

Our ref: PAK:LGH:260715
Reply to: Miranda

1 June 2006

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Mr A & Mrs F Cristian
PO Box 1320
BOWRAL NSW 2576

Dear Arthur & Fiona,

**RE: - MACQUARIE MORTGAGES DISPUTE -
40 WARRAIN CRESCENT, CURRARONG**

Consultant

Geoff Christie LL.B.
Commercial and Property
Development Projects

Thank you for instructing me to act for you.

Senior Associate

Brian Phillips B.Leg.S.
Land & Environment Law

I have read through all of the material you have provided to me. I have had lengthy conversations with each of you in relation to the position you find yourselves in and what steps might be taken to resolve this matter. In this letter I do not intend to go over all of the matters we have discussed, however, if you require detailed written advice from me I am happy to provide it.

It is perfectly clear you applied to Macquarie Mortgages Pty Limited ("Macquarie") and had approved a Macquarie Executive Choice - Line of Credit Loan. This product is interest only. It is also clear the loan contract you signed is a Residential Variable Rate Loan with a principal and interest repayment schedule operating from inception. It is also clear, the fact that the loan agreement did not correspond with the approved loan product became apparent immediately following settlement.

Obtaining a loan is not the same as ordering and buying a product. When you buy a product the agreement is reached at the time you order the product. A loan contract is entirely different. Until the loan documents are signed there is no agreement at all. The letter from Macquarie dated 22 August 2005 makes this plain when it says:

"Please note this letter does not constitute a binding contract to lend. Full terms and conditions will be set out in your loan contract which is currently being prepared."

Whether you read, understood and took advice on the loan contract is not particularly relevant to whether it is a valid contract. There are circumstances in which contracts can be set aside on the basis that there was no "meeting of minds" between you and the bank. I do not believe circumstances exist where you could argue this has occurred. However, I have not taken complete instructions from you about this, nor researched this issue. This letter should not be taken as firm advice from me that you have no grounds on which to set aside the contract.



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