

Important information for customers with equipment finance contracts of \$1,000,000 or less.

Are you a business customer who has entered into, renewed or varied an *equipment finance contract* of \$1,000,000 or less since 12 November 2016? If so, the changes below will apply to your contract.

What is changing and what does it mean for you?

We have a strong commitment to supporting businesses and improving the way we do things. With this in mind, we're strengthening protections under *equipment finance contracts*, to make them more favourable for our small business customers. This has been done in consultation with the Australian Securities and Investments Commission and the Australian Small Business and Family Enterprise Ombudsman.

The changes take effect from 22 December 2017 and apply to *equipment finance contracts* entered into, renewed or varied since 12 November 2016 (including renewals and extensions that occur automatically when you retain goods after the end of your *equipment finance contract*). This notice describes the changes.

Is there anything you need to do?

No - you'll automatically receive the benefit of the changes described in this notice without the need for any update to your terms and conditions (so you won't receive new terms).

We're here to help

If you have any concerns or questions about your financing arrangements, please contact your Relationship Manager or call 132 142.

What's changing?	
Entire agreement clauses	We won't rely on clauses that limit our agreement with you to the written <i>equipment finance contract</i> . This means statements we make to you (in writing or otherwise) can form part of our agreement.
General indemnity clauses	If something goes wrong, we're limiting the kinds of loss we'll ask you to cover. We'll: <ul style="list-style-type: none">• only seek to recover losses that are a direct result of the matters covered by your general indemnity, and• not rely on the general indemnity to claim losses which arise from negligence, fraud or wilful misconduct of:<ul style="list-style-type: none">- any of our (or our related entities') employees, contractors or agents- any receiver or receiver and manager we appoint when exercising our rights as a holder of a security.



What's changing?

Unilateral variation clauses

We'll reduce our reliance on unilateral variation clauses. These are clauses that allow us to make changes to your *equipment finance contract* at any time, without your agreement.

Changes we can make.

Sometimes we need to make changes for reasons outside our control (see below). We can also still make changes to financial terms such as interest rates, implicit rates, payments, repayments, residual values, termination values, fees and charges (including introducing new ones), how we calculate financial terms and when we charge them. We need to be able to do this at any time in the normal course of our business.

We used to have broad rights to change other terms. However, we'll now only make changes to your other terms if:

- the change is for security reasons
- we reasonably consider you'll benefit from it
- it's administrative or minor, or corrects a mistake or omission
- it reflects changes to our business or technological systems
- it's not specific to you but is reasonable and made generally to similar products, product features or customers – this may include changes to reflect current industry or market products or conditions.

When we make changes, we'll always act fairly and reasonably towards you in a consistent and ethical manner.

Notice of changes.

We'll generally give you at least 30 days' notice of changes. Exceptions are:

- **Changes that are out of our control.** These are:
 - changes to interest rates and implicit rates which incorporate an external variable reference rate (we can't give you prior notice of these because we don't set the external variable rate)
 - changes to government charges that are published by the government (we won't provide notice of these)
 - changes required to comply with law, a code of practice, a regulator's requirements or guidance or decisions of courts or other dispute resolution processes (you'll receive less than 30 days' notice if the law requires this, or we consider an immediate change is required for security reasons or the change is covered elsewhere in this part and we've said you'll get less than 30 days' notice).
- **Changes to pricing.** These include changes to interest rates and margins. You'll get notice no later than the day the change takes effect unless:
 - the rate incorporates an external variable reference rate (we can't give you prior notice of these because we don't set the external variable rate)
 - the change is a margin change that's only made to your terms and we consider it will be unfavourable to you at the time the change is made (you'll get at least 30 days' notice).
- **Changes made only to your terms.** If a change is specific to you (other than the kinds of changes referred to above), you'll get less than 30 days' notice, or no notice, where it's reasonable for us to manage a material and immediate risk.

Financial indicator covenants

We won't require you to comply with any financial indicator covenants in your *equipment finance contract*. An example of a financial indicator covenant we won't rely on is an obligation to maintain a particular debt service cover ratio (DSCR).

What's changing?

What can trigger default or repudiation

We can exercise certain rights under your *equipment finance contract* only after an event of default or after you are taken to have repudiated the contract (eg because you breach an essential term). We'll only exercise those rights if one or more of the following occurs. However, this doesn't apply to an *EF revolving limit*.

- you or a guarantor don't pay any amount payable under any *equipment finance contract* or a supporting security interest within 2 business days after its due date
- you don't comply with the law or any requirement of any authority (unless the failure can be rectified and is rectified within 30 days after we ask you to do so or any longer period we agree)
- any of the following happen:
 - you or a guarantor become *insolvent*
 - another creditor takes *enforcement proceedings* against you or a guarantor
- you or a guarantor give us incorrect, incomplete or misleading information or make misleading or incorrect declarations or representations to us in connection with any of your *equipment finance contracts* and we consider this materially increases our security risk
- you or a guarantor are subject to a change in management (which we reasonably consider to be material) or a change in control (except, in each case, where the change can be rectified and it's rectified within 30 days after we ask you to do so or any longer period we agree)
- you don't give us copies of your or a guarantor's financial statements, accounts or other financial information in the form we reasonably require within 30 days of the date you are required to give them to us
- you or a guarantor don't maintain or comply with any licence which we reasonably consider is necessary in connection with the *goods* or to carry on your or the guarantor's business (unless the failure can be rectified and it's rectified within 30 days after we ask you to do so or any longer period we agree)
- you or a guarantor don't maintain the insurance we require (unless the failure can be rectified and is rectified within 30 days after we ask you to do so or any longer period we agree)
- you or a guarantor don't comply with an obligation not to create or allow another interest in, or dispose, or part with possession of the *goods* or any property over which we have a security interest (or attempt to do so)
- you fail to comply with an obligation:
 - to use, operate or service the *goods* properly
 - to keep the *goods* in good repair or condition
 - not to alter or make additions to the *goods*
 - not to affix the *goods* to property that is not subject to a security interest in our favour(unless the failure can be rectified and is rectified within 30 days after we ask you to do so or any longer period we agree)
- we:
 - call for early repayment of money owing under a separate financing arrangement you or a guarantor have with us; or
 - otherwise enforce a security interest we hold over your or a guarantor's assets in connection with any *equipment finance contract*,because of an event of default (however described) under that arrangement (but only if the event of default is of a type that would be permitted if unfair contract terms laws applied to that arrangement)

Of course, if your current arrangements give you more time to rectify something than what is described above, we'll ensure you're given that extra time.

How does this notice affect *EF revolving limits, progress payment commercial loans and insurance premium funding*?

This notice doesn't affect the situations where we can terminate an *EF revolving limit*. If you have an *EF revolving limit*, see the terms of that facility for details of when we can do this. If your *EF revolving limit* is terminated, we're under no obligation to sign any further loan, lease or hire purchase schedules, for any further goods. However, your existing equipment finance contracts provided in connection with the *EF revolving limit* will continue.

We'll exercise our rights under *progress payment commercial loans* and *insurance premium funding* consistently with our commitments described above. However:

- this notice doesn't affect any obligation you have under a *progress payment commercial loan* to pay cost overruns (eg where the remaining loan funds are not sufficient to meet remaining construction costs), and
- you can still be in default under a *progress payment commercial loan* if you fail to pay cost overruns, the builder becomes insolvent, or you fail to comply with obligations relating to construction timetables or milestones and we reasonably consider the relevant circumstances materially increase our security risk or will do so (unless the circumstances can be rectified and they're rectified within 30 days after we ask you to do so or any longer period we agree).

How does this notice affect security documents?

If we need to enforce our rights under any securities (eg guarantees, goods security, general security agreements or mortgages) given to us for your *equipment finance contract*, we'll exercise our rights under those securities in a way that is consistent with our commitments described above. However, some securities may secure other arrangements we've entered into with you or your guarantors. Our rights under those other arrangements and corresponding supporting securities are not affected by this notice.

Meaning of terms

<i>enforcement proceedings</i>	means a person: <ul style="list-style-type: none">• commences proceedings in a court to recover a debt or to recover possession of property subject to a security interest• otherwise enforces a security interest by taking possession of property (or taking steps to do so) or exercising a power of sale• applies to a court to appoint a provisional liquidator• enforces a judgment against another person or their assets
<i>equipment finance contract</i>	is our agreement with you under: <ul style="list-style-type: none">• a Westpac standard lease agreement schedule together with the <i>general conditions booklet (lease)</i> where the total rental charges are \$1,000,000 or less at the time of the agreement, renewal or variation• a Westpac standard commercial hire purchase agreement schedule together with the <i>general conditions booklet (hire purchase)</i> where the total credit charges are \$1,000,000 or less at the time of the agreement, renewal or variation• a Westpac commercial loan agreement schedule together with the <i>general conditions booklet (goods loan)</i> where the principal sum is \$1,000,000 or less at the time of the agreement, renewal or variation• an <i>EF revolving limit</i> and each <i>lease, hire purchase, and goods loan</i> entered into in connection with the <i>EF revolving limit</i>.
<i>EF revolving limit</i>	a Westpac equipment finance- revolving limit, provided under a Westpac "Business Finance Agreement" where the total facilities under the Business Finance Agreement are \$1,000,000 or less (based on facility limits at the time of the agreement, renewal or variation). The Business Finance Agreement may include facilities in addition to the equipment finance - revolving limit, and this notice doesn't affect those other facilities.
<i>general conditions booklet</i>	the Westpac Equipment Finance Memorandum of Common Provisions general conditions booklet and any addendum or schedule which refers to that booklet.
<i>goods</i>	the goods the subject of your <i>equipment finance contract</i> .

Meaning of terms (continued)

<i>insolvent</i>	<p>a person is insolvent if:</p> <ul style="list-style-type: none"> • they're unable, or state they're unable, to pay their debts when they fall due, they enter into any assignment, arrangement or composition with any creditors or are otherwise taken to have committed an act of bankruptcy • they're in liquidation, in provisional liquidation, under administration or wound up or have had a controller (as defined in the <i>Corporations Act 2001</i> (Cth)) appointed to their assets • they're subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, or dissolved (except to carry out a solvent reconstruction or amalgamation) • they're taken to have failed to comply with a statutory demand • an authority has appointed an administrator or investigator to them or their assets • something having a substantially similar effect to any of the things described above happens to that person.
<i>insurance premium funding</i>	a Westpac insurance premium finance - offer to borrow where the total amount financed is \$1,000,000 or less at the time of the agreement, renewal or variation.
<i>progress payment commercial loan</i>	means our agreement with you under a progress payment commercial loan agreement if the limit of the loan is \$1,000,000 or less at the time of the agreement, renewal or variation.

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