

Loan Contract with Payment Protect — Effective from June 2019 to September 2020

Form of Loan Contract

Effective from 17 June 2019 to 29 September 2020

1. **Loan Contract:** The terms and conditions of your Loan Contract are set out in your Loan Disclosure Statement together with this form of loan contract (including the Payment Protect terms set out in the schedule to this document). Your Loan Disclosure Statement prevails over this form of loan contract in the event of any inconsistency.
2. **Effective date:** Your Loan Contract comes into effect if, after you have been provided with your Loan Contract, you accept or confirm that you want to continue.
3. **Borrower:** The Borrower under your Loan Contract is specified in your Loan Disclosure Statement. If more than one person is the Borrower:
 1. you are jointly and individually liable under your Loan Contract;
 2. we can accept instructions from any of you (without reference to any other person who is the Borrower) in respect of your Loan Contract;
 3. each of you can agree on behalf of all of you to changes to your Loan Contract.

4. **Participating Investors:** Any Participating Investors are anonymous to the Borrower, and you will not receive information about them. No Participating Investor is a party to your Loan Contract.
5. **Agreement to lend:** Your Loan will be lent to you on and subject to the terms of your Loan Contract.
6. **Date of Advance:** The loan amount (specified in your Loan Disclosure Statement) is lent to you by Harmoney Lender when our bank is requested to pay out that amount. The Date of Advance may not be the same date that the funds are received in cleared funds by you or any other payee. We may pay any part of the Loan to a third party in accordance with your instructions. In the unlikely event that your Loan is not fully funded by any Participating Investors within 14 days of the Loan Contract coming into effect, then your Loan Contract will automatically be cancelled. If this happens, Harmoney Services will notify you of that fact.
7. **Interest:** Interest charges are calculated by multiplying the unpaid balance of your Loan at the end of the day by a daily interest rate. The daily interest rate is calculated by dividing the annual interest rate specified in your Loan Disclosure Statement by 365. Interest is charged and payable monthly in arrears as part of your required payments (specified in your Loan Disclosure Statement).
8. **Required payments:** You must pay to Harmoney Lender as and when due all required payments specified in your Loan Disclosure Statement, which comprise principal and interest. Each required payment will be direct debited from your Nominated Account on the date it is due (unless otherwise agreed). For the avoidance of doubt (and without limiting any other payment obligation under your Loan Contract) you must pay Harmoney Lender back in full the Loan together with all interest, fees, charges and other amounts payable by you under

your Loan Contract, and no such amount may be outstanding after the final due date for a required payment specified in your Loan Disclosure Statement.

9. **Fees and charges:** You must pay to Harmoney Lender all fees and charges (including default fees and charges) referred to in your Loan Disclosure Statement. Any such fees and charges will be direct debited from your Nominated Account on the date they are due (unless paid from, and forming part of, your Loan on the Date of Advance or otherwise agreed).
10. **Early repayment option:** You can prepay to Harmoney Lender your Loan or any portion of it early. If you choose to prepay the entire Loan, you must pay to Harmoney Lender the full outstanding amount of your Loan together with all interest, fees, charges and other amounts payable by you under your Loan Contract and accrued to the date of prepayment.
11. **Payment provisions:** You must make every payment under your 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. to the Collections Account.
12. Harmoney Services will decide the order in which amounts you pay under your Loan Contract will be applied.

You agree to a direct debit authority being established and maintained against your Nominated Account on the terms set out in the authority accompanying this document in relation to each amount payable by you to Harmoney Lender under your Loan Contract. You must ensure that your Nominated Account has sufficient funds at all relevant times to honour each payment under your Loan Contract on its due date. If any such payment will not be made or honoured by

direct debit from your Nominated Account when due for any reason, you must make alternative arrangements for the payment to be made on its due date in accordance with these payment provisions.

If any amount payable by you under your Loan Contract is not paid when due in accordance with this document, that amount will continue to constitute a debt due by you to Harmony Lender until it is paid in full (see also clause 15 below).

13. Payment Protect: You have opted to have Payment Protect. Payment Protect is an optional repayment waiver feature. The Payment Protect terms are set out in the schedule to these general loan terms. Under Payment Protect, you and any co-borrower may not be required to make certain payments to Harmony Lender (even if you would otherwise be required to do so under the terms of your Loan Contract).

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 your Loan. This is because Harmony Lender holds 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 your Loan.
3. However, Harmony Lender will meet all NRWT or AIL obligations on your behalf from the payments you make under your Loan Contract, immediately upon payment of the relevant interest into the Collections Account. For this purpose, you:

1. authorise Harmoney Lender 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 Harmoney Lender 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. To the extent allowable, Harmoney Lender will also undertake any required investment income reporting on your behalf.

15. Warranties: You warrant to us that:

1. all information you provide to us is true, accurate, and complete, and there is no information which has not been provided which would impact on a decision to register you as a Borrower or to make a Loan available;
2. you will provide us with updated information if any of your circumstances have changed; and
3. if your contact details change, you will immediately provide us with details of the change and update the dashboard with your revised information

16. Default:

1. If you:
 1. do not pay any money due under your Loan Contract on the due date;

2. commit an act of bankruptcy (as defined in the Insolvency Act 2006); or
 3. provided us with incorrect or fraudulent information,
2. we may by notice to you declare all money outstanding under your Loan Contract (including all accrued interest, fees, charges and other amounts payable by you under your Loan Contract) immediately due and payable. In that case, you must immediately pay that outstanding money to Harmoney Lender. We may also exercise any collection, enforcement or other rights available to us (which, if you have not paid an amount when due, may include taking appropriate recovery action such as appointing a collection agent, instituting legal proceedings, or selling your Loan Contract to another person). You must promptly and fully comply with all requests and directions we give you when we exercise these rights.
3. In the event of a breach of your Loan Contract or on the enforcement of your Loan Contract, you must also pay to Harmoney Lender any applicable default fees and charges referred to in your Loan Disclosure Statement. Any such fees and charges will be direct debited from your Nominated Account on the date they are due (unless otherwise agreed).

17. Limitation of liability:

1. If Harmoney Lender (referred to in this clause as the Trustee) has entered into your Loan Contract as bare trustee for Participating Investors, the Trustee holds all rights and powers vested in it under or in connection with your Loan Contract as bare trustee for the Participating Investors in accordance with their respective interests, on and subject to the terms of the Trustee's appointment.

2. Without limiting clause 16(a), no Relevant Person will be liable if it fails to comply with your Loan Contract due to events beyond its reasonable control (including due to any Participating Investors failing to fund your Loan). Nothing in this clause 16(b) or your Loan Contract limits any rights you may have at law.

18. Changes to terms:

1. We will not, without your prior agreement, amend, the interest rate applying to your Loan, the loan term, the loan amount, the amounts of any loan repayments, the loan repayment dates, or any other matters as expressly permitted by your Loan Contract. For the avoidance of doubt, the actual Date of Advance may not be the expected date described in your Loan Disclosure Statement, and (in that case) you permit us to notify you of the different Date of Advance and any associated change to any amount payable under your Loan Contract.
2. We may from time to time introduce a new type of fee under your Loan Contract, or amend any fee payable under your Loan Contract, but only in accordance with applicable law (including applicable lender responsibility principles and notice requirements) and only if (acting reasonably) we consider the introduction or amendment to be necessary or appropriate in all the circumstances. Harmony Services will be entitled to process additional debit payments to cover any such fees

19. Notices:

1. You must provide all notices to us in writing (including by email) using the contact details provided in your Loan Disclosure Statement or any updated details provided by Harmony Services or on the Website at the relevant time.

2. You consent to obtaining ongoing disclosure information required by law about your Loan online. Such information can be accessed by logging on to the Website. You consent to receiving all other notices, documents and communications relating to your Loan in electronic form and by electronic means and you agree that (subject to applicable legal requirements) we may use any electronic message address specified by you and/or we may communicate with you through the Website (including the dashboard) for that purpose.
20. **Severability:** The illegality, invalidity or unenforceability of any provision in your Loan Contract will not affect the legality, validity or enforceability of another provision.
21. **Privity:** Each of Harmoney Lender and Harmoney Services can enforce its rights under your Loan Contract even if it has not signed your Loan Contract.
22. **Assignment:**
1. You may not transfer or assign any of your rights or obligations under your Loan Contract to any person.
 2. Each of Harmoney Lender and Harmoney Services may transfer or assign all and any of its rights and/or obligations under your Loan Contract to any person, without requiring your consent.
23. **Governing law:** Your 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 your Loan Contract and your Loan.
24. **Definitions:** In your Loan Contract, terms defined in your Loan Disclosure Statement have the same meanings where used in this document and:
AIL means approved issuer levy payable under part 6B of the Stamp and Cheque Duties Act 1971; **Borrower** means the person(s) specified as the

borrower in your Loan Disclosure Statement; **Business Day** means a day other than a Saturday, Sunday, or statutory public holiday in New Zealand;

Collections Account means the Harmony Lender bank account into which (among other things) payments of principal and interest and other amounts payable by you under your Loan Contract must be paid; **Date of Advance** has the meaning given to that term in your Loan Disclosure Statement; **Harmony Lender** has the meaning given to that term in your Loan Disclosure Statement; **Harmony Services** has the meaning given to that term in your Loan Disclosure Statement; **Loan** means the total amount lent or to be lent by Harmony Lender to you under your Loan Contract (whether credited to your bank account or otherwise applied for your benefit); **Loan Contract** means the agreement between you and us in respect of your Loan, which comprises your Loan Disclosure Statement together with this document (including the Payment Protect terms set out in the schedule to this document); **Loan Disclosure Statement** means the loan disclosure statement provided to you in respect of your Loan; **Nominated Account** means the New Zealand bank account which is nominated by the Borrower from time to time as the account into which Loan advances are to be paid and from which amounts payable to Harmony Lender are to be direct debited; **NRWT** means non-resident withholding tax imposed under the NRWT rules in the Income Tax Act 2007; **Participating Investor** in relation to your Loan means (if applicable) each investor for whom Harmony Lender as bare trustee holds your Loan; **Payment Protect** means the optional repayment waiver feature issued on the Payment Protect terms set out in the schedule to this document. **Relevant Person** means any of Harmony Lender, Harmony Services or 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; and **Website** means the website at www.harmony.co.nz, or such other website as Harmony Services or a Relevant Person may from time to time operate.

25. Interpretation: In your Loan Contract:

1. headings are inserted for ease of reference only, and do not affect the interpretation of your Loan Contract;
2. references to you or your means the 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 (including Harmony Lender and Harmony Services) includes any permitted assignee or transferee; and any reference to Harmony Services includes any back up servicer entity appointed to replace it;
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.

Schedule - Payment Protect terms

Section A: General

1. **Payment Protect terms:** You have opted to have Payment Protect. The terms and conditions of Payment Protect are set out in this schedule.
2. **Plan level:** Your Loan Disclosure Statement specifies whether you have opted to take out Payment Protect Partial or Payment Protect Complete. If you have Payment Protect Partial, your Repayment Waiver applies in the event of your death and Terminal Illness. If you have Payment Protect Complete, your Repayment Waiver applies in the event of your death, Terminal Illness, Disability and Redundancy.
3. **Effective date:** Payment Protect comes into effect on the Date of Advance of your Loan (strong"Effective Date").
4. **Payment Protect fee:** You must pay to Harmoney Lender the Payment Protect fee specified in your Loan Disclosure Statement. The Payment Protect fee is charged on the Date of Advance and forms part of your initial loan amount (as specified in your Loan Disclosure Statement).
5. **How to activate a Repayment Waiver:**

1. If an Event occurs, you must firstly give us written notice of the Event. You must do this within 60 days of the Event occurring (but there is no time limit for giving written notice of death). You can give this notice to us by email or via your borrower dashboard on the Website. (However, if your death is being notified, your next-of-kin or the executor or administrator of your estate can notify your death via the borrower dashboard only if we have authorised this.)
2. Subsequently, you must give us all of the following information. You must do this within 30 days of giving written notice of the Event under (a) above:
 1. a completed information form in the form provided by us (you can obtain this by contacting us using the contact details on the Website);
 2. all the supporting documents for the Event as specified in section B, C, D or E (as applicable); and
 3. any further information or documents that we reasonably require.
3. You can send us these supporting documents or information by email. In some circumstances, we may (acting reasonably) ask you to provide us with hard-copy originals or certified copies of the originals, and you must promptly and fully comply with any such request. You are responsible for the costs of getting applicable information and documentation and providing it to us.
6. **No Repayment Waiver if information not received on time:** If we do not receive any notice, information or document as required under clause 5 above within the applicable timeframe, you will not be entitled to any Repayment Waiver as a result of the relevant Event.

7. No Repayment Waiver before notice of an Event given:

1. Without limiting clause 6 above or any other condition or limitation set out in these Payment Protect terms, you will not be entitled to any Repayment Waiver in respect of Repayments that fall due before you have given written notice of an Event to us. It is therefore important to notify us of an Event as soon as possible – even if you do not yet have the information form or all the supporting documents ready.
2. If you give us written notice of an Event before 12 noon on the day a Repayment falls due (or, if its due date is not a business day, before 12 noon on the next business day), the notice will be treated as received before the Repayment falls due.

Section B: Death Waiver

1. How the Death Waiver works: If you die, all your remaining Repayments that fall due after we have received written notice of your death will be waived (subject to the conditions and limitations of these Payment Protect terms).
2. What conditions must be met before the Death Waiver will apply: A Repayment will be waived as a result of your death only if all of the conditions of these Payment Protect terms are met, including:

No arrears:

You must not have any due but unpaid balance under your Loan Contract when you die. If you are in arrears when you die, neither the overdue amounts nor any new Repayments will be waived.

Supporting documents (see clause 5):

Death certificate.

Post mortem examination if required:

If we reasonably require a post mortem examination (for example, because we reasonably need to confirm that your death is not due to a medical condition that is excluded by section F), that examination must be completed within the period reasonably required by us, otherwise your estate will not be entitled to the Repayment Waiver (irrespective of what a later post mortem examination might show). The examination must be conducted by an appropriately qualified registered medical practitioner as specified by us. If the post mortem examination confirms that your death qualifies for the Repayment Waiver, the Repayment Waiver will apply as if we had received the results of the post mortem examination when it received your death certificate (so that your estate will not be prejudiced by any delay caused by the post mortem examination).

3. When your Repayment Waiver will not apply: The Death Waiver will not apply in certain circumstances. These exclusions are set out in section F.

Section C: Terminal Illness Waiver

1. **Meaning of Terminal Illness:** "Terminal Illness" means that you suffer an illness, other medical condition or Accidental Injury that is likely to result in your death within twelve Months of the date of the medical certificate you give us in connection with the Terminal Illness Waiver.
2. **How the Terminal Illness Waiver works:** If you become Terminally Ill, your remaining Repayments that fall due after we have received written notice that

you have become Terminally Ill will be waived (subject to the conditions and limitations of these Payment Protect terms).

3. **What conditions must be met before the Terminal Illness Waiver will apply:**

A Repayment will be waived as a result of your Terminal Illness only if all of the conditions of these Payment Protect terms are met, including:

No arrears:

You must not have any due but unpaid balance under your Loan Contract when you become Terminally Ill. If you are in arrears when you become Terminally Ill, neither the overdue amounts nor any new Repayments will be waived.

**Supporting documents
(see clause 5):**

Medical certificate issued and signed by a registered medical doctor currently practising in New Zealand that states what your condition is and that it is likely to cause your death within twelve Months of the date of that certificate.

Further medical examinations if required:

You must undergo all medical examinations (including psychiatric or psychological examinations and, upon your death, post mortem examinations) that we may reasonably require. This must occur within the period reasonably required by us, otherwise you will not be entitled to the Terminal Illness Waiver (irrespective of what a later medical examination might show). Each such examination must be conducted by an appropriately qualified registered medical practitioner as specified by us. If such a medical examination confirms that you qualify for the Terminal Illness Waiver, the Terminal Illness Waiver will apply as if we had received the results of that medical examination when we received your notice that you had become Terminally Ill (so that you will not be prejudiced by any delay caused by that medical examination).

4. **When your Repayment Waiver will not apply:** The Terminal Illness Waiver will not apply in certain circumstances. These exclusions are set out in section F.

Section D: Disability Waiver (Payment Protect Complete only)

1. Meaning of Disability: "Disability" means that you suffer or are diagnosed with an illness, other medical condition or Accidental Injury that stops you from being able to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this).
2. How the Disability Waiver works: If you have Payment Protect Complete, your Repayment Waiver applies in the event of Disability. If you become Disabled, your remaining Repayments that fall due:
 1. after we have received written notice that you have become Disabled;
 2. after the additional 14-day stand-down period described below has ended (if applicable); and
 3. while you remain Disabled,
3. will be waived (subject to the conditions and limitations of these Payment Protect terms). The Disability Waiver will stop applying as soon as you are able to resume your Usual Occupation for at least 20 hours per week, even if your old position – or any other suitable position with your old employer – is no longer available to you or is not available to you on a part-time basis.
4. How the stand-down period works:
 1. This clause 17 does not apply to any Disability resulting from Accidental Injury - in that case, no stand-down period applies.
 2. In all other cases, there is an initial 14-day stand-down period in respect of each Disability. Only Repayments that fall due more than 14 days after we have received written notice that you have become Disabled will be waived.

3. The stand-down period will apply with adjustments if you suffer or are diagnosed with a Disability ("first Disability") from which you recover, and you later become Disabled again ("second Disability") because of the same underlying condition as the one that had caused the first Disability (and not due to any additional cause). If that happens, the 14-day stand-down period will apply to the first Disability but not to the second Disability.
5. Maximum number of Repayments waived: Not more than 24 Repayments in total will be waived due to Disability. This maximum is a combined total for all Disability Events you may suffer. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see clause 32.)
6. What conditions must be met before the Disability Waiver will apply: A Repayment will be waived as a result of your Disability only if all of the conditions of these Payment Protect terms are met, including:
- No arrears:** You must not have any due but unpaid balance under your Loan Contract when you become Disabled. If you are in arrears when you become Disabled, neither the overdue amounts nor any new Repayments will be waived.
- Supporting documents (see clause 5):** Medical certificate issued and signed by a registered medical doctor currently practising in New Zealand that states what your condition is, when it started or was diagnosed, and that it is making you unable to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this).

**Further medical
examinations
if required:**

You must undergo all medical examinations (including psychiatric or psychological examinations) that we may reasonably require. You must do so within the period reasonably required by us, otherwise you will not be entitled to the Disability Waiver (irrespective of what a later medical examination might show). Each such examination must be conducted by an appropriately qualified registered medical practitioner as specified by us. If that medical examination confirms that you qualify for the Disability Waiver, the Disability Waiver will apply as if we had received the results of that medical examination when it received your notice that you had become Disabled (so that you will not be prejudiced by any delay caused by the medical examination). To be clear, we can require you to undergo a medical examination at any time (not only when assessing your application for the Disability Waiver).

**Three-monthly
medical
certificates:**

To keep receiving the Disability Waiver, you must provide us with a fresh medical certificate every three Months (again, this must be mailed to us as a hard copy, not sent as an email attachment). Each such medical certificate must be issued and signed by a registered medical doctor currently practising in New Zealand. In it, the doctor must confirm that you are still suffering from the illness, other medical condition, or injury (as the case may be), that it is continuing to make you unable to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this), and when you are likely to be able to work again for at least 20 hours per week. You are responsible for the costs in getting each such medical certificate and providing it to us. Each such medical certificate is due within three Months after the date of the previous medical certificate you provided to us. If you do not provide us with such a medical certificate, your Disability Waiver will cease to apply to any Repayments falling due after the date when you were required to provide it. However, you do not need to provide a medical certificate every three Months if we have notified you in writing (including by email) that this is not required (for example, because we are satisfied based on a previous medical certificate that you are permanently Disabled). To be clear, the fact that you must provide us with a medical certificate every three Months does not limit our right to require you to undergo a medical examination at any other time.

7. **When your Repayment Waiver will not apply:** The Disability Waiver will not apply in certain circumstances. These exclusions are set out in section F.

Section E: Redundancy Waiver (Payment Protect Complete only)

1. Meaning of Redundancy: "Redundancy" means that you are made redundant from any position in which you were Permanently Employed and that your employment is terminated as a consequence of that redundancy. It does not include:
 1. becoming unemployed because, when you were made redundant, you rejected an offer of another position that was:
 1. with the same employer (or with a person to whom the employer was selling or transferring its business);
 2. for your Usual Occupation; and
 3. on substantially similar terms to those that applied to the position from which you were made redundant;
 2. becoming unemployed because you resigned, retired, or were dismissed; or
 3. where you are made redundant from any position in a business owned by you (whether alone or with others) or by a company of which you are a shareholder or director.
2. **How the Redundancy Waiver works:** If you have Payment Protect Complete, your Repayment Waiver applies in the event of Redundancy. If you are made Redundant, your remaining Repayments that fall due:
 1. after we have received written notice that you have become Redundant; and
 2. before you are Permanently Employed again,
3. will be waived (subject to the conditions and limitations of these Payment Protect terms).
4. Maximum number of Repayments waived: Not more than five Repayments in total will be waived due to Redundancy. This maximum is a combined total for

all Redundancies you may suffer. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see clause 32.)

5. What conditions must be met before the Redundancy Waiver will apply: A Repayment will be waived as a result of Redundancy only if all of the conditions of these Payment Protect terms are met, including:

No arrears:

You must not have any due but unpaid balance under your Loan Contract when you become unemployed due to Redundancy. If you are in arrears when you become unemployed due to Redundancy, neither the overdue amounts nor any new Repayments will be waived.

Supporting documents (see clause 5):

- Redundancy notice issued and signed by your employer that states that you have been made Redundant and when your employment will end.
- Satisfactory evidence that you were in Permanent Employment for at least three Months immediately before becoming unemployed due to Redundancy – for example, a reference on the employer's letterhead stating when you were employed and your employment hours per week.

Further verification if required:

You authorise us to contact your employer to verify that your employment will be or has been terminated due to Redundancy, to verify when your employment started and will end or ended, and to verify your employment hours per week.

**Monthly
confirmations or
statutory
declarations:**

You must each Month confirm to us (or, if we require this, provide us with a statutory declaration made by you) that, as at the due date for that Month's Repayment, you:

- are not Permanently Employed; and
- are actively seeking Permanent Employment.

You must send this confirmation (or statutory declaration, if applicable) to us by email. We must receive this email on, or within five days before, the due date of the Repayment in respect of which you are giving the confirmation (or statutory declaration). If you do not provide this confirmation (or statutory declaration) by then, the Redundancy Waiver will cease applying (so that neither the Repayment in respect of which the confirmation (or statutory declaration) was required to be given nor any subsequent Repayments will be waived). However, you do not have to provide this confirmation (or statutory declaration) for the first Repayment to be waived.

6. **When your Repayment Waiver will not apply:** The Redundancy Waiver will not apply in certain circumstances. These exclusions are set out in section F.

Section F: Exclusions

1. **Excluded causes:** A Repayment Waiver does not apply if the Event to which it relates is directly or indirectly caused or contributed to by any condition, event or circumstance as specified below:

Excluded cause	Description	Repayment Waivers to which exclusion applies
----------------	-------------	----------------------------------------------------

**pre-existing
condition:**

an illness, injury, congenital or degenerative condition, or other medical condition (whether existing, diagnosed, or in remission) for which you sought, or received, or could reasonably have been expected to seek medical advice, treatment, or hospitalisation before the Effective Date

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

pre-existing risk:

a circumstance or state of affairs that existed before the Effective Date and that you knew (or should reasonably have foreseen) would lead to the Event

- Redundancy Waiver

self-harm:

suicide, attempted suicide, or intentional self-injury (whether sane or insane)

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

mental condition:	any psychiatric, mental, or nervous disorder or psychological condition (including clinical depression, anxiety disorder, stress, and stress-related conditions)	<ul style="list-style-type: none">• Death Waiver• Terminal Illness Waiver• Disability Waiver• Redundancy Waiver
--------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------

alcohol or non-prescription drugs:	<ul style="list-style-type: none">• alcohol or drugs taken by you (unless prescribed by a registered medical practitioner and taken as prescribed)• an addiction to alcohol or such drugs
-------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

STD or HIV:	a sexually transmitted disease or human immunodeficiency virus (HIV)	<ul style="list-style-type: none">• Death Waiver• Terminal Illness Waiver• Disability Waiver
--------------------	----------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------

**failure to get, or
to comply
with, medical
treatment:**

your failure to:

- seek treatment by a registered medical doctor, or
- comply with the treatment prescribed by a registered medical doctor or any other reasonably necessary treatment prescribed by a registered health practitioner to which a doctor refers you

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

**non-therapeutic
medical
procedure**

a medical treatment or surgical procedure that is not necessary or advisable for medical reasons but that you undergo for cosmetic, psychological, or personal reasons

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

illegal conduct:	engaging in any illegal or criminal act (for example, driving a motor vehicle over the legal speed limit or with a blood alcohol level that is over the legal limit)	<ul style="list-style-type: none"> • Death Waiver • Terminal Illness Waiver • Disability Waiver • Redundancy Waiver
sporting activities:	engaging in: <ul style="list-style-type: none"> • a professional sport of any kind; or • parachuting, hang-gliding, or motor racing of any kind 	<ul style="list-style-type: none"> • Death Waiver • Terminal Illness Waiver • Disability Waiver

2. When assessing whether any Event has been directly or indirectly caused or contributed to by an excluded cause, each individual situation will be given fair and appropriate consideration with reference to these terms accepted by you. Our decision (acting reasonably) is final and will be notified to you promptly.
3. No Repayment Waiver for Events after original loan term: Payment Protect does not apply as a result of Events that occur after the original term of your Loan Contract has ended. This means that if the term of your Loan Contract is extended for any reason (eg due to an unforeseen hardship application), your

Repayment Waiver only applies as a result of Events occurring during the original term.

4. No-cover periods for Disability and Redundancy: A Disability Waiver or Redundancy Waiver does not apply if the Event to which it relates occurs during the period specified below:

Repayment Waiver	Excluded Event and no-cover period
Disability Waiver:	The Disability Waiver does not apply if the Disability is due to an illness or other medical condition that you begin to suffer or were diagnosed with on, or within 30 days after, the Effective Date. To be clear, this exclusion period does not apply to a Disability that is due to Accidental Injury.
Redundancy Waiver:	<p>The Redundancy Waiver does not apply if:</p> <ul style="list-style-type: none">• the first day on which you are unemployed due to Redundancy occurs on, or within 30 days after, the Effective Date; or• your employer gave you written details of a proposal to make your position redundant, or gave you notice of termination of your employment by way of redundancy, on or within 30 days after the Effective Date.

5. **Work-related exclusions for Disability and Redundancy:** A Disability Waiver or Redundancy Waiver applies only if you meet the following work-related requirements:

Repayment Waiver	Work-related requirement
------------------	--------------------------

Disability Waiver: The Disability Waiver applies only if you are in Permanent Employment or Self-employed when you become Disabled.

Redundancy Waiver: The Redundancy Waiver applies only if you:

- are in Permanent Employment; and
- have been in Permanent Employment for at least three Months,

immediately before becoming unemployed due to Redundancy.

6. Overseas Events or non-residents: A Repayment Waiver does not apply in respect of an Event if the Event occurs outside New Zealand or if you are not living in New Zealand when the Event occurs.
7. Falsehood or fraud: You are not entitled to have any Repayment waived if you (or any person on your behalf) provided or provide any false or fraudulent information or document in your application for your Loan Contract or Payment Protect or in connection with any Event.

Section G: Additional information

1. **Adjustments to your Repayment Waiver if you are a co-Borrower:**

1. If:

1. both you and your spouse or partner have Payment Protect in respect of the same Loan; and

2. an event happens to your spouse or partner for which he or she is entitled to a repayment waiver under Payment Protect,
2. any Repayments by you falling due during the period when your spouse's or partner's repayment waiver applies will also be waived. This waiver applies even if you have no Payment Protect or a different level of Payment Protect.
3. (a) If you both have Payment Protect Complete and you are both unemployed due to Disability or Redundancy, each of you will separately receive the repayment waiver for Disability or Redundancy during that time after you have notified us. This may mean that the maximum number of Repayments waived is increased.

2. Direct debit arrangements:

1. If you notify us that an Event to which a Repayment Waiver applies has occurred, we will suspend the direct debit deductions of any Repayments that would qualify for the relevant Repayment Waiver if your waiver application is approved.
2. We will reactivate the direct debit deductions if:
 1. you fail to submit your complete waiver application (ie your written notice of the Event together with all supporting and additional documents and information required) within the specified period;
or
 2. your waiver application is rejected.
3. If either of the above happens, we will direct debit your bank account with any Repayments that fell due while the direct debit deductions were suspended in addition to reactivating the direct debit instruction for future Repayments.

4. Otherwise, if your waiver application is accepted, the direct debit deductions will remain suspended for so long as the applicable Repayment Waiver is in force.
3. **You can apply more than once for Repayments to be waived:** If you suffer two or more Events (whether of the same kind, or of different kinds), you can apply for a Repayment Waiver for every Event (provided that you meet the requirements for each, and subject to the maximum amounts or numbers of Repayments that can be waived and to any stand-down periods). However, only one Repayment Waiver can apply at any one time.
4. **What costs you are responsible for:** If we incur any medical, investigative, legal, or other costs, expenses, or liabilities ("costs") in verifying or assessing your entitlement or ongoing entitlement to a Repayment Waiver, the following provisions apply:
 1. If as result of that verification or assessment we reasonably determine that you are not entitled to the Repayment Waiver, then the costs will be for your account (and we may debit your Loan account with the amount of the costs).
 2. Otherwise, the costs will be borne by us.
5. **False or fraudulent information:** If you (or any person on your behalf) provide any false or fraudulent information or document in the application for your Loan Contract or Payment Protect or in connection with any Event, we may (acting reasonably):
 1. refuse to waive any Repayments;
 2. cancel Payment Protect by notice to you, with effect from the date specified in the notice (and that date may be earlier than the date of the notice); or

3. alter the terms of Payment Protect by:
 1. changing the Payment Protect level provided (eg by changing from Payment Protect Complete to Payment Protect Partial); or
 2. adding any conditions, limitations, or exclusions to Payment Protect,
4. by notice to you. Any such alteration will take effect from the date specified in the notice.
6. Ending Payment Protect: Payment Protect will expire if and when:
 1. you have made all Repayments due under your Loan Contract;
 2. you cancel the Loan during the cooling-off period (as set out in your Loan Disclosure Statement under "Right to Cancel"); or
 3. Payment Protect is cancelled because you (or any person on your behalf) provide any false or fraudulent information or document in the application for your Loan Contract or Payment Protect or in connection with any Event.
7. You cannot cancel Payment Protect before then.
8. **Rebate of Payment Protect Fee if Loan repaid early:**
 1. If you repay all amounts due under your Loan Contract before the term of the Loan expires (including by refinancing the Loan), a proportion of your Payment Protect Fee will be rebated.
 2. Your rebate will be calculated as follows:

$$\text{rebate} = (p \times s \times (s + 1)) \div (t \times (t + 1))$$

where:

"p" is the amount of your Payment Protect Fee

"s" is the number of whole months in the unexpired portion of the period for which Payment Protect applied

"t" is the number of whole months for which Payment Protect applied.

Definitions: In these Payment Protect terms, the additional definitions apply:

Accidental Injury means physical injury caused directly by an unexpected and external force (and not caused wholly or substantially by a gradual process, disease, or infection); **Death Waiver** means the Repayment Waiver provided for in section B; **Disability** has the meaning given to it in section D; **Disability Waiver** means the Repayment Waiver provided for in section D; means your death, Terminal Illness, Disability or Redundancy; **Month** means a period starting on a particular date in a particular calendar month and ending immediately before the same date in the next calendar month (eg 15 March 20xx-14 April 20xx); **Payment Protect Complete** means a Repayment Waiver that applies to death, Terminal Illness, Disability and Redundancy; **Payment Protect Partial** means a Repayment Waiver that applies to death and Terminal Illness; **Permanently Employed** means that you work for a single employer or firm for wages, a salary, commission, or other employment income for not less than 20 hours per week (but does not include employment on a casual, seasonal, or fixed-term basis, and does not include employment while on unpaid leave for a continuous period of three Months or longer); **Redundancy** has the meaning given to it in section E; **Redundancy Waiver** means the Repayment Waiver provided for in section E; **Repayment** means each monthly repayment of principal, interest and/or credit fees that is, or will or may become, due under your Loan after you have given written notice of an Event in accordance with these Payment Protect terms (but, to be clear, does not include payments of costs and default fees); **Repayment Waiver** means the waiver of Repayments as provided for in section B, C, D, or E (as applicable);

Self-employed means that you:

- are employed for at least 20 hours per week by a company of which you are a director and shareholder (whether alone or with others); or
- work for yourself (whether alone or in partnership with others) in an occupation or business for remuneration for at least 20 hours per week;

has the meaning given to it in section C; **Self-employed** means the Repayment Waiver provided for in section C; **Usual Occupation** means:

- the work, occupation, or business you usually do to produce an income; or
- any other type of work, occupation, or business you can reasonably be expected to do because of your education, training, skills, or experience; and

Waive in relation to a Repayment means that your obligation to make that Repayment no longer exists.

Attachment 1 – Direct Debit

Terms

In these terms, references to "Initiator" are references to Harmoney Services (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:

1. in writing; or
2. 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:

1. in writing; or
2. 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:

1. the Initiator should hold prior written consent of those means of providing notice; and
2. 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.

Attachment 2 - Fees and charges

Borrowers will be charged no additional fees beyond the one-off establishment fee (and the one-off Payment Protect fee, if the option of Payment Protect is chosen), except in the event of a breach of the loan contract or on the enforcement of the loan contract.

Please note that fees and charges can be varied in accordance with the applicable loan contract.

Establishment fee

Borrowers are charged an up-front, one-off establishment fee of \$200 for approved loan amounts of below \$5,000, or \$450 for approved loan amounts of \$5,000 and above.

The establishment fee covers the arranging costs incurred in connection with the loan application, including the processing and consideration of that application, documenting the loan, and administration around advancing the loan.

The establishment fee is paid from the Borrower's loan on the date the loan is advanced. The amount of the fee is added to the approved loan amount and forms part of the principal amount of the loan (which is repaid, together with interest, by regular payments as specified in the loan contract).

These establishment fees also apply to Top Ups.

Dishonour fee

In the case where a Borrower's payment is dishonoured, a \$15 fee is charged.

The dishonour fee covers the costs of the additional administration required to re-process and arrange the payment as part of the collection process.

The dishonour fee is charged to the Borrower and direct debited from the Borrower's nominated bank account on the Borrower's next payment due date.

Overdue fee

The overdue fee is charged if a payment is not made in full when due and the account goes into arrears. The fee payable is \$20 on each of 6, 36, 66, 96 and 120 days after the payment due date, if the account remains in arrears.

The overdue fee covers the costs of the additional administration required to manage the collection process for an overdue account, which includes arranging for a collection process in respect of the arrears amount, updating and maintaining records, and other necessary and incidental services to the collection process.

The overdue fee is charged to the Borrower and direct debited from the Borrower's nominated bank account on the Borrower's next payment due date.

Collection and enforcement fees

If collection or enforcement action is required against a Borrower, an amount that is no more than the legal and associated third party costs or expenses incurred in that collection or enforcement process (if any) will be charged to the Borrower.

These fees cover the costs or expenses incurred when a third party is instructed to assist with recovery in respect of an overdue account.

These fees are charged to the Borrower and direct debited from the Borrower's nominated bank account on the Borrower's next payment due date.

Payment Protect fees

If Borrowers opt to have Payment Protect, the Payment Protect fee is paid from the Borrower's loan on the date the loan is advanced in consideration for the Payment

Protect waiver terms. The amount of the fee is added to the approved loan amount and forms part of the principal amount of the loan (which is repaid, together with interest, by regular payments as specified in the loan contract). The Payment Protect fee is calculated as a percentage of the loan amount (including establishment fee), rounded to the nearest \$25.

There are two types of Payment Protect plan:

Payment Protect plan	Included events
Partial	Terminal illness and death.
Complete	Death, terminal illness, disability illness and involuntary redundancy.

If Payment Protect is taken out on a joint application, it must be taken out by both the primary Borrower and the co-Borrower; it cannot be taken out by only one party.

Term	36 months	60 months
Individual (Complete)	7.24%	9.88%
Individual (Partial)	5.92%	8.18%
Co-Borrower (2x Complete)	9.34%	12.75%

Co-Borrower (2x Partial)	7.64%	10.56%
--------------------------	-------	--------

Co-Borrower (1x Complete 1x Partial)	8.49%	11.66%
--------------------------------------	-------	--------

Rebate of fee on early repayment

If a Borrower prepays their loan in full before the end of their originally set term, without having any payments waived, the Payment Protect fee is rebated pro rata using a formula prescribed by the Credit Contracts and Consumer Finance Act (CCCFA):

$$\text{Payment Protect refund} = (p \times s \times (s + 1)) \div (t \times (t + 1))$$

Where:

- **"p"** is the Payment Protect fee amount,
- **"s"** is the number of whole months in the unexpired portion of the period for which the plan applied,
- and **"t"** is the number of whole months for which the plan applied.