

# Loan Contract – Effective from May 2018 to December 2018

## Form of Loan Contract

Effective from May 2018 to December 2018

Note: If your Loan Application is successful, your Loan will be funded through one of two funding models – the “Wholesale Funding Model” or the “P2P Model”. Your Loan Disclosure will confirm the funding model that applies to you. The terms of this Loan Contract apply to either funding model. Further information about the two funding models is set out in the “Things You Need To Know about your Loan Contract and Customer Service Terms” document, which you should read carefully, together with this Loan Contract.

1. Parties: The parties to this Loan Contract are:
  1. you, as borrower;
  2. your spouse or partner as co-borrower, if clause 3 applies; and
  3. the lender, which is either:
    1. Harmony Nominee Limited, if your loan is funded through the Wholesale Funding Model; or
    2. Harmony Investor Trustee Limited, if your loan is funded through the P2P Model, acting through its agent, Harmony Limited.
2. Throughout this Loan Contract a reference to Harmony means either Harmony Nominee Limited (if your loan is funded through the Wholesale Funding Model)

or Harmoney Investor Trustee Limited, acting through its agent, Harmoney Limited (if your loan is funded through the P2P Model).

3. Effective date: This Loan Contract comes into existence and force immediately after the Loan Disclosure has been provided to you (or to your spouse or partner, if clause 3(b)(vi) applies), and, until that point, does not constitute an offer to you by Harmoney. For the purposes of this clause 2, the Loan Disclosure will be treated as provided to you on the day on which it is emailed to you or otherwise sent to you by electronic communication (within the meaning of section 35 of the CCCFA, which sets out how disclosure is to be made).

#### 4. Co-Borrowers

##### 1. This clause applies if:

1. your spouse or partner has registered as a Borrower (Primary Borrower) and has asked you to register as a co-Borrower; or
2. you have registered as a Borrower (Primary Borrower) and have asked your spouse or partner to register as a co-Borrower.

##### 2. If this clause applies:

1. you and your spouse or partner are party to the same Loan Contract, being this Loan Contract (regardless of the fact that you entered into this Loan Contract by separate processes);
2. you and your spouse or partner are jointly and individually liable under this Loan Contract;
3. you consent to Harmoney providing your personal information to the other of you;
4. Harmoney can accept instructions from either of you (without reference to the other) in respect of your rights and obligations under this Loan Contract;

5. either of you can agree on behalf of both of you to modifications to this Loan Contract;
  6. (vi) if providing a disclosure statement to either of you is sufficient under section 35(2) of the CCCFA, the disclosure statement will be deemed to have been provided to both of you for all purposes if it has been provided to either of you; and
  7. at Settlement, the Loan Amount to be credited to the borrower's bank account will be paid to the Primary Borrower's Nominated Account.
5. Loan: Harmoney agrees to advance the Loan Amount specified in the Loan Disclosure to you for the term specified in the Loan Disclosure, on and subject to the terms of this Loan Contract.
6. Settlement: Settlement of the Loan will be by no later than the end of the first Business Day after the day on which the Loan Disclosure was provided to you.
1. At Settlement, Harmoney will, as authorised by you:
    1. collect the funds that make up the Loan Amount from the Participating Investors, and deposit the Loan Amount in the Advance Account;
    2. deduct an amount equal to the Establishment Fee from the Loan Amount, and transfer it to Harmoney's own account (in satisfaction of your obligation to pay that Establishment Fee to Harmoney);
    3. in the case of Debt Consolidation, deduct an amount equal to the Debt Consolidation Amount from the Loan Amount, and transfer each Debt Consolidation Creditor its Debt Consolidation Creditor Repayment Amount; and

4. (subject to paragraph (b)) transfer the balance of the Loan Amount to your Nominated Account.
2. If you have applied for an Optional Service, the following provisions will apply:
  1. The Loan Amount will include an amount equal to the Optional Service Fee for that Optional Service.
  2. The amount transferred to your Nominated Account at Settlement will be:
    1. the total Loan Amount; less
    2. an amount equal to the Establishment Fee (which will be deducted and applied as set out in clause 5(a)(ii)); less
    3. in the case of Debt Consolidation, an amount equal to the Debt Consolidation Amount (which will be deducted and applied as set out in clause (a)(iii)); and less
    4. an amount equal to the Optional Service Fee.
3. The Optional Service Fee will (as authorised by you) at Settlement either be:
  1. capitalised (so that it will be owing as part of the principal amount of the Loan); or
  2. advanced to you as part of the Loan, but (on your instructions) transferred to Harmoney in discharge of your obligation to pay it the Optional Service Fee.
4. The terms governing the Optional Service will specify whether the Optional Service Fee is to be capitalised or transferred and paid at Settlement.

7. Interest: Interest will accrue on the outstanding amount of the Loan at the interest rate specified in that Loan Disclosure, on the basis of a 365-day year. Interest is charged and payable monthly in arrears (and will be added to the amount owing).
8. Repayment: You must pay all loan repayments specified in the Loan Disclosure, comprising all payments of principal and interest, to Harmony on the repayment dates specified in the Loan Disclosure.
9. Fees and charges: You must pay all fees and charges specified in the Loan Disclosure to Harmony on the payment dates specified in the Loan Disclosure. Harmony will be entitled to process additional direct debit payments to cover any such fees and charges.
  1. You must pay Harmony an Establishment Fee for arranging each Loan made to you using the Service. The Establishment Fee will be calculated at Harmony's rate (as notified on the Website under the "Interest Rates & Fees" section) and paid by you on Settlement.
  2. If you take out an Optional Service, you must pay (in the manner provided in clause 5(c)) any Optional Service Fee that applies to it. The Optional Service Fees applying as at the date of this Loan Contract are set out on the Website under the "Interest Rates & Fees" section. You must also pay all costs that are payable by you under the terms governing that Optional Service. If you do not pay a cost for which you are responsible, Harmony may pay it and debit the amount it paid to your Loan account (and if that happens, you must pay that amount in full with your next Loan repayment, together with any interest that accrues on it.)
  3. As part of your Loan Application, you provided Harmony with details of your bank account with a registered bank in New Zealand, from which

payments are to be made by you in respect of your Loan. By providing these details, you agree to Harmoney establishing a direct debit authority against that bank account on the terms set out in the authority accompanying this Loan Contract in relation to any amount payable by you to Harmoney under this Loan Contract.

10. Early repayment option: You can prepay the Loan or any portion of it early. If you choose to prepay the entire outstanding amount together with all interest, fees, and charges payable by you under this Loan Contract accrued to the date of prepayment, Harmoney will, on request, provide you with written confirmation of the prepayment amount for this purpose.

11. Payment provisions: You must make every payment due by you under this Loan Contract:

1. as and when due;
2. without set-off;
3. in cleared funds and in full, without any deduction, or withholding, except as may be required by law; and
4. by direct credit to the Collections Account (as notified to you by Harmoney).

12. Harmoney will decide the order in which amounts you pay under this Loan Contract will be applied.

13. Collection and enforcement

1. Harmoney is authorised to carry out the Collection Services. Accordingly, Harmoney will:
  1. monitor all payment obligations under this Loan Contract;
  2. take appropriate steps to contact you for payment arrears; and

3. take appropriate recovery action if there is a payment default (which may among other things include appointing a collection agent, instituting legal proceedings, and selling the Loan to another person).
2. You must promptly and fully comply with all requests and directions Harmony gives you when it exercises these powers.

#### 14. Tax Matters:

1. You will not be required to withhold or account to Inland Revenue for any RWT in relation to interest payments you make under the Loan. This is because Harmony Nominee Limited and Harmony Investor Trustee Limited each hold an RWT Exemption Certificate.
2. In certain circumstances where a Participating Investor is not resident in New Zealand for income tax purposes, you may be required to:
  1. withhold and account to Inland Revenue for NRWT; or
  2. pay AIL to Inland Revenue, in relation to interest payments you make under the Loan.
3. However, Harmony will meet all NRWT or AIL obligations on your behalf from the Loan Repayments you make, immediately upon payment of the relevant interest into the Collections Account. For this purpose, you:
  1. authorise Harmony to act on your behalf and to do all things necessary (including, where required, completing Inland Revenue registration forms and providing all necessary information about you to Inland Revenue) to meet any NRWT or AIL obligations on your interest payments;
  2. agree to provide Harmony with all necessary information (including your IRD number and any other relevant personal or

tax-related information) for it to act effectively for the purposes described above.

4. You are not required to make any additional payment as a top-up for the NRWT or AIL deduction.

15. Warranties: You warrant to Harmoney that:

1. all information you provide to Harmoney is true, accurate, and complete, and there is no information which has not been provided which would impact on Harmoney's decision to register you as a Borrower or to make a Loan available;
2. you will provide Harmoney with updated information in respect of any Loan if any of your circumstances have changed from the time you submitted your Borrower Registration; and
3. if your residential address, email address, or telephone number changes, you will immediately provide Harmoney with notice of the change and update the dashboard with your revised information.

16. Default

1. If you do not pay any money due under this Loan Contract on the due date, you must:
  1. pay an overdue fee until the overdue amount has been paid in full, at the times and at the rate specified on the Website under the "Interest Rates and Fees" section; and
  2. continue to pay interest on the overdue amount (not including overdue fees and charges) at the interest rate applying to the Loan. Such interest accrues from the due date until the overdue amount has been paid in full, and is payable on demand (or compounded monthly in arrears if not paid).



2. Further, if you:
  1. do not pay any money due under this Loan Contract on the due date;
  2. commit an act of bankruptcy (as defined in the Insolvency Act 2006); or
  3. provided Harmoney with incorrect or fraudulent information in registering as a Borrower or applying for the Loan,
3. Harmoney may by notice to you declare all money outstanding under the Loan Contract (including all interest and fees) immediately due and payable. In that case, you must immediately pay that outstanding money.
4. If any direct debit instruction or other payment instruction you give in order to pay an amount due under the Loan is dishonoured (and subject to any grace period specified on the Website under the "Interest Rates & Fees" section), you will be charged a dishonour fee at the rate specified on the Website under the "Interest Rates & Fees" section. The dishonour fee must be paid at the same time as the next payment due under the Loan.
5. You must on demand pay Harmoney for all costs and expenses (including all legal expenses) it incurs in enforcing or attempting to enforce this Loan Contract.

#### 17. Harmoney's liability

1. Harmoney enters into this Loan Contract as bare trustee for the benefit of the Participating Investors, and not in its personal capacity. Harmoney holds all rights and powers vested in it under or in connection with this Loan Contract as trustee for the Participating Investors in accordance with their respective interests, on and subject to the terms of Harmoney's

appointment. Harmony's liability to you under and in connection with this Loan Contract is limited to the assets from time to time under its control as trustee for the Participating Investors (subject to clause 15(b)). However, Harmony will not have the benefit of this limitation if the loss for which Harmony is liable is the direct result of Harmony's wilful default or dishonesty.

2. Without limiting clause 15(a), no Relevant Person will be liable if it fails to comply with this Loan Contract due to events beyond its reasonable control (including due to Participating Investors failing to fund the Loan). Nothing in this clause 15(b) or this Loan Contract limits any rights you may have under the Consumer Guarantees Act 1993, the Fair Trading Act, or any other applicable legislation.
18. Harmony Limited's liability in relation to the P2P Funded Model: In the case of a Loan funded through the P2P Model, Harmony Limited enters into this Loan Contract as agent for Harmony Investor Trustee Limited, and not in Harmony Limited's personal capacity. Accordingly, Harmony Limited has no personal liability to you under this Loan Contract.

#### 19. Changes to Terms

1. Harmony will not amend the fees payable under this Loan Contract (subject to clause 17(b)), the interest rate applying to the Loan, the loan term, the amounts of any loan repayments, and the loan repayment dates without your prior agreement (or if clause 3 applies, the prior agreement of your spouse or partner).
2. Harmony may from time to time introduce a new type of fee under this Loan Contract, but only if the introduction of that fee is considered necessary as a result of a legal or regulatory development, as and with

effect from the time specified on the Website under the “Interest Rate & Fees” section. Harmoney will be entitled to process additional debit payments to cover any such fees.

3. Subject to clauses 3(b)(v), 17(a) and 17(b), Harmoney may amend this Loan Contract at any time by notice to you. Any such amendment will apply from the time specified in the notice.

## 20. Notices

1. You must provide all notices to Harmoney in writing addressed to Harmoney (including by email sent to [customer.services@harmoney.co.nz](mailto:customer.services@harmoney.co.nz)).
2. Harmoney may provide you with communications in relation to this Loan Contract and the Loan, including notices and disclosures, by electronic means (including by email). Subject to clause 2 and the CCCFA, every electronic communication to you (including any email) will be deemed received by you when transmitted by Harmoney.
3. In respect of any disclosure statements to be provided to you under the CCCFA:
  1. You nominate the email address specified in the Loan Application (or such other email address as you may notify to Harmoney) as the information system to which any CCCFA disclosure statements or other communications may be sent. Any such disclosure statement may be provided to you by sending you an electronic communication that allows the disclosure statement to be accessed from a website or by means of the Internet.
  2. Without limiting clause 18(c)(i), you further agree that any disclosure statement that the CCCFA requires to be provided to

you may be disclosed to you by enabling you to access the relevant information on the Website.

#### 21. Investors

1. You are not entitled to any information about the Participating Investors.
2. You will not be advised if there is any change in the Participating Investors (for example, because a Participating Investor sells its beneficial interest in the Loan). Any such change will not affect any of your rights and obligations under this Loan Contract.

#### 22. Replacement of Harmony

1. Harmony may be replaced with another entity appointed to hold Loans as trustee for Participating Investors (and otherwise to act as trustee for Participating Investors). Any such change will not affect your rights and obligations under this Loan Contract. The replacement trustee will have the same rights and obligations under this Loan Contract as the trustee it replaces, without further action being necessary.
2. If a Harmony Servicer Default occurs, a back-up servicer will be appointed to carry out the role of Harmony under this Loan Contract. Any such appointment will not affect your rights and obligations under this Loan Contract. The appointed back-up servicer from time to time will have the same authority as Harmony did, without further action being necessary.

#### 23. Assignment:

1. You may not transfer or assign any of your rights or obligations under this Loan Contract to any person without Harmony's prior written consent (which consent may be withheld at Harmony's absolute discretion).

2. Harmoney may transfer or assign all and any of its rights under this Loan Contract to any person, without requiring your consent. You agree that Harmoney may disclose all information they hold about you to any such person or intended person.
24. Governing law: This Loan Contract is governed by New Zealand law. The parties submit to the non-exclusive jurisdiction of the New Zealand courts in respect of all matters relating to this Loan Contract and the Loan.
25. Disputes
  1. Harmoney is a member of the Financial Services Complaints Limited dispute resolution scheme. If you are unable to resolve a dispute through Harmoney's internal dispute resolution process, you may refer any dispute relating to this Loan Contract to that dispute resolution service, details of which are available at <http://www.fscl.org.nz/>.
  2. The entries made in the accounts maintained by Harmoney are, in the absence of manifest error, conclusive evidence of the matters to which they relate.
26. Additional Payment Protect terms: If the Loan Disclosure provides that Payment Protect applies to the Loan, the Payment Protect Terms (as posted on the Website under "Legal Agreements" when you submitted your Loan Application) will be incorporated in, and will form part of, this Loan Contract. This Loan Contract and the Payment Protect Terms will be read together as one, so that the express provisions of this Loan Contract will extend to the incorporated Payment Protect Terms. If there is any inconsistency between the Payment Protect Terms and the other terms of this Loan Contract (for example, if the Payment Protect Terms have different notice provisions), the Payment Protect Terms will apply to the extent of the inconsistency.

27. Inconsistency: This Loan Contract sets out the terms on which you are able to access and use the Service. If there is any inconsistency between these terms and any other terms set out on the Website, these terms will prevail (except as expressly contemplated by these terms).

28. Definitions: In this Loan Contract:

Advance Account means the bank account operated by Harmoney into which funds are transferred by Harmoney from the Investor Account when an Order is accepted, and from which Harmoney at Settlement transfers funds to your Nominated Account (and transfers the Establishment Fee and any Optional Service Fee payable to Harmoney's own account, and any Debt Consolidation Creditor Repayment Amount to the relevant Debt Consolidation Creditor(s));

AIL means approved issuer levy payable under part 6B of the Stamp and Cheque Duties Act 1971;

Borrower Registration means the Borrower registration process, set out on the Website;

Business Day means a day other than a Saturday, Sunday, or statutory public holiday in New Zealand;

CCCFA means the Credit Contracts and Consumer Finance Act 2003;

Collections Account means the bank account operated by Harmoney into which (among other things) payments of principal and interest and other amounts payable by you to Harmoney for the benefit of the Participating Investors must be paid;

Collection Services means the collection and enforcement services which Harmoney provides (itself or through a third party) in respect of loans made to borrowers through the Service, including the Loan;

Debt Consolidation means Harmoney making all or part of a Loan available for

the purposes of consolidating a Borrower's existing debt and repaying one or more Debt Consolidation Creditors, on terms agreed with Harmony and authorised by the Borrower in the Loan Application;

Debt Consolidation Amount means the aggregate of all Debt Consolidation Creditor Repayment Amounts in relation to a Debt Consolidation;

Debt Consolidation Creditor means an existing creditor of the Borrower (which may include Harmony) to be repaid for the purposes of Debt Consolidation on terms agreed with Harmony;

Debt Consolidation Creditor Repayment Amount means the aggregate amount to be paid to a Debt Consolidation Creditor in connection with Debt Consolidation, as agreed by Harmony and authorised by the Borrower in the Loan Application;

Establishment Fee means the fee payable by the Borrower to Harmony for arranging any Loan which Settles, as set out on the Website under the "Interest Rates & Fees" section;

Harmony Servicer Default means, in relation to the P2P Model, the appointment of a liquidator to Harmony Limited, or Harmony ceasing to be authorised to provide the Service pursuant to a Financial Markets Conduct Act 2013 licence, and that authorisation is not reinstated within 5 Business Days of its loss;

Investor Account means a trust account held by Harmony for the benefit of all Participating Investors whose funds have been deposited into that account for the purpose of investment or reinvestment in Loans or pending repayment to their nominated accounts, in accordance with their respective interests;

Loan means the total amount lent or to be lent by Harmony to you under this Loan Contract, as set out in the Loan Disclosure (whether credited to your bank

account or otherwise applied for your benefit, including for the purposes of Debt Consolidation); and where applicable includes the amount of all compounded and capitalised interest and fees;

Loan Amount means the total amount of the Loan at Settlement (inclusive of the amounts of the Establishment Fee and, if applicable, the capitalised Optional Service Fee and any Debt Consolidation Amount), as set out (or to be set out) in the Loan Disclosure;

Loan Application means the application you made for the Loan on the Website;

Loan Disclosure means the initial disclosure required under the CCCFA and provided to you in respect of the Loan;

Nominated Account means the New Zealand bank account which is nominated by a Borrower from time to time as the account into which Loan advances are to be paid by Harmoney for that Borrower at Settlement;

NRWT means non-resident withholding tax imposed under the NRWT rules in the Income Tax Act 2007;

Optional Service means a service that you may opt in to when taking out a Loan;

Optional Service Fee in relation to a Loan means the fee you must pay to have the benefit of any Optional Service for that Loan, as set out on the Website under the "Interest Rates & Fees" section;

Order means an offer by an investor to participate in funding a Loan;

P2P Model means the peer to peer funding model which Harmoney uses in order to make funds available to a borrower, as described further in the "Things You Need To Know about your Loan Contract and Customer Service Terms" document;

Participating Investor in relation to the Loan means an Investor who provided or participated in providing funds to the Trustee to make the Loan;



Payment Protect means the opt-in service provided by Harmoney under which Harmoney agrees with you (in consideration of your paying the Payment Protect Fee) that you will not be liable to make certain payments under the Loan to Harmoney if a specified event occurs, subject to applicable cover limits;

Payment Protect Terms means the terms for Payment Protect;

Relevant Person means any of Harmoney Nominee Limited, Harmoney Investor Trustee Limited, Harmoney Limited, any related company (as defined in in section 2(3) of the Companies Act 1993) of those entities, and any employee, director, officer, agent, and contractor of those entities or such related company;

RWT means resident withholding tax imposed under the RWT rules in the Income Tax Act 2007;

RWT Exemption Certificate has the meaning given in section YA 1 of the Income Tax Act 2007;

Service means the lending service which Harmoney provides through the Website, either through the Wholesale Funding Model or the P2P Model (as applicable);

Settlement in relation to the Loan means the time at which Harmoney applies the Loan Amount as provided in the Loan Disclosure;

Website means the website at [www.harmony.co.nz](http://www.harmony.co.nz), or such other website as Harmoney may from time to time operate to provide the Service; and

Wholesale Funding Model means the funding model which Harmoney uses to fund loans to borrowers from investments made by wholesale lenders, as described further in the “Things You Need To Know about your Loan Contract and Customer Service Terms” document.

29. Interpretation: In this Loan Contract:

1. headings are inserted for ease of reference only, and do not affect the interpretation of this Loan Contract;
2. references to you or your means the borrower(s) under this Loan Contract (and includes, unless the context states otherwise, the Primary Borrower and co-Borrower);
3. references to the singular include the plural, and vice versa;
4. references to a person include an individual, company, corporation, partnership, firm, joint venture, association, trust, unincorporated body of persons, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal identity;
5. references to any party includes its permitted assignee or transferee; any reference to Harmoney includes any entity appointed to replace it as trustee for the Participating Investors and any back up servicer entity appointed to replace it if a Harmoney Servicer Default occurs (as applicable);
6. references to the "liability" of a person include references to its liability under any cause of action, whether in contract, tort, or equity or under any enactment;
7. references to any document (however described) are references to that document as modified, novated, supplemented, varied or replaced from time to time and in any form, whether on paper or in an electronic form; and
8. a reference to any legislation is a reference to that legislation as amended or replaced from time to time, and includes any regulations or legislative instrument made under it.

# Attachment – Direct Debit Terms

In these terms, references to "Initiator" are references to Harmoney (or its successors or assigns) and references to the "Customer" are references to the Borrower.

## CONDITIONS OF INSTRUCTION TO ACCEPT DIRECT DEBITS

### 1. The Initiator:

#### 1.1. Will provide notice either:

##### 1.1.1. in writing; or

##### 1.1.2. by electronic mail where the Customer has provided prior written consent to the Initiator.

#### 1.2. Has agreed to give advance Notice of the net amount of each Direct Debit and the due date of the debiting at least 10 calendar days (but not more than 2 calendar months) before the date when the Direct Debit will be initiated.

##### 1.2.1. The advance notice will include the following message:

“Unless advice to the contrary is received from you by (date\*), the amount of \$..... will be directly debited to your Bank account on (initiating date\*).”

\*This date will be at least two (2) days prior to the initiating date to allow for amendment of Direct Debits.

1.3. Alternatively, the Initiator undertakes to give notice to the Acceptor of the commencement date, frequency and amount at least 10 calendar days before the first Direct Debit is drawn (but no more than 2 calendar months).

1.3.1. Where the Direct Debit System is used for the collection of payments which are regular as to frequency, but variable as to amounts, the Initiator undertakes to provide the Acceptor with a schedule detailing each payment amount and each payment date.

1.3.2. In the event of any subsequent change to the frequency or amount of the Direct Debits, the Initiator has agreed to give advance notice of at least 30 days before the change comes into effect. This notice must be provided either:

(a) in writing; or

(b) by electronic mail where the Customer has provided prior written consent to the Initiator.

1.4. May initiate a Direct Debit on my/our account when authorisation is received from me/us in accordance with the terms and conditions agreed between me/us and the Initiator of each amount to be debited from my/our account.

1.4.1. notice will be sent of the net amount of each Direct Debit and the due date of debiting after receiving authorisation from me/us under clause 1.4 but no later than the date the Direct Debit will be initiated. This notice must be provided either:

(a) in writing; or

(b) by any other means which provides a verifiable record of the initiated transaction and where the Customer has provided prior written consent to the Initiator.

1.4.2. Where the notice is in writing it must include the following message:

“The amount \$..... was directly debited to your Bank account on (initiating date).”

1.4.3. Where the notice is provided by other means:

(a) the Initiator should hold prior written consent of those means of providing notice;  
and

(b) the notice should provide a verifiable record of the initiated transaction and include the amount and initiating date of that transaction.

1.5. May, upon the relationship which gave rise to this Instruction being terminated, give notice to the Bank that no further Direct Debits are to be initiated under the Instruction. Upon receipt of such notice the Bank may terminate this Instruction as to future payments by notice in writing to me/us.

2. The Customer may:

2.1. At any time, terminate this Instruction as to future payments by giving written (or by the means previously agreed in writing) notice of termination to the Bank and to the Initiator.

2.2. Stop payment of any Direct Debit to be initiated under this Instruction by the Initiator by giving written notice to the Bank prior to the Direct Debit being paid by the Bank.

2.3. Where no advance notice is provided under clause 1.4 a variation to the amount agreed between the Initiator and the Customer from time to time to be Direct Debited had been made without notice being given in terms of clause 1.4 above, request the Bank to reverse or alter any such Direct Debit initiated by the Initiator by debiting the amount of the reversal or alteration of Direct Debit back to the Initiator through the Initiator's Bank PROVIDED such request is made not more than 120 days from the date when the Direct Debit was debited to my/our account.

2.4. Request the Bank to reverse any Direct Debits initiated by the Initiator under the Instructions by debiting the amount of the Direct Debits back to the Initiator through the Initiator's Bank where the Initiator cannot produce a copy of the Instructions and/or Confirmation to me/us that I/we are reasonably satisfied demonstrate that I/we have authorised my/our bank to accept Direct Debits from the Initiator against my/our account PROVIDED the request is made not more than 9 months from the date when the first Direct Debit was debited to my/our account by the Initiator under the Instructions.

3. The Customer acknowledges that:

3.1. This Instruction will remain in full force and effect in respect of all Direct Debits passed to my/our account in good faith notwithstanding my/our death, bankruptcy or other revocation of this Instruction until actual notice of such event is received by the Bank.

3.2. In any event this Instruction is subject to any arrangement now or hereafter existing between me/us and the Bank in relation to my/our account.

3.3. Any dispute as to the correctness or validity of an amount debited to my/our account shall not be the concern of the Bank except in so far as the Direct Debit has not been paid in accordance with this Instruction. Any other disputes lie between me/us and the Initiator.

3.4. Where the Bank has used reasonable care and skill in acting in accordance with this Instruction, the Bank accepts no responsibility or liability in respect of:

3.4.1. the accuracy of information about Direct Debits on Bank statements; and

3.4.2. any variations between notices given by the Initiator and the amounts of Direct Debits.

3.5. The Bank is not responsible for, or under any liability in respect of the Initiator's failure to give notice in accordance with clauses 1.1 to 1.4, nor for the non-receipt or late receipt of notice by me/us for any reason whatsoever. In any such situation the dispute lies between me/us and the Initiator.

3.6. Where notice given by the Initiator in terms of clause 1.4 to the debtor responsible for the payment shall be effective. Any communication necessary because the debtor responsible for payment is a person other than me/us is a matter between me/us and the debtor concerned.

4. The Bank may:

4.1. In its absolute discretion conclusively determine the order of priority of payment by it of any monies pursuant to this or any other Instruction, cheque or draft properly signed by me/us and given to or drawn on the Bank.

4.2. At any time terminate this Instruction as to future payments by notice in writing to me/us.

4.3. Charge its current fees for this service in force from time to time.