

HOME LOAN



TERMS AND CONDITIONS

December 2018

RELATIONSHIP BETWEEN NEW ZEALAND HOME LENDING LIMITED, NZHL AND KIWIBANK

New Zealand Home Lending Limited is a home loan provider. The New Zealand Home Loan Company Limited (NZHL) distributes home loans on New Zealand Home Lending Limited's behalf through the NZHL branch network.

These Home Loan Terms and Conditions govern your home loan with New Zealand Home Lending Limited.

New Zealand Home Lending Limited is an agent of Kiwibank Limited. Kiwibank's Disclosure Statement is available from your local Kiwibank and at www.kiwibank.co.nz.

New Zealand Home Lending Limited and NZHL are not registered banks.

WHAT DOES SHADING MEAN?

It's important for you to read all of **these terms**, but we have shaded the parts we think are particularly important for our customers to be aware of.

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1. WHAT ARE THESE TERMS ABOUT?

The terms and conditions that apply to your **home loan** are set out in **these terms**, your **home loan agreement** and any document we give you under **these terms** or your **home loan agreement** changing the terms and conditions of your **home loan**. When we refer to the **home loan documents**, we are referring to all of these documents. **These terms** are subject to any specific terms and conditions set out in your **home loan agreement** or any document we give you changing the terms and conditions of your **home loan**.

Your relationship with us is governed by the **general terms**. There may also be specific terms and conditions that apply when you use particular accounts or services. **These terms** are specific terms and conditions that apply to **home loans**. If there is any conflict between the **general terms** and **these terms**, **these terms** will apply. You and we may also agree in writing to other terms and conditions and the law may imply terms and conditions.

Throughout **these terms** you will see words that are in bold. These are words with specific meanings. You can find out the meanings of these words in clause 29. In addition:

- “you” means each person named as the “Borrower” in a **home loan agreement**. If there are more than one of you, it means each of you jointly and individually, unless the context requires otherwise. “Your” has a corresponding meaning; and
- “we” means New Zealand Home Lending Limited and our successors, assignees and authorised agents. “Our” and “us” have corresponding meanings.

Please ensure that you read **these terms** and the **general terms**, as they contain important information about your and our responsibilities and liabilities. Copies of our **general terms** are available by calling us on 0800 333 238 or at <http://nzhl.co.nz/nzhltransact>.

2. WHEN CAN YOUR HOME LOAN DOCUMENTS CHANGE?

We may change **these terms** at any time but must give **notice** at least 14 days before doing so, unless a specific clause of **these terms** provides for a different period of notice.

If you signed your home loan agreement on or after 6 June 2015, we may change your **home loan agreement** at any time where we reasonably consider the change is necessary or prudent to enable us to comply with law, or with any mandatory direction given by a regulator. We must give notice at least 14 days before doing so.

We may change the **general terms** in accordance with clause 2 of the **general terms**.

3. WHAT ARE THE DIFFERENT TYPES OF HOME LOAN?

These terms cover all the home loan types we offer. Your loan type is set out in your **home loan agreement**. Here is a description of each loan type:

Non-transactional portion

A **non-transactional portion** is an amount that, once borrowed, is paid off in regular instalments of principal and interest. A **non-transactional portion** may have a **fixed component** (which has a **fixed interest rate** for a **fixed term**) or a **floating component** (which has a **floating interest rate**).

A **non-transactional portion** may have a **construction component** if you borrow for the purpose of buying land and building a home on it or building or renovating a home on land you already own. A **construction component** is borrowed in stages and has a **floating interest rate**. A **construction component** will have an **interest only period**.

Transactional portion

A **transactional portion** works like an overdraft, so amounts borrowed can be repaid and then re-borrowed at any time provided the principal, interest, fees and **costs** on your **transactional portion** do not exceed the **maximum credit limit**. The **maximum credit limit** reduces over the **term**.

4. WHAT CONDITIONS APPLY BEFORE YOU BORROW?

You can only borrow your **home loan** if we are satisfied that all conditions set out in the **home loan documents** have been met, that you have provided the securities set out in your **home loan agreement** and that you are, and any **guarantor** is, **complying with our terms**.

Expiry

Even if our conditions are met, our obligation to lend you any amount under your **home loan** ends if you do not borrow the first loan advance within the time limit specified in your **home loan agreement**.

5. WHAT INSURANCE REQUIREMENTS APPLY TO YOUR HOME LOAN?

Your **home loan agreement** and any **mortgage** will specify what insurance is required. You must keep all insurance required in place until you have repaid all **amounts owing**. You must provide us with a copy of your certificate of insurance if we ask for it.

You must, if required by us, use the proceeds of any insurance claim to repay the **amounts owing** and we can ask the insurance company to pay out any claim directly to us.

House insurance

House insurance is required under the **mortgage**. It must cover the full replacement value of any building subject to the **mortgage** (or such other value as we agree in writing) and must be in place before you drawdown your **home loan**.

Mortgage redemption insurance

If we require mortgage redemption insurance, the insurance policy must be with an insurer that is approved by us and in our name (as the insured). Mortgage redemption insurance protects us where we take a mortgage over a unit titled property. It does not protect you. If we make any claim under that insurance, the insurer may require you to pay to it the **amounts owing** as they become due and give it the benefit of any **mortgage**, security and/or **guarantee**.

Builders' risk insurance

If you have a **construction component**, you must take out builders' risk insurance with an insurer approved by us with our interest as mortgagee noted on the policy for the **term** of the **construction component**. Builders' risk insurance insures the building and materials while the house under construction is being completed. Once the house is fully completed, you must take out house insurance (as outlined above).

6. WHEN AND HOW CAN YOU BORROW?

Non-transactional portion

You can borrow your **non-transactional portion** on any **business day** up to and including the **final borrowing date**. You must tell us in writing the date on which you want to borrow your **non-transactional portion**. You can only borrow a **non-transactional portion** in one lump sum unless any part of your **non-transactional portion** is a **construction component**.

Transactional portion

You can borrow any part of your **transactional portion** on any day up to and including the **final borrowing date**, as long as you do not borrow more than the **maximum credit limit** at any time. If you make any repayment of any part of your **transactional portion** before the **final borrowing date**, you can re-borrow that amount in accordance with **these terms**.

Construction component

You can borrow a **construction component** in stages. You cannot borrow any of the **construction component** after the **final borrowing date**, even if construction is delayed beyond that date. You must tell us in writing each time you want to borrow an amount under the **construction component**, and give us a certificate signed by a registered valuer acceptable to us stating:

- how much money you need to finish the next stage of construction; and
- how much you need to complete all construction.

We will not let you borrow more than the total amount specified as the **construction component** in your **home loan agreement**, even if the amount actually needed to complete construction is more than that.

7. WHAT PAYMENTS DO YOU NEED TO MAKE AND WHEN?

Non-transactional portion

You must make regular payments to us of principal and interest on your **non-transactional portion** of the amounts specified in your **home loan agreement** on your **regular payment dates**.

If under any component of your **non-transactional portion** you have an **interest only period**, then during the **interest only period** you only have to make regular payments of interest on that component.

Transactional portion

You must make sufficient payments to us to ensure that the principal, interest, fees and **costs** on your **transactional portion** do not exceed the **maximum credit limit**. You must immediately repay to us any outstanding balance on your **transactional portion** that exceeds the **maximum credit limit**.

8. HOW ARE YOUR REGULAR PAYMENTS CALCULATED?

Principal and interest payments

We calculate your principal and interest payments on the **non-transactional portion** so that the **non-transactional portion** and all other amounts that accrue or become payable during the **term** are repaid over the **term**. The amount of each payment that is applied to principal and interest varies over the **term**, with more of each payment being applied to repayment of principal towards the end of the **term**.

Interest only payments

We calculate interest only payments so that all interest that accrues during the **interest only period** is repaid over the **interest only period**.

9. WHAT IF YOU HAVE A REPAYMENT HOLIDAY?

Applying for a repayment holiday

You may apply to us for a **repayment holiday** on your **home loan**. All applications will be considered, provided that:

- at least one year has passed since you first borrowed under your **home loan**;
- at least two years have passed since the end of any previous **repayment holiday**; and
- you have at all times **complied with our terms**.

However in cases of hardship, we may consider requests on a case by case basis.

We can choose whether or not to approve your application for a **repayment holiday**. We will give you **notice** confirming the details of any **repayment holiday**.

Your right to make a request in accordance with this clause is in addition to any rights you may have to apply to us for changes to be made to the **home loan documents** (on the grounds of unforeseen hardship) under section 55 of the Credit Contracts and Consumer Finance Act 2003.

Payments during and after a repayment holiday

During a **repayment holiday**:

- you do not have to make any payments to us; and
- interest will still accrue and be added to your **home loan**.

Once your **repayment holiday** ends, you must make regular payments to us of both principal and interest. You will still need to repay the whole of the principal and interest on your **home loan** over its **term**, so, unless we have agreed to extend the **term** by the length of your **repayment holiday**, you will also need to make additional payments.

During a **repayment holiday** on a **transactional portion**, the **maximum credit limit** will not reduce in accordance with clause 22, but will be increased to allow for the interest added to your **transactional portion** during the period. You must not exceed the **maximum credit limit** during a **repayment holiday**. Once your **repayment holiday** ends, the **maximum credit limit** still reduces over the **term**, so, unless we have agreed to extend the **term** by the length of your **repayment holiday**, you will also need to make additional payments.

10. HOW DO YOU MAKE YOUR REGULAR PAYMENTS?

All of your regular payments, payments of fees and other **amounts owing** under your **home loan** will be deducted by direct debit from your **payment account**.

You authorise us to deduct automatically from your **payment account** the payments required to be made on each **regular payment date** or any other date. It is your responsibility to have funds in your **payment account** to cover your payments to avoid going into default under your **home loan**.

We may deduct your payments from your **payment account** even if this means your **payment account** goes into overdraft or exceeds any approved overdraft limit or other borrowing limit or restriction (including the **maximum credit limit** of your **transactional portion**) with us.

If you do not have sufficient funds in your **payment account** to cover a direct debit on any due date, then we may, at our discretion, deduct any amount you owe us from any other account you have with us.

If we validly reverse any payment from your **payment account** or decide not to deduct an amount from any other account to make up the shortfall, you will be in default under your **home loan**.

11. HOW CAN YOU CHANGE THE FREQUENCY OF YOUR REGULAR PAYMENTS?

You can request a change to the frequency of your regular payments by asking us. We will give you **notice** confirming any change.

12. WHAT FINAL PAYMENTS DO YOU NEED TO MAKE AND WHEN?

Non-transactional portion

All **amounts owing** under your **non-transactional portion** on the last **business day** of your **non-transactional portion term** must be paid in full to us on that day.

Transactional portion

All **amounts owing** under your **transactional portion** on the last **business day** of your **transactional portion term** must be paid in full to us on that day.

13. WHAT IF YOU WANT TO REPAY EARLY?

Non-transactional portion

If you have a **non-transactional portion**, you may at any time make additional payments over and above your regular payments in accordance with this clause.

Fixed components

You may repay all or part of a **fixed component** at any time, although we may charge you **fixed rate break costs** for doing so if the payments exceed any early repayment limits set by us. You can do this by:

- paying us all **amounts owing** under that component;
- if you are repaying in part, paying us a lump sum of more than \$1,000 on any **regular payment date**, in which case the amount of your regular payments will remain the same but your **non-transactional portion** (including interest) will be repaid over a shorter **term** (unless you ask us to reduce the amount of your regular payments so that you still pay off your **non-transactional portion** over the same **term**); or
- telling us that you want to increase the amount of your regular payments, in which case your **non-transactional portion** (including interest) will be repaid over a shorter **term**.

Details of any early repayment limits are set out in the list of our current fees for **home loans** available by calling us on 0800 333 238 or at <http://nzhl.co.nz/nzhltransact>.

Floating components

You may repay all or part of a **floating component** of your **non-transactional portion** at any time.

Transactional portion

You may repay all or part of your **transactional portion** at any time.

14. WHEN CAN WE REQUIRE YOU TO REPAY EARLY?

We may require you to repay immediately to us all **amounts owing** (and if you have a **construction component**, we may also cancel your ability to borrow more money or, in the case of a **transactional portion**, cancel your ability to borrow more money and/or reduce the **maximum credit limit**) if:

- you do not pay any amount when due under your **home loan** or any other agreement with us;
- you are not, or any **guarantor** is not, **complying with our terms**;
- something happens (whether by your actions or not) that we think impacts adversely and meaningfully on your ability to continue meeting your **home loan** obligations or any **guarantor's** ability to meet its **guarantee** obligations; or
- something happens (whether by your actions or not) that we think impacts adversely and meaningfully on the value of the **property**, any **mortgage**, any security or any guarantee, or our ability to enforce any **mortgage**, any security or any **guarantee**.

You must tell us of any reason why we might be able to require you to repay early, immediately upon becoming aware of it (giving full details of it and of any steps taken or to be taken as a result).

15. WHAT INTEREST DO YOU PAY?

If you have a **non-transactional portion**, interest on it is calculated on a daily basis by applying the **daily interest rate** to the **daily balance** of each component of your **non-transactional portion**. Interest will be charged from the day you first borrow money under your **non-transactional portion** until your **non-transactional portion** is fully repaid.

If you have a **transactional portion**, interest on it is calculated on a daily basis by applying the **daily interest rate** to the **daily balance** of your **transactional portion**. Interest will be charged from whenever you borrow money under your **transactional portion** until your **transactional portion** is fully repaid.

Interest on any **non-transactional portion** is debited to your **home loan** on the **regular payment date**. Interest on any **transactional portion** is debited to your **home loan** on the last day of each calendar month during the **term**. However, when you repay your **home loan** in full, interest is charged up to but excluding the day that the payment is debited to your **home loan**.

Floating interest rates

We may change our **floating interest rate** at any time by giving **notice** before we make the change.

If you have a **floating component** and our **floating interest rate** increases, your regular payments for that **floating component** will automatically increase if this is necessary to pay off the **floating component** over the same **term**. We will give you **notice** confirming your new regular payments.

If you have a **floating component** and our **floating interest rate** decreases, your regular payments for that **floating component** will reduce so that you still pay off the **floating component** over the same **term**. We will give you **notice** confirming the reduced regular payments.

If you have a **transactional portion** and our **floating interest rate** increases, you may need to make additional repayments to ensure that you do not exceed the **maximum credit limit**.

If you have a **transactional portion** and our **floating interest rate** decreases, the payments you need to make to ensure that you do not exceed the **maximum credit limit** will reduce.

Our floating interest rate is available by calling us on 0800 333 238 or at <http://nzhl.co.nz/rates-nzhltransact>.

Fixed interest rates

If the whole or any part of your **non-transactional portion** is subject to a **fixed interest rate**, that part of your **non-transactional portion** will be subject to the **fixed interest rate** specified in your **home loan agreement** or any lower **fixed interest rate** for the relevant **term** that is applicable on the day you borrow it, provided that you do so:

- by the date specified in your **home loan agreement**; or
- if you have agreed with us, and paid for, a **fixed rate lock option**, by the expiry date specified in your **fixed rate lock option agreement**.

You will otherwise be subject to our prevailing **fixed interest rate** for the relevant **fixed term** on the day you borrow.

16. WHAT FEES AND COSTS DO YOU PAY?

We will charge fees on your **home loan** and for any associated services we provide you. We may deduct those fees from your **payment account**.

If we incur any **costs** in relation to your **home loan** or for any associated services we provide you, you must pay us the amount of those **costs**. We may deduct any **costs** that we incur from your **payment account**.

We may change our fees at any time but must give you **notice** at least 14 days before doing so.

A list of our current fees is available by calling us on 0800 333 238 or at <http://nzhl.co.nz/nzhltransact>.

17. WHEN ARE FIXED RATE BREAK COSTS CHARGED?

Fixed rate break costs are charged when:

- you change the payment terms of a **fixed component**, either by making additional payments on the **fixed component** (including any additional payments you make at our request), or by switching the **fixed component** to a **floating component** or to a new **fixed component**; and
- we estimate that movements in the wholesale interest rate market since the start of your **fixed term** mean that the change of payment terms has caused us a loss.

Fixed rate break costs are payable on the day that you change the payment terms of the **fixed component**.

18. HOW ARE FIXED RATE BREAK COSTS CALCULATED?

The procedure that we use to calculate **fixed rate break costs** when you reduce the outstanding balance of a **fixed component** is set out below, along with an example of how the procedure would work in practice. If you do not understand this procedure, we strongly recommend that you seek independent financial advice. A similar process is followed for other changes to the payment terms of a **fixed component**.

Procedure

Step 1 – Identifying the offsetting wholesale interest rate market transaction

First, we calculate the terms of a notional transaction in the wholesale interest rate market that, if entered into at the start of your **fixed term**, would have offset our risk of changing interest rates on that **fixed component**. The terms of the notional transaction are calculated using wholesale interest rates as they were at the start of your **fixed term**.

Example: If your **fixed term** was originally three years, then the notional transaction would:

- start at the same date as your **fixed term**;
- be for three years;
- have an initial principal amount the same as the **fixed component**, declining over the **fixed term** as your outstanding principal declined; and
- have an interest rate based on wholesale interest rates as they were at the start of your **fixed term**.

Step 2 – Allowing for any available early repayment limit

Next, any available early repayment limits are taken into account. You can reduce the outstanding balance of the **fixed component** by an amount up to any available early repayment limit without **fixed rate break costs** being charged.

Example: Suppose, on the date you fixed your loan, the balance of the **fixed component** was \$200,000, and today you wished to repay \$50,000. If you still had the full early repayment limit of \$10,000 available, then your **fixed rate break costs** would be calculated based on a repayment portion of \$40,000.

Step 3 – Calculating the current value of the remaining payments

We then look at the payments due under the notional transaction after the break date, and the portion of the notional transaction that corresponds to the amount of your repayment (taking into account any available early repayment limits). We then calculate the value to us as at the break date of the remaining payments under that portion. This calculation takes into account:

- the size of the portion;
- the difference between the wholesale fixed rate on the notional transaction, and what that wholesale fixed rate would have been as at the break date on the remaining term of the notional transaction;
- how the principal of the notional transaction would have declined as your principal reduced over the **fixed term**; and
- the time value of money – a dollar payable today is worth more than a dollar payable in the future, so the value of the remaining payments is calculated as at the break date, while the payments themselves would have occurred over the remainder of your **fixed term**.

Example: In the example above, if one year had passed since the start of your **fixed term**, then the value of the remaining payments would be based on:

- the remaining two years of the notional three-year transaction; and
- a \$40,000 portion of the notional transaction.

If the wholesale interest rate on the notional transaction at the start of your **fixed term** was 6%, but wholesale interest rates had fallen so that the wholesale interest rate for the remainder of the transaction as at the break date was 4%, the value of the remaining payments would be calculated based on the facts:

- that the payments are based on a rate that is 2% higher than current wholesale interest rates;
- that 2% would have been payable on a notional amount starting at \$40,000, and declining as your principal reduced over the remainder of your **fixed term**; and
- that the 2% would have been payable over two years, but the value of the remaining payments is calculated as at the break date.

Step 4 – Calculating the fixed rate break costs

If the value of the remaining payments calculated in step 3 is a loss to us, then your **fixed rate break costs** are equal to the amount of that loss. If the value is no loss to us, then there are no **fixed rate break costs**.

Example: If the value as at the break date of the remaining payments under the \$40,000 portion of the notional transaction was a loss to us of \$1,600, then the **fixed rate break costs** for your repayment would be \$1,600.

19. WHEN DO YOU HAVE TO PAY DEFAULT INTEREST?

If you do not pay an amount when due under your **home loan** or exceed the **maximum credit limit** of your **transactional portion**, we will charge you interest at the **default rate** on that overdue/over limit amount calculated on a daily basis by applying the **daily default rate** to that overdue/over limit amount

each day from the date that amount was due or you exceeded your **maximum credit limit** (as applicable) until the date it is fully repaid or you are within your **maximum credit limit** (as applicable).

Default interest is debited to your **home loan** on the **regular payment date** or on the last day of each calendar month. If we ask you to repay any part of your **home loan** early, we will only charge default interest on the amounts that are unpaid after their original due date.

We may add any default interest that is due but unpaid to the principal amount of any portion of your **home loan**.

20. HOW DO YOU SWITCH INTEREST RATES?

Automatic switching

If you have a **fixed component**, that **fixed component** will automatically become a **floating component** subject to our **floating interest rate** at the end of the **fixed term**, unless you request otherwise.

If you have a **construction component**, that **construction component** will automatically become a **floating component** subject to our **floating interest rate** at the end of the **interest only period** for that **construction component**, unless you request otherwise.

We will give you **notice** confirming any automatic change to a **floating component**.

Switching on request

If you have a **floating component**, you can ask us to change all or part of it to a **fixed component** at any time.

If you have a **fixed component**, you can ask us to change all or part of it to a **floating component**, or to a new **fixed component** (with a different **fixed interest rate** and/or **fixed term**) at any time. We may charge you **fixed rate break costs**.

If at any time you ask us to change all or part of your **non-transactional portion** to a **fixed component**, the interest rate applicable to the new **fixed component** will be our prevailing **fixed interest rate** for the relevant **fixed term** at the start of the new **fixed term**.

We will give you **notice** confirming any change to a **floating component** or a new **fixed component**.

21. HOW CAN YOU INCREASE YOUR HOME LOAN?

If you have at all times **complied with our terms**, you may apply to us to lend you a new **fixed component, floating component** or **transactional portion**. We will give you **notice** confirming any new **fixed component, floating component** or **transactional portion**.

If you have a **floating component** in your **non-transactional portion** and you have at all times **complied with our terms**, you may apply to us to increase the **floating component**. We will give you **notice** confirming any increase of the **floating component**.

If you have a **transactional portion** and you have at all times **complied with our terms**, you may apply to us to increase the **maximum credit limit** of your **transactional portion**. We will give you **notice** confirming any increase in the **maximum credit limit** of your **transactional portion**.

22. HOW CAN YOU REDUCE THE MAXIMUM CREDIT LIMIT OF YOUR TRANSACTIONAL PORTION?

We automatically reduce the **maximum credit limit** of your **transactional portion** over the **term** at a rate equal to the rate that would have been payable if you had a **non-transactional portion** and you borrowed an amount equal to the initial **maximum credit limit** in one lump sum at the start of the **term**.

You may ask us to reduce the **maximum credit limit** of your **transactional portion** at any time. We will give you **notice** confirming any reduction.

23. HOW CAN YOU EXTEND THE TERM OF A FLOATING COMPONENT?

If you have a **floating component** in your **non-transactional portion** and you have at all times **complied with our terms**, you may apply to us to extend the **term** of the **floating component**. We will give you **notice** confirming any extension.

24. HOW CAN YOU EXTEND THE TERM OF YOUR TRANSACTIONAL PORTION?

If you have a **transactional portion** and you have at all times **complied with our terms**, you may apply to us to extend the **term** of your **transactional portion**. We will give you **notice** confirming any extension.

25. WHAT STATEMENTS OF ACCOUNT WILL YOU RECEIVE?

If you have a **non-transactional portion**, then we will send you a statement at least every six months. If you have a **transactional portion**, we will send you a statement at least every 45 days. The statements will show all the transactions on your **home loan** account since the previous statement, and in the case of the statements for your **transactional portion**, your current **maximum credit limit**. Generally, statements will be in printed form but at our discretion, and with your consent, we may provide your statements in electronic form.

26. WHAT ABOUT YOUR RIGHT TO CANCEL?

Cancelling before advance

If you decide to exercise your right to cancel your **home loan** in accordance with the Credit Contracts and Consumer Finance Act 2003, then you must pay us in cleared funds any application fee that has not been paid, as we have incurred these expenses in connection with your **home loan agreement**.

Cancelling after advance

If you decide to exercise your right to cancel your **home loan** in accordance with the Credit Contracts and Consumer Finance Act 2003 and we have advanced any moneys to you, you must pay us in cleared funds the total of the following:

- the outstanding balance of your **home loan**;
- any application fee that was not paid at drawdown, as we have incurred these expenses in connection with your **home loan agreement**; and
- interest calculated on the outstanding balance for each day that you hold the funds and until all amounts set out above are paid.

27. WHAT ABOUT THE GUARANTOR?

Any **guarantor** agrees to provide to us a **guarantee** of your obligations to us under your **home loan**. If a **guarantor** has already given to us a **guarantee** of your obligations to us, then by signing your **home loan agreement** that **guarantor** agrees that the existing **guarantee** extends to your obligations to us under your **home loan**.

28. WHAT ELSE DO YOU NEED TO KNOW?

General legal things

Each person named as the “Borrower” in a **home loan agreement** is responsible for paying all **amounts owing** under your **home loan**. In other words, you will be jointly and individually liable.

All payments you are required to make to us under the **home loan documents** must be paid without any restriction or condition and, except to the extent required by law, without any deduction or withholding. However, if you or we are required by law to make any deduction or withholding, then the amount you are required to pay will be increased so that we receive and retain, free from liability, the amount we would have received if the deduction or withholding had not been made.

You must comply with all laws that affect you and your **property**.

The **home loan documents** shall be governed by and interpreted in accordance with New Zealand law.

All existing and future mortgages or other security or **guarantees** that we hold will secure the **amounts owing**.

You must promptly (and within any time period(s) reasonably specified by us) deliver to us any information relating to you or any **home loan document** (including your business, financial condition or operations, as applicable) that we request.

You warrant that any information you, or someone on your behalf, supplied to us in connection with your **home loan** is true and complete and that you do not know of any important information that we do not have that might affect our decision to make your **home loan** available to you.

If you live or are intending to live outside New Zealand, or if you are not entitled to permanent residence in New Zealand, you must appoint an agent in New Zealand to accept **notices** on your behalf.

Between the date you have signed your **home loan agreement** and the date on which you want to borrow your **home loan**, we may cancel your ability to borrow money if:

- something happens (whether by your actions or not) that we think impacts adversely on your ability to continue meeting your **home loan** obligations or any **guarantor's** ability to meet its **guarantee** obligations; or
- something happens (whether by your actions or not) that we think impacts adversely on the value of the **property**, any **mortgage**, any security or any **guarantee**, or our ability to enforce any **mortgage**, any security or any **guarantee**.

If your **home loan** has been borrowed for business or investment purposes, you agree that your **home loan** is not a consumer credit contract under the Credit Contracts and Consumer Finance Act 2003.

We may give any information we hold about you to any assignee or transferee and any person we think should have it so that we can properly manage your **home loan** and protect our rights under the **home loan documents** and any **mortgage**, security or **guarantee**.

Trustees

Further information in respect of NZHL trustee provisions is available at NZHL - www.nzhlttools.co.nz/info-for-lawyers

If you have entered into your **home loan documents** as a trustee, the following provisions will apply to your **home loan**.

At all times that a **home loan** is or may be made available to you, each trustee warrants to us that:

- the persons named in any **home loan document** as trustees of the trust are all the trustees of that trust;
- each trustee has (so far as it is aware in respect of any trustees other than itself):
 - been validly appointed; and
 - the power and authority to hold on trust the assets of that trust and to carry on the business of that trust;
- each trustee has the power under the trust deed or at law, and is authorised, to enter into each **home loan document** and transactions under it; and
- each trustee has (so far as it is aware in respect of any trustees other than itself) the right to be fully indemnified out of the trust assets in priority to the interests of the beneficiaries in respect of all obligations incurred by that trustee under each **home loan document**.

We are relying on these warranties being true.

Each trustee must at our request exercise its right of indemnity against the trust assets or any beneficiary of the trust for our benefit.

Each trustee must not, without our prior written consent, permit any restriction, limitation, set-off, counterclaim or other defence to or against:

- the trustee's right of indemnity out of the trust assets; or
- any right of indemnity that may arise in the trustee's favour from a beneficiary of the trust; or
- our right of subrogation to either indemnity.

The liability of any limited liability trustee to us under each **home loan document** in respect of obligations entered into in that trustee's capacity as trustee of the trust is limited only to the trust assets unless we are not able to recover all amounts owing under the relevant **home loan document** from the trust assets because of any:

- trustee warranty set out above given by that limited liability trustee being incorrect; or
- breach by that limited liability trustee of any trustee undertaking set out above; or
- dishonesty, or wilful default or breach by that limited liability trustee in respect of its obligations under the trust or any **home loan document**.

In any such case (**exceptional circumstances**), this limitation of liability will not apply to that limited liability trustee and that limited liability trustee will be liable to us from its personal assets for the amount that we would have been able to recover from the trust assets if such **exceptional circumstances** were not applicable.

Nothing in this clause shall limit the liability of any limited liability trustee that has also entered into the home loan documents in a capacity other than as trustee of a trust in respect of its obligations under the home loan documents entered into in that other capacity.

If you cease to be a trustee of the trust, you will remain liable under each home loan document to which you are a party until released in writing by us.

Assignment

We may at any time assign or transfer our rights and obligations under the home loan documents to any person. If we do this, references to us in the home loan documents will be read as references to the person to whom we have assigned or transferred our rights and obligations. But references to our floating interest rates in parts of the home loan documents that relate to calculation of interest or fixed rate break costs will still be read as references to New Zealand Home Lending Limited's floating interest rates. Where we have assigned or transferred only some of our rights and obligations, references to us in parts of the home loan documents that contain rights and obligations that we have not assigned or transferred will still be read as references to New Zealand Home Lending Limited.

29. WHAT DO THE WORDS IN BOLD MEAN?

amounts owing: at any time, the total amount of money you owe to us under your **home loan** or, as the context requires, under a component or portion of your **home loan**, including principal, interest, fees and **costs**.

business day: any day other than a Saturday, Sunday or public holiday in Wellington or Auckland.

complying with our terms: complying with the **home loan documents**, any **mortgage**, any security, any **guarantee** and our **general terms**, and **complied with our terms** has a corresponding meaning.

construction component: any component of your **non-transactional portion** specified in your **home loan agreement** as a construction component or, as the context requires, the outstanding balance under a construction component at any time.

costs: include all costs, losses (including indirect, economic and consequential losses), fees, expenses, government charges or levies, claims, actions, suits, judgments, damages, interest, penalties, obligations or liabilities (including those incurred in connection with the protection, enforcement or clarification of our rights) in respect of your **home loan**, any **mortgage**, any security and/or any **guarantee**, including legal costs on a solicitor client basis and any receiver's costs and expenses.

daily balance: the principal amount outstanding under your **home loan** at the end of each day under a **non-transactional portion** or a **transactional portion** (or both) as the context requires.

daily default rate: the **default rate** divided by 365.

daily interest rate: the **interest rate** divided by 365.

default rate: in relation to a component or portion of your **home loan**, a rate that is 5% per annum above the **interest rate** applicable to that component or portion of your **home loan** at the time that interest at the default rate is charged.

disclosure date: the date referred to as the disclosure date in your **home loan agreement**.

electronic services: services that we provide in an electronic form, including internet banking and the NZHL phone service.

final borrowing date: the date specified in your **home loan agreement** as your final borrowing date for your **non-transactional portion** and/or your **transactional portion**.

fixed component: any component of your **non-transactional portion** specified in your **home loan agreement** as a fixed component (being a component with a **fixed interest rate** for a **fixed term**) or, as the context requires, the outstanding balance under a fixed component at any time.

fixed interest rate: our fixed interest rate for any **fixed term**.

fixed rate break costs: are described in clause 17.

fixed rate lock option: an arrangement under which we agree that a **fixed component** will be subject to the **fixed interest rate** specified in your **fixed rate lock option agreement** or any lower **fixed interest rate** for the relevant **term** that is applicable on the day you borrow it, provided that you borrow by the expiry date set out in the **fixed rate lock option agreement**.

fixed rate lock option agreement: any Fixed Rate Lock Option Agreement between you and us (as changed, updated or replaced).

fixed term: the period for a **fixed component** from the first date on which we lend you money under the

fixed component, as specified in your **home loan agreement**.

floating component: any component of your **non-transactional portion** specified in your **home loan agreement** as a floating component (being a component with a **floating interest rate**) or, as the context requires, the outstanding balance under a floating component at any time.

floating interest rate: our floating interest rate for home loans which we may change at any time.

general terms: our General Terms and Conditions (as changed, updated or replaced).

guarantee: any guarantee (as changed, updated or replaced) given by a **guarantor** guaranteeing your obligations to us under the **home loan documents**.

guarantor: any person named as a guarantor in a **guarantee**.

home loan: the home loan we agree to make available to you which is made up of a **non-transactional portion** and/or a **transactional portion**, as specified in your **home loan agreement**.

home loan agreement: any Home Loan Agreement between you and us (as changed, updated or replaced).

home loan documents: your **home loan agreement**, **these terms** and any document we give you under **these terms** or your **home loan agreement** changing the terms and conditions of your **home loan**.

interest only period: any interest only period specified in your **home loan agreement**.

interest rate: the annual interest rate or rates specified in your **home loan agreement**.

limited liability trustee: a trustee who does not have any interest or right in relation to the assets of the trust (including as beneficiary) other than as a trustee of the trust.

maximum credit limit: the amount specified in your **latest statement of account** as the maximum credit limit for your **transactional portion** as it may be changed under clause 14, 21 or 22 (this information is also available via NZHL - www.nzhltools.co.nz/info-for-lawyers and the NZHL phone service).

mortgage: any mortgage specified in your **home loan agreement** as securing your obligations to us under your **home loan agreement** (as changed, updated or replaced).

non-transactional portion: any portion of your **home loan** specified in your **home loan agreement** as your non-transactional portion or, as the context requires, the outstanding balance under your non-transactional portion at any time.

notice: letting you know about something by direct communication (for example, by letter, email, fax or telephone), displaying information at any NZHL branch, notice in the media (including public notices), or notice at <http://nzhl.co.nz/nzhltransact> or on any **electronic service** used by you.

payment account: the account from which we deduct all of your regular payments and all other **amounts owing** at any time. This account will be agreed between you and us from time to time.

property: any property over which we have security, including property the subject of the **mortgage**.

regular payment date: each date on which you are required to make a payment in accordance with your **home loan agreement**.

repayment holiday: the period during which we may allow you to stop making regular payments of principal and interest on your **home loan** and during which we may increase the **maximum credit limit** of your **transactional portion** to allow for interest added to your **transactional portion** during the period.

term: the period for a component of your **non-transactional portion** or for your **transactional portion** from the date you borrow under that component or portion until all **amounts owing** under that component or portion are due for repayment, as specified in your **home loan agreement** or **these terms** (as applicable).

these terms: the terms and conditions set out in this document (as changed, updated or replaced).

transactional portion: the portion of your **home loan** specified in your **home loan agreement** as your transactional portion or, as the context requires, the outstanding balance under your transactional portion at any time.



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