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31 October 2018

Hello

ME is making changes to how mortgage broker commissions will be calculated. These changes are based on recommendations from the ASIC Broker Remuneration Review and Sedgwick Retail Banking Remuneration Review.

As of **1 December 2018**, broker commissions on new home loan applications will be based on the amount drawn instead of the total approved amount.

This amount will also be calculated minus any offset facility.

To reflect these recommendations and in accordance with clause 9.4 of your ME Retail Lending Aggregator Engagement Agreement ("Agreement"), ME has changed Schedule 1 of our Agreement.

Please see attached the new and original versions of Schedule 1, which will vary your commission payment from ME and become effective from 1 December 2018.

Moving forward, the upfront commission will now be calculated six days from the settlement date, and the commission will be calculated on the drawn amount minus any funds held in any offset account by the customer in excess of \$10,000.

Everything else in the Agreement, including the commission calculation for Top up Commission and Trail Commission, remains unchanged.

Questions?

For questions or enquiries about the changes please contact:

Mathew Patterson
Head of Broker Sales
+61 0432 004 954
Mathew.Patterson@mebank.com.au

SCHEDULE 1

COMMISSION

The commissions set out in this Schedule are exclusive of GST.

We will pay the GST in addition to the amount specified below.

Current Loan Products	Upfront Commission	Trail Commission
Basic Home Loan funded by ME	0.65% of the loan amount settled	0.15% p.a. on the outstanding Loan balance
Flexible Home Loan funded by ME with or without Member Package * * Customer may have an EveryDay Transaction Account linked to their loan as an offset account. If so, commission is calculated each month on the outstanding daily loan balance less the daily balance of available funds in the EveryDay Transaction Account.	0.65% of the loan amount settled	0.15% p.a. on the outstanding Loan balance
Old Loan Products. These are no longer to be sold (with the exception of Top Ups on existing loans)	Upfront Commission	Trail Commission
Standard Home Loan funded by ME Bank	0.65% of the loan amount settled	0.15% p.a. on the outstanding Loan balance
Interest Only Investment Loan funded by ME Bank	0.65% of the loan amount settled	0.15% p.a. on the outstanding Loan balance
Ultimate Offset Account funded by ME Bank* with or without Member Package * Commission is calculated each month on the outstanding daily loan balance less the daily balance of available funds in the Customer's Ultimate Offset Transaction Facility.	0.65% of the loan amount settled	0.15% p.a. on the outstanding Loan balance

Upfront Commission:

Upfront commission will be paid within 10 business days of the end of the calendar month during which the Loan was settled.

Upfront commission is only payable on:

- new Loans; and
- principal increases to existing loans (“**Top Ups**”) subject to the provisions of Point 4 of this Schedule 1.

Upfront commission is not payable on transfers of Loans to new properties.

Trail Commission:

Trail commission accrues from day one of the Loan and will be paid within 10 business days at the end of each calendar month.

Trail commission will not be paid in respect of Loans:

- (a) which are in arrears by 60 days or more;
- (b) which are in excess of their credit limit;
- (c) while scheduled repayments are not being made.

for the default period, even once the default is rectified, however commission will commence to accrue again once that default no longer applies.

Claw Back:

If a Loan is repaid in full or is terminated or cancelled within 18 months of the settlement date or the date of establishment of the facility, then you are not entitled to any further commission payments in respect of that Loan and you must refund to us the initial commission amount paid to you as follows:

Period	Percentage of trail commission to be refunded
12 months or less	100% of upfront commission paid
13 months to 18 months inclusive	50% of upfront commission paid

Other provisions regarding commission

1. Commission statement

- (a) We will provide you with a statement each month showing:
 - (i) the upfront and trail commission payable that month;
 - (ii) any adjustments to commission;
 - (iii) Loans that are discharged during the month.
- (b) You must check each commission statement carefully and notify us promptly of any discrepancy, error or omission.
- (c) If you do not make a claim with respect to a commission statement within six months of receipt of the statement, you are deemed to have accepted that the commission statement is accurate and is prohibited from making a claim against us for any discrepancy, error or omission contained in the commission statement.

2. No Trail Commission if unable to locate

If, for at least six months, we have been unable to locate you to arrange payment to you of any commission, we may cease paying commission including any accrued but unpaid commission.

3. No Trail Commission after variation of a Loan

If a mortgage broker or originator who is not you or one of your Representatives introduces a variation or principal increase to a Loan, all trail commission for that Loan will cease to be paid to you.

4. Top Ups to Loans

If you or your Representative submits an application for a Top Up on a Loan then:

- (a) upfront commission will be paid on the Top Up amount (but only if the Top Up amount is \$50,000 or more); and
- (b) trail commission will be paid on the outstanding Loan balance (irrespective of the Top Up amount),

at the rates specified above.

5. Paying out Trail Commission

We may at any time discharge our liability to make any further payments to you in respect of trail commission by paying to you the net present value of that commission calculated reasonably by us.

6. Solely Responsible for Third Parties

You are solely responsible for the remuneration of all your Representatives.

7. No liability except to pay commission

Despite any other provision of this Agreement, we are under no obligation to you other than to pay commission in accordance with this Agreement.

8. Certificate of amount due

Our certificate as to a matter or as to an amount payable in connection with this Agreement is conclusive and binding on you in the absence of manifest error.

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Upfront Commission:

The Upfront Commission will be paid within 16 business days of the end of the calendar month during which the Loan was settled and is payable based on the settled loan amount less any available credit balance that exceeds \$10,000 and is held by the Customer in a linked offset and/or redraw account calculated 6 business days from the loan settlement date.

Upfront commission is only payable on:

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- principal increases to existing loans (“**Top Ups**”) subject to the provisions of Point 4 of this Schedule 1.

Upfront commission is not payable on transfers of Loans to new properties.

Trail Commission:

Trail commission accrues from day one of the Loan and will be paid within 16 business days at the end of each calendar month.

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