

Things You Need to Know — Effective from March 2016 to September 2016

Things you need to know about your Loan Contract

Effective from 8 March 2016 to 19 September 2016

This document explains the key features and risks of a loan you take out through the Harmony platform. It is merely a guide. This information does not override the Loan Contract or the Payment Protect Terms. It is not a substitute for reading the Loan Contract or any other contract terms. If you have any questions, please contact Harmony (at 0800 427 666 or customerservice@harmony.co.nz) or seek professional advice.

Type of Loan

The loan is an unsecured fixed-rate term loan.

You borrow a fixed sum and repay it back in monthly instalments over the loan term.

Because the loan is unsecured, there is no specific asset of yours that secures the loan (such as your house or car) if you cannot repay the loan.

The loan is not guaranteed by anyone. The only person we can claim against for repayment is you (and/or your spouse or partner, if both of you are borrowers under the loan) if you cannot repay the loan.

The loan is made by Harmoney Investor Trustee Limited. That company is a bare trustee for all the investors who fund the loan. Your liability is to that company, and you deal only with that company (through its agent, Harmoney Limited) – not with the underlying investors.

When is the loan paid out?

The net loan amount is paid out no later than the first working day after you receive a disclosure statement for the loan (loan disclosure). The loan disclosure is emailed to you once the loan has been funded by the investors. (Saturdays, Sundays, and national public holidays are not "working days".)

The loan is paid out in accordance with your instructions less the platform fee, and less the other amounts you have agreed to be deducted from the loan.

What do I pay for the loan?

A flat fee of \$375 (the platform fee) is charged for the brokering of the loan.

What must I repay?

You have to pay back the total amount you borrowed. This includes the amount we paid out, as well as the amount covering the platform fee and (if you selected any optional service such as Payment Protect) the fee for that service.

You must also pay interest on the full loan amount. Interest is calculated by multiplying the unpaid loan balance by the annual interest rate. The annual interest rate is fixed and specified in the loan offer, and also confirmed in the loan disclosure.

If you do not pay an amount when it is due, you also have to pay the charges noted in "What happens if I default?" below.

Can I cancel the loan?

You can cancel the loan within seven working days of the day we email you the loan disclosure (cooling-off period). If you decide to cancel the loan, you must do all of the following:

- You must give us a written cancellation notice. You can email the notice to us (as an alternative to posting or delivering it to us). We must receive the notice during the cooling-off period.
- You must repay all loan money we have advanced. You must also pay interest for the period from the day we transferred the loan money into your bank account until the day you repay it. Payment must be in full and in cleared funds. For information on how to do this, see the "Borrower FAQs" section [here](#).

If you cancel the loan during the cooling-off period, you will not be charged the platform fee or (if you selected an optional service such as the Payment Protect) the fee for that optional service. You will only need to repay the net amount you wanted to borrow and that has been paid out.

When must I pay you?

You must repay the loan amount and the interest on it, in monthly instalments. The amount of each monthly instalment, and the day on which it is due, will be specified in the loan disclosure. You can pay weekly or fortnightly as long as the instalment is received by the scheduled payment date.

Can I pay off the loan early, or make early repayments?

You can make early repayments, or repay the loan in full, without charge. For information on how to do this, see the ["Borrower FAQs" section here](#).

You could save money if you pay off the loan early or make early repayments. This is because interest is calculated daily on your outstanding balance. You will incur less interest costs if you reduce the outstanding loan balance through early repayment. If you have Payment Protect, you will also receive a pro-rata rebate of the Payment Protect fee if you pay the loan off early (but not if you only make early repayments).

What am I liable for?

You are liable to repay the loan amount plus interest on that amount. If you do not pay an amount when it is due, you also have to pay the charges noted in "What happens if I default?" below.

If both you and your spouse or partner are borrowers under the loan, you are liable to us for the full amount owing – not just for a share of it. It makes no difference whether you are the "principal borrower" or "co-borrower". The full amount owing can be claimed from you, without having to first claim it (or a share of it) from your spouse or partner. You will be liable for the full amount even if the relationship between you and

your spouse or partner ends (eg even if you break up or divorce) or if your spouse or partner dies (unless Payment Protect cover applies).

What happens if I default?

If you do not make your payments when they are due, we can:

- charge you the fees and costs described under "What am I charged if I default?" below; and
- require that you immediately repay the full amount owing. This will include the amount you borrowed, all unpaid interest, default/collection charges, and enforcement costs. If you do not pay the amount owing, we can pursue payment from you through collection agencies and/or in the courts.

What am I charged if I miss a payment or do not make a payment in full?

There is no default interest rate. However, interest continues to accrue on all amounts owing at the annual interest rate.

You will be charged overdue fees on all overdue amounts, and dishonour fees on any dishonoured payments through your bank. These fees will be charged at the rates specified in the "Interest Rates & Fees" section [here](#).

You will also be charged all collection agency costs, legal expenses, and other enforcement-related costs we incur.

Can I get help if I suffer hardship?

You can apply to us for a hardship variation if you cannot reasonably keep up your payments due to illness, injury, loss of employment, the end of a relationship, or other reasonable cause. For information on how to do this, see the "Unforeseen hardship" section [here](#).

What are the loan terms?

The amount lent to you, the term for which it is lent to you, and the interest rate that applies are those to which you agreed when you accepted the loan offer. (The loan disclosure will confirm that loan amount, term, and interest rate, and will also specify the repayment instalments you must make.)

The standard terms and conditions that apply to the loan are those set out in the Loan Contract that is posted on Harmoney Ltd's website when the loan listing for the loan is placed. There is a copy of the current Loan Contract in the "Legal agreements" section [here](#).

If you select Payment Protect, the Payment Protect Terms will be treated as part of the Loan Contract terms. There is a copy of the current Payment Protect Terms in the "Legal agreements" section [here](#).

Can the loan terms be changed?

The loan amount, annual interest rate, loan term, repayments amounts, and repayment dates are fixed. These can only be changed with your agreement (or if you and your spouse or partner are both borrowers under the loan, with the prior agreement of either yourself or your spouse or partner).

The overdue fees or dishonour fees that apply to the loan can be changed. New fees can also be introduced, but only if this is considered necessary as a result of a legal or regulatory development. Any such changes will be shown in the "Interest Rates & Fees" section on the website.

In all other respects, we can amend the Loan Contract at any time by notice to you (effective from the time stated in the notice).

What is Payment Protect?

Payment Protect is a repayment waiver. It is an optional feature which you can add (if you want to) to your loan when you accept the loan offer.

If you take out Payment Protect and a certain event happens, the monthly repayments for which you have cover will not be enforced (ie they will be "waived").

What does Payment Protect cover?

There are two levels of Payment Protect available: Partial cover, and Complete cover.

The events covered by Partial cover are death and terminal illness. The events covered by Complete cover are death, terminal illness, disability (whether due to illness, a medical condition, or accidental injury), and involuntary redundancy.

Below is an overview of the benefits that are offered (this is only a brief summary):

Level	Event	Employment Restrictions	Waived repayments	Maximum amount waived	Exclusion and stand-down periods
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Partial & Complete	Death – You die	None	All your remaining monthly repayments	No maximum	None – immediate cover
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Partial & Complete	Terminal illness – You suffer an illness or accidental injury that is likely to cause your death within twelve months	None	All your remaining monthly repayments	No maximum	– immediate cover
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Complete

Disability – You suffer an illness or accidental injury that makes you unable to work

You must be:

- permanently employed; or
- self-employed,

for at least 20 hours per week when you suffer the disability.

Your monthly repayments until you are able to work again

24 months' repayments

- Illness that starts during first 30 days of Payment Protect: no cover
- Other illnesses, and all accidental injuries: 14-day stand-down period (ie repayments due during first 14 days off work are usually not waived)

Complete	Redundancy – You become unemployed due to involuntary redundancy	You must be in permanent employment for at least 20 hours per week for at least three months immediately before becoming unemployed due to involuntary redundancy	Your monthly repayments while you are out of work due to redundancy	5 months' repayments	No cover if you become unemployed due to involuntary redundancy within the first 30 days that you have Payment Protect
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What exclusions are there to Payment Protect cover?

"Death", "terminal illness", "disability" (including "accidental injury"), and "redundancy" are all specifically defined in the Payment Protect Terms. If something happens that is not within the exact definition, it is not covered. The meaning of each event is set out in the section dealing with that event (eg the meaning of "Disability" is in section 4 "Disability cover".)

There are certain exclusions to the cover provided by Payment Protect. For example, there is no cover for pre-existing medical conditions. The exclusions are in section 8 of the Payment Protect Terms (the current copy of which is in the "Legal agreements" section [here](#).)

A particular claim must meet certain conditions before payments will be waived. For example, your waiver application will be accepted only if (among other things) you are up to date with your loan payments when the event for which you have cover occurs. The conditions that apply in respect of each event are set out in the section dealing with that event (eg the conditions for a disability waiver are set out in the Payment Protect Terms at section 4 "Disability cover".)

Does Payment Protect apply to a co-borrower?

If both you and your spouse or partner are borrowers under the loan, each of you needs to get Payment Protect if you want to be covered (but one of you can get Partial cover and the other Complete cover).

If any monthly repayments on the loan cannot be enforced against your spouse or partner (eg because of his or her disability, if he or she has Complete cover), they cannot be enforced against you either.

How do I know whether Payment Protect applies to my loan?

The loan disclosure will confirm whether Payment Protect applies to your loan and (if so) what type of cover you have and the fee for it.

How much does it cost to get Payment Protect?

A fee for Payment Protect is charged at the rate specified in the "Interest Rates & Fees" section [here](#). The total loan amount is increased to cover this fee (ie the fee is capitalised), so that you in effect pay the fee down as part of your monthly loan repayments.

Interest on the part of the loan amount borrowed to cover the Payment Protect fee will accrue at the same annual interest rate as applies to the rest of your loan.

What happens to the Payment Protect fee if I pay off the loan early?

If you repay the loan in full early, part of the Payment Protect fee will be rebated.

Could I be liable for further costs under Payment Protect?

If we incur any medical or other costs in verifying or assessing your entitlement or ongoing entitlement to cover, we will bear those costs unless (as a result of that process) we determine that you are not entitled (or are no longer entitled) to the cover – in which case the costs will be for your account.

What happens if a payment is waived under Payment Protect?

If a Payment Protect claim is approved, we will not take any action to enforce the payments that are waived. For example we will not charge any overdue fees on them, refer them to a collections agency, take any court action to recover them, or report them as overdue to a credit reporting agency.

What happens if a payment that could have been waived under Payment Protect, goes through?

Although we will not actively enforce the payments, you technically still owe them. If you pay them, they will not be refunded to you.

So if you pay your loan instalments by direct credit or automatic payment, it is important that you cancel any waived payment before the bank completes the transfer, otherwise you will not get it back. If you have given us a direct debit authorisation, we will adjust the direct debit instruction as soon as practicable after we have approved your claim, to reduce the risk of a waived payment going through.

Can Payment Protect be changed?

The Payment Protect Terms can be changed without your consent, but only if we reasonably consider the change to be necessary or advisable (for example, because there has been a legal, regulatory, technological, or operational development and the Payment Protect Terms have to be updated to reflect that development).

If we make such a change, the amended Payment Protect Terms will be posted in the website's "Legal agreements" section and state the date from which it will apply. If the change is made after your loan is listed, it will not apply to you unless Harmoney sends you an individual notice (by email or otherwise) of the modification and of the date from which it applies to you.

Where can I get information about my loan?

The loan disclosure will confirm the loan amount, term, interest rate, repayment schedule, and (if you have selected Payment Protect) the type of Payment Protect cover that applies to the loan.

Your dashboard will also contain information about your loan.

We will on request provide you with additional information in accordance with the Credit Contracts and Consumer Finance Act 2003 (CCCFA).

What are my rights?

You are entitled to the contractual rights given to a borrower in the Loan Contract and (if Payment Protect applies to your loan) in the Payment Protect Terms.

You may also have rights under New Zealand's consumer protection legislation, such as the CCCFA.

Who can I contact with a dispute?

Please contact us if you have any questions or concerns about your loan.

You can also make a complaint to Financial Services Complaints Limited. It is an independent dispute resolution scheme to which we have signed up (in accordance with the Financial Service Providers (Registration and Dispute Resolution) Act 2008). This scheme can help you to resolve any disagreements you have with us. It is free to make a complaint to it. Its details are at www.fscl.org.nz.