

Loan Terms and Conditions

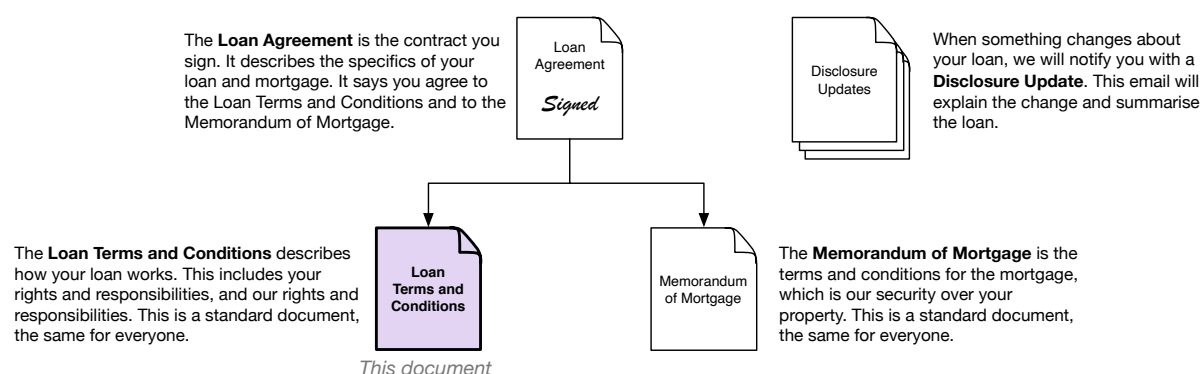
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YOUR LOAN DOCUMENTS

1. Structure of loan documents

There are several documents that together are your loan documents, as shown in the diagram below. In combination, these are the credit contract that you agree to and whenever we talk about ‘your loan documents’ we are referring to all of these documents. You must comply with the terms in all your loan documents.



This document is the loan terms and conditions. It is one of the loan documents that together form the credit contract for your loan. In relation to your loan, these loan terms and conditions set out some things that apply to all of your loan documents (including the loan agreement and the memorandum of mortgage). However, your loan agreement prevails over these loan terms and conditions or the memorandum of mortgage if there is any inconsistency.

If anyone gives a guarantee and indemnity in relation to your loan, that guarantee and indemnity is also a ‘loan document’. The guarantee and indemnity prevails over your other loan documents if there is any inconsistency.

When we refer to a loan document (or any other document), that reference includes any variation or replacement of that document.

2. Key terms

In your loan documents some terms have specific meanings. Terms defined or explained in one loan document have that meaning in all your loan documents.

Balance – When we talk about ‘balance’ or ‘total balance’ we mean the total outstanding and unpaid amount that has been charged to your loan balance on that date. Initially this is the loan amount set out in your loan agreement, and includes any interest that has been charged to your loan and any costs or other charges that have been applied to your loan in accordance with your loan documents. It does not include any accrued interest or other amounts that have not yet been charged, which would be included in the total ‘money owing’.

Guarantor – When we talk about a ‘guarantor’ we mean each person named as a guarantor in a guarantee and indemnity given in relation to your loan. If there are more than guarantor it means each guarantor individually, and jointly in any combination. It also includes each guarantor’s executors, successors, and administrators.

In default – You are ‘in default’ when you or a guarantor breach any obligations or representations under the loan documents in a material respect, or when certain other events occur as described in more detail in section 19.

Money owing – This is the money you owe us at any time (whether now or in the future). It includes the total balance at any time under your loan documents and (without limitation) all of the following:

- Any loan amounts we have lent to you.
- Costs incurred by us or our agents, including for actions we take on your behalf, or incur while attempting to enforce or protect our rights or our security, or because you are in default.
- Amounts we pay on your behalf, such as rates or taxes.
- Amounts awarded to us as judgements.
- Interest charged or accrued in accordance with your loan documents.

We – When we talk about ‘we’, ‘us’, and ‘our’ we mean The Independent Mortgage Company Limited. We also mean anyone to whom we have assigned or transferred our rights or obligations under your loan documents.

You – When we talk about ‘you’ and ‘your’ we mean each person named as a borrower in your loan agreement. If there are more than one of you it means each of you individually, and jointly in any combination. It also includes your executors, successors, and administrators.

3. Important things to note

These provisions, and other provisions in this document, apply to all your loan documents, including the loan agreement and the memorandum of mortgage, as well as these loan terms and conditions.

Interaction with law

The rights provided in your loan documents are in addition to any rights provided by law. However, if any provision of your loan documents directly conflicts with any provision of law at any time, then:

- to the extent the relevant law may be varied or excluded, the provisions of your loan documents will prevail; and
- to the extent the relevant law may not be varied or excluded, the provisions of your loan documents must be read as if that provision were varied to the extent necessary to comply with the applicable law or, if necessary, omitted.

When we refer to a law, that reference includes all amendments, re-enactments or replacements of that law, and all regulations and orders in-council made in connection with it.

Waivers

The only time we or you give up any rights under your loan documents is if the waiving party agrees to do so in writing. If we or you choose not to take any action under your loan documents, the relevant rights can still be used later. We or you can also use rights under your loan documents in different ways at different times.

Counterparts and privity

Your loan documents can be signed or accepted in one or more counterparts, which together constitute the same document.

You agree that we can enforce our rights under the loan documents even if we have not signed them.

Entire agreement

To the extent permitted by law, your loan documents contain all the terms in relation to their subject matter that apply between you and us, and supersede all previous agreements, understandings and negotiations in relation to their subject matter.

Governing law

Your loan documents are governed by New Zealand law. New Zealand dates, times and currency also apply to your loan documents.

HOW YOUR LOAN WORKS

4. Loan structure

Your loan is a single facility

Your loan is a single facility. The entire loan balance is charged at the same effective annual interest rate. In financial speak, your loan is a “principal and interest” amortising term loan, meaning that both principal and interest are paid off by your regular payments to reduce the total balance to zero by the end of the loan term.

You have a maximum contractual term

You are approved for a maximum contractual term (specified in your loan agreement), within which you must pay off the money owing. You can choose to target a shorter term than this to pay off your loan more quickly. You can request an adjustment to your target term at any time using our website, as long as it stays within your approved maximum contractual term. Adjusting your target term may increase or decrease your payments.

5. Payments

You must make regular payments on your loan

You have to make regular payments on your loan, in full when they are due until the money owing on your loan is fully repaid. Regular payments are those that occur at a set frequency, such as weekly, fortnightly, or monthly. Your initial regular payments are specified in your loan agreement.

You must also pay us when due all other amounts payable in accordance with your loan documents (including interest and any other amounts such as default fees described in your loan documents), and you must pay off the money owing by no later than the last day of your maximum contractual term (or any earlier date on which we require you to repay the money owing in accordance with the terms of your loan documents).

When you make payments we can apply these to amounts you owe us in any order we choose (acting reasonably). They will generally be applied first to costs that have been added to your loan, then interest, then principal.

You must not make any deduction, set off, or withholding from your payments to us.

You can adjust your regular payments but there is a minimum payment

You can use the website to request an adjustment to the amount, frequency, and date of your regular payments. However, there is a minimum payment that your payments must meet. This minimum payment is the amount required at each regular payment date to repay the money owing at your then-current effective annual interest rate within the remaining maximum contractual term. If your effective annual interest rate increases (or anything else happens in accordance with your loan documents) such that your selected regular payment is lower than the minimum payment, then you must pay the minimum payment instead.

We may decline a requested change because of our obligations as a responsible lender or other regulatory requirements. We may also decline a requested change for other reasons (for instance, if we reasonably consider that you are changing your regular payments too frequently, or attempting to skip payments by multiple rescheduling).

There is no fee or charge for adjusting your regular payments.

You can target a fixed repayment date or a fixed payment amount

By using our website you are able to choose and adjust whether you are targeting a fixed repayment date or a fixed payment amount.

If you choose a **fixed repayment date** then we frequently adjust your regular payments so that you fully repay the money owing by this date. You can request an adjustment to your fixed repayment date at any time, as long as it stays within your maximum contractual term. Changes to your fixed repayment date, and changes to your effective annual interest rate, will increase or decrease the amount of your regular payments.

If you choose a **fixed payment amount** then the amount of your regular payments will not change if your effective annual interest rate changes (subject to the minimum payment requirement). This may mean that

you pay off the money owing sooner (if interest rates fall) or it may take you longer to pay the money owing (if interest rates rise, but subject to your maximum contractual term).

You can make ad-hoc extra payments

You can use our website to request an ad-hoc extra payment at any time. You can schedule one or more extra payments for dates in the future, and adjust or cancel these at any time before they are processed on the afternoon that they are scheduled.

An extra payment is made in addition to your regular payments, and does not allow you to miss your regular payments. If you have chosen a fixed repayment date then your next regular payment may decrease. If you have chosen a fixed payment amount then making an extra payment will move your expected repayment date earlier.

There is no fee or charge to make extra payments. You can repay some, or all, of the money owing at any time. If you make an extra payment, you are not allowed to “redraw” that money, although you can request to borrow more through a top-up.

Payments are by direct debit from a linked bank account

All payments, both regular and ad-hoc, are made by us initiating a direct debit, or other payment mechanism that we may introduce and notify you of from time to time. Unless we agree otherwise, you must give us a direct debit authority that links to a bank account from which all payments due under your loan documents will be taken. You can change the bank account from which payments are debited, but you must give us a new direct debit authority for that new account. You must not cancel any direct debit authority or close the linked bank account without first giving us a new direct debit authority.

Each direct debit authority you give us must be acceptable to us, acting reasonably.

You must ensure that there are sufficient funds in the account for the direct debit to succeed. If your bank declines a direct debit payment, or accepts it but later reverses it, you are in default.

If a payment would normally be due on a non-business day, then it will be considered due and processed on the next business day. We will credit each payment to your loan as soon as practicable once we have received the payment in cleared funds.

6. Interest

Your loan incurs interest

Your loan incurs interest on the entire balance, including any amounts that have been added to the loan balance under your loan documents.

Interest is calculated daily and charged on your regular payment dates

Interest is calculated on a daily basis by applying the daily interest rate to the daily balance of your loan, which is the balance on that day including any prior interest or costs that have been charged to your loan. To calculate your daily interest rate, we divide your effective annual interest rate on that day by 365. Accrued (calculated) interest is debited to your loan balance on your regular payment date and becomes

due. If you repay your home loan in full, interest will be charged up to but excluding the day the payment is credited to your home loan.

Your effective annual interest rate can change

Your **effective annual interest rate** is the floating annual interest rate that applies to your loan on a given day. It is a combination of our standard base rate and any discounts that apply to your loan:

Effective annual interest rate (subject to any interest rate cap) = base rate – interest rate discounts

Our **standard base rate** is a floating annual interest rate that applies to all of our customers. It is advertised publicly and can be seen on our website. We can change the standard base rate at any time.

From time to time you may earn one or more **interest rate discounts** for your loan. For example, these could be based on loyalty, or as rewards for referring other customers. If you have multiple interest rate discounts that apply to your loan, these are cumulative. We can set limits on interest rate discounts (for instance, we can specify a time period during which an interest rate discount is applicable, such as “for a year”, or “until further notice”). We can change (or cancel) an interest rate discount at any time.

We may also offer you an **interest rate cap** for your loan. If an interest rate cap applies to your loan then your effective interest rate is “capped” at that rate. This means that if the combination of our standard base rate and your discounts is higher than the interest rate cap, the effective interest rate that applies to your loan would be the interest rate cap. If we offer you an interest rate cap it may have an expiry date agreed at that time, or if not then we may notify you of an expiry date for the interest rate cap at any time. After the expiry of an interest rate cap, the effective annual interest rate returns to the combination of our standard base rate and any applicable discounts.

Your initial effective annual interest rate is specified in your loan agreement. When your effective annual interest rate changes (including changes to our standard base rate, any applicable interest rate discount, or any applicable interest rate cap), we will make the change (including making disclosure of the change to you) in accordance with the terms of your loan documents and applicable law.

7. Fees

We don't charge fees for normal operations

We don't charge fees for the normal operation of your loan (but we do charge you to recover our costs if you are in default).

If you are in default we can recover any costs

If you are in default, we can charge you the amount of any costs we reasonably incur as a result of that default, or in connection with any steps we reasonably take to enforce or protect our rights or our security, including our rights under any guarantee and indemnity given in relation to your loan. This can include third party costs such as legal fees, any costs we incur in taking remedial action such as arranging insurance, and our administrative costs. These costs are debited to your loan balance when they are incurred.

We can provide copies of the invoices on request.

8. Changes to your loan

Variations must be agreed in writing

Any variation to your loan documents must be in writing and agreed between you and us, except for:

- any change made to rates, default costs, default costs, and payments, as described below; and
- any variation to a guarantee and indemnity given in relation to your loan, which can be made in accordance with that guarantee and indemnity.

We will give a disclosure update as required by applicable law, if we agree a variation with you.

We can make changes to rates, default costs and payments

You agree that we may vary any of the following terms of your loan documents without seeking your further consent (but we will only do so on reasonable grounds and in accordance with applicable law).

- The amount of your effective annual interest rate (or the base rate, any interest rate discount, or any interest rate cap) or any other particular in relation to how any interest charge under your loan documents is calculated or applied (including how any interest charge is calculated if you are in default).
- The amount, frequency, time for payment, or method of calculation of any amount we charge you to recover our costs if you are in default.
- The minimum payment amount, if necessary to ensure that your regular payments are sufficient for you to pay the money owing within your maximum contractual term.
- The amount, frequency, time for payment, or method of calculation of any payment to be made under your loan documents. This includes a variation to the amount or timing of your minimum payments or regular payments if any of the following occurs in accordance with your loan documents: a change to the settlement amount or the settlement date; a change to the effective annual interest rate; an ad hoc payment by you; a request from you for a payment holiday; a request from you for a change to the frequency of your regular payments, your regular payment dates, the amount of your regular payments, your fixed repayment date or your fixed payment amount; or as required to ensure that your regular payments are sufficient for you to pay the money owing within your maximum contractual term.

We will give a disclosure update as required by applicable law, if we make any of these variations.

YOUR RIGHTS AND RESPONSIBILITIES

9. You agree to the loan terms and grant us security

You agree to pay and perform

You agree to pay us the money owing and to perform and comply with all other obligations you owe us at any time (whether now or in the future), under any of your loan documents.

You must pay us when due all amounts payable in accordance with your loan documents (including interest and any other amounts as described in your loan documents), and you must pay off the money owing by no later than the last day of your maximum contractual term (or any earlier date on which we require you to repay the money owing in accordance with the terms of your loan documents).

If anyone gives a guarantee and indemnity in relation to your loan, we have granted your loan in reliance on the existence of that guarantee and indemnity, to the guarantors must also comply with their obligations.

If you or a guarantor breaches any obligations or representations under the loan documents in a material respect, or when certain other events occur that affect you or a guarantor (as described in more detail in section 19), you are in default.

You agree to give us security over your property

You agree to give us a mortgage over your property and the other security described in the memorandum of mortgage, and this comes with additional rights and responsibilities (for example, you must keep your property insured and not sell it to anyone else unless we agree to it first). These additional rights and responsibilities are described in the memorandum of mortgage.

The mortgage must be a first-ranking and exclusive mortgage over your property.

10. You cannot transfer your rights and obligations

You cannot transfer your rights or obligations

You cannot assign or transfer any of your rights or obligations under your loan documents without our prior written consent, which we will not unreasonably withhold.

11. You must give us information

You must give us any information we reasonably request

If, at any time, we reasonably request any information from you in connection with your loan documents or your obligations under them, you must provide it promptly.

You agree that you have given us true and complete information

You agree that all the information you have given us (or arranged to be given to us) is true, complete, and not misleading in all material respects, and that you do not know of any other information that might affect our decision to give you a loan. If any of the information you have given us might be inaccurate, incomplete, or misleading in any material respect, you must tell us that.

You must notify us of anything that affects your loan

You must notify us as soon as you become aware of any event, circumstances or information that may affect your ability to meet your obligations under your loan documents.

You must keep your personal information up to date

You must keep your information up to date on our website. This information includes your name, email address, address where you live, and phone number.

12. Joint borrowers agree to extra terms

Joint borrowers are each responsible for the entire loan

Each person named as a borrower in your loan agreement is responsible for paying the money owing. In legal terms you are 'jointly and severally liable' (that means we can seek repayment from all borrowers together, or any borrower alone, for the money owing).

Joint borrowers can each give instructions

Each person named as a borrower in your loan agreement can adjust loan settings, including changing payment details, and otherwise give us instructions in relation to your loan documents. It is your responsibility to ensure that you all approve of those changes and instructions.

13. Trustees agree to extra terms

Trustees agree that this agreement is valid

If you are signing as a trustee of a trust then you confirm to us that the following is true and complete, for yourself and all trustees.

- Every person named as a trustee in the Loan Agreement is a trustee, and those are all of the trustees of the trust.
- Each trustee has been validly appointed.
- Each trustee has the power and authority to hold on trust the assets of the trust.
- Each trustee has the power and authority to carry on the business of the trust.
- Each trustee has the power and authority under the trust deed to enter into your loan documents.
- Each trustee has the right to be fully indemnified out of the trust assets in priority to the beneficiaries of the trust, with respect to the obligations under your loan documents.

Trustees stay liable even if they stop being trustees

If you stop being a trustee of the trust, you remain liable under your loan documents until we have released you in writing.

Limited liability trustees are not personally liable beyond the assets of the trust

If you are named as a limited liability trustee in the loan agreement, then your liability to us is limited to the trust's assets. However, if you have breached any of the terms of your loan documents, or breached any of your obligations to the trust, through dishonesty or wilful breach, then you will be liable to us from your personal assets as well as the assets of the trust.

Your limited liability status only applies to your obligations for an agreement you enter into as a limited liability trustee. If you have other agreements with us where you are not a limited liability trustee, then a liability limit does not apply to those agreements.

HOW WE CAN USE OUR RIGHTS

14. We can cancel the agreement if something changes before settlement

We can cancel before funds are transferred

If something happens, or if we learn new information, that we think materially affects your or a guarantor's ability to meet any obligations under the loan documents or materially affects the value of our security, then we can cancel the loan agreement by notifying you. We can only do this prior to settlement of your loan, and we will only exercise this right reasonably and in accordance with applicable law.

Your rights to cancel are described in the Loan Agreement.

15. We can transfer our rights and obligations

We can assign or transfer our rights and obligations

You agree that, at any time, we can assign or transfer some or all of our rights or obligations under your loan documents to another person without your further specific consent (and, to the fullest extent permitted by law, without notice). For instance, we may do this in connection with our funding arrangements and for other reasonable commercial purposes. We can share any information about you and your loan with that person. If we assign or transfer rights or obligations then references to us in your loan documents will be read as references to the assignee and/or transferee as if it were named in your loan documents as the lender.

16. How we communicate

If you want to communicate with us you should use our website

Our website is how you should contact us. This is a secure way to communicate, and you can see the full history of your communications with us. You can ask questions, or notify us of any information we should know.

You can also communicate with us in writing by post or email, using our contact details set out in your loan agreement (or any updated details we provide to you at any time).

We may choose how to contact you

Other than where specific laws set out how we must contact you, we can (acting reasonably) choose how we contact you, using your contact details set out in your loan agreement (or any updated details you provide to us at any time). For instance, we may call you, send you a physical letter, or send you a text message.

You consent to receive electronic communications

You consent to receiving your loan documents, and all other notices, documents and communications relating to your loan (including any disclosures that we are required to make under applicable law) electronically, including by email. You agree that we may use any email address specified by you for that purpose. You can use the website to change your preferred email address, and we will stop using the old email address. Subject to applicable law, we consider notices received by you when we send them to you. You must monitor your email address for communications from us.

WHAT HAPPENS WHEN THINGS GO WRONG

17. Dispute resolution

We encourage you to contact us with any issues or concerns

You can use our website to ask us questions or complain about anything that you are unhappy about. We will respond and attempt to resolve your concerns.

We are a member of an independent dispute resolution scheme

We are a member of an independent dispute resolution scheme. This scheme can help you resolve any disagreements you have with us.

Name: Financial Services Complaints Ltd

Website: <https://www.fscl.org.nz>

Phone: 0800 347 257 or +64 4 472 3725

Email: info@fscl.org.nz or complaints@fscl.org.nz

Address: Level 4, 101 Lambton Quay, Wellington 6011 or PO Box 5967, Wellington 6140

It is free to make a complaint

It is free to make a complaint to this independent dispute resolution scheme.

18. Unforeseen hardship

You can apply for changes to your contract due to unforeseen hardship

The Credit Contracts and Consumer Finance Act 2003 gives you the right to apply to us for changes to your contract due to unforeseen hardship.

This request can be made by emailing us or through filling in a form on our website, which guides you through the information you must provide. We must give you a decision within 20 working days. If we decline your application then we must give you written notice, explaining our reasons and explaining your right to challenge that decision in court.

You must meet the criteria for unforeseen hardship

The following are the reasons why you might be unable to meet your obligations:

- Illness
- Injury
- Loss of employment
- The end of a relationship
- Another reasonable cause

You must reasonably expect that the requested change will enable you to meet your obligations, if it is granted.

There are certain changes you can request

You must request one of the following changes:

- *To extend the maximum contractual term of the contract.* This will reduce the amount of each minimum required payment. If your target term is less than your maximum contractual term, you can request an extension to your target term (up to your maximum contractual term) by using our website without making a hardship application.
- *To have a repayment holiday for a period of time.* During this time interest would continue to accrue. After this time your payments would resume, and they would possibly be higher than before due to the higher balance and shorter time to your repayment date.
- *To both extend the maximum contractual term of the contract and have a repayment holiday for a period of time.* This is a combination of the two previous options, with the effect that your payments, when they resume, might not be higher than they were previously.

The change you request must not be more extensive than reasonably required to enable you to meet your obligations.

We may offer other forms of relief

The official unforeseen hardship process is not the only way to obtain relief. If you are having (or expect to have) repayment difficulties please feel free to contact us and we will see what we can do to help.

19. Default and illegality

Meaning of 'in default'

If any of the following events occurs, you are 'in default':

- You or a guarantor miss a payment to us, or fail to pay any money owing on its due date.
- You or a guarantor breach any other obligations or representations under the loan documents in a material respect.
- Any part of your property is sold, transferred, leased, or otherwise disposed of, or you part possession or occupation of, in any way without our prior written permission.
- Any part of your property is taken from you by a legal action or under any statute.
- Your property suffers a material reduction in value for any reason.
- You or a guarantor become bankrupt or die.
- You or a guarantor go into receivership, administration or liquidation.
- You or a guarantor are unable to pay your debts when due.
- A material adverse change occurs in respect of your or a guarantor's financial situation that we believe (acting reasonably) may affect your ability to pay the money owing when due or a guarantor's ability to pay the guaranteed money when due.
- Any legal action is taken against you or a guarantor, or any security is enforced against your assets.
- We believe (acting reasonably) that you or a guarantor have been fraudulent or dishonest in your dealings with us.
- Any loan document becomes invalid or unenforceable for any reason.

If you are in default we can require you to repay your loan and we can enforce the mortgage over your property

If you are in default:

- We can require you to repay the money owing on your loan immediately and in full (or cancel the loan if the loan amount has not yet been paid).
- We can exercise our rights under the mortgage over your property. The memorandum of mortgage explains these rights in detail.
- We can exercise any other rights given to us by law or under the loan documents to recover the money owing, including recovery of any costs we incur.

If your loan becomes unlawful

While unlikely, if we reasonably determine that we are no longer legally able to provide your loan to you or hold the benefit of any guarantee and indemnity given in relation to your loan, we can (subject to applicable law) require you to repay the money owing in full (or we may cancel the loan if the loan amount has not yet been paid). If this happens, we will get in contact with you, explain what has happened and when the money owing must be repaid.