

Payment Protect Terms and Conditions – Effective from December 2015 to April 2016

Effective from 1 December 2015 to 12 April 2016

About Payment Protect

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, the monthly repayments for which you have cover will not be enforced (will be "waived").

What Payment Protect covers

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

Level	Events covered
Partial	Death and terminal illness

Complete	Death, terminal illness, disability, involuntary redundancy, and involuntary bankruptcy
----------	---

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):

Level	Event	Employment Restrictions	Waived repayments	Maximum amount waived	Exclusion and stand-down periods
Partial & Complete	Death - You die	None	All your remaining monthly repayments	No maximum	None – immediate cover

Partial &
Complete

Terminal illness -
You suffer an
illness or
accidental injury
that is likely to
cause your death
within twelve
months

None

All your remaining
monthly
repayments

No maximum

None –
immediate cover

Complete

Disability - You
suffer an illness or
accidental injury
that makes you
unable to work

You must be:
• permanently
employed; or
• self-employed,
for at least 20
hours per week
when you suffer the
disability.

Your monthly
repayments until
you are able to
work again

24 months'
repayments

- Illness that
starts during first
30 days of
Payment Protect:
no cover
- Other illnesses,
and all accidental
injuries: 14-day
stand-down
period (ie
repayments due
during first 14
days off work are
usually not
waived)

Complete	Redundancy - You become unemployed due to involuntary redundancy	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	Your monthly repayments while you are out of work due to redundancy	5 months' repayments	No cover if you become unemployed due to redundancy within the first 30 days that you have Payment Protect
----------	--	---	---	----------------------	--

Complete	Bankruptcy - You are declared bankrupt by the court, and your creditors applied to have you declared bankrupt	You must be self-employed for at least 20 hours per week and have had your business for at least two years when your creditors apply to have you declared bankrupt	Your monthly repayments while you are bankrupt	5 months' repayments	No cover if you are declared bankrupt within the first 30 days that you have Payment Protect
----------	---	--	--	----------------------	--

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

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 and have had your business for at least two years.

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 to list 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 Harmoney approves your loan application for listing on Harmoney's website, your loan listing will specify the type of Payment Protect cover you have selected.
- If your loan application is successful (ie if your loan is fully funded before the listing period closes), the loan disclosure statement Harmoney sends you will confirm the details of your Payment Protect cover.

- 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 needs 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

Contents

section

1. Important information
2. Death cover
3. Terminal Illness cover
4. Disability cover
5. Redundancy cover
6. Bankruptcy cover
7. Adjustments to your cover if you are a co-borrower
8. Exclusions
9. Position if an amount that qualifies for a waiver is paid
10. Additional information
11. Definitions

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 11.

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 (as applying when your Loan was listed on the Website) 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, Redundancy, and Bankruptcy.

When your cover starts

Your Plan comes into effect immediately after Harmony 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, certain exclusions and stand-down periods apply to the cover for Disability, Redundancy, and Bankruptcy, as follows:

- The Disability Waiver is subject to the following restrictions:
 - The Disability Waiver does not apply to any Disability that is due to an illness or other medical condition that starts on or within 30 days after the Plan Start Date (see section 8). 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 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 (see section 8).
- The Bankruptcy Waiver does not apply if you are declared Bankrupt on or within 30 days after the Plan Start Date (see section 8).

How to claim a Payment Waiver

If an Event occurs for which you want Repayments to be waived, you must within 60 days of the Event occurring give Harmony (acting as agent for the Trustee that makes the Loan):

- written notice of the Event; and

- all the supporting documents for it, as specified in section 2 (Death), section 3 (Terminal Illness), section 4 (Disability), section 5 (Redundancy), or section 6 (Bankruptcy) (as applicable).

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 Harmony has authorised this.)

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 Harmony at Harmony's address as stated on the Website.

If Harmony notifies you that it needs further information or documents to assess your application, you must give it that information or documents within that 60-day period. If Harmony does not receive your notice of the Event and all the documents and information required within 60 days after the Event occurs, you will not be entitled to have any Repayments waived in respect of the Event.

Contact Harmony 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 10 under "Communications and disputes".

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, so that it is paid as part of the monthly Repayments.

2. Death cover

How the Death Waiver works

If you die, all your remaining Repayments that fall due on or after the day of your death will be waived.

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 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
within 60 days:**

Harmony (acting as agent for the Trustee) must receive:

- written notice of your death (this can be done by email, or via the borrower dashboard on the Website if Harmony 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 Harmony as a hard copy, not sent electronically),

within 60 days after your death. (The day on which you die is not counted as part of this 60-day period.) If Harmony 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, Harmony must receive that additional information or documents within the above 60 day period. (This means that if Harmony does not receive a complete application within 60 days after your death, neither the Repayments falling due within the 60-day period nor any later Repayments will be waived.)

**Post mortem
examination if
required:**

If Harmony (acting as agent for the Trustee) reasonably requires a post mortem examination (for example, because Harmony reasonably needs to confirm that your death is not due to a medical condition that is excluded by section 8), that examination must be completed within the period reasonably required by Harmony, 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 Harmony. If the post mortem examination confirms that your death qualifies for the Payment Waiver, the Payment Waiver will apply as if Harmony 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 8.

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.

All Repayments that fall due on or after the day you become Terminally Ill will be waived. Unless the medical certificate that you give Harmony 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.

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 and provide documents within 60 days: You must give Harmony (acting as agent for the Trustee) the documents listed below within 60 days after you become Terminally Ill. (The day on which you become Terminally Ill is not counted as part of this 60-day period.) The documents you must give Harmony, and the ways in which you must provide them, are as follows:

<i>Document</i>	<i>Description & requirements</i>	<i>Delivery method</i>
written notice	written notice of the fact that you have become Terminally Ill	can be done by email or via your borrower dashboard on the Website

medical certificate	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 Harmony	must be mailed to Harmony as a hard copy (not sent electronically)
------------------------	--	---

.

If your notice or medical certificate is inadequate, Harmony 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 Harmony within the above 60-day period. (This means that if you do not present a complete application within 60 days after you become Terminally Ill, neither the Repayments falling due within that 60-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 and, upon your death, post mortem examinations) that Harmony (acting as agent for the Trustee) may reasonably require. This must occur within the period reasonably required by Harmony, 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 Harmony. If such a medical examination confirms that you qualify for the Terminal Illness Waiver, the Terminal Illness Waiver will apply as if Harmony 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 8.

4. Disability cover

How the Disability Waiver works

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

"Disability" 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).

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 become Disabled are covered by Payment Protect. (The first day on which you are unable to work due to the Disability is counted as the first day of this 14-day period.)

If you have Payment Protect Complete and become Disabled, the Repayments that fall due after that stand-down period has ended, while you remain Disabled, will be waived. To be clear, the Disability Waiver will stop applying as soon as you are able to resume your Usual Occupation, even if your old position – or any other suitable position with your old employer – is no longer available to you.

Example one

Your repayments are due on the 20th of each month. You become disabled on 12 March 20xx. Harmoney 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, 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 approves your waiver application on 7 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 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. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see section 7.)

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).

Section 9 sets out how the 24 Repayments maximum will be calculated if a Repayment that qualifies for the Disability Waiver is in fact paid.

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 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
60 days:**

You must give Harmony (acting as agent for the Trustee) the following documents listed below within 60 days after you become Disabled. (The day on which you become Disabled is not counted as part of this 60-day period.)

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

<i>Document</i>	<i>Description & requirements</i>	<i>Delivery method</i>
written notice	written notice of the fact that you have become Disabled	can be done by email or via your borrower dashboard on the Website

medical certificate	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, and that it is making you unable to perform your Usual Occupation (and is the only cause of this). You are responsible for the costs in getting the medical certificate and providing it to Harmony.	must be mailed to Harmony as a hard copy (not sent electronically)
------------------------	---	---

If your notice or medical certificate is inadequate, Harmony 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 Harmony within the above 60-day period. (This means that if you do not present a complete application within 60 days after you become Disabled, neither the Repayments falling due within the 60-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 Harmony (acting as agent for the Trustee) may reasonably require. You must do so within the period reasonably required by Harmony, 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 Harmony. If that medical examination confirms that you qualify for the Disability Waiver, the Disability Waiver will apply as if Harmony 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, Harmony 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 Harmony with a fresh medical certificate every three Months (again, this must be mailed to Harmony 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 (and is the only cause of this), and when you are likely to be able to work again. You are responsible for the costs in getting each such medical certificate and providing it to Harmony. Each such medical certificate is due within three Months after the date of the previous medical certificate you provided to Harmony. If you do not provide Harmony 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 Harmony has notified you in writing (including by email) that this is not required (for example, because Harmony is satisfied based on a previous medical certificate that you are permanently Disabled). To be clear, the fact that you must provide Harmony with a medical certificate every three Months does not limit Harmony'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 8.

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 because you do seasonal work (for example, fruit picking or shearing) and the season ended, or because you were employed for a fixed term and the fixed term ended; 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 during the period that you are unemployed due to Redundancy will be waived. 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. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see section 7.)

Example

Your repayments fall due on the 25th of each month. You are unemployed due to redundancy during 3 March 20xx to 9 October 20xx. The repayments that fall due on or after 3 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.

Section 9 sets out how the five Repayments maximum will be calculated if a Repayment that qualifies for the Redundancy Waiver is in fact paid.

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 60 days:**

You must give Harmony (acting as agent for the Trustee) the documents listed below within 60 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 60-day period.)

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

Document	Description & requirements	Delivery method
written notice	your written notice of the Redundancy	can be given by email or via your borrower dashboard on the Website

employer's
redundancy notice

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
the original or a certified
copy must be mailed to
Harmony (you cannot send
this to Harmony
electronically)

evidence of three	satisfactory evidence that	the original or a
Months' Permanent	you were in Permanent	certified copy must
Employment	Employment for at least	be mailed to
	three Months immediately	Harmony (you
	before becoming	cannot send this to
	unemployed due to	Harmony
	Redundancy – for example,	electronically)
	a reference on the	
	employer's letterhead	
	stating when you were	
	employed and your	
	employment hours per	
	week. (This evidence is	
	needed because section 8	
	excludes the Redundancy	
	Waiver if you were not	
	Permanently Employed for at	
	least three Months.)	

If your notice or redundancy notice is inadequate, Harmony 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 Harmony within the above 60-day period. (This means that if you do not present a complete application within 60 days

of becoming unemployed due to Redundancy, neither the Repayments falling due within the 60-day period nor Repayments falling due after that period will be waived.)

You authorise Harmoney (acting as agent for the Trustee) 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:**

You must each Month confirm to Harmoney that, as at the due date for that Month's Repayment, you are:

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

You must send this confirmation to Harmoney by email, at the email address specified in section 10 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. If you do not provide this confirmation, the Redundancy Waiver will cease applying (so that neither the Repayment in respect of which the confirmation was required to be given nor any subsequent Repayments will be waived).

However, you do not have to provide this confirmation 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 8.

6. Bankruptcy cover

How the Bankruptcy Waiver works

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

"Bankruptcy" means that a New Zealand court has declared you bankrupt upon application by one or more of your creditors, with that application having been made when you were Self-employed. It does not include bankruptcy where you yourself applied to the court to have yourself declared bankrupt.

If you have Payment Protect Complete and you are made Bankrupt, the Repayments that fall due while you remain Bankrupt will be waived

.

No more than five Repayments in total will be waived due to Bankruptcy. (Special rules apply to this maximum if your spouse or partner is a co-borrower and also has Payment Protect Complete; see section 7.)

Section 9 sets out how the five Repayments maximum will be calculated if a Repayment that qualifies for the Bankruptcy Waiver is in fact paid.

What conditions you must meet before the Bankruptcy Waiver will apply

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

No arrears:

You must not have any Repayments that are in arrears when you become Bankrupt. (This means that if you are in arrears when you become Bankrupt, neither the overdue Repayments nor any new Repayments will be waived.)

Apply for waiver and provide documents within 60 days: You must give Harmony (acting as agent for the Trustee) the documents listed below within 60 days of becoming Bankrupt. (The day on which you are declared Bankrupt is not counted as part of this 60-day period.)

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

Document	Description & requirements	Delivery method
written notice	written notice of the Bankruptcy	can be done by email or via your borrower dashboard on the Website
court order	court order declaring you Bankrupt	the original or a certified copy must be mailed to Harmony (you cannot send this to Harmony electronically)

evidence of	satisfactory evidence that you	the original or a
Self-employment	were Self-Employed and had	certified copy must
	operated your business for at	be mailed to
	least two years before your	Harmony (you
	creditors applied for you to	cannot send this to
	be declared Bankrupt – for	Harmony
	example your business	electronically)
	accounts, income tax returns,	
	and GST returns. (This	
	evidence is needed to	
	establish that section 8 does	
	not exclude your cover.)	

If your notice or documentation is inadequate, Harmony 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 Harmony within the above 60-day period. (This means that if you do not present a complete application within 60 days of being declared Bankrupt, neither the Repayments falling due within the 60-day period nor Repayments falling due after that period will be waived.)

Further medical examinations if required:

You must undergo all medical examinations (including psychiatric or psychological examinations) that Harmony (acting as agent for the Trustee) may reasonably require to confirm that your cover is not excluded under section 8 (for example, if Harmony needs to confirm that your Bankruptcy was not attributable to an addiction or a mental condition). You must do so within the period reasonably required by Harmony, otherwise you will not be entitled to the Payment Waiver (irrespective of what a later medical examination might show). The examination must be conducted by an appropriately qualified registered medical practitioner as specified by Harmony. If the medical examination confirms that your cover is not excluded under section 8, the Payment Waiver will apply as if Harmony had received the results of the medical examination when it received the court order declaring you bankrupt (so that you will not be prejudiced by any delay caused by the medical examination).

When you will not have cover

The Payment Waiver will not apply in certain circumstances. These exclusions are set out in section 8.

7. 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. The Trustee cannot recover any remaining repayments from your spouse (as his or her Plan provides for a waiver of all his or her remaining repayments if he or she becomes 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, the Trustee cannot enforce the remaining repayments against 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. 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, those repayments cannot be enforced against you 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, unemployed due to redundancy, and/or bankrupt at the same time, each of you will separately receive the payment waiver for disability, redundancy, or bankruptcy during that time. 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. 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.

8. 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:

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

<i>Excluded cause</i>	<i>Description</i>	<i>Payment Waivers to which exclusion applies</i>
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	<ul style="list-style-type: none"> • Death Waiver • Terminal Illness Waiver • Disability Waiver
pre-existing risk:	<p>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.</p> <p><i>Example</i></p> <p><i>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 intended to make some or all of its employees redundant.</i></p>	<ul style="list-style-type: none"> • Redundancy Waiver • Bankruptcy Waiver

**pregnancy and
related conditions:**

pregnancy, childbirth, miscarriage, or the
termination of pregnancy

- Death Waiver
- Terminal Illness
Waiver
- Disability Waiver

self-harm:

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

- 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)

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

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

STD or HIV:

a sexually transmitted disease or human immunodeficiency virus (HIV)

- 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

- 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	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • Death Waiver • Terminal Illness Waiver • Disability Waiver
sporting activities:	engaging in: <ul style="list-style-type: none"> • a professional sport of any kind; or • parachuting, hang-gliding, or motor racing of any kind 	<ul style="list-style-type: none"> • Death Waiver • Terminal Illness Waiver • Disability Waiver
war or terrorism:	war (whether declared or not, and including invasion, civil war, and rebellion) or terrorism	

No-cover periods for Disability, Redundancy, and Bankruptcy

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

Payment Waiver *Excluded Event and no-cover period*

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 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.*

Bankruptcy Waiver: The Bankruptcy Waiver does not apply if you are declared Bankrupt 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, Redundancy, and Bankruptcy

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

Payment Waiver

Work-related requirement

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.

Bankruptcy Waiver: The Bankruptcy Waiver applies only if you started your business two or more years before the date on which your creditors applied to the court to declare you Bankrupt.

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.

9. Position if an amount that qualifies for a waiver is paid

What happens if a Repayment that qualifies for a Payment Waiver is paid

Payment Protect is a repayment waiver product. This means that a Repayment that qualifies for a Payment Waiver cannot be actively enforced (for example, its payment cannot be actively demanded, and no enforcement action can be taken to recover that Repayment). However, the Repayment is still technically owed. So if you (or somebody authorised by you) makes the Repayment, the Repayment will be retained and credited to your Loan account. For example, if the Repayment is paid because an automatic payment or direct debit instruction is not cancelled or adjusted in time, the Repayment will not be refunded to you.

Example

Your repayments are due on the 20th of each month. You authorise Harmoney to initiate direct debits to cover your repayments. You are made redundant, and are out of work from 1 March 20xx to 30 June 20xx. Harmoney receives your redundancy notice and documents on 19 March 20xx, and approves your waiver application on 23 March 20xx. In the meanwhile, your 20 March 20xx repayment has been paid by direct debit. Your 20 March 20xx repayment will be retained and credited to your loan account. Your 20 April 20xx, 20 May 20xx, and 20 June 20xx repayments are waived.

If you have authorised Harmoney to initiate direct debits in respect of your Loan, Harmoney will cancel or adjust its debit instructions to your bank as soon as practicable after your waiver application has been approved. In this way, Harmoney will endeavour to prevent a Repayment that qualifies for a Payment Waiver from being paid by direct debit.

A Repayment that qualifies for a Payment Waiver but that is in fact paid will be disregarded in assessing whether the maximum number of Repayments has been waived.

Example

Your repayments are due on the 20th of each month. You make your repayments by automatic payment. You are made redundant on 1 March 20xx, and are unemployed due to redundancy from 1 March 20xx to 30 September 20xx. You only cancel your automatic payment instruction on 23 March 20xx. At that point, your 20 March 20xx repayment has already cleared. Your 20 March 20xx repayment will be retained and credited to your loan account. However, your 20 March 20xx will not be included in counting the five repayments which you are entitled to have waived due to redundancy. So your 20 April 20xx, 20 May 20xx, 20 June 20xx, 20 July 20xx, and 20 August 20xx repayments are waived. Your 20 September 20xx repayment is not waived, as it exceeds the five repayments maximum.

10. Additional information

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 Harmony (acting as agent for the Trustee) 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 Harmony determines that you are not entitled to the Payment Waiver, then the costs will be for your account (and Harmony may debit your Loan account with the amount of the costs).
- Otherwise, the costs will be borne by Harmony.

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, Harmony (acting for the Trustee) 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 (eg 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).

Harmony will act reasonably in exercising this power. You will not be entitled to have the Payment Protect Fee or any part of it rebated if your Plan is cancelled or altered under this provision.

Ending Payment Protect

The Payment Protect 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 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.

However, you are not entitled to a rebate if any Repayment has been waived under your Plan.

Communications and disputes

Harmony 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 Harmony (acting as agent for the Trustee) as specified in section 1 under "How to claim a Payment Waiver".

You must provide all other notices and other communications to Harmony (acting as agent for the Trustee) in writing (email counts as writing). You must send it to Harmony by mail (posted to Harmony'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 Harmony as follows:

Phone: 0800 HARMONEY

Email: payment.protect@harmoney.co.nz

Mail: At the postal address stated on the Website

The Trustee and Harmoney are both members 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

The Trustee (acting through Harmoney as its agent) 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 your Loan was listed 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.

11. 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 the payment exists, but that that obligation will not be enforced; and
- the following words have the following meanings:
 - **Accidental Injury** means bodily injury caused directly by violent, unexpected, external, visible means
 - **Bankruptcy** has the meaning given to it in section 6
 - **Bankruptcy Waiver** means the Payment Waiver provided for in section 6
 - **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 8'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)
 - **Harmony** means Harmony Limited
 - **Loan** means the loan by the Trustee for which you applied on the Website when applying for your Plan
 - **Loan Disclosure** means the disclosure statement relating to the Loan that Harmony (acting as agent for the Trustee) sent to you before the Loan was made
 - **Month** means a period starting on a particular date in a particular calendar month and ending immediately before the same date in the next calendar month (eg 15 March20xx-14 April 20xx)

- **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, Redundancy, and Bankruptcy)
- **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 the Trustee 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, 5, or 6 (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 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 the Trustee under which the Trustee undertakes to waive certain Repayments under the Loan and in exchange you undertake to pay the Trustee 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 and/or interest that are, or will or may become, due under the Loan (but to be clear, does not include payments of costs and 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 11
- **Trustee** means Harmony Investor Trustee Limited (the lender and bare trustee under the Loan)
- **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.harmony.co.nz (or such other website as Harmony may from time to time operate to provide its peer-to-peer lending service).