

## What happens if there is a shortfall when a loan is repaid?

Southern Cross Partners is not obliged to release its mortgage until a loan is fully repaid. However, if circumstances change and the value of a property decreases substantially, it may be prudent for us to accept an amount that leaves a shortfall. If this occurs, the borrower is still obliged to meet that shortfall, and we will do our best to enter into an arrangement with them to repay us, which may include the services of a Debt Collector. If a Borrower offers a full and final figure in settlement of their loan which is less than the amount owed then we will seek the agreement of all investors in that loan. Where more than one investor has invested in that loan, the decision of those investors holding more than 50% (by investment amount) will be binding on the other investors. If the decision is evenly split, then Southern Cross Partners will have the deciding vote.

Southern Cross Partners may decide that a mortgagee sale will yield a better return for investors rather than accepting a lesser amount from a borrower. This could also result in a shortfall of funds (which the borrower is still obliged to meet).

If there is a shortfall (whether from a mortgagee sale or a lesser loan repayment amount accepted by Southern Cross Partners), funds received will be applied as follows:

- 1st Statutory Costs (Rates / Levies / Legal Fees / etc) (as applicable)
- 2nd Enforcement Costs
- 3rd Investor Principal (on a pro-rata basis if more than 1 investor)
- 4th Investor Interest
- 5th Default Costs