



28 September 2007

By email: billsofexchange@treasury.gov.au

Marian Kljakovic
Manager
Market Integrity Unit
Corporations & Financial Services Division
Commonwealth Treasury
Langton Crescent
PARKES ACT 2600.

Dear Ms Kljakovic

Use of bills of exchange and promissory notes in consumer loans

Consumer Action Law Centre (**Consumer Action**) is pleased to have the opportunity to submit its views regarding Treasury's inquiry into the use of bills of exchange and promissory notes in consumer loans.

About Consumer Action

Consumer Action is an independent, not-for-profit, campaign focused, casework and policy organisation. It was formed by the merger of the Consumer Law Centre Victoria and the Consumer Credit Legal Service in 2006, and builds on the significant strengths of these two centres.

Consumer Action provides free legal advice and representation to vulnerable and disadvantaged consumers across Victoria, and is the largest specialist consumer legal practice in Australia. Consumer Action is also a nationally-recognised and influential policy and research body, pursuing a law reform agenda across a range of important consumer issues at a governmental level, in the media, and throughout the community directly.

Summary of submission

- (i) Based on the evidence Consumer Action has seen, bills of exchange and negotiable instruments are used as a device by fringe lenders to deny consumers the protection of the Uniform Consumer Credit Code (**the UCCC**). A number of consumer bodies

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throughout Australia have illustrated the use of bills of exchange and promissory notes in consumer contexts,¹ and Consumer Action has provided advice to consumers who were charged very high fees under loan agreements that involved or purported to involve the use of a promissory note.

- (ii) The use of bills of exchange and promissory notes is one of several devices used by lenders to avoid the application of the consumer protection provisions contained in the UCCC.²
- (iii) An examination of the published literature and Consumer Action's casework reveals that lenders on the margins of the lending market (ie. fringe lenders) are the group that typically uses bills of exchange and promissory notes to avoid the application of the UCCC. The loans advanced in this way are typically for small amounts, for a short duration and are advanced to vulnerable borrowers.
- (iv) Consumer Action recommends that the exemption in subsection 7(5) of the UCCC be removed by repealing that subsection. The combination of sections 6(1)(b) and 11(3) ensures that only advances of credit for personal, domestic or household purposes are subject to the UCCC. This allows consumers to be protected whilst preventing unnecessary interference with commercial transactions. Consumer Action does not support the introduction of a dollar amount at (or below) which consumers are protected by the UCCC, but above which they are not. Such an approach is not necessary considering the above sections (and the way they have been interpreted in case-law), and would lead to unnecessary complication and legal uncertainty. Consumer Action does not support any proposal that exempts bills of exchange and negotiable instruments issued by Australian Deposit-taking Institutions (**ADIs**) from regulation under the UCCC. There is not logical reason to exempt ADIs, and giving particular categories of lenders a 'license to avoid' the UCCC would not be a constructive regulatory move.

Background to the problem – avoidance of the UCCC

Lenders use (or purport to use) bills of exchange and promissory notes as a means of avoiding the application of the UCCC. The exclusion of bills of exchange and promissory notes by reason of section 7(5) of the UCCC is one of the 'loopholes' in the UCCC that lenders exploit

Considering that fringe lenders earn very high profit margins,³ it is not surprising that such lenders are proactive and energetic in finding loopholes that allow them to avoid the UCCC and the interest rate caps that operate in some jurisdictions.⁴ In this regard there is nothing

¹ 'Fringe Credit Providers: Decision-Making Regulatory Impact Statement and Final Public Benefit Test', Ministerial Council on Consumer Affairs, March 2006, pages 25-26.

² Submission to James Merlino MP Member for Monbulk: Consumer Credit Review Issue Paper Consumer Credit Legal Service Inc. & Consumer Law Centre Victoria, August 2005.

³ For example, the WA Department of Consumer and Employment Protection refers to an initial loan \$300 resulted in a debt of \$4,866, op cit 1.

⁴ Eg, 48% for unsecured and 30% for secured mortgages in Victoria. *Consumer Credit (Victoria) Act 1995*, section 39 (2).

'unique' about the bills of exchange and promissory notes loophole – it is one of several loopholes that fringe lenders use to avoid application of the UCCC and continue charging very high interest, fees and charges. Other UCCC avoidance strategies fringe lenders use include: soliciting false business purpose declarations,⁵ rent to buy contracts and interest free contracts (where the purchase price is inflated).⁶

Despite this, the exemption in subsection 7(5) of the UCCC is one of a number of major loopholes that fringe lenders use to advance loans (the terms of which would otherwise clearly be in breach of the UCCC). It should be noted that one difference between the use of bills of exchange and promissory notes and other avoidance devices mentioned here is that according to section 7(5), it appears that bills of exchange and promissory notes are clearly excluded from application of the UCCC, whereas regarding the other avoidance devices mentioned above it is unclear whether such devices effectively avoid application of the UCCC.⁷

Profile of lenders and borrowers who transact using bills of exchange and promissory notes

To identify the type of lenders who use bills of exchange and promissory notes to avoid the UCCC (and borrowers who enter into contracts with these lenders) this report examines:

- information published by other bodies; and
- examples from Consumer Action's practice.

Information published by other bodies

The Ministerial Council on Consumer Affairs (**the Ministerial Council**) in their report on fringe credit providers,⁸ report numerous instances of lenders using bills of exchange⁹ and promissory notes¹⁰ in relation to loans that clearly do not comply with applicable interest rate caps. The Ministerial Council's report outlines a case of a car loan of \$2,500 which was secured with a bill of exchange and which was subject to 180% per annum interest as well as numerous other fees and charges.¹¹ The Ministerial Council also reports a loan of \$300 which quickly resulted in the lender claiming entitlement to a debt of \$4,866.¹²

The Consumer Credit Legal Centre (NSW) in its submission to the Productivity Commission¹³ includes 15 case studies, three of which pertain to loans involving bills of

⁵ Submission by Consumer Credit Legal Centre (NSW) into the Productivity Commission Review of Australia's Consumer Protection Framework, June 2007, page 69.

⁶ Op cit 2.

⁷ For example, lenders who require borrowers to complete a business purpose declaration pursuant to section 11 (2) when the loan is clearly not for business purposes. *Togay v GMAC Australia Financial Services* [2007] VCAT 604 (18 April 2007)

⁸ Op cit 1, pages 25-26.

⁹ Op cit 1, page 26.

¹⁰ Op cit 1, page 25.

¹¹ Op cit 1, page 27.

¹² Op cit 1, page 25.

¹³ Op cit 5, page 69.

exchange or promissory notes. The typical amount lent was \$1,000-\$2,000.¹⁴ One of the case studies describes how a 68 year old woman on a Disability Support Pension was charged 225% annual interest for a loan that was secured over basic household necessities.¹⁵ Another case involved a schizophrenic man who borrowed \$1,000 repayable over 12 months (with an effective rate of interest of 150%).¹⁶ A third case involved a 45 year old woman on a Disability Support Pension who was loaned \$2000 and who was required to repay \$2753 within 32 weeks.¹⁷

The Consumer Law Centre of the ACT reports similar situations, with pay-day lenders charging interest rates of 230-855% in addition to other fees and charges.¹⁸ The Credit Ombudsman Service Limited refers to the Consumer Law Centre of the ACT's report, and agrees that there exists a small group of predatory lenders.¹⁹

Victoria's Consumer Credit Review also noted a growing problem of small-amount lenders avoiding the UCCC by using promissory notes.²⁰ David Niven and Tim Gough in their research describe how the typical promissory note loan involves a consumer borrowing a small amount (eg. \$1000) with the consumer signing a promissory note for a larger amount (eg. \$2000) representing the interest the lender will charge.²¹

From the reports of the various bodies outlined above, a number of the general characteristics of lenders and borrowers can be identified. Lenders who use bills of exchange and promissory notes fit the typical 'fringe lender' profile – they operate in the margins of the lending market offering loans for small amounts, for short periods, to borrowers whose financial situation (eg. income consisting entirely of social security) would deter responsible lenders from advancing a loan. These fringe lenders often secure their loans over borrowers' chattels. Borrowers who enter into bill of exchange or promissory note consumer loans tend to be financially poor (often relying exclusively or primarily on social security), and are especially vulnerable due to many factors including age, and physical and mental illness.

Examples from Consumer Action's practice

Consumer Action has provided advice to consumers who entered into loan agreements involving the use of promissory notes. In two cases the consumer was advanced a small amount with the requirement to repay a much higher amount in a short period of time.

One case involved a client referred by Gamblers' Help. This client borrowed \$580 from National Cash and was required to pay National Cash a total of \$1309.67 84 days later.

¹⁴ Op cit 5, case studies 9, 11 & 13.

¹⁵ Op cit 5, page 64.

¹⁶ Op cit 5, page 63.

¹⁷ Op cit 5, page 62.

¹⁸ Submission by the Consumer Law Centre into the Productivity Commission Review of Australia's Consumer Policy Framework, 24 May 2007, page 6.

¹⁹ Submission by the Credit Ombudsman Service Limited to the Economic and Finance Committee of The Parliament of South Australia's Inquiry in Consumer Credit and Investment Schemes

²⁰ Report of the Consumer Credit Review, Consumer Affairs Victoria, 2006, page 126.

²¹ David Niven and Tim Gogh, *The Operation of the Uniform Consumer Credit Code*, Consumer Credit Legal Service Inc. August 2004, paragraph 2.4.

Another case involved a client referred by a community health service who borrowed \$500 from Aussie Payday Loans and was required to repay the principle and \$125 two weeks later. When this client was unable to pay in time, she was charged a further \$125 for every two weeks thereafter. Her debt spiralled out of control. (It is worth noting that according to their website Aussie Payday Loans is still in operation and still purports to use promissory notes to advance loans).²² In the case of Aussie Payday Loans, the 'so-called' promissory note on which they rely (see Appendix 2) is clearly not a valid promissory note because it is not negotiable. This makes the exclusion of the UCCC challengeable, but this is of little effect because consumers would need to pursue challenges individually.

The above examples from Consumer Action's practice confirm the typical lender and borrower characteristics outlined above.

Extent of problem

The use, by fringe lenders advancing consumer credit, of bills of exchange and promissory notes as a device to avoid the application of the UCCC is a major problem. That this form of lending is an ongoing problem can be shown by the thriving business of Aussie Cash, a business registered in Western Australia and, according to its website, operating in Western Australia, South Australia, Northern Territory and Victoria.²³ Aussie Cash's application form²⁴ requires consumers to sign a promissory note which must be 'sold' to Aussie Cash at below its face value.

Of Aussie Cash's 28 offices, 16 are in Western Australia.²⁵ This may or may not partially account for the very large number of court actions taken by fringe lenders against consumers in that state. It has been conservatively estimated that 7,000 actions were initiated by fringe lenders against consumers Western Australia in the year 2005.²⁶ However, it is unclear what percentage of these cases involve fringe lenders who have used bills of exchange or promissory notes.

Consumer Action is concerned that the bills of exchange and promissory notes exemption is likely to become a growing problem, especially in NSW. NSW recently introduced amendments to make clear that fees and charges are included in the maximum interest rate cap of 48%.²⁷ As NSW lenders can no longer directly impose very high fees and charges (as Victorian lenders currently may be able to), it is likely that fringe lenders in NSW will seek to find alternative ways to breach the 48% cap. Using the bills of exchange and promissory notes exemption is one obvious avenue for them. If other states follow the NSW lead and introduce regulations requiring fees and charges to be included in the interest rate cap, the same issue would arise.

²² <http://www.aussiepaydayloans.com.au> ; as at 13 September 2007.

²³ <http://cms.aussiecash.com/> ; as at 13 September 2007.

²⁴ See appendix 1 of this submission.

²⁵ Op cit 23.

²⁶ Op cit 1, pages 25-26.

²⁷ Consumer Credit (New South Wales) Special Provisions Regulation 2007, regulation 6 (2).

Suggestions for reform

Consumer Action submits that the most effective way of dealing with the use of the bills of exchange and promissory notes exemption in relation to provision of consumer credit is to remove the exemption in subsection 7(5) of the UCCC by repealing that subsection.

Repealing subsection 7(5) is the simplest course of action from the perspective of drafting. It requires the simple deletion of a subsection.

Fears that this would “restrict the use of bills of exchange and promissory notes for legitimate commercial loans” are not sustainable because section 6(1)(b) of the UCCC restricts application of the UCCC to contracts “wholly or predominantly for personal, domestic or household purposes”. Section 11(2) of the UCCC allows lenders obtain a declaration from borrowers that the loan is for business purposes.²⁸ It is clear that loans made to small businesses for business purposes do not run the risk of being subject to the UCCC. Case law on this point is abundant.²⁹

Consumer Action recommends against legislative change that would provide that the UCCC applies only to bill of exchange or promissory note loans at (or below) a certain amount (eg. \$10,000) and against legislative change that would give protection but exempt ADIs. Both of these changes are unnecessary and have the potential to create legal complexity and uncertainty. Introducing a dollar amount at (or below) which the UCCC applies would require the drafting of a clause, would need some sort of inflation indexation, and would invite confusion and exploitation (such as fringe lenders imposing collateral fees). Although ADIs do not fit the characteristics of lenders who typically use bills of exchange and promissory notes to avoid application of the UCCC, exempting ADIs could create the negative impression that there is one law for large lenders and another law for small lenders. Further, as ADIs do not commonly advance bills of exchange or promissory note loans to consumers seeking credit for personal, household or domestic purposes, they would not be affected by the proposed amendment. There is no logical reason to exempt ADIs, such exemption would require drafting a clause which would increase uncertainty and complexity, and ADIs do not need special exemption as their legitimate business loans would not become subject to the UCCC.

Conclusion

Avoidance of the consumer protection provisions of the UCCC by fringe lenders is a continuing problem that is diminishing as loopholes in the UCCC are tightened. The use of bills of exchange and promissory notes by fringe lenders to avoid the application of the UCCC is a substantial problem that is best addressed by removing the exemption of these negotiable instruments by repealing section 7(5) of the UCCC.

²⁸ These declarations are also misused by fringe lenders who require consumers to sign false business purpose declarations.

²⁹ *Edwards v RAMS Home Loans Pty Ltd (Credit)* [2005] VCAT 193 (20 January 2005), per Deputy President Cate McKenzie; *Neuendorf v Rengay Nominees Pty Ltd* [2003] VCAT 1732 (3 September 2002), per Deputy President Cate McKenzie.

Should you have any questions about this submission, please contact me on 03 9670 5088.

Yours sincerely

CONSUMER ACTION LAW CENTRE

Neil Ashton
Policy Officer

A handwritten signature in cursive script that reads "Neil Ashton".

APPENDIX 1

Aussie Cash Advance Application



Cash Advance Application

October '86

Amount Requested* \$ _____

* Whilst we will endeavor to accommodate the amount you have requested, please note that the amount of funds advanced will be based on Aussie Cash's assessment of your current financial circumstances.

Family Name of Applicant: _____

First Name: _____ Middle Name: _____

Your Street Address: _____

In relation to your residential address, are you? (Please)
 Renting Boarding Owner
 If renting or boarding-Landlord/Agent details:
 Name: _____ Telephone No. _____

Suburb/Town: _____ Postcode: _____

Year(s) How long at this address?:
 Month(s).....

Your Date of Birth: _____ Home Phone #: _____ Work Phone #: _____ Mobile Phone #: _____

Your Spouse or Partner's Name: _____ Do you own a Car? Yes No

Details of your car:
 Make: _____ Year: _____
 Rego Number: _____
 Have you ever been declared Bankrupt? No Yes

Please provide three references NOT LIVING WITH YOU (One to be a family relation)

Name of Family Member: _____ Telephone Number: _____ Relationship: _____
 Address of family member: _____ Telephone Number: _____ Relationship: _____
 Name 2: _____ Telephone Number: _____ Relationship: _____
 Name 3: _____ Telephone Number: _____ Relationship: _____

Is your main income source from CENTRELINK Yes No

Your Partner's or any other household income details?
 Per Week \$ _____ OR Per Fortnight \$ _____ Or-Per Month \$ _____

For employed applicants - Name: _____
 Employers Business Suburb: _____
 if employed how long with this employer? Year(s) Month(s).....

Net Income each pay day:
 Amount \$ _____

Please tick frequency of pay day:
 Monthly Fortnightly Weekly

Give details if you have ever been known by another FAMILY NAME?: _____

Read the following carefully before signing.
 I, the applicant, furnish you, Aussie Cash, with the foregoing statement and information that I certify is a true and accurate statement of my financial condition as of date of this application. I agree to and will notify you of any change in name, address or employer, and any material change in my financial condition. In the absence of such notice or any new and full written statement, this may be considered as a continuing statement which is substantially correct. I agree that this information is to remain in your property and that you may keep it.

NOTICE OF DISCLOSURE OF YOUR CREDIT INFORMATION TO A CREDIT REPORTING AGENCY AS PRESCRIBED BY THE PRIVACY ACT 1988.
 In accordance with the Privacy Act 1988 ("Privacy Act") Aussie Cash may give information about you to a credit reporting agency for the following purposes: To obtain a credit report about you; and/or to allow a credit reporting agency to create or maintain a credit information file containing information about you. The information that may be disclosed to a credit reporting agency before or after the provision of credit to you includes: identity particulars, including your full name (and any former names), sex, address (and up to two previous addresses), date of birth, name of current or last known employer, and driver's licence number; the fact that you have applied for credit and the amount of that credit; the fact that Aussie Cash is a current credit provider to you as defined by the Privacy Act 1988; the fact that payments have become overdue by more than sixty days and that debt collection action has commenced; the fact that payments are no longer overdue in respect of any default that has been listed; the fact that cheques drawn on you for \$100 or more have been dishonoured more than once; the opinion of Aussie Cash that you have committed a serious credit infringement (as defined by the Privacy Act 1988); the fact that credit provided to you by Aussie Cash has been paid in full or otherwise discharged.

I acknowledge and agree to the above and I acknowledge that there are criminal penalties for giving false information in any credit application.

Applicant's Signature _____ Date: _____
 Should there be a need to call you, what is the best DAYTIME telephone number for us to contact you? _____

For Head Office use only

Branch Office to Complete _____ Limit Recommended _____ Manager: _____
 Existing client? Yes No Comments: _____
 Previous Limit \$ _____

H/O use only-tick
 Faxed to Branch
 Entered on DB

A Better Way To Obtain Instant Cash

Some of us have limited ways to borrow a small amount of money to assist with an immediate cash need. Aussie Cash offers a simple and instant alternative to its customers so that they can meet their immediate cash requirements.

If you decide that the Aussie Cash short term cash advance facility meets your needs, start by filling out the application form overleaf.

You will need to provide the following items of information together with a completed and signed application form.

- ✦ **Identification:** Driver's Licence or Passport or other ID cards and documents that will assist with positive identification.
- ✦ **Medicare Card.**
- ✦ **Bank Statement:** We need a statement from your bank detailing your transactions for the 30 days preceding the date of your application.
- ✦ **Any Bill addressed to you:** We need a bill from anyone which was recently sent to you to your current address.
- ✦ **Income Verification:** We need verification of your income from whatever the source.
- ✦ **If you are receiving Government Benefits:** We need a Centrelink Statement of Income, showing your income for the next month. This can be obtained over the counter from Centrelink or it can be faxed to us by Centrelink under instructions to them from the benefit recipient. Only Centrelink Income Statements dated no earlier than 3 days before your Aussie Cash application are acceptable.
- ✦ **If you are receiving any other income:** We require your last pay slip or other evidence verifying your income.

AUSSIE CASH

conforms to the Best Practices

- Full disclosure to our customers of all terms.
- Compliance with all State and Federal Laws.
- Truthful advertising.
- Encourage consumer responsibility
- Customer's right to rescind the contract in writing during the next business day.
- Collection practices conform to ASIC Code of Conduct
- Support of balanced legislation that follows Best Practices.

Short-Term Cash Advance Details

Please read the following information regarding the cash advance for which you are about to apply.

- ✦ This is a short term cash advance facility that requires you to sign a Promissory Note which will be prepared by Aussie Cash. Aussie Cash will prepare and purchase your Promissory Note from you at a discounted figure equal to the cash advance amount approved.
- ✦ Once the Promissory Note is processed you will receive an immediate cash payment ("Cash Advance").
- ✦ The total amount of the cash advance and interest that is repayable will be shown on the Promissory Note.
- ✦ You can request cash advances of between \$100 to \$1,000, for a repayment term to be mutually agreed. This facility is not intended to be a long-term financial solution for you so repayment terms can be no longer than 3 months.
- ✦ You can repay the cash advance by making one payment or by making a number of instalments. Early repayment of your cash advance is also acceptable.
- ✦ You can make weekly, fortnightly or monthly instalments to pay off your cash advance and accrued interest. Payments can be automatically deducted from your bank account.
- ✦ The cost of the cash advance to you will be outlined in the Transaction Confirmation which will be provided to you at the time you receive the cash advance. You will need to sign the Transaction Confirmation and by doing so, agree to the terms and conditions of the Aussie Cash Promissory Note Discount Facility outlined on it.
- ✦ An example of the cost of a \$250 cash advance for 14 days is as follows: The daily flat rate of interest applied on all cash advances is 2.14%. This equates to \$5.36 per day of interest for a \$250 cash advance. Over a 14 day period the interest charged is \$75.00. This equates to an annual percentage rate of 782.14%. The total amount repayable at the end of 14 days is \$325.00 plus a payment processing fee of \$11.50.
- ✦ There is a repayment processing fee which includes of a once only name setup fee of \$5 and thereafter 2% of the payment processed. In this instance as a first time customer of Aussie Cash the processing fee will be \$5 plus 2% of \$325. Total processing fee is \$11.50. The processing fee varies according to the number of instalments made and the amount of the instalments.
- ✦ Where instalment repayments apply, the interest rate is applied to the reducing amount outstanding during the repayment term and a processing fee for each instalment. The Transaction Confirmation will show the total amount of interest payable and fees on your cash advance where instalments and reducible interest are applicable.
- ✦ Our staff will be pleased to outline all costs related to your specific cash advance requirements before you complete the application form.

Please complete the application form on the next page to proceed with the short term cash facility application.

REMEMBER, THE CASH ADVANCE FACILITY YOU ARE APPLYING FOR CARRIES A HIGH RATE OF INTEREST. IT IS INTENDED AS A SHORT TERM SOLUTION FOR YOUR IMMEDIATE CASH NEEDS.



APPLICATION

FORM

**Apply Now For
An Instant
Cash Advance**

APPENDIX 2

Aussie Payday Loans Loan Agreement and 'Promissory Note'

Loan Agreement & Terms and Conditions

Welcome and thank you for choosing Aussie Payday Loans.

To receive a payday advance you need to meet these simple requirements and send us the following information by fax along with this document:

- (a) You must have a weekly net income (take home pay) of at least \$350 directly paid into your Bank account.
- (b) You must send a copy of at least two forms of identification (driver's license or 18 plus card, and a Utility account confirming your address.)
- (c) You must send a copy of your two most recent pay slips
- (d) You must send a copy of your most recent bank statement showing your income entries (this statement must be dated within 30 days of the day you apply)
- (e) All of the above copies and forms must be signed.

***Note:** your loan can not be approved without this information whether it is us or some other lender. The difference is that with Aussie you only have to submit this paperwork once.

Important information you must read:

- (1) Your loan is due on the due date!
- (2) This loan is for a maximum of fifteen (15) days but you can renew and extend your loan by another 15 day term by e-mailing or faxing Aussie Payday Loans two (2) business days before your loan is due and asking for an extension.
- (3) **There is a \$25.00 dishonour fee on each dishonour.**
- (4) By signing this document you authorise Aussie Payday Loans to effect ACH debit and credit entries into the bank account submitted. **I understand that in the event that my payments are returned unpaid for any reason, I authorise Aussie Payday Loans to effect Automatic Clearing House debit entries without any further notice to me, for the amounts of the debit entries submitted with this or any future electronic loans or extension submissions made by me via the Fax Machine or by the Electronic Form on the Aussie Payday Loans Website. The unpaid amounts will be debited from my nominated account until fully repaid. The amount of my unpaid amounts will consist of the following: Original Loan amount and four extension amounts plus any dishonour fees.**

For your benefit, **Aussie Payday Loans** will only loan amounts equal to a maximum of 30% of your take home (net) fortnightly pay! (minimum loan of \$100 to a maximum loan \$500).

***NOTE: New applicant's first loan will be capped at \$200.**

I also hereby state that I understand that by signing below I agree that in the event of my defaulting any of my present or future loans that I give permission to "Aussie Payday Loans" to approach my present or future employers to garnish up to 25% of my net wage per pay period until such time that the total amount* owing to "Aussie Payday Loans" is PAID IN FULL. *(Total amount meaning all original loan amount and interest and any outstanding fees) By signing below you acknowledge that you have fully read and totally understand all information on this document. **Do not sign this document to receive a payday loan unless you understand our program and procedures fully.** Please email or fax us to answer any questions you might have.

TRUTH IN LENDING DISCLOSURES

*For example: If the dollar amount financed as credit provided to you is \$200 then the finance charge on that dollar amount of credit provided would cost you \$50. This calculates to an annual percentage rate of 608.33% which is the cost of your credit as a yearly rate. Therefore the total amount of your repayment becomes \$250 which is the total payment after you have made all payments as scheduled. The Actual Cost of this style of **short term** loan is \$12.50 per week for each \$100 dollars borrowed, We pay Direct Debit Fees*

Initials :- _____

Promissary Note: FOR VALUE RECEIVED

Revolving Credit Loan Facility.

The undersigned , promise to pay to the order the Lender stated the total of payments until the full amount of this note shall be paid. In the event that the loan goes into Default we cap the amount outstanding to four extension amounts and the principle loan amount plus any outstanding fees. Upon the occurrence of one or more of the following events of default:

- .(1) Failure to make any monthly payments when due:
 - .(2) Failure to perform any obligation under any Security Agreement securing this note:
 - .(3) Borrower defaults under any other credit extension with Lender:
 - .(4) Borrower should die, or become insolvent, or apply for bankruptcy or other relief from creditors: Lender may, at its option, declare the entire unpaid balance of this Note to be due immediately and payable without notice or demand. The difference between the loan amount and the total outstanding is considered interest. All parties agree that the payment of this Note may be extended by Lender from time to time, one or more times, without notice, hereby binding themselves jointly, severally, and solidarity, unconditionally waiving all pleas of discussion and division, and as original makers and promissory for the payment hereof in principal and interest
- Lender may at any time release any of the parties hereto, in whole or in part, from their obligations hereunder without in any manner affecting or impairing the rights against all other parties hereto not so released. No delay on the part of the Lender in exercising any power or right hereunder shall operate as a waiver of any such power of right nor shall any single or partial exercise of any power or right hereunder preclude other or future exercise thereof or the exercise of any other power of right hereunder. As used herein the term "parties hereto" shall be deemed to include the Borrower. All parties hereto further severally agree that this Note evidences and sets forth their agreement with the holder hereof and that no modifications hereof shall be binding unless in writing and signed by the parties hereto. I acknowledge, understand and agree that any future loans applied by myself using the "Aussie Payday Loans" website, that the documents be in an electronic form. "Electronic form" means displayed on a computer instead of printed on a piece of paper and sent back and forth by computer instead of by mail. I also agree to accept any notices and disclosures in electronic form. I further acknowledge receipt of a completed copy of this Truth-in-Lending Disclosure , Promissory Note and Loan Agreement. Also I further acknowledge and give permission to the lender to garnish my wages from my employer to a maximum of 25% of my net income in the event of my non payment of my debt. **I (Please print)** X _____ until further notice in writing to direct debit my account described in the schedule of which Payment Technologies Pty Ltd, **User ID number 234072/056112** , may debit or charge me through the Payment Technologies debit System. (1) The Financial Institution may, in its absolute discretion, determine the order of priority of payments by it if any monies pursuant to this request or any other authority or mandate.
- .(2) The Financial Institution may, in its absolute discretion; at any time by notice in writing to me terminate this request as to future debits.
 - .(3) The user may, by prior arrangement and advice to me, vary the amount or frequency of future debits
 - .Privacy and Credit Information & Privacy Act Authorisation/Agreement.
- I understand that the Privacy Act allows the Finance Institution to provide to and to request from Credit reporting agencies and other credit providers named in reports from those agencies certain information about my personal and credit worthiness which I Authorise the Finance Institution to do. The Information which may be given to any agency is covered by section 18e(1)of the Act.

Borrower's Name _____ **(Printed)**
Address _____

SIGNATURE: _____

DATE: ____/____/____



Direct Debit Request



Ph: 1300 651 455 Fax: 1300 361 603
 Email: info@aussiepayday.com.au ACN 10 94 81 558



Payment Technologies
 ABN 47 110 689 711
 New Customer Form

Customer Ref: _____ Client ID: 10171
 Surname: _____ Given Name: _____
Or Company / Business Name
 Address: _____ Suburb: _____ Pcode: _____
 Ph: () _____ Mob: _____ Email: _____

Payment Agreement And/Or the total amount billed for the specified period for this and any other subsequent agreements or amendments.

I authorise and request the debit user detailed below to debit payments from my nominated account, as specified below, at intervals and amounts as directed by Aussie Payday Loans as per the Terms and Conditions of the Aussie Payday Loans agreement and subsequent agreements.

Fees / Charges

| | | | |
|------------|-----|-------------------|-----|
| Setup Fee: | Nil | Direct Debit Fee: | Nil |
|------------|-----|-------------------|-----|

Direct Debit is not available on the full range of accounts – if in doubt please refer to your financial institution

Direct Debit Request (Bank Account, Building Society or Credit Union)

What is the name of your bank, and where was the account opened?

Financial Institution: _____ Branch: _____

How does the name appear on your statement?

Account Holder Name(s): _____

BSB Number: _____ Account Number: _____

I/We authorise Payment Technologies Pty Ltd User ID 234072/056112 to debit my/our account at the Financial Institution identified above through the Bulk Electronic Clearing System (BECS) in accordance to the Payment Details stated above and as per the Terms and Conditions provided.

This authority shall stand pursuant to the terms and conditions of any contractual agreement between the customer and business named above. The administration of this authority is conducted by Payment Technologies (Debit User) acting as a billing agent for the business. The services provided by Payment Technologies are administrative only and do not extend to the provision of any service or benefits by the business. This authority shall be interpreted and enforced pursuant to the laws of the State of Queensland.

Signatories of Nominated Account

_____ / _____

Date

____ / ____ / ____

Office Use Only:

TBk1

Received Date:

Reference No: