

LOAN CONTRACT – EQUITY RELEASE

(This Loan Contract in conjunction with a Memorandum of Mortgage and Disclosure Statement comprise the Initial Disclosure required by Section 17 of the Credit Contracts and Consumer Finance Act 2003)

1. **DATE**
2. **MORTGAGEE** **WAIRARAPA BUILDING SOCIETY** duly incorporated under the Building Societies Act 1965 and having its registered office at 75 Queen Street, Masterton and its successors and assigns (called "the Mortgagee").
3. **BORROWER**

(called "the Borrower")
4. **MORTGAGOR**

(called "the Mortgagor")
5. **GUARANTOR** Not Applicable
(called "the Guarantor")
6. **IN CONSIDERATION** of the advance by the Mortgagee to the Borrower (at the Guarantor's request) of the principal sum or loan/credit provided by the Mortgagee, the Mortgagor and the Guarantor (where applicable) covenants with the Mortgagee as set out in the Mortgage over the property that is required by this Loan Contract and the Guarantor confirms that the Guarantee on the part of the Guarantor contained in the terms of that Mortgage and in the Deed of Guarantee required by clause 17 below includes the moneys payable under this Mortgage Loan Contract (called "this Loan Contract"). The Borrower and Guarantor (where applicable) UNDERTAKE to repay the principal sum and interest thereon at the times and in the manner provided by this Loan Contract and on the terms and conditions set forth in this Loan Contract and in the Mortgagee's registered Mortgage Document 1996/4036 ("the Mortgage").
7. **AMOUNT OF THE LOAN/CREDIT** **Up to \$**
the receipt of which sum is hereby acknowledged.
8. **DISBURSEMENT OF LOAN**
Establishment Fee
Net Advance
Total Balance of Loan Account – up to \$
9. **PURPOSE** The net advance available is to be used to .
10. **LOAN AVAILABLE FROM**
11. **INTEREST RATE** Ordinary interest rate % per annum
Penalty interest rate % per annum
12. **INTEREST REST PERIOD** Any period of one month ending on the last day of the month.
13. **TERM OF LOAN** The loan is repayable on Demand as provided in terms of Clause 4 of the Mortgage but pending Demand the term of the loan is for a period of years.

Initials _____

14. PAYMENTS REQUIRED:

- 14.1 Interest will be charged monthly in terms of this contract and will be capitalised for the Term of Loan shown above.
- 14.2 The principal sum and any interest outstanding shall be paid at the end of the Term of Loan shown above.
- 14.3 Payments are to be made at the offices of the Mortgagee at 75 Queen Street, Masterton, or otherwise as directed by the Mortgagee in writing.

15. LOAN ACCOUNT NAME & REFERENCE Home Loan**16. SECURITY**

A registered Mortgage on the Mortgagee's form over the property of the Borrower/Mortgagor and/ (or Guarantor) at containing and being all Certificate of Title (Wellington Registry), such Mortgage to be registered as a First Mortgage. Or, having already been registered as a First Mortgage under No. **subject to an increase in the Priority Sum to \$** plus interest.

17. FORMAL GUARANTEE DOCUMENT

The Mortgagee requires that the Guarantor will execute a Deed of Guarantee provided by the Mortgagee and this form is additional to and not in substitution for any guarantee contained in any Mortgage document entered into with the Mortgagee.

OR

The Deed of Guarantee and Indemnity executed by the Guarantor on extends to this Loan Contract as well as the previous Contract executed on

18. POWER TO ALTER INTEREST RATES

- 18.1 The Mortgagee may at any time and from time to time upon giving not less than one month's written notice of its intention to do so, alter the ordinary interest rate and/or the penalty interest rate and may as a consequence of any alteration in the ordinary interest rate alter the instalment amount.
- 18.2 If the alteration is an increase, the alteration shall not take the ordinary interest rate, or the penalty interest rate above the ordinary interest rate or the penalty interest rate (as the case requires) commonly charged by the Mortgagee at the time of the alteration in respect of new loans which the Mortgagee considers to be of the like kind as the loan or loans secured by the Mortgage. The decision of the Mortgagee's Board of Directors as to what are the rates so charged shall be final and conclusive.
- 18.3 As from the date when any alteration takes effect, references to and covenants relating to ordinary interest rate, penalty interest rate, Instalments and the instalment amount shall be construed and have effect as references to and covenants relating to the ordinary interest rate, penalty interest rate, instalments and instalment amount as altered.
- 18.4 The power to alter interest rates under clause 18.1 will not apply during any period in respect of which the lender has agreed in writing that the Ordinary Interest Rate will be fixed for that period.

19. SPECIAL CONDITIONS

- 19.1 The Net Advance as detailed in Clause 8 shall be made available to the Borrower at \$ per calendar month for the term of the loan. Such funds as remain available under this contract shall be applied to capitalised interest in accordance with Clause 14.1 or to cover the Mortgagee's costs in terms of Clause 19.5.
- 19.2 Subject to Clause 23 lump sum repayments may be made at any time during the term of the loan either in part or in full without penalty.
- 19.3 Interest will be charged monthly in terms of this contract and will be capitalised for the term of the loan.
- 19.4 The loan is repayable when the Borrower has vacated the secured property for more than six (6) consecutive months or dies.
- 19.5 The Borrower undertakes to keep the secured property fully insured and to meet all territorial authority charges, and maintain the secured property to a standard acceptable to the Mortgagee. If the Borrower fails to do so, the Mortgagee will undertake the required maintenance and charge the loan accordingly.

20. PAYMENT OF PRINCIPAL SUM AND INTEREST

- 20.1 The Borrower will pay the principal sum to the Mortgagee in the manner hereinbefore set out.
- 20.2 Where this contract provides for payments on account of principal and interest then the payments received by the Mortgagee during an interest period shall be applied on the interest date upon which such interest period expires first in or towards interest payable and secondly in reduction of the Principal Sum.
- 20.3 If the Borrower fails to make any payment required by any of the terms of this contract or with the terms of the Mortgage, then the Borrower must pay default interest on any such payment that is not paid when due. For this purpose Default interest is charged at the rate of interest shown as the "Penalty interest rate" on page 1, is charged at that rate on the amount that has not been paid, calculated on a daily basis from the time that the payment should have been made until the day that it is actually paid by the Borrower, and is payable on demand..
- 20.4 All amounts payable by the Borrower shall be paid in such manner as the Mortgagee may from time to time direct.
- 20.5 If the Mortgagee obtains judgement against the Borrower for any sum payable pursuant to this Loan Contract or Mortgage, the Borrower shall pay to the Mortgagee interest on the sum for which judgement is obtained at the penalty interest rate from the date of judgement until the date of payment of such sum, calculated on a daily basis as set out in clause 20.3.

21. GOODS & SERVICES TAX

- 21.1 The Borrower undertakes that the Borrower is not registered for GST and that the property provided as security under this Contract (refer to Clause 16) is not subject to GST upon its sale.
- 21.2 The Borrower shall forthwith advise the Mortgagee in writing should the Borrower become liable to be or become registered with the Inland Revenue Department for Goods & Services Tax pursuant to the Goods & Services Tax Act 1985 and in that event use the land for the purpose of that registered taxable activity and shall provide the Mortgagee with the Borrower's GST registration number.

22. FEES

- 22.1 The Mortgagee shall be entitled to charge the fees that are set out in the Disclosure Statement, including in respect of the application for a loan; release fees, administration fees, and fixed interest rate break fees.
- 22.2 The Lender may vary or supplement the fees referred to in clause 22.1 from time to time in its discretion, and any fees which are not expressed to be payable to the Lender at a definite time are payable to the Lender on demand by it.
- 22.3 The decision of the Mortgagee as to what are the amounts and fees to be so charged shall be final and conclusive.

23. FULL OR PART PREPAYMENT

If the loan or any part thereof is subject to a fixed rate of interest and is repaid prior to due date either in part or in full, then the Mortgagee reserves the right to charge an early repayment fee. Such a fee is calculated as follows, either:

(a) the cost to WBS as determined by its interest rate swap counterparty;

OR

(b) the amount prepaid multiplied by the difference between the 90 day bank bill rate on the date of prepayment and the rate applying to your loan on the same date, divided by 100 and then multiplied by the number of days your loan had to go before the fixed rate applying to it expired.

Should either of the above result in a charge of \$200 or less, no charge will be made.

The above formula is **not** the formula prescribed in the Credit Contracts and Consumer Finance Regulations 2004 or the Credit Contracts and Consumer Finance Amendment Regulations 2004.

24. LIEN

When a person executes a Mortgage or Loan Contract in favour of the Mortgagee, the Mortgagee shall have a first and paramount lien upon all moneys in respect of shares, deposits or other moneys standing to the credit of such person. In respect of any sum due and owing under such Mortgage or Loan Contract, the Mortgagee may at any time set off, appropriate and use any such share moneys, deposits and other moneys for the credit of or in reduction of the amount owing under the Mortgage or Loan Contract and thereafter no interest shall be payable by the Lender upon moneys so appropriated. .

25. ACKNOWLEDGEMENTS

- 25.1 The Borrower, Mortgagor and Guarantor acknowledge:
- (a) That unless this loan offer is accepted within twenty one (21) days of the date hereof and the funds are uplifted within thirty (30) days of the date from which the loan is available, this loan offer will lapse.
- (b) That this Loan Contract is conditional upon the satisfaction of the conditions (if any) stipulated by the Mortgagee and communicated to the Borrower or the Borrower's Solicitor. The decision of the Mortgagee's Board of Directors as to what conditions have still to be satisfied shall be final and conclusive.

- (c) That the information supplied to the Mortgagee is accurate and may be relied upon and acknowledge that the Mortgagee may cancel this contract at any time prior to settlement in the event of the discovery of any errors or omissions which in the opinion of the Mortgagee materially affects their decision to agree to lend.
- (d) The moneys hereby secured include the moneys expressed in the Mortgage document, together with all moneys which the Mortgagee is liable to pay or advance to or for the Borrower or which the Mortgagee has already lent, paid or advanced to or for the Borrower or moneys due or owing or unpaid to the Mortgagee by the Borrower or the Guarantor on any account and howsoever arising and including contingent liabilities or in respect of any Guarantee or indemnity given to the Mortgagee for the Borrower or at the Borrower's request and whether or not as principal debtor or surety.
- (e) That this Loan Contract contains all the terms and conditions relevant to the moneys payable under this Loan Contract.
- (f) That they have received a copy of this Loan Contract on or before the same date as this Loan Contract has been executed, and before signing by them.
- (g) That they have received a copy of the completed Mortgage (and any other security documents referred to in this Loan Contract) on the same date as this Loan Contract has been executed, also before signing by them.

OR

That they have received a copy of Mortgage No. _____ executed on, before this loan contract was signed by them.

- (h) That they have received, understood and accepted the Disclosure Statement relating to this loan and provided in accordance with the Credit Contract and Consumer Finance Act 2003.

26. DISBURSEMENT

We authorise and direct you to pay the mortgage advance as per Clause 19.1 above.

THIS CONTRACT WILL LAPSE IF NOT ACCEPTED WITHIN 21 DAYS OF THE DATE HEREOF

DATED the _____ day of _____ 201_____

SIGNED by the Borrower / Mortgagor

and

in the presence of:

Name of Witness

Signature of Witness

Occupation

Town

Initials _____

SIGNED by the Guarantor

and

in the presence of:

Name of Witness

Signature of Witness

Occupation

Town