

KINGS FINANCE™ LIMITED

UNSECURED LOAN AGREEMENT AND DISCLOSURE OF TERMS

Please read this paragraph: This deed of agreement is intended to be written in plain language. To help with that, there are explanations and a list of meanings right at the end beginning with paragraph 29 below of the operative terms. Firstly we have a list of meanings of words which we use in this agreement. That is paragraph 29 below. Then in paragraph 30 below we explain and give examples of some things referred to in the disclosure statement. Finally, in paragraph 31 below of the operative terms we have a description of how we use words like “charge”, “credit”, “debit” and “enforce. These are all intended to help you understand what the agreement is all about.

This agreement is made on the day and year shown before the signatures below BETWEEN Kings Finance™ Limited (“the lender” or “we”) AND the borrowers (“you”) described below

The lender has agreed to lend to you the initial unpaid balance and any subsequent advances shown in the disclosure statement below.

OBLIGATION

You acknowledge that you owe to the lender the initial unpaid balance set out in the disclosure statement. You promise to pay that amount and make the payments due under this agreement in the manner set out in the disclosure statement and operative terms of this agreement. You also promise to comply with (go along with, keep the rules of) the terms of this agreement.

DISCLOSURE STATEMENT FOR CONSUMER CREDIT CONTRACTS (other than revolving credit contracts)

ClientAddress

Loan Number	LoanId
Statement date	LoanStartDate
Account Type	

Initial disclosure statement under section 17 of the Credit Contracts and Consumer Finance Act 2003 for consumer credit contracts other than revolving credit contracts.

IMPORTANT This document sets out key information about your consumer credit contract. You should read it thoroughly. If you do not understand anything in this document you should seek independent advice. You should keep this disclosure statement and a copy of your credit contract in a safe place.

The law gives you a limited right to cancel the consumer credit contract. (See below for further details) Note that strict time limits apply.

FULL NAME AND ADDRESS OF LENDER. This is the person or company providing you the credit.

You may send notices to the lender by: • Writing to the lender at its postal address; or • Sending a fax to the number specified (if any); or • Sending an email to the address specified (if any).	Name: Kings Finance™ Limited Trading as: Kings Finance Physical Address: 1 Greenwood Street, Frankton, Hamilton 3204 Postal Address: P O Box 9364, Waikato Mail Centre, Hamilton 3240 07 846 6008 Phone: Fax: 07 847 2077 Email: anne@kingsfinance.co.nz
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BORROWER DETAILS

Debtors		
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CREDIT DETAILS

Initial unpaid balance.
 This is the amount you owe at the date of this statement (including any fees charged by the lender).
 OpeningBalance made up of: OpeningTransactions

Total advances
 This is the total amount of all advances made or to be made to you.

TotalAdvances

PAYMENTS

You are required to make each payment of the amount specified and by the time specified in accordance with the payments schedule which accompanies this loan agreement.

Payments	Total amount of payments
	TotalPayments

Date	Payment	Notes
PaySched		

Method of Payment: PaymentMethod

INTEREST

Interest	Total interest charges This is the total amount of the interest charges payable under the contract.
	TotalInterest

Method of charging interest
 InterestMethod

CREDIT FEES AND CHARGES

The following credit fee(s) and charge(s) (which are not included in the initial unpaid balance) are, or may become, payable under, or in connection with, the contract. Your credit contract may allow the lender to vary this/these fee(s) and charge(s)

- (i) \$10.00 monthly management fee as long as there is an unpaid balance
- (ii) \$20.00 Early full repayment administration fee if you prepay the unpaid balance in full
- (iii) The costs expenses and other liabilities listed in clause 7d below of the operative terms which arise when you are not in default.

Administration costs and fees payable on full prepayment are also disclosed under the full prepayment heading.

CONTINUING DISCLOSURE

The lender is required to provide you with regular statements. The statements will give you information about your account. Statements will be provided 6 monthly.

WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS

Default interest charges and default fees

In the event of a default in payment and while the default continues you must pay the default interest charges. In the event of a breach of the contract or on the enforcement of the contract, the default fees specified below are payable. Your credit contract may allow the lender to vary these fees and charges.

Default interest. Default interest is 45% per annum charged on any overdue instalment or overdue amount other than the unpaid balance. Default interest is charged from the time that you fall into financial default until you are no longer in financial default. It is calculated by multiplying the overdue instalment or overdue amount by the daily default interest rate. The daily default interest rate is calculated by dividing the annual default interest rate by 365. All default interest is debited to your account monthly. If we accelerate payment (call up payment early) of the unpaid balance we will only charge you default interest on the overdue instalments.

Default fees.

- 1 Defaulted payment fee of \$15.00 if any scheduled payment to the lender is made late after the date due, or is reversed or dishonoured or is otherwise not made without our being in default. If you miss an instalment we will charge you this fee.
- 2 Mileage fee if a staff member of ours travels to visit you or any guarantor or to attend any meeting or any court or tribunal. Mileage will be charged at the current rate recommended by the Automobile Association for a 2 litre petrol engined motor car.
- 3 The costs to us of Court or Disputes Tribunal proceedings. These include filing fees actual solicitors fees and disbursements (assessed on a solicitor client basis) and debt collection agency commissions, fees and disbursements. Additionally you must pay us the costs and disbursements of process servers and any of our agents in enforcing this agreement. We will also charge you for any dealings (we have while you are in default) with other persons with respect to the debt. In addition we charge you the cost of doing anything which you have failed to do and which we have done. You will also be charged for the costs expenses and other liabilities listed in clause 7d below of the operative terms arising out of your default.

FULL PREPAYMENT

We do not charge a fee for our loss on full prepayment. You only need to pay our administrative costs relating to the full prepayment.

Administrative Costs/fees \$20.00 for our staff's work associated in receiving the request for and processing the full prepayment. This may vary if you ask for a full prepayment figure more than once.

RIGHT TO CANCEL

You are entitled to cancel the consumer credit contract by giving notice to the creditor.

Time limits for cancellation

- You must give notice that you intend to cancel a contract within 5 working days of the statement date on the front of this document.

Saturdays, Sundays, and national public holidays are not counted as working days.

How to cancel

To cancel you must give the creditor written notice that you intend to cancel a contract by –

- giving notice to the creditor or an employee or agent of the creditor; or
- posting the notice to the creditor or an agent of the creditor; or
- emailing the notice to the creditor's email address (if specified on the front of this disclosure statement); or
- sending the notice to the creditor's fax number (if specified on the front of this disclosure statement).

You must also return to the creditor any advance and any other property received by you under the contract.

What you may have to pay if you cancel

If you cancel the contract the creditor can charge you the amount of any reasonable expenses the creditor had to pay in connection with the contract and its cancellation (including legal fees and fees for credit reports, etc).

If you cancel the contract, the creditor can also charge you

- interest for the period from the day you received the advance until the day you repay the advance and
- If any returned property has been damaged while in your possession, the costs of repairing the damage.

WHAT TO DO IF YOU SUFFER UNFORESEEN HARDSHIP

If you are unable reasonably to keep up your payments or other obligations because of illness, injury, loss of employment, or the end of a relationship or other reasonable cause you may be able to apply to the creditor for a hardship variation.

To apply for a hardship variation, you need to:

- (a) make an application in writing; and
- (b) explain your reasons(s) for the application; and
- (c) request one of the following:
 - * an extension of the term of the contract (which will reduce the amount of each payment due under the contract); or
 - * postponement of the dates on which payments are due under the contract (specify the period for which you want this to apply; or
 - * both of the above; and
- (d) give the application to the creditor.

Do this as soon as possible. If you leave it too long, the creditor may not have to consider your application. Please note also that you may not make an application if, when you entered the consumer credit contract, the illness, injury, loss of employment, end of relationship or other reasonable cause was reasonably foreseeable to you. For example if you signed this agreement after your employer told you that you were likely to be made redundant, it would be reasonably foreseeable that you might lose your job.

DISPUTE RESOLUTION

Name of dispute resolution scheme: **Financial Services Complaints Limited**

It is free to make a complaint to this independent dispute resolution scheme. The scheme can help you to resolve any disagreements that you have with the lender.

Contact details of dispute resolution scheme:

Phone: 0800 347 257

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

Business address: PO Box 5967, Lambton Quay, Wellington, 6011

REGISTRATION ON FINANCIAL SERVICE PROVIDER REGISTER

Lender Registration Name: Kings Finance™ Limited

Registration Number: 661

I have received a copy of this disclosure statement and the operative terms and if I am the guarantor I have received a copy of the guarantee as well. I agree as set out in the disclosure statement and the operative terms and if I am the guarantor, I agree to the terms of the guarantee as well.

Date of Signature	Dated this _____ day of (month) _____ 20
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Signatures Borrower (1) _____ Borrower (2) _____	
In the presence of:	
Signature of witness	Signature of witness
Print name of witness	Print name of witness
Consumer Credit Analyst	Consumer Credit Analyst
Occupation of witness	Occupation of witness
Hamilton	Hamilton
Address of witness	Address of witness
Signatures Guarantor(s) _____ Guarantor(s) _____	
In the presence of:	
Signature of witness	Signature of witness

Print name of witness

Print name of witness

Consumer Credit Analyst

Consumer Credit Analyst

Occupation of witness

Occupation of witness

Hamilton

Hamilton

Address of witness

Address of witness

Operative terms

You the borrowers acknowledge the debt to the lender of the initial unpaid balance and agree:

1 **Words of example or inclusion are not words of limitation or exclusion.** In this agreement we sometimes give an example of how a rule or statement may apply or an example of a possible meaning of a word. Our giving of that example does not mean that the rule or statement or word has to be interpreted or explained in the same manner as is the example. If we say a word includes a meaning, that word may have other meanings as well.

2 **How the lender gives you documents and tells you anything.**

- a. If we wish to serve any legal paper on you – if we wish to give anything to you in writing – that legal paper will be sufficiently served or given if
 - (i) We deliver it to you or
 - (ii) We leave it at your usual or last known home address, place of business or of work or at a service address you give us in this agreement so we can give legal paper to you; or
 - (iii) We post it to you in a letter addressed to you by name at your home, place of business or of work, or service address; or
 - (iv) We send it to you by an electronic communication (such as email, fax, Facebook, Skype) although we cannot give you a repossession warning notice or a post-repossession notice in this manner.
 - (v) For any disclosure in relation to this agreement we send it to you by email or provide a link to our website.
- b. If you are out of New Zealand, the legal paper may be served on or given to your agent in New Zealand if you appoint one.
- c. If you are dead, the legal paper may be served on or given to your personal representatives – the people in charge of your estate when you die.
- d. If the legal paper is sent to you –
 - (i) by post, it is to be treated as if you received it (got it) on the fourth working day after the day on which the letter is posted (and to prove delivery all we need to do is prove that the letter was properly addressed and posted):
 - (ii) by electronic communication, it is to be treated as if you received it (got it) on the second working day after the day on which the legal paper is sent.
- e. Despite anything in this paragraph 2, the court may in any case make an order saying how any legal paper is to be served on or given to you. The court may also order that we do not need to give you the legal paper. If we go to court for an order about how you are to be given a legal papers or how we are to tell you about them, you agree that legal papers may be served on you at the last address that the lender has for you as notified by you.
- f. In addition, a legal paper will be sufficiently served or given if it is
 - (i) handed to any person who appears to live at any home address of any borrower or
 - (ii) attached to an outside door at either address.
- g. Further, if your address is a flat or apartment or room (your flat) in a building and if we are unable to get into the building or get to your flat because of the security system of the building or for some other reason, then a legal paper will be sufficiently served or given to you if it is posted at an outside letterbox for your flat.
- h. If there is no such letterbox, a legal paper will be sufficiently served or given to you if it is clearly addressed to you and attached to what appears to be the main outside door to the building for your flat or if the legal paper is given to any building manager or receptionist for

the building and the manager or receptionist is asked to give it to you.

- i. Further,
 - (i) if you have given an email address or a facsimile number or a mobile phone number at any time or
 - (ii) if you have a public address, including an internet social media address or an address at any other internet communication system or talking-place (for example, , Facebook or Skype),
that address or number shall be an information system specified by you for the purpose of service and general communication. That means we may communicate with you in any way that we can on the Internet.

3 **You are not released from liability just because somebody else is.** Somebody else may be a borrower under this agreement as well as you or is a guarantor under a guarantee. If that person is found not to be liable for any reason, that reason does not release you from being liable to pay or perform your obligations. That means that even if we cannot enforce this agreement against somebody else, we may still enforce it against you.

4 **Everything you have told the lender must be true.** You promise that all information provided by you or on your behalf to enable us to decide whether or not to lend to you is true and correct and if it is not true and correct we may demand payment of the unpaid balance of the loan and you must pay forthwith (straight away) on such demand.

5 **New Zealand law applies.** This agreement is governed by New Zealand law and you and we agree that the New Zealand courts may rule on any disputes. If you want to dispute or argue with us in relation to or in connection with this agreement, you may do so only before a New Zealand court or Disputes Tribunal or before our dispute resolution provider in New Zealand. However, we may enforce:

- a. this agreement against you or
- b. any judgment against you or against your real and personal property

in any country where you or the property may be.

6 **You must make all payments in full when due.** You must pay all amounts shown in the PAYMENTS schedule of the disclosure statement when they are due.

- a. You must make all payments without any deduction or withholding for any purpose whether by way of set-off counter-claim or otherwise and in such manner as we require.
- b. That means if you believe we owe you a debt of money or if you have any sort of claim against us, you must not take off
 - (i) any part of that debt or
 - (ii) any of the amount you claim we owe youfrom your payment of any instalment or other amount under this agreement. Also we may tell you how you must pay us.
- c. If we require, you must allow us to directly debit your bank account or you must set up automatic payments. We may also use any direct debit authority to pay ourselves any credit or default fee or penalty interest. . That means you must allow us to take money from your bank account if we ask.
- d. If you make any payment(s) which is not in accordance with the schedule of payments in the "PAYMENTS" section of the disclosure statement we may credit the payment(s) in accordance with the schedule. That means that if you are paying instalments and you pay more than you have to we may continue to charge you interest on any amount you overpay and we may do that until it is time for you to

pay the next instalment. We may also decline to accept any part prepayment.

7 **You must pay the lender all interest (including default interest) and credit and default fees.** You must pay to us as soon as we ask or when they are otherwise due and in any event we may charge against your account with us:

- a. the credit fees shown in the “**CREDIT FEES AND CHARGES**” section of the disclosure statement and
- b. any early repayment fee provided for in the **FULL PREPAYMENT** section of the disclosure statement and any part repayment fee charged and
- c. the default fees and default interest shown in the “**WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS** - default interest charges and default fees” section of the disclosure statement and
- d. all of our costs which we may be suffer or have to pay in connection with:
 - (i) Any further loan application, credit and security checks and the work we do to consider that application. If you apply for a further loan from us we may charge you the cost of dealing with your application.
 - (ii) Any variation and release of this agreement.
 - (iii) Any dealing with any of you or with any guarantor about the agreement. That will include any loan settlement or proposed prepayment (repaying all or some of the unpaid balance in advance) that does not proceed and if you are in default, it will also include the cost of any dispute.
 - (iv) Anything we decide to do in order to enforce this agreement in any way or to protect our rights under it. That may include our going to court or the Dispute Tribunal and our instructing solicitors and debt-collectors .
 - (v) Our doing anything you should have done but you have not done

and you agree that amounts referred to in this clause 7 will become part of the unpaid balance and that they are contractual damages if they become chargeable to you as a result of your default under this agreement. This means that you agree to pay the costs in this paragraph and you may not argue about them as long as the lender proves the amounts.

8 **Our costs referred to in paragraph 7** include:

- a. Our own internal administration fees and
- b. Expenses and any other liabilities we do not now know about. These include legal expenses on a solicitor and own client and on a full indemnity basis. That last sentence means that we may recover from you the full costs which our own lawyers charge to us if we instruct a lawyer as part of enforcing this agreement against you.

9 **The lender may vary interest and fees.** We may from time to time change the annual interest rate, default interest rate, credit fees and default fees payable under this agreement so they go up or down. You must pay such changed interest rates and changed fees.

- a. If we are passing on the changed costs of a third party supplier (such as a solicitor or a credit reporter or other outside contractor) to you we will tell you as soon as we wish to pass on those costs to you and we will tell you when you must pay.
- b. If we are passing on our internal costs (such as make up our account management or administration fees or defaulted payment fees or letter, email or text fees, default time fee or mileage fees):
 - (i) In each case, we will give you not less than a month’s notice of any such change and any

increase or decrease in your regular payment and the date when any increased or decreased payments begin.

- (ii) From that date you must pay the changed amount and if you are in financial default or default generally, you must also pay any changed default interest or default fees.
- c. No increase will be backdated.
- d. Any interest rate or fee increase shall be proportional to the increase our cost of funds or the cost basis of the fee. For example, if our costs go up by 5% we would not increase credit fees by more than 5%.

10 **Default Interest and Default fees.** If you are in financial default you must pay us default interest on any overdue instalment or other overdue amount at the rate for those amounts shown in the disclosure statement and if you are in any default at all you must pay default fees. You must pay default interest from the date you fall into financial default until you are no longer in financial default. You must pay default fees from when you fall into any default until you cease that default. We may debit all default interest and default fees as set out in the “**Default interest charges and default fees**” section of the disclosure statement and they will become part of the unpaid balance. You must continue to pay default interest and default fees after judgment against you. That means you must keep paying them after we sue you in court for the unpaid balance and obtain an order that you must pay.

11 **The lender may accelerate repayment of the loan** and we may require you to pay the unpaid balance to the lender straight away (forthwith) if:

- a. You breach paragraph 4 above or 18 or 20 below of these operative terms
- b. You fail to pay any money for 5 working days after it is due or if you continue any other default for 9 working days after the posting of any notice of that default to you (or 5 working days if such notice is sent by electronic means).

We may call up that money even although the time for payment has not yet been reached.

12 **It is your job to know what you owe the lender from time to time.** We must disclose (give) information to you at least every 6 months. In spite of that, it is your responsibility to find out from us the amount of any default interest and default fee or credit fees you may have to pay from time to time and to pay them. For example, if you miss paying a regular instalment or if you do not pay some other money when it is due, default interest or default fees may be debited. It is your job to find out what the default interest and fees are and to pay them.

13 **If you disappear time will not run on your debt until we locate you again in New Zealand.** Pursuant to section 41 of the Limitation Act 2010, if you change your physical address without notifying us and:

- a) you are then in default or subsequently fall into default and
 - i. we are unable to locate you or
 - ii. you live (whether permanently or not) in any other country, and
- b) we subsequently locate you in New Zealand
- c) the limitation period shall begin on the date that we locate you in New Zealand to the effect that that date will be:
 - i. the start date (under section 16(1)) for any claim we may make against you for interest accrued during the period from the time you change your address or leave New Zealand (whichever is the earlier if both apply) and
 - ii. deemed to be the date of the act or omission on which the claim is based (under section 11) with respect to default in repaying any principal repayments or parts of the unpaid balance which have fallen due from the time you

change your address or leave New Zealand (whichever is the earlier if both apply)

(WHAT DOES PARAGRAPH 13 MEAN? **Paragraph 13 of these operative terms is intended to prevent you from taking advantage of a gap in time in order not to pay. The Limitation Act states that generally if we do not sue you for unpaid interest or unpaid principal for 6 years after the interest or the principal amount falls due, then we lose our right to sue you for the debt. Section 41 allows us to agree that the 6 years does not run until another date. In this case, if you disappear and we cannot locate you but we find you again in New Zealand the six years will run from the time we locate you here.)

14 **The lender may set-off any debt to you.** If you have a claim against us or if we owe you money, we may set-off that claim or debt against any claim we have against you or any debt you may owe to us. This means we may reduce any amount we owe you by any amount that you owe us.

15 **The lender may appropriate payments as it sees fit.** If we receive any money from you:

- a. we may appropriate (credit) that money against any debt owed by you.
- b. we may do this whether or not the money so appropriated is due and payable and may appropriate the money in any manner and at any time that we may decide.
- c. that decision will overrule or cancel any appropriation you claim to have made but if we appropriate a sum intended by you for a debt under one agreement to a debt under another agreement, that appropriation on its own will not be the cause of your being in financial default under one of the agreements.
- d. Our appropriation on its own shall not cause you to pay any more interest or credit fees than you would have done if our appropriation had not taken place.

What does all this mean? If you owe us money under two agreements, and you pay us an instalment under one agreement, we may apply (credit) that money to the other agreement. For example if you owe us \$500 on agreement A and \$1000 on agreement B you may want to pay us \$100 for Agreement A so it reduces to \$400. However, if we wish we can credit it to Agreement B. If we do that, Agreement A will stay at \$500 and agreement B will reduce to \$900. If we do this, it will not put you in default under Agreement A. If the interest rates for the agreements are different, we will credit the \$100 at the higher rate so you are not disadvantaged by the different interest rates.

16 **You may repay your loan early.** You may repay the unpaid balance of your loan in full before it is due. However you must also pay us

- a. the administrative costs of the full prepayment or
- b. a charge equal to our average administrative costs of the full prepayment.

17 **You must have a telephone where we may contact you.** You must maintain (keep) a landline or mobile telephone connection or subscription as the case may be. If for any reason we cannot speak to you directly at the latest telephone number provided by you (whether landline or cellular), you agree that we may:

- a. advise any person who answers **any** telephone number we have for you
 - (i) who we are and that we are trying to talk to you and
 - (ii) that we wish you to contact us and
- b. leave messages with that person

18 **You must always keep us up to date with your name, home and email address and phone numbers.** You must not change your name, physical residential (home) address or email address, or your landline or cellular telephone number without first giving us two working days written notice of your intention to do so. You must at

the same time provide us with the replacement name, home or email address or landline or cellular telephone number. The lender may write to you at the address last notified to it.

19 **You must always be able to pay your debts when they fall due.** You will breach this agreement and the lender may call up the unpaid balance if you commit any act of bankruptcy, enter into the No Asset Procedure or without the lender's consent become subject to a summary instalment order. "Bankruptcy" and "no asset procedure" and "summary instalment order" are all ways in which you might not have to pay us in the way that this agreement says you must. If any of them apply to you we will be able to call up the loan.

20 **You may not impose any part payment settlement on us and you must not attempt to do so.** If you

- a. send us a cheque or
 - b. in any way pay us money
- that is less than the unpaid balance and you claim or wish to claim that our
- c. banking the cheque or
 - d. accepting the money

settles payment of the unpaid balance in full, we will not be bound by your claim unless we have agreed to that settlement in writing before you sent the cheque or paid the money. This means that (unless we agree in writing in advance) you cannot pay us less than you owe us and claim that that payment means you do not have to pay any more. That will apply even if you tell us in advance that we can only accept the payment you are going to make if it clears your debt. You must not try to compel us to settle for less than you owe in such a way.

21 **Only written changes to this agreement are binding.** We are not bound by any change to this agreement unless it is in writing and signed by one of our staff. We may enforce any of your obligations at any time, even if we have previously delayed enforcement, unless we tell you differently in writing. If you believe we have agreed not to enforce in some way, you must show that we have agreed to that in writing. If we agree once not to enforce an obligation, it does not mean we will agree again or continuously unless we tell you so in writing. If we agree not to enforce one obligation, it does not mean we agree not to enforce another.

22 **Lender may remedy your default at your cost.** If you fail to do anything which you must do or if you do anything you must not do, we may do or pay anything to remedy the default (to make it right). If we do that so we may add the cost of doing or paying to the unpaid balance.

23 **This agreement may be enforced by an assignee.** We may may give or assign our rights under this agreement to somebody else ("assignee"). If we do that, this agreement will apply to the assignee as if the assignee were the lender. The assignee may enforce this agreement against you. You have no right to assign rights under this agreement.

24 **Use of purchased property for business purposes.** The Consumer Guarantees Act 1993 shall not apply if the unpaid balance is applied in the purchase of property for business purposes. This means that you do not have warranties and protections under that Act if your loan is not wholly or predominantly for your household domestic or personal purposes.

25 **Powers and rights you give the lender are irrevocable.** In this loan agreement you

- a. give us powers and rights and
- b. undertake obligations and
- c. agree to certain rules of procedure and
- d. give consents and authorities.

You may not change your mind and withdraw or cancel our rights and powers nor cancel any obligation nor change procedures nor

withdraw consents or authorities until (subject to paragraph 27 of these operative terms) the unpaid balance has been paid in full.

- 26 **The lender may pay a vendor directly with borrowed money.** If you are borrowing money from us in order to buy property:
- We may pay the money directly to the supplier of that property and
 - We may impose any conditions on the payment or on the use of the money that we believe are necessary to comply with our responsible lending obligations.

- 27 **You must pay the lender any money it receives from somebody else which it has to repay.** If
- somebody other than you pays any amount due under this agreement and
 - that other person becomes bankrupt or goes into liquidation and
 - the Official Assignee ("OA") cancels the payment as an insolvent transaction under section 194 of the Insolvency Act 2006 or the liquidator sets aside the payment as an insolvent transaction under section 292 of the Companies Act 1993 or the transaction is otherwise set aside as a voidable preference, then

We may repay that sum to the OA or the liquidator and upon demand you must pay us that sum plus interest from the date we pay the OA or the liquidator. You must pay us even if you believe that we should have tried to avoid paying the money back or disputed payment in some way. This means that, for example,

- if a guarantor pays us or
- if you arrange for a friend to make payments to us on your behalf and

the guarantor becomes bankrupt or your friend goes bankrupt, the OA may claim back from us the payments the other guarantor or your friend has made going back for up to two years before the bankruptcy. If that happens we will be able to recover the total of those payments from you. We do not have to argue with the OA about whether or not we should repay the money. Similar rules will apply if a company pays on your behalf and the company then goes into liquidation.

- 28 **All your obligations are joint and several.** That means if another borrower signs this agreement, we may recover money due and payable from any of you or from all of you. We may enforce this agreement in other ways against any of you or against all of you.

Explanations and Meaning.

29 **Meaning – General**

The expression "Accelerate" means call up or ask for immediate payment before it would otherwise be due under this agreement. If we accelerate payment you must pay straight away. "Borrowers" or "you" means the person(s) shown as borrower(s) in the disclosure statement and includes their/your executors, administrators and successors in title – the people who may take over your rights and obligations if you die or if you cannot pay your debts. "Calculate" means to work out or to decide an amount following certain rules. "Default" under this agreement means that you do something you have agreed not to do or you fail to do something you have agreed are required to do. "Default Fees" and "Default interest" are as listed and defined under "Default interest charges and default fees" in the disclosure statement. "Financial default" means that you have failed to pay an instalment or other amount when due. "Guarantor" means the person shown as guarantor in this agreement and the associated guarantee and includes his or her executors, administrators and successors in title. "Initial Unpaid Balance" is the amount you owe at the date of this statement and it is further detailed in the CREDIT DETAILS of the disclosure statement. "Instalment" means a payment you must make regularly, usually on the same day of each week, fortnight or month. "Legal paper" means a document or a notice or other written paperwork about this agreement. "Lender" or "we" or any similar pronoun is the person lending the money and the expression includes its employees and agents and any person to whom the lender assigns its rights under this agreement or who otherwise takes over the lender's rights.

"Liability" means something you must do or an amount you must pay. If you are liable to do something or pay anything, it means you are responsible for doing or paying – you must do the thing or pay the amount. "Obligation" means something that you must do or that must not do. "Person" and pronouns such as "anyone" or "somebody" include a body corporate (such as a company) and an unincorporated body (such as a partnership or trust). "Principal" is the initial unpaid balance before interest is charged and it is the unpaid balance on which interest is charged. When we charge interest and fees to your account they become part of principal. "Unpaid balance" means the amount owing under this agreement at a particular time, being the difference between all amounts credited and all amounts debited to you under this agreement at that time. Any expression not described or defined in this agreement shall have the meaning given to it in the Credit Contracts and Consumer Finance Act 2003 unless the context requires otherwise. Unless the context prevents it, the singular shall include the plural and vice versa and one gender includes others to the effect that, for example, "he" includes "they", "she" and "it".

30 **Additional explanation for disclosure statement..** In this part we tell you about the disclosure statement because some things may need to be explained better.

- Under the heading INTEREST Method of charging interest – here is an example of what we are talking about:
You perhaps take a loan of \$1,000 for a year and you do not pay off any of it. It is interest only so you only pay interest for that year on principal of \$1,000. If the annual interest rate is 25%, the interest for that year is \$250. If the lender charges interest to your account weekly it means the lender divides \$250 by 365 days and multiplies it by 7 so the weekly interest would be a little more than \$4.79. At the end of the year, the principal is still \$1,000.

However, if you repay that loan by regular weekly payments during the year, you will also pay some of the principal of the loan each time you pay an instalment. To pay off the loan over that year with equal payments, you would pay about \$21.78 per week. Your payment for the first week would be \$4.79 plus principal of \$16.99. The interest for the second week would be \$4.71 and the principal would be \$17.07. By that time the principal would be \$965.94. That is usually how the unpaid balance reduces when you are paying off a loan by instalments.

This example is almost certainly not your loan. It is only to explain to you how interest is charged to you. This example does not take into account any periodic credit fees.

- Under the heading **WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS – Default interest charges and default fees – Default interest** we talk about charging you interest on amounts which you do not pay in time such as instalments when they are due.
 - What does this mean? If you do not pay an instalment on time it means you are in financial default and we may only charge default interest on that instalment. Even if we accelerate payment of the unpaid balance (call up the whole loan) because, for example, you miss paying a lot

of instalments, we may charge default interest only on those unpaid instalments. If your instalments were \$100 and the default interest rate were 35%, the default interest on each overdue instalment would be \$35 per year. This is only an example and 35% may not be the default rate under this agreement.

- (ii) However then we talk about accelerating payment of the unpaid balance if you breach the contract in some way that is not financial default. If we do that, we may charge you default interest on the unpaid balance. For example, if we found out that you had lied to us when you made your application we have the right to accelerate payment of the loan. If we did that, we would be able to charge you default interest on the unpaid balance. If the unpaid balance was \$1000 and the default interest rate on the unpaid balance was 35%, the default interest would be \$350 per year.

- (2) We do something so that we are paid when that borrower does not pay
- (iii) If we enforce against a guarantor
 - (1) We do something to make a guarantor do what he agreed to do.
 - (2) We do something so that we are paid when the guarantor does not pay
- (iv) We may enforce by (for example):
 - (1) Going to court for a judgment against you or against a guarantor or
 - (2) Applying to a Disputes Tribunal for an order against you or against a guarantor or

- c. Under the heading **WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS – Default interest charges and default fees** we have a list of fees which you may have to pay on default. The last of them is a long paragraph which begins “In the case of enforcement, including Court or Disputes Tribunal proceedings.....” That means that you must pay us all the costs of our enforcing this agreement against you and we may claim from you whatever we spend in trying to get paid when you are in default.

31 **Charge, Credit, Debit and Enforcement.**

- a. “Charge” “Charge” means a debit or an amount somebody must pay. If we charge you money or charge money to your account, that money is then added to the unpaid balance and the unpaid balance becomes larger. In this case “charge” and “debit” have similar meanings.
- b. “Credit” has several meanings
 - (i) It is any money we lend you. This agreement is a contract about credit.
 - (ii) A credit fee is a fee we charge as part of giving you credit.
 - (iii) If you pay an instalment or make any payment to us we will credit your account with that instalment or payment and the unpaid balance will become smaller. In this meaning it is the opposite of “debit”.
 - (iv) A credit sale is a sale where you buy something but you do not need to pay for it until later.
 - (v) A credit report is a study or a story about you and it is prepared or made to decide whether we give you credit or not.
 - (vi) When we give you credit, it becomes a debit for you. When we lend you money, you must pay it back to us.
- c. “Debit” means a charge or an amount of money somebody must pay. If we debit money to you or debit money to your account, that money is then added to the unpaid balance and the unpaid balance becomes larger. In this case “charge” and “debit” have similar meanings.
- d. “Enforce” or “enforcement” means:
 - (i) If we enforce against you:
 - (1) We do something to make you do what you agreed to do
 - (2) We do something so that we are paid when you do not pay
 - (ii) If we enforce against another borrower:
 - (1) We do something to make that borrower do what he agreed to do