

Payment Protect – Effective from December 2018 to June 2019

Effective from December 2018 to 17 June 2019.

Welcome to Payment Protect

Payment Protect can help protect you against unexpected events that may affect your ability to repay your loan - such as job loss, sickness, disability, or death. If an event like that happens, you will not have to pay the monthly repayments for which you have cover that fall due after you have notified us of the event (those payments will be "waived").

You are not required to take out Payment Protect as part of your loan, but you can take it out if you want to and you meet the application criteria set out below.

What Payment Protect covers

Payment Protect is offered for two different levels of cover, as follows:

- Partial: Death and terminal illness
- Complete: Death, terminal illness, disability (whether due to illness, a medical condition, or accidental injury), and involuntary redundancy

You are able to choose which level of cover you require.

The cover at a glance

Below is an overview of the benefits that are offered. This is only a brief summary of the full Payment Protect terms and conditions (which are set out later in this document):

Death

- Cover Type: Partial & Complete
- Event: You die
- Employment Restrictions: None
- Waived repayments: All your remaining monthly repayments that fall due after we have been notified of your death
- Maximum amount waived: No maximum
- Exclusion and stand-down periods: None - immediate cover

Terminal illness

- Cover Type: Partial & Complete
- Event: You suffer or are diagnosed with an illness or accidental injury that is likely to cause your death within twelve months
- Employment Restrictions: None
- Waived repayments: All your remaining monthly repayments that fall due after you have notified us of your Terminal Illness
- Maximum amount waived: No maximum
- Exclusion and stand-down periods: None - immediate cover

Disability

- Cover Type: Complete

- Event: You suffer or are diagnosed with an illness or accidental injury that makes you unable to work
- Employment Restrictions: You must be:
 - permanently employed for at least 20 hours per week when you suffer the disability; or
 - self-employed for at least 20 hours per week when you suffer the disability.
- Waived repayments: Your monthly repayments that fall due after you have notified us of your disability and before you are able to work again for 20 hours per week or more
- Maximum amount waived: 24 months repayments (combined total for all illnesses and accidental injuries)
- Exclusion and stand-down periods:
 - Illness that starts or is diagnosed during first 30 days of Payment Protect: no cover
 - Other illnesses, and all accidental injuries: 14-day stand-down period (i.e. repayments due during first 14 days off work after you have notified us of your disability or illness are usually not waived)

Redundancy

- Cover Type: Complete
- Event: You become unemployed due to involuntary redundancy
- Employment Restrictions: You must be in permanent employment for at least 20 hours per week for at least three months immediately before becoming unemployed due to redundancy.

- Waived repayments: Your monthly repayments that fall due after you have notified us of your redundancy and before you are permanently employed again for 20 hours per week or more
- Maximum amount waived: 5 months repayments (combined total for all redundancies)
- Exclusion and stand-down periods: No cover if, within the first 30 days that you have Payment Protect, you:
 - receive a redundancy proposal; or
 - receive a redundancy notice; or
 - become unemployed due to redundancy.

It is important to note that only monthly repayments that fall due after you have notified us in writing that a covered event has occurred are waived. (This is because we must pay any repayments we receive whilst unaware that a particular borrower may be entitled to claim a waiver, to the investors who are funding the loan). You should therefore notify us without delay if an event occurs for which you have Payment Protect cover. If you give Harmoney notice that an Event has occurred before 12 noon on the day a monthly repayment falls due (or if that is not a business day, before 12 noon on the next business day), we will be able to request a stop on the direct debt for that payment, and so we will still treat that monthly repayment as waived (assuming it otherwise meets all the requirements for cover).

There are a number of exclusions and conditions. For example, there is no cover for pre-existing medical conditions. See the Payment Protect terms and conditions (below).

Certain time limits apply as a consequence of these conditions. For example, there is no cover in respect of an event if we receive your complete waiver application (i.e. your written notice of the event, as well as all supporting and additional documents and information required for your application to be complete) more than 30 days after the event has occurred, other than in the case of death or terminal illness. There is no time limit for giving written notice of death, and written notice of terminal illness must be given within 60 days after the event has occurred. In the case of either death or terminal illness, there is no cover if all supporting and additional documents and information are not provided within 30 days of notification of the event. In any case, all repayments that fall due before Harmoney has received written notice will not be waived. See the Payment Protect terms and conditions (below).

Only events that occur during the original loan term are covered. If the term of your loan is extended for any reason (eg due to unforeseen hardship), there is no cover for events that occur after the original loan term has ended.

Please read the Payment Protect terms and conditions carefully to decide whether the cover will meet your requirements.

Who can apply for Payment Protect

To be able to apply for Payment Protect Partial, you have to be 18 or older, younger than 65, and resident in New Zealand.

To apply for Payment Protect Complete, you have to be 18 or older, younger than 65, resident in New Zealand, and either:

- permanently employed for at least 20 hours a week and have held that position for at least three months; or
- self-employed for at least 20 hours per week.

If your spouse or partner is a co-borrower of the loan for which you want cover, you cannot take out Payment Protect unless he or she also takes it out.

How to take out Payment Protect

The way in which you can take out Payment Protect is as follows:

- When you apply for a loan on Harmoney's website, you can also add Payment Protect. You do not have to add Payment Protect if you do not want it.
- If you want to add Payment Protect, you need to select the relevant option for it in the loan application that you complete on Harmoney's website.
- If your loan application is successful, the loan disclosure statement Harmoney sends you will confirm the details of your Payment Protect cover including the type of Payment Protect cover that you have selected.
- The Payment Protect fee will be capitalised into the loan, so that you will pay it back as part of your monthly loan repayments.

You cannot add Payment Protect to an existing loan. However, it may be possible for you to refinance the existing loan through Harmoney's website. You could then apply for Payment Protect when you apply for the new loan.

Co-borrowers

If your spouse or partner is a co-borrower, each of you need to apply for and take out your own Payment Protect plan in order to be covered. It is not possible for only one of

you to take out Payment Protect. However, you do not both have to take out the same type of cover (for example, if only you are in paid employment, you can take out Payment Protect Complete and your spouse or partner can take out Payment Protect Partial). You and your spouse or partner will be charged a combined Payment Protect fee (at the rate specified on Harmoney's website).

Your legal rights

The rest of this document sets out the terms and conditions that will be part of your Loan Contract, and that will apply to your cover, if you decide to take out Payment Protect. It tells you what your rights are and which repayments will be waived.

You may also have rights under New Zealand's consumer protection laws. We will operate Payment Protect in a way that complies with those laws.

Additional Loan Contract Terms for Payment Protect

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1. Important information

What these Terms are

These Terms are the terms and conditions that apply to your Plan if you add Payment Protect for a Loan.

They will apply as part of the Loan Contract for that Loan.

How to read these Terms

Certain words in these Terms have special meanings. They are written with their first letters in capitals. Their meanings are in section 9.

The headings are only there to make this document easier to read. They are not provisions of these Terms, and do not affect the meaning of the provisions.

The examples are only there to illustrate the provisions to which they relate. They do not limit what those provisions mean. A provision overrides an example if they are inconsistent in any way.

What your Plan covers

Your Plan consists of these Terms and your Plan Schedule.

Your Plan Schedule will specify whether you have Payment Protect Partial or Payment Protect Complete. If you have Payment Protect Partial, your Plan covers death and Terminal Illness. If you have Payment Protect Complete, your Plan covers death, Terminal Illness, Disability, and Redundancy.

When your cover starts

Your Plan comes into effect immediately after Harmoney has provided the Loan Disclosure for your Loan to you. You have immediate cover for death and Terminal Illness on and from the day on which your Plan comes into effect ("Plan Start Date"). However, that does not necessarily mean that all Repayments will be waived on and from the Plan Start Date if an Event for which you have cover occurs, because the following qualifications apply:

- Repayments that fall due before Harmoney has received written notice that you have suffered the Event will not be waived. See "Repayments that fall due before Harmoney has been notified of an Event are not waived" below.
- The Disability Waiver is subject to the following exclusions and stand-down periods:
 - The Disability Waiver does not apply to any Disability that is due to an illness or other medical condition that starts or is diagnosed on or within 30 days after the Plan Start Date (see section 7). To be clear, this 30-day exclusion does not apply to a Disability that is due to Accidental Injury.
 - Where a Disability is covered - in other words, where the Disability is due to Accidental Injury, or is due to an illness or other medical condition that starts or is diagnosed more than 30 days after the Plan Start Date – the Disability Waiver is usually subject to a 14-day stand-down period (see section 4).
- The Redundancy Waiver does not apply if the first day on which you are unemployed due to Redundancy occurs on or within 30 days after the Plan Start Date or if you receive a redundancy proposal or redundancy notice on or within 30 days after the Plan Start Date (see section 7).

- A Payment Waiver will not apply to a Repayment if any of the conditions for it to apply are not met. These conditions are specified in section 2 (Death), section 3 (Terminal Illness), section 4 (Disability), or section 5 (Redundancy) (as applicable).
- A Payment Waiver will not apply to a Repayment if it is excluded under section 7.

Repayments that fall due before Harmoney has been notified of an Event are not waived

Only Repayments that fall due after you have given Harmoney written notice that an Event for which you are covered has occurred, will be waived (assuming that your claim meets the requirements set out in these Terms).

Any Repayments that fall due after an Event has occurred but before Harmoney has received written notice of it will not be waived. It is therefore important to notify an Event to Harmoney as soon as possible (in the manner described under "How to notify an Event and claim a Payment Waiver" below) - even if you do not yet have all the supporting documents ready. You can provide the supporting documents later (provided that Harmoney must receive all supporting documents and any additional information or documents it may require within 30 days after the notification of the Event has occurred).

If you give Harmoney written notice that an Event has occurred before 12 noon on the day a Repayment falls due (or if its due date is not a business day, before 12 noon on the next business day), Harmoney will treat the notice as received in time for the Repayment to be waived (assuming that the Repayment otherwise meets all the requirements for the relevant Repayment Waiver to apply to it). However, if the notice is

received after that 12noon deadline that Repayment will not be waived (although any Repayments falling due after it will be waived, assuming they otherwise qualify).

How to notify an Event and claim a Payment Waiver

If an Event occurs for which you want Repayments to be waived, you must (within the applicable timeframes set out below) give Harmoney:

- written notice of the Event;
- a completed claim form, in the form provided by Harmoney; and
- all the supporting documents for it, as specified in section 2 (Death), section 3 (Terminal Illness), section 4 (Disability), or section 5 (Redundancy) (as applicable).

Such notices, documents and information must all be given to Harmoney within 30 days of the Event occurring, other than in the case of death or Terminal Illness.

There is no time limit for giving written notice of death. Written notice of Terminal Illness must be given within 60 days after the Event has occurred. In the case of either death or Terminal Illness, the completed claim form and supporting documents must be given to Harmoney within 30 days after written notice is given to Harmoney.

The notice that the Event has occurred can be given by email or via your borrower dashboard on the Website (which count as "written notice"). (If your death is being notified, your next-of-kin or the executor or administrator of your estate can notify your death via the borrower dashboard only if Harmoney has authorised this.)

The claim form is obtainable from Harmoney. Its contact details are in section 8 under "Communications and disputes".

The supporting documents must be provided as hard-copy originals or certified copies of the originals (not as electronic attachments), and must be mailed to Harmoney at Harmoney's address as stated on the Website.

If Harmoney notifies you that it needs further information or documents to assess your application, you must give it that information or documents within the relevant 30-day period above. If Harmoney does not receive all the documents and information required within 30 days after the Event occurs, or (in the case of death or Terminal illness) within 30 days of Harmoney being given written notice of the Event, you will not be entitled to have any Repayments waived in respect of the Event.

For an Event other than death, if Harmoney does not receive written notice of the Event within 30 days of the Event occurring or (in the case of Terminal Illness) within 60 days of the Event occurring, you will not be entitled to have any Repayments waived in respect of the Event.

Contact Harmoney if you need any guidance about whether you qualify for a Payment Waiver in particular circumstances, how to apply for the Payment Waiver, or how the process works. Its contact details are in section 8 under "Communications and disputes".

When your cover ends

Your Plan does not cover Events that occur after the Original Loan Term has ended.

This means that if the term of your Loan is extended for any reason (eg due to an unforeseen hardship application), you only have cover for Events occurring during the Original Loan Term.

The fee for Payment Protect

You pay the Payment Protect Fee for the cover your Plan gives you. Your Payment Protect Fee is calculated at the rate that is notified on the Website under the "Interest Rates & Fees" section on the Plan Start Date.

The Payment Protect Fee is capitalised into your loan. This means it will be added to your loan and will be owing as part of the principal amount of the Loan. Accordingly, it is paid as part of your monthly Repayments.

2. Death cover

How the Death Waiver works

If you die, all your remaining Repayments that fall due after Harmoney has received written notice of your death will be waived.

If Harmoney receives written notice of your death before 12 noon on the day a Repayment falls due (or if its due date is not a business day, before 12 noon on the next business day), Harmoney will treat the notice as received in time for that Repayment to be waived (assuming that the Repayment otherwise meets all the requirements for the Death Waiver to apply to it).

To be clear, Repayments that fall due after Harmoney has received written notice of your death, but before Harmoney has received all supporting and additional documents and information that must be included in your waiver application, will be waived (so long as all those documents and information are received within 30 days after notification of your death, ie are received within the application period specified below). Any repayments due before Harmoney receives written notice of your death will not be waived.

Example

Your repayments are due on the 20th of each month. You die on 15 March 20xx.

Harmoney receives written notice of your death on 18 June 20xx, receives your death certificate on 22 June 20xx, and approves the waiver application on 26 June 20xx. The first repayment that will be waived is the one due on 20 June 20xx. All further repayments are also waived. Repayments for March, April, and May will not be waived. (However if Harmoney had only received written notice of your death on 22 June 20xx, the first repayment to be waived would have been the one due on 20 July 20xx.)

What conditions must be met before the Death Waiver will apply

A Repayment will be waived due to your death only if all of the following conditions are met:

No arrears: You must not have any Repayments that are in arrears when you die. If you are in arrears when you die, neither the overdue Repayments nor any new Repayments will be waived.

Apply for waiver and provide documents:

Harmoney must receive:

- written notice of your death (this can be done by email, or via the borrower dashboard on the Website if Harmoney has authorised your next-of-kin or the executor or administrator of your estate to do so); and
- your death certificate, or a certified copy of it (this must be mailed to Harmoney as a hard copy, not sent electronically), within 30 days after written notice of your death is given to Harmoney. (The day on which you notify Harmoney of the death is not counted as part of this 30-day period.)

If Harmoney receives inadequate documents, it will require your next-of-kin or the executor or administrator of your estate to provide additional information or documents it needs to assess your application; if this happens, Harmoney must receive that additional information or documents within the above 30 day period after notification of your Death. (This means that if Harmoney does not receive a complete application within 30 days after notification of your death, neither the Repayments falling due within the 30-day period nor any later Repayments will be waived.). Repayments due before notification of the death are also not waived.

Post mortem examination if required:

If Harmoney reasonably requires a post mortem examination (for example, because Harmoney reasonably needs to confirm that your death is not due to a medical condition that is excluded by section 7), that examination must be completed within the period reasonably required by Harmoney, otherwise your estate will not be entitled to the Payment Waiver (irrespective of what a later post mortem examination might show). The examination must be conducted by an appropriately qualified registered medical practitioner as specified by Harmoney. If the post mortem examination confirms that your death qualifies for the Payment Waiver, the Payment Waiver will apply as if Harmoney had received the results of the post mortem examination when it received your death certificate (so that your estate will not be prejudiced by any delay caused by the post mortem examination).

When you will not have cover

The Death Waiver will not apply in certain circumstances. These exclusions are set out in section 7.

3. Terminal Illness cover

How the Terminal Illness Waiver works

"Terminal Illness" means that you suffer an illness, other medical condition, or Accidental Injury that:

- stops you from being able to perform your Usual Occupation (and is the only cause of this); and
- is likely to result in your death within twelve Months.

If you become Terminally Ill, all Repayments that fall due after you have given Harmoney written notice that you have become Terminally Ill will be waived. Unless the medical certificate that you give Harmoney when you apply for the Terminal Illness Waiver specifies otherwise, you will be treated as becoming Terminally Ill on the date of that medical certificate.

If Harmoney receives written notice of your Terminal Illness before 12 noon on the day a Repayment falls due (or if its due date is not a business day, before 12 noon on the next business day), Harmoney will treat the notice as received in time for that Repayment to be waived (assuming that the Repayment otherwise meets all the requirements for the Terminal Illness Waiver to apply to it).

To be clear, Repayments that fall due after you have given Harmoney written notice of your Terminal Illness, but before Harmoney has received all supporting or additional documents and information that must be included in your waiver application, will be waived (so long as all those documents and information are received within 30 days after you notify Harmoney of your Terminal Illness, ie are received within the application period specified below).

Example

Your repayments are due on the 20th of each month. You are diagnosed as terminally ill (and receive a medical certificate to that effect) on 25 March 20xx. Harmoney receives written notice of your terminal illness on 12 May 20xx, receives your medical certificate on 22 May 20xx, and approves the waiver application on 26 May 20xx. The first repayment that will be waived is the one due on 20 May 20xx. All further repayments are also waived. Repayments for March and April will not be waived. (However if Harmoney had only received written notice of your terminal illness on 22 May 20xx, the first repayment to be waived would have been the one due on 20 June 20xx.)

What conditions you must meet before the Terminal Illness Waiver will apply

A Repayment will be waived due to Terminal Illness only if all of the following conditions are met:

No arrears: You must not have any Repayments that are in arrears when you become Terminally Ill. (This means that if you are in arrears when you become Terminally Ill, neither the overdue Repayments nor any new Repayments will be waived.)

Apply for waiver within 60 days and provide documents within 30 days of notification of the Event:

The documents you must give Harmoney, and the time and ways in which you must provide them, are as follows:

Written notice:

- Description, timing & other requirements: written notice of the fact that you have become Terminally Ill within 60 days of the Event occurring. (The day on which you become Terminally Ill is not counted as part of this 60-day period.)
- Delivery method: can be done by email or via your borrower dashboard on the Website

Medical certificate:

- Description, timing & other requirements: medical certificate that is issued and signed by a registered medical doctor currently practising in New Zealand that states what your condition is and that it is likely to cause your death within twelve Months. You are responsible for the costs in getting the medical certificate and providing it to Harmoney. The medical certificate must be provided within 30 days after written notice of your Terminal Illness is given to Harmoney. (The day on which you notify Harmoney that you have become Terminally Ill is not counted as part of this 30-day period.)
- Delivery method: must be mailed to Harmoney as a hard copy (not sent electronically)

If your notice or medical certificate is inadequate, Harmoney will require you to provide it with additional information or documents it needs to assess your application. If this happens, you must provide the additional information or documents to Harmoney within the above 30-day period after notification of the Event. (This means that if you do not present a complete application within 30 days of written notification to Harmoney that you have become Terminally Ill, neither the Repayments falling since you became Terminally Ill nor any later Repayments will be waived.) Repayments due before notification that you became Terminally ill are also not waived.

Further medical examinations if required:

You must undergo all medical examinations (including psychiatric or psychological examinations and, upon your death, post mortem examinations) that Harmoney may reasonably require. This must occur within the period reasonably required by Harmoney, otherwise you will not be entitled to the Terminal Illness Waiver (irrespective of what a later medical examination might show). Each such examination must be conducted by an appropriately qualified registered medical practitioner as specified by Harmoney. If such a medical examination confirms that you qualify for the Terminal Illness Waiver, the Terminal Illness Waiver will apply as if Harmoney had received the results of that medical examination when it received your notice that you had become Terminally Ill (so that you will not be prejudiced by any delay caused by that medical examination).

When you will not have cover

The Terminal Illness Waiver will not apply in certain circumstances. These exclusions are set out in section 7.

4. Disability cover

How the Disability Waiver works

If you have Payment Protect Complete, your Plan covers Disability.

"Disability" means that you suffer or are diagnosed with an illness, other medical condition, or Accidental Injury that stops you from being able to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this).

If you have Payment Protect Complete and become Disabled, the Repayments that fall due:

- after you have given written notice of the Disability to Harmoney and the 14-day stand-down period described below has ended; and
- while you remain Disabled,

will be waived (subject to the maximum described below).

If Harmoney receives written notice of your Disability before 12 noon on the day a Repayment falls due (or if its due date is not a business day, before 12 noon on the next business day), Harmoney will treat the notice as received in time for that Repayment to be waived (assuming that the Repayment otherwise meets all the requirements for the Disability Waiver to apply to it)

There is an initial 14-day stand-down period in respect of each Disability. Only Repayments that fall due more than 14 days after you have notified Harmoney that you have become Disabled are covered by Payment Protect. (The day on which you give notice that you are unable to work due to the Disability is counted as the first day of this 14-day period.)

To be clear:

- Repayments that fall due more than 14 days after you have given Harmoney written notice of your Disability, but before Harmoney has received all supporting and additional documents and information that are required, will be waived (so long as all those documents and information are received within 30 days after you became Terminally Ill, i.e. are received within the application period specified below).
- The Disability Waiver will stop applying as soon as you are able to resume your Usual Occupation for at least 20 hours per week, even if your old position - or

any other suitable position with your old employer - is no longer available to you or is not available to you on a part-time basis.

Example one

Your repayments are due on the 20th of each month. You become disabled on 10 March 20xx. Harmoney receives notice of your disability and your medical certificate on 11 March 20xx, and approves your waiver application on 16 March 20xx. The first repayment that will be waived is the one due on 20 April 20xx. The 20 March 20xx repayment will not be waived (even though Harmoney received notice of your disability before that date), because it falls due during the 14-day stand-down period.

Example two

Your repayments are due on the 20th of each month. You are a receptionist. You are badly injured in an accident on 3 April 20xx. Harmoney receives notice of your disability on 4 April 20xx and approves your waiver application on 10 April 20xx. You are off work for several months. By 10 August 20xx you are again able to work as a receptionist (or to do similar office work). Your previous employer has not kept your old position open for you. You are only able to find a new position, with another employer, in mid-September 20xx. The repayments that fall due in April, May, June, and July 20xx will be waived. The 20 August 20xx repayment is not waived, because by then you are able to work (even though you have not in fact returned to work).

The stand-down period will apply with adjustments if you suffer or are diagnosed with a Disability ("first Disability") from which you recover, and you later become Disabled again ("second Disability") because of the same underlying condition as the one that had caused the first Disability (and not due to any additional cause). If that happens,

the 14-day stand-down period will apply to the first Disability but not to the second Disability.

Example

You are diagnosed with cancer and receive treatment. You recover sufficiently to return to work. The cancer returns, and you become unable to work again. The 14-day stand-down period applies to the time you first became unable to work due to the cancer, but not to the second time.

Not more than 24 Repayments in total will be waived due to Disability. This maximum is a combined total for all Disability Events you may suffer. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see section 6.)

Example

You take out a five-year loan. A year later, you contract a serious illness and are off work for 12 months. You then return to work. Six months later, you are injured in a car accident and become permanently disabled, at which point you still have 30 repayments left on your loan. The 12 repayments that fell due when you were ill are waived (assuming no repayment is due during the stand-down period). In addition, the first 12 repayments falling due when you become permanently disabled will be waived, giving a total of 24 repayments waived. However, the remaining 18 repayments falling due while you are permanently disabled will not be waived (because they exceed the 24 repayments maximum).

What conditions you must meet before the Disability Waiver will apply

A Repayment will be waived due to Disability only if all of the following conditions are met:

No arrears: You must not have any Repayments that are in arrears when you become Disabled. (This means that if you are in arrears when you become Disabled, neither the overdue Repayments nor any new Repayments will be waived.)

Apply for waiver and provide documents within 30 days:

You must give Harmoney the following documents listed below within 30 days after you become Disabled. (The day on which you become Disabled is not counted as part of this 30-day period.)

The documents you must give Harmoney, and the ways in which you must provide them, are as follows:

Written notice:

- Description & requirements: written notice of the fact that you have become Disabled can be done by email or via your borrower dashboard on the Website
- Delivery method: can be done by email or via your borrower dashboard on the Website

Medical certificate:

- Description & requirements: medical certificate that is issued and signed by a registered medical doctor currently practising in New Zealand that states what your condition is, when it started or was diagnosed, and that it is making you

unable to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this). You are responsible for the costs in getting the medical certificate and providing it to Harmoney.

- Delivery method: must be mailed to Harmoney as a hard copy (not sent electronically)

If your notice or medical certificate is inadequate, Harmoney will require you to provide it with additional information or documents it needs to assess your application. If this happens, you must provide the additional information or documents to Harmoney within the above 30-day period. (This means that if you do not present a complete application within 30 days after you become Disabled, neither the Repayments falling due within the 30-day period nor any later Repayments will be waived.)

Further medical examinations if required:

You must undergo all medical examinations (including psychiatric or psychological examinations) that Harmoney may reasonably require. You must do so within the period reasonably required by Harmoney, otherwise you will not be entitled to the Disability Waiver (irrespective of what a later medical examination might show). Each such examination must be conducted by an appropriately qualified registered medical practitioner as specified by Harmoney. If that medical examination confirms that you qualify for the Disability Waiver, the Disability Waiver will apply as if Harmoney had received the results of that medical examination when it received your notice that you had become Disabled (so that you will not be prejudiced by any delay caused by the medical examination). To be clear, Harmoney can require you to undergo a medical examination at any time (not only when assessing your application for the Disability Waiver).

Three-monthly medical certificates:

To keep receiving the Disability Waiver, you must provide Harmoney with a fresh medical certificate every three Months (again, this must be mailed to Harmoney as a hard copy, not sent as an email attachment). Each such medical certificate must be issued and signed by a registered medical doctor currently practising in New Zealand. In it, the doctor must confirm that you are still suffering from the illness, other medical condition, or injury (as the case may be), that it is continuing to make you unable to perform your Usual Occupation for at least 20 hours per week (and is the only cause of this), and when you are likely to be able to work again for at least 20 hours per week. You are responsible for the costs in getting each such medical certificate and providing it to Harmoney. Each such medical certificate is due within three Months after the date of the previous medical certificate you provided to Harmoney. If you do not provide Harmoney with such a medical certificate, your Disability Waiver will cease to apply to any Repayments falling due after the date when you were required to provide it. However, you do not need to provide a medical certificate every three Months if Harmoney has notified you in writing (including by email) that this is not required (for example, because Harmoney is satisfied based on a previous medical certificate that you are permanently Disabled). To be clear, the fact that you must provide Harmoney with a medical certificate every three Months does not limit Harmoney's right to require you to undergo a medical examination at any other time.

When you will not have cover

The Disability Waiver will not apply in certain circumstances. These exclusions are set out in section 7.

5. Redundancy cover

How the Redundancy Waiver works

If you have Payment Protect Complete, your Plan covers Redundancy.

"Redundancy" means that you are made redundant from any position in which you were Permanently Employed and that your employment is terminated as a consequence of that redundancy. It does not include:

- becoming unemployed because, when you were made redundant, you rejected an offer of another position that was:
 - with the same employer (or with a person to whom the employer was selling or transferring its business);
 - for your Usual Occupation; and
 - on substantially similar terms to those that applied to the position from which you were made redundant;
- becoming unemployed because you took voluntary redundancy, resigned, retired, or were dismissed; or
- where you are made redundant from any position in a business owned by you (whether alone or with others) or by a company of which you are a shareholder or director.

What Repayments will be waived

If you have Payment Protect Complete and you are made Redundant, the Repayments that fall due:

- after you have given Harmoney written notice that you have become Redundant; and
- before you are Permanently Employed again,

will be waived (subject to the maximum specified below).

If Harmoney receives written notice of your Redundancy before 12 noon on the day a Repayment falls due (or if its due date is not a business day, before 12 noon on the next business day), Harmoney will treat the notice as received in time for that Repayment to be waived (assuming that the Repayment otherwise meets all the requirements for the Redundancy Waiver to apply to it).

To be clear:

- Repayments that fall due after you have given Harmoney written notice that you have become unemployed due to Redundancy, but before Harmoney has received all supporting and additional documents and information that are required, will be waived (so long as all those documents and information are received within 30 days after you become unemployed due to Redundancy, i.e. are received within the application period specified below).
- The Redundancy Waiver will stop applying when you are Permanently Employed again.

However, not more than five Repayments in total will be waived due to Redundancy.

This maximum is a combined total for all Redundancies you may suffer. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see section 6.)

Example one

Your repayments fall due on the 25th of each month. You are unemployed due to redundancy during 3 March 20xx to 9 October 20xx. You give Harmoney notice of your redundancy on 5 March 20xx. The repayments that fall due after 5 March 20xx will be

waived, but to a maximum of five repayments. So the 25 March, 25 April, 25 May, 25 June, and 25 July repayments will be waived - but not the 25 August and 25 September repayments.

Example two

Your repayments fall due on the 25th of each month. You are unemployed due to redundancy during 3 March 20xx to 9 May 20xx. You are permanently employed during 10 May 20xx to 2 July 20xx, but are again unemployed due to a further redundancy during 3 July 20xx to 9 December 20xx, following which you are permanently employed again. In each case, you give Harmoney notice of your redundancy on the day it takes effect. The repayments that fall due in March and April 20xx will be waived, as will the payments that fall due in July, August, and September 20xx. However the repayments that fall due in October, November, and December 20xx will not be waived (because they exceed the 5 repayments maximum).

What conditions you must meet before the Redundancy Waiver will apply

A Repayment will be waived due to Redundancy only if all of the following conditions are met:

No arrears: You must not have any Repayments that are in arrears when you become unemployed due to Redundancy. (This means that if you are in arrears when you become unemployed due to Redundancy, neither the overdue Repayments nor any new Repayments will be waived.)

Apply for waiver and provide documents within 30 days:

You must give Harmoney the documents listed below within 30 days after you become

unemployed due to Redundancy. (The first day on which you are unemployed due to Redundancy is counted as the first day of this 30-day period.)

The documents you must give Harmoney, and the ways in which you must provide them, are as follows:

Written notice:

- Description & requirements: your written notice that you have become Redundant
- Delivery method: can be given by email or via your borrower dashboard on the Website

Employer's redundancy notice:

- Description & requirements: redundancy notice from your employer that is signed by your employer, states that you have been made Redundant, and states when your employment will end.
- Delivery method: the original or a certified copy must be mailed to Harmoney (you cannot send this to Harmoney electronically)

Evidence of three Months Permanent Employment:

- Description & requirements: satisfactory evidence that you were in Permanent Employment for at least three Months immediately before becoming unemployed due to Redundancy - for example, a reference on the employer's letterhead stating when you were employed and your employment hours per

week. (This evidence is needed because section 7 excludes the Redundancy Waiver if you were not Permanently Employed for at least three Months.)

- Delivery method: the original or a certified copy must be mailed to Harmoney (you cannot send this to Harmoney electronically)

If your notice or redundancy notice or employment evidence is inadequate, Harmoney will require you to provide it with additional information or documents it needs to assess your application. If this happens, you must provide the additional information or documents to Harmoney within the above 30-day period. (This means that if you do not present a complete application within 30 days of becoming unemployed due to Redundancy, neither the Repayments falling due within the 30-day period nor Repayments falling due after that period will be waived.)

You authorise Harmoney to contact your employer to verify that your employment will be or has been terminated due to Redundancy, to verify when your employment started and will end or ended, and to verify your employment hours per week.

Monthly confirmations or statutory declarations:

You must each Month confirm to Harmoney (or if Harmoney requires this, provide Harmoney with a statutory declaration made by you) that, as at the due date for that Month's Repayment, you:

- are not Permanently Employed; and
- are actively seeking Permanent Employment.

You must send this confirmation (or statutory declaration, if applicable) to Harmoney by email, at the email address specified in section 8 under "Communications and disputes". Harmoney must receive this email on, or within five days before, the due

date of the Repayment in respect of which you are giving the confirmation (or statutory declaration). If you do not provide this confirmation (or statutory declaration) by then, the Redundancy Waiver will cease applying (so that neither the Repayment in respect of which the confirmation (or statutory declaration) was required to be given nor any subsequent Repayments will be waived). However, you do not have to provide this confirmation (or statutory declaration) for the first Repayment to be waived.

When you will not have cover

The Redundancy Waiver will not apply in certain circumstances. These exclusions are set out in section 7.

6. Adjustments to your cover if you are a co-Borrower

If:

- both you and your spouse or partner have Payment Protect in respect of the same Loan; and
- an event happens to your spouse or partner for which he or she is entitled to a payment waiver under his or her Payment Protect plan,

any Repayments by you falling due during the period when your spouse's or partner's payment waiver applies will also be waived. This waiver applies even if you and your spouse or partner have different levels of Payment Protect cover.

Example one

You and your spouse both have Payment Protect Partial. The loan balance is \$30,000.

Your spouse becomes terminally ill. Harmoney cannot recover any remaining repayments from your spouse (as his or her Plan provides for a waiver of all his or her

remaining repayments after Harmoney is notified that he or she has become terminally ill). Because you are still in good health, you are not personally entitled to a terminal illness waiver under your Payment Protect plan. However, Harmoney cannot claim the remaining repayments from you either.

Example two

You have Payment Protect Partial and your partner has Payment Protect Complete. The loan balance is \$30,000. Your spouse is made redundant and notifies Harmoney on the morning of the day this takes effect. No repayments can be recovered from your partner while he or she is unemployed due to redundancy (subject to the cover limits). Even though you do not have cover for redundancy, you are not liable to pay those repayments either. This applies irrespective of whether you are employed during this period.

However, if you both have Payment Protect Complete and you are both unemployed due to disability or redundancy, each of you will separately receive the payment waiver for disability or redundancy during that time after you have notified Harmoney. The repayments waived during that time will be taken into account against each of you in calculating the maximum number of repayments for which you each have cover.

Example

You and your spouse both have Payment Protect Complete. You are unemployed due to redundancy from 1 March 20xx to 30 June 20xx, and your spouse is unemployed due to redundancy from 1 June 20xx to 31 July 20xx. Each of you notifies Harmoney on the morning of the day your respective redundancies take effect. The repayment falling due in June 20xx will be waived in favour of each of you, under your respective Payment Protect plans. You yourself will be treated as having received the redundancy

waiver for four months (March, April, May, and June), so that you will have cover for one further repayment if you suffer a further redundancy. Your spouse will be treated as having received the redundancy waiver for two months (June and July), so that he or she will have cover for a further three repayments if he or she is made redundant again.

7. Exclusions

Excluded causes

A Payment Waiver does not apply if the Event to which it relates is directly or indirectly caused or contributed to by any condition, event or circumstance ("cause") as specified below:

Pre-existing Condition

An illness, injury, congenital or degenerative condition, or other medical condition (whether existing, diagnosed, or in remission) for which you sought, or received, or could reasonably have been expected to seek medical advice, treatment, or hospitalisation before the Plan Start Date.

Example

You are not entitled to have any repayments waived for disability if you have a heart attack that causes you to be off work, but you experienced symptoms of heart disease before the Plan Start Date for which a reasonable person would have gone to the doctor. As a further example, you are not entitled to have any repayments waived for death if you die of complications from surgery for a pre-existing heart problem.

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver

- Disability Waiver

Pre-existing Risk

A circumstance or state of affairs that existed before the Plan Start Date and that you knew (or should reasonably have foreseen) would lead to the Event.

Example: *You are not entitled to have any repayments waived due to redundancy if your employer announced your redundancy before the Plan Start Date, or if your employer issued a notice to its employees before the Plan Start Date that it proposed or intended to make some or all of its employees redundant.*

Payment Waivers to which exclusion applies:

- Redundancy Waiver

Pregnancy and Related Conditions

Pregnancy, childbirth, miscarriage, or the termination of pregnancy.

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

Self-harm

Suicide, attempted suicide, or intentional self-injury (whether sane or insane).

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

Mental Condition

Any psychiatric, mental, or nervous disorder or psychological condition (including clinical depression, anxiety disorder, stress, and stress-related conditions).

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver
- Redundancy Waiver

Alcohol or Non-prescription Drugs

- alcohol or drugs taken by you (unless prescribed by a registered medical practitioner and taken as prescribed)
- an addiction to alcohol or such drugs

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver
- Redundancy Waiver

STD or HIV

A sexually transmitted disease or human immunodeficiency virus (HIV).

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

Failure to get, or to comply with, medical treatment

Your failure to:

- seek treatment by a registered medical doctor, or
- comply with the treatment prescribed by that doctor or by a registered health practitioner (such as a physiotherapist) to which the doctor refers you

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

Non-therapeutic Medical Procedure

A medical treatment or surgical procedure that is not necessary or advisable for medical reasons but that you undergo for cosmetic, psychological, or personal reasons.

Payment Waivers to which exclusion applies:

- Death Waiver

- Terminal Illness Waiver
- Disability Waiver

Illegal conduct

Engaging in any illegal or criminal act (for example, driving a motor vehicle over the legal speed limit or with a blood alcohol level that is over the legal limit).

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver
- Redundancy Waiver

Sporting activities

Engaging in:

- a professional sport of any kind; or
- parachuting, hang-gliding, or motor racing of any kind

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver

War or Terrorism

War (whether declared or not, and including invasion, civil war, and rebellion) or terrorism

Payment Waivers to which exclusion applies:

- Death Waiver
- Terminal Illness Waiver
- Disability Waiver
- Redundancy Waiver

No cover for Events after Original Loan Term

A Payment Waiver does not apply if the Event to which it relates occurs after the Original Loan Term has ended. See section 1 under "When your cover ends".

No-cover periods for Disability and Redundancy

A Disability Waiver or Redundancy Waiver does not apply if the Event to which it relates occurs during the period specified below:

Disability Waiver: The Disability Waiver does not apply if the Disability is due to an illness or other medical condition that you begin to suffer or were diagnosed with on, or within 30 days after, the Plan Start Date.* To be clear, this exclusion period does not apply to a Disability that is due to Accidental Injury.

Redundancy Waiver: The Redundancy Waiver does not apply if:

- the first day on which you are unemployed due to Redundancy occurs on, or within 30 days after, the Plan Start Date;*or
- your employer gave you written details of a proposal to make your position redundant, or gave you notice of termination of your employment by way of redundancy, on or within 30 days after the Plan Start Date.*

*In each case, the Plan Start Date will be counted as the first day of the 30-day no-cover period.

Work-related exclusions for Disability and Redundancy

A Disability Waiver or Redundancy Waiver applies only if you meet the following work-related requirements:

Disability Waiver: The Disability Waiver applies only if you are in Permanent Employment or Self-employed when you become Disabled.

Redundancy Waiver: The Redundancy Waiver applies only if you:

- are in Permanent Employment; and
- have been in Permanent Employment for at least three Months,

immediately before becoming unemployed due to Redundancy.

Overseas Events or non-residents

A Payment Waiver does not apply in respect of an Event if the Event occurs outside New Zealand or if you are not living in New Zealand when the Event occurs.

Example

You are made redundant while working overseas. You will not receive the redundancy waiver at all (even if you return to New Zealand and continue to be unemployed here while looking for a new position).

Falsehood or fraud

You are not entitled to have any Repayment waived if you (or any person on your behalf) provided or provide any false or fraudulent information or document in your application for the Loan or the Plan or in connection with any Event.

8. Additional information

Direct debit arrangements

If you notify Harmoney that an Event for which you have cover has occurred, Harmoney will suspend the direct debit deductions of any Repayments that would qualify for the relevant Repayment Waiver if Harmoney approved your waiver application.

Harmoney will reactivate the direct debit deductions if:

- you fail to submit your complete waiver application (i.e. your written notice of the Event together with all supporting and additional documents and information required) within the specified period of 30 days after the Event has occurred; or (in the case of death or Terminal Illness) 30 days after you have given Harmoney written notice that an Event has occurred; or
- Harmoney rejects your waiver application.

If either of the above happens, Harmoney will direct debit your bank account with any Repayments that fell due while the direct debit deductions were suspended in addition to reactivating the direct debit instruction for future Repayments.

Otherwise, if Harmoney approves your waiver application the direct debit deductions will remain suspended for so long as the applicable Repayment Waiver is in force.

You can apply more than once for Repayments to be waived

If you suffer two or more Events (whether of the same kind, or of different kinds), you can apply for a Payment Waiver for every Event (provided that you meet the requirements for each, and subject to the maximum amounts or numbers of Repayments that can be waived and to any stand-down periods).

However, only one Payment Waiver can apply at any one time.

What costs you are responsible for

If Harmoney incurs any medical, investigative, legal, or other costs, expenses, or liabilities ("costs") in verifying or assessing your entitlement or ongoing entitlement to a Payment Waiver, the following provisions apply:

- If as result of that verification or assessment Harmoney determines that you are not entitled to the Payment Waiver, then the costs will be for your account (and Harmoney may debit your Loan account with the amount of the costs).
- Otherwise, the costs will be borne by Harmoney.

False or fraudulent information or claims

If you (or any person on your behalf) provide any false or fraudulent information or document in your application for the Loan or the Plan or in connection with any Event, Harmoney may:

- refuse to waive any Repayments;
- cancel your Plan by notice to you, with effect from the date specified in the notice (and that date may be earlier than the date of the notice); or
- alter the terms of your Plan by:

- changing the level of cover it provides (e.g. by changing a Plan from Payment Protect Complete to Payment Protect Partial); or
- adding any conditions, limitations, or exclusions to it,
- by sending you (or your spouse or partner, if he or she is a co-borrower of the Loan) an endorsement to your Plan Schedule. Any such alteration will take effect from the date specified in the endorsement (and that date may be earlier than the date of the endorsement).

Harmoney will act reasonably in exercising this power.

Ending Payment Protect

The Payment Protect Plan will expire if and when:

- you have made all Repayments due under the Loan;
- you cancel the Loan during the cooling-off period (as set out in the Loan Disclosure under "Right to Cancel"); or
- your Plan is cancelled because you (or any person on your behalf) provide any false or fraudulent information or document in your application for the Loan or the Plan or in connection with any Event.

You cannot cancel the Payment Protect Plan before then.

Rebate of Payment Protect Fee if Loan repaid early

If you repay all amounts due under the Loan before the term of the Loan expires (including by refinancing the Loan), a proportion of your Payment Protect Fee will be rebated. Your rebate will be calculated as follows:

$$\text{rebate} = (p \times s \times (s + 1)) \div (t \times (t + 1))$$

where:

"p" is the amount of your Payment Protect Fee

"s" is the number of whole months in the unexpired portion of the period for which the Plan applied

"t" is the number of whole months for which the Plan applied.

Communications and disputes

Harmoney may provide you with notices and other communications in relation to Payment Protect, these Terms, or your Plan by mail or in an electronic form, including by email.

If you are applying for a Payment Waiver, you must provide the notice that the Event has occurred and the supporting documents for it to Harmoney as specified in section 1 under "How to notify an Event and claim a Payment Waiver".

You must provide all other notices and other communications to Harmoney in writing (email counts as writing). You must send it to Harmoney by mail (posted to Harmoney's registered address) or by email (sent to the email address specified in the next paragraph).

If you have any questions, concerns, or complaints, please contact Harmoney as follows:

Phone: 0800 HARMONEY

Email: payment.protect@harmoney.co.nz

Mail: At the postal address stated on the Website.

Harmoney is a member of the Financial Services Complaints Limited dispute resolution scheme. You may refer any dispute relating to these Terms or your Plan to that dispute resolution service. Its contact details are at <http://www.fscl.org.nz/>.

How these Terms or your Plan can be changed

Harmoney can modify these Terms if it reasonably considers that the change is necessary or advisable (for example, because there has been a legal, regulatory, technological, or operational development and the Terms have to be updated to reflect that development).

To be effective, the modification must be notified on the Website under the "Legal Agreements" section. The modification will apply from the date stated on the Website. You should check the "Legal Agreements" section of the Website regularly for any modifications.

However, any modification to these Terms after you lodged your Loan application on the Website will apply to your Plan only if Harmoney has sent you an individual notice, whether by email or otherwise, of the modification and of the date from which it applies to your Plan.

9. Definitions

In these Terms:

- "you" in relation to any Payment Protect cover for a loan arranged through the Website, means the person who is the borrower of that loan (and "your" has a corresponding meaning);

- "waive" in relation to a Repayment means that your obligation to make that Repayment no longer exists; and
- the following words have the following meanings:

Accidental Injury means bodily injury caused directly by violent, unexpected, external, visible means

Death Waiver means the Payment Waiver provided for in section 2

Disability has the meaning given to it in section 4

Disability Waiver means the Payment Waiver provided for in section 4

Event means an event for which you are covered under your Plan (or, in section 7's "Falsehood or fraud" exclusion, an event that would have been covered by your Plan if the information or documents had been accurate or genuine)

Harmoney means either Harmoney Investor Trustee Limited acting through its agent Harmoney Limited, or Harmoney Nominee Limited (as specified under "Creditor details" in your Loan Disclosure)

Loan means the loan by Harmoney for which you applied on the Website when applying for your Plan

Loan Contract means the loan contract between you and Harmoney, relating to the Loan

Loan Disclosure means the disclosure statement relating to the Loan that Harmoney sent to you before the Loan Contract was entered into, and the Loan was made

Monthmeans a period starting on a particular date in a particular calendar month and ending immediately before the same date in the next calendar month (e.g. 15 March 20xx-14 April 20xx)

Original Loan Term means the term of the Loan specified in the Loan Disclosure that Harmoney sent to you before the Loan Contract was entered into, and the

Loan was made

Payment Protect Complete means a Plan which the Plan Schedule specifies to be issued as such (being a Plan that covers death, Terminal Illness, Disability and Redundancy)

Payment Protect Partial means a Plan which the Plan Schedule specifies to be issued as such (being a Plan that covers death and Terminal Illness)

Payment Protect Fee means the fee payable to Harmoney for entering into the Plan and agreeing to the Payment Waiver

Payment Waiver in relation to a Repayment means the waiver of that Repayment as provided for in section 2, 3, 4, or 5 (as applicable)

Permanently Employed means that you work for a single employer or firm for wages, a salary, commission, or other employment income for not less than 20 hours per week (but does not include employment on a casual, seasonal, or fixed-term basis, and does not include employment while on unpaid leave for a continuous period of three Months or longer)

Plan means the additional terms of the Loan Contract between you and Harmoney under which Harmoney undertakes to waive certain Repayments under the Loan and in exchange you undertake to pay Harmoney the Payment Protect Fee (with the terms of those undertakings being contained in these Terms and the Plan Schedule)

Plan Schedule means the section in the Loan Disclosure that confirms the details of the Payment Protect cover you have under your Plan; and includes any endorsements made under these Terms

Plan Start Date means the day on which your Plan comes into effect (as specified in section 1)

Redundancy has the meaning given to it in section 5

Redundancy Waiver means the Payment Waiver provided for in section 5
Repayments means all Monthly repayments of principal, interest, and/or account maintenance fees that are, or will or may become, due under the Loan (but to be clear, does not include payments of costs and overdue fees or dishonour fees)

Self-employed means that you:

- are employed for at least 20 hours per week by a company of which you are a director and shareholder (whether alone or with others); or
- work for yourself (whether alone or in partnership with others) in an occupation or business for remuneration for at least 20 hours per week

Terminal Illness has the meaning given to it in section 3

Terminal Illness Waiver means the Payment Waiver provided for in section 3

Terms means sections 1 to 9

Usual Occupation means:

- the work, occupation, or business you usually do to produce an income;
- or
- any other type of work, occupation, or business you can reasonably be expected to do because of your education, training, skills, or experience

Website means the website at www.harmoney.co.nz (or such other websites as Harmoney may from time to time operate to provide its lending service).