

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

SECTION 93AA ASIC ACT

The commitments in this undertaking are offered to the Australian Securities and Investments Commission ("ASIC") by:

Blackburne & Dixon Pty Ltd A.C.N. 008 876 033
73 South Perth Esplanade
South Perth, Western Australia 6151 ("B&D")

and

Kaye Christine Blackburne
Unit 4, 71 South Perth Esplanade
South Perth, Western Australia 6151 ("Mrs Blackburne")

(Collectively the "Parties")

1. BACKGROUND

- 1.1 B&D carries on business as a finance broker licensed under the Finance Brokers Control Act 1975 (WA).
- 1.2 Mrs Blackburne is the sole director of B&D. At all material times Mrs Blackburne has been in control of B&D.
- 1.3 In the course of its finance broking business, B&D arranges Mortgage Investments.
- 1.4 ASIC has formed the view that Mortgage Investments are regulated as securities under the Corporations Law ("CL"), as they are:
 - (a) prescribed interests as defined in s.9 CL prior to 1 July 1998;
 - (b) interests in a managed investments scheme or schemes as defined in s.9 CL; or
 - (c) debentures as defined in s.9 CL.
- 1.5 On 3 March 1999 ASIC commenced an investigation into B&D's business.
- 1.6 As a result of its investigation, ASIC has formed the view that from about 1994, B&D in a number of instances:

- (a) engaged in conduct which was liable to mislead Investors; or
 - (b) paid out Investor monies to persons or for purposes contrary to the Investor's authorisation.
- 1.7 Without any admission as to liability, B&D offers ASIC the undertakings set out in paragraph 3.

2. DEFINITIONS

In this undertaking the following terms have the following meanings unless the context otherwise requires:

"Auditor" means the independent compliance auditor Geoffrey Brayshaw of BDO Nelson Parkhill or such other person appointed with ASIC's prior written consent to replace Geoffrey Brayshaw and includes the Auditor's partners, employees and agents of the Auditor assisting the Auditor.

"Borrower" means a person who has granted a mortgage pursuant to a Mortgage Investment, or who is liable under the terms of a loan, guarantee, or mortgage covenant entered into pursuant to a Mortgage Investment.

"Investor" means any person who has lent money pursuant to a Mortgage Investment and which loan, including principal or interest, has not been repaid in full.

"Mortgage Investment" means a loan investment by an Investor that has been offered, arranged or managed by B&D and that has the following features:

- (a) monies contributed by two (2) or more persons are pooled or otherwise combined and lent to another person for an agreed term at an agreed rate of interest; or
 - (b) monies are lent by one (1) or more persons to a corporation for an agreed term at an agreed rate of interest;
- and
- (c) The payment of interest and repayment of principal are secured by a mortgage over real property ("**Secured Property**").

"person" includes a body corporate as well as a natural person.

"Serious Default" means:

- (a) Bankruptcy, administration, appointment of a receiver and/or manager to, or liquidation of a Borrower; or
- (b) Any default under the terms of any loan, mortgage or guarantee entered into pursuant to a Mortgage Investment where the default (whether a default in the payment of interest, or principal, or any other default) has persisted or persists unremedied for more than 21 days.

3. UNDERTAKINGS

Reporting to ASIC

- 3.1 Within seven (7) days from the date of execution of this undertaking, B&D will provide ASIC with details of Mortgage Investments in writing, separately setting out:
 - (a) a list of the Mortgage Investments as at the date of the report;
 - (b) a list of Mortgage Investments that have been finalised since 7 May 1999;
 - (c) a list of Mortgage Investments in relation to which a Serious Default has occurred and remains unremedied;
 - (d) a list of Serious Defaults which are to be, or have been, reported to the Auditor pursuant to paragraph 3.11 of this undertaking.
- 3.2 B&D will also provide update reports setting out any additional information of the sort specified in paragraph 3.1 to ASIC on 1 December 1999, 1 March 2000, 1 June 2000, and 1 September 2000, and at any other time as required by ASIC.

Recovery of Monies

- 3.3 If authorised by the relevant Investors, and provided there is no conflict of interest with the interest of any Borrower, B&D will pursue enforcement action in relation to any Mortgage Investment in respect of which there is a Serious Default. Nothing herein shall prevent B&D from recovering from the Borrower the costs of such enforcement action.
- 3.4 Where B&D believes that taking enforcement action on behalf of an Investor would involve B&D in a conflict of interest because of B&D's relationship with the relevant Borrower, then B&D shall send a letter to the Investor advising the Investor of this fact and explaining the nature of the conflict.
- 3.5 Notwithstanding paragraph 3.3, if B&D has made all reasonable enquiries and believes on reasonable grounds that enforcement action is not in the best interests of the relevant investors, B&D may decide:

- (a) not to pursue enforcement action; or
 - (b) to temporarily postpone enforcement action.
- 3.6 B&D shall review the progress of recovery of monies at minimum 3 monthly intervals and write to the relevant Investors to inform them of the progress of the recovery of monies.

B&D's Business

- 3.7 B&D will not:
- (a) offer, arrange or manage any new Mortgage Investments in addition to the Mortgage Investments as at 21 October 1999;
 - (b) arrange any extension to the term of any Mortgage Investment as at 21 October 1999;
 - (c) arrange or otherwise procure the participation of any additional Investors in any Mortgage Investment as at 21 October 1999.

Appointment of Independent Compliance Auditor

- 3.8 B&D shall appoint the Auditor within seven (7) days of execution of this undertaking.
- 3.9 B&D shall continue to engage the Auditor and shall not terminate his engagement, or vary the terms of his engagement, without the prior written consent of ASIC up until 1 October 2000.
- 3.10 The Parties shall bear the costs and fees of engaging the Auditor and any person assisting the Auditor.

Reports About Serious Defaults

- 3.11 B&D shall report:
- (a) any Serious Default that is in existence as at the date of this undertaking to the Auditor in writing upon appointment of the Auditor.
 - (b) any other Serious Default to the Auditor in writing by 4pm on the next business day after the day on which the Serious Default commences.
- 3.12 If a Serious Default is reported to the Auditor, the Auditor shall:
- (a) determine the identity of the defaulting Borrower; and
 - (b) carry out an Audit of each Mortgage Investment in respect of which the defaulting Borrower is a Borrower.
- 3.13 Upon completion of each Audit, the Auditor shall provide a written report ("Auditor's Report") to ASIC dealing with the matters set out in Schedule A, to the extent that those matters are relevant to the Audit.

- 3.14 The Parties shall provide the Auditor with all such information, assistance and co-operation as he may request from time to time in order to carry out the Audits including access to B&D's business premises and facilities, books, records, computer systems and staff.
- 3.15 Without limiting the generality of paragraph 3.14, the Parties shall disclose to the Auditor such information as he may request from time to time in order to carry out Audits, including answering such questions as he may from time to time put to the Parties, or their officers, agents or employees.
- 3.16 The Parties
- (a) consent to the Auditor disclosing to ASIC at any time any information the Auditor may obtain, or any opinions he may form, in the course of carrying out the Audits; and
 - (b) will not take any action against the Auditor in relation to any statements that he may make to ASIC pursuant to paragraph 3.16(a) or to any person in good faith for the purpose of carrying out the Audits or performing the duties contemplated by this undertaking.

Information for Investors

- 3.17 In relation to those Investors whose Mortgage Investment is the subject of a Serious Default, (regardless of when the Serious Default first occurred) B&D undertakes to forthwith write to such Investor(s) participating in the Mortgage Investment, enclosing a copy of any valuation report(s) prepared at any time in respect of the Mortgage Investment and informing those Investors of the following:
- (a) the nature of the Serious Default;
 - (b) if the Serious Default is capable of being remedied, what the Borrower needs to do to remedy the Serious Default;
 - (c) any payment proposal that has been made by the Borrower or any other person;
 - (d) the enquiries that B&D has made in respect of the viability of any enforcement action,
 - (e) any enforcement action that may have already been taken or is proposed to be taken; and
 - (f) any other information in B&D's possession that could reasonably be expected to be material to the decision of the relevant Investors as to what, if any, enforcement action to take in respect of the Serious Default.
- 3.18 If requested to do so, B&D shall provide copies of letters written to Investors pursuant to paragraph 3.17 to ASIC and the Auditor

- 3.19 If a Mortgage Investment is the subject of an Auditor's Report pursuant to paragraph 3.13, B&D will provide a copy of the Report to the relevant Investors upon receipt of the Report.

Directors to Ensure B&D's Compliance

- 3.20 Mrs Blackburne shall ensure that B&D complies with this undertaking.

ASIC Checks

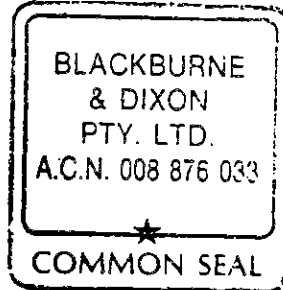
- 3.21 ASIC may from time to time make such checks as it sees fit to determine whether the Parties are complying with this undertaking.
- 3.22 B&D consents to ASIC releasing any information that ASIC has obtained during the course of its investigation of B&D to the Auditor for the purpose of assisting the Auditor to carry out Audits. A copy of such information shall be provided to B&D.
- 3.23 Without limiting any other obligation that B&D may have to maintain books or records, B&D shall keep all books and records that are in the possession of B&D for a period of not less than two (2) years from the date of this undertaking.

4. ACKNOWLEDGMENTS

- 4.1 The Parties acknowledge that ASIC:
- (a) may issue a media release upon execution of this undertaking referring to its terms and the concerns of ASIC which led to its execution;
 - (b) may from time to time publicly refer to this undertaking; and
 - (c) will make this undertaking available for public inspection.
- 4.2 The Parties acknowledge that this undertaking in no way derogates from the rights and remedies available to any other person arising from any conduct described in the undertaking.
- 4.3 The Parties acknowledge that this undertaking has no operative force until accepted by ASIC.
- 4.4 The Parties acknowledge that ASIC's acceptance of this undertaking does not affect ASIC's power to investigate a contravention arising from past or future conduct, or pursue a criminal prosecution, or its power to lay charges or seek a pecuniary civil order, or commence civil proceedings against B&D or any other person.
- 4.5 The entering into this undertaking is without prejudice to any of the Parties rights to defend any action taken by ASIC or Investors or any other party howsoever arising in respect of any of the matters referred to herein.

4.6 Each of the Parties acknowledge that this undertaking may be executed in counterparts and that this undertaking is binding on the Party even if one or both of the other Parties has not given the undertaking.

The Common Seal of
BLACKBURNE & DIXON PTY LTD)
A.C.N. 008 876 033)
was hereunto affixed in accordance)
with its Articles of Association)
in the presence of:)



K Blackburne
DIRECTOR

KAYE CHRISTINE BLACKBURNE
Name (Print)

SIGNED by the said)
KAYE CHRISTINE BLACKBURNE)
in the presence of:)

K Blackburne
Kaye Christine Blackburne

[Signature]
Signature of Witness

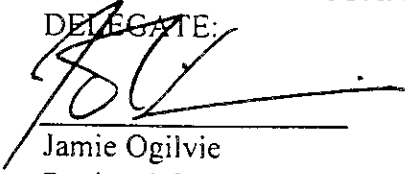
M. M. MONT DE KORTWY
Name of Witness (please print)

P.O. Box
Address

Solvent
Occupation

This 15th day of November 1999

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS
COMMISSION PURSUANT TO ASIC ACT s93AA BY ITS DULY AUTHORISED
DELEGATE:



Jamie Ogilvie
Regional Commissioner WA

This 15th day of November 1999

SCHEDULE A

AUDIT CRITERIA UNDER PARAGRAPH 3.13

- 1 Identify:
 - (a) the Mortgage Investment in respect of which the Serious Default has occurred.
 - (b) the nature of the Serious Default.
 - (c) the security for the Mortgage Investment.
 - (d) the name and address of the Borrower.

- 2 Give details of:
 - (a) the total of funds ("the Loan Funds") lent in relation to the Mortgage Investment.
 - (b) the name and address of each Investor in the Mortgage Investment.
 - (c) the manner in which the Loan Funds have been applied.
 - (d) the amount of interest paid to date by the Borrower.
 - (e) the date for repayment of the Loan Funds.