

Loan Contract – Effective from September 2014 to October 2014

Form of Loan Contract

Effective 7 September 2014 to 16 October 2014

1. Parties: The parties to this Loan Contract are:

- (a) you, as borrower;
- (b) your spouse or partner as co-borrower, if clause 3 applies; and
- (c) Harmony Investor Trustee Limited (Trustee), as lender (acting through its agent Harmony Limited (Harmony)).

The Trustee enters into this Loan Contract as bare trustee for the benefit of the Participating Investors, and not in any other capacity. The Trustee 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 the Trustee's appointment.

2. Effective date: This Loan Contract comes into existence and enters into force immediately after the Loan Disclosure has been provided to you (or to your spouse or partner, if clause 3(b)(vi) applies). 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).

3. Co-Borrowers

(a) This clause applies if:

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

(b) If this clause applies:

- (i) 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);
- (ii) you and your spouse or partner are jointly and severally liable under this Loan Contract;
- (iii) you consent to Harmony providing your personal information to the other of you;
- (iv) Harmony can accept instructions from either of you (without reference to the other) in respect of your rights and obligations under this Loan Contract;
- (v) either of you can agree on behalf of both of you to modifications to this Loan Contract;
- (vi) if providing a disclosure statement to either of you is sufficient under section 35(2) of the CCCFA, the Loan Disclosure will be deemed to have been provided to both of you for all purposes if it has been provided to either of you; and
- (vii) at Settlement, the Loan Amount to be credited to the borrower's bank account will be paid to the Primary Borrower's nominated account.

4. Loan: The Trustee agrees to advance the Loan Amount specified in the Loan Disclosure to you for the term so specified, on and subject to the terms of this Loan Contract.

5. Settlement: Settlement of the Loan will occur before or on the first Business Day after the day on which the Loan Disclosure was provided to you.

6. 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. It is payable by you monthly in arrears (and will compound if not paid when due).

7. Repayment: You must pay all loan repayments specified in the Loan Disclosure, comprising all payments of principal and interest, to Harmony (as agent for the Trustee) on the repayment dates specified in the Loan Disclosure.

8. 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, Harmony will, on request, provide you with written confirmation of the prepayment amount for this purpose.

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

(a) as and when due;

(b) in cleared funds and in full, without any set-off, deduction, or withholding, except as may be required by law; and

(c) by direct credit to the Collections Account (as notified to you by Harmony).

10. Security

(a) This clause applies if your Loan Listing offered to provide any assets as security for the Loan.

(b) If this clause applies, you grant the Trustee a security interest in the assets specified in the Loan Disclosure as property over which the Trustee has security (being the Secured Assets) as security for the due payment and performance of all your debts and obligations under this Loan Contract.

(c) Harmony has registered or will register a financing statement over the Secured Assets, in the name of the Trustee as secured party.

(d) You must:

(i) maintain the Secured Assets in a suitable condition (fair wear and tear excepted);

(ii) ensure that the Secured Assets are appropriately insured at all times;

(iii) not sell or otherwise dispose of, or lose possession or control of, any Secured Asset without Harmony's prior written consent (which consent Harmony may withhold unless you provide a replacement asset which Harmony in its discretion considers to be adequate or suitable security).

(e) Sections 114(1)(a), 133, and 134 of the PPSA will not apply to this Security.

(f) You will have none of the rights under sections 116, 120(2), 121, 125, and 129 and 131 of the PPSA.

(g) If the Trustee has rights in addition to, or existing separately from, those in Part 9 of the PPSA, those rights will continue to apply and, in particular, will not be limited by section 109 of the PPSA.

11. Collection and enforcement

(a) Harmony is authorised to carry out the Collection Services. Accordingly, Harmony will:

- (i) monitor all payment obligations under this Loan Contract;
 - (ii) take appropriate steps to contact you for payment arrears;
 - (iii) take appropriate recovery action if there is a payment default; and
 - (iv) enforce the Security (if applicable).
- (b) You must promptly and fully comply with all requests and directions Harmony gives you when it exercises these powers.

12. Default

(a) If you do not pay any money due under this Loan Contract on the due date, you must:

- (i) pay an overdue fee until the overdue payment has been paid in full. The first overdue fee will be charged to your account when you are overdue (subject to any grace period specified on the Website), and must be paid at the same time as the next payment due under the Loan. A further overdue fee will be charged monthly in arrears until the overdue payment has been paid in full, and must be paid at the time specified on the Website. Each overdue fee will be charged at the prevailing rate specified on the Website. A higher rate (as specified on the Website at that time) will apply if the overdue payment is not paid in full within 60 days of its due date; and
- (ii) continue to pay interest on the overdue amount at the interest rate applying to the Loan. The interest will accrue 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).

(b) Further, if you:

- (i) do not pay any money due under this Loan Contract on the due date;
- (ii) commit an act of bankruptcy (within the meaning of the Insolvency Act 2006); or
- (iii) provided Harmony with incorrect or fraudulent information in registering as a Borrower or applying for the Loan,

Harmoney (as agent for the Trustee) may by notice to you declare all money outstanding under the Loan Contract (including all interests and fees) immediately due and payable. In that case, you must immediately pay that outstanding money.

(c) 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), you will be charged a dishonour fee at the prevailing rate specified on the Website. The dishonour fee must be paid at the same time as the next payment due under the Loan.

(d) You must on demand pay Harmoney (as agent for the Trustee) for all costs and expenses (including all legal expenses) it incurs in enforcing or attempting to enforce this Loan Contract or the Security.

13. Trustee's liability

(a) The Trustee enters into this Loan Contract as trustee for the Participating Investors, and not in its personal capacity. The Trustee'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 13(b)). However, the Trustee will not have the benefit of this limitation if the loss for which the Trustee is liable is the direct result of the Trustee's wilful default or dishonesty.

(b) Without limiting clause 13(a), and the fullest extent permitted by the law:

(i) no Relevant Person will be liable if it fails to comply with this Loan Contract due to events beyond its reasonable control; and

(ii) the liability (if any) of any Relevant Person in relation to the Loan will be limited to the amount of the Platform Fee actually received by Harmoney for arranging the Loan.

Nothing in this clause 13(b) or this Loan Contract limits any rights you may have under the Consumer Guarantees Act 1993.

14. Harmoney's liability: Harmoney enters into this Loan Contract as agent for the Trustee, and not in Harmoney's personal capacity. Accordingly, Harmoney has no personal liability to you under this Loan Contract.

15. Changes to Terms

(a) The Trustee (acting through Harmony as its agent) may amend this Loan Contract at any time by notice to you. Any such amendment will apply from the time specified in the notice. However:

(i) The interest rate applying to the Loan, the loan term, the amounts of any loan repayments, and the loan repayment dates cannot be varied without your agreement (or if clause 3, the agreement of your spouse or partner).

(ii) The Trustee (through Harmony) can require you to pay a new type of fees under this Loan Contract only if the introduction of that fee is considered necessary as a result of a legal or regulatory development.

(b) Subject to clauses 3(b)(v) and 15(a), this Loan Contract can only be modified by agreement between all the parties.

16. Notices

You must provide all notices to the Trustee and Harmony (as agent for the Trustee) in writing addressed to Harmony (including by email sent to customer.services@harmoney.co.nz).

(b) The Trustee and Harmony 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, every electronic communication to you (including any email) will be deemed received by you when transmitted by the Trustee or Harmony (as the case may be).

(c) In respect of any disclosure statements to be provided to you under the CCCFA:

(i) You nominate the email address specified in the Loan Application (or such other email address as you may notify to Harmony) as the information system to which any CCCFA disclosure statements or other communications may be sent.

(ii) 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.

17. Investors

(a) Your legal relationship under the Loan Contract is held by the Trustee for the benefit of the Participating Investors.

(b) The Trustee is the trustee solely for the Participating Investors.

(c) You are not entitled to any information about the Participating Investors.

(d) 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 as permitted). Any such change will not affect any of your rights and obligations under this Loan Contract.

18. Replacement of Trustee or Harmony

(a) Harmony can in its discretion replace the Trustee. Any such change will not affect your rights and obligations under this Loan Contract. The replacement Trustee will have the same rights and obligations as the Trustee it replaces, without further action being necessary.

(b) 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 agreement. The appointed back-up servicer from time to time will have the same authority as Harmony did, without further action being necessary.

19. Assignment: 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).

20. 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.

21. Disputes

(a) The Trustee is a member of the Financial Services Complaints Limited dispute resolution scheme. 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/>.

(b) The entries made in the accounts maintained by Harmony (as the Trustee's agent) are, in the absence of manifest error, conclusive evidence of the matters to which they relate.

22. Definitions: In this Loan Contract:

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 Harmony on behalf of the Trustee into which (among other things) payments of principal and interest and other amounts payable by you to the Trustee for the benefit of the Participating Investors must be paid;

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

Harmony Servicer Default means the liquidation of Harmony or Harmony ceasing to hold a licence for the Service under the Financial Markets Conduct Act 2013 for a period of 5 Business Days;

Investor means, as the context requires:

- (a) a person who has registered as an Investor with Harmony; or
- (b) in relation to the Loan, a Participating Investor;

Loan means the total amount lent or to be lent by the Trustee 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); and where applicable includes the amount of all compounded and capitalised interest;

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;

Loan Listing means the loan listing on the Website relating to the Loan;

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

PPSA means the Personal Property Securities Act 1999;

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

Secured Asset means an asset the subject of a Security;

Security means the security interest granted by the Borrower to the Trustee, as described in clause 10;

Service means the peer-to-peer lending service which Harmony provides through the Website;

Settlement in relation to the Loan means

- (a) Harmony arranging for the collection of funds from all Participating Investors, and (as directed by the Trustee) applying the Loan Amount as provided in the Loan Disclosure; and
- (b) the time at which the above transfer occurs;

Website means the website at www.harmony.co.nz, or such other website as Harmony may from time to time operate to provide the Service.

23. Interpretation: In this Loan Contract:

- (a) headings are inserted for ease of reference only, and do not affect the interpretation of this agreement;
- (b) 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);
- (c) references to the singular include the plural, and vice versa;

(d) 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;

(e) reference to any party includes its permitted assignee or transferee; any reference to the Trustee includes any entity appointed to replace it as trustee for the Participating Investors; and any reference to Harmony includes any a back-up servicer entity appointed to replace it if a Harmony Servicer Default occurs;

(f) reference 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;

(g) 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

(h) 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.