

# Driver Australia nine Trust

## Related Report

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The representations, warranties, and enforcement (RW&E) mechanisms contained in the transaction's offering documents that are available to investors for Driver Australia nine Trust are substantially comparable to those typically contained in Australian auto ABS, as described in Fitch Ratings' research [Representations, Warranties and Enforcement Mechanisms in Global Structured Finance](#), dated 31 May 2016. For this transaction, representation and warranties are provided by Volkswagen Financial Services Australia (VWFS Australia).

The RW&Es that are available to investors which were disclosed in the transaction's offering documents for Driver Australia nine Trust and that relate to the underlying asset pool are included below.

### Warranties for the Sale of the Purchased Receivables

In the Receivables Purchase Agreement, VWFS Australia has warranted the following for the purchase of the Purchased Receivables as of the Cut-off Date:

1. the obligations of the relevant Debtors under the Receivables Contracts relating to the Purchased Receivables and other Related Documents to which they are parties relating to the Purchased Receivables are legal, valid, binding and enforceable against it in accordance with their terms (subject to insolvency laws and equitable principles affecting creditors generally);
2. no consent to the Reallocation of the Purchased Receivables or notice of that Reallocation is required to be given by or to any person, including without limitation, the relevant Debtors and the Purchased Receivables are assignable;
3. at the time each Receivables Contract was entered into, the Purchased Receivable was approved and originated by VWFS Australia in the ordinary course of VWFS Australia's business;
4. at the time each Receivables Contract was entered into, VWFS Australia had not received any notice of insolvency or the bankruptcy of the relevant Debtor in relation to that Purchased Receivable, or notice that such Debtor did not have the legal capacity to enter into the relevant Receivables Contract or other Related Documents;
5. immediately prior to:
  - a. the Reallocation to the Issuer, the Disposing Trustee is the sole beneficial owner of the Purchased Receivables and any Financed Objects and no prior ranking security interest has been granted by the Disposing Trustee to any person (other than the Issuer and the Disposing Trustee) in relation to the Disposing Trustee's right, title and interest in the Purchased Receivables or any Financed Objects; and
  - b. the sale to the Disposing Trustee, it was the sole legal and beneficial owner of the Purchased Receivables and any Financed Objects and no prior ranking security interest had been granted by it to any person (other than the Disposing Trustee) in relation to its right, title and interest in the Purchased Receivables or any Financed Objects;
6. the Servicing Standards require that VWFS Australia's interest in any security in relation to the Purchased Receivable has been duly registered on the PPS Register;

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7. VWFS Australia's and the Disposing Trustee's interest in any security interest in relation to the Purchased Receivable is perfected by registration on the PPS Register and to the best of VWFS Australia's knowledge no prior ranking security interest exists (other than the Disposing Trust Charge);
8. in relation to each Purchased Receivable arising under or pursuant to a Chattel Mortgage Contract or Consumer Loan Contract, the relevant Debtor has fully drawn down the credit limit available under that Chattel Mortgage Contract or Consumer Loan Contract and VWFS Australia has no obligation to make any further advance under that Chattel Mortgage Contract or Consumer Loan Contract;
9. each Receivables Contract together with the Related Documents which are required to be stamped in an Australian state or territory have been or will be stamped with all applicable duty;
10. each Purchased Receivable has not been satisfied, cancelled, discharged or rescinded;
11. VWFS Australia holds, in accordance with the Servicing Standards all documents which it should hold to enforce the provisions of, and security created by, the securities relating to the Purchased Receivables and to recover in full the Purchased Receivables;
12. other than the Receivables Contracts relating to the Purchased Receivables, Related Documents and documents entered into in accordance with the Servicing Standards, there are no documents entered into by VWFS Australia and the Debtors or any other relevant party in relation to the Purchased Receivables which would qualify or vary the terms of the Purchased Receivables;
13. under each Receivables Contract, the relevant Debtor is required by VWFS Australia to maintain insurance in respect of the Financed Object against loss, damage, destruction and any other risks that VWFS Australia requires and for an amount acceptable to VWFS Australia;
14. the terms of the Receivables Contracts relating to the Purchased Receivables require payments in respect of the Purchased Receivable to be made to VWFS Australia free of set-off;
15. the Receivables Contracts and other Related Documents, which in each case relate to the Purchased Receivables, are governed by the laws of one of the following Australian states or territories: New South Wales, Victoria, Queensland, South Australia, Tasmania, Western Australia, the Northern Territory or the Australian Capital Territory;
16. each Debtor in respect of a Purchased Receivable is a corporation or a registrable Australian body which has an Australian company number or Australian business number, a registered scheme with an Australian registered service number, an entity otherwise established under Australian law (including a partnership, association or Government Agency), a permanent resident or citizen of Australia or a citizen of New Zealand, or a person residing in Australia on a work visa basis whose work entitlements have been verified and whose application for the provision of credit by VWFS Australia under the relevant Receivables Contract has been assessed under considerations of internal guidelines, which include special consideration of, inter alia, the loan term relative to the remaining visa term, the deposit or trade and the inclusion of a residual or balloon payment;
17. under the terms of the relevant Receivables Contracts, each Purchased Receivable will mature no earlier than 3 months after the Cut-off Date and no later than 84 months of the date of origination of the relevant Receivables Contracts;
18. the total outstanding amount of the Purchased Receivables resulting from the Receivables Contracts with any one Debtor does not exceed AUD750,000;
19. at and after the time VWFS Australia entered into the Receivables Contracts and other Related Documents, which in each case relate to the Purchased Receivables, the Receivables Contracts and other Related Documents complied in all material respects with all applicable laws (including the Consumer Credit Laws);

20. the Purchased Receivable is denominated and payable in Australian dollars in Australia;
21. the Purchased Receivable arises from the financing of new or used Financed Objects;
22. the Purchased Receivable is not in arrears by more than one month;
23. on the Cut-off Date at least two instalments have been paid in respect of each of the Purchased Receivables and the related Receivables Contracts require substantially equal monthly payments to be made within eighty-four (84) months of the date of origination of the Receivables Contract and may also provide for a final balloon payment;
24. the Purchased Receivable is subject to VWFS Australia's standard terms and conditions;
25. the date of the origination of the Purchased Receivable is on or after 1 January 2017; and
26. each Purchased Receivable has been serviced in accordance with the Servicing Standards in all material respects since the Purchased Receivable was originated.

VWFS Australia repeats the representation and warranty set out in paragraph (5) above immediately prior to the Reallocation taking effect in respect of the Purchased Receivables.

### Consequences of warranty breach

In the event of a breach of any of the warranties set forth above on the date they are given which materially and adversely affects the interests of the Issuer or the Noteholders, VWFS Australia shall have 10 Business Days (or such longer period as may be agreed by the Issuer) after the date that VWFS Australia became aware or was notified of such breach to cure or correct such breach. Any such breach or failure will not be deemed to have a material and adverse effect if such breach or failure does not affect the ability of the Issuer to receive and retain timely payment in full on the related Receivables Contract. If VWFS Australia does not cure or correct such breach prior to such time, then VWFS Australia shall require that the Issuer extinguish its right, title and interest in any Purchased Receivables affected by such breach which materially and adversely affects the interests of the Issuer or the Noteholders from the Issuer on the Payment Date following the expiration of such period. Any such extinguishment of the Purchased Receivables on such Payment Date shall be at a price equal to the Settlement Amount taking into account any Interest Compensation Payment. Upon payment of the Settlement Amount and any Interest Compensation Payment by VWFS Australia to the Distribution Account, the Issuer and the Security Trustee shall release and shall execute and deliver such instruments of release, transfer or assignment, in each case without recourse or representation, as shall be reasonably necessary to vest in VWFS Australia or its nominee any Purchased Receivables so extinguished. Without limiting the foregoing obligation of the Issuer and the Security Trustee, upon payment of such Settlement Amount and any Interest Compensation Payment by VWFS Australia all Purchased Receivables so extinguished shall cease to be Purchased Receivables and be vested in VWFS Australia, and each of the Issuer and the Security Trustee shall be taken to have irrevocably and unconditionally disclaimed, surrendered, released and renounced all its right, title and interest in, to and under such Purchased Receivables, and no further instrument shall be necessary to give effect to such disclaimer, surrender or renunciation.

Without in any way affecting the Issuer's rights under its indemnities under the Receivables Purchase Agreement and the Master Trust Deed or the Security Trustee's rights under its indemnities under the Master Security Trustee Deed, the right to cause extinguishment of any Purchased Receivable as described above will constitute the sole remedy available to the Issuer and the Security Trustee in respect of a breach of any of the warranties made or repeated as set out above which materially and adversely affects the interests of the Issuer or the Noteholders.

The Purchased Receivables generally have characteristics that demonstrate the capacity to produce funds to serve as payments due and payable on the Notes, however, VWFS Australia does not warrant the solvency (credit standing) of the Obligor.

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