt, this paragraph does not apply to the failure by the Trustee to receive any interest on any Housing Loans merely by reason of the failure by the relevant Borrowers to pay that interest in breach of the relevant Loan),

the Trustee must, when so directed by the Trust Manager, at the Trust Manager's option (provided that the Trustee will be in a position on such Payment Date to discharge (and the Trust Manager will so certify to the Trustee) all its liabilities in respect of that Class of Notes and any amounts required under the Security Trust Deed to be paid in priority or *pari passu* with those Notes if the security for the Notes were being enforced), having given not more than 60 nor less than 10 days notice to the Noteholders of those Notes (and all other Noteholders whose Notes are to be redeemed at the same time), redeem all, but not some

only, of those Notes at their Invested Amount (or, if the relevant Noteholders have so agreed unanimously, at their Stated Amount) together with accrued interest to (but excluding) the date of redemption on any subsequent Payment Date, provided that the relevant Noteholders may by Extraordinary Resolution elect, and shall notify the Trustee and the Trust Manager in writing, that they do not require the Trustee to redeem the relevant Notes.

#### 4.7 Final Redemption

Each Note shall be redeemed in full, and the obligations of the Trustee with respect to the payment of the Invested Amount of that Note shall be finally discharged, on the first to occur of:

- (a) the date upon which the Invested Amount of that Note is reduced to zero;
- (b) if the Stated Amount is less than the Invested Amount, the date on which the Stated Amount of that Note is reduced to zero and the Trust Manager determines there are insufficient assets to reimburse that Note;
- (c) the date upon which the relevant Noteholder renounces all of its rights to any amounts payable under or in respect of that Note; and
- (d) the Payment Date immediately following the date on which the Trustee completes a sale and realisation of all assets of the Trust in accordance with the Trust Deed or the Series Notice.

#### 4.8 Rounding-down of Coupon and Principal Payments

All payments in respect of Notes will be rounded down to the nearest cent.

#### 4.9 Method of Payment

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

- (a) crossed "not negotiable" cheque in favour of the Noteholder despatched by post to the address of the Noteholder shown in the Register on the Record Date;
- (b) electronic transfer through Austraclear;
- (c) direct transfer to a designated account of the Noteholder held with a bank or other financial institution in Australia; or
- (d) any other manner specified by the Noteholder and agreed to by the Trust Manager and the Trustee.

#### 4.10 Register of Noteholders

The Trustee will maintain a register of Noteholders (the **Register**) at its offices at Level 2, 35 Clarence Street, Sydney NSW 2000. The register will include the names and addresses of the Noteholders, the Invested Amount and Stated Amount of each Note or Class of Notes from time to time, a record of each payment made in respect of the Notes and such other information as the Trustee or the Trust Manager reasonably requires.

The Trustee is entitled to rely on the Register as being a correct, complete and conclusive record of the matters set out in it.

The Trustee may, without prior notice to the Noteholders, close the Register:

- (a) in relation to all Notes, each period from the close of business (Sydney time) on the Business Day preceding each Payment Date to close of business on that Payment Date; or
- (b) when required for the Auditor to conduct any audit in relation to the Trust.

The Trustee may, with prior notice to the Noteholders, close the Register for other periods not exceeding 30 days (or, subject to the Corporations Act, such other period of time as agreed between the Trustee and the Trust Manager, with the approval of an Extraordinary Resolution of Noteholders) in aggregate in any calendar year.

On each Payment Date, principal and Coupon will be paid to those Noteholders whose names appear in the Register on the Record Date.

The Register is open for inspection by a Noteholder during normal business hours but only in respect of information relating to that Noteholder. The Register is not available to be copied by any person (other than the Trust Manager) except in compliance with such terms and conditions (if any) as the Trust Manager and Trustee in their absolute discretion nominate from time to time.

#### **4.11 Note Acknowledgment**

When a person has been entered in the Register as the holder of Notes, as soon as practicable (and in any event no later than 5 Business Days) thereafter, the Trustee shall issue a Note Acknowledgment to that person in respect of those Notes. If the person has been entered into the Register under a Note Transfer and Acceptance Form and the transferor continues to retain a holding of Notes, the Trustee shall within the same period issue to the transferor a Note Acknowledgment in respect of that retained holding of Notes.

No certificates will be issued in respect of Notes. A Note Acknowledgment is not a certificate of title to Notes and the Register is the only conclusive evidence of the ownership of Notes and the entitlements under them. A Note Acknowledgment cannot be pledged or deposited as security nor can a Note be transferred by delivery of only a Note Acknowledgment.

If any Note Acknowledgment is worn out or defaced, then on production to the Trustee it may cancel the same and may issue a new Note Acknowledgment. If any Note Acknowledgment is lost or destroyed then on proof to the satisfaction of the Trustee, and on such indemnity as the Trustee may consider adequate having been given, a new Note Acknowledgment will be given to the person entitled to the lost or destroyed Note Acknowledgment. An entry as to the issue of the new Note Acknowledgment and of the indemnity (if any) will be made in the Register. A fee prescribed by the Trustee (not exceeding A\$10) is required to be paid to the Trustee by the person requesting the new Note Acknowledgment.

#### **4.12 Note Transfers**

A Noteholder must not transfer any Notes held by it unless:



- (a) where the Notes are traded on the ASX, they are traded in parcels with a minimum value of A\$500,000; and
- (b) if the transfer is in or from Australia:
  - (i) the amount payable for the Notes on transfer (whether on the ASX or elsewhere) by the transferee is a minimum amount of A\$500,000 (disregarding amounts, if any, lent by the Trustee or other person offering the Notes or an associate (as defined in the Corporations Act) of either of them); or
  - (ii) the offer or invitation to the transferee by the Noteholder otherwise does not require disclosure under Parts 6D.2 or 7.9 of the Corporations Act and the Corporations Regulations made under the Corporations Act; and
- (c) if the transfer is in or from Australia, the transfer is to a person who is not a retail client within the meaning of section 761 of the Corporations Act.

No Note has been or will be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption 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.

None of the Trustee, the Security Trustee, the Trust Manager, the Servicer or the Approved Seller is liable to any Noteholder in relation to a breach by that Noteholder of these restrictions.

Every transfer of Notes shall be effected by a Note Transfer and Acceptance Form in the prescribed form (a **Note Transfer**). Copies of this form are available from the offices of the Trustee.

Every Note Transfer must be duly completed and executed by the transferor and transferee, stamped (if applicable) and lodged, together with the Note Acknowledgment to which it relates, with the Trustee for registration.

The Trustee is entitled to accept and assume the authenticity and genuineness of any Note Transfer to be duly executed. The Trustee is not bound to enquire into the authenticity or genuineness of any Note Transfer, nor will it incur any liability for registering any Note Transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Trustee had actual notice of such forgery or defect at the time of registration of the Note Transfer.

The Trustee may refuse to register any Note Transfer which would result in:

- (a) a contravention of or failure to observe:
  - (i) the terms of the Trust Deed, the Series Notice or the Security Trust Deed; or
  - (ii) a law of any State or Territory of the Commonwealth of Australia, and of the Commonwealth of Australia; or

- (b) an obligation to procure registration of the Notes, the Trust Deed, the Security Trust Deed or the Series Notice with, or the approval of any of them by, any government agencies.

The Trustee shall not be bound to give any reason for refusing to register any Note Transfer and its decision shall be final, conclusive and binding. If the Trustee refuses to register a Note Transfer it shall as soon as practicable (and in no event later than 7 days after the date the Note Transfer was lodged with it) send to the transferor and the transferee notice of such refusal.

A Note Transfer shall not take effect until registered by the Trustee and until the transferee is entered in the Register as the holder of the Notes which are the subject of the Note Transfer the transferor shall remain the holder of those Notes.

When a Note Transfer is received by the Trustee during any period when the Register is closed for any purpose, the Trustee shall not register the Note Transfer until the next Business Day on which the Register is reopened.

#### **4.13 Marked Transfer and Acceptance**

A Noteholder may request the Trustee to provide a marked Note Transfer in relation to their Notes. Once a Note Transfer has been marked by the Trustee, for a period of 90 days thereafter the Trustee will not register any transfer of Notes relating thereto other than on that marked Note Transfer.

#### **4.14 Rights of Noteholders**

No Noteholder shall be entitled to:

- (a) an interest in any particular part of the Trust or asset comprised in the Trust;
- (b) require the transfer to it of any asset comprised in the Trust;
- (c) interfere with or question the exercise or non-exercise of the rights or powers of the Servicer, the Trust Manager or the Trustee in their dealings with the Trust or any asset;
- (d) exercise any rights, powers or privileges in respect of any asset in the Trust;
- (e) attend meetings or take part in or consent to any action concerning any property or corporation which the Trustee as trustee of the Trust holds an interest;
- (f) seek to wind up or terminate the Trust;
- (g) seek to remove the relevant Servicer, Trust Manager or Trustee;
- (h) interfere in any way with the Trust;
- (i) lodge or enter a caveat or similar instrument in relation to the Register or claim any estate or interest in any land over which a Mortgage is held or to which any other asset relates, in respect of the Trust;
- (j) except where the Noteholder is Westpac, or the Trustee has otherwise consented, and subject to any provision of a Transaction Document which allows any such communication, negotiate or communicate in any way with any Borrower under any Housing Loan assigned to the Trustee or with any person providing a Support

Facility to the Trustee or any other person who is party to any Transaction Document;

- (k) take any proceedings of any nature whatsoever in any court or otherwise or to obtain any remedy of any nature (including against the Trustee, the Trust Manager or the Servicer or any former Trustee, Trust Manager or Servicer or in respect of the Trust or any asset of the Trust). This does not limit the right of the Noteholders to compel the Trustee, the Trust Manager and any Servicer to comply with their respective duties and obligations under the Transaction Documents; and
- (l) any recourse whatsoever to the Trustee or the Trust Manager in their personal capacity, except to the extent of any fraud, negligence, wilful misconduct (in the case of the Trustee only) or breach of duty on the part of the Trustee or the Trust Manager respectively.

#### **4.15 Notices to Noteholders**

A notice, request or other communication by the Trustee, the Trust Manager or the Servicer to Noteholders shall be deemed to be duly given or made by:

- (a) an advertisement placed on a Business Day in The Australian Financial Review (or other nationally distributed newspaper); or
- (b) mail, postage prepaid, to the address of the Noteholders as shown on the Register. Any notice so mailed shall be conclusively presumed to have been duly given whether or not the Noteholder actually receives the notice.

#### **4.16 Joint Noteholders; no trusts**

If a single parcel of Notes is held by more than one person, only the person whose name stands first in the Register in relation to that parcel of Notes shall be entitled to be issued the relevant Note Acknowledgment, if applicable to be given a marked Note Transfer, to be given any notices, and to be paid any moneys due in respect of such Notes.

The Trustee is not obliged to enter on the Register notice of any trust, Security Interest or other interest in respect of any Notes and the Trustee may recognise a Noteholder as the absolute owner of Notes and the Trustee shall not be bound or affected by any trust affecting the ownership of any Notes unless ordered by a court or required by statute.

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## 5. Westpac and its housing loan business

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### 5.1 Background to Westpac

Westpac and its controlled entities (the **Westpac Group**) form one of the four major banking organisations in Australia and, through their New Zealand operations, are also one of the largest banking organisations in New Zealand. Westpac provides a broad range of banking and financial services in the Australian and New Zealand markets, including retail, business and institutional banking and wealth management services.

Westpac was founded in 1817 and was the first bank to be established in Australia. In 1850, Westpac was incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982 Westpac changed its name to Westpac Banking Corporation following its merger with the Commercial Bank of Australia. On 23 August 2002, Westpac was registered as a public company limited by shares under the Australian Corporations Act.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the near Pacific region, and maintains branches and offices in some of the key financial centres around the world. As at 31 March 2012, Westpac's market capitalisation was approximately A\$66.9 billion and it had total assets of A\$653.9 billion.

The Westpac Group has three key customer facing divisions serving around 12 million customers:

**Australia Financial Services**, referred to as AFS, is responsible for Westpac's Australian retail banking, business banking and wealth operations. It incorporates the operations of Westpac Retail & Business Banking (**Westpac RBB**), St. George Banking Group and BT Financial Group (Australia) (**BTFG**). It also encompasses the product and risk responsibilities for Australian Banking.

- Westpac RBB is responsible for sales and service for consumer, small-to-medium enterprise customers and commercial customers (typically with turnover of up to A\$100 million) in Australia under the Westpac brand. Activities are conducted through Westpac RBB's nationwide network of branches and business banking centres and specialised consumer and business relationship managers, with the support of cash flow, financial markets and wealth specialists, customer service centres, automatic teller machines (**ATMs**) and internet and mobile channels.
- St. George Banking Group is responsible for sales and service for consumer, business and corporate customers in Australia under the St. George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a diversified non-bank financial services group. Consumer activities are conducted through a network of branches, third party distributors, call centres, ATMs, EFTPOS terminals and internet banking services. Business and corporate customers (businesses with facilities typically up to A\$150 million) are provided with a wide range of banking and financial products and services, including specialist advice for cash flow finance, trade finance, automotive and equipment finance, property finance, transaction banking and

treasury services. Sales and service activities for business and corporate customers are conducted by relationship managers via business banking centres, internet and customer service centre channels.

- BTFG is Westpac's Australian wealth division. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms such as Wrap and master trusts, private banking, financial planning as well as margin lending and broking. BTFG's insurance solutions cover the manufacturing and distribution of life, general and lenders mortgage insurance. BTFG's brands include Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management (64.5% owned by Westpac and consolidated in BTFG's funds management business), Licensee Select, Magnitude, Securitor and the advice, private banking and insurance operations of Bank of Melbourne, BankSA, St. George and Westpac.

**Westpac Institutional Bank (WIB)** delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, financial and debt capital markets, specialised capital, and alternative investment solutions. Customers are supported through branches and subsidiaries located in Australia, New Zealand, United States, United Kingdom and Asia.

**New Zealand Banking** is responsible for sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. We conduct our New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (NZ Division), a branch of Westpac, which is incorporated in Australia. The division operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also serviced through relationship and specialist product teams. Banking products are provided under the Westpac and Westpac Institutional Bank brands while insurance and wealth products are provided under the Westpac Life and BT brands, respectively.

Other business divisions in the Westpac Group include:

**Pacific Banking** – which provides banking services for retail and business customers in seven Pacific island nations;

**Group Services** – which encompasses technology, banking operations, legal and property services;

**Group Treasury**- which is primarily focused on the management of the Group's interest rate risk and funding requirements by managing the mismatch between Group assets and liabilities; and

**Core Support** – which comprises those functions performed centrally, including finance, risk and human resources.

## 5.2 Origination of Housing Loans

The Housing Loans to be included in the assets of the Trust will be originated or purchased by Westpac in the ordinary course of its business. Westpac sources its housing loans through its branch network, mobile finance managers, accredited brokers, national telemarketing centres and through the internet. Advertising and direct mail campaigns also generate inquiries that develop into originations.

## 5.3 Underwriting of Housing Loans

The following is a description of the underwriting processes employed by Westpac in evaluating whether to fund a particular housing loan application.

All housing loan applications, including the applications relating to the Housing Loans, must satisfy Westpac's residential housing loan credit policy and procedures described in this section 5.3. Each housing loan application is considered on its merits.

Westpac, like other lenders in the Australian residential housing loan market, does not divide its borrowers into groups of differing credit quality for the purpose of setting standard interest rates for its residential housing loans.

Westpac assesses the credit of each loan applicant initially through its centrally controlled credit decisioning system. This system is based on proprietary information, such as Westpac's own historical credit underwriting standards and credit underwriting rules and includes an application scorecard. Assessment also takes into account details of the applicant's personal financial circumstances obtained at point of application from the applicant and selectively verified as well as the information obtained from credit checks done through Veda Advantage, an independent credit reporting agency.

Housing loan applications are either approved, declined or referred to a credit specialist. Housing loan applications are generally referred to a credit specialist for assessment if they are complex or for reassessment if they have been declined because of failure to meet the initial underwriting standards (including responsible lending standards).

Applications referred to a credit specialist are assessed according to Westpac's credit policy and the specialist's credit approval limits. Staff with credit approval limits include:

- (a) credit officers;
- (b) accredited bank managers and home finance managers; or
- (c) officers at State-based credit centres.

The value of the proposed security property and confirmation of the ability of the applicant to make payments on the housing loan are central to the approval process. The accuracy and correctness of the information provided by the applicant is verified, particularly documentation provided by the applicant and their employment and income information. Income of self-employed applicants is verified generally by checking annual accounts, financial statements, taxation returns, business activity statements and/or other financial information. Westpac typically requires that all loan applicants satisfy a minimum disposable income level after deducting all commitments, including allowances for living expenses and the proposed housing loan and an allowance for interest rate increases.

An appraisal of the proposed security property is obtained according to Westpac's valuation policy. This policy has been tailored to target areas of higher risk associated with either a particular geographical area or a combination of factors relating to the nature of the application. The appraised value may be determined by a sales contract, a rates notice, an appraisal by a registered panel valuer, who is a member of the Australian Property Institute, or an Electronic Assessment Report (which is a statistical validation of a property's estimated value). Mortgage insured loans require a short form valuation or sales contract (in low risk applications) to determine the appraised value. If a valuation is not specifically required, the contract of sale is reviewed according to Westpac's credit policy. When a housing loan is secured by more than one property the combined value of the properties is considered.

All housing loans originated by brokers must comply with Westpac's credit policy (and relevant National Consumer Credit Protection Legislation). If a valuation is not specifically required, the Contract of Sale is reviewed according to Westpac's Credit Policy.

After a loan application has been approved, each loan applicant is provided with a general terms and conditions booklet. Once details have been verified relating to the Housing Loan and the accepted loan offer has been received, the Housing Loan proceeds through to settlement and disbursement. The security documents are stamped and registered after all documentation is completed to Westpac's satisfaction and disbursement and settlement has occurred. It is a condition of settlement that the mortgagor establish and maintain full replacement property insurance on the related property.

Westpac's credit policies are subject to constant review. Credit policies may change from time to time due to business conditions and legal or regulatory changes.

#### **5.4 Product Types**

Westpac currently offers a wide variety of housing loan product types with various features and options that are further described in section 6.2. Market competition and economics may require that Westpac offer new product types or add features to a Housing Loan that are not described in this section. The Housing Loans will consist of the following product types.

##### **(a) Owner-Occupied Home Loans**

###### *Flexi First Option Home Loan*

This is a low variable interest rate owner-occupied home loan. This product was developed to compete with products offered by bank and non-bank originators. Additional loan options described in this section may be combined with this product at the Borrower's request for a fee. The maximum term for this product is 30 years.

###### *Premium Option Home Loan*

This is a variable interest rate owner-occupied home loan. This product is more flexible than the Flexi First Option Home Loan because it offers various loan options at no or reduced additional cost. This product typically has a higher interest rate than the Flexi First Option Home Loan rate. The maximum term for this product is 30 years.

*Premium Option Home Loan with 1 Year Guaranteed Rate*

This product offers Borrowers an introductory discounted fixed rate for a year, after which the Premium Option Home Loan variable rate applies. Apart from the introductory discounted fixed rate, the loan has the same options as the Premium Option Home Loan, although some of the product options listed in this section are not available during the fixed rate period. Additional conditions apply to these loans such as a special offer administration charge payable if, for example, the Borrower switches to another type of loan or repays portions of the loan within a specified time period. The maximum term for this product is 30 years.

*Fixed Options Home Loan*

This is a fixed rate owner-occupied home loan which bears a fixed rate of interest for up to 10 years. The maximum term for this product is 30 years. After the interest-only period the Borrower must make payments of principal and interest. The loan converts to the Rocket Repay Home Loan Variable Rate Home Loan upon the maturity of the fixed rate period unless the Borrower requests an additional fixed rate period.

*Rocket Repay Home Loan*

This is a standard variable interest rate owner-occupied home loan. It provides a full range of product features including interest offset, free redraw access and full transactional banking capability. The maximum term for this product is 30 years.

**(b) Investment Property Loans***Flexi First Option Investment Property Loan*

This is a basic variable interest rate loan offered to Borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property. It typically has a lower interest rate. Additional loan options described in this section may be combined with this product at the request of the Borrower for a fee. The maximum term for this product is 30 years.

*Variable Rate Investment Property Loan*

This is a standard variable interest rate loan offered to Borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property for investment purposes. This product is more flexible than the First Option Investment Property Loan because it offers various options at no or reduced additional costs. The maximum term for this product is 30 years.

*Investment Loans with 1 Year Guaranteed Rate*

This product offers Borrowers an introductory discounted fixed rate for 1 year, after which the Variable Rate Investment Property Loan rate applies. Some product options are not available during the fixed rate period. Additional conditions apply to these loans, such as a special offer administration charge payable if, for example, the Borrower switches to another type of loan or repays portions of the loan within a specified period. The maximum term for this product is 30 years.

*Fixed Rate Investment Property Loan*



This is a fixed rate loan offered to Borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property. The maximum term for this product is 30 years. These loans may have fixed interest rate terms for up to 12 years. After this term expires, the loan will convert to the Variable Rate Investment Property Loan unless the Borrower requests another fixed rate term. Some product features such as repayment holiday and top-up are not available during the fixed rate period. There are also restrictions on the amount of additional repayments that can be made and the amount of surplus funds available for redraw during the fixed rate period.

#### *Rocket Repay Investment Property Loan*

This is a standard investment property home loan. It provides a full range of product features including interest offset, free redraw access and full transactional banking capability. The maximum term for this product is 30 years.

### **5.5 Additional features of fixed rate loans**

In addition to the features set out for fixed rate loans above, Westpac's fixed rate loans generally allow for additional repayments of up to A\$25,000 before break costs apply. Further Advances are not available for fixed rate loans. However, the other features described below are available.

### **5.6 Servicing of Housing Loans**

Servicing procedures include responding to customer enquiries, managing and servicing the features and facilities available under the Housing Loans and the management of delinquent Housing Loans.

#### *The Servicer*

Prior to 2 December 2011, Westpac subcontracted certain of its servicing functions, including certain of its servicing obligations under the Servicing Agreement, to HP Enterprise Services BPA Pty Limited (formerly EDS (Business Process Administration) Pty Limited). Westpac re-assumed these servicing functions in stages between December 2011 and March 2012. In doing so, Westpac took over all of the operations (including most employees and servicing processes) that previously performed these functions at HP Enterprise Services BPA Pty Limited. Some information technology functions relating to servicing continue to be subcontracted to HP Enterprise Services BPA Pty Limited.

Westpac may delegate servicing functions to third party service providers again in the future.

#### *Servicing of Housing Loans*

The day-to-day servicing of Housing Loans is currently performed at the mortgage processing centre operated by Westpac in Adelaide. The servicing functions are supported by the activities of Westpac's branches, telemarketing and telebanking centres.

The Servicer is contractually obligated to administer the Housing Loans:

- (a) according to the Servicing Agreement;

- (b) according to Westpac's policies, which are under regular review and may change from time to time as a result of business changes, or legislative and regulatory changes; and
- (c) to the extent not covered by paragraphs (a) and (b), with the same degree of diligence and care expected of an appropriately qualified servicer of similar Housing Loans.

Under the Servicing Agreement, the Servicer is also responsible for custody of the mortgage title documents on behalf of the Trustee and has custody of the relevant documents. The Trustee may terminate the Servicer's appointment, as custodian, if among other things:

- (i) the Servicer becomes insolvent;
- (ii) the Servicer is in default under the Servicing Agreement where the default will have an Adverse Effect and does not remedy the default within 30 days;
- (iii) the Servicer breaches any of its representations and warranties where the breach will have an Adverse Effect and does not remedy the breach within 90 days;
- (iv) the Servicer does not comply with the requirements of the Servicing Agreement to the satisfaction of the auditor, and a further audit also results in an adverse finding by the auditor; or
- (v) the Servicer is in default under a servicing agreement between it and any other person, and by reason of the default that other person removes any documents in the Servicer's custody under the servicing agreement where that person would otherwise not have been entitled to do so.

#### *Collection and Enforcement Procedures*

The Servicer will make reasonable efforts to collect all payments called for under the Housing Loans and any applicable credit enhancement. It will also follow collection procedures that are consistent with the Servicing Agreement and consistent with the procedures it follows for Westpac's residential housing loans.

Pursuant to the terms of the Housing Loans, Borrowers must make the minimum payment due under the terms and conditions of the Housing Loans, on or before each instalment due date. The Servicer will credit repayments to an individual Housing Loan on the date of their receipt. Interest will be accrued daily on the balance outstanding after close of business and charged on each instalment due date. Any payments not received by the due date will produce a compounding interest effect.

A Housing Loan is considered delinquent for collection purposes whenever there is a failure to pay an amount due. However, the Servicer will not consider a Housing Loan delinquent if the Borrower is entitled to a repayment holiday as described in section 6.2 or the minimum instalment is reduced in connection with parental leave.

After a default by a Borrower, a mortgagee can exercise its power of sale of the mortgaged property. To exercise this power, a mortgagee must comply with the statutory restrictions of

the relevant State or Territory as to notice requirements. The length of time between the decision to exercise its power of sale and final completion of the sale will be dependent on factors outside the control of the Servicer. For example, whether or not the mortgagor contests the sale and the market conditions at the time are both factors outside the control of the Servicer.

The collection and enforcement procedures may change from time to time as a result of business changes, or legislative and regulatory changes.

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## 6. Housing Loans

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### 6.1 Eligible Housing Loans

- (a) **(General)** The Mortgage Pool consists of Housing Loans originated by the Approved Seller in the ordinary course of its business and serviced by the Servicer in Adelaide. All loans have been selected from the Approved Seller's standard product range of housing loans and are one of the product types set out in section 5.4, and may have some or all of the features set out in section 6.2.

The Approved Seller has made certain representations and warranties with respect to each Housing Loan including, to the best of its knowledge and belief, that as at the Cut-Off Date for that Housing Loan, it satisfies the following criteria (the **Eligibility Criteria**):

- (i) is denominated and payable only in Australian dollars in Australia;
- (ii) is secured by a Receivable Security that constitutes a first ranking mortgage over land, or an interest in a company title scheme with respect to land and situated in Australia which is or will be registered or lodged for registration under the Real Property Legislation, or where a Receivable Security is not, or will not be when registered, a first ranking mortgage, the relevant Sale Notice includes an offer in relation to all prior ranking registered mortgages;
- (iii) is secured by a Receivable Security over a Mortgaged Property which has erected on it a residential dwelling;
- (iv) has an LVR less than or equal to 95%;
- (v) was approved and originated by Westpac in the ordinary course of its business;
- (vi) under which the relevant Borrower does not owe more than A\$1,500,000;
- (vii) the relevant Obligor in respect of which was required to repay the housing loan within 30 years of the Cut-Off Date;
- (viii) is not in Arrears for more than 30 consecutive days;
- (ix) the sale of an equitable interest in the housing loan, or the sale of an equitable interest in any related Receivable Security, does not contravene or conflict with any law;
- (x) together with the related Receivable Security, has been or will be stamped, or has been taken by the relevant stamp duties authority to be stamped, with all applicable duty;
- (xi) is subject to the terms and conditions of Westpac's standard Loan Offer for the loan products referred to in the definition of "Receivable" in the Series Notice, or any similar loan product, however named, where the Trust Manager has given a Rating Notification for the relevant product features;

- (xii) is not a loan with an interest only payment period of more than 10 years from the Cut-Off Date;
  - (xiii) the relevant Borrower in respect of which is a resident of Australia; and
  - (xiv) if the initial purpose of the Housing Loan was solely for constructing a residential dwelling, all progress drawings have been made by the relevant Borrower and construction of the residential dwelling has been completed.
- (b) **(Breach of Representations)**
- (i) If the Approved Seller, the Trust Manager or the Trustee becomes aware that a representation or warranty from the Approved Seller relating to any Housing Loan or Mortgage is incorrect, it must notify the other parties and the Rating Agencies within 5 Business Days of it becoming so aware.
  - (ii) If such a notice in relation to a breach is given not later than 5 Business Days before 120 days after the Closing Date and the breach is not waived or remedied to the satisfaction of the Trustee within 5 Business Days then, without any action being required by either party, the Approved Seller shall be taken to have offered to repurchase the relevant Housing Loan and Mortgage for an amount equal to its Unpaid Balance.
  - (iii) On payment of that amount the Trustee shall cease to have any interest in the relevant Housing Loan and Mortgage, and the Approved Seller shall hold both the legal and beneficial interest in the Housing Loan and Mortgage and be entitled to all interest and fees that accrue in respect of them from (and including) the date of repurchase.
  - (iv) If such notice is given after the date in paragraph (ii), the Trustee's rights in relation to a breach of a representation or warranty shall give rise only to a claim for damages, limited to an amount equal to the Unpaid Balance of that Housing Loan at the time the Approved Seller pays the damages.

## 6.2 Housing Loan Features

- (a) **(General)** Housing Loans originated by the Approved Seller may have some or all of the features described below. In addition, during the term of any Housing Loan, Westpac may from time to time at its own initiative, or at the request of the Borrower, change any of the features and options of the Housing Loans. Depending on the product type and the nature of the feature or option selected, various fees may apply.
- (b) **(Redraws and Further Advances)** Housing Loans in the Mortgage Pool generally provide for a Redraw facility which allows the Borrower to redraw principal repayments made in excess of scheduled principal repayments. This is available for both variable and fixed rate Housing Loans. Restrictions apply to the amount that can be redrawn on fixed rate Housing Loans. Borrowers may request a Redraw or Further Advance at any time via various methods such as online, phone or branch withdrawals, cheque, direct debit or via card access. The Approved Seller may provide a redraw if the Borrower is entitled to a redraw because of

prepayments and if the loan is not a delinquent loan. A Redraw will not result in the Housing Loan being removed from the Mortgage Pool.

The loan documentation and/or the Mortgage for a Housing Loan may allow a Borrower to request additional funds from Westpac through increasing his or her credit limit. Unlike a Redraw, this causes the principal balance to exceed the current amortised scheduled balance of the relevant Housing Loan. Such an advance is known as a Further Advance. The Approved Seller may only provide a Further Advance if the Approved Seller purchases the relevant Housing Loan from the Trustee.

- (c) **(SmartPay)** A Borrower may elect to have his/her salary paid in full or in part into their loan account. If this amount exceeds the scheduled repayment, surplus funds are created which may be Redrawn. This feature will allow a customer up to fifteen free automatic disbursements in each payment cycle against these surplus funds to other accounts. These disbursements are treated as Redraws.
- (d) **(Repayment Holiday)** The documentation for a Housing Loan may allow the Borrower a repayment holiday when the Borrower has prepaid principal, creating a difference between the outstanding principal balance of the loan and the scheduled amortised principal balance of the Housing Loan. The Borrower is not required to make any payments, including payments of interest, until the outstanding principal balance of the Housing Loan plus unpaid interest equals the scheduled amortised principal balance. If the Borrower fails to make payments during a payment holiday the related Housing Loan will not be considered delinquent if the Borrower has notified Westpac and complied with the provisions of its Housing Loan.
- (e) **(Early Repayment)** Depending on when the loan was originated a Borrower may incur an early repayment fee under a standard variable rate Housing Loan contract. A Borrower may also incur break fees if an early repayment or partial prepayment of principal occurs on a fixed rate Housing Loan. The Borrower may be required to pay a deferred establishment fee if the loan is fully paid out within a timeframe as specified in the loan documentation.
- (f) **(Substitution of Security)** A Borrower may apply to the Servicer to:
  - (i) substitute a different Mortgaged Property in place of the existing security property securing a Housing Loan;
  - (ii) add a further Mortgage as security for a loan; or
  - (iii) release a Mortgaged Property from a Mortgage.

If Westpac's credit criteria are satisfied and another property is substituted for the existing security for the Housing Loan, the Mortgage which secures the existing Housing Loan may be discharged without the Borrower being required to repay the Housing Loan and the new Mortgage will secure the existing Housing Loan.

If all of the following conditions occur, the Housing Loan will remain in the Housing Loan pool, secured by the new Mortgage:

- (A) the substitute property subject to the Mortgage satisfies the Eligibility Criteria at the time the new Mortgage is entered into;
- (B) the Mortgage over the substitute property is granted by the Borrower simultaneously with the discharge of the original Mortgage; and
- (C) the substitute property is acceptable to the Mortgage Insurer (if applicable).

If any of the following conditions occur, the Unpaid Balance will be repaid by the Approved Seller and the Housing Loan will cease to be an asset of the Trust:

- (1) the new property does not satisfy the Eligibility Criteria at the time the new Mortgage is entered into;
  - (2) where applicable, the new property is not acceptable to the Mortgage Insurer; or
  - (3) settlement does not occur simultaneously with discharge.
- (g) **(Interest Rate Switching and Switching Between Housing Loan Product Types)** Fixed rate loans will automatically convert to variable rate loans at the end of the fixed rate period as specified in the related loan documentation, unless the Borrower elects another fixed rate period. The one year guaranteed loans have an introductory fixed rate of interest that converts to a variable rate of interest at the end of that period.
- Borrowers may switch between certain housing loan products. This may involve conversion from a variable rate to a fixed rate or vice versa.
- (h) **(Switching to an Investment or Owner-Occupied Housing Loan)** A Borrower may elect to switch the use of the Mortgaged Property from owner-occupied property to investment or vice versa. Westpac requires notification from the Borrower of a switch from an owner-occupied to investment Housing Loan and reserves the right to change the interest rate or the fees charged with respect to the Housing Loan. The loan will remain an asset of the Trust after the switch.
- (i) **(Combination Housing Loan)** A Borrower may elect to split a loan into separate funding portions which may, among other things, be subject to different interest rates. Each part of the Housing Loan is effectively a separate loan even though all of the separate loans are secured by the same Mortgage.
- If a Housing Loan is split, each separate loan will remain in the Trust as long as each individual Housing Loan matures before the final Maturity Date and, if the Housing Loan was covered by a Mortgage Insurance Policy, each separate loan will be covered by that Mortgage Insurance Policy. If any loan matures after the final Maturity Date, that loan will be removed from the Trust and the Unpaid Balance of the Housing Loan will be repaid by Westpac. The other segments of the "split" loan which mature before the final Maturity Date will remain in the Trust.
- (j) **(Payment Type)** The loan payment types on the Cut-Off Date for the Trust will be either interest-only and fees or principal, interest and fees. A Borrower may elect

to switch from paying principal, interest and fees to interest only and fees provided certain criteria are satisfied. The interest-only periods can only be for terms of 1 to 10 years except that, with credit specialist approval, the interest only period can be extended past 10 years. If the interest only period for a loan is extended past 10 years the loan will be removed from the Trust. The interest only and fees payment type is available on most variable rate and fixed rate loans. For fixed rate loans, the interest only period will match the fixed period. Additionally, fixed rate investment property loans with an interest only and fees payment type permit Borrowers to pay their interest up to 12 months in advance. At the end of any interest-only and fees period, the payment type under the related loan will convert to a principal, interest and fees payment type. The scheduled payments will be adjusted at this time to ensure that the loan will be repaid within its original term.

- (k) **(Parental Leave)** Some of the variable rate loans allow a Borrower who is on maternity or paternity leave and who meets the eligibility criteria to request a reduction in repayment of the related home loan by up to 50% for a maximum of six months. If the reduced payments are not sufficient to cover the interest due on the loan, the unpaid interest rate will be capitalised on the loan balance, which may cause the loan to negatively amortise. The scheduled payments are adjusted at the end of the parental leave period to ensure that the loan will be repaid within its original contracted maturity.
- (l) **(Insurance premiums)** A Borrower may request that any insurance premium payable by the Borrower in relation to lender's mortgage insurance be capitalised. If Westpac agrees to that request, the premium will be capitalised and will thus constitute part of the principal to be amortised over the life of the Housing Loan.
- (m) **(Capitalised Fees)** A Borrower may request that Westpac provide product features under its Housing Loan contract without requiring the Borrower to pay the usual up-front fee relating to that product. In those cases, Westpac may capitalise the fee, which will thus constitute part of the principal to be amortised over the life of the Housing Loan.
- (n) **(Housing Loan Packages)** Borrowers may elect to take out a housing loan package. The housing loan package has qualifying criteria based on the Borrower's total aggregate loan amount and provides various benefits. These benefits include interest rate discounts and fee waivers or reductions on certain housing loan product types.
- (o) **(Interest offset features)** A Borrower may elect to enter into an arrangement with Westpac under which the amount of interest which would (but for such arrangement) have been payable in respect of a Housing Loan (including a Rocket Repay loan type) is reduced by reference to any credit balance on any savings or cheque account in the name of that Borrower (whether alone or jointly with another person) which is kept with Westpac.
- (p) **(Interest Only Periods)** The loans may provide that Borrowers pay interest only for up to 15 years. After the interest only period, the Borrower must make payments of principal and interest. However, the Eligibility Criteria does not permit



loans with an interest only payment period of more than 10 years from the Cut-Off Date.

- (q) **(Additional features)** The Approved Seller may, in relation to a Housing Loan in the Mortgage Pool, from time to time seek to offer additional features which are not referred to above. Before doing so, the Approved Seller must satisfy the Trust Manager that the Trust Manager would be able to give a Rating Notification in relation to the additional features.

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## 7. Cashflow methodology

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### 7.1 General

This section 7 describes the methodology for the calculation of the amounts to be paid by the Trustee as directed by the Trust Manager on each Payment Date to, among others, the Noteholders. The Series Notice provides for Collections to be allocated by the Trust Manager and paid monthly, in accordance with a set order of priorities, to satisfy the Trustee's obligations in relation to the Trust. Those priorities are detailed in this section 7.

### 7.2 Collections and Payment

Collections in respect of interest and principal will be received during each Collection Period. Primarily, Collections are derived from interest and principal receipts from the Housing Loans. Other sources of Collections are proceeds of enforcement of Mortgages, proceeds of claims under Mortgage Insurance Policies (in respect of those Housing Loans which have the benefit of Mortgage Insurance Policies), interest on cash deposits and payments by the Approved Seller or the Servicer in respect of breaches of representations or undertakings.

Each month the Trust Manager will determine the Collections received and reconcile the receipts against expenses (including Coupon payable to Noteholders for the relevant period) that have accrued during that Collection Period. To the extent necessary, the Trust Manager may direct the Trustee to draw on or claim against Support Facilities to make up shortfalls in Collections due but not received. The Trust Manager will make these calculations in the time period between the last day of the Collection Period and the Determination Date.

Once the calculations are finalised on a Determination Date, the Trust Manager advises the Trustee of the amounts to be paid on the relevant Payment Date. The Trustee will arrange for the relevant payments to occur on the Payment Date.

#### **Collections**

The Approved Seller will receive the Collections in respect of Housing Loans in the Mortgage Pool.

Subject to the following paragraph, the Trust Manager must deposit or use its best endeavours to procure that Westpac (in its capacity as Servicer or otherwise) deposits an amount equal to all Available Income and Principal Collections it receives during a Collection Period into the relevant Collection Account by no later than 4:00pm on the day which is two Business Days prior to the relevant Payment Date (the **Remittance Date**) for that Collection Period, together with all other Available Income and Principal Collections to the extent received on or before that time.

If Westpac's long term rating is less than Baa2 from Moody's, the Trust Manager must deposit or use its best endeavours to procure that Westpac (whether in its capacity as Servicer or otherwise) deposits, in the Collection Account all Available Income and Principal Collections for that Collection Period within three Business Days of receipt.

### 7.3 Calculation of Total Available Funds

On each Determination Date the Trust Manager will, for the immediately preceding Collection Period, calculate the total of the following (being **Total Available Funds**)

- (a) Available Income (refer to section 7.4); plus
- (b) Principal Draws (refer to section 7.5); plus
- (c) Liquidity Draws (refer to section 7.6).

### 7.4 Available Income

**Available Income** means, for a Collection Period the aggregate of:

- (a) **Finance Charge Collections** being, for a Collection Period, the aggregate of:
  - (i) all amounts received by or on behalf of the Trustee during that Collection Period in respect of Government Charges, interest, fees and other amounts in the nature of income payable under or in respect of the Housing Loans and the related Receivable Rights, to the extent not included within any other paragraph of this definition, including:
    - (A) any Liquidation Proceeds received on account of interest received during that Collection Period;
    - (B) any payments by any person to the Trustee on the repurchase of a Housing Loan under the Transaction Documents during that Collection Period which are attributable to interest, fees and other income; and
    - (C) the Prepayment Cost Surplus for that Collection Period (if any).
  - (ii) all amounts in respect of interest, fees and other amounts in the nature of income, received by or on behalf of the Trustee during that Collection Period including:
    - (A) from the Approved Seller, in respect of any breach of a representation, warranty or undertaking contained in the Trust Deed or the Series Notice;
    - (B) from the Approved Seller under any obligation under the Trust Deed or the Series Notice to indemnify or reimburse or pay damages to the Trustee for any amount;
    - (C) from the Servicer in respect of any breach of a representation, warranty or undertaking contained in the Servicing Agreement or the Series Notice; and
    - (D) from the Servicer under any obligation under the Servicing Agreement or the Series Notice to indemnify or reimburse or pay damages to the Trustee for any amount,

in each case which are determined by the Trust Manager to be in respect of interest, fees and other amounts in the nature of income payable under the Housing Loans and the related Receivable Rights;

- (iii) recoveries received by or on behalf of the Trustee during that Collection Period;
- (iv) in relation to a sale of Housing Loans as described in section 2.4, the amount of the relevant sale proceeds for those Housing Loans attributable to interest, fees or other income which are received on or before the Payment Date immediately following the end of that Collection Period (and the Finance Charge Collections for the Collection Period in which that Payment Date falls will exclude any such sale proceeds),

less:

- (v) the Government Charges collected by or on behalf of the Trustee for that Collection Period;
- (vi) the aggregate of all fees and charges due to the Servicer or the Approved Seller under the Housing Loans as agreed by them from time to time and collected by the Approved Seller or the Servicer during that Collection Period; and
- (vii) the Prepayment Cost Surplus (if any) due to Westpac under section 7.12(b) for that Collection Period and collected by Westpac (whether in its capacity as Servicer or otherwise) during that Collection Period,

plus, to the extent not included in Finance Charge Collections:

- (b) any amount received or due to be received by or on behalf of the Trustee in relation to that Collection Period on or by the Payment Date immediately following the end of that Collection Period with respect to net receipts under any Hedge Agreement (and for this purpose net receipts under the Basis Swap and the Interest Rate Swap will be determined before any payment in section 7.8);
- (c) any interest income received by or on behalf of the Trustee during that Collection Period in respect of moneys credited to the Collection Account;
- (d) all amounts received by or on behalf of the Trustee during that Collection Period under section 7.13;
- (e) amounts in the nature of interest otherwise paid by Westpac, the Servicer or the Trust Manager to the Trustee during that Collection Period in respect of Collections held by it;
- (f) all other amounts received by or on behalf of the Trustee during that Collection Period in respect of the assets of the Trust in the nature of income; and
- (g) all amounts received by or on behalf of the Trustee during that Collection Period from any provider of a Support Facility (other than the Redraw Facility) under that Support Facility and which the Trust Manager determines should be accounted for to reduce a Finance Charge Loss,

but excluding interest, fees and other amounts in the nature of income paid in error by the relevant Obligor in respect of a Housing Loan after that Housing Loan has been repaid in full and discharged.

### 7.5 Principal Draws

If the Trust Manager determines on any Determination Date that there is a Payment Shortfall for the relevant Collection Period the Trust Manager must direct the Trustee to pay out of Principal Collections, as an Initial Principal Distribution under section 7.10(a), an amount (the **Principal Draw**) equal to the lesser of:

- (a) the Payment Shortfall; and
- (b) the amount of Principal Collections available for distribution on the Payment Date following that Determination Date.

Principal Draws may be reimbursed out of any Excess Available Income available for this purpose on subsequent Payment Dates.

### 7.6 Liquidity Draws

- (a) If the Trust Manager determines on any Determination Date that there is a Liquidity Shortfall for the relevant Collection Period the Trust Manager must on that date direct the Trustee to make a Liquidity Draw on or before the Payment Date following that Determination Date equal to the amount which the Trustee is permitted to draw under clause 3.1 of the Liquidity Facility.
- (b) The Trustee must, if so directed by the Trust Manager but subject to the terms of the Liquidity Facility, make that Liquidity Draw and have the proceeds of the Liquidity Draw deposited into the Collection Account on or before 11.00 am (Sydney time) on the Payment Date. The Trust Manager must deal with the amount so deposited in accordance with this section 7.

For a detailed description of the Liquidity Facility see section 8.1.

### 7.7 Remaining Liquidity Shortfall

If the Trust Manager determines that a Remaining Liquidity Shortfall exists for a Collection Period, then the Trust Manager on behalf of the Trustee must reduce the Class A Coupon, the Class B Coupon and the Class C Required Coupon for that Collection Period as follows:

- (a) the Remaining Liquidity Shortfall shall first reduce the amount of the Class C Required Coupon available to be paid to the Class C Noteholders on the relevant Payment Date;
- (b) if the Class C Required Coupon payable to the Class C Noteholders on the relevant Payment Date has been reduced to zero and any Remaining Liquidity Shortfall remains, the excess Remaining Liquidity Shortfall shall reduce the amount of the Class B Coupon available to be paid to Class B Noteholders; and
- (c) if the Class C Required Coupon and the Class B Coupon payable to the Class C Noteholders and the Class B Noteholders on the relevant Payment Date have been reduced to zero and any Remaining Liquidity Shortfall remains, the excess Remaining Liquidity Shortfall shall reduce:
  - (i) the amount of the Class A Coupon available to be paid to the Class A Noteholders; and

- (ii) the amount of any draw fee under clause 4.2 of the Redraw Facility available to be paid,

in each case for that Payment Date, on that Payment Date, *pari passu* and rateably among themselves.

Nothing in this section 7.7 limits or reduces the Trustee's obligation to any Noteholder to pay the full amount of any Coupon to that Noteholder on any Payment Date.

## 7.8 Distribution of Total Available Funds

### (a) (Total Payments)

- (i) Subject to sub-paragraph (ii) and section 10.5, on each Payment Date, and based on the calculations and instructions provided to it by the Trust Manager, the Trustee must pay out of Total Available Funds, in relation to the Collection Period ending immediately before that Payment Date, the following amounts in the following order of priority:
  - (A) first, an amount up to any Accrued Interest Adjustment required to be paid to the Approved Seller (the Trustee acknowledges and agrees that it has no entitlement to the moneys comprising the Accrued Interest Adjustment);
  - (B) second, subject to sub-paragraph (I), Trust Expenses which have been incurred prior to that Payment Date and which have not previously been paid or reimbursed under an application of this section 7.8 (in the order of priority set out in the definition of *Trust Expenses*);
  - (C) third, *pari passu* and rateably as between themselves, including:
    - (1) the net amount (if any) payable by the Trustee to the Swap Provider under each Hedge Agreement (except any Settlement Amount where the Swap Provider is the Defaulting Party); and
    - (2) any interest or fees payable by the Trustee under the Liquidity Facility,
  - (D) fourth, any repayment of a Liquidity Draw made on or prior to the previous Payment Date;
  - (E) fifth, *pari passu* and rateably as between themselves:
    - (1) the payment to the Class A Noteholders of all accrued but unpaid Class A Coupon at that date; and
    - (2) any interest or fees payable by the Trustee under the Redraw Facility Agreement;
  - (F) sixth, *pari passu* and rateably as between themselves, any amounts payable under any Support Facility other than any amounts referred to:

- (1) elsewhere in this sub-paragraph (i); and
    - (2) in section 7.8(d)(vii);
  - (G) seventh, the payment to the Class B Noteholders of all accrued but unpaid Class B Coupon as at that date;
  - (H) eighth, subject to sub-paragraph (iii), the payment to the Class C Noteholders of all accrued but unpaid Class C Required Coupon as at that date; and
  - (I) ninth, any fees or expenses which constitute Trust Expenses payable to Westpac, under sub-paragraph (B) but which the Trustee and Westpac have expressly agreed in writing not to treat as Trust Expenses for the purposes of sub-paragraph (B).
- (ii) The Trustee shall only make a payment under any of sub-paragraphs (a)(i)(A) to (a)(i)(I) inclusive to the extent that any Total Available Funds remain from which to make the payment after amounts with priority to that payment have been distributed.
  - (iii) The Trustee shall only make a payment under sub-paragraph (a)(i)(H) to the extent that any Total Available Funds used to make such payment do not include any proceeds from a Liquidity Draw in accordance with section 7.6.
- (b) **(Accrued Interest Adjustment)** The Accrued Interest Adjustment represents interest and fees which have accrued on the relevant Housing Loans but are unpaid as at (and excluding) the Closing Date. During the period between the Cut-Off Date and the Closing Date the Housing Loans continue to be owned by the Approved Seller, however any Collections after the Cut-Off Date will not be received until after the assignment of the relevant Housing Loans to the Trust. The purchase price for the relevant Housing Loans excludes any such accrual. Therefore, an amount equal to that accrued interest and fees and Collections in respect of interest and fees for the period between the Cut-Off Date and the Closing Date will be paid to the Approved Seller on each Payment Date following the Closing Date as a priority payment from Total Available Funds until paid in full.
- (c) **(Trust Expenses)** On each Determination Date the Trust Manager will determine the following payments to be made under section 7.8(a)(i)(B) in the following order of priority on the next Payment Date:
- (i) Taxes payable in relation to the Trust in respect of the Collection Period immediately before that Payment Date;
  - (ii) the monthly fee payable to the Trustee in relation to the Trust (refer to section 9.1(g));
  - (iii) any fee payable to the Security Trustee under the Security Trust Deed (refer to section 10.6);
  - (iv) the monthly fee payable to the Trust Manager in relation to the Trust (refer to section 9.2(d));

- (v) the monthly fee payable to the Servicer (refer to section 9.4(h));
- (vi) *pari passu*, any costs, charges or expenses (other than fees) incurred by, and any liabilities owing under any indemnity granted to, the Security Trustee or the Servicer in relation to the Trust under the Transaction Documents, for that Collection Period; and
- (vii) *pari passu* any other Expenses (as defined in the Trust Deed) relating to the Trust,

(together, the ***Trust Expenses***).

(d) **Excess Available Income**

Subject to paragraph (e), on each Determination Date, the Trust Manager must apply any Excess Available Income for the Collection Period relating to that Determination Date in the following order of priority (and must direct the Trustee to pay, and the Trustee must pay, the relevant amounts accordingly on the following Payment Date in that order of priority):

- (i) first, as Gross Principal Collections for the relevant Collection Period in an amount up to all Principal Draws which have not been repaid as at the Payment Date immediately after the expiry of that Collection Period;
- (ii) second, the payment to the Class C Noteholders of all accrued but unpaid Class C Residual Coupon as at that date;
- (iii) third, as Gross Principal Collections for the relevant Collection Period in an amount up to the Principal Charge Offs for that Collection Period;
- (iv) fourth, *pari passu* and rateably between themselves (based on the Principal Outstanding and the Stated Amount of the Class A Notes):
  - (A) as Gross Principal Collections for the relevant Collection Period in reinstating the Principal Outstanding by an amount up to the Carryover Redraw Charge Offs (if any);
  - (B) as Gross Principal Collections for the relevant Payment Date in reinstating the Stated Amount of the Class A Notes by an amount up to the Carryover Class A Charge Offs (if any);
- (v) fifth, as Gross Principal Collections for the relevant Collection Period in reinstating the Stated Amount of the Class B Notes by an amount up to the Carryover Class B Charge Offs (if any);
- (vi) sixth, as Gross Principal Collections for the relevant Collection Period in an amount up to the Carryover Class C Charge Offs (if any);
- (vii) seventh, *pari passu* and rateably in or towards payment of any Settlement Amount payable to the relevant Swap Provider under any Hedge Agreement where that Swap Provider is the Defaulting Party; and
- (viii) eighth, to pay any fee agreed between Westpac, the Trustee and the Trust Manager as payable to Westpac as the Approved Seller, provided that the



amount of such fee must not exceed the fair market value of the fee for the origination services provided by Westpac in relation to Housing Loans.

Any amount applied pursuant to sub-paragraphs (i) to (viii) (inclusive) above will be treated as having been made using Principal Collections to the extent of that application.

- (e) The Trustee shall only make an application or payment under any of sub-paragraphs (d)(i) to (d)(viii) inclusive to the extent that any Excess Available Income remains from which to make an application or payment after amounts with priority to that application or payment have been distributed.
- (f) The Trustee must pay any Excess Collections Distribution for a Collection Period to the Residual Income Beneficiary on that Payment Date.
- (g) Once distributed to a Residual Income Beneficiary, an Excess Collections Distribution will not be available to the Trustee to meet its obligations in respect of the Trust in subsequent periods.

#### **7.9 Gross Principal Collections and Principal Collections**

- (a) On each Determination Date the Trust Manager must determine Gross Principal Collections for the Collection Period ending immediately prior to that Determination Date, being:
  - (i) all amounts received by or on behalf of the Trustee from or on behalf of Borrowers under the Housing Loans during the Collection Period in respect of principal, in accordance with the terms of the Housing Loans, including principal prepayments;
  - (ii) all other amounts received by or on behalf of the Trustee under or in respect of principal under the Housing Loans and the related Receivable Rights during that Collection Period including:
    - (A) any Liquidation Proceeds received on account of principal;
    - (B) any amounts in the nature of principal received by or on behalf of the Trustee during that Collection Period pursuant to the sale or transfer of any asset of the Trust (including any amount received by the Trustee on the issue of Notes, which was not used to purchase a Housing Loan or Housing Loan Security and which the Trust Manager determines is surplus to the requirements of the Trust);
    - (C) any Prepayment Costs applied towards Prepayment Benefits under section 7.12(b); and
    - (D) any Prepayment Benefit Shortfall paid by Westpac to the Trust under section 7.12(c);
  - (iii) all amounts received by or on behalf of the Trustee during that Collection Period from any provider of a Support Facility under that Support Facility

and which the Trust Manager determines should be accounted for to reduce a Principal Loss;

- (iv) all amounts received by or on behalf of the Trustee during that Collection Period:
  - (A) from the Approved Seller, in respect of any breach of a representation, warranty or undertaking contained in the Transaction Documents;
  - (B) from the Approved Seller under any obligation under the Transaction Documents to indemnify or reimburse or pay damages to the Trustee for any amount;
  - (C) from the Servicer, in respect of any breach of a representation, warranty or undertaking contained in the Servicing Agreement; and
  - (D) from the Servicer under any obligation under the Servicing Agreement to indemnify or reimburse or pay damages to the Trustee for any amount,

in each case, which are determined by the Trust Manager to be in respect of principal payable under the Housing Loans and the related Receivable Rights;

- (v) any amount of Excess Available Income to be added to or applied as Gross Principal Collections under section 7.8(d);
  - (vi) any Prepayment Calculation Adjustment for that Collection Period; and
  - (vii) in relation to a sale of Housing Loans described in section 2.4, the amount of the relevant sale proceeds for those Housing Loans attributable to principal which are received on or before the Payment Date immediately following the end of that Collection Period (and the Principal Collections for the Collection Period in which that Payment Date falls will exclude any such sale proceeds),
  - (viii) but excluding any principal paid in error by the relevant Borrower in respect of a Housing Loan after that Housing Loan has been repaid in full and discharged.
- (b) On each Determination Date the Trust Manager must calculate **Principal Collections** for the preceding Collection Period, being:
    - (i) the Gross Principal Collections for that Collection Period (refer to section 7.9(a)); less
    - (ii) any amounts deducted by or paid to Westpac to make Redraws or reimburse Redraws funded by Westpac during that Collection Period for which Westpac has not previously been reimbursed (refer to sections 2.8 and 6.2(b)).
  - (c) The Trustee and the Trust Manager irrevocably authorise Westpac to deduct from Gross Principal Collections received by it (whether in its capacity as Servicer or

otherwise) the total amount of all Redraws provided by Westpac in relation to Housing Loans, to the extent that Westpac has not previously been reimbursed in relation to any Redraws.

#### **7.10 Distribution of Principal Collections**

##### **(a) (Initial Principal Distributions)**

- (i) Subject to paragraph (ii) and section 10.5, on each Payment Date and based on the calculations and instructions provided to it by the Trust Manager, the Trustee must distribute out of Principal Collections, in relation to the Collection Period ending immediately before that Payment Date, the following amounts in the following order of priority:
  - (A) first, to reimburse any Redraws provided by Westpac in relation to Housing Loans to the extent that it has not previously been reimbursed in relation to those Redraws under section 2.8;
  - (B) second, to repay all Principal Outstanding under the Redraw Facility on that Payment Date; and
  - (C) third, to allocate to Total Available Funds any Principal Draw calculated in accordance with section 7.5.
- (ii) The Trustee shall only make a payment under any of sub-paragraphs (a)(i)(A) to (a)(i)(C) inclusive to the extent that any Principal Collections remain from which to make the payment after amounts with priority to that payment have been distributed.
- (iii) Only after Initial Principal Distributions have been satisfied will Principal Collections be available to repay the Class A Noteholders, the Class B Noteholders and the Class C Noteholders in accordance with the principal allocation methodology outlined in section 7.10(b).

##### **(b) (Principal Payments)**

- (i) If on any Determination Date, the Serial Paydown Conditions are not met in full, the Trustee must (subject to paragraph (iii) and section 10.5), based on the calculations and instructions given to it by the Trust Manager, on the next Payment Date pay and apply the balance of the Principal Collections for the Collection Period ending immediately before that Payment Date (after making the payments and allocations required by section 7.10(a)) in the following order of priority:
  - (A) first, to the Class A Noteholders by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class A Notes;
  - (B) next, to the Class B Noteholders by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class B Notes;

- (C) next, to the Class C Noteholders by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class C Notes; and
  - (D) next, and only if no Notes are then outstanding, as a payment to the Residual Income Beneficiary on that Payment Date.
- (ii) If on any Determination Date, the Serial Paydown Conditions are and will, following payment and application in accordance with this section, continue to be met in full, the Trustee must (subject to paragraph (iii) and section 10.5), based on the instructions given to it by the Trust Manager, on the next Payment Date, pay and apply the balance of the Principal Collections for the Collection Period ending immediately before that Payment Date (after making the payments and allocations required by section 7.10(a)) as follows:
- (A) as to an amount equal to the Class A Proportion of the balance of the Principal Collections, by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class A Notes;
  - (B) as to an amount equal to the Class B Proportion of the balance of the Principal Collections, by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class B Notes;
  - (C) as to an amount equal to the Class C Proportion of the balance of the Principal Collections, by way of Principal Payment, in or towards repayment, *pari passu* and rateably, of the aggregate Invested Amount of all Class C Notes; and
  - (D) if and only if, following the making of the payments required by sub-paragraphs (A)-(C) above, no Notes are then outstanding, any balance will be paid to the Residual Income Beneficiary on that Payment Date.
- (iii) The Trustee shall only make a payment under any of sub-paragraphs (b)(i)(A) to (b)(i)(D) and (b)(ii)(A) to (b)(ii)(D) inclusive to the extent that any Principal Collections remain from which to make the payment after amounts with priority to that payment have been distributed.

#### **7.11 Principal Charge Offs**

(a) **Allocating Liquidation Losses**

On each Determination Date, the Trust Manager must determine, in relation to the aggregate of all Liquidation Losses arising during that Collection Period:

- (i) the amount of those Liquidation Losses which is attributable to interest, fees and expenses in relation to the relevant Housing Loans (Finance Charge Loss); and

- (ii) the amount of those Liquidation Losses which is attributable to principal in relation to the relevant Housing Loans (Principal Loss),

on the basis that all Liquidation Proceeds actually received by or on behalf of the Trustee in relation to a Housing Loan are applied first against interest, fees and other Enforcement Expenses (other than property restoration expenses) relating to that Housing Loan, and then against the Housing Loan Principal and property restoration expenses relating to that Housing Loan.

(b) **(General)**

- (i) If on any Determination Date, the Trust Manager determines there has been a Liquidation Loss in relation to a Housing Loan, the Trust Manager will direct the Servicer, if the Servicer has not already done so promptly, and in any event within 20 Business Days of that notice, to make a claim under the relevant Mortgage Insurance Policy, if any, for the aggregate amount of that Liquidation Loss.

- (ii) Upon receipt of any amount under or in respect of a Mortgage Insurance Policy (if applicable) in payment of a claim referred to in paragraph (i), the Trust Manager must determine which part of the amount is attributable to interest, fees and other amounts in the nature of income, and which part of that amount is attributable to principal.

(iii) If:

- (A) the total amount recovered and recoverable in respect of that Housing Loan under any applicable Mortgage Insurance Policies, determined to be attributable to principal under section 7.9(a)(ii); and

- (B) the total amount recovered and recoverable by the Trustee from the Approved Seller or the Servicer (as the case may be) in respect of that Housing Loan (by way of damages or otherwise) under or in respect of the Trust Deed, the Series Notice or the Servicing Agreement (as the case may be), determined by the Trust Manager to be attributable to principal,

is less than the amount equal to the Principal Loss for that Housing Loan, then a **Mortgage Shortfall** will arise.

- (iv) For the purposes of calculating a Mortgage Shortfall, an amount shall be regarded as not recoverable upon the earlier of:
  - (A) a determination being made, in the case of paragraph (b)(iii)(A), by the Trust Manager, and in the case of paragraph (b)(iii)(B), by the Trustee, in each case upon the advice of such suitably qualified expert advisers as the Trust Manager or the Trustee (as the case may be) thinks fit, that there is no such amount, or that such amount is not likely to be recovered (including because any relevant Mortgage Insurance Policy has been terminated, the

Mortgage Insurer is entitled to reduce the amount of the claim or the Mortgage Insurer defaults in payment of a claim); and

- (B) the date which is two years after the Determination Date upon which the relevant Principal Loss was determined under paragraph (a)(ii).

The aggregate amount of all Mortgage Shortfalls for that Collection Period (a **Principal Charge Off**) will be applied to reduce the principal amounts of Notes.

- (c) **(Charge Offs)** If the Principal Charge Off for any Collection Period exceeds an amount equal to the Excess Available Income calculated on the Determination Date for that Collection Period minus the amount required to be applied on the following Payment Date as referred to in section 7.8(d)(i), the Trust Manager must, on and with effect from the Payment Date immediately following the end of the Collection Period:
  - (i) reduce pari passu and rateably the Stated Amount of the Class C Notes by the amount of that excess until the Stated Amount of the Class C Notes is zero; and
  - (ii) if the Stated Amount of all Class C Notes has been reduced to zero and any amount of that excess has not been applied under paragraph (i), reduce pari passu the Stated Amount of the Class B Notes by the amount of the balance of that excess until the Stated Amount of the Class B Notes is zero; and
  - (iii) if the Stated Amount of all Class B Notes has been reduced to zero and any amount of that excess has not been applied under paragraph (ii), reduce pari passu and rateably as between the Class A Notes and the Redraw Facility by an amount equal to the balance of that excess:
    - (A) pari passu as between the Class A Notes, the Stated Amount of each Class A Note until the Stated Amount of each Class A Note is zero; and
    - (B) the Principal Outstanding under the Redraw Facility, applied against Redraw Advances (as defined in the Redraw Facility) in inverse chronological order of their Drawdown Dates (as defined in the Redraw Facility), until the Principal Outstanding is zero.
- (d) **(Reimbursement of Carryover Charge Offs)** On any Determination Date, if there is Excess Available Income remaining after the reimbursement of any current period Principal Charge Offs, then the remaining Excess Available Income must be applied as set out in section 7.8(d).

#### 7.12 Prepayment Costs and Prepayment Benefits

- (a) On each Determination Date the Trust Manager will determine total Prepayment Benefits and total Prepayment Costs for the relevant Collection Period and will apply an amount equal to those total Prepayment Costs in payment of those total Prepayment Benefits. If:

- (i) there is a Prepayment Cost Surplus, it will be applied under paragraph (b); and
  - (ii) there is a Prepayment Benefit Shortfall, it will be funded under paragraph (c).
- (b) On each Payment Date, and based on the calculations and instructions provided to it by the Trust Manager, the Trustee shall pay to the relevant Swap Provider an amount equal to the Prepayment Cost Surplus (if any) for the Collection Period on that Payment Date to the extent received by or on behalf of the Trustee.
- (c) If, on any Determination Date, the Trust Manager calculates that there is a Prepayment Benefit Shortfall, the Trust Manager shall by close of business on that Determination Date notify the relevant Swap Provider of the amount of that Prepayment Benefit Shortfall. That Swap Provider must, by 4.00 pm (Sydney time) on the Remittance Date deposit in the Collection Account for the credit of the Trustee an amount equal to that Prepayment Benefit Shortfall. That amount will be treated as a Gross Principal Collection.

#### **7.13 Loan Offset Interest**

On each Determination Date, Westpac is required to pay to the Trustee an amount equal to all Loan Offset Interest Amounts for the Collection Period immediately preceding that Determination Date.

#### **7.14 Calculations and Directions**

The calculations referred to in this section 7 are required to be made by the Trust Manager and notified to the Trustee on each Determination Date in respect of the Collection Period ending before that Determination Date. The Trust Manager will instruct the Trustee as to payments to be made by the Trustee on the relevant Payment Date. In this regard, the Trustee is entitled to rely conclusively on, and is not required to investigate the accuracy of, the Trust Manager's calculations.

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## 8. Support Facilities

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### 8.1 Liquidity Facility

- (a) **(The Liquidity Facility)** Under the Liquidity Facility, the Liquidity Facility Provider agrees to make advances to the Trustee for the purpose of funding certain income shortfalls in the Trust, up to the Liquidity Limit being the lesser of:
- (i) subject to section 8.1(j)(iv), A\$14,950,000;
  - (ii) the aggregate outstanding principal amount of all Performing Loans at that date; and
  - (iii) any other amount as agreed in writing between the Liquidity Facility Provider, the Trustee and the Trust Manager and in respect of which the Trust Manager has given a Rating Notification,

as reduced or cancelled under the Liquidity Facility.

A **Performing Loan** at any date is a Housing Loan which is not in Arrears or has been in Arrears for less than 90 consecutive days, or if it has been in Arrears for 90 or more consecutive days and was insured under a Mortgage Insurance Policy at the date of the Liquidity Facility or on or before the Closing Date.

- (b) **(Liquidity Draws)** If the Trust Manager determines on any Determination Date that there will be a Liquidity Shortfall on the following Payment Date, then the Trust Manager must direct the Trustee to make a drawing under the Liquidity Facility to apply towards the Liquidity Shortfall. The drawing will (subject to certain assumptions as to payment) be the lesser of the Liquidity Shortfall and the difference between the Liquidity Limit and the aggregate of all outstanding amounts under the Liquidity Facility (the **Available Liquidity Amount**). A drawing may only be made by a duly completed drawdown notice signed by the Trustee.
- (c) **(Conditions Precedent to a Liquidity Draw)** A drawing may only be made under the Liquidity Facility (a **Liquidity Draw**) if (among other things) no event of default subsists under the Liquidity Facility (as described in paragraph (h)) at the date of the relevant drawdown notice and the relevant drawdown date or will result from the provision of the Liquidity Draw.
- (d) **(Deposit into a Collateral Account)** If at any time the Liquidity Facility Provider's short term credit rating is less than P-1 from Moody's or the Liquidity Facility Provider does not have the S&P Required Ratings or S&P or Moody's ceases to provide the relevant credit rating for the Liquidity Facility Provider (other than because S&P or Moody's, as the case may be, cease to provide such ratings generally), the Liquidity Facility Provider must within 2 Business Days or such longer period in respect of which the Trust Manager gives a Rating Notification, deposit into an account held in the name of the Trustee with a Bank having a short term rating of P-1 from Moody's and the S&P Required Ratings or in respect of which the Trust Manager otherwise gives a Rating Notification (the **Collateral Account**), an amount equal to the Available Liquidity Amount at that time.



If and for so long as the Liquidity Facility Provider has a short term credit rating of not lower than P-1 from Moody's or the Liquidity Facility provider has the S&P Required Ratings, the Collateral Account may be maintained with the Liquidity Facility Provider.

If at any time the Bank holding the Collateral Account has a short term credit rating of lower than P-1 from Moody's or does not have the S&P Required Ratings, then the Collateral Account, and all amounts standing to the credit of the Collateral Account, must (subject to certain limited restrictions) be transferred within 5 Business Days to a new account in the name of the Trustee with a Bank which has the S&P Required Ratings or a short term credit rating from Moody's of not lower than P-1.

Withdrawals from a Collateral Account are restricted to, among other things, making a Liquidity Draw, paying any Tax payable in respect of maintenance of, or payments into or withdrawals from the Collateral Account, and investing in short term investments.

All interest accrued on the moneys in the Collateral Account shall belong to the Liquidity Facility Provider and will be paid to the Liquidity Facility Provider on each relevant Payment Date in accordance with section 7.

If, at any time when the Collateral Account is not maintained with the Liquidity Facility Provider, the credit rating of the Liquidity Facility Provider is upgraded so that it has the S&P Required Ratings and a short term credit rating from Moody's of not lower than P-1, the Trust Manager may direct the Trustee to, and the Trustee must within 2 Business Days of being so directed, arrange for the amounts standing to the credit of the Collateral Account to be transferred to an account with the Liquidity Facility Provider (which account will then become the Collateral Account).

If, at any time, the credit rating of the Liquidity Facility Provider is upgraded so that it has the S&P Required Ratings and a short term credit rating from Moody's of not lower than P-1, the Trust Manager must direct the Trustee to, and the Trustee must within 2 Business Days of being so directed, repay to the Liquidity Facility Provider the balance of the Collateral Account.

- (e) **(Interest on Liquidity Draws)** Interest is payable to the Liquidity Facility Provider on the principal amount drawn under the Liquidity Facility and accrues daily. This interest is payable at the Bank Bill Rate plus a margin, calculated on days elapsed and a year of 365 days. Interest is payable in arrears on each Payment Date and on repayment of a drawing. Unpaid interest will capitalise, and interest accrues on any unpaid interest.
- (f) **(Commitment Fee)** A commitment fee accrues daily from the date of the Liquidity Facility at the agreed rate on the daily amount of the Available Liquidity Amount, and is payable in arrear on each Payment Date and on termination of the Liquidity Facility, accordance with section 7. The commitment fee is calculated on the actual number of days elapsed and a year of 365 days.

- (g) **(Repayment of Liquidity Drawings)** If an amount has been drawn down under the Liquidity Facility, the principal amount is repayable on the following Payment Date, to the extent that amounts are available under the Series Notice (see section 7.8(a)(i)(D)). It is not an event of default under the Liquidity Facility if the Trustee does not have funds available to repay the full amount outstanding on the following Payment Date (unless the Available Liquidity Amount is zero and repayment does not occur within 10 Business Days of the due date).
- (h) **(Events of Default)** Each of the following is an event of default under the Liquidity Facility (whether or not it is in the control of the Trustee):
- (i) at any time the Available Liquidity Amount is zero, the Trustee fails to pay an amount payable by it under the Liquidity Facility within 10 Business Days of its due date;
  - (ii) an amount is available for payment under section 7.8(a)(i)(D) and the Trustee does not pay that amount;
  - (iii) an Insolvency Event occurs in relation to the Trust;
  - (iv) an Insolvency Event occurs in relation to the Trustee, and a successor trustee of the Trust is not appointed within 30 days of that Insolvency Event;
  - (v) the Termination Date occurs in relation to the Trust; or
  - (vi) an Event of Default occurs and any action is taken to enforce the security interest under the Security Trust Deed over the assets of the Trust (including appointing a receiver or receiver and manager or selling any of those assets).
- (i) **(Consequences of Default)** In addition to rights provided by law or any Transaction Document, at any time after an event of default has occurred under the Liquidity Facility (whether or not it is continuing), the Liquidity Facility Provider may do all or any of the following by notice to the Trustee and the Trust Manager:
- (i) declare all moneys actually or contingently owing at that time under the Liquidity Facility immediately due and payable, and the Trustee must immediately pay the total amount of all Liquidity Draws previously made, together with accrued interest and fees; and
  - (ii) cancel the Liquidity Limit with effect from any date specified in that notice.
- (j) **(Termination)** The Liquidity Facility will terminate on the earliest of the following to occur:
- (i) when the Notes have been redeemed in full;
  - (ii) following an event of default under the Liquidity Facility, the date on which the Liquidity Facility Provider declares the Liquidity Facility terminated;
  - (iii) the date on which the Trustee enters into a replacement liquidity facility as previously notified to the Rating Agencies;
  - (iv) the date on which the Trustee, on giving not less than 5 Business Days irrevocable notice to the Liquidity Facility Provider, has cancelled all or part

of the Liquidity Limit. Cancellation is conditional on the Trust Manager giving a Rating Notification in relation to such cancellation; and

- (v) the Maturity Date.

## 8.2 Redraw Facility

- (a) **(General)** On or prior to the Closing Date, Westpac will enter into a Redraw Facility in its capacity as Redraw Facility Provider with the Trustee and the Trust Manager. Pursuant to the terms of the Redraw Facility, the Redraw Facility Provider shall be obligated, subject to the certain limitations, to fund the amount of any Redraws not funded with Gross Principal Collections. To the extent that Gross Principal Collections are insufficient to fund Redraws, and amounts are available under the Redraw Facility, the Trust Manager must direct the Trustee to draw on the Redraw Facility. Under the Redraw Facility, the Redraw Facility Provider agrees to make advances to the Trustee up to the Redraw Limit from time to time or any other amount as agreed between the Redraw Facility Provider, the Trustee and the Trust Manager. On the Closing Date, the Redraw Limit is expected to be A\$11,500,000. The Redraw Limit may not be increased unless the Trust Manager has given a Rating Notification in relation to the increase.
- (b) **(Revocation)** The Redraw Facility Provider may revoke the Redraw Facility in whole or in part at any time during the term of the Redraw Facility immediately on giving notice to the Trustee and the Trust Manager.
- (c) **(Drawings)** In the event that the aggregate amount of Redraws for a Collection Period is greater than Gross Principal Collections for that Collection Period (that shortfall being a **Redraw Shortfall**), the Trust Manager must direct the Trustee to draw down a Redraw Advance under the Redraw Facility for an amount equal to the lesser of the Redraw Shortfall and the Available Redraw Amount (but taking account of all payments, appropriations and applications to be made under the terms of the Series Notice on or before the relevant drawdown date).

The Trustee must, if so directed by the Trust Manager but subject to the terms of the Redraw Facility, make that drawing and pay that amount to Westpac on or before the relevant Payment Date.

The sum of all Redraw Advances outstanding on any particular date less the Carryover Redraw Charge Offs at that time shall be the principal outstanding under the Redraw Facility.

A drawing may only be made under the Redraw Facility on account of a Redraw Shortfall.

- (d) **(Conditions Precedent to Drawing)** The obligations of the Redraw Facility Provider to make available each Redraw Advance are subject to the conditions precedent that:
- (i) (no default) no event of default subsists under the Redraw Facility at the date of the relevant drawdown notice and the relevant drawdown date or will result from the provision of the Redraw Advance; and

- (ii) (representations true) the representations and warranties by the Trustee in the Redraw Facility are true as at the date of the relevant drawdown notice and the relevant drawdown date as though they had been made at that date in respect of the facts and circumstances then subsisting.
- (e) **(Draw fee)** A draw fee accrues from day to day on the daily amount of each Redraw Advance. That fee is payable at the Bank Bill Rate plus a margin (which may vary depending on how long the Redraw Advance is outstanding), calculated on days elapsed and a year of 365 days. The draw fee is payable on each Payment Date and at the end of the term of the Redraw Facility. Any amount of unpaid draw fee will be capitalised and interest will accrue on any unpaid draw fee.
- (f) **(Availability Fee)** An availability fee accrues daily from the date of the Redraw Facility at the agreed rate on the Available Redraw Amount, and is payable in arrear on each Payment Date and termination of the Redraw Facility.

The availability fee is calculated on the actual number of days elapsed and a year of 365 days.
- (g) **(Repayment of Redraw Advances)** If an amount has been drawn down under the Redraw Facility, the Principal Outstanding is repayable on the following Payment Date and on the date of termination of the Redraw Facility, to the extent that there are funds available (see section 7.10(a)(ii)). It is not an event of default if the Trustee does not have funds available to repay the full amount of the Principal Outstanding on the following Payment Date.
- (h) **(Events of Default)** Each of the following is an event of default under the Redraw Facility (whether or not it is in the control of the Trustee):
  - (i) any amount is available for payment under or in respect of the Redraw Facility as described in section 7 and is not paid within 10 Business Days of its due date;
  - (ii) an Insolvency Event occurs in relation to the Trust;
  - (iii) an Insolvency Event occurs in relation to the Trustee, and a successor trustee of the Trust is not appointed within 60 days of that Insolvency Event;
  - (iv) the Termination Date occurs in relation to the Trust; or
  - (v) an Event of Default occurs and any action is taken to enforce the security interest under the Security Trust Deed over the assets of the Trust (including appointing a receiver or receiver and manager or selling any of those assets).
- (i) **(Consequences of Default)** At any time after an event of default under the Redraw Facility (whether or not it is continuing) the Redraw Facility Provider may do all or any of the following:
  - (i) by notice to the Trustee and the Trust Manager declare all moneys actually or contingently owing under the Redraw Facility immediately due and

payable, and the Trustee will immediately pay the Principal Outstanding together with accrued interest and fees and all such other moneys; or

- (ii) by notice to the Trustee and the Trust Manager cancel the Redraw Limit with effect from any date specified in that notice.

The Redraw Limit may be reduced in whole or in part by the Redraw Facility Provider immediately upon giving notice to the Trustee and the Trust Manager. A reduction of the Redraw Limit will not result in a termination of the Redraw Facility.

### 8.3 Hedge Agreements

- (a) **(General)** The Trustee will enter into two swaps, a Basis Swap and an Interest Rate Swap, with the Swap Provider.

The Basis Swap will be used to hedge the basis risk between the floating rate obligations of the Trust (including Coupon payable on the Notes) and the variable rate set, as permitted by the relevant Housing Loan agreements, at the discretion of the Approved Seller. The Trustee will pay an amount calculated by reference to the aggregate principal balance of all Housing Loans at the daily weighted average variable interest rate applicable to the Housing Loans and will receive an amount calculated by reference to the same notional principal amount at the Bank Bill Rate plus an agreed spread. The spread has been set having regard to the ongoing obligations of the Trust.

The Interest Rate Swap will hedge the basis risk between the floating rate obligations of the Trust (including Coupon payable on the Notes) and the fixed rates set by the Approved Seller on the Housing Loans which for the time being bear a fixed rate of interest. The minimum period for which the interest rate on a Housing Loan may be fixed is 1 year and the maximum is 10 years. The Trustee will pay the applicable daily weighted average fixed rate for each Collection Period on a notional amount equal to the balance of the fixed rate Housing Loans, and will receive the Bank Bill Rate plus the spread specified in the confirmation for the Interest Rate Swap. The spread has been set having regard to the ongoing obligations of the Trust.

If the Swap Provider is required to deduct or withhold from any payment under a Hedge Agreement an amount for or on account of any Tax, it is not required to gross up such payments.

- (b) **(Termination)** The following events are events entitling termination of the Hedge Agreements.
  - (i) Failure by the Swap Provider or the Trustee to make, when due, any payment or delivery required by the agreement and such failure is not remedied within 10 Business Days of notice being given.
  - (ii) An Insolvency Event has occurred in respect of the Swap Provider or the Trustee; provided, however, that an Insolvency Event in relation to the Trustee in its personal capacity is not an event of default if the relevant swap is novated within 30 Business Days of that Insolvency Event and the

novation will not cause a reduction or withdrawal of the rating of any Notes. Upon novation of the Hedge Agreement, the successor trustee will assume the rights and obligations of the Trustee under the relevant Hedge Agreement.

- (iii) An event which constitutes illegality will be a termination event under the Hedge Agreements.
  - (iv) Failure by the Swap Provider to comply with its obligations under certain collateral arrangements after its credit rating is downgraded below certain levels.
- (c) **(Threshold Rate)** If at any time the Basis Swap is terminated, the Servicer is required, subject to the terms of the relevant Housing Loans, to ensure that the process is commenced to change the interest rate payable on all relevant discretionary variable rate Housing Loans, such that the weighted average rate of interest payable on all relevant discretionary variable rate Housing Loans is not less than the Threshold Rate and immediately to notify the Trustee when that process has been completed.

#### 8.4 The Mortgage Insurance Policies

##### General

Generally, Housing Loans with an LVR of greater than 80% at the time of origination (or a lower percentage if required by Westpac's lending policies), will be covered by individual mortgage insurance policies issued by the Mortgage Insurer. These individual mortgage insurance policies will cover an amount equal to the scheduled principal balance of the relevant Housing Loan as at the Cut-Off Date.

Housing Loans with an LVR less than or equal to 80% at the time of origination or pool may not be covered by individual or pool mortgage insurance policies.

##### Description of the Mortgage Insurers

###### *Loans insured by Housing Loans Insurance Corporation*

Housing Loans Insurance Corporation (**HLIC** or the **Statutory Authority**) was a Commonwealth Government statutory authority established under the Housing Loans Insurance Act 1965 (Cth). With effect from 15 December 1997 the Commonwealth Government:

- (a) established a new corporation, Housing Loans Insurance Corporation Limited (**HLIC Ltd**) (ACN 071 466 334);
- (b) sold HLIC Ltd (including the assets and infrastructure of the Statutory Authority) to GE Capital Australia, which is a wholly owned subsidiary of General Electric Company (**GE**). HLIC Ltd subsequently changed its name to GE Mortgage Insurance Pty Limited (**GEMI**);
- (c) transferred the liabilities of the Statutory Authority in relation to contracts of insurance to which the Statutory Authority was a party immediately before that day

to the Commonwealth Government (pursuant to the Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Act 1996) (Cth); and

- (d) contracted GEMI to manage these contracts of insurance on behalf of the Commonwealth of Australia.

References in this Information Memorandum to **HLIC** are to contracts of insurance to which the Statutory Authority was a party on or before 14 December 1997 and which are now vested in the Commonwealth of Australia and managed by the Commonwealth Department of the Treasury.

#### **Loans insured by the Genworth Financial Group**

GE Capital Mortgage Insurance Corporation (Australia) Pty Limited (**GEMICO**) commenced operations in March 1998 and was established by GE as a sister company to GEMI. It was also a wholly owned subsidiary of GE Capital Australia.

Together GEMI and GEMICO insured all loans between 15 December 1997 and 31 March 2004. On 31 March 2004 the lenders mortgage insurance (**LMI**) businesses (including all of the LMI policies written during such period) of GEMI and GEMICO were transferred to a new entity - GE Mortgage Insurance Company Pty Limited (**Genworth GEMICO**).

The transfer of the LMI policies was made pursuant to two separate schemes under the Insurance Act 1973 (Cth) and approved by the Australian Prudential Regulation Authority and the Federal Court of Australia. One scheme effected the transfer of LMI policies issued by GEMI and the other scheme effected the transfer of LMI policies issued by GEMICO.

On or about 24 May 2004, Genworth GEMICO became a wholly owned subsidiary of a newly incorporated and U.S. domiciled entity, Genworth Financial Inc. Genworth Financial Inc is a leading Fortune 500 global financial security company. Its products and services help meet the investment, protection, retirement and lifestyle needs of over 15 million customers in more than 25 countries. Genworth Financial Inc, which traces its roots back to 1871, became a public company in 2004 and is headquartered in Richmond, Virginia.

Genworth Financial has its principal lenders mortgage insurance operations in the United States, United Kingdom, Canada and Australia. On 25 November 2005 Genworth GEMICO changed its name to Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305). As of 1 May 2012, the Financial Strength Ratings for Genworth Financial Mortgage Insurance Pty Limited are AA- (stable outlook) by S&P and A1 (on review for possible downgrade) by Moody's.

The principal place of business of Genworth Financial Mortgage Insurance Pty Limited is Level 26, 101 Miller Street, North Sydney, New South Wales, Australia.

#### **Loans insured by WLMI**

Westpac Lenders Mortgage Insurance Limited (**WLMI**) is a wholly owned subsidiary of Westpac.

On 26 June 2002, the Australian Prudential Regulation Authority (APRA) issued WLMI with an authorisation to carry on insurance business in Australia under section 12(1) of the Insurance Act 1973 (Cth).

WLMI's authorisation has been and is subject to conditions imposed by APRA. The conditions currently imposed on WLMI are that WLMI:

- (a) must not issue or renew new insurance policies other than policies that provide lenders mortgage insurance and do not provide any other kind of insurance; and
- (b) must only indemnify policyholders against default on loans that are assessed and maintained by Westpac, each of which loan:
  - (i) has been assessed and approved by Westpac as meeting Westpac's lending criteria prior to the making of the loan;
  - (ii) is loaded and maintained on Westpac's lending software; and
  - (iii) is subject to Westpac's review processes during the term of the loan.

WLMI's lenders mortgage insurance business is reinsured by a panel of reinsurers, including Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305), QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071), Arch Reinsurance and Tokio Millennium Re.

As of 30 September 2011, WLMI had total assets of A\$922.5 million and shareholder's equity of A\$550.5 million.

WLMI currently has a AA- insurer financial strength and counterparty credit rating from Standard & Poors', an AA insurer financial strength rating from Fitch and a Aa3 rating (negative outlook) from Moody's.

The place of business of WLMI is Level 22, 60 Martin Place, Sydney.

#### **8.5 Servicer Undertakings with respect to Mortgage Insurance Policy**

Under the Servicing Agreement, the Servicer undertakes to:

- (a) act in accordance with the terms of any Mortgage Insurance Policy (where applicable);
- (b) not do anything that would prejudicially affect the rights of the Trustee under a Mortgage Insurance Policy (where applicable); and
- (c) promptly make claims and notify the Trust Manager when claims are made.



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## 9. The Trust

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### 9.1 The Trust

- (a) **(Creation of Trust)** The Series 2012-1 WST Trust is established by a notice of creation of trust entered into under the Trust Deed. The specific terms of the Trust are governed by the Series 2012-1 WST Trust Series Notice. The assets of the Trust are not available to meet the liabilities of any other trust formed under the Trust Deed. The assets of any other trust formed under the Trust Deed are not available to meet the liabilities of the Trust.
- (b) **(The Role of the Trustee)** The Trustee is appointed as trustee of the Trust on the terms set out in the Trust Deed and the Series Notice.
- (c) **(Powers)** Subject to the Trust Deed, the Trustee has all the rights, powers and discretions over and in respect of the assets of the Trusts which it could exercise if it were the absolute and beneficial owner of those assets. These powers include the ability to invest in Authorised Investments (including the eligible Housing Loans and Mortgages), to issue Notes and to enter into Support Facilities.

The Trust Deed expressly permits the Trustee to appoint the Servicer to retain custody of the mortgage documents for the Trust in accordance with the Servicing Agreement, and for the Trustee to lodge documents with the Servicer.

Full details of Trustee powers are outlined in clause 21 of the Trust Deed.

- (d) **(Duties)** The Trustee is required to act honestly and in good faith and to exercise such diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Trust Deed. It must keep each WST trust separate from the others and do everything necessary to ensure it can comply with its obligations under the Transaction Documents.

In particular the Trustee has the duty to maintain a register of Noteholders and of Authorised Investments. The Trustee and the Trust Manager, having regard to their separate functions, have to keep accounting records which correctly record and explain all amounts paid and received by the Trustee.

The Trustee is required to act continuously as trustee of the Trust until the Trust is terminated as provided by the Trust Deed or the Trustee has retired or been removed from office in the manner detailed below.

Each Noteholder acknowledges that:

- (i) the Trustee has no duty, and is under no obligation, to investigate whether a Trust Manager's Default, Servicer Transfer Event or Title Perfection Event has occurred in relation to the Trust other than where it has actual notice;

- (ii) the Trustee is required to provide the notices referred to in the Trust Deed in respect of a determination of Adverse Effect only if it is actually aware of the facts giving rise to the Adverse Effect; and
  - (iii) in making any such determination, the Trustee will seek and rely on advice given to it by its advisers in a manner contemplated by the Trust Deed.
- (e) **(Trustee's reliance on others)** The Trustee is entitled to rely conclusively on, and is not required to investigate the accuracy of:
  - (i) the contents of a Sale Notice given to it by the Approved Seller;
  - (ii) the contents of any report given to it by the Trust Manager or the Servicer;
  - (iii) any calculations made by the Approved Seller, a Servicer or the Trust Manager including the calculation of payments due to, or to be charged against, the Noteholders;
  - (iv) the amount of, or allocation of, Collections; or
  - (v) the contents of any certificate provided to the Trustee under the Trust Deed or any certificate given by the Trust Manager or the Servicer,

unless the Trustee is actually aware to the contrary. The Trustee is not liable to any person in any manner whatsoever in respect of these matters.

The Trust Deed also contains other provisions which regulate the Trustee's liability to Noteholders, other creditors and any Beneficiary. The Trustee is not liable to any person for any losses, costs, liabilities or expenses arising out of the exercise or non exercise of its discretion or for any other act or omission on its part (or by the Trust Manager of its discretions or for any other act or omission on its part) or for any instructions or directions given to it by the Trust Manager, the Servicer or any Approved Seller. The Trustee is also not liable for any Trust Manager's Default, Servicer Transfer Event or Title Perfection Event. The Trustee is not liable for any act, omission or default of the Servicer in relation to its custodian duties or its obligations under the Servicing Agreement.

- (f) **(Delegation)** In exercising its powers and performing its obligations and duties under the Trust Deed, the Trustee may, with the consent of the Trust Manager (such consent not to be unreasonably withheld), delegate any or all of the duties, powers, discretions or other functions of the Trustee under the Trust Deed or otherwise in relation to the Trust, to a related company of the Trustee which is a trustee company or trustee corporation for the purposes of any State or Territory legislation governing the operation of trustee companies.
- (g) **(Trustee Fees and Expenses)** The Trustee is entitled to a monthly fee based on the aggregate Housing Loan Principal on the first day of each Collection Period, payable in arrear on the relevant Payment Date.

The Trustee is entitled to be reimbursed out of the assets of the Trust for all expenses incurred in connection with the performance of its obligations in respect of the Trust (but not general overhead costs and expenses).

- (h) **(Removal of the Trustee)** The Trustee is required to retire as Trustee after a direction from the Trust Manager following a **Trustee's Default**. A Trustee's Default occurs if:
- (i) an Insolvency Event has occurred and is continuing in relation to the Trustee;
  - (ii) any action is taken by or in relation to the Trustee which causes the rating of any Notes to be downgraded;
  - (iii) the Trustee, or any employee, delegate, agent or officer of the Trustee, breaches any obligation or duty imposed on the Trustee under the Trust Deed or any other Transaction Document in relation to the Trust where the Trust Manager reasonably believes it may have an Adverse Effect and the Trustee fails or neglects after 30 days notice from the Trust Manager to remedy that breach;
  - (iv) the Trustee merges or consolidates with another entity without obtaining the consent of the Trust Manager and ensuring that the resulting merged or consolidated entity assumes the Trustee's obligations under the Transaction Documents; or
  - (v) there is a change in effective control of the Trustee from that subsisting as at the date of the Trust Deed unless approved by the Trust Manager.

Where the Trustee is removed because of its default, it shall bear the costs of its removal. The Trustee indemnifies the Trust Manager and the Trust for those costs.

On the removal of the Trustee, the Trust Manager, subject to giving prior notice to the Rating Agencies, shall be entitled to appoint in writing some other statutory trustee to be the Trustee under the Trust Deed provided that appointment will not in the reasonable opinion of the Trust Manager materially prejudice the interests of Noteholders. If the Trust Manager does not appoint a successor Trustee within 60 days, an Extraordinary Resolution of the Voting Mortgagees may do so.

- (i) **(Voluntary Retirement of the Trustee)** The Trustee may resign on giving to the Trust Manager (with a copy to the Rating Agencies) not less than 3 months' notice in writing (or such other period as the Trust Manager and the Trustee may agree) of its intention to do so.

Before retirement, the Trust Manager is entitled to appoint a successor Trustee whose appointment will not in the Trust Manager's reasonable opinion materially prejudice the interests of Noteholders. If the Trust Manager does not appoint a replacement Trustee within 60 days, an Extraordinary Resolution of Voting Mortgagees may do so.

- (j) **(Limitation on Trustee's Liability)** The limitation of the Trustee's liability applies despite any other provisions of the Transaction Documents and extends to all Obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this any Transaction Document.

- (i) The Trustee enters into the Transaction Documents for the Trust as trustee of the Trust and in no other capacity.
- (ii) The Mortgagees (other than the Trustee) acknowledge that the Trustee incurs the Obligations solely in its capacity as trustee of the Trust and that the Trustee will cease to have any Obligation under the Transaction Documents in respect of the Trust if the Trustee ceases for any reason to be trustee of the Trust (other than in respect of any liability which arose before the Trustee ceased to be the trustee of the Trust).
- (iii) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the Trustee will not be liable to pay or satisfy any Obligations except out of the assets of the Trust against which it is actually indemnified in respect of any liability incurred by it as trustee of the Trust.
- (iv) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the Mortgagees (other than the Trustee) may enforce their rights against the Trustee arising from non-performance of the Obligations only to the extent of the Trustee's right of indemnity out of the assets of the Trust.
- (v) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, if any Mortgagee (other than the Trustee) does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
  - (A) bringing proceedings against the Trustee in its personal capacity; or
  - (B) applying to have the Trustee in its personal capacity put into administration or wound up or applying to have a receiver or similar person appointed to the Trustee in its personal capacity or proving in the administration or winding up of the Trustee in its personal capacity.
- (vi) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the Mortgagees (other than the Trustee) waive their rights and release the Trustee from any personal liability whatsoever, in respect of any loss or damage:
  - (A) which they may suffer as a result of any:
    - (1) breach by the Trustee of any of its Obligations; or
    - (2) non-performance by the Trustee of the Obligations; and
  - (B) which cannot be paid or satisfied out of the assets of the Trust of which the Trustee is entitled to be indemnified in respect of any liability incurred by the Trustee as trustee of the Trust.
- (vii) The Transaction Documents are subject to this section and the Trustee shall in no circumstances be required to satisfy any liability of the Trustee

arising under, or for non-performance or breach of any Obligations under or in respect of, any Transaction Document to which it is expressed to be a party out of any funds, property or assets other than the assets of the Trust under the Trustee's control as and when they are available to the Trustee to be applied in exoneration for such liability PROVIDED THAT if the liability of the Trustee is not fully satisfied out of the assets of the Trust, the Trustee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or wilful misconduct by the Trustee in the performance of the Trustee's duties as trustee of the Trust.

- (viii) The Mortgagees agree that no act or omission of the Trustee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful misconduct of the Trustee for the purposes of this section to the extent to which the act or omission was caused or contributed to by any failure of the Trust Manager or any other person to fulfil its obligations relating to the Trust or by any other act or omission of the Trust Manager or any other person (except to the extent that the relevant failure, act or omission by the Trust Manager or other person was caused by the fraud, negligence or wilful misconduct of the Trustee).
- (ix) No attorney, agent or other person appointed in accordance with a Transaction Document has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability, and no act or omission of such a person will be considered fraud, negligence or wilful misconduct of the Trustee for the purposes of this section.
- (x) In this section Obligations means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Trustee under or in respect of any Transaction Document.
- (k) **(Rights of indemnity)** Except where the Trustee fails to exercise due care due to the Trustee's fraud, negligence or wilful misconduct) the Trustee will be indemnified out of the assets of the Trust against all losses and liabilities properly incurred by the Trustee in performing any of its duties or exercising any of its powers under the Transaction Documents in relation to the Trust.

## 9.2 Role of the Trust Manager

- (a) **(General)** The Trust Manager is appointed as trust manager of the Trust on the terms set out in the Trust Deed and the Series Notice.
- (b) **(Powers)** The Trust Manager shall carry out and perform the duties and obligations on its part contained in the Trust Deed and shall have full and complete powers of management of the Trust, including in relation to the conduct of the day to day operation of the Trust and the administration and servicing of the assets (which are not serviced by the Servicer), borrowings and other liabilities of the

Trusts. The Trustee has no duty to supervise the Trust Manager in the performance of its functions and duties or the exercise of its discretions.

The Trust Manager has the absolute discretion to recommend investments to the Trustee and direct the Trustee in relation to those investments. The Trustee's role is to give effect to all such recommendations or directions.

- (c) **(Delegation)** The Trust Manager may in carrying out and performing its duties and obligations contained in the Trust Deed delegate to Westpac, or any of the Trust Manager's or Westpac's officers and employees all acts, matters and things (whether or not requiring or involving the Trust Manager's judgment or discretion), or appoint any person to be its attorney, agent, delegate or sub-contractor for such purposes and with such powers as the Trust Manager thinks fit.
- (d) **(Trust Manager's Fees and expenses)** The Trust Manager is entitled to a monthly fee at an agreed rate on the aggregate Housing Loan Principal on the first day of each Collection Period payable in arrear on the relevant Payment Date.
- The Trust Manager is entitled to be reimbursed out of the assets of the Trust for all expenses incurred in connection with the performance of its obligations in respect of the Trust (but not general overhead costs and expenses).
- (e) **(Removal of the Trust Manager)** The Trust Manager shall retire as trust manager if so directed by the Trustee following a ***Trust Manager's Default***. A Trust Manager's Default occurs if:
- (i) the Trust Manager fails to make any payment required from it within the time period specified in a Transaction Document, and that failure is not remedied within 10 Business Days of receipt from the Trustee of notice of that failure;
  - (ii) an Insolvency Event has occurred and is continuing in relation to the Trust Manager;
  - (iii) the Trust Manager breaches any obligation or duty imposed on the Trust Manager under the Trust Deed, any other Transaction Document or any other deed, agreement or arrangement entered into by the Trust Manager under the Trust Deed in relation to the Trust, the Trustee reasonably believes that breach has a Adverse Effect and the breach is not remedied after 30 days notice from the Trustees (except in the case of reliance by the Trust Manager on the Servicer); or
  - (iv) a representation, warranty or statement by or on behalf of the Trust Manager in a Transaction Document or a document provided under or in connection with a Transaction Document, is not true in a material respect or is misleading when repeated and is not remedied to the Trustee's reasonable satisfaction within 90 days after notice from the Trustee where (as determined by the Trustee) it has an Adverse Effect.

The costs of removal of the Trust Manager in default shall be borne by the Trust Manager. The Trust Manager indemnifies the Trustee and the Trust for those costs.

On retirement or removal of the Trust Manager, the Trustee may appoint another trust manager, provided the appointment will not materially prejudice the interests of Noteholders. If a replacement Trust Manager is not appointed within 90 days of the Trustee electing to appoint a new Trust Manager, the Trustee will be the new Trust Manager (subject to the limitations on its liability in that capacity specified in the Transaction Documents).

- (f) **(Voluntary Retirement of the Trust Manager)** The Trust Manager may resign on giving to the Trustee (with a copy to the Rating Agencies) not less than 90 days notice in writing (or such other period as the Trust Manager and the Trustee may agree) of its intention to do so.

Before retirement, the Trust Manager must appoint a successor Trust Manager who is approved by the Trustee, or (by the election of the Trustee itself) who may be the Trustee, and whose appointment or election by the Trustee will not materially prejudice the interests of Noteholders. If a successor Trust Manager has not been appointed by the end of the 90 days notice period the Trustee shall act as Trust Manager until a successor trust manager is appointed (subject to the limitations on its liability in that capacity specified in the Transaction Documents) and will be entitled to the Trust Manager's Fee for the period it so acts as Trust Manager.

- (g) **(Limitation on Trust Manager's Liability)** The principal limits on Trust Manager's liability are set out in clause 33 of the Trust Deed. These include the following limits.

In the absence of fraud, negligence or wilful default on its part or on the part of any of its officers, employees, agents or delegates, the Trust Manager shall not be liable personally in the event of failure to pay moneys on the due date for payment to any Noteholder, any Beneficiary, the Trustee or any other person or for any loss howsoever caused in respect of any of the Trusts or to any Noteholder, any Beneficiary, the Trustee or other person.

#### **Extent of liability of Trust Manager**

The Trust Manager shall not be personally liable to indemnify the Trustee or make any payments to any other person in relation to the Trust except that there shall be no limit on the Trust Manager's liability for any fraud, negligence or wilful default by it in its capacity as the Trust Manager of the Trust.

#### **Right of indemnity**

The Trust Manager shall be indemnified out of the Trust in respect of any liability, cost or expense properly incurred by it in its capacity as Trust Manager of the Trust or so incurred by any of its delegates, sub-delegates or agents.

#### **Oversights**

Subject to the Trust Deed, the Trust Manager is not responsible for any act, omission, misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of the Trustee, the Servicer or any agent appointed by the Trustee or the Trust Manager or on whom the Trustee or the Trust Manager is

entitled to rely under the Trust Deed (other than a related company), attorney, banker, receiver, barrister, solicitor, agent or other person acting as agent or adviser to the Trustee or the Trust Manager.

### 9.3 Beneficiary

The beneficial ownership of the Trust is divided into two units, the Residual Income Unit and the Residual Capital Unit. The Residual Capital Unit cannot be transferred, and gives the holder no right to any distributions of the Trust except a right to A\$10 on the winding up of the Trust.

The Residual Income Unit entitles the holder to surplus income of the Trust for any Collection Period, after distribution of all income for that Collection Period to creditors expressed in the Series Notice to have priority to all Beneficiaries, in the circumstances set out in section 7.8. The Residual Income Unit is not transferable without the consent of the Trust Manager.

A **Beneficiary** of the Trust will hold the Residual Capital Unit or the Residual Income Unit.

The Trustee may not recover any amounts properly paid to a Beneficiary once they are paid unless there has been a manifest error in the relevant calculation of the amount distributed to that Beneficiary.

### 9.4 The Servicer

- (a) **(Appointment as Servicer and Custodian)** Under the Servicing Agreement, Westpac will be appointed as the initial Servicer of the Housing Loans and Custodian of the Mortgage Documents.
- (b) **(Normal Servicing Procedures)** The Servicer shall manage and service the Housing Loans in accordance with the Servicing Agreement. To the extent not provided in the Servicing Agreement, the Servicer shall manage and service the Housing Loans in accordance with the applicable procedures manual as that is interpreted and applied by the Servicer in the ordinary course of its business. To the extent not covered by the Servicing Agreement or procedures manual, the Servicer shall manage and service the Housing Loans by exercising the degree of diligence and care expected of an appropriately qualified Servicer of the relevant financial products and custodian of documents.

All acts of the Servicer in servicing the Housing Loans in accordance with the relevant procedures manual are binding on the Trustee.

- (c) **(Powers)** Subject to paragraphs (b) and (e)(v), and the final sub-paragraph of paragraph (e), the Servicer has the express power, among other things, to the extent such action will not cause an Adverse Effect (that is, an event which will materially and adversely affect the amount of any payment to be made to any Noteholder, or will materially and adversely affect the timing of such payment):
  - (i) to waive any fees and break costs which may be collected in the ordinary course of servicing the Housing Loans or arrange the rescheduling of interest due and unpaid following a default under any Housing Loans;



- (ii) in its discretion, to waive any right in respect of any Housing Loans and Mortgages in the ordinary course of servicing the Housing Loans and Mortgages (including in accordance with its normal collection procedures); and
- (iii) to grant an extension of maturity beyond 30 years from the date any Housing Loan that relates to a Mortgage was made, when required to do so by Law or a government agency. The restriction on granting extensions that will not have an Adverse Effect shall not apply where the extension is required by Law or a governmental agency.
- (d) **(Delegation by the Servicer)** The Servicer is entitled to delegate its duties under the Servicing Agreement. The Servicer at all times remains liable for the acts or omissions of any delegate.
- (e) **(Servicer undertakings)** The Servicer undertakes that it will, among other things:
  - (i) (notice of default) give notice in writing to the Trustee and the Rating Agencies of it becoming aware of the occurrence of any Servicer Transfer Event;
  - (ii) (compliance with law)
    - (A) maintain in effect all qualifications, consents, licences, permits, approvals, exemptions, filings and registrations as may be required under any applicable law in order properly to service the Housing Loans and Mortgages and to perform or comply with its obligations under the Servicing Agreement; and
    - (B) comply with all Laws in connection with servicing the Housing Loans and Mortgages where failure to do so would have an Adverse Effect;
  - (iii) (Perfect title) If so directed by the Trustee following a Title Perfection Event, perfect the Trustee's title to Housing Loans in the Mortgage Pool by notifying the Trustee's interests to Borrowers and mortgagors, registering transfers, delivering documents to the Trustee and taking other action required to perfect title.
  - (iv) (Collections)
    - (A) In relation to Housing Loans of which the Approved Seller is the legal owner, it will assist the Approved Seller to collect all moneys due under those Housing Loans and Mortgages and pay them into the Collection Account.
    - (B) In relation to Housing Loans of which the Trustee is the legal owner, it will collect all moneys due under those Housing Loans and Mortgages and pay them into the Collection Account.
  - (v) (Material Default) If a Material Default occurs in respect to a Housing Loans, it will take action to enforce the relevant Housing Loan and the related Mortgage to the extent it determines.

- (vi) (Insurance Policies) It will:
  - (A) act in accordance with the terms of any Mortgage Insurance Policies (where applicable);
  - (B) not do or omit to do anything reasonably expected prejudicially to affect or limit its rights or the rights of the Trustee under or in respect of a Mortgage Insurance Policy (where applicable);
  - (C) promptly make a claim under any Mortgage Insurance Policy (where applicable) when it is entitled to do so; and
  - (D) promptly notify the Trust Manager when each claim is made.
- (vii) (No security interests) Except in limited circumstances, it will not consent to the creation or existence of any security interest in favour of a third party in relation to any Mortgaged Property in connection with a Housing Loan and the related Mortgage.
- (viii) (Release of debt or vary terms) It will not, except as required by law, release a Borrower or otherwise vary or discharge any Housing Loan or Mortgage where it would have an Adverse Effect.
- (ix) (Setting the Interest Rate) It will set the interest rate on the Housing Loans in accordance with the requirements of the Series Notice.
- (x) (Take action) If directed to so do by the Trustee following a Title Perfection Event, it will promptly take action to perfect the Trustee's legal title to the Housing Loans.

In performing any services the Servicer shall have regard to whether what it does or does not have any Adverse Effect. The Servicer may ask the Trustee or the Trust Manager if any action or inaction on its part is reasonably likely to, or will, have an Adverse Effect. The Servicer may rely upon any statement by the Trustee or the Trust Manager that any action or inaction by the Servicer is reasonably likely to, or will, have an Adverse Effect.

- (f) **(Approved Seller undertakings)** The Approved Seller undertakes that it will, among other things:
  - (i) (compliance with law)
    - (A) maintain in effect all authorisations as may be required in relation to its ownership of any Housing Loan or Mortgage and to perform or comply with its obligations under the Servicing Agreement; and
    - (B) comply with all laws in connection with its ownership of any Housing Loans and Mortgages where failure to do so would have an Adverse Effect;
  - (ii) (co-operate with the Servicer) co-operate with the Servicer in relation to the provision of the services by the Servicer;
  - (iii) (comply with Series Notice) comply with any undertaking specified in relation to it in the Series Notice;

- (iv) (Material Default) if a Material Default occurs in respect to a Housing Loan, take such action as the Servicer directs it to take in accordance with the Servicing Agreement;
  - (v) (Insurance Policies) act in accordance with the terms of any Mortgage Insurance Policies (if applicable), and not do or omit to do anything which could be reasonably expected to prejudicially affect or limit the rights of the Trustee under them;
  - (vi) (no Security Interests) not consent to the creation or existence of any Security Interest in favour of a third party in relation to any Mortgaged Property in connection with a Housing Loan and the relevant Mortgage which would rank before or pari passu with the relevant Housing Loan and relevant Mortgage;
  - (vii) (release of debt or vary terms) not, except as required by law, release a Borrower or otherwise vary or discharge any Housing Loan or Mortgage;
  - (viii) (not claim) not claim any security interest over any asset of the Trust; and
  - (ix) (additional amounts) notify the Servicer immediately of each request by a Borrower to borrow further moneys under or in relation to a Housing Loan or Mortgage.
- (g) **(Delegation)** The Approved Seller:
- (i) directs the Servicer to perform the services in a manner that is consistent with any obligation of the Approved Seller under any law; and
  - (ii) authorises the Servicer to conduct correspondence with Borrowers, in accordance with the Servicing Agreement.
- (h) **(Servicing Fee)** The Servicer is entitled to a fee for servicing the Housing Loans, payable in arrear on the Payment Date following the end of the Collection Period. The Servicing Fee is based on the aggregate Housing Loan Principal on the first day of the Collection Period and on the actual number of days in that Collection Period divided by 365 days.
- The Servicer must pay from such fee all expenses incurred in connection with servicing the Housing Loans except for expenses relating to the enforcement of any Housing Loan or its Related Securities, the recovery of any amounts owing under any Housing Loan or any amount repaid to a liquidator or Trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like and based on advice of the Servicer's legal advisers.
- (i) **(Servicer Transfer Event and Removal)** The Trustee may only terminate the Servicer's appointment if the Trustee determines that a **Servicer Transfer Event** has occurred and is continuing. A Servicer Transfer Event is any of the following:
- (i) an Insolvency Event occurs in relation to the Servicer;

- (ii) the Servicer fails to pay any amount in accordance with the Transaction Documents within 5 Business Days of receipt of a notice to do so from either the Trustee or Trust Manager;
- (iii) the Servicer fails to comply with any of its other obligations under any Transaction Document and such action has had, or, if continued will have, an Adverse Effect (as determined by the Trustee) and that failure is not remedied within 30 days after the Servicer becomes aware of that failure by receipt of notice from either the Trustee or Trust Manager;
- (iv) any representation, warranty or certification made by the Servicer is incorrect when made and is not waived by the Trustee or remedied to the Trustee's reasonable satisfaction within 90 days after notice, and the Trustee determines that breach would have an Adverse Effect; or
- (v) if it is unlawful for the Servicer to perform the services under the Servicing Agreement.

In the event of a Servicer Transfer Event, the Trustee must immediately terminate the rights and obligations of the Servicer and appoint an Eligible Servicer. The Trustee must give notice of the termination to the Trust Manager, the Approved Seller, the Servicer and each Rating Agency. Until an Eligible Servicer is found and has been appointed, and subject to the limitations on its liability in that capacity specified in the Transaction Documents, the Trustee will act as the Servicer.

Subject to paragraph (k), the Servicer indemnifies the Trustee against all expenses incurred as a result of a Servicer Transfer Event or a failure by the Servicer to perform its duties under the Servicing Agreement.

- (j) **(Resignation)** The Servicer must not resign without first giving 90 days notice to each Rating Agency and the Trustee. If an Eligible Servicer has not agreed to act as Servicer by the expiration of that 90 day notice period, the Trustee shall act as Servicer and be entitled to the fee payable under Clause 7 while so acting, provided that:
  - (i) the Trust Manager and the Trustee shall use all reasonable efforts to appoint an Eligible Servicer to be the Servicer; and
  - (ii) if, by the expiration of that 90 day notice period, no Eligible Servicer has been appointed and has agreed to act as Servicer, then the Trustee shall be entitled to select an Eligible Servicer and, on behalf of the Trustee and the Trust Manager, appoint that Eligible Servicer to be the Servicer.
- (k) **(Limit on damages)** The maximum amount that the Servicer may become obliged to pay to the Trustee under any indemnity by it to the Trustee is an amount equal to the Unpaid Balance of each Housing Loan affected by the relevant Servicer Transfer Event or failure, together with any expense, loss, damage or liability which the Trustee incurs in its personal capacity, in each case as at the time the Servicer pays the damages.

## 9.5 Document Custody

- (a) **(General)** The Servicer will be responsible for custody of the relevant title documents for Housing Loans, Mortgages and related rights (***Title Documents***) on behalf of the Trustee.

The Servicer must hold those documents as custodian at the direction of the Trustee in accordance with its standard safekeeping practices and in the same manner and to the same extent that it holds documents for the Approved Seller.

The Servicer will hold custody of the Title Documents in accordance with procedures contained in the Servicing Agreement. The procedures include maintaining reports on movements of documents.

The Servicer will be audited on an annual basis (or more regularly if any audit gives an adverse finding) in relation to its:

- (i) custodial procedures;
  - (ii) identification of documents;
  - (iii) security; and
  - (iv) tracking systems.
- (b) **(Termination of Servicer as document custodian)** If any of the following occur:
- (i) the Servicer becomes insolvent;
  - (ii) the Servicer is in default under the Servicing Agreement where the default will have an Adverse Effect and does not remedy the default within 30 days;
  - (iii) the Servicer breaches any of its representations and warranties where the breach will have an Adverse Effect and does not remedy the breach within 90 days;
  - (iv) the Servicer does not comply with the requirements of the Servicing Agreement to the satisfaction of the auditor, and a further audit also results in an adverse finding by the auditor; or
  - (v) the Servicer is in default under a servicing agreement between it and any other person, and by reason of the default that other person removes any documents in the Servicer's custody under the servicing agreement where that person would otherwise not have been entitled to do so,

the Servicer must deliver the Title Documents to the Trustee. If the Servicer does not do so within 10 Business Days, then the Trustee must enter the premises where the Title Documents are kept, take possession of and remove the Title Documents. If the Trustee does not have possession of the documents within 10 Business Days it must lodge caveats in relation to and/or take all other action it considers necessary to protect its interests.

## 9.6 Termination of the Trust

The Trust will terminate on the earlier to occur of:

- (a) the date which is 80 years after the date of creation of the Trust;
- (b) the termination of the Trust under statute or general law;
- (c) following full and final enforcement of the Security Trust Deed; or
- (d) at any time after all Notes have been repaid in full, if the Trust Manager notifies the Trustee in writing that the Trust is to be terminated,

each such date being the **Termination Date**.

## 9.7 Audit and Accounts

An Auditor will be appointed to the Trust. The Auditor must audit the annual accounts prepared by the Trust Manager for each financial year in respect of the Trust and provide a written report detailing the results of the audit to the Trustee, the Security Trustee and the Rating Agencies.

The accounts of the Trust will be prepared in accordance with the Trust Deed (as amended by the Series Notice), which provide that for each financial year of the Trust the Trust Manager will ascertain the net income of the Trust in accordance with section 95(1) of the Income Tax Assessment Act 1936 and the income of that Trust in accordance with the laws applicable to the administration of that Trust (including recognising interest income, interest expense, swap payments and swap receipts on an accruals basis and recognising other items of income and expense on a cash basis, in each case disregarding unrealised gains and losses, or as Trust Manager and the Trustee otherwise agree provided the Trust Manager has given a Rating Notification in relation to such policies).

A copy of the audited Accounts of the Trust and any Auditor's report shall be available for inspection, but not copying, by the Noteholders in relation to the Trust at the offices of the Trust Manager.

## 9.8 Income Tax

The cash flows associated with the Trust are such that it is expected that the Trust will have minimal, if any, income for taxation purposes. Any income which is held by the Trust at tax year end will be distributed to the relevant Beneficiary. As the Trust will be a member of the Westpac consolidated tax group, Westpac will prepare and lodge all necessary income tax returns. The Trust will not be required to lodge a separate income tax return. The Trust Manager and the Trustee have received an opinion from Allens confirming the application of the relevant taxation principles.

## 9.9 Amendments to the Trust Deed

The Trustee, the Trust Manager and the Servicer may by way of supplemental deed alter, add to or modify the Trust Deed or a Transaction Document other than the Dealer Agreement so long as such alteration, addition or modification is:

- (a) to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;

- (b) necessary to comply with the provisions of any statute or regulation or with the requirements of any government agencies;
- (c) appropriate or expedient as a consequence of an amendment to any statute or regulation or altered requirements of any government agencies; or
- (d) in the opinion of the Trustee is desirable to enable the provisions of the Trust Deed to be more conveniently, advantageously, profitably or economically administered or is otherwise desirable for any reason.

Where in the reasonable opinion of the Trustee a proposed alteration, addition or modification to the Trust Deed (other than referred to in any of paragraphs (a) to (d) (inclusive) above) is prejudicial or likely to be prejudicial to the interests of the Noteholders or the Beneficiaries of the Trust, such alteration, addition or modification may only be effected by the Trustee with the prior consent of the Noteholders in the Trust under an Extraordinary Resolution of the Noteholders or with the prior written consent of the Beneficiaries (as the case may be).

#### 9.10 Meeting of Noteholders

- (a) **(Who Can Convene Meetings)** The Trustee, the Trust Manager or Noteholders holding in aggregate not less than 20% of the Invested Amounts of all Notes or in a Class may at any time convene a meeting of the Noteholders of the Trust or that Class of Noteholders.
- (b) **(Notice of Meetings)** At least 7 days notice must be given to the relevant Noteholders of a meeting unless 95% of the holders of the then outstanding Notes of the Trust or the Class (as the case may be) agree on a shorter period of time. The notice must specify the day, time and place of the proposed meeting, the agenda, the terms of any proposed resolution, that persons appointed to maintain the register of Noteholders may not register any transfer of a Note in the period 2 Business Days prior to the meeting, that appointments of proxies must be lodged no later than 24 hours prior to the time fixed for the meeting and such additional information as the person giving the notice thinks fit. Accidental omission to give notice or the non-receipt of notice by any Noteholder will not invalidate the proceedings at any meeting.
- (c) **(Quorum)** The quorum for a meeting is two or more persons being Noteholders holding, or representatives of Noteholders holding or representing, in the aggregate not less than 75% of the Invested Amounts of all Notes issued in relation to the Trust or constituting the Class (as the case may be).

If within 15 minutes from the time appointed for any meeting a quorum is not present, the meeting shall stand adjourned (unless the Trustee agrees that it be dissolved) for such period, not being less than 7 days nor more than 42 days, as may be appointed by the chairman. At such adjourned meeting two or more persons present in person being Noteholders holding, or being representatives holding or representing, in the aggregate not less than 50% of the Invested Amounts of all Notes issued by the Trust or constituting the Class (as the case may

be) and then outstanding (whatever the Notes so held or represented) shall form a quorum.

At least 5 days notice of any meeting adjourned through want of a quorum shall be given in the same manner as for the original meeting and such notice shall state the quorum required at such adjourned meeting.

- (d) **(Voting Procedures)** Resolutions submitted to any meeting will be decided in the first instance by show of hands or, if demanded by the chairman, the Trustee, the Trust Manager or by one or more persons being Noteholders holding in aggregate not less than 2% of the Notes issued by the Trust or constituting the Class (as the case may be) and then outstanding, by a poll.

Every person being a Noteholder holding then outstanding Notes will have one vote on a show of hands and one vote for each Note held by them on a poll.

- (e) **(Powers of a Meeting of Noteholders)** The powers of a meeting of Noteholders are specified in the Trust Deed (including to sanction action which the Trustee, Trust Manager or Servicer propose to take to enforce the provisions of any Transaction Document, and to consent to the amendment of Transaction Documents) and can only be exercised by an Extraordinary Resolution. A meeting of Noteholders does not have the power to:

- (i) remove the Servicer or the Trust Manager from office;
- (ii) interfere with the management of the Trust;
- (iii) wind up or terminate the Trust;
- (iv) alter the Authorised Investments of the Trust;
- (v) amend any Transaction Document (except in respect of amendments proposed by the Trustee or Trust Manager for which an Extraordinary Resolution of Noteholders is required under section 9.9); or
- (vi) alter the Payment Dates, Coupon, or other terms of the Series Notice in relation to any Notes.

- (f) **(Binding Resolutions)** An Extraordinary Resolution passed at a meeting of the Noteholders of the Trust or of any Class duly convened and held in accordance with the Trust Deed shall be binding on all the Noteholders of the Trust or of the Class whether or not present at such meeting.

- (g) **(Written Resolutions)** A resolution of the Noteholders of the Trust or any Class (including an Extraordinary Resolution) may be passed, without any meeting or previous notice being required, by an instrument in writing which has in the case of a resolution (including an Extraordinary Resolution) of the Noteholders of the Trust or any Class, been signed by all Noteholders of the Trust or the Class (as the case may be).



**9.11 Perfection of Title**

On the occurrence of a Title Perfection Event, the Trustee and the Trust Manager must take all reasonable steps to perfect the Trustee's title in and to the Housing Loans and related Mortgages, and may:

- (a) by notice to the Approved Seller, terminate the rights and obligations between the Trustee and the Approved Seller;
- (b) complete, execute and register any relevant transfers on behalf of the Approved Seller;
- (c) give notice of the perfection of its title to interested persons, including (where relevant) the Mortgage Insurer; and
- (d) do anything else reasonably necessary to perfect its interest in the relevant Housing Loans and Mortgages.

The Approved Seller must promptly (and in any event within 10 Business Days or such longer period as the Trustee permits) take all action to perfect the Trustee's legal title to the Housing Loans and the related Mortgages by giving written notice of the Trustee's interest to any Borrower, registering any relevant transfer and delivering all relevant documents to the Trustee.

Each of the following is a ***Title Perfection Event*** in relation to the Housing Loans:

- (i) an Insolvency Event occurs with respect to the Approved Seller; and
- (ii) the Approved Seller fails to pay Collections within 5 Business Days notice from the Trustee or the Trust Manager to do so under the Servicing Agreement.

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## 10. The Security Trust Deed

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### 10.1 Security interest granted under the Security Trust Deed

Under the Security Trust Deed, the Trustee has granted a first ranking security interest, to be registered in accordance with the PPS Act, over all of the assets of the Trust and anything in respect of which the Trustee has a sufficient right or interest to grant a security interest under the PPS Act or any other law, in favour of the Security Trustee in order to secure the Trustee's obligations to the Noteholders, the Trust Manager, the Servicer, the Swap Provider, the Security Trustee, the Support Facility Providers (other than the Mortgage Insurer), and in respect of any Accrued Interest Adjustment and unreimbursed Redraws owed to the Approved Seller (together, those creditors being the **Mortgagees**).

### 10.2 Security Trustee

The Security Trustee is appointed to act as trustee on behalf of the Mortgagees on the terms and conditions of the Security Trust Deed. It holds the benefit of the security interest granted under the Security Trust Deed, the secured property and the benefit of each of the Trust Documents to which it is a party on trust for each Mortgagee in accordance with the terms and conditions of the Security Trust Deed.

Subject to the provisions of the Security Trust Deed, if there is at any time a conflict between a duty owed by the Security Trustee to any Mortgagees or class of Mortgagees, and a duty owed by it to another Mortgagee or class of Mortgagee, the Security Trustee must give priority to the interests of the Noteholders.

Subject to the provisions of the Security Trust Deed (other than the paragraph above), the Security Trustee must give priority to the interests only of:

- (a) the Class A Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders, the Class C Noteholders or the other persons entitled to the benefit of the security interest granted under the Security Trust Deed;
- (b) the Class B Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C Noteholders or the other persons entitled to the benefit of the security interest granted under the Security Trust Deed; and
- (c) the Class C Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Class C Noteholders and the interests of the other persons entitled to the benefit of the security interest granted under the Security Trust Deed.

Provided that the Security Trustee acts in good faith, it shall not incur any liability to any Mortgagee for so doing.

The Security Trustee:

- (i) has no responsibility for the form or contents of any Transaction Document and has no liability arising as a result of or in connection with any

- inadequacy, invalidity or unenforceability of any provision of any Transaction Document;
- (ii) is not required to keep itself informed as to the compliance by the Trustee or the Trust Manager with any Transaction Document or any other document or agreement or to inspect any property or book of the Trustee or the Trust Manager;
  - (iii) may rely on any document it believes to be genuine and correct, and on the advice and statements of advisers where permitted by the terms of that advice or those statements;
  - (iv) is not obliged to disclose any information relating to the Trustee if in the opinion of the Security Trustee (on the basis of the advice of its legal advisers) disclosure would or might breach a law or a duty or secrecy or confidence; and
  - (v) is not obliged to do anything unless its liability is limited in a manner satisfactory to it in its absolute discretion.

The Security Trustee has no liability under or in connection with the Security Trust Deed or any other Transaction Document to any person other than to the extent to which the liability is able to be satisfied in accordance with the Security Trust Deed out of the property of the trust established under the Security Trust Deed from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Security Trust Deed or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's fraud, negligence or wilful misconduct.

### 10.3 Events of Default

Each of the following is an **Event of Default** under the Security Trust Deed:

- (a) the Trustee fails to pay:
  - (i) any Coupon within 10 Business Days of the Payment Date on which the Coupon was due, together with all interest accrued and payable on that Coupon other than where that non-payment occurs because there are insufficient funds to make a payment in accordance with section 7.8(d)(ii); and
  - (ii) any other Secured Money, within 10 days of the due date (or within any applicable grace period agreed in writing with the Mortgagees to whom the Secured Moneys relate).

Sub-paragraphs (i) and (ii) above will not constitute Events of Default if the Secured Moneys which the Trustee failed to pay are subordinated to payments of amounts due to:

- (A) Class A Noteholders while any Secured Moneys remain owing:
  - (1) to Class A Noteholders; or

- (2) to any other person, which rank in priority to amounts due to Class A Noteholders;
  - (B) Class B Noteholders while any Secured Moneys remain owing:
    - (1) to Class B Noteholders; or
    - (2) to any other person, which rank in priority to amounts due to Class B Noteholders; or
  - (C) Class C Noteholders while any Secured Moneys remain owing:
    - (1) to Class C Noteholders; or
    - (2) to any other person, which rank in priority to amounts due to Class C Noteholders;
- (b) the Trustee fails to perform or observe any other provisions (other than an obligation referred to in paragraph (a)) of the Transaction Documents where such failure will have an Adverse Effect and that default (if in the opinion of the Security Trustee capable of remedy (that opinion having been approved in writing by the Noteholders)) is not remedied within 30 days after written notice (or such longer period as may be specified in the notice, that longer period having been approved by the Noteholders) from the Security Trustee requiring the failure to be remedied;
- (c) an Insolvency Event occurs in relation to the Trustee (as trustee of the Trust or in its personal capacity) and the Trustee is not replaced in accordance with the Transaction Documents within 60 days or such longer period as the Security Trustee (on the direction of an Extraordinary Resolution of the Voting Mortgagees) may agree;
- (d) the security interest granted under the Security Trust Deed is not or ceases to be a first ranking security interest over the assets of the Trust, or any other obligation of the Trustee (other than as mandatorily preferred by law) ranks ahead of or pari passu with any of the Secured Moneys;
- (e) any security interest over the assets of the Trust is enforced;
- (f) either:
  - (i) any Transaction Document or a material part of any Transaction Document (other than a Support Facility) is terminated or is or becomes void, illegal, invalid, unenforceable or of limited force and effect; or
  - (ii) a party becomes entitled to terminate, rescind or avoid all or part of any Transaction Document (other than a Support Facility),where that event has or will have an Adverse Effect;
- (g) all or a material part of a Support Facility (other than the Redraw Facility or the Basis Swap) is terminated or is or becomes void, illegal, invalid, unenforceable or of limited force and effect and is not replaced, substituted or supplemented as contemplated by clauses 4.6(a) and 4.6(d) of the Trust Deed, where that event has or will have an Adverse Effect; and

- (h) without prior consent of the Security Trustee (that consent having been approved by the Noteholders):
  - (i) the Trust is wound up, or the Trustee is required to wind up the Trust under the Trust Deed or applicable law, or the winding up of the Trust commences;
  - (ii) the Trust is held or is conceded by the Trustee not to have been constituted or to have been imperfectly constituted; or
  - (iii) unless another trustee is appointed to the Trust under the Transaction Documents, the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and to perform its obligations under the Transaction Documents.

The Trustee and the Trust Manager must promptly notify the Security Trustee if it becomes aware of the occurrence of an Event of Default, including full details of the Event of Default.

#### 10.4 Enforcement

The Security Trustee must, on becoming actually aware of an Event of Default occurring under the Security Trust Deed, promptly convene a meeting of the Voting Mortgagees.

At the meeting, the Voting Mortgagees must vote by **Mortgagee Extraordinary Resolution** (being a resolution by Voting Mortgagees representing in aggregate at least 75% of the then Secured Moneys capable of being cast at the meeting or by written resolution signed by all of the Voting Mortgagees) on whether to direct the Security Trustee to:

- (a) declare the security interest granted under the Security Trust Deed immediately enforceable;
- (b) declare the Secured Moneys to be immediately due and payable;
- (c) crystallise the security interest granted under the Security Trust Deed; and/or
- (d) appoint a receiver over the Trust's assets or itself exercise the powers that a receiver would otherwise have under the Security Trust Deed.

The Security Trust Deed sets out detailed meeting procedures for Mortgagees, which procedures are generally similar to those for meetings of Noteholders under the Trust Deed.

The Security Trustee cannot exercise the powers referred to above unless directed by a Mortgagee Extraordinary Resolution in the manner outlined above. It is not obliged to act unless it obtains an indemnity from the Mortgagees, and is put in funds by them for the relevant enforcement actions, nor is it required to exercise its powers without being directed to do so by a Mortgagee Extraordinary Resolution.

No Mortgagee is entitled to enforce the security interest granted under the Security Trust Deed, or appoint a Receiver or otherwise exercise any power conferred by any applicable law on security interests unless:

- (i) the Security Trustee becomes bound to take steps and/or proceed under the Security Trust Deed and it fails to do so within a reasonable time and

such failure is continuing, the Voting Mortgagees may exercise such powers as they determine by Extraordinary Resolution and then only if and to the extent the Voting Mortgagees are able to do so under Australian law and the Transaction Documents; or

- (ii) the Voting Mortgagees refuse to grant the requested indemnity, and put it in funds, then the Security Trustee will not be obliged to act in relation to that enforcement. In those circumstances, the Voting Mortgagees may exercise such Powers as they determine by Extraordinary Resolution.

#### 10.5 Priorities after enforcement

The proceeds from the enforcement of the security interest granted under the Security Trust Deed are to be applied in the following order of priority, subject to any other priority which may be required by statute or law:

- (a) first, to pay all costs, charges, expenses and disbursements properly incurred in the exercise of any power by the Security Trustee, a Receiver or an Attorney or other amounts (other than those referred to in paragraph (iv)) payable to the Security Trustee under the Security Trust Deed;
- (b) second, to pay (pari passu and rateably):
  - (i) any fees and other expenses due to the Security Trustee;
  - (ii) any fees, and unpaid Expenses, due to the Trustee; and
  - (iii) the Receiver's remuneration;
- (c) third, to pay (pari passu and rateably), any unpaid Accrued Interest Adjustment due to the Approved Seller;
- (d) fourth, to pay (pari passu and rateably):
  - (i) all Secured Moneys owing to Support Facility Providers under the Liquidity Facility Agreement, the Redraw Facility Agreement and each Hedge Agreement (except where the relevant Swap Provider is the Defaulting Party); and
  - (ii) all Secured Moneys owing in relation to any Redraws made by Westpac for which Westpac has not been reimbursed under the Transaction Documents;
- (e) fifth, to pay (pari passu and rateably):
  - (i) all Secured Moneys owing to the Support Facility Providers to the extent not expressly referred to elsewhere in this section 10.5; and
  - (ii) all Secured Moneys owing to the Class A Noteholders (as at the date of payment);
- (f) sixth, to pay all Secured Moneys owing to the Class B Noteholders (as at the date of payment);
- (g) seventh, to pay all Secured Moneys owing to the Class C Noteholders (as at the date of payment);

- (h) eighth, to pay (pari passu and rateably) all Secured Moneys owing to Swap Providers under a Hedge Agreement where the relevant Swap Provider is the Defaulting Party;
- (i) ninth, to pay (pari passu and rateably) any amounts not covered above owing to any Mortgagee under any Transaction Document;
- (j) tenth, to pay (pari passu and rateably) any amounts referred to in section 7.8(c)(i);
- (k) eleventh, to pay the holder of any subsequent Security Interest over assets of the Trust of which the Security Trustee has notice, the amount properly secured by the Security Interest; and
- (l) twelfth, to pay any surplus to the Trustee to be distributed in accordance with the Trust Deed and the Series Notice. The surplus will not carry interest. If the Security Trustee pays the surplus to the credit of an account in the name of the Trustee with any bank carrying on business in Australia, the Security Trustee, Receiver, Mortgagee or Attorney (as the case may be) will be under no further liability in respect of it.

#### **10.6 Security Trustee Fee and Expenses**

The Trustee shall reimburse the Security Trustee for all costs and expenses of the Security Trustee properly incurred in acting as Security Trustee.

The Security Trustee shall be entitled to a fee payable monthly in the amount agreed from time to time by the Trustee, the Security Trustee and the Trust Manager.

The Trustee indemnifies the Security Trustee against any loss, cost, liability, expense or damage under or in relation to the Transaction Documents or its engagement as Security Trustee, except where arising from the Security Trustee's fraud, negligence or wilful misconduct.

#### **10.7 Retirement and removal**

- (a) The Security Trustee may retire on 3 months' notice in writing to the Trustee, the Trust Manager and the Rating Agencies, subject to the appointment of a successor security trustee and the Trust Manager having given a Rating Notification in relation to that the resignation and appointment of a successor.
- (b) The Trust Manager may remove the Security Trustee if:
  - (i) an Insolvency Event occurs in relation to the Security Trustee in its personal capacity;
  - (ii) the cessation by the Security Trustee of its business;
  - (iii) failure of the Security Trustee to remedy within 14 days after written notice by the Trust Manager any material breach of duty on the part of the Security Trustee; or
  - (iv) if without the prior written consent of the Trust Manager there occurs certain changes in the control or management of the Security Trustee.

- (c) A Mortgagee Extraordinary Resolution may at any time remove the Security Trustee.
- (d) Upon notice of resignation or removal the Trust Manager shall have the right to appoint a successor security trustee who has been previously approved by an Mortgagee Extraordinary Resolution and who accepts the appointment.
- (e) If no successor security trustee is appointed within 30 days after notice, the retiring security trustee may on behalf of the Mortgagees appoint a successor security trustee (other than Westpac or a Related Corporation of Westpac) who accepts the appointment.

#### **10.8 Amendment**

The Security Trust Deed may be amended by the Trustee and the Security Trustee in the manner (and subject to the restrictions) set out in the Security Trust Deed.



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## 11. Taxation matters

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Set out below is a summary of certain Australian taxation matters relating to subscription for, holding and dealing in Notes. It is a summary only, and does not purport to apply to any particular Noteholder or their circumstances. It is based on advice received by the Trust Manager on the basis of Australian law as in effect on the date of this Information Memorandum, which is subject to change (possibly with retroactive effect). None of the Trustee, the Security Trustee, the Trust Manager, the Approved Seller, the Servicer or any Dealer provides or purports to provide any tax advice in relation to any Note or to any Noteholder. Noteholders and prospective Noteholders should seek and only rely upon their own tax advice in relation to the tax implications of an investment in Notes.

### 11.1 Investors – Interest Withholding Tax

Interest withholding tax will be deducted from payments of interest to any person who is a Non-Resident (unless derived by that Non-Resident in carrying on business in Australia at or through a permanent establishment in Australia) or who is a resident which derives the interest income at or through a permanent establishment outside Australia unless the Notes are offered, and interest is paid from time to time, in a manner which satisfies the exemption from interest withholding tax contained in section 128F of the Income Tax Assessment Act 1936 (Cth). The amount to be deducted is currently calculated at the rate of 10% of the amount of the interest payment.

The Trust Manager proposes to direct the Trustee to issue the Class A Notes in order to satisfy that exemption. However, where the requirements for the application of the exemption are otherwise satisfied, the exemption will not apply, and interest withholding tax will be deducted, in respect of payments of interest or amounts in the nature of interest paid to any payee whom the Trustee knows or has reasonable grounds to suspect is an Offshore Associate of the Trustee other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

The Class B Notes and Class C Notes will not be issued in order to satisfy the exemption in section 128F of the Income Tax Assessment Act 1936 (Cth), and so interest withholding tax will be deducted on payments of interest in respect of such Notes to any person who is a Non-Resident (unless derived by that Non-Resident in carrying on business at or through a permanent establishment in Australia) or who is a resident which derives the interest income at or through a permanent establishment outside Australia.

Subject to certain statutory exceptions, tax will also be deducted from payments to Noteholders who are Australian residents and who do not provide the Trustee with a tax file number, or Australian business number (if applicable) or proof of an appropriate exemption.

Noteholders and prospective Noteholders should obtain advice from their own tax advisors in relation to the tax implications of an investment in Notes. In particular, a Non-Resident who holds Notes may be subject to restrictions on transfer of Notes and other constraints,

risks or liabilities. Non-Residents into whose possession this Information Memorandum comes are required to inform themselves about, and observe, all such restrictions.

### **11.2 The Trustee**

The Trust will form part of the Westpac consolidated tax group for income tax purposes. Therefore, as discussed at 11.7 below, the Trustee should not have any liabilities in respect of any taxable income generated by the Trust.

### **11.3 The Noteholders**

The Noteholders will derive interest income from their Notes. Australian resident Noteholders, and Non-Resident Noteholders who hold the Notes through a permanent establishment in Australia, will be assessable on the interest income for Australian tax purposes.

There may also be income tax consequences in respect of any gains or profits made on the disposal of the Notes. However, a Noteholder who is not an Australian resident, and has never held the Notes in carrying on a business through a permanent establishment in Australia, will ordinarily not be subject to Australian income tax on any gains or profits made on the disposal of the Notes, provided that such gains or profits do not have an Australian source. A gain arising on the sale of the Notes by a non-Australian resident holder, where the sale and all negotiations for and documentation of the sale are conducted and executed outside Australia, would not usually be regarded as having an Australian source.

### **11.4 Non-resident Noteholders**

The Class A Notes are intended to be offered, and interest to be paid from time to time, in a manner which satisfies the exemption from interest withholding tax contained in section 128F. However, interest withholding tax will be deducted in respect of payments of interest or amounts in the nature of interest paid to any Offshore Noteholder whom the Trustee knows or has reasonable grounds to suspect, at the time of payment, is an Offshore Associate of the Trustee other than one acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of an Australian registered scheme.

The Class B and the Class C Notes are not intended to be offered in a manner which satisfies the exemption from interest withholding tax contained in section 128F of the Income Tax Assessment Act 1936 (Cth). Interest withholding tax will be deducted in respect of payments of interest to a Non-Resident who does not derive that interest through a permanent establishment which it maintains in Australia or to a resident of Australia who derives that interest through a permanent establishment outside Australia.

Regulations may be made that require amounts to be withheld (on account of taxes) from certain payments made by Australian residents to foreign residents. The legislation expressly excludes payments of interest (as defined under Division 11A of Part III of the Income Tax Assessment Act 1936 (Cth)).

In the event the Trustee is required to deduct interest withholding tax from payments of interest on the Notes, it will not have an obligation to pay any additional amounts to any Noteholder to compensate it for the amount so deducted.

#### **11.5 Australian resident Noteholders**

The Trustee may need to withhold tax under the PAYG regime where interest is paid to an Australian resident Noteholder who does not provide the Trustee, by the time the Trustee makes the payment, with either:

- (a) a tax file number (*TFN*);
- (b) an Australian Business Number; or
- (c) proof of an exemption from the need to provide a TFN.

Withholding tax in such cases is ordinarily at the rate of 46.5% of the payment.

#### **11.6 Goods and Services Tax (GST)**

The issue or transfer of the Notes should not be subject to GST as it will either be input taxed or GST-free.

#### **11.7 Consolidation**

As mentioned above, the Trust will form part of the Westpac consolidated tax group for income tax purposes. The head company of a consolidated tax group (in this case Westpac) will be liable for income tax in respect of itself and all of its wholly owned group members. However, legislation provides that where the head company fails to meet its income tax liabilities, each wholly owned group member is jointly and severally liable to pay the consolidated tax group's income tax liabilities.

Thus, there is a contingent risk that the members of a consolidated tax group may be liable to contribute to the consolidated tax group's income tax liabilities if Westpac defaults in that regard.

The contingent risk of joint and several liability for the consolidated tax group's income tax liabilities can be eliminated by an effective tax sharing agreement. Under a tax sharing agreement, the parties agree to allocate the group tax liability (in respect of which the head company has defaulted) amongst themselves. If the allocation is "reasonable" then the Commissioner of Taxation is statutorily bound to comply with the allocation in the tax sharing agreement and not invoke joint and several liability. The Westpac tax sharing agreement allocates income tax liabilities by means of a formula based on the provision for income tax which each member of the group would have. Since the Trust should be a flow through entity so that the Trustee has a nil tax liability, the formula in the Westpac tax sharing agreement should result in a nil allocation to the Trustee and this should be reasonable.

#### **11.8 Other Taxes**

Under current Australian law, there are no gift, estate or other inheritance taxes or duties. No ad valorem stamp duties or similar taxes should be payable by Noteholders on a transfer of any Notes.

**11.9 Non-Compliance Withholding Regulations**

As discussed in section 11.4 regulations may be made that require amounts to be withheld (on account of tax liabilities) from certain payments (excluding payments of interest, or amounts in the nature of interest) made by an Australian resident entity (such as the Trust) to foreign residents. The rules state that regulations may only be made in respect of payments of a kind that could reasonably be related to assessable income of foreign residents. Also, the explanatory material to the rules states that regulation will only be made where there is a demonstrated compliance risk and after consultation with affected taxpayer groups. Having regard to the regulations that the Australian Government has so far passed, it is not expected that any of the amounts payable in respect of the Notes will be covered by regulations of this kind.

**11.10 Taxation of Financial Arrangements (TOFA)**

If the TOFA regime were to apply to a Noteholder, then it would affect the timing of the recognition of the Noteholders' gains and losses from the Notes. The default method of recognising gains and losses from the Notes in the TOFA regime is the compounding accruals basis for sufficiently certain gains and losses, and the realisation basis where the gains and losses are not sufficiently certain. Other methods may be used by election. These include the fair value method, the foreign exchange retranslation method, the hedging financial arrangements method and the financial reports method.

If the interest on the Notes is subject to withholding tax or would be, but for the exemption under section 128F, the TOFA rules will not affect that position.

**11.11 Note Transfers**

A Noteholder may be subject to taxation in respect of any gain made on the transfer of Notes.

Noteholders should seek their own advice in relation to the specific taxation consequences of the transfer of their Notes.

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## 12. Selling Restrictions and Capital Requirements Directive

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### 12.1 Selling Restrictions - General

Each Dealer represents, warrants and agrees that it will:

- (a) observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Class A Notes; and
- (b) not directly or indirectly offer, sell, resell, re-offer or deliver Class A Notes or distribute this Information Memorandum or any Offer Material in any country or jurisdiction, except under circumstances that will result in compliance by it and the Trustee with all applicable laws and regulations and not require lodgement or registration of any disclosure document.

Each Dealer will only have an allocation for Class A Notes under the Dealer Agreement.

### 12.2 Australia

- (a) Each Dealer acknowledges that:
  - (i) no information memorandum, offering circular, prospectus or other disclosure document in relation to any Notes has been lodged with the Australian Securities and Investments Commission; and
  - (ii) none of the Trustee, the Trust Manager or the Approved Seller has or will take any action or seek any authorisation to enable the offer or sale of any Notes, or the distribution of this Information Memorandum or Offer Material, in any other jurisdiction.
- (b) Each Dealer represents, warrants and agrees that:
  - (i) no Notes are to be offered or sold to a person who is in the United States or to any U.S. Person (each term as defined in the Securities Act of 1933 of the United States (the Securities Act)), or who is acting for the account or benefit of such a person, except in accordance with Regulation S of the Securities Act;
  - (ii) subject to sub-paragraph (i), the Dealer must observe applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes;
  - (iii) subject to sub-paragraph (i), the Dealer may not directly or indirectly, offer, sell or deliver Notes or distribute this Information Memorandum or any Offer Material relating to the Notes in any jurisdiction except under circumstances that result in compliance with any applicable authorisations, law and regulations; and
  - (iv) the Trustee and the Trust Manager require the Dealer to act in good faith and with a view to achieving an efficient and effective distribution of the Notes.
- (c) Each Dealer undertakes:

- (i) to offer the Class A Notes for sale within 30 days of the Closing Date to:
  - (A) at least 10 persons each of whom:
    - (1) was carrying on a business of providing finance, investing in or dealing in securities, in the course of operating in financial markets; and
    - (2) was not known, or suspected, by its employees in relation to a sale to be an associate of any other person covered by this sub-paragraph (A); or
  - (B) to at least 100 persons who it would be reasonable to regard as either:
    - (1) having acquired instruments similar to the relevant Class A Notes in the past; or
    - (2) likely to be interested in acquiring such instruments; or
  - (C) as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in instruments similar to the relevant Class A Notes; and
- (ii) that it shall not:
  - (A) offer the Class A Notes to a person actually known, or reasonably suspected, by the employees of the Dealer acting in relation to the sale, to be an Offshore Associate of the Trustee; and
  - (B) sell any Class A Notes to any person if, at the time of such sale, its employees in relation to a sale know or have reasonable grounds to suspect that the Class A Notes, or an interest in the Class A Notes, will be acquired by an Offshore Associate of the Trustee,

other than an Offshore Associate in the capacity of a dealer, manager or underwriter in relation to the placement of the Class A Notes, or in the capacity of a clearing house, custodian, funds manager or responsible entity of an Australian registered scheme.

For the avoidance of doubt, if any employee of a Dealer acting in relation to the sale, does not know or have reasonable grounds to suspect that a person is an Offshore Associate of the Trustee, nothing referred to in this section 12.2(c) obliges the Dealer to make positive enquiries of that person to confirm that such person is not an Offshore Associate of the Trustee.

### 12.3 United States

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered, sold, delivered or transferred, at any time, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this section 12.3 have the meanings given to them by Regulation S under the Securities Act.

Each Dealer represents, warrants and agrees that it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons:

- (a) as part of its distribution at any time; or
- (b) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date.

Each Dealer represents, warrants and agrees that neither it nor its affiliates nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and the Dealer, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Each Dealer also represents, warrants and agrees that, at or prior to confirmation of sale of the Notes, the Dealer will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the 40 day distribution compliance period a confirmation or notice setting forth the restrictions on offers, sales, and offers and sales of the Notes within the United States or to, or for the account or the benefit of, U.S. persons.

In addition, until 40 days after the later of the commencement of the offering of the Notes and the Closing Date, any offer, sale, or offer and sale of the Notes within the United States by a Dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

#### **12.4 United Kingdom**

Each Dealer represents, warrants and agrees that:

- (a) it has only communicated or caused to be communicated and will 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 (the *FSMA*)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Trustee; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **12.5 Capital Requirements Directive**

Westpac Banking Corporation explicitly discloses that as contemplated by Article 122a of the Capital Requirements Directive it will retain, on an ongoing basis, a material net economic interest (as that term is defined in Article 122a) of not less than 5%, by retaining Class C Notes (being the first loss tranche) and/or Class B Notes (being a tranche having a more severe risk profile and maturing no earlier than the Class A Notes) having an aggregate Initial Invested Amount not less than 5% of the aggregate Initial Invested Amount of all Notes. That material net economic interest will not be credit hedged or sold.

This does not prevent Westpac from selling any Notes held by it at any time, provided that the level of retained material net economic interest (as defined in the Capital Requirements Directive) does not reduce below 5%.



**13. Transaction Documents**

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Copies of each of the Transaction Documents will be available for inspection by the Noteholders and persons intending to acquire Notes during the ordinary business hours at the offices of the Trust Manager, Level 20, 275 Kent Street, Sydney, New South Wales. However, any person wishing to inspect the Transaction Documents must first undertake not to disclose the contents of the documents without the prior written consent of the Trustee and the Trust Manager.

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## 14. Glossary of Terms

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<b>A\$</b>	means Australian dollars
<b><i>Accrued Interest Adjustment</i></b>	means, in relation to the Approved Seller, all: <ul style="list-style-type: none"><li>(a) interest and fees accrued on the Housing Loans up to (but excluding) the Closing Date for those Housing Loans which are unpaid as at the close of business on the Closing Date; and</li><li>(b) all amounts received by the Approved Seller under the Housing Loans applied by the Servicer to payment of interest and fees under the Housing Loans for the period from (but excluding) the Cut-Off Date to (but excluding) the Closing Date,</li></ul> but without double counting or recovery for any such amounts
<b><i>Adverse Effect</i></b>	means an event which will materially and adversely affect the amount of any payment to be made to any Noteholder, or will materially and adversely affect the timing of such payment
<b><i>Approved Auditor</i></b>	means a firm of chartered accountants some of whose members are Registered Company Auditors (which firm may be the Auditor) and whose terms of appointment have been agreed by the Approved Seller (that agreement not to be unreasonably withheld)
<b><i>Approved Bank</i></b>	means a bank which has a short term rating of at least A1+ from S&P and P-1 from Moody's but means Westpac Banking Corporation for so long as it has a short term rating of A1 or better from S&P or P-1 or better from Moody's
<b><i>Approved Seller</i></b>	means Westpac Banking Corporation (ABN 33 007 457 141)
<b><i>Arrears</i></b>	subsist in relation to a Housing Loan if the relevant Borrower fails to pay any amount due on the day it was due. Delayed payments arising from agreed payment holidays based on early repayments, or from maternity or paternity leave repayment reductions will not, by themselves, lead to a Housing Loan being in Arrears
<b>ASX</b>	ASX Limited

**Auditor**

the auditor of the Trust appointed from time to time

**Authorised Investments**

means any investments which at their date of acquisition are:

- (a) Housing Loans secured by Mortgages, those Mortgages and any other Related Securities, Receivable Securities and Receivable Rights;
- (b) cash;
- (c) bonds, debentures, stock or treasury bills of the Commonwealth of Australia or the Government of any State or Territory of the Commonwealth;
- (d) debentures or stock of any public statutory body constituted under the law of the Commonwealth of Australia or of any State of the Commonwealth where the repayment of the principal secured and the interest payable thereon is guaranteed by the Commonwealth or any State or Territory of the Commonwealth;
- (e) notes or other securities of the Commonwealth of Australia or the Government of any State or Territory of the Commonwealth; or
- (f)
  - (i) deposits with, or the acquisition of certificates of deposit (whether negotiable, convertible or otherwise), issued by, a Bank which carries on business in Victoria and New South Wales;
  - (ii) bills of exchange which at the time of acquisition have a remaining term to maturity of not more than 200 days, accepted or endorsed by a Bank which carries on business in Victoria and New South Wales,

which, in each case, has a short-term rating of A1+ and P-1 by the Rating Agencies;

and which satisfy the following conditions:

- (i) each proposed investment falling within categories (b), (c), (d) or (e) must mature by the earlier of the following dates:
  - (A) the Payment Date following the date on which it was acquired; or

- (B) such other date as the Trustee and the Trust Manager may determine to be necessary to enable the Trustee to have sufficient cash to meet any Expenses which may be payable prior to that Payment Date;
- (ii) each proposed investment falling within categories (c), (d) or (e) must have a rating of AAA (long term) or A1+ (short term) (as the case may be) from S&P and a rating of Aaa (long term) or P-1 (short term) (as the case may be) from Moody's to be an **Authorised Investment** for the Trust;
- (iii) Authorised Investments must be denominated in Australian currency and held in Australia; and
- (iv) all Authorised Investments must be held in the name of the Trustee or in the name of such other person or persons as approved by the Trustee from time to time and notified to the Rating Agencies,

but excluding any debt securities which constitute a "securitisation exposure" or a "resecuritisation exposure" (as each term is defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority, including any amendment or replacement of that Prudential Standard).

(In addition, in relation to paragraphs (c) – (f) of this definition, **Authorised Investments** are further restricted so as to ensure that the Class A Notes, the Class B Notes and the Class C Notes will at all times constitute mortgage-backed securities for the purposes of the Duties Act 1997 of New South Wales (if applicable))

**Available Income**

see section 7.4

**Available Liquidity Amount**

see section 8.1(b)

**Available Redraw Amount**

means at any time the amount, if positive, equal to:

- (a) the Redraw Limit at that time; minus
- (b) the Principal Outstanding at that time; minus
- (c) the Carryover Redraw Charge Offs at that time

**Bank**

means a corporation authorised under the Banking Act 1959 to carry on general banking business in Australia or a corporation formed or incorporated under an Act of the Parliament of an Australian Jurisdiction to carry on the general business of banking

**Bank Bill Rate**

means, in relation to a Coupon Period, the rate calculated by taking the rates quoted by each Reference Bank on the Reuters Screen BBSW Page at approximately 10.10 am, Sydney time, on the first day of that Coupon Period for each reference bank so quoting (but not fewer than five) as being the mean buying and selling rate for a bill (which for the purpose of this definition means a bill of exchange of the type specified for the purpose of quoting on the Reuters Screen BBSW Page) having a tenor of one month eliminating the highest and lowest mean rates and taking the average of the remaining mean rates and then (if necessary) rounding the resultant figure upwards to four decimal places. If at the relevant time fewer than five reference banks have quoted rates on the Reuters Screen BBSW Page, the rate for the relevant Coupon Period shall be calculated as above by taking the rates otherwise quoted by five of the reference banks on application by the parties for such a bill of the same tenor.

If the Bank Bill Rate for a Coupon Period cannot be determined in accordance with the foregoing procedures then the rate for that date shall mean such rate as is agreed between the Trust Manager and Westpac having regard to comparable indices then available.

PROVIDED THAT:

- (a) if the first Coupon Period is greater than 30 days, the **Bank Bill Rate** for that first Coupon Period shall be an interpolated rate calculated by the Trust Manager with reference to the tenor of the relevant period; and
- (b) if the first Coupon Period is less than or equal to 30 days, the **Bank Bill Rate** for that first Coupon Period shall be the One Month Bank Bill Rate

**Basis Swap**

means the Transaction (as defined in the ISDA Master Agreement) between Westpac, the Trustee and the Trust Manager, which states that it is the Basis Swap for the purposes of the Series Notice

**Beneficiary**

see section 9.3

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<b><i>Borrower</i></b>	means the borrower under a Housing Loan
<b><i>Business Day</i></b>	means any day, other than a Saturday, Sunday or public holiday, on which banks are open for business in Sydney
<b><i>Call Option Date</i></b>	means the Payment Date after the end of the first Collection Period in which the aggregate Housing Loan Principal of all of the Housing Loans (as at the end of that Collection Period) is less than 10% of the aggregate Housing Loan Principal of all Housing Loans as at the Cut-Off Date
<b><i>Capital Requirements Directive</i></b>	means the Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (as amended and supplemented by further directives from the council and the commission)
<b><i>Carryover Charge Off</i></b>	means, in relation to a Note or the Principal Outstanding (as the case may be) and at any time, a Carryover Class A Charge Off, a Carryover Class B Charge Off or a Carryover Redraw Charge Off as at that time
<b><i>Carryover Class A Charge Off</i></b>	means, in relation to a Class A Note and at any time, the aggregate of Class A Charge Offs in relation to that Class A Note made prior to that time and which have not previously been reinstated under section 7.8(d)(iv)(B)
<b><i>Carryover Class B Charge Off</i></b>	means, in relation to a Class B Note and at any time, the aggregate of Class B Charge Offs in relation to that Class B Note made prior to that time and which have not previously been reinstated under section 7.8(d)(v)
<b><i>Carryover Class C Charge Off</i></b>	means, in relation to a Class C Note and at any time, the aggregate of Class C Charge Offs in relation to that Class C Note made prior to that time and which have not previously been reinstated under section 7.8(d)(vi)
<b><i>Carryover Redraw Charge Off</i></b>	means, at any time, the aggregate of Redraw Charge Offs made prior to that time and which have not previously been reinstated under section 7.8(d)(iv)(A)
<b><i>Class</i></b>	Notes having the same rights and restrictions
<b><i>Class A Charge Off</i></b>	means, in relation to a Class A Note, the amount of any reduction in the Stated Amount for that Note under section 7.11(c)(iii)(A)
<b><i>Class A Coupon</i></b>	means, in relation to a Coupon Period, all interest accrued on the Class A Notes in respect of that Coupon Period in accordance with section 4.2(b), and for the purposes of section 7.8(a) includes any amount payable

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	by the Trustee to the relevant Class A Noteholder (in that capacity) by way of damages or penalties
<b><i>Class A Note</i></b>	means a note issued by the Trustee as a Class A Note under the Transaction Documents
<b><i>Class A Noteholder</i></b>	means a Noteholder of a Class A Note
<b><i>Class A Proportion</i></b>	means, at any time, the proportion, expressed as a percentage, which the aggregate Invested Amount of the Class A Notes at that time bears to the aggregate Invested Amount of all Notes at that time
<b><i>Class B Charge Off</i></b>	means, in relation to a Class B Note, the amount of any reduction in the Stated Amount for that Note under section 7.11(c)(ii)
<b><i>Class B Coupon</i></b>	means, in relation to a Coupon Period, all interest accrued on the Class B Notes in respect of that Coupon Period in accordance with section 4.2(b), and for the purposes of section 7.8(a) includes any amount payable by the Trustee to the relevant Class B Noteholder (in that capacity) by way of damages or penalties
<b><i>Class B Note</i></b>	means a note issued by the Trustee as a Class B Note under the Transaction Documents
<b><i>Class B Noteholder</i></b>	means a Noteholder of a Class B Note
<b><i>Class B Proportion</i></b>	means, at any time, the proportion, expressed as a percentage, which the aggregate Invested Amount of the Class B Notes at that time bears to the aggregate Invested Amount of all Notes at that time
<b><i>Class C Charge Off</i></b>	means, in relation to a Class C Note, the amount of any reduction in the Stated Amount for that Note under section 7.11(c)(i)
<b><i>Class C Note</i></b>	means a note issued by the Trustee as a Class C Note under the Transaction Documents
<b><i>Class C Noteholder</i></b>	means a Noteholder of a Class C Note
<b><i>Class C Proportion</i></b>	means, at any time, the proportion, expressed as a percentage, which the aggregate Invested Amount of the Class C Notes at that time bears to the aggregate Invested Amount of all Notes at that time
<b><i>Class C Required Coupon</i></b>	means, in relation to a Coupon Period, all interest accrued on the Class C Notes in respect of that Coupon Period in accordance with section 4.2(b) (other than section 4.2(b)(i)(B)(2)), and for the purposes of section 7.8(a) includes any amount payable by the Trustee to the

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	relevant Class C Noteholder (in that capacity) by way of damages or penalties
<b><i>Class C Residual Coupon</i></b>	means, in relation to a Coupon Period, all interest accrued on the Class C Notes in respect of that Coupon Period in accordance with section 4.2(b) (other than section 4.2(b)(i)(B)(1)), and for the purposes of section 7.8(d) includes any amount payable by the Trustee to the relevant Class C Noteholder (in that capacity) by way of damages or penalties
<b><i>Closing Date</i></b>	means 22 May 2012
<b><i>Collateral Account</i></b>	see section 8.1(d)
<b><i>Collection Account</i></b>	means the Australian dollar account, with Westpac at Level 20, 275 Kent Street, Sydney, New South Wales specified in the Series Notice, or any other account opened and maintained by the Trustee with an Approved Bank under clause 27 of the Trust Deed
<b><i>Collection Period</i></b>	means each period commencing on (and including) the 6 <sup>th</sup> day of each calendar month and ending on (and including) the 5 <sup>th</sup> day of the next calendar month. However: <ul style="list-style-type: none"><li>(a) the first Collection Period commences on (and includes) the next day after the Cut-Off Date and ends on (and includes) 5 June 2012; and</li><li>(b) the last Collection Period commences on (but excludes) the last day of the previous Collection Period and ends on (and includes) the Termination Date of the Trust</li></ul>
<b><i>Collections</i></b>	means, in relation to a period, Finance Charge Collections and Gross Principal Collections for that period
<b><i>Consumer Credit Legislation</i></b>	means: <ul style="list-style-type: none"><li>(a) the National Consumer Credit Protection Act 2009 (Cth), including the Schedules to it;</li><li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li><li>(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act (Cth);</li><li>(d) the National Consumer Protection Amendment Act 2010 (Cth);</li><li>(e) any acts or other legislation enacted in</li></ul>



connection with any of the acts set out in paragraphs (a) to (d) and any regulations made under any of the acts set out in paragraphs (a) to (d);

- (f) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001 (Cth), so far as it relates to the obligations of any of the Trust Manager, the Servicer, the Seller or the Trustee in respect of an Australian Credit Licence issued under the National Consumer Credit Protection Act or registration as a registered person under the National Consumer Credit Protection (Transitional and Consequential Provisions) Act; and
- (g) any other Commonwealth, State or Territory legislation that covers conduct relating to credit activities (whether or not it also covers other conduct), but only in so far as it covers conduct relating to credit activities.

***Corporations Act***

means the Corporations Act 2001 (Cth)

***Coupon***

means a Class A Coupon, a Class B Coupon, a Class C Required Coupon or a Class C Residual Coupon

***Coupon Payment Date***

means, for the purposes of the Trust Deed, each Payment Date

***Coupon Period***

means, for each Class, each period as follows:

- (a) the first Coupon Period commences on (and includes) the Closing Date and ends on (and includes) the day immediately before the first Payment Date; and
- (b) each succeeding Coupon Period commences on (and includes) a Payment Date and ends on (and includes) the day immediately before the next Payment Date; and
- (c) the last Coupon Period for a Class ends on (and excludes) the day on which all amounts due on the Notes of that Class are redeemed in full in accordance with the Transaction Documents

***Coupon Rate***

means:

- (a) subject to paragraph (b), for each Class of Notes, any Coupon Period commencing before the Margin Step-Up Date for that Class of Note, the

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	Bank Bill Rate on the first day of that Coupon Period plus the relevant Margin; and
	(b) for the Class A Notes, in relation to any Coupon Period commencing on or after the Margin Step-Up Date for the Class A Notes, the Bank Bill Rate on the first day of that Coupon Period plus the relevant Margin plus the relevant Step-Up Margin
<b>Custodian</b>	Westpac
<b>Cut-Off Date</b>	see section 2.3
<b>Defaulting Party</b>	has the meaning given in the ISDA Agreement
<b>Dealer</b>	Westpac Banking Corporation
<b>Dealer Agreement</b>	means the Dealer Agreement dated 16 May 2012 made between Westpac, the Trustee and the Trust Manager
<b>Determination Date</b>	means, in relation to a Collection Period, the date which is four Business Days prior to the Payment Date following the end of that Collection Period
<b>Eligibility Criteria</b>	means the criteria set out in section 6.1(a)
<b>Eligible Servicer</b>	see section 3.7
<b>Event of Default</b>	see section 10.3
<b>Excess Available Income</b>	means, for a Collection Period, the amount (if any) by which the Total Available Funds for the Collection Period exceeds the Total Payments for the Collection Period
<b>Excess Collections Distribution</b>	means, in relation to a Collection Period, the amount (if any) by which the Excess Available Income for that Collection Period exceeds the amounts applied under section 7.8(a) on the Determination Date relating to that Collection Period
<b>Expenses</b>	means the costs, charges and expenses incurred by the Trustee or the Trust Manager in the administration or operation of the Trust under the Transaction Documents, but excluding general overhead costs and expenses (such as rent and employment costs)
<b>Extraordinary Resolution</b>	in relation to the Noteholders of the Trust or any Class, subject to the provisions of any Security Trust Deed in respect of the Trust:  (a) a resolution passed at a meeting of the Noteholders of the Trust or Class (as the case may be) duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75% of the votes able to be cast by

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	Noteholders (cast by show of hands or poll, as the case may be); or
	(b) a resolution in writing signed by all the Noteholders of the Trust or Class
<b>Fair Market Value</b>	means in relation to a Housing Loan and the related Receivable Rights, the fair market value of that Housing Loan and those Receivable Rights as agreed by the Trustee and the Approved Seller on a basis of valuation agreed by an Approved Auditor in all cases as reflecting the status of the Housing Loan as a performing or non-performing Housing Loan (as determined by the Servicer) and any benefit in respect of that Housing Loan which the intended purchaser will have under any relevant Support Facility
<b>Finance Charge Collections</b>	see section 7.4(a)
<b>Finance Charge Loss</b>	means, for a Collection Period, the amount of all Liquidation Losses referred to in section 7.11(a)(i)
<b>Further Advance</b>	means in relation to any Collection Period, an amount provided to a Borrower by the Approved Seller under a Housing Loan in that Collection Period which increases the principal amount of that Housing Loan and which is not a Redraw (notwithstanding that the scheduled principal balance is required to be increased by reason of the provision of that amount)
<b>Genworth</b>	means Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305)
<b>Genworth GEMICO</b>	means GE Financial Mortgage Insurance Pty Limited
<b>Government Charges</b>	means, for any Collection Period, the aggregate of all amounts collected by Westpac (whether in its capacity as Servicer or otherwise) in respect of the Housing Loans and the related Receivable Rights representing, bank accounts taxes or similar Taxes
<b>Gross Principal Collection</b>	see section 7.9(a)
<b>GST</b>	means any goods and services tax, broad based consumption tax or value added tax imposed by any government agency and includes any goods and services tax payable under the A New Tax System (Goods and Services Tax) Act 1999 (Cth)
<b>Hedge Agreement</b>	means the Basis Swap and the Interest Rate Swap
<b>HLIC</b>	means the Housing Loan Insurance Corporation

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<b><i>HLIC Ltd</i></b>	Housing Loans Insurance Corporation Limited (ACN 071 466 334)
<b><i>Housing Loan</i></b>	a loan specified in a Sale Notice (including any Redraw in respect of that loan) which has been assigned to the Trustee on acceptance of the offer contained in that Sale Notice in accordance with the Series Notice, and in which the Trustee has not ceased to have an interest (whether by sale or disposal, or extinguishment of its rights in that loan)
<b><i>Housing Loan Principal</i></b>	means, in relation to a Housing Loan, the principal amount of that Housing Loan from time to time
<b><i>Housing Loan Security</i></b>	means each Mortgage specified in a Sale Notice, unless the Trustee has ceased to have an interest in that Mortgage
<b><i>Initial Invested Amount</i></b>	means in respect of a Note, the amount stated as the Initial Invested Amount for that Note in section 2.3
<b><i>Insolvency Event</i></b>	<p>in relation to the Trustee (in its personal capacity and as trustee of the Trust), the Trust Manager, a Servicer or the Mortgage Insurer (each a <b><i>relevant corporation</i></b>) means the happening of any of the following events:</p> <ul style="list-style-type: none"><li>(a) an administrator of the relevant corporation is appointed;</li><li>(b) except for the purpose of a solvent reconstruction or amalgamation:<ul style="list-style-type: none"><li>(i) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps (other than frivolous or vexatious applications, proceedings, notices and steps) are taken for:<ul style="list-style-type: none"><li>(A) the winding up, dissolution or administration of the relevant corporation; or</li><li>(B) the relevant corporation entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them; or</li></ul></li><li>(ii) the relevant corporation ceases, suspends or threatens to cease or</li></ul></li></ul>

suspend the conduct of all or substantially all of its business or disposes of or threatens to dispose of substantially all of its assets; or

- (c) the relevant corporation is, or under applicable legislation is taken to be, unable to pay its debts (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend payment of all or a class of its debts (except, in the case of the Trustee where this occurs in relation to another trust of which it is the trustee);
- (d) a receiver, receiver and manager or administrator is appointed (by the relevant corporation or by any other person) to all or substantially all of the assets and undertaking of the relevant corporation or any part thereof (except, in the case of the Trustee where this occurs in relation to another trust of which it is the trustee); or
- (e) anything analogous to an event referred to in paragraphs (a) to (d) (inclusive) or having substantially similar effect, occurs with respect to the relevant corporation

***Interest Rate Swap***

means the Transaction (as defined in the ISDA Master Agreement) between Westpac, the Trustee and the Trust Manager, which states that it is the Interest Rate Swap for the purposes of the Series Notice

***Invested Amount***

means, on any day in relation to a Note, the Initial Invested Amount of that Note minus the aggregate of Principal Payments made or to be made in respect of that Note on or before that date

***ISDA Master Agreement***

means the ISDA Master Agreement (including all Schedules and Annexures) dated 18 May 2012 made between Westpac, the Trustee and the Trust Manager

***Lead Manager***

means Westpac

***Liquidation Loss***

means, for a Collection Period in relation to a Housing Loan which is being enforced, the amount (if any) by which the Unpaid Balance of the Housing Loan (together with the Enforcement Expenses relating to the Housing Loan and the related Mortgage) exceeds the Liquidation Proceeds in relation to the Housing Loan

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<b><i>Liquidation Proceeds</i></b>	means, in relation to a Housing Loan and the related Mortgage which have been or are being enforced, all amounts recovered in respect of the enforcement of the Housing Loan and the related Mortgage (but does not include the proceeds of any Mortgage Insurance Policy (if applicable))
<b><i>Liquidity Draw</i></b>	means a drawing under the Liquidity Facility
<b><i>Liquidity Facility</i></b>	means the Liquidity Facility Agreement dated 18 May 2012 between the Liquidity Facility Provider, the Trustee and the Trust Manager
<b><i>Liquidity Facility Provider</i></b>	Westpac Banking Corporation
<b><i>Liquidity Limit</i></b>	means the commitment of the Liquidity Facility Provider under the Liquidity Facility, as varied from time to time
<b><i>Liquidity Outstanding</i></b>	means, at any time, the total principal amount of all outstanding Liquidity Draws at that time
<b><i>Liquidity Shortfall</i></b>	means, in relation to a Collection Period, the amount (if any) by which the Total Payments (excluding amounts payable in section 7.8(a)(i)(H)) for the Collection Period exceed the aggregate of the Available Income and any Principal Draws for the Collection Period
<b><i>Loan Offset Deposit Account</i></b>	means any deposit account maintained by a Borrower under a Housing Loan with Westpac where an amount equal to the interest which would otherwise accrue on that account is offset against moneys owed by that Borrower under that Housing Loan, in accordance with the relevant agreement for that Housing Loan
<b><i>Loan Offset Interest Amount</i></b>	means, in relation to any Borrower under a Housing Loan, the amount of any interest which would be payable by Westpac to that Borrower on amounts standing to the credit of the Borrower's Loan Offset Deposit Account, if interest was payable on that account
<b><i>LVR</i></b>	for a Housing Loan, the outstanding principal amount of that Housing Loan at that time, plus any other amount secured by any Mortgage for that Housing Loan including (where relevant) customer paid Mortgage Insurance Policy premiums (other than any Other Secured Liabilities owed to the Approved Seller), at the date of determination divided by the aggregate value of the Mortgaged Property (determined as at the date of origination) or the most recent valuation undertaken if later subject to the related Mortgages for that Housing Loan, expressed as a

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	percentage
<b>Margin</b>	means, in relation to any Note, the Margin for that Note determined as set out in section 2.3, and in the case of Class A Notes means 1.40% per annum
<b>Margin Step-Up Date</b>	means, in relation to the Class A Notes, the Call Option Date. There is no Margin Step-Up Date for the Class B Notes and the Class C Notes
<b>Material Default</b>	for a Housing Loan, a failure by a Borrower to pay any amount pursuant to the Housing Loan, which failure causes the Housing Loan to be in Arrears and which failure to pay continues for a period of 90 days or the occurrence of an event of default (other than a failure to pay) under that Housing Loan or related Mortgage unless the Servicer reasonably determines that such event of default is of a minor or technical nature and will not result in an Adverse Effect
<b>Maturity Date</b>	in relation to a Note, the Maturity Date for that Note specified in section 2.3
<b>Moody's</b>	Moody's Investors Service Pty Limited
<b>Mortgage</b>	for a Housing Loan, a registered (or pending registration, registrable) mortgage over land, situated in any Australian jurisdiction, or an interest in a company title scheme with respect to such land, which was originally granted to the Approved Seller, and securing the repayment of the Housing Loan Principal and all other moneys payable under the Housing Loan
<b>Mortgage Insurance Policy</b>	see section 2.5
<b>Mortgage Insurer</b>	see section 2.2
<b>Mortgage Pool</b>	all Housing Loans and related Mortgages, originated by the Approved Seller and equitable title to which are held by the Trustee as trustee of the Trust from time to time
<b>Mortgage Shortfall</b>	see section 7.11(b)(iii)
<b>Mortgaged Property</b>	the land, or interest in relation to land, the subject of a Mortgage
<b>Mortgagee Extraordinary Resolution</b>	see section 10.4
<b>Mortgagees</b>	see section 10.1
<b>Net Principal Distributions</b>	means with respect to any Payment Date, the amount of Principal Collections remaining after the distribution of Initial Principal Distributions

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<b>Note</b>	means a Class A Note, a Class B Note or a Class C Note
<b>Non-Resident</b>	a person who is not a resident of the Commonwealth of Australia for Australian tax purposes
<b>Noteholder</b>	means, at any time in relation to a Note, the person who is registered as the holder of that Note at that time
<b>Note Acknowledgment</b>	see section 4.11
<b>Note Transfer</b>	see section 4.12
<b>Notice of Creation of Trust</b>	means the Notice of Creation of Trust dated 16 May 2012 issued under the Trust Deed in relation to the Trust
<b>Obligor</b>	means, in relation to a Housing Loan, the person who is obliged to make payments with respect to that Housing Loan, whether as a principal or secondary obligation (and in the case of a Housing Loan means the person who is the account debtor under that Housing Loan), and including where the context requires, any other person obligated to make payments with respect to that Housing Loan (including any guarantor)
<b>Offer Material</b>	means any information memorandum, memorandum, prospectus (as defined in the Corporations Act 2001 (Cth)), advertisement, publication, document, material or statement (oral or written) relating to the marketing, issue or sale of the Notes, but does not include this Information Memorandum
<b>Offshore Associate</b>	means an associate (as defined in section 128F(9) of the Income Tax Assessment Act 1936 (Cth)) of the Trustee that is either a non-resident of Australia that does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside of Australia
<b>Offshore Noteholder</b>	means a Non-Resident Noteholder who does not acquire Notes in the course of carrying on a business at, or through, a permanent establishment in the Commonwealth of Australia or a resident of the Commonwealth of Australia who acquires the Notes in the course of carrying on a business at, or through, a permanent establishment outside the Commonwealth of Australia
<b>One Month Bank Bill Rate</b>	means the Bank Bill Rate for bills having a tenor of 30 Days



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<b><i>Other Secured Liability</i></b>	has the meaning given in the Trust Deed
<b><i>Other Trust</i></b>	means any Trust (as defined in the Trust Deed) other than the Trust
<b><i>Payment Date</i></b>	in relation to a Note, has the meaning given in relation to that Note in section 2.3
<b><i>Payment Shortfall</i></b>	means, in relation to a Collection Period, the amount (if any) by which the Total Payments for that Collection Period exceed the Available Income for that Collection Period
<b><i>Performing Loan</i></b>	see section 8.1(a)
<b><i>Preparation Date</i></b>	see section 1.3
<b><i>Prepayment Benefit</i></b>	on the early discharge of a Housing Loan which is a Fixed Option Home Loan or otherwise bears a fixed rate of interest (other than a Housing Loan subject to a concessionary rate of interest for 12 months or less), the amount (if any) credited to the relevant Borrower's loan account by the Approved Seller by means of a reduction in the Housing Loan Principal of that Housing Loan, in accordance with the relevant Housing Loan agreement
<b><i>Prepayment Benefit Shortfall</i></b>	in relation to a Collection Period, the amount by which the total of all Prepayment Benefits for that Collection Period exceeds the total of all Prepayment Costs for that Collection Period
<b><i>Prepayment Calculation Adjustment</i></b>	in relation to a Housing Loan, any amount credited to the Borrower by the Approved Seller under that Housing Loan to reflect an interest adjustment resulting from a change in computer systems
<b><i>Prepayment Cost</i></b>	on the early discharge of a Housing Loan which is a Fixed Option Home Loan or otherwise bears a fixed rate of interest (other than a Housing Loan subject to a concessionary rate of interest for 12 months or less), the amount (if any) owed by the relevant Borrower and collected by the Approved Seller, in accordance with the relevant Housing Loan agreement
<b><i>Prepayment Cost Surplus</i></b>	in relation to a Collection Period, the amount by which the total of all Prepayment Costs for that Collection Period exceeds the total of all Prepayment Benefits for that Collection Period
<b><i>Pricing Date</i></b>	see section 2.3
<b><i>Principal Charge Off</i></b>	see section 7.11

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<b><i>Principal Collections</i></b>	means, for a Collection Period: <ul style="list-style-type: none"><li>(a) the Gross Principal Collections for that Collection Period; less</li><li>(b) any amounts deducted or paid to Westpac under section 7.10(a) during that Collection Period for which Westpac has not previously been reimbursed</li></ul>
<b><i>Principal Draw</i></b>	means, for a Collection Period, the amount calculated under section 7.5 in relation to that Collection Period
<b><i>Principal Loss</i></b>	means, for a Collection Period in relation to a Housing Loan, the amount of any Liquidation Loss for that Housing Loan for that Collection Period referred to in section 7.11(a)(ii)
<b><i>Principal Outstanding</i></b>	under the Redraw Facility, the aggregate of Redraw Advances less Carryover Redraw Charge Offs
<b><i>Principal Payment</i></b>	means each payment of or in respect of the principal amount of a Note (by way of reduction in the Invested Amount) made in accordance with the Transaction Documents.
<b><i>Purchase Price</i></b>	see section 2.4
<b><i>Rating Agency</i></b>	means S&P or Moody's
<b><i>Rating Downgrade Event</i></b>	means an event that causes the rating of any Class A Note, Class B Note or Class C Note to be downgraded or withdrawn
<b><i>Rating Notification</i></b>	in relation to an event or circumstance means that the Trust Manager has confirmed in writing to the Trustee that: <ul style="list-style-type: none"><li>(a) it has notified each Rating Agency of the event or circumstance; and</li><li>(b) the Trust Manager is satisfied in good faith that the event or circumstance is unlikely to result in a Rating Downgrade Event</li></ul>
<b><i>Receivable Rights</i></b>	means, in relation to a Housing Loan, all of the Approved Seller's or the Trustee's (as the context requires) right, title, benefit and interest (present and future) in, to, under or derived from: <ul style="list-style-type: none"><li>(a) that Housing Loan and the Mortgage which secures that Housing Loan;</li><li>(b) such of the following as relate to that Housing Loan:</li></ul>

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	(i) the Related Securities;
	(ii) the Collections; and
	(c) all moneys (present or future, actual or contingent) owing at any time by an Obligor (whether alone or with another person), and all other rights under or in connection with the Relevant Documents for that Housing Loan
<b>Receivable Securities</b>	means, in relation to a Housing Loan, a Mortgage or any guarantee relating to that Housing Loan
<b>Redraw</b>	means an amount advanced or readvanced to a Borrower by the Approved Seller under a Housing Loan in respect of any principal prepayments previously made to the Borrower's loan account in accordance with the terms of the Borrower's Housing Loan. See section 2.8
<b>Redraw Advance</b>	means a borrowing under the Redraw Facility (see section 8.2(c))
<b>Redraw Charge Off</b>	means the amount of any reduction in the Principal Outstanding under the Redraw Facility under section 7.11(c)(iii)(B)
<b>Redraw Facility</b>	means the Redraw Facility Agreement dated 18 May 2012 made between the Redraw Facility Provider, the Trustee and the Trust Manager
<b>Redraw Facility Provider</b>	means Westpac Banking Corporation
<b>Redraw Limit</b>	means the maximum amount able to be borrowed under the Redraw Facility (expected to be A\$11,500,000 on the Closing Date)
<b>Redraw Shortfall</b>	see section 8.2(c)
<b>Register</b>	see section 4.10
<b>Related Securities</b>	in relation to a Housing Loan, means: (a) any Relevant Document for that Housing Loan; (b) any Insurance Policy or Insurance Proceeds with respect to the Housing Loan; (c) any Mortgage Insurance Policy or Mortgage Insurance Proceeds with respect to the Housing Loan; or (d) any other agreement specified as a Related Security for the Housing Loan in the Series Notice
<b>Relevant Documents</b>	means, with respect to a Housing Loan:

- (a) the Housing Loan;
- (b) the mortgage document in relation to that Housing Loan;
- (c) the certificate of title for the Mortgaged Property secured by each Receivable Security;
- (d) any amendment or replacement of such documents and any other document which is entered into by or executed in favour of the Approved Seller or Trustee (as the case may be) in connection with that Housing Loan after the Cut-Off Date; or
- (e) any other document specified as a **Relevant Document** in the relevant Series Notice,

but does not include any document or agreement which relates only to an Other Secured Liability (as that term is defined in the Trust Deed)

**Remaining Liquidity Shortfall**

means, in relation to a Collection Period, the amount (if any) by which the Liquidity Shortfall (if any) for that Collection Period exceeds the Available Liquidity Amount for that Collection Period

**Remittance Date**

means, in relation to a Collection Period, the date which is two Business Days prior to the Payment Date following the end of that Collection Period

**Residual Capital Unit**

has the meaning given in section 9.3

**Residual Capital Beneficiary**

see section 2.2

**Residual Income Unit**

has the meaning given in section 9.3

**Residual Income Beneficiary**

means the holder of the Residual Income Unit from time to time

**S&P**

Standard & Poor's (Australia) Pty Limited

**S&P Required Ratings**

means, in respect of an entity:

- (a) if that entity has a short term credit rating by S&P, a short term credit rating by S&P of A-2 (or above) and a long term credit rating by S&P of BBB (or above); or
- (b) if that entity does not have a short term credit rating by S&P, a long term credit rating by S&P of BBB+ (or above).

**Sale Notice**

means the Sale Notice (as defined in the Trust Deed) which may be given by Westpac to the Trustee after the

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	date of execution of the Series Notice and which is subsequently accepted by the Trustee
<b>Secured Moneys</b>	means all money which the Trustee is or at any time may become actually or contingently liable to pay to or for the account of any Mortgagee for any reason whatever under or in connection with a Transaction Document
<b>Security Trust</b>	means the trust established under the Security Trust Deed
<b>Security Trust Deed</b>	means the Security Trust Deed dated 16 May 2012 between the Trustee, the Security Trustee and the Trust Manager
<b>Security Trustee</b>	means BTA Institutional Services Australia Limited (ABN 48 002 916 396)
<b>Serial Paydown Conditions</b>	means, as at any Determination Date, <ul style="list-style-type: none"><li>(a) the aggregate Invested Amount of the Class B Notes and the Class C Notes is equal to or exceeds 17% of an amount equal to the aggregate Invested Amount of all Notes as at that Determination Date;</li><li>(b) the two year anniversary of the Settlement Date has occurred;</li><li>(c) following the making of all applications to be made by the Trust Manager on that Determination Dates as referred to in section 7.11(c), no Class A Charge Offs, Class B Charge Offs, Class C Charge Offs or Redraw Charge Offs will be made on the next Payment Date after that Determination Date;</li><li>(d) following the making of all applications to be made by the Trust Manager on that Determination Dates as referred to in section 7.8(d), there will be no Carryover Charge Offs;</li><li>(e) the average over the immediately preceding 12 Collection Periods of the aggregate Housing Loan Principal of all Housing Loans which are in Arrears for more than 90 days is not greater than 2%; and</li><li>(f) the Call Option Date has not occurred</li></ul>
<b>Servicer</b>	see section 2.2
<b>Servicer Transfer Event</b>	see section 9.4(i)

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<b><i>Servicing Agreement</i></b>	means the agreement so entitled dated 12 March 2002 (as amended) between, among others, Westpac Securities Administration Limited and the Servicer
<b><i>Series Notice</i></b>	means the Series 2012-1 WST Trust Series Notice dated 18 May 2012 between the Trustee, the Trust Manager, the Security Trustee, the Approved Seller and the Servicer
<b><i>Settlement Amount</i></b>	has the meaning given in the ISDA Master Agreement
<b><i>Stated Amount</i></b>	means, in relation to a Note and at any time, an amount equal to: <ul style="list-style-type: none"><li>(a) the Initial Invested Amount of that Note; less</li><li>(b) the aggregate of all Principal Payments made before that time in respect of that Note; less</li><li>(c) the Carryover Charge Offs in relation to that Note at that time</li></ul>
<b><i>Step-Up Margin</i></b>	means: <ul style="list-style-type: none"><li>(a) in relation to the Class A Notes, 0.25% per annum; and</li><li>(b) in relation to the Class B Notes and the Class C Notes, 0%</li></ul>
<b><i>Support Facility</i></b>	in relation to the Trust means: <ul style="list-style-type: none"><li>(a) the Liquidity Facility;</li><li>(b) the Redraw Facility;</li><li>(c) each Hedge Agreement;</li><li>(d) each Mortgage Insurance Policy; and</li><li>(e) any other document or agreement which is from time to time agreed between the Trustee and the Trust Manager to be a Support Facility for the purposes of the Trust</li></ul>
<b><i>Support Facility Provider</i></b>	means, in relation to the Trust, any person who has entered into or agreed to make available a Support Facility (other than a Mortgage Insurance Policy) to the Trustee in relation to the Trust
<b><i>Swap</i></b>	means the Basis Swap or the Interest Rate Swap
<b><i>Swap Provider</i></b>	means, in relation to a Hedge Agreement, the counterparty which enters into that arrangement with the Trustee and initially means Westpac
<b><i>Tax and Taxes</i></b>	means any tax, levy, impost, deduction, charge, rate,

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	stamp duty, financial institutions duty, bank accounts debit tax or any other tax, withholding or remittance of any nature which is now or later payable or required to be remitted to, or imposed or levied, collected or assessed by a government agency, together with any interest, penalty, charge, fee or other amount imposed or made in respect thereof
<b>Termination Date</b>	see section 9.6
<b>Threshold Rate</b>	see section 2.6
<b>Title Documents</b>	see section 9.5(a)
<b>Title Perfection Event</b>	means the events set out in section 9.11
<b>Total Available Funds</b>	see section 7.3
<b>Total Payments</b>	means, in relation to a Collection Period, all amounts paid or to be paid by the Trustee under section 7.8(a) in relation to that Collection Period
<b>Transaction Document</b>	means: <ul style="list-style-type: none"><li>(a) the Trust Deed;</li><li>(b) the Series Notice;</li><li>(c) the Servicing Agreement;</li><li>(d) the Security Trust Deed;</li><li>(e) the Liquidity Facility;</li><li>(f) the Redraw Facility;</li><li>(g) the Basis Swap;</li><li>(h) the Interest Rate Swap;</li><li>(i) the Dealer Agreement;</li><li>(j) the Note Issue Direction from the Trust Manager to the Trustee dated 18 May 2012; and</li><li>(k) the Notice of Creation of Trust in relation to the Trust dated 16 May 2012</li></ul>
<b>Trust</b>	means the Series 2012-1 WST Trust constituted under the Trust Deed and the Notice of Creation of Trust
<b>Trust Deed</b>	means the Master Trust Deed dated 14 February 1997 between Westpac Securities Administration Limited and The Mortgage Company Pty Limited
<b>Trust Expenses</b>	see section 7.8(c)
<b>Trust Manager</b>	Westpac Securitisation Management Pty Limited (ABN 73 081 709 211)

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<b>Trustee</b>	BNY Trust Company of Australia Limited (ABN 49 050 294 052)
<b>Trust Manager's Default</b>	see section 9.2(e)
<b>Trustee's Default</b>	see section 9.1(h)
<b>Unpaid Balance</b>	of a Housing Loan means the sum of: <ul style="list-style-type: none"><li>(a) the unpaid principal amount of that Housing Loan; and</li><li>(b) the unpaid amount of all finance charges, interest payments and other amounts accrued on or payable under or in connection with that Housing Loan or the related Mortgage or other rights relating to the Housing Loan</li></ul>
<b>Voting Mortgagee</b>	means: <ul style="list-style-type: none"><li>(a) for so long as the Secured Moneys of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders are 75% or more of total Secured Moneys, the Noteholders alone; and</li><li>(b) at any other time, each Mortgagee,</li></ul> provided that for the purposes of a resolution to make non-immaterial amendments to the Security Trust Deed, Voting Mortgagee shall mean any Noteholder
<b>Westpac</b>	Westpac Banking Corporation
<b>Westpac Group</b>	see section 5.1
<b>WLMI</b>	Westpac Lenders Mortgage Insurance Limited



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## Directory

### Approved Seller

Westpac Banking Corporation  
Level 20  
275 Kent Street  
Sydney NSW 2000

### Trust Manager

Westpac Securitisation Management Pty Limited  
Level 20  
275 Kent Street  
Sydney NSW 2000

### Trustee

BNY Trust Company of Australia Limited  
Level 2  
35 Clarence Street  
Sydney NSW 2000

### Servicer

Westpac Banking Corporation  
Level 20  
275 Kent Street  
Sydney NSW 2000

### Security Trustee

BTA Institutional Services Australia Limited  
Level 2  
35 Clarence Street  
Sydney NSW 2000

### Lead Manager

Westpac Banking Corporation  
Level 2  
275 Kent Street  
Sydney NSW 2000

### Dealer

Westpac Banking Corporation  
Level 20  
275 Kent Street  
Sydney NSW 2000

### Solicitors to Trust Manager and Approved Seller

Allens  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000