



# HOME LOAN

**TERMS AND CONDITIONS**

## Message from NZHL

Your NZHL adviser has arranged your **home loan** with Kiwibank. If you have any questions about your **home loan**, your NZHL adviser is happy to help.

Kiwibank is your lender. These **home loan terms and conditions** apply to your NZHL-arranged loans and form part of your **home loan agreement** with Kiwibank. They don't apply to NZHL or your relationship with your NZHL adviser.

Your NZHL adviser looks forward to supporting you on your journey towards financial freedom, faster.

# Home Loan Terms and Conditions

## Some key things you need to know about your home loan

- Lender – Kiwibank is the lender under your **home loan agreement**. When we talk about “we”, “us”, “our”, we mean Kiwibank as described in the shaded box above section 1.
- Adviser – NZHL is your home loan adviser. Your **home loan** has been arranged by NZHL and they’ll continue to communicate with you and provide you with advice in relation to your home lending.
- You may see either Kiwibank’s or NZHL’s name or logo on your **home loan** documents or communications relating to your **home loan**.
- We’re lending you money that you’ll need to repay. You’ll also need to pay interest and fees. The interest rate and fees applying to your **home loan** may change from time to time.
- You can repay your **home loan** early. In some circumstances you’ll need to pay a **fixed rate break cost** – which can be large.
- It’s important that you always make your payments. If you’re struggling to make your payments on your **home loan** or your circumstances change, please let your NZHL adviser know. Your NZHL adviser can discuss this with us, and in some cases, we may be able to amend the terms of your **home loan agreement** to help you.
- If you don’t make your payments or meet the other terms of your **home loan agreement**, this could have serious consequences and your **home loan** may be in **default**.
- If your **home loan** is in **default** and we hold security over property for your **home loan**, we can sell that property to recover amounts owed.
- We can make changes to your **home loan agreement** but we’ll always give notice.
- In your **home loan** documents or communications relating to your **home loan**, you may see references to “non-transactional” which has the same meaning as **term loan** and “transactional” which has the same meaning as **reducing revolving loan**.

This is an important document that sets out terms that apply to your **home loan**. If you have any questions about anything in this document, or anything about your **home loan** that isn't clear, please contact your NZHL adviser, they're always happy to help.

You'll notice shaded boxes throughout these **home loan terms and conditions** and your **home loan summary**. These boxes contain particularly important information for you to take note of.

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In your **home loan agreement**, when there's a reference to:

- "Kiwibank", or "we", "us" and "our", it means Kiwibank Limited and our successors, assignees, transferees and authorised agents, unless the context requires otherwise;
- "NZHL", it means The New Zealand Home Loan Company Limited and its network of advisers;
- "you" and "your", it means each person named as the "Borrower" in your **home loan summary**. If more than one of you is named as "Borrower", then your obligations are "joint and several". This means:
  - each of you is responsible for meeting all the obligations of the Borrower under your **home loan agreement**; and
  - we can choose to ask any one or more of you, or all of you, to meet the obligations. This is completely our choice;
- "principal", it means the balance of your **loan** at that time. Your principal includes the money you've borrowed from us and any interest, fees or other costs that have been charged to your **loan**, less the payments you've made to repay your **loan**; and
- "interest", it means what you're charged to borrow your principal. Interest doesn't include fees or other costs, but if these amounts are added to the principal, we'll charge you interest on these.

You'll also notice that some words are in bold. These have particular meanings, which we've outlined in section 18.

## 1. What's your home loan agreement made up of?

Your **home loan agreement** is made up of:

- your **home loan summary**;
- our **home loan terms and conditions**; and
- the "Home loans" section of our **fees and limits** brochure.

If there are inconsistencies between any of these documents:

- your **home loan summary** has priority over our **home loan terms and conditions**, and our **fees and limits** brochure; and
- our **home loan terms and conditions** have priority over our **fees and limits** brochure.

In addition, your relationship with us is governed by our **general terms and conditions**. If there are inconsistencies between your **home loan agreement** and our **general terms and conditions**, your **home loan agreement** has priority.

## 2. How do you borrow your home loan?

Before you can borrow your **loan**, we must be satisfied that:

- you've signed your **home loan summary**;
- any conditions in your **home loan summary** that apply before you can borrow have been met;
- all of the required securities and guarantees set out in your **home loan summary** have been provided;
- you (and any guarantor of your obligations) are complying with the terms of any agreement with us; and
- any other conditions that we require have been met.

For each **term loan** or **reducing revolving loan** we've agreed to provide to you:

- you'll need to borrow your **term loan**; or
- you (or your NZHL adviser on your behalf) will need to ask us to make your **reducing revolving loan** available to you, on or before the **final borrowing date** for that **loan**. Otherwise we're not required to lend you any money under that **loan**.

### Term loan

If we've agreed to lend you a **term loan**, you can borrow it on any **business day** on or before the **final borrowing date**. You (or your NZHL adviser on your behalf) will just need to give us notice in writing at least two **business days** before the date you want to do this.

You must borrow your **term loan** in one amount, unless your **home loan summary** says you can borrow your **term loan** in stages. If you have more than one **term loan**, you must borrow all amounts under those **term loans** on the same day unless we agree otherwise.

If your **home loan summary** says you can borrow your **term loan** in stages (for example, if you're using it to pay for construction), there may be conditions in your **home loan summary** that you'll need to meet each time you want to borrow money. Before you can borrow more of your **term loan**, we'll need to be satisfied that you've met those conditions. Unless we agree otherwise:

- you can't borrow more than the amount of your **term loan** (for example, if your construction costs are more than that amount); and
- you can't borrow any part of your **term loan** after 12 months from the **final borrowing date**.

Your **term loan** must be on our NZHL variable rate while you're borrowing your **loan** in stages.

You can't reborrow any amount of your **term loan** that's been repaid, including any lump sum payments that have been made. If you require additional lending, you can **contact NZHL** to apply for it.

### **Reducing revolving loan**

If you have a **reducing revolving loan**, you can borrow any part of it on any day during the **term** of your **reducing revolving loan**. You can also reborrow amounts that you've repaid on your **reducing revolving loan**. However, the **daily balance** of your **reducing revolving loan** mustn't be more than your credit limit at any time, including as your credit limit reduces over the **term** of your **reducing revolving loan**.

## **3. When can we cancel your ability to borrow?**

We can cancel your ability to borrow from us under your **home loan agreement**, at any time before you first borrow. We can only do this if something happens (whether by your actions or not) that we think has a negative impact on:

- your ability to meet your obligations under your **home loan agreement**;
- the ability of any guarantor of your obligations to meet their obligations to us;



- the value of any property that we have (or will be granted) security over or our rights in relation to that security; or
- your (or a guarantor's) obligations in relation to that security.

## 4. What interest do you pay on your loan?

### How is interest calculated?

For each of your **loans**, we calculate interest every day from the day you first borrow money under that **loan** until, but excluding, the day we receive payment of the **amounts owing** under your **loan**.

For all **loans**, we calculate the daily amount of interest by multiplying the daily interest rate by the **daily balance** on that **loan** at the end of each day. The daily interest rate is equal to the interest rate that applies to the **loan** on that day, divided by 365.

### What are our interest rates for NZHL-arranged loans?

In your **home loan summary**, we state that the interest rate for your **loan** is our NZHL variable rate, NZHL reducing revolving rate or relevant NZHL fixed rate for a certain period.

The type of interest rate that applies to your **loan** can also change in accordance with your **home loan agreement** (for example, an NZHL fixed rate to our NZHL variable rate).

We set these interest rates, and we can change any of them up or down at any time. However, if you have a **term loan** with a **fixed rate period**, we won't change your fixed rate during your **fixed rate period**.

If we change the variable interest rate that applies to your **loan**, it may also change the amount of your payments or the time it takes to pay off your **loan**. You can find out more about this in section 5 and section 6 below.

You can **contact NZHL** to find our current interest rates.

### When is interest charged?

If you have **amounts owing** on a **loan**, we charge interest to each **loan** on these regular dates:

- for a **term loan** with regular payments of principal and interest, each regular payment date. For example, if you make fortnightly regular payments, your interest is also charged fortnightly;
- for a **term loan** with regular payments of interest only, the day before each regular payment date; and

- for a **reducing revolving loan**, each **regular credit limit reduction date**.

If we agree to change your **loan**, interest may be charged on a different date.

We'll make a final interest charge on the day you pay the **amounts owing** on that **loan**.

## 5. What payments do you need to make on a term loan?

If you have a **term loan**, you must make regular payments to us during its **term**. We'll agree the frequency of your regular payments (for example, fortnightly or monthly) and set this out in your **home loan summary**. We'll also separately agree on the date of your first regular payment.

You'll need to make a final payment of the **amounts owing** under your **term loan** on, or before, the last day of the **term**.

### Payments during an interest only period

If your **home loan summary** states that an **interest only period** applies to your **term loan**, your regular payments during your **interest only period** will only be made up of interest. On each regular payment date, you must pay any unpaid interest that has been charged to your **term loan**. Your regular payments won't reduce the principal of your **term loan** during your **interest only period**. Having an **interest only period** means you'll pay more interest over the **term** of the **loan** than if you made payments of principal and interest.

### Payments of principal and interest at all other times

At all other times during the **term**, you'll need to make regular payments of principal and interest. We'll calculate how much these regular payments will be when you first borrow your **term loan** (or, if an **interest only period** applies to your **term loan**, at the end of your **interest only period**). This is to make sure that all amounts payable in relation to your **term loan** will be paid during its **term**.

We do this by calculating the total amount you'll pay from that date until the end of the **term**, divided by the number of regular payments you'll make. We calculate the total amount you'll pay from that date until the end of the **term** of your **term loan** by adding together:

- your **loan** amount; and

- the amount of interest that would be payable. We calculate this based on the relevant interest rates at the time we make the calculation and other details set out in your **home loan summary** (being the frequency of your regular payments and the **term** of your **term loan**).

The frequency of your regular payments (for example, fortnightly or monthly) will determine the number of payments you'll need to make.

### **The amount of your payments can change**

We may recalculate the amount of your regular payments during the **term**. For example, if there's a change in the interest rate that applies to your **term loan**, it can impact the amount of your regular payments, or the time it takes to pay off your **term loan**. This could mean:

- if your **term loan** is subject to our NZHL variable rate, and we increase the interest rate, the amount of your regular payments will automatically increase if needed to pay off your **term loan** over the same **term**;
- if your **term loan** is subject to our NZHL variable rate and we reduce the interest rate, the amount of your regular payments will stay the same, but you may pay off your **term loan** faster; and
- if your **term loan** is subject to a fixed rate, you can only change the amount of your regular payments in the very limited ways described below, so your payments will usually stay the same during your **fixed rate period**. However, your regular payments may change at the end of your **fixed rate period** when your **term loan** automatically changes from the fixed rate to our NZHL variable rate.

We'll notify you of any changes to the amount of your regular payments.

### **You can change the amount of your regular payments**

If your **term loan** is subject to our NZHL variable rate and there's no current **interest only period** on your **term loan**, you can change the amount of your regular payments. However, the amount of your regular payments must always be sufficient to ensure that all **amounts owing** on your **term loan** will be paid during the **term** of your **term loan**.

If your **term loan** is subject to a fixed rate, we'll calculate the amount of your minimum regular payments at the start of your **fixed rate period**. This is your minimum regular payment amount during your **fixed rate period**.

You can increase the amount of your regular payments during your **fixed rate period**. However, you can only do this if the additional amount of principal that you pay early in each year of your **fixed rate period** isn't more than the **early repayment limit**. We calculate the additional amount of principal that you pay early on an annual basis, starting on the first day of your **fixed rate period**.

If you've used the full **early repayment limit** in a given year, your regular payments will be reduced to the minimum regular payment amount calculated at the start of your **fixed rate period**.

You can decrease the amount of your regular payments during a **fixed rate period** as long as this amount isn't less than the minimum regular payment amount calculated at the start of your **fixed rate period**.

While these limits don't stop you making a lump sum payment, or paying the **amounts owing** under your **term loan** in full at any time during the remaining part of your **fixed rate period**, we may charge you a **fixed rate break cost** if you do this.

You can find more information about repaying your **term loan** early in section 9 and more information about **fixed rate break costs** in section 8.

## 6. What payments do you need to make on a reducing revolving loan?

If you have a **reducing revolving loan**, you don't have set regular payments. However, you'll need to make any necessary payments to make sure your **reducing revolving loan's daily balance** never exceeds the credit limit. This includes when the credit limit is reduced to zero.

The credit limit on your **reducing revolving loan** will reduce on each **regular credit limit reduction date** during the **term** of your **loan**, and will reduce to zero by the end of the **term**.

We'll calculate the amount by which your credit limit will reduce on each **regular credit limit reduction date**. To do this:

- we calculate what the regular payments would be if your **reducing revolving loan** was a **term loan**. Our calculations are based on:
  - our then current NZHL reducing revolving rate;
  - the frequency of your **regular credit limit reduction dates** (for example, fortnightly or monthly);

- the **term** of your **reducing revolving loan**; and
  - the assumption you've borrowed the full credit limit in one amount at the start of the **term** of your **reducing revolving loan**.
- then we calculate how much of that regular payment amount would be interest and how much would be principal.

On each **regular credit limit reduction date**, your credit limit will reduce by an amount equal to the principal part of the regular payment amount. This amount will typically be different for each **regular credit limit reduction date**. Interest on your **reducing revolving loan** is charged separately as described in section 4.

When your credit limit reduces, your "available balance" will also reduce by the same amount. This means that if you don't make any payments into your **reducing revolving loan**, you'll have less available funds after each **regular credit limit reduction date**.

Accordingly, on each **regular credit limit reduction date**, you must make any payments necessary to make sure the **daily balance** of your **reducing revolving loan** on that date isn't more than the credit limit after the:

- credit limit has been reduced; and
- accrued interest has been charged to your **loan**.

A change in our NZHL reducing revolving rate can impact the amount of interest that's charged to your **reducing revolving loan** and can affect any payments you need to make. This means:

- if we increase the interest rate that applies to your **reducing revolving loan**, you may need to make additional payments so you don't exceed your credit limit. The credit limit reduction amount will adjust if necessary to ensure that you still pay off your **reducing revolving loan** over the same **term**;
- if we reduce the interest rate that applies to your **reducing revolving loan**, this may mean that the payments needed to ensure you don't exceed your credit limit are less than before the interest rate reduction. The regular payment amount isn't automatically recalculated if the interest rate is reduced. This means that more of each regular payment will be applied to your principal and you'll pay your **loan** off faster. For information about regular payment amounts, see above.

For example:

A **reducing revolving loan** with a credit limit of \$50,000 was put in place on 1 January, with:

- a NZHL reducing revolving rate of 5.00% p.a;
- **regular credit limit reduction dates** each fortnight;
- a **term** of 25 years;
- the first limit reduction being on 15 January; and
- a regular payment amount calculated at \$134.44.

On 15 January, the \$134.44 amount would be made up of:

- \$95.89 of interest; and
- \$38.55 of principal.

This means that on 15 January:

- the amount of your credit limit reduction is \$38.55; and
- your new credit limit is \$49,961.45 (i.e. \$50,000 - \$38.55).

On 29 January, the \$134.44 amount would be made up of:

- \$95.82 of interest (based on the new credit limit of \$49,961.45); and
- \$38.62 of principal.

This means that on 29 January:

- the amount of your credit limit reduction is \$38.62; and
- your new credit limit is \$49,922.83 (i.e. \$49,961.45 - \$38.62).

DATE	REDUCING REVOLVING LIMIT	PAYMENT AMOUNT	INTEREST (based on balance being an maximum credit limit)	CREDIT LIMIT REDUCTION
1 JAN	\$50,000.00	\$ -	\$ -	\$ -
15 JAN	\$49,961.45	\$134.44	\$95.89	\$38.55
29 JAN	\$49,922.83	\$134.44	\$95.82	\$38.62

## 7. How do you make payments on your loan?

For all your regular payments, payments of fees and any other amounts under your **home loan agreement**, you authorise us to make electronic deductions from your **payment account** on the relevant payment date.

### Term loan

You must make sure you have enough money in your **payment account** to cover the amount of all payments you need to make. If you don't have enough money in your **payment account**, we may, but aren't required to:

- deduct your payments from your **payment account** anyway. This may mean that your **payment account** exceeds the credit limit of your **reducing revolving loan**; or
- deduct any amount you owe us from any other account you have with us.

If, after making this payment, your **payment account** exceeds an existing credit limit, the default interest rate will apply to the amount over the credit limit.

If the **payment account** is not bought back within the credit limit, we may later decide to reverse that amount from the **payment account**. We may also decide not to deduct an amount from any other account to make up the shortfall. In each case, you won't have made a payment when due under your **home loan agreement** and your **home loan** will be in **default**. There's more information about **defaults** and what happens if your **home loan** is in **default** in section 10.

### Reducing revolving loan

If you have a **reducing revolving loan**, you can make payments by depositing funds into your **reducing revolving loan** account.

You can arrange for a regular transfer of a regular payment amount from your **payment account** to any of your other **reducing revolving loans**, on the relevant **regular credit limit reduction dates**. This can ensure that there are enough funds transferred into the **reducing revolving loan** to cover both the credit limit reduction and the interest charged.

## Other things to know about making payments

All payments you make under your **home loan agreement** must be without any restriction or condition. You can't make any deduction or withholding unless you're required to by law. In that case, the deduction or withholding must be of the minimum amount required. If you or we make any deduction or withholding, then we'll increase the amount you must pay to us, so that we receive and can keep the full amount that we would have received if the deduction or withholding hadn't been made.

You give up any right to set-off any amounts that we owe you against amounts you owe us under your **home loan agreement** or any other agreement you have with us.

If you don't pay an amount under your **home loan agreement** when due, we can choose to apply any money in any account you hold with us, or any other money we receive from you towards principal, interest and/or other amounts you owe under your **home loan agreement** – even if you've told us differently.

## 8. What other amounts may be payable?

We may charge you fees on your **home loan**. These are described in the "Home loans" section of our **fees and limits** brochure.

You may need to pay some fees before you borrow under your **home loan**, which are set out in your **home loan summary**.

You can find our current fees in the "Home loans" section of our **fees and limits** brochure. We may change our fees and how we calculate them from time to time, but we must give at least 14 days' notice before the change applies to you. You can **contact NZHL** to find our current **fees and limits** brochure.



## What are fixed rate break costs?

We may charge you a **fixed rate break cost** if you have a **term loan** with a fixed interest rate and during your **fixed rate period**:

- you pay all **amounts owing** on your **term loan** early; or
- you pay any part of your **term loan** early,

and the total of that payment and any other amounts that you've paid early during that year of your **fixed rate period** is more than the **early repayment limit**. We calculate the additional amount of principal that you pay early on an annual basis, starting on the first day of your **fixed rate period**. Our calculation takes into account:

- if you've increased the amount of your regular payment during your **fixed rate period**, the additional amount of principal that has been repaid during that year of your **fixed rate period** as a result of increasing your regular payments; and
- the amount of any other lump sum payments you've already made during that year of your **fixed rate period**.

We may also charge you a **fixed rate break cost** if you have a **term loan** with a fixed interest rate and you ask us to change the interest rate on your **term loan** during your **fixed rate period** (for example, change to our NZHL variable rate or to another fixed rate) and we agree. This is because, when we agree to break your **fixed rate period**, you agree that your **term loan** will be repaid, then immediately reborrowed at the new interest rate.

The **fixed rate break cost** compensates us for a reasonable estimate of our loss resulting from your early payment including if you change your interest rate. The calculation of a reasonable estimate of our loss in these situations is quite complicated. We don't use the formula set out in the Credit Contracts and Consumer Finance Regulations 2004. Instead, we apply our own mathematical formula to calculate your **fixed rate break cost**, which we consider better reflects a reasonable estimate of our loss in these circumstances.

Set out below is a short explanation of the process we follow to calculate your **fixed rate break cost**. A **fixed rate break cost** can be large, so please talk to your NZHL adviser if you're thinking of repaying any part of your **term loan** early (for example, if you're selling your property) or if you want to change your interest rate during your **fixed rate period**. If you don't understand this process, we strongly recommend that you seek independent financial advice, including discussing your options with your NZHL adviser.

Step 1: We determine what the relevant wholesale interest rate was as at the start of your **fixed rate period** for a period equal to your **fixed rate period**.

Step 2: We determine what the relevant wholesale interest rate is as at the date of your early payment for a period equal to the remaining term of your **fixed rate period**.

Step 3: We calculate any **early repayment limit** remaining and deduct that from the principal that's being repaid early. That's the amount that the **fixed rate break cost** will be calculated on.

Step 4: We apply the difference between the wholesale interest rates (Step 1 and Step 2) to the amount we determined under Step 3 for the remainder of your **fixed rate period**. It's adjusted to take into account that we receive the amount of principal earlier than we would have under your **home loan agreement**. This adjusted amount is your **fixed rate break cost**. If the Step 1 wholesale interest rate is less than the Step 2 wholesale interest rate, no **fixed rate break cost** is payable.

## 9. Can you repay your loan early?

### Term loan

If you have a **term loan**, you can pay the **amounts owing** in full at any time.

If you have a **term loan** and you only want to pay part of the **amounts owing** early you can make payments of at least \$1,000 at any time.

If you make any additional payment, or repay your **term loan** in full, during your **fixed rate period**, we may charge you a **fixed rate break cost** – which can be large.

You can find more information about how we calculate this cost in section 8.

## Reducing revolving loan

If you have a **reducing revolving loan**, you can repay all or part of it at any time.

## 10. What's a default and what happens if your home loan is in default?

Your **home loan** will be in **default** if:

- you're not complying with:
  - the terms of your **home loan agreement**, including if you don't pay any amount when it's due under your **home loan agreement** or if you have a **reducing revolving loan** and you exceed the credit limit for that **loan**; or
  - any security that you've granted to us in relation to your **home loan agreement**;
- we hold a guarantee for your **home loan** and any guarantor isn't complying with the terms of any agreement with us in relation to the guarantee;
- we hold security for your **home loan** and you give security to any other person over property that you've secured to us without our agreement, or something else happens (whether by your actions or not) that we think impacts negatively on the value of the secured property, the security documents or our ability to enforce any security; or
- you haven't provided all information we request so we can comply with relevant **law or legal rules**, or we haven't been able to verify the information to our reasonable satisfaction.

If anything happens that results, or could result, in your **home loan** being in **default**, you (or your NZHL adviser on your behalf) must tell us as soon as you become aware of it.

If:

- your **home loan** is in **default**; or
- we reasonably believe:
  - we are required to by **law or legal rules**; or
  - that it is necessary or prudent to protect our legitimate interests (or the legitimate interests of a third party),

we can:

- require you to immediately pay us the **amounts owing** under your **home loan agreement**;
- cancel your ability to borrow any more money under your **home loan agreement**; and/or
- enforce our rights under any guarantees or security we hold for your **home loan agreement**.

When considering whether to exercise our rights under this section to protect our legitimate interests (or the legitimate interests of a third party), we can take into account any factors we consider relevant. For example, we can take account of the impact of any sanctions in New Zealand or overseas.

In some cases, we may also charge you default interest. You can find information about default interest below.

You must also pay us the amount of any costs or losses we incur in relation to your **home loan** if it's in **default**. For example, this could include the costs of enforcing any security we hold in relation to your **home loan**. We may deduct these costs and losses from your **payment account**.

### **Default interest**

We may charge you default interest:

- on any overdue amount under your **loan** if you don't pay it when due; or
- on any over limit amount if you have a **reducing revolving loan** and the **daily balance** on your **loan** exceeds the credit limit.

Default interest is calculated daily by multiplying the daily default interest rate by the overdue or over limit amount at the end of that day. The daily default interest rate is equal to the default interest rate (being your usual interest rate for that **loan** plus 5% p.a.), divided by 365.

If we ask you to repay:

- any part of your **term loan** early, we'll only charge default interest on the amounts that were unpaid at the time we asked you to repay your **term loan** early; or
- your **reducing revolving loan** and you haven't paid the **amounts owing** by the required date, we may charge default interest on any **amounts owing** that are unpaid.

Any default interest that has accrued on your **loan** will be charged on:

- the last day of each month; and
- the day you pay the **amounts owing**.

Once default interest has been charged, you'll need to pay it immediately. If it isn't paid immediately, we may add it to the **daily balance** of your **loan**. We may also charge you default interest on that overdue amount.

## 11. Can you change your home loan agreement?

You can't change your **home loan** unless we agree to the changes or you're making a change to the amount of your regular payments as set out in section 5. If we agree, we'll amend your **home loan agreement**. We'll also give you notice confirming the changes. If you want to make changes to your **home loan**, please **contact NZHL**.

If there's more than one Borrower, each Borrower has full authority to agree to any changes to the **home loan agreement** with us. This means that, if one Borrower agrees to a change with us, it'll be binding on all Borrowers.

## 12. What changes can we make?

As set out in section 4 under "What are our interest rates for NZHL-arranged loans?", we can change our interest rates at any time.

Your **home loan summary** and these **home loan terms and conditions** give us the right to make specific changes to your **home loan agreement**.

In addition, we can change your **home loan summary**, our **home loan terms and conditions** and our **fees and limits** brochure at any time, but we must give at least 14 days' notice before the change applies to you.

We can also ask you to give new or additional security (including new or additional guarantees) if something happens (whether by your actions or not) that we think impacts negatively on the value of the secured property, the security documents or our ability to enforce any security (including any guarantee). If we ask you to do this, you'll need to give us the new security (including any new guarantee) within the time we've given you.

Our **general terms and conditions** explain how those terms and conditions can be changed.

Keep in mind that we don't need your consent to make any of these changes.

### 13. How do we communicate with you?

We've set out the ways in which we'll give you notice in our **general terms and conditions**. Unless we're required by law to give you notice in a particular way, we can give you notices about your **home loan agreement** in one or more of these ways.

There are certain laws that require us to give you information in writing. For example, under the Credit Contracts and Consumer Finance Act 2003, we're required to disclose information about your **loans** to you at certain times, such as when we send you your regular statements or when we tell you about certain changes to your **loan**.

You agree that we may give you information relating to your **home loan** with us electronically including:

- sending that information to you by email or another electronic messaging system, such as a text message; or
- sending you an email or other electronic message letting you know where you can access that information.

You agree that we can use the email address or mobile phone number you (or NZHL on your behalf) have given us for that purpose. You may update either of these at any time.

### 14. How do we manage your personal information?

We take the protection of your information seriously. We comply with the Privacy Act 2020 and any other legal obligations we have relating to the protection of information.

For details about how we collect and handle your information, please see our privacy policy. You can download a copy at [Kiwibank.co.nz/nzhl](http://Kiwibank.co.nz/nzhl) or contact us on 0800 113 355 to request a copy.

### 15. What if you're the trustee of a trust?

If you enter into your **home loan agreement** as a trustee of a trust, your obligations are personal and not limited to what you can pay from the trust assets unless you're a "limited liability trustee".

A limited liability trustee is a trustee who:

- is an independent trustee (meaning a person who is not a beneficiary of the trust, has no interest or right in the assets of the trust – other than as trustee – and has no right to select or designate new beneficiaries);
- hasn't breached their duties as a trustee;
- hasn't breached the trust deed or any relevant law; and
- hasn't made any untrue representation under this **home loan agreement**.

When you enter into your **home loan agreement** as a trustee of a trust, you confirm to us that:

- the borrowers named in your **home loan summary** are (and will be) at all times, all of the trustees of the trust;
- the trust deed permits the trustees to enter into your **home loan agreement**; and
- you're entitled to (and will) claim on the assets of the trust to help you meet your obligations under your **home loan agreement**.

If this isn't correct, this is an untrue representation and even if you're an independent trustee, you won't be a "limited liability" trustee. This means that your obligations to us will be personal and won't be limited to what you can pay from the trust assets.

## 16. What rights do we have to transfer your home loan?

We can assign or transfer some or all of our rights and obligations under your **home loan agreement** to one or more other persons. We don't need your agreement for any assignment or transfer and don't need to give you notice of this.

If we assign or transfer any of our rights and obligations under your **home loan agreement**:

- references to "we", "us" or "our" in your **home loan agreement** will mean the person we've assigned or transferred our rights and obligations to;
- unless we notify you otherwise, references to any of our interest rates or our **fixed rate break cost** will still mean Kiwibank's relevant NZHL interest rate and Kiwibank's **fixed rate break cost**; and

- where we've only assigned or transferred some of our rights and obligations, references to us in parts of the **home loan agreement** that contain rights and obligations that we've not assigned or transferred, will still be read as references to Kiwibank.

You can't transfer any of your rights or obligations under your **home loan agreement** without our agreement.

## 17. What else do you need to know?

### **Information provided to us**

If we or your NZHL adviser asks you for any information about you or any **home loan agreement** (including information relating to your financial position or your business or operations) at any time, you must give it to us within any time period we specify.

We rely on that information and any other information that you, or someone on your behalf, gives us. You confirm to us that all that information is true and complete and that you don't know of any important information that we don't have that might affect our decision to make, or continue to make, any part of your **home loan** available to you.

### **We'll make all the calculations under your home loan agreement**

Where your **home loan agreement** requires a calculation to be made, we'll make that calculation. For example, an amount to be paid or an interest amount. Unless we've made an error, you agree to accept our calculation.

### **We don't have to use our rights under your home loan agreement immediately**

Your **home loan agreement** gives us a number of rights and lets us take certain actions. However, we don't have to use those rights or take those actions, either immediately or at all. Unless we've agreed in writing that we won't, we can still use those rights and take those actions later.



## Our commitment to act reasonably

We'll act reasonably when we do anything under your **home loan agreement**, taking into account both your and our interests at the time. For example, we'll act reasonably when:

- considering any request;
- deciding whether to exercise any right we have (including whether we ask you to do something); and
- exercising that right (including how we exercise that right and what we'll ask you to do).

You can find more information about what we mean by acting reasonably in our **general terms and conditions**.

## General legal provisions

New Zealand law applies to your **home loan agreement**.

If a Court decides that any part of your **home loan agreement** isn't binding on you, we can still ask you to do all the other things you've agreed to do under your **home loan agreement**.

## 18. What do the words in bold mean?

Word	Definition
<b>amounts owing</b>	At any time, the total amount of money you owe to us under your <b>home loan</b> or, as the context requires, under one of your <b>loans</b> , including principal, interest, fees and costs.
<b>business day</b>	Any day other than a Saturday, Sunday, national public holidays and the days from 25 December to 2 January (inclusive).
<b>contact NZHL</b>	NZHL are your home loan advisers. If you need advice or help, they're available by: <ul style="list-style-type: none"><li>• contacting your adviser;</li><li>• calling 0800 333 238; or</li><li>• going to <a href="http://Kiwibank.co.nz/nzhl">Kiwibank.co.nz/nzhl</a>.</li></ul>
<b>daily balance</b>	At any date, the principal amount outstanding under a <b>loan</b> at the end of that date.
<b>default</b>	Your <b>home loan</b> will be in <b>default</b> if any of the events set out in section 10 occur.

<b>Word</b>	<b>Definition</b>
<b>early repayment limit</b>	In relation to a <b>term loan</b> with a fixed rate, 5% of the <b>daily balance</b> of your <b>term loan</b> on the first day of your <b>fixed rate period</b> .
<b>fees and limits</b>	Our brochure entitled "Fees and Limits" specific to customers with NZHL-arranged loans.
<b>final borrowing date</b>	The last day that you can either borrow money under your <b>term loan</b> and/or request your credit limit be made available under your <b>reducing revolving loan</b> . The <b>final borrowing date</b> will be set out in your <b>home loan summary</b> .
<b>fixed rate break cost</b>	A fee that we may charge you if you pay any <b>amounts owing</b> on a <b>term loan</b> early during a <b>fixed rate period</b> or if you want to change your interest rate during your <b>fixed rate period</b> . Information about how we calculate the <b>fixed rate break cost</b> is set out in section 8.
<b>fixed rate lock option</b>	An agreement between you and us, under which we agree that a certain fixed rate will apply to your <b>term loan</b> .
<b>fixed rate period</b>	The period of a <b>term loan</b> during which the interest rate doesn't change.
<b>general terms and conditions</b>	Our document entitled "General Terms and Conditions" specific to customers with NZHL-arranged loans.
<b>home loan</b>	All of the <b>loans</b> that we make available to you under your <b>home loan agreement</b> .
<b>home loan agreement</b>	Your <b>home loan summary</b> , our <b>home loan terms and conditions</b> and the "Home loans" section of our <b>fees and limits</b> brochure for NZHL-arranged loans.
<b>home loan summary</b>	The document addressed to you, entitled "Home Loan Summary".
<b>home loan terms and conditions</b>	These terms and conditions, entitled "Home Loan Terms and Conditions".

Word	Definition
<b>interest only period</b>	The period of a <b>term loan</b> during which your regular payments are only made up of interest and don't include any repayment of the principal of your <b>term loan</b> .
<b>law or legal rule</b>	Any applicable law, regulation, code, industry rules or industry guidance, any requirement of a court, ombudsman or similar body, or any binding undertaking given to a regulator, in New Zealand or overseas.
<b>loan</b>	A <b>loan</b> that we've agreed to make available to you, the details of which are set out in your <b>home loan summary</b> .
<b>payment account</b>	The NZHL account held with us that we can deduct your regular payments from, as well as any other amounts payable by you under your <b>home loan agreement</b> . The payment account must be a <b>reducing revolving loan</b> . You (or your NZHL adviser on your behalf) and Kiwibank will agree which account held with us is the <b>payment account</b> .
<b>reducing revolving loan</b>	A <b>loan</b> that's identified as being a <b>reducing revolving loan</b> in your <b>home loan summary</b> . This <b>loan</b> may also be referred to as "transactional". Some of the key features of a <b>reducing revolving loan</b> are: <ul style="list-style-type: none"> <li>• if you repay amounts you've borrowed under the <b>reducing revolving loan</b>, you can borrow that money again; and</li> <li>• the credit limit of a <b>reducing revolving loan</b> will reduce during the <b>term</b> of the <b>reducing revolving loan</b>.</li> </ul>
<b>regular credit limit reduction date</b>	Each date on which the credit limit on your <b>reducing revolving loan</b> will reduce. The frequency of your <b>regular credit limit reduction dates</b> will be set out in your <b>home loan summary</b> .
<b>term</b>	In relation to a <b>loan</b> , the period from the date you borrow the <b>loan</b> until the date that all <b>amounts owing</b> must be paid.

<b>Word</b>	<b>Definition</b>
<b>term loan</b>	<p>A <b>loan</b> that's identified as being a <b>term loan</b> in your <b>home loan summary</b>. This <b>loan</b> may also be referred to as "non-transactional".</p> <p>Some of the key features of a <b>term loan</b> are:</p> <ul style="list-style-type: none"><li>• unless your <b>term loan</b> has an <b>interest only period</b>, you must make regular payments of principal and interest during the <b>term</b> of the <b>term loan</b>; and</li><li>• amounts that are repaid can't be reborrowed.</li></ul>

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When you're reading your **home loan agreement**:

- if we reference any document, law or policy, this means that document, law or policy as it may be amended or replaced from time to time;
- examples we give in this document and references to "including" don't limit other things that might have been included;
- any use of the singular includes the plural. Any use of the plural includes the singular; and
- when we reference a person, this includes their successors, assignees, transferees and executors.



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