

APPROVED

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Registrar General of Land



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MORTGAGE MEMORANDUM

FORM OF REGISTERABLE MEMORANDUM

REGISTERED UNDER SECTION 155A LAND TRANSFER ACT 1952

HEARTLAND
BANK

Class of instrument in which provisions are intended to be included:

Mortgage – All obligations

Person executing Memorandum

Heartland Bank Limited

The following provisions are intended for inclusion in Instruments of the above class

HOME LOAN TERMS AND CONDITIONS AND REGISTRABLE MORTGAGE MEMORANDUM

Registered under Section 155A of the Land Transfer Act 1952

Class of instrument in which provisions are intended to be included:

Mortgage – all obligations

Person executing Memorandum

Heartland Bank Limited

The following provisions are intended for inclusion in instruments of the above class

PART 1 – INTRODUCTION TO YOUR LOAN

1. What are these Conditions about?

1.1 Loan Documents

The terms and conditions that apply to your Loan are set out in the following Loan Documents:

- your Loan Details, which contain specific information about your Loan
- these Conditions, which are subject to your Loan Details
- the Security Agreements
- any document that changes the terms and conditions of any of the documents described above (see clause 3 below)
- any Authority and Instruction you give in connection with your Loan

Additional terms and conditions may apply to your Loan by operation of Law.

1.2 Read these Conditions carefully

Please read these Conditions carefully, as they contain important information about your legal responsibilities. Keep your Loan Documents in a safe place.

1.3 Take independent advice

You should take advice from an independent lawyer before you give us this Mortgage.

1.4 Meanings of capitalised words

Throughout these Conditions, you will see capitalised words. These words have the meanings set out in the Dictionary in Part 6.

In addition:

we means Heartland Bank Limited and any person we assign or transfer our rights or obligations to under the Loan Documents. The terms *our* and *us* have corresponding meanings.

you means each person named as a *Borrower* in your Loan Details. If more than one person is named, it means each person separately and all those persons jointly. It also includes each *Guarantor*, unless the context requires otherwise.

Guarantor means each person named as a *Guarantor* in your Loan Details. If more than one person is named, it means each person separately and all those persons jointly.

2. When does the Mortgage take effect?

You agree to be bound by the Loan Documents (including the Mortgage, as if it were a deed) from the time you give the signed Authority and Instruction to a lawyer to register the Mortgage against the Property.

The Mortgage takes effect as soon as it is registered against the Property. This means that the Property is security for payment to us of all Amounts Owing now and that you may owe to us in the future.

3. Changes to the Loan Documents

3.1 What changes can we make?

We can make any changes to these Conditions, your Loan Details or any other Loan Documents that you and we agree to in writing.

We can also make changes to these Conditions, your Loan Details or any other Loan Documents without getting your agreement in the following circumstances:

Changes to comply with Law: We can make any changes to the Loan Documents that we believe are sensible or necessary to make to meet the requirements of any Law.

Changes to fees you must pay: We can increase any of the fees under the Loan Documents, or the way those fees are calculated, at any time if our underlying costs increase.

Changes to the interest rate and interest changes: If your Loan is subject to a Floating Rate, we can change that rate or the way it is calculated at any time. This means the actual Annual Interest Rate you pay (and, if applicable, the Default Interest Rate) may be different to the one stated in your Loan Details. A range of factors can cause us to change our Floating Rate, or how we calculate Interest. These factors include changes to our own borrowing costs and events in the funding market and economy here in New Zealand and overseas. (However, if you have selected a Fixed Rate to apply to your Loan, we cannot in any circumstances change it during the Fixed Period).

Changes to our Privacy Statement: We can change our Privacy Statement to reflect changes to our business needs, so long as the changes do not disadvantage you. See clause 34 for more information about our approach to privacy.

In making the above changes, we will act fairly and reasonably. We will comply with the Code of Banking Practice and the requirements of any Law.

3.2 How will you find out about changes?

We will give you at least 14 days' prior notice before any change to your Loan Documents takes effect unless this is not reasonably practicable in the circumstances.

We will communicate the change to you in one of the ways set out in clause 32.1.

4. Overview of Loan types and interest rate options

4.1 Term Loan

Your Loan is a term loan. This means that you must pay it off in regular instalments by the Final Payment Date in accordance with clause 6.

4.2 Standard Loan or Improvements Loan

The type of Loan you have is stated in your Loan Details. Depending on its purpose, it will be a Standard Loan or an Improvements Loan, or a combination of both.

• **Standard Loan:** If you have a Standard Loan you can borrow the whole Loan Amount in one lump sum. See clauses 5.1 and 5.2 for information on how to access your Standard Loan.

• **Improvements Loan:** If you are undertaking a Project, and have chosen an Improvements Loan, you can borrow it in stages. Each time you request more money, you need to provide us with information about your Project. See clauses 5.1 to 5.3 for information on how to access your Improvements Loan.

4.3 Paying off your Loan

You must pay off your Loan by making regular payments on the Payment Dates set out in the Schedule of Payments. The Schedule of Payments is included in your Loan Details.

Each regular payment will comprise principal (that is, the amount you borrowed from us and any added fees) as well as interest on those amounts, unless your Loan has an Interest-Only Period. See Part 2 for information about your payment obligations under the Loan Documents.

If your Loan Details state that your Loan has an Interest-Only Period, you only need to pay us interest due on the Loan on each Payment Date during that period. You do not need to pay off any principal during the Interest-Only Period.

4.4 Interest on your Loan

Your Loan Details also state the interest rate options you have selected for your Loan. You may have chosen a Fixed Rate, or a Floating Rate, or a combination of those interest rate options over the Loan Term.

• **Fixed Rate:** If your Loan is subject to a Fixed Rate for a period of time, this means the interest rate will be set at the Fixed Rate and will not change during the specified Fixed Period. The Fixed Period may be the whole Loan Term, or only part of it. If you have chosen a Fixed Rate, that Fixed Rate and the relevant Fixed Period will be set out in your Loan Details.

• **Floating Rate:** If your Loan is subject to a Floating Rate at any time, this means that the interest rate is subject to change. (Your Loan will be subject to a Floating Rate at all times, except during any Fixed Period stated in your Loan Details). If you have chosen a Floating Rate, this will be stated in your Loan Details.

5. How do you access your Loan?

5.1 You must request the Loan before its Expiry Date

You must request drawdown of your Loan, and meet all applicable conditions set out in this section, before its Expiry Date. After that date, we are not obliged to make the Loan available to you.

5.2 Conditions to all Standard Loans and Improvements Loans

Before you can access your Loan, we must be satisfied that each of the following conditions has been met (unless we agree otherwise in writing) before the proposed drawdown date:

- You have met any specific conditions set out in your Loan Details.
- You have not granted security over the Property to anyone other than us.
- You have given us all of the following documents in a form which we are satisfied with:
 - an original of each Loan Document, properly signed by each Borrower and Guarantor and witnessed appropriately;
 - your solicitor's certificate in the form we require;
 - a copy of any insurance policy, or certificate of currency from the relevant insurance company, in relation to any Property required under clause 23 of these Conditions (note that broker certificates are not acceptable); and
 - any other certifications and opinions we tell you in writing that we require, acting reasonably.
- You have not given us any incomplete or inaccurate information about your circumstances or the purpose of your Loan.
- There has been no material change in your circumstances since you applied for the Loan or entered into the Loan Documents that would be relevant to our decision to make the Loan available to you. This includes but is not limited to any change that could make us breach any Law, including our "lender responsibilities" under the CCCFA.

5.3 Extra conditions to an Improvements Loan

You can only borrow an Improvements Loan in stages (not in one lump-sum).

The total amount of an Improvements Loan you can borrow cannot be more than the Improvements Loan Amount specified in your Loan Details, even if you need more to complete the Project.

You cannot borrow any of the Improvements Loan after the Expiry Date without our approval, even if this means that completion of the Project will be delayed.

In addition to the above conditions, in order to access any part of your Improvements Loan, we must be satisfied that each of the following conditions has been met (unless we agree otherwise in writing) before the proposed drawdown date:

- You must tell us in writing how much you want to drawdown and, if we request it, also provide:
 - evidence of invoices that will be paid with the Loan funds; and
 - an updated valuation from a registered valuer whom we approve confirming the completion of any relevant stage of the Project and any other matter that we reasonably request.
- You must give us copies of all plans and specifications for your Project, and a timetable for completion, and we must be satisfied with those documents.
- You must give us a certificate signed by a registered valuer whom we approve stating:
 - how much money you need to finish the next stage of construction of the Project; and
 - how much money you need to complete the Project.
- You must give us evidence that you hold up-to-date builders' risk insurance.

PART 2 – YOUR PAYMENT OBLIGATIONS

6. What payments do you need to make and when?

6.1 Scheduled payments

You must pay the Payment Amount specified in the Schedule of Payments on each Payment Date.

6.2 Interest-Only Period

If your Loan is subject to an Interest-Only Period, then you only need to pay interest on the Amounts Owing on each Payment Date during that period. You do not have to make any principal payments during the Interest-Only Period.

6.3 Amounts Owing

You must pay us all Amounts Owing by no later than the Final Payment Date.

7. How are your regular payments calculated?

7.1 Principal and interest payments

We calculate the Payment Amount due on each Payment Date so that the Amounts Owing are repaid in full over the Loan Term. Depending on the type of Loan you have chosen and whether it is subject to an Interest-Only Period, each Payment Amount may change during the course of the Loan Term.

7.2 Interest-Only Period payments

We calculate payments so that all interest that accrues during the Interest-Only Period is paid over the Interest-Only Period.

8. How must you make your payments?

8.1 Due date is a Business Day

Any payment due to be paid on a day that is not a Business Day is due on the next Business Day.

8.2 Direct debit authority

All of your regular payments, payments of fees and other Amounts Owing under your Loan will be deducted by direct debit from your Payment Account or such other method as we direct you to use from time to time. You authorise us to deduct automatically from your Payment Account the payments set out in the Schedule of Payments required to be made on each regular Payment Date or any other date. It is your responsibility to have funds in your Payment Account to cover your payments to avoid going into default under your Loan.

8.3 Insufficient funds in your Payment Account

We can deduct your payments from your Payment Account even if this means your Payment Account goes into overdraft or exceeds any pre-approved overdraft or borrowing limit.

Alternatively, if you do not have sufficient funds in your Payment Account to cover the amount due to us via a direct debit:

- we can choose to deduct (by way of set-off) the amount you owe us from any other account you hold with us; or
- we can set off the amount you owe us against any other amount we may owe you.

9. How can you change the frequency of your regular payments?

You can request a change to the frequency of your regular payments by asking us in writing. We will give you notice under clause 32 confirming any change if we agree to it.

10. What if you want to prepay early?

10.1 Full Prepayment

You can prepay your Loan in full at any time prior to the Final Payment Date by paying us:

- all Amounts Owing at that time (which includes all accrued and unpaid interest and Costs)
- the Administration Charge; and
- if your Loan is subject to a Fixed Period, any Break Costs. See clause 14 for information about these costs and how they are calculated.

10.2 Partial Prepayment

To pay off your Loan more quickly, you can choose to make extra payments on a Payment Date, in addition to the scheduled Payment Amount. However, different rules apply depending on whether the Loan is subject to a Floating Rate or a Fixed Rate at the time you prepay and the amount of the prepayment.

(a) Floating Rate

If you make extra payments on a Payment Date while your Loan is subject to a Floating Rate, we will not charge you any costs or fees for these prepayments.

(b) Fixed Rate

If you make extra payments on a Payment Date during a Fixed Period, and the amount of the extra payments you make in a year is less than 10% of the Amounts Owing at the start of that year, we will not charge you any costs or fees for these prepayments.

On the other hand, if you make extra payments on a Payment Date during a Fixed Period, and the amount of the extra payments you make in a year is 10% or more of the Amounts Owing at the start of that year, you will also have to pay:

- the Administration Charge; and
- any Break Costs calculated on the amount prepaid. See clause 14 for information about these costs and how they are calculated.

For the purpose of these calculations, the year starts on the first day of the Fixed Period or, if the Fixed Period is longer than 12 months, the first anniversary date of the Fixed Period.

If you make partial prepayments under this clause in addition to any scheduled Payment Amounts, the amount prepaid will be applied on the date we receive it against the Amounts Owning in the following order (as applicable):

- any Break Costs;
- any Administration Charge; and
- the principal amount outstanding of the Loan.

Any interest accrued and unpaid at the date of prepayment will become payable on the next scheduled Payment Date.

11. What interest do you pay?

11.1 How interest is calculated

Interest on your Loan is calculated on a daily basis by applying the Daily Interest Rate to the outstanding Loan Amount at the end of each day.

11.2 How interest is charged

We will charge interest on your Loan from the day you first borrow money under the Loan Documents until the day all Amounts Owning are fully repaid.

You must pay interest in arrears on each Payment Date. This means that the interest you pay on a Payment Date is calculated on the Loan Amount during the previous month, fortnight or week (depending on the length of time between your Payment Dates).

If your Loan is or includes an Improvements Loan, we will only charge you interest on the amount you have drawn down.

11.3 Floating Rate

The current Floating Rate is available at www.heartland.co.nz.

We may change the Floating Rate at any time. If we do, we will notify you in one of the ways set out in clause 32.1. The change will take effect from the date set out in the notice.

If your Loan is subject to the Floating Rate, and the Floating Rate increases, we will increase your regular Payment Amounts so that you can pay off the Amounts Owning during the same Loan Term. We will notify you of your new regular Payment Amounts.

If your Loan is subject to the Floating Rate, and the Floating Rate decreases, we will not change your regular Payment Amounts but you will pay off the Amounts Owning sooner. We will notify you of the reduced Floating Rate and the new Final Payment Date. However, you can request to reduce the amount of each regular Payment Amount so that you will pay off the Amounts Owning over the same Loan Term. If we agree, we will notify you of your reduced regular Payment Amounts.

11.4 Fixed Rates

If your Loan (or part of your Loan) is subject to a Fixed Rate, this means the interest rate will be fixed at that interest rate and will not change during the relevant Fixed Period.

If you have selected a Fixed Rate to apply to your Loan (or part of it), that Fixed Rate and the relevant Fixed Period will be set out in your Loan Details.

12. What fees and costs do you pay?

We will charge you fees for providing the Loan and for any associated services we provide to you. Our current fees are set out in the Fee Schedule in your Loan Details. However, as we may change our fees in accordance with clause 3 of these Conditions, an up to date list of our fees is always available at www.heartland.co.nz.

If we incur any Costs in relation to your Loan or for any associated services we provide you, you must pay us the amount of those Costs.

All fees and Costs that you must pay us are part of the Amounts Owning. We may deduct those fees and Costs from your Payment Account under clause 8.

13. How do you switch interest rates?

13.1 Automatic switching

A Loan which is subject to a Fixed Rate will automatically switch to a Floating Rate at the end of the Fixed Period, unless you have requested and we have agreed in writing to a further Fixed Period.

13.2 Switching on request

If your Loan is subject to a Floating Rate, you can ask to switch to a Fixed Rate for all or part of that Loan at any time.

If your Loan is subject to a Fixed Rate, you can ask to switch to:

- a Floating Rate for all or part of that Loan at any time; or
- a different Fixed Rate and/or Fixed Period at any time.

However, we may charge you Break Costs. See clause 14 for information about these costs and how they are calculated.

We will notify you of any agreed change to your interest rate and, if applicable, any change to the Fixed Period in one of the ways set out in clause 32.1. The change will take effect from the date set out in the notice.

14. Break Costs

14.1 When do Break Costs apply?

You may have to pay us Break Costs if you choose to:

- prepay all or part of your Loan during a Fixed Period under clause 10; or
- switch from a Fixed Rate to a Floating Rate under clause 13.2.

14.2 How do we calculate Break Costs?

Our Break Costs are not a set amount. They are a reasonable estimate of the loss of future interest income, if any, we incur as a result of a borrower prepaying a Loan during a Fixed Period (where we are only able to reinvest that money at a lower interest rate), or switching from a Fixed Rate to a Floating Rate (where the Floating Rate is lower than the Fixed Rate).

We calculate the amount of the Break Costs you have to pay using the formula set out in regulation 9 or regulation 11 of the Credit Contracts and Consumer Finance Regulations 2004.

As this is a complicated mathematical formula, we recommend that you call us for an estimate of the Break Costs that you would need to pay before you decide to prepay. The actual amount you will have to pay will depend on matters specific to the amount and term of your Loan.

15. How can you increase your Loan Amount or extend your Loan Term?

You may apply to increase your Loan Amount or to extend your Loan Term.

We will only agree if you meet our lending criteria.

If we agree to the increase or extension, we will notify you in writing in one of the ways set out in clause 32.1. The change will take effect from the date set out in the notice.

16. What statements will you receive?

We will send you a statement at least every six months. The statements will show all the transactions on your Loan account since the previous statement. Generally, statements will be in printed form but, if you consent, we may provide your statements in electronic form.

17. Clear payment and gross-up

All payments you are required to make to us under the Loan Documents must be paid without any restriction or condition and, except where required by Law, without any deduction or withholding. However, if you are required by Law to make a deduction or withholding from any amount that you pay us (or if we are required to make a payment on account of tax (other than income tax) in relation to any amount we receive from you under a Loan Document) you will increase the amount you pay us so that we actually receive and can keep the full amount owed to us under the Loan Documents.

18. Default interest

If you do not pay an amount when it is due for payment under the Loan Documents, we will charge you interest at the Default Interest Rate on the amount that is due and unpaid (the **overdue amount**).

We calculate the Default Interest Rate on a daily basis. We do this by applying the Daily Default Interest Rate to the overdue amount each day, starting on the due date and ending on the date it is fully repaid.

Default interest is charged to your Payment Account on each Payment Date or on the last day of each calendar month.

We may add any unpaid default interest to your Loan Amount. This means it becomes part of the Amounts Owning and interest will be payable on it.

19. Indemnity

You indemnify us and any receiver we appoint under clause 27 on demand for all losses and Costs we suffer as a result of you breaking any promises you make under the Loan Documents. This means you will reimburse us for these Costs and losses in full when we ask you to. You indemnify our officers, employees and agents in the same way if they personally suffer any such losses or Costs.

However, you do not have to reimburse us for any losses, Costs, expenses or liabilities that we suffer which result directly from our fraud or gross negligence.

We are not responsible for any damage or losses you or anyone else suffer because we enforce our rights under the Loan Documents or because we do not enforce them.

This indemnity is in addition to any rights of indemnity, set-off or reimbursement that we have at Law.

PART 3 – YOUR OTHER KEY OBLIGATIONS AS BORROWER

20. Your promises to us

20.1 Things you must do

You promise at all times to do the following things (unless we agree otherwise in writing):

- You must only use the Loan to buy or refinance an existing mortgage loan on the property or, in relation to any Improvements Loan, for the purpose of the Project that we have approved.
- You must live at the Property, unless we have agreed that you can rent or lease it to someone else – in which case clause 20.4 applies.
- You must keep the Property and any Improvements in good condition.
- You must repair any loss or damage to the Property as soon as possible.
- You must tell us immediately if you become aware that someone else has made a claim against the Property, or against you in relation to the Property.
- You must tell us if:
 - you become aware that there will be a change to the Property's zoning which could materially affect its value; or
 - you become aware of any other matter that could reasonably be expected to negatively affect the Property, or the Property's use or value,

and if any of these things happen, you agree to respond promptly in the way we ask you to in order to protect our legitimate business interests.

- You must give us (and any agents we appoint) access to the Property at any time, free of charge, for any reasonable purpose, such as to inspect its condition. We will give you as much prior notice as we consider is reasonable and practical in the circumstances.
- You must maintain insurance in accordance with the requirements of clause 23.
- You must meet all your legal and regulatory obligations and all rules which relate to or affect the Property, the Improvements on the Property, or your use of the Property.

This includes the following:

- You must pay all taxes, rates, Body Corporate fees, rental or other charges on time.
- You agree that if a council or other local government organisation demands we do so, we must pay any rates arrears on the Property. If we do so, we will add all the amounts we pay on your behalf and our Costs to the Loan Amount and charge interest on those amounts at the Default Interest Rate. We also have the option of asking you to repay us these amounts immediately.
- You must comply with any Body Corporate rules (if applicable).
- You must make sure that the Property and the Project (if applicable) – including all Improvements – meet all building codes, applicable resource and heritage rules, council requirements and by-laws and other applicable laws and regulations, and that you obtain all necessary or recommended consents.
- You must carry on any business on the Property lawfully and in accordance with best practice, and make sure you have all the consents you need to do so.

- If we require, you must promptly sign and deliver to us any agreements and documents we reasonably require, and do anything else which we reasonably deem necessary, to secure the full benefit of our rights under the Loan Documents.

20.2 Extra things you must do if your Loan is an Improvements Loan

If your Loan is an Improvements Loan, you also promise to do the following things (unless we agree otherwise in writing):

- You must start work on the Project as soon as possible after you drawdown the first part of the Improvements Loan (or sooner).
- You must complete the Improvements to an appropriate standard within a reasonable timeframe without making any material changes from the plans and specifications you supplied to us.
- You must provide to us (and pay the Costs of) any certificates of compliance, registered valuations or other documents or reports that we consider necessary or sensible (and, where appropriate, make sure they are addressed to us and that we can rely on them).
- You must pay all tradesmen and suppliers promptly so that they do not have any lien over the Improvements.
- If you do not complete the Project within a timeframe that we consider reasonable, as an experienced lender, and we are concerned that you may default on your Loan obligations, you must give us and our agents access to the Property to consider what action to take. If it is necessary to protect the value of the Property and our security position, we have the right to complete the Improvements (but we have no obligation to you to do so). If we choose to complete the Project, we will add all the amounts we pay on your behalf and our Costs to the Amounts Owing. These amounts may be subject to interest at the Default Interest Rate. We can also ask you to repay to us these amounts immediately.

20.3 Things you must not do

You promise at all times not to do the following things (unless we agree otherwise in writing):

- You must not add or remove any Improvements on the Property, unless your Loan is an Improvements Loan and the addition or removal is part of the Project plan.
- You must not grant any other mortgage, charge or security interest over any part of the Property (including over any Improvements).
- You must not sell, dispose of, let, lease or subdivide the Property or any part of it (including any Improvements on it), or change the use of the Property.
- You must not do anything that will negatively affect the value of the Property.

20.4 Extra promises if you are leasing the Property

If you are leasing the Property from someone, you promise at all times to do the following things (unless we agree otherwise in writing):

- You must comply with the terms of the lease, including paying rent on time.
- You must do everything reasonable to renew or extend the lease.
- You must do anything or sign anything we believe is needed to give us security over the lease.
- You must also do anything reasonable to make sure your landlord complies with the lease.
- You must provide copies of any notices received or delivered in relation to the lease.

If you are renting or leasing your property to someone else, you promise at all times to do the following things (unless we agree otherwise in writing):

- You must have a legal lease agreement in place.
- You must take reasonable steps to make sure the tenant(s) comply(ies) with the lease.
- You must promptly collect all rental and other payments from those you have leased the Property to. We can ask you to make sure these payments are paid directly to us to meet your payment obligations under the Loan Documents.

Each of your promises in the Loan Documents is deemed to continue for as long as the Loan Documents are in effect.

20.5 Extra promises if the Property is regulated by the Unit Titles Act

If the Property is an interest in a stratum estate under the Unit Titles Act 2010, you promise at all times to do the following things (unless we agree otherwise in writing):

- You will comply with all lawful requirements of the Body Corporate.

- You will pay all Body Corporate levies together with any other amounts payable under law or the rules of the Body Corporate on time.
- You will tell us of any resolutions that require the unanimous consent of the Body Corporate or that propose to alter the rules of the Body Corporate, in sufficient time for us to consider the proposed resolution and give you direction as to how to vote.
- You will tell us of any court action or other type of legal proceedings that is threatened against or by the Body Corporate.
- You will vote on any proposed resolution as we direct you.
- You will ensure that the Body Corporate insures (and keeps insured) the Property for its full replacement value and ensure that our interest as mortgagee is noted by the Body Corporate and by each insurer.

21. What security do you give us?

21.1 Mortgage and security interest

In order to secure your due payment of all Amounts Owing (together with all other amounts you may owe us at any time), and your other obligations under the Loan Documents, you grant us:

- (a) a mortgage over the Property; and
- (b) a security interest over all proceeds of the Property and all of your rights, title and interest in and to the following assets:
- all improvements which are not fixtures;
 - all insurance policies relating to the Property and all payments you receive under those policies;
 - all documents, licences, authorities or consents relating to the Property, including the use of the Property;
 - all rental and other payments you receive in relation to the Property (and this takes effect as a transfer of an accounts receivable); and
 - all proceeds of the assets described above.

21.2 Your further promises

If we ask, you must sign any document we think necessary to create, maintain, perfect or preserve the security given above and in the Related Security Agreements.

21.3 Priority amount

A priority amount applies to this Mortgage, even if there is not one stated in your Loan Details.

A priority amount is the maximum amount, plus interest, we can recover before someone else who also has a security interest over the Property can receive and keep payments from you. A priority amount is not the same thing as the Amounts Owing.

If your Loan Details do not state a priority amount, then our priority amount is three times to the Amounts Owing or \$15m, whichever is the greater plus interest.

22. What about the Guarantor?

If you are a Guarantor:

- You guarantee payment of the Amounts Owing and the Borrower's (or each Borrower's) obligations to us under the Loan Documents. Your guarantee is unconditional and you cannot withdraw it unless the Amounts Owing are repaid in full, or we agree in writing.
- You are legally responsible to pay all Amounts Owing as a sole and principal debtor and not as surety. This means that you are personally and fully responsible for paying us all amounts that the Borrower(s) and any other Guarantor(s) owe to us. We do not have to try and collect any amount from a Borrower or any other Guarantor before we ask you to pay or take other enforcement action.
- Your obligations under the Loan Documents will not reduce, be cancelled or changed by anything unless we agree to the reduction, cancellation or change in writing and sign a document to that effect. It does not matter if the Loan Documents or any other document are invalid or unenforceable, or if a Borrower or another Guarantor is not bound by the terms of the Loan Documents or any other document.
- We are not in any circumstances liable to you, even if you cannot get reimbursed by the Borrower because of something we do or do not do.
- Your obligations under the Loan Documents remain in full effect until we sign an unconditional discharge of your obligations to us under the Loan Documents.

- If you have already given us a Guarantee of the Borrower's (or each Borrower's) obligations, then by signing the Loan Details you agree that the existing Guarantee extends to your obligations to us under these Loan Documents.

23. What insurance requirements apply?

You promise that you will do the following things (unless we agree otherwise in writing):

- You must insure the Property and keep it insured at all times for its full replacement insurable value with an insurance company acceptable to us. You must not suspend, cancel, or reduce your insurance cover. You must not agree to any non-standard restrictions or exclusions (such as exclusions of any kind as to earthquake and/or other natural disasters) being included in your insurance policy. If you do, we can ask you to get "top up" insurance from another insurer if your insurance has restrictions or exclusions we do not reasonably agree to.
- You must pay all insurance premiums in full when due.
- We can choose to pay your insurance premiums or any insurance arrears you may have (but we have no obligation to you to do so). If we do pay your insurance premiums or insurance arrears we do not have to keep doing this. If we do, then any amounts we have paid become part of the Loan Amount. We can, however, choose to ask you to repay us these amounts immediately.
- You must make sure that our interest as mortgagee of the Property is noted on the relevant insurance policy or policies.
- You must give us a copy of the current certificate of currency (and get us an updated certificate if we ask for one).
- You must tell us immediately if any loss or damage to the Property could result in an insurance claim.
- You must lodge a claim with your insurer or any other relevant party - like the Earthquake Commission - for any loss or damage as soon as possible.
- You must not accept any offer from your insurer, or any other party, to settle any insurance claims you have or loss or damage to the Property unless we have agreed to this in writing.
- We have the right to decide whether to rebuild or repair the Property if it is damaged.
- You must, if we ask you to, use the proceeds of any insurance claim relating to the Property to repay the Amounts Owing and you agree that we can ask the insurance company to pay out any claim directly to us.
- If we have agreed that you can lease the Property to others, you must take out insurance for loss of rental payments and any other insurance that we reasonably ask you to from time to time.

You also agree that clauses 3(2) and 8(2) of part 1 of Schedule 2 of the PLA do not apply to this Mortgage and are not implied into the Loan Documents.

Clause 3(2) says that if we apply insurance proceeds towards the Amounts Owing, you can pay off any remaining Amounts Owing within 2 months of the date we apply those funds and no interest is payable on Amounts Owing from the date you make that payment.

Clause 8(2) says that your compliance with certain duties to insure the Property under a prior mortgage instrument counts as compliance with your duties under the Loan Documents to insure the Property.

PART 4 – OUR RIGHTS AS LENDER

24. When does an Event of Default occur?

There will be an event of default (each an **Event of Default**) if any of the following things happens, whether or not it was within your control or any Guarantor's control:

24.1 Non-payment

You do not pay us any Amounts Owing or any other amount you owe us, or the Guarantor does not pay us any Amounts Owing, when it is due under a Loan Document, unless the non-payment is caused solely by the failure of the payment system which is beyond your control and we receive payment within 2 days of its due date.

24.2 Breach of obligations

You do not perform your obligations or you fail to keep any of your promises under a Loan Document and you do not remedy that failure to our satisfaction within 5 Business Days after we have notified you of that failure, or the Guarantor does not perform its obligations under a Loan

Document and does not remedy that failure to our satisfaction within 5 Business Days after we have notified him or her (or it) of that failure.

24.3 Untrue statement

Any statement you or the Guarantor have made in relation to a Loan Document is or was misleading (including by omission) or is materially untrue.

24.4 Legally ineffective documents

- A Loan Document is not legally effective against you or any Guarantor.
- You, any Guarantor or someone else disputes the legal effectiveness of a Loan Document.

24.5 Bankruptcy (etc)

- We reasonably believe that you are unable to pay your debts as they fall due or are bankrupt or insolvent, or you are deemed to be unable to pay your debts as they fall due, or are deemed to be bankrupt or insolvent, under any law (or you undergo any non-asset procedure).
- We reasonably believe that any Guarantor is unable to pay his or her (or its) debts as they fall due or is bankrupt or insolvent, or the Guarantor is deemed to be unable to pay his or her (or its) debts as they fall due or is bankrupt or insolvent under any law.

24.6 Enforcement

- Another person takes enforcement action against your property, or any Guarantor's property, including any Property, and that enforcement action continues after 5 Business Days.
- Another person appoints an insolvency official (for example, a receiver, trustee, manager, administrator or similar officer) to any of your property, including any Property, or to the Guarantor or any of the Guarantor's property.

24.7 Change relating to the Property

Any part of the Property is sold, transferred, exchanged, leased, or possession is relinquished or otherwise disposed of without our consent.

24.8 Cross-default

An event happens which has the same effect as an event of default or termination (no matter what it is called) under a Loan Document or any other contract you are party to.

24.9 Change of name

You change your name without our prior written consent and we think this materially and adversely affects our security under the Security Documents (for example, because it results in our security interest losing priority to another person).

24.10 Material adverse change

Something happens (whether or not by your actions) that we think impacts negatively and materially on the value of the Property, our ability to enforce the Mortgage or our rights under the Loan Documents.

24.11 Unit Titles Act 2010

- Any step is taken by any creditor for the appointment of an administrator of the Body Corporate.
- Someone applies to cancel, redevelop or settle the unit scheme that applies to the Property.

25. How will we exercise our rights?

We can exercise any of our rights under the Loan Documents in any way and in any order we choose. For example:

- We can exercise any rights with other rights under the Loan Documents, or under other agreements you have with us.
- We can exercise our rights even if you have repaid some or all of the Amounts Owed.
- We can sell the Property and use the sale proceeds to repay the Amounts Owed.
- We do not have to take any action or enforce our rights under the Loan Documents.
- We can delay acting or enforcing our rights under the Loan Documents. If we delay acting or enforcing, we can still enforce our rights later, or take action for breaches in future. We are not liable for any loss anyone suffers due to us not taking, or us delaying in taking, any action or enforcing any rights.

- We do not have to give you, or others, notice of the Loan Documents unless this is required by Law.
- We do not have to account to you, or others, if we take possession of the Property as mortgagee unless this is required by Law.

We can do anything we believe needs to be done to recover any Amounts Owed, protect the security we have, or help us exercise any of our rights under the Loan Documents.

We can do anything you agree to do under the Loan Documents, on your behalf, and at your cost.

We can refuse to agree to something you ask us for if we believe it could put the value of the Property at risk. If we agree, we can choose to impose conditions on our agreement.

26. Release or discharge

The Security Agreements (including any Mortgage) remain in place as security for the Amounts Owed until we sign a release or discharge. Even if we sign a release or discharge, your obligation – and the obligation of any Guarantor – to pay us any Amounts Owed remains in place.

We will only discharge the Security Agreements (including the Mortgage) if we are satisfied all of the requirements below have been met:

- You have repaid all Amounts Owed.
- There will not be any Amounts Owed in future that we need to keep the Security Agreements as security for.
- You have complied with the Security Agreements.
- We will not need to repay any amounts you have paid to us because, for example, you were unable to pay your due debts at the time you made the payment to us.

27. What can happen if you breach the Loan Documents?

If you do not pay an amount when due under your Loan, we will charge you default interest at the Default Interest Rate on the due and unpaid amount. See clause 18 for information about default interest.

In addition, if there is an Event of Default, we can exercise any one or more of the following rights:

- At any time, by notice to you, declare all or any part of the Amounts Owed immediately due and payable (*this means we can tell you to pay us the whole amount of the Loan principal, plus all unpaid interest, fees, Costs and charges and other amounts you owe us immediately*).
- Take possession of the Property.
- Appoint a receiver to the Property.
- Immediately enforce any security interest created under the Loan Documents.
- Sell the Property or any part of the Property in such manner and upon such terms and conditions as we at our discretion think fit.
- Enter upon and manage the Property or any part of the Property in such manner as we at our discretion think fit.
- Let the Property or any part of the Property with or without option of purchase or renewal to such persons and on such terms and conditions we at our discretion think fit.
- Make any arrangements with any lessees, tenants or occupiers of the Property or any part of the Property or with the holders of any security interest or caveat in respect of the Property or any part of the Property.
- Grant any encumbrance, right or restriction in relation to the Property or any part of the Property.
- Exercise any of the other rights and powers set out in any Security Agreement (including any Mortgage) or at Law.
- Exercise the rights set out above in relation to anything else you have granted us security over.
- Do all things and pay all amounts necessary in our opinion to make good or to attempt to make good or remedy the Event of Default to our satisfaction and charge these amounts to your Payment Account or any other account you have with us, or add them to the Amounts Owed.

We can do these things without giving you any notice and without delay, provided we comply with our legal obligations.

If we exercise our right to sell the Property and the proceeds of that sale are not sufficient to repay the Amounts Owed, you will still owe us the unpaid balance and be legally required to pay it to us.

If we decide to sell the Property, the Law requires us to get the best price we reasonably can for the Property at the time we sell it. What the Property sells for might be less than you or a valuer believes it is worth. In particular:

- We can choose to sell it quickly. We do not have to wait for a better time to sell it.
- We can choose the way it is sold. For example, we can auction your Property or put it to tender.
- We can choose the way it is marketed and we can advertise we are selling as a mortgagee.

The proceeds of any sale will be applied in accordance with section 185 of the PLA.

28. What receivership involves

We can appoint a receiver to the Property, and for any income or other amounts you receive from the Property, if an Event of Default has occurred or if you ask us to. If we appoint such a receiver:

- The receiver will be your agent and not ours which means you will be legally responsible for any of the receiver's actions.
- We will appoint the receiver in writing, on the terms we decide.
- If we appoint more than one receiver, they can act together, or alone.
- Only we can remove a receiver we have appointed, and if we choose to we can appoint a replacement receiver.
- We will decide what to pay the receiver but you will need to meet this cost. We can add any amounts we pay the receiver to the Loan Amount.
- The receiver can do anything we can under the Loan Documents and anything a receiver can do at Law.

29. What extra rights and protections do we have?

29.1 We are not liable for loss or damage

We are not liable in respect of any loss or damage that results from us exercising, trying to exercise or not exercising our rights under the Loan Documents or at Law, unless the Law holds us liable.

29.2 We can enforce our rights in any order

We can enforce our rights as we choose to, in any order, under:

- Any security interest, guarantee or other entitlement that we hold at any time.
- Any money or property that we hold or may receive at any time.

29.3 You must meet your obligations in a timely manner

You and each Guarantor must meet your obligations under the Loan Documents in a timely manner. We can take the time we need to exercise our rights, and we do not give up our rights if we do not act quickly or take all steps to enforce our rights at once. If we waive a specific term under a Loan Document it will not affect or prejudice any of our other rights under the Loan Documents.

29.4 We may require more information

We reserve the right to request more detailed property reports from suitable professionals (such as a builders report, engineers report or geotechnical report) to confirm the structural integrity or value of any Property secured. Such reports, if requested, must be satisfactory to us. Unless we agree otherwise, you will meet the Costs we incur in requesting such a report.

PART 5 - GENERAL

30. What else do you need to know?

30.1 General legal matters

- You must comply with all Laws that affect you and the Property.
- The Loan Documents are governed by and to be interpreted in accordance with New Zealand law.
- All existing and future Mortgages or other security or Guarantees that we hold will secure the Amounts Owing.
- You must promptly (and within any time period(s) reasonably specified by us) deliver to us any information relating to you, the Property or any Loan Document (including your business, financial condition or operations, as applicable) that we request.

- You promise that any information you, or someone on your behalf, supplied to us in connection with your Loan is true and complete and that you do not know of any important information that we do not have that might affect our decision to make your Loan available to you.
- If you live or are intending to live outside New Zealand, or if you are not entitled to permanent residence in New Zealand, you must tell us and appoint an agent in New Zealand to accept notices on your behalf.
- If inconsistent with these Conditions or any Mortgage, the covenants, powers and provisions implied in mortgages by the PLA and the Land Transfer Act 1952 will not apply for the purposes of this Loan. We are not required to exercise any power, right or authority implied or given to us by the Loan Documents or at Law.
- You must immediately advise us in writing if you become registered with the Inland Revenue Department for goods and services tax under the Goods and Services Tax Act 1985. You must provide us with your goods and services tax registration number and advise us immediately if you terminate your registration.
- You agree to give up some of your rights under Part 9 of the PPSA (which deals with the enforcement of security interests in personal property), if applicable. The rights you give up here include not receiving a statement of account, not receiving our proposal to retain any secured property and not receiving a copy of a verification statement relating to any financing statement or financing change statement that we register.
- If any part of the Loan Documents is illegal, invalid or unenforceable, the other parts of the Loan Documents will still be legal, valid and enforceable.
- You and each Guarantor agree that we can enforce our rights, and hold you both to your promises and obligations, under the Loan Documents even if we have not signed Loan Documents for the purposes of the Contracts (Privity) Act 1982.

30.2 We can assign or transfer

We can choose to assign or transfer any of our rights or obligations under the Loan Documents without your consent or the consent of any Guarantor:

- to any person whom we genuinely believe can perform all of our obligations under the Loan Documents; or
- if we believe it is sensible or necessary to do so, to comply with the Law.

Each person to whom we assign or transfer our rights and/or obligations under the Loan Documents has the same rights and/or obligations against you and each Guarantor as if it were named in the Loan Documents as the lender or the secured party.

We may give any information we hold about you or any Guarantor to any assignee or transferee and any person we think should have it so that we can properly manage your Loan and protect our rights under the Loan Documents.

30.3 You cannot assign or transfer

You cannot assign or transfer any of your rights or obligations under the Loan Documents to any other person without our prior written consent.

No Guarantor can assign or transfer any of his or her (or its) rights or obligations under the Loan Documents without our prior written consent.

30.4 Assignment of life insurance

If you give us security over a life insurance policy to secure your due payment of all Amounts Owing, you promise to do everything necessary to keep that policy in full force. We will apply any amount we receive under that policy against the Amounts Owing.

31. Trustees

31.1 Acting as a trustee

If you have entered into the Loan Documents as a trustee, this clause applies to you and to your obligations under the Loan Documents.

31.2 Trustee's representations

Each trustee represents to us that:

- He or she or, in the case of a company trustee, it, is validly appointed as a trustee of the trust and has the unrestricted power to enter into, and perform all obligations under, the Loan Documents, and does so for the benefit of and for the proper purposes of the trust.

- In order to execute, enter into and perform the trustee's obligations under the Loan Documents to which it is party:
 - the trustees of the trust have passed all necessary resolutions;
 - those resolutions remain (and will remain) in full force and effect;
 - all necessary consents and approvals required, by Law or otherwise, have been obtained; and
 - no trustee of the trust is (or will be) in breach of the trust deed of the trust, any Law or other obligation.
- Each Loan Document to which the trustee is party is legal, valid, binding and enforceable on and against the trustee as trustee of the trust in accordance with its terms (subject to standard reservations as to matters of law).
- He or she or, in the case of a company trustee, it, is not aware of any breach by himself, herself or itself or any other trustee of the trust of any duty owed to a trust beneficiary which could give rise to an unsatisfied claim or potential claim against it or another trustee of the trust.
- He or she or, in the case of a company trustee, it, will not (without our prior written consent):
 - retire as trustee;
 - permit a variation of the terms of the trust deed of the trust;
 - permit a disposal of trust assets (other than for the purposes of the trust and provided this would not, nor be reasonably likely to, prejudice our rights or ability to be repaid under the Loan Documents including via access to the trustee's right of indemnity); or
 - permit the trust to be determined or a new trustee appointed.

We are relying on these warranties being true.

31.3 Independent trustees

Where a trustee is identified in your Loan Details as an Independent Trustee, then we agree that the Independent Trustee enters into and performs each Loan Document, and the transactions contemplated by the Loan Documents, only as a trustee of the trust.

The Independent Trustee's liability under the Loan Documents is limited to the extent it can be satisfied out of the assets of the trust. The Independent Trustee does not need to meet any such liability out of other assets.

The two paragraphs above apply despite any other provision in the Loan Documents. However, they do not apply with respect to any liability of the Independent Trustee to us:

- to the extent that the Independent Trustee has no right or power to have trust assets applied to satisfy that liability, or its right or power to do so is subject to a limitation, reduction or other impediment because the Independent Trustee has acted beyond power or improperly in relation to the trust; or
- in connection with the representations, warranties and undertakings above or any provision which expressly binds the Independent Trustee other than as trustee of the trust (whether or not it also binds it as trustee of the trust).

For the avoidance of doubt:

- This clause is not to be construed as limiting the personal liability of any trustee that is not an Independent Trustee.
- Each trustee shall remain liable under each Loan Document to which it is party after they cease to be a trustee until released in writing by us.

32. How will we communicate with you?

32.1 Method of communication

Any notice we give you or a Guarantor under the Loan Documents will be in writing and we can choose to communicate it to you in any one or more of the following ways:

- directly (for example, by letter, email, fax or telephone to the address, email address, facsimile number or phone number set out in your Loan Details);
- by notice in the media (including public notices);
- by notice on our website (www.heartland.co.nz); or
- by any other method of electronic communication or electronic banking services you use with us (such as internet or mobile banking).

You and any Guarantor can change your address by letting us know via phone, email or in writing. Our contact details are set out in your Loan Details.

32.2 When communications will be effective

A communication is not effective until the party it is addressed to receives it. For this purpose, we treat a communication we send to you or to a Guarantor as being received:

- In the case of a letter, on the third Business Day after we posted it.
- In the case of an email, other electronic notice or a fax, on the Business Day on which it is sent, or, if sent after 5.00pm (in the place of receipt) on a Business Day or on a non-Business Day, on the next Business Day after the date of sending.

33. You appoint us as attorney

33.1 Appointment

An attorney is someone you appoint who has the right to act for you. For example, an attorney can sign documents or enter agreements for you.

You appoint us your attorney in return for us agreeing to lend money or provide other financial products or services to you or to someone else when you ask us to. You cannot revoke this appointment - neither can anyone else.

33.2 What we can do as your attorney

As your attorney we can do anything you have agreed to do under the Loan Documents.

We can also do anything we believe needs to be done to protect the Property, the security we have, or to enforce any of our rights under the Loan Documents. For example, we can sign documents or enter into contracts on your behalf.

We do not have to act, even though you have appointed us your attorney.

We are not responsible for damage or loss you or others suffer because of our actions as attorney, or if we do not act.

When we act as your attorney, you must immediately confirm any actions we have taken. If we ask you to, you must also immediately pay the Costs we incur when we act as your attorney.

34. How we will use your information

34.1 Our Privacy Statement

You agree that we can ask for any information about you in accordance with the Privacy Act 1993 and our Privacy Statement. To find out more, you can see our Privacy Statement on our website <http://www.heartland.co.nz>.

We can change our Privacy Statement from time to time to reflect changes in the Law and also our business needs, so long as the changes do not disadvantage you.

34.2 Key Privacy Statement terms to note

Key terms of our current Privacy Statement are summarised below. You agree that we can use any information we get for the following purposes:

- Assessing your Loan application and your ability to pay the Loan and other debts
- Checking information about your identity documentation, such as your driver's licence or passport
- Our (and our related companies') business functions and activities, including marketing products and services to you by mail, email and telephone (including SMS) - you can opt-out of this by telling us in writing
- Collecting amounts you owe us under the Loan Documents, including by taking enforcement action
- Making sure any Property secured under the Loan Documents is properly insured
- Exercising our rights under the Loan Documents and fulfilling our obligations under any Loan Document or at Law

You and each Guarantor agree that we can share any information we get with:

- Our related companies
- Existing and potential business partners
- Credit reporting and identity verification agencies - credit reporting agencies may retain information about you (including default information) and use it to provide their credit reporting services
- The New Zealand Transport Agency's 'Driver Check' service

- Insurers
- Any person providing us with guarantees or security for the Loan
- Anyone that we consider assigning or transferring the Loan to under clause 30 of these Conditions
- Anyone that we engage with about selling all or part of our business to
- Government agencies and regulators, or anyone else who has rights under a Loan Document or that we are legally required to share your information with

You have the right to access and request correction of information we hold about you, and full details of every organisation to whom we have disclosed information about you, by contacting us on 0800 85 30 30.

PART 6: DICTIONARY

Word	Definition		
Administration Charge	this is set out in the Fee Schedule in your Loan Details.	Fee Schedule	the fee schedule in your Loan Details.
Amounts Owing	at any time, the total amount of money you owe to us under the Loan Documents or, as the context requires, under any part or portion of your Loan. This includes all principal (that is, the Loan Amount at that time) plus all accrued and unpaid interest, fees, charges and Costs owing to us under the Loan Documents.	Final Payment Date	the date by which you must pay us the Amounts Owing in full, as set out in your Loan Details.
Annual Interest Rate	the annual interest rate or rates specified in your Loan Details.	Fixed Period	the length of time that a Fixed Rate will apply to your Loan. If you have chosen a Fixed Rate, this will be set out in your Loan Details.
Authority and Instruction	an Authority and Instruction in the form approved by the New Zealand Law Society and Registrar-General of Land that enables an electronic mortgage transaction to be registered, including all attachments to it, in relation to the Mortgage.	Fixed Rate	any "fixed residential rate" for Loans that we offer. This is the rate of interest that will apply to your Loan during the relevant Fixed Period, as set out in your Loan Details.
Body Corporate	any body corporate established under the Unit Titles Act 2010 that has jurisdiction over the Property.	Floating Rate	our "variable floating residential rate" for Loans. We may change this rate at any time. You can find the current rate at http://www.heartland.co.nz . This is the rate of interest that will apply to your Loan at all times, except during a Fixed Period (if applicable).
Break Costs	are described in clause 14 of these Conditions.	Guarantee	any guarantee (as changed, updated or replaced) given by a Guarantor guaranteeing your obligations to us under the Loan Documents.
Business Day	any day other than a Saturday, Sunday or public holiday in Wellington or Auckland.	Guarantor	any person named as a guarantor in your Loan Details. If more than one person is named, it means each person separately and all those persons jointly.
CCCFA	the Credit Contracts and Consumer Finance Act 2003.	Improvements	all residential buildings, structures or works that you construct or undertake on or to a Property.
Code of Banking Practice	the Code of Banking Practice (Fifth Edition) 2012 published by the New Zealand Bankers' Association and available at www.nzba.org.nz , as updated from time to time.	Improvements Loan	is described in clause 4.2. It is the part of your Loan Amount specified in your Loan Details as an Improvements Loan or, as the context requires, the outstanding balance under an Improvements Loan at any time.
Conditions	the terms and conditions set out in this document (as changed, updated or replaced).	Improvements Loan Amount	the maximum amount you can borrow under your Improvements Loan or, if the context requires, the outstanding balance of your Improvements Loan at the relevant time.
Costs	include all costs, losses (including indirect, economic and consequential losses), fees, expenses, government charges or levies, claims, actions, suits, judgments, damages, interest, penalties, obligations or liabilities (including those incurred in connection with the protection, enforcement or clarification of our rights) in respect of your Loan, any Mortgage, any security and/or any Guarantee, including legal costs on a solicitor-client basis and any receiver's costs and expenses.	Independent Trustee	a trustee who does not have any interest or right in relation to the assets of the trust (including as beneficiary) other than as a trustee of the trust.
Daily Default Interest Rate	the Default Interest Rate divided by 365.	Interest-Only Period	any interest only period specified in your Loan Details.
Daily Interest Rate	the Annual Interest Rate divided by 365.	Law	any law that applies to us, or to you, or to the Loan Documents. It includes legislation, regulations, directives, case law or official guidance.
Default Interest Rate	in relation to a part or portion of your Loan, a rate that is 2% per annum above the interest rate applicable to that part or portion of your Loan at the time that interest at the default rate is charged, as amended from time to time in accordance with clause 3.	Loan	the home loan facility we agree to make available to you under the Loan Documents. Your Loan Details will specify whether your Loan: <ul style="list-style-type: none"> • is a Standard Loan or an Improvements Loan, or a combination of both types. • includes an Interest-Only Period.
Event of Default	has the meaning given to that term in clause 24.	Loan Amount	the maximum amount you can borrow under your Loan (that is, your "credit limit") or, as the context requires, the outstanding balance of your Loan at the relevant time. If you have an Improvements Loan, this will be, or include, the improvements Loan Amount.
Expiry Date	the final date for you to drawdown your Loan, as set out in your Loan Details.	Loan Details	the document called Loan Details that contains terms specific to your Loan. Your Loan Details include the Schedule of Payments and the Fee Schedule.
		Loan Documents	all of the documents which contain terms and conditions applicable to your Loan. These are set out in clause 1.1 of these Conditions.
		Loan Term	the period that begins on the drawdown date of your Loan (prior to its Expiry Date) and ends on the Final Payment Date.

Mortgage	the mortgage created over the Property in accordance with the Loan Documents, including clauses 2 and 21 of these Conditions, to secure your obligations to us under the Loan Documents.
Payment Account	the account from which we deduct all of your regular payments and all other Amounts Owing at any time. This account will be agreed between you and us in writing from time to time.
Payment Amount	means the amount specified in the Schedule of Payments that you must pay on the relevant Payment Date.
Payment Date	each date on which you are required to make a payment in accordance with your Loan Details.
PLA	Property Law Act 2007.
Project	the process of building, renovating or undertaking other Improvements on the Property.
Property	all of your right, title and interest in the real property (and any Improvements which are fixtures on that real property) described in your Loan Details to which any Mortgage relates.
Related Security Agreement	any document that creates security or constitutes a guarantee in support of your payment obligations under the Loan Documents.
Schedule of Payments	the schedule of payments in your Loan Details.
Security Agreements	any Mortgage and Related Security Agreement.
Standard Loan	is explained in clause 4.2. It is the part of your Loan Amount (if any) specified in your Loan Details as a Standard Loan or, as the context requires, the outstanding balance under a Standard Loan at any time.
Unit Titles Act	Unit Titles Act 2010.

RULES FOR INTERPRETING THESE CONDITIONS

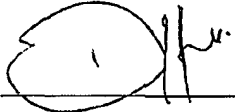
Interpret these Conditions and the other Loan Documents using the following rules (unless it would not make sense to do so):

- Ignore all headings, **bolded text** and *italicised text*
- Where we refer to one thing (the singular), we include multiple things (the plural), and the other way around.
- Where we define a word or expression in this Dictionary or elsewhere in the Loan Documents, then other grammatical forms of that word or expression have corresponding meanings.
- Where we refer to any statute, we include all future versions if it, including all changes to it, all re-enactments or replacements of it, and all regulations and orders in-council made in connection with it.
- Where we refer to a document or an agreement, we refer to that document or agreement as amended, supplemented or replaced from time to time.
- Where we refer to you, the Borrower or to a Guarantor, we include any person that legally takes over your or the Guarantor's responsibilities or rights, or both.
- Where we refer to ourselves, we include any person that legally takes over our responsibilities or rights, or both. This includes any of our transferees or assignees.

Dated this 2nd day of December 2016

Execution

Signed on behalf of Heartland Bank Limited by



Darryl Harnett

Memorandum 2016/4336

Land Transfer Act 1952

Mortgage



**Registered pursuant to Section 155A
Land Transfer Act**

Registrar-General of Land

Land Registry

**(Abstract number / date 12.12.2016
1065520501)**

**"Particulars Entered in Register
Southland, Otago, Canterbury, Westland,
Marlborough, Nelson, Wellington, Hawkes
Bay, Gisborne, Taranaki, South Auckland and
North Auckland Land Registries.**

For Registrar-General of Land"