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DEPOSIT GAP LOAN GENERAL TERMS & CONDITIONS

1. Definitions

In these Ts&Cs, terms defined in the Offer Schedule and elsewhere in your Deposit Gap Loan Letter of Offer will have the meanings given to them there, and the following terms will have the following meanings, *unless* the context otherwise requires:

“Administration Fee” means the fee set out in the Offer Schedule payable if the Deposit Gap Loan is repaid within two (2) years after the date of Settlement;

“Borrower / you / your” means the ‘Borrower’ specified in your Deposit Gap Loan Letter of Offer;

“Business Day” means a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Australia;

“Default Event” is defined in paragraph 8.1;

“Default Interest Rate” means an interest rate of two percent (2%) each year, that we may charge *in addition* to the Interest Rate, if a Default Event has occurred and is continuing, *including* if you have not made a Loan Payment by the due date, being a reasonable pre-estimate of the costs to us arising from such late payment or Default Event occurring;

“Default Notice” means a notice informing you that a Default Event has occurred and requiring you to fix the default within a set period and/or setting out the consequences of the default;

“Deposit Gap Loan Investor” means a wholesale and/or retail client that invests in the ‘OSQO Deposit Gap Loan Direct Fund’ or

‘OSQO Deposit Gap Loan Pooled Fund’ in order to fund the Loan, as the case may be.

“Deposit Gap Loan Letter of Offer” means the letter approving your application for, and making an offer of, a deposit gap loan accompanied by these Ts&Cs, and once such an offer is issued, it will become your Deposit Gap Loan Letter of Offer for the purposes of your Loan Agreement (and will supersede any conditional approval document or other prior correspondence or offer from us);

“Establishment Fees” means the ‘establishment fee’ and ‘broker fee’ (but not the ‘caveat fee’, ‘second mortgage fee’ or Administration Fee) set out in the Offer Schedule in ‘Fees & Charges’;

“Fees & Charges” means the fees and charges set out in the Offer Schedule;

“Home Loan Lending Institution” means the bank or other financial institution you chose to provide a home loan for the purchase of the Property, as specified in the Offer Schedule, which lends the remainder (in excess of the Loan Amount and your savings) of the Property purchase costs secured by a registered first (1st) ranking or other mortgage over the Property;

“Interest Rate” means the variable rate of interest set out in the Offer Schedule, *subject* to change before or after Settlement;

“Lender / we / us / our” means the ‘Lender’ specified in the Offer Schedule;

“Loan” means the Loan Amount we are lending to you under your Loan Agreement, *including* interest calculated in accordance with the Interest Rate (and any Default Interest Rate), Property Growth Interest and all applicable Fees & Charges;

“Loan Agreement” means your Deposit Gap Loan Letter of Offer together with these Ts&Cs;

“Loan Amount” means the money that we have offered to lend to you set out in the Offer Schedule;



“**Loan Payment**” means the Loan payment you must make each month calculated by us in accordance with the Interest Rate, to be made monthly in arrears from the date of Settlement;

“**LVR**” means Loan to Value Ratio;

“**Monies Owing**” means the aggregate balance of your Loan, *including* all Fees & Charges, any unpaid interest, Property Growth Interest and all other amounts expressed to be payable by you to us under your Loan Agreement;

“**Offer Schedule**” means the schedule to your Deposit Gap Loan Letter of Offer;

“**Period 1**” means a period of ten (10) years (*subject* to your decision to switch to Period 2 if you achieve an LVR of *less than eighty percent (80%)*) after the date of Settlement during which interest only Loan Payments are payable and Property Growth Interest accrues;

“**Period 2**” means the period beginning at the end of Period 1, at the start of which Property Growth Interest accrued during Period 1 is added to your Loan Amount and principal and interest Loan Payments are payable for the remainder of the Term;

“**Privacy Policy**” means our Privacy Policy, available at www.osqo.capital.

“**Property**” means the property you have contracted to purchase, as specified in the Offer Schedule;

“**Property Growth Interest**” means an amount in Australian dollars (A\$) calculated as follows, but which can never be *less than zero (0)*:

$$\text{PGI} = \text{Loan} \times [(\text{Ir} / \text{Is}) - 1]$$

where:

PGI = the Property Growth Interest;

Index = the index of values of properties in the local area in which the Property is located, known as (at the date of your Deposit Gap Loan Letter of Offer) the

‘CoreLogic Daily Home Value Index’ published by [RP Data Pty Ltd](#) (ACN 087 759 171) (trading as ‘CoreLogic’) from time to time, or another equivalent index from a reputable provider we nominate;

Is = the value of the Index at the Purchase Date; and

Ir = the value of the Index at the date you repay your Loan to us or switch to Period 2 (as applicable);

“**Purpose**” means funding the balance of a twenty percent (20%) deposit for the purchase of the Property;

“**Purchase Date**” means the day the offer to purchase the Property is accepted;

“**Security**” means the caveat and any second (2nd) ranking or other mortgage or security which we, in our absolute discretion, may register with respect to the Property at the start of Period 2;

“**Settlement**” means settlement of the purchase of the Property, on the date on which the Home Loan Lending Institution and we advance loan funds and ownership of the Property passes to you;

“**Term**” means a term of thirty (30) years after the date of Settlement, comprising Period 1 and Period 2, or until you pay all Monies Owing; and

“**Ts&Cs**” means these Deposit Gap Loan General Terms & Conditions.

2. Entering a legal agreement

2.1 Settlement date

- (a) *Agreement* - There is no binding legal agreement between us until Settlement.
- (b) *Changes* - Up to Settlement, we have the right to change the terms of your Loan Agreement, withdraw



it, or refuse to fund your Loan for any reason at our discretion.

2.2 If Settlement does not occur - If Settlement does not occur for any reason, you may be liable for costs and we will not be liable for any resulting loss, damage, cost or expense.

2.3 Multiple borrowers

- (a) *Binding* - If there is *more* than one of you, then your Loan Agreement applies to and binds each of you jointly and severally.
- (b) *Responsibility* - If any one (1) or more of you does anything in relation to your Loan Agreement or any Security, all of you will be responsible for the transaction, even if you didn't authorise the transaction.

3. Before your Loan is advanced

3.1 Conditions

- (a) *Satisfaction* - We will only advance funds once we are satisfied that all relevant conditions are met.
- (b) *Requirements* - The following must be completed before or at Settlement:
 - (i) ID - our customer identification procedures;
 - (ii) SIGNATURE - you sign your Deposit Gap Loan Letter of Offer;
 - (iii) CHARGES - payment of any Establishment Fees; and
 - (iv) OTHER - any other requirements set out in your Deposit Gap Loan Letter of Offer.

3.2 Representations & warranties - When you sign your Deposit Gap Loan Letter of Offer, and each day during the Term

of your Loan Agreement, you represent and warrant to us that:

- (a) *information* - all the information you have provided to us is complete, correct and not misleading or deceptive and you have disclosed to us all important information relevant to us providing your Loan to you;
- (b) *finances* - your financial information, *including* your income and expenses, provided at the time of conditional approval remains unchanged;
- (c) *notify* - you will promptly notify us if a new right or interest is acquired in relation to the Property or if the Home Loan Lending Institution advances additional funds;
- (d) *past default* - no Default Event has occurred; and
- (e) *resulting default* - no Default Event will occur as a result of you signing your Deposit Gap Loan Letter of Offer.

4. Loan advance

- 4.1 Purpose - You must only use your Loan for the Purpose.
- 4.2 Establishment Fees - The Loan Amount advanced to you at Settlement *includes* the Establishment Fees.
- 4.3 Loan Amount round up - If your Loan Amount is not divisible by 100, it will be rounded up to the nearest one hundred dollars (A\$100) ("**Round Up Amount**"), as each Deposit Gap Loan Investor will be issued units (in return for their investment) in one hundred dollar (A\$100) increments. We will retain the Round Up Amount and apply it on your behalf as a deduction from your first (1st) Loan Payment.



4.4 Fees & Charges

- (a) *Payment* - You must pay all applicable Fees & Charges, as set out in your Deposit Gap Loan Letter of Offer, at Settlement and otherwise when due.
- (b) *Changes* - Acting reasonably, and *subject to thirty (30) days'* prior written notice and paragraph 11.4(c), we may change the Fees & Charges or introduce new fees and charges, *except* that the method of calculating the Property Growth Interest will not be varied during the term of your Loan.

5. Loan Payments, Interest Rates and Property Growth Interest

5.1 Obligation to pay - You irrevocably agree:

- (a) *debt* - that the Monies Owing represent a debt payable by you to us;
- (b) *payments* - to make Loan Payments and pay all Fees & Charges specified in your Deposit Gap Loan Letter of Offer and any other amounts that become due under your Loan Agreement; and
- (c) *in full* - that all amounts payable by you under your Loan Agreement or any Security must be paid in full, on the due date and (to the extent permitted by law) free of any set-off or counter-claim of any kind, and free and clear of, and without, deduction or withholding of any kind.

5.2 Loan Payments

- (a) *Offer Schedule* - The Interest Rates and Loan Payments specified in the Offer Schedule are correct at the date of your Deposit Gap Loan Letter of Offer,

but may change before or after Settlement.

- (b) *Periods 1 & 2* - As outlined in the Offer Schedule, and *subject to* paragraph 5.3, you agree to make:
 - (i) IO - interest only Loan Payments during Period 1; and
 - (ii) P&I - principal and interest Loan Payments during Period 2.

5.3 Interest

- (a) *Interest payment / amount* - You must pay interest to us at the Interest Rate on the balance of the Monies Owing. Interest is calculated by applying the Interest Rate to the Monies Owing at the end of each day, and the daily interest rate is the applicable Interest Rate divided by 365.
- (b) *Interest accrues daily* - Interest accrues on a daily basis from the day we advance money.
- (c) *Timing* - You must make Loan Payments monthly in arrears from the date of Settlement.
- (d) *Initial and subsequent Loan Payments* - You must make the initial Loan Payment at the end of the first (1st) full month following Settlement, and you will make subsequent Loan Payments at the end of each month afterwards.
- (e) *Changes* - If the Interest Rate or other terms change, your Loan Payments will change and such change will be communicated to you in writing at *least two (2) Business Days* before the day that the change takes effect.
- (f) *Capitalisation* - If you fail to make a Loan Payment when it is due, then the amount of the interest will



be capitalised and form part of the Monies Owing.

5.4 Default Interest Rate - If a Default Event has occurred and is continuing, *including* if you have been late in making a Loan Payment, we can charge you a Default Interest Rate on top of the Interest Rate in respect of any amount in default, until you pay the outstanding amount.

5.5 Property Growth Interest (PGI)

(a) *Nature* - Property Growth Interest is a payment you must make to us to reflect the increase in value of the Property (if any) during Period 1.

(b) *Period 1 PGI accrual* - Property Growth Interest accrues during Period 1.

(c) *Period 2 PGI added to Loan Amount* - The Property Growth Interest accrued during Period 1 is added to the Loan Amount at the start of Period 2 and is repaid by way of principal and interest payments for the remainder of the Term.

5.6 Payment of all Monies Owing

(a) *Property transfer* - You must pay all Monies Owing at the time you sell or otherwise transfer the Property.

(b) *End of Term* - You must pay all Monies Owing by the end of the Term.

(c) *With notice during Term* - Subject to paragraphs 5.6(d) and 5.7, you may pay the Monies Owing at any time, by giving us at *least thirty (30) days* prior written notice, in which case the Monies Owing will be payable at the end of the month in which the *thirtieth (30th) day* of such notice falls.

(d) *In Period 1* - If you pay the Monies Owing to us during Period 1, you

must also pay the Property Growth Interest to us (calculated up to the end of the *thirty (30) day* notice period referred to in paragraph 5.6(c)).

5.7 Payment of Monies Owing within 2 years - If you pay the Monies Owing within *two (2) years* after the date of Settlement, then you must also pay the Administration Fee to us.

5.8 Method of payment - You must give us a signed direct debit authority or other authorisation to allow us to debit Loan Payments from your account or credit card until your Loan is fully repaid.

5.9 Application of payments - When you make a Loan Payment to us, we will apply it as follows:

(a) *charges* - firstly (1st), towards payment of any Fees & Charges then outstanding;

(b) *interest* - secondly (2nd), towards payment of interest;

(c) *Property Growth Interest* - thirdly (3rd), towards payment of Property Growth Interest; and

(d) *other* - fourthly (4th), towards payment of any other Monies Owing.

6. Property

You must:

6.1 state - maintain, and undertake in a timely fashion all repairs necessary to keep, the Property in a good state of repair;

6.2 insurance - maintain adequate insurance with respect to the Property;

6.3 outgoings - pay any amount required to be paid in connection with the Property (*including* council rates, water rates and land tax) within *sixty (60) days* after the due date.



7. Security

In consideration of us agreeing to provide you with the Loan, at the start of Period 2:

- 7.1 caveat - you must consent to us lodging or registering a caveat in respect of the Property; and
- 7.2 second mortgage - we may require you to provide a registered second (2nd) ranking or other mortgage or security over the Property (or any proceeds derived from the Property) in our favour, as security for the due and punctual repayment of the Loan and the performance of all your other obligations under your Loan Agreement, and you must execute and deliver such documents as reasonably required by us in this regard.

8. Default

- 8.1 Default Events - You will be in default if one (1) or more of the following events occurs, each being a “**Default Event**”:
- (a) *non-payment* - you do not make a Loan Payment by the date such payment is due to us under your Loan Agreement;
- (b) *non-payment* - you do not pay all or part of any Monies Owing by the date that such payment is due under your Loan Agreement;
- (c) *insolvency* - you become insolvent, bankrupt, commit an act of bankruptcy or you make any arrangement with your creditors;
- (d) *enforcement* - another creditor takes enforcement proceedings against you or your assets;
- (e) *information* - any information you have provided to us in relation to your Loan Agreement is untrue, incorrect, misleading or deceptive in a material way at the time it was made or repeated;

- (f) *purpose* - you use your Loan for a purpose we have not approved, for an illegal or improper purpose, or to finance an illegal or improper activity;
- (g) *breach* - you breach, or any person on behalf of you breaches, any material undertaking given to us or any material condition we impose;
- (h) *damage* - the Property is substantially damaged or destroyed and we consider (in our reasonable opinion) that the Property cannot be expected to be reinstated within a reasonable time;
- (i) *control* - the Property is taken out of your control; and
- (j) *breach* - you otherwise breach your Loan Agreement.

8.2 Informing - You must tell us in writing as soon as you become aware of any Default Event occurring.

8.3 Consequences

- (a) *Notification* - If a Default Event occurs, we may issue a Default Notice requiring you to fix the default within a set period.
- (b) *Consequences* - If the default cannot be remedied, or is not remedied within the set period, we may do any one (1) or more of the following:
- (i) **PAYMENT** - issue a Default Notice demanding immediate payment of any Loan Payment or other amount owing under your Loan Agreement;
- (ii) **ENDING** - immediately end your Loan Agreement and require you to pay all Monies Owing; and



- (iii) RIGHTS - exercise any right, power, or privilege conferred by any law, your Loan Agreement, or any Security, *including* collaborating with the Home Loan Lending Institution in relation to the Property.

- 8.4 Enforcement Expenses - You indemnify us from any enforcement expenses incurred by us if you default. These costs will not exceed our reasonable enforcement costs, *including* our internal costs.
- 8.5 Payment of enforcement expenses - We may require you to pay enforcement costs immediately, capitalise them into your Loan account, collect them with your regular Loan Payments, or require them to be paid by one or more repayments.

9. Term and Periods 1 and 2

- 9.1 Loan Agreement Term - *Subject* to paragraph 5.6(c), paragraph 11.4(c) or us ending your Loan Agreement because of a Default Event, your Loan Agreement will begin on the date of Settlement and continue for the duration of the Term.
- 9.2 Period 1 (Interest Only period) - Period 1 of the Term is for a period of ten (10) years, *unless* you achieve an LVR *less* than eighty percent (80%) and you request, and we agree, to switch your Loan to Period 2 (in which case Property Growth Interest will no longer accrue).
- 9.3 Period 2 (Principal & Interest period) - Period 2 of the Term begins at the end of Period 1 and continues until the end of the Term.

10. Notices

- 10.1 Statements of account - We will give you statements of account at *least* every three (3) months. You may request

statements of account more frequently by contacting us.

- 10.2 Important Information - Your statement of account will contain important information and you should ensure that you:
- (a) *transactions* - keep records of all your transactions and check them carefully against your statements; and
- (b) *contact* - contact us promptly if you believe entries or transactions are incorrect or not authorised.
- 10.3 Writing - All notices and other communications between you and us must be in writing.
- 10.4 Electronic - You agree to receive notices and other communications from us by electronic means. This may be by electronic mail to the email address you have provided to us, or by publishing the notice or communication on our website.
- 10.5 Receipt - Where a notice or other communication is sent by email, the recipient will be taken to have received the email thirty (30) minutes after it has been sent, *unless* the sender receives an automated message that the email has not been delivered.

11. General

- 11.1 Disclosing Information - We are permitted to disclose any information you have given us or any information in relation to your Loan Agreement:
- (a) *entities* - to our related entities and service providers, *including* their officers, employees, agents, representatives, delegates, consultants and advisers and to any persons to whom we say we will make disclosures in our Privacy Policy;
- (b) *public* - if the information is in the public domain;



- (c) *consent* - if you have given us consent to disclose it; or
- (d) *required* - if we are required to disclose it by law.
- 11.2 Privacy - We will deal with any personal information we collect about you in accordance with our Privacy Policy.
- 11.3 Indemnity
- (a) *Indemnity* - You will indemnify us and our officers, employees and agents for any claim, loss, liability or expense which we or they may suffer or incur (*including* legal costs on a full indemnity basis) as a result of:
- (i) **DEFAULT** - a Default Event occurring; and/or
- (ii) **RIGHTS** - the exercise or attempted exercise of any power or right we have after a Default Event occurs,
- except* to the extent caused or contributed to by us and/or our officers, employees and agents.
- (b) *Continuation* - This indemnity continues even after your Loan Agreement has ended.
- 11.4 Amendments to Loan Agreement
- (a) *Changes / notice* - We may make amendments to your Loan Agreement (in accordance with any other terms, *including* paragraph 4.4(b)), but we will give you prior written notice of any changes which will have a material impact on you.
- (b) *Administration* - We will notify you of any non-material changes, *including* of an administrative nature (such as to correct a mistake), no later than the day the change takes effect.
- (c) *Impact* - If any variation made has an adverse impact on you, you may end your Loan Agreement without penalty, by paying the Monies Owing. Fees & Charges may be payable if you end your Loan Agreement.
- 11.5 Goods & services tax - Where you are required to make a payment to us (the "**Original Amount**"), you must add any applicable goods and services tax ("**GST**") to that payment, if it is not already *included*, to ensure that after deduction of GST, we receive *no less* than the Original Amount.
- 11.6 Assignment
- (a) *You* - You are not permitted to assign or transfer your rights and/or obligations under your Loan Agreement without our prior written consent.
- (b) *Us* - On reasonable prior written notice to you, we may assign or transfer our rights and/or obligations under your Loan Agreement at any time and provide information about you to the proposed assignee or transferee.
- 11.7 Waiver - A provision of your Loan Agreement or a right created under it may not be waived, *except* in writing signed by the party granting the waiver.
- 11.8 Exercising rights - A party may exercise a right at its discretion and separately or together with another right. If a party exercises a single right or only partially exercises a right, then that party may still exercise that right or any other right later. If a party fails to exercise a right or delays in exercising a right, then that party may still exercise that right later. *Notwithstanding* paragraph 11.3, the rights and remedies of the Lender provided in your Loan Agreement are cumulative with and *not exclusive* of the



rights and remedies provided by law independently of your Loan Agreement.

11.9 Severance - If any provision of your Loan Agreement is void, voidable, unenforceable, illegal, prohibited or otherwise invalid in a jurisdiction, in that jurisdiction the provision must be read down to the extent it can be to save it, but if it cannot be saved by reading it down, words must be severed from the provision to the extent they can be to save it, but if that also fails to save it the whole provision must be severed. That will not invalidate the remaining provisions of your Loan Agreement nor affect the validity or enforceability of that provision in any other jurisdiction where it is not invalid.

11.10 Governing law - Your Loan Agreement is governed by and to be construed in accordance with the laws of Victoria, Australia.

12. Interpretation

12.1 Interpretation - In your Loan Agreement, *unless* the context otherwise requires:

- (a) *headings* - headings are for ease of reference only and do not affect interpretation;
- (b) *inclusion* - specifying anything in your Loan Agreement after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included, *unless* there is express wording to the contrary;
- (c) *number* - a reference to the singular *includes* the plural and the other way around;
- (d) *gender* - a reference to a given gender *includes* all other genders;
- (e) *grammar* - other parts of speech and grammatical forms of a word or phrase defined in your Loan Agreement have a corresponding meaning;

- (f) *defined terms* - words or phrases appearing in a certain context in your Loan Agreement in relation to a body corporate which, when used in a similar context in the *Corporations Act 2001* (Cth) would have a particular meaning as at the date of your Loan Agreement, have that meaning in your Loan Agreement;
- (g) *persons* - a reference to a person or party *includes* a natural person, a company or any other type of entity or body recognised by law and any executor, administrator, successor in law, permitted substitutes and permitted assigns of the person (and, where applicable, the person's legal personal representatives);
- (h) *legislation* - a reference to any legislation or legislative provision *includes* any statutory modification or re-enactment of, or legislation or legislative provision substituted for, that legislation or legislative provision, and *includes* all subordinate legislation, regulations or instruments issued under it;
- (i) *agreements* - a reference to any agreement or document (*including* your Loan Agreement) is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time, *except* to the extent prohibited by the agreement or document;
- (j) *things* - a reference to any thing (*including* a right, obligation or concept) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one (1) or more of them;



- (k) *time* - a reference to time is to local time in Melbourne, Australia;
- (l) *timing* - the expression 'at any time' *includes* reference to past, present and future time and the performance of any action from time to time; and
- (m) *language* - the language in all parts of your Loan Agreement will be in all cases construed in accordance with its fair and common meaning.

12.2 Priority - If there is any conflict between any provisions of:

- (a) *offer* - these Ts&Cs and your Deposit Gap Loan Letter of Offer, the terms of your Deposit Gap Loan Letter of Offer will prevail; and/or
- (b) *agreement* - any Security or guarantee and your Loan Agreement, the terms of your Loan Agreement will prevail.

12.3 Other terms

- (a) *Application* - Other terms and conditions may apply to your Loan Agreement, such as those implied by law.
- (b) *Exclusion / priority* - However, to the extent permitted by law, any external terms and conditions are *excluded* from your Loan Agreement, and the terms and conditions of these Ts&Cs will prevail in the event of any inconsistency.
- (c) *Limitation* - If the law implies terms and conditions which cannot be *excluded*, our liability to you under those implied terms and conditions will be limited to the maximum extent permitted by law.