

CONTRACT No. [insert number]

# Home Loan Agreement - Details

Date: [insert date] (“**Disclosure Date**”)

To: [insert borrower name(s)]

We, Bank of China (New Zealand) Limited (“**Bank of China**” or “**we**” or “**us**”), are pleased to offer to make a loan to you on the terms and conditions set out in these Home Loan Agreement - Details (“**Details**”) and the enclosed Home Loan Agreement General Terms & Conditions (“**General Terms & Conditions**”). Information on how to accept our offer is set out below.

## What is this?

These Details set out key information about your new loan with Bank of China, including the amount you are borrowing, the purpose of the loan, the Interest Rate, fees and charges that apply, the repayments you need to make, the security required for this loan, and other important information.

These Details, together with the General Terms & Conditions attached, form your loan agreement with us for this loan. By signing these Details, you are agreeing to borrow money from us on the terms and conditions set out in these Details and the General Terms & Conditions.

## Your new loan

<b>Lender</b>	<p>Bank of China (New Zealand) Limited</p> <p>We are a registered bank in New Zealand and registered on the Financial Service Providers Register under our legal name above, with registration number FSP409486.</p> <p>Our address is Level 19, 66 Wyndham Street, Auckland CBD 1010.</p> <p>You may send notices to us at the above address.</p> <p>You may also send notices to us at our email address: LendingServices.nz@bankofchina.com. We consent to receive notices and other communications at this email address for this purpose.</p> <p>You may obtain further information by phoning us at 0064 9 980 9000 or from our website at <a href="http://www.bankofchina.com/nz">www.bankofchina.com/nz</a></p>
<b>Borrower</b>	[insert borrower name(s)]; [insert borrower’s address]
<b>[Additional Borrower]</b>	[insert additional borrower details]
<b>Nominated Account</b>	[insert nominated account details]
<b>Security Provider/ Security Owner</b>	[insert security provider/security owner details]

<b>[Guarantor]</b>	[insert guarantor details]
<b>Total amount of loan</b>	[insert the total amount of all advances, being the sum of all tranches]

<b>Tranche A</b>	<b>[\$[insert loan amount] [fixed rate/variable rate]</b> <b>for example: \$500,000.00 fixed rate /\$500,000.00 variable rate</b>
<b>Initial unpaid balance</b>	As at the Disclosure Date, the amount you owe Bank of China (including interest, fees and charges) is NZ\$[insert amount]. This amount is made up of: [Include amounts and description of each advance/charge/payment accounted for in the initial unpaid balance]
<b>Loan Purpose</b>	[insert loan purpose]
<b>Loan Type</b>	[insert loan type]
<b>Loan Amount and Lending Date(s)</b>	<p>Loan Amount for this tranche is to be provided to you on [insert date] (“<b>Start Date</b>”) as follows:</p> <p style="text-align: right;">Amount to be used in payment of fees (see below under “Fees and other amounts charged to you”):      <b>NZ\$ [insert amount]</b></p> <p style="text-align: right;">Amount to be held as term deposit with Bank of China (New Zealand) Limited (“<b>Term Deposit</b>”):      <b>NZ\$ [insert amount]</b></p> <p style="text-align: right;"><b>Balance to be advanced to you on the Start Date:</b>      <b>NZ\$ [insert amount]</b></p> <p>We may agree with you to change the Start Date. If we have agreed to hold an Interest Rate for you under a Rate Lock Agreement, then you must use your loan by the date set out in that Rate Lock Agreement.</p>
<b>Loan Term</b>	[insert loan term], commencing on the Start Date
<b>Interest only period</b>	[insert term] (for interest only payment) or N/A
<b>[Special bridging loan details]<sup>1</sup></b>	N/A
<b>[Special construction loan details]<sup>2</sup></b>	Your Contribution: N/A
<b>Interest Rate Type</b>	Option1: [insert type and term e.g. Fixed for 1 year] Option2: variable
<b>Interest Rate</b>	Option 1 for fixed term: The initial Interest Rate applying to the advances for this tranche will be set by us at or before the time the advance is made. At the Disclosure Date, that Interest Rate is [insert interest rate]% for fixed [insert term] e.g 1 year per annum, however (subject to any agreement we may have with you) it may change before the date of advance. After this time, the Interest Rate will automatically change to a variable rate [insert variable rate]%, which we may change from time to time over the remainder of the loan term.

<sup>1</sup> Only include for bridging loans

<sup>2</sup> Only include for construction loans

	<p>Option 2 for floating interest: The initial Interest Rate applying to the advances for this tranche will be set by us at or before the time the advance is made. At the Disclosure Date, that Interest Rate is floating rate which we may change from time to time over the remainder of the loan term.</p> <p>We will give you notice of any change in the Interest Rate within 5 working days of the day which the change takes effect.</p> <p>The amount of interest you will pay per month on the loan for this tranche is calculated by multiplying the unpaid balance of your loan for this tranche at the end of the day by a daily interest rate, multiplied by the number of days in the calendar month. The daily interest rate is calculated by dividing the applicable Interest Rate by 365. Interest is charged to you monthly.</p> <p>For further information refer to clause 21 and clause 22 of the General Terms &amp; Conditions. is floating rate which we may change from time</p>
<p><b>[Total Interest Charges and Amounts Payable]<sup>3</sup></b></p>	<p>On the basis of current Interest Rates and repayment as set out below:</p> <p>The total interest you will pay on the loan for this tranche is NZ \$[insert amount]</p> <ul style="list-style-type: none"> <li>• amount]</li> </ul> <p>The total amount you will pay on the loan for this tranche is NZ \$[insert amount]</p> <ul style="list-style-type: none"> <li>• amount]</li> </ul> <p>These amounts are indicative only and may change over the term of the loan, including if the Interest Rate changes or any payment is not made when due.</p>
<p><b>Default Interest Rate</b></p>	<p>The Default Interest Rate is the applicable Interest Rate for this tranche plus 5.00% p.a.</p> <p>You may be charged default interest if you do not pay amounts on your loan when they are due.</p> <p>For details on other fees that may apply, see below under “Fees and other amounts charged to you”.</p>
<p><b>Payments</b></p>	<p>You are required to repay the loan for this tranche, together with all interest charges, as set out below. Payments of principal and interest will be made throughout the term of this loan (Optional for Interest Only payment: [, except that interest only payments will be made during the interest only period ending on [insert date] ].</p> <ul style="list-style-type: none"> <li>• Timing of payments:             <ul style="list-style-type: none"> <li>○ Payments are required to be made monthly.</li> <li>○ The first payment is required to be made on [insert date].</li> <li>○ The last payment is scheduled to be made on the last day of the term of the loan.</li> </ul> </li> <li>• Number of payments: [insert number of payments]</li> </ul> <p>Option 1 for Principle and Interest payment:</p> <ul style="list-style-type: none"> <li>○ Amount for first payment: NZ \$[insert amount]</li> </ul> <p>Option 2 for Interest Only payment:</p> <ul style="list-style-type: none"> <li>○ During the interest only period ending on [insert date]</li> </ul> <p>Payments may change if Interest Rates change.</p>

<sup>3</sup> Include only if the loan has a term of less than 7 years.

<b>Special Conditions</b>	We must receive confirmation from your solicitor that the information in these Details and the General Terms & Conditions have been communicated to you in your choice of language.
<b>Additional Conditions Precedent for this Tranche</b>	Insert Additional Conditions or N/A

<b>Tranche B</b>	<b>[\$insert loan amount] [fixed rate/variable rate]</b> for example: \$500,000.00 fixed rate /\$500,000.00 variable rate
<b>Initial unpaid balance</b>	As at the Disclosure Date, the amount you owe Bank of China (including interest, fees and charges) is NZ\$[insert amount]. This amount is made up of: [Include amounts and description of each advance/charge/payment accounted for in the initial unpaid balance]
<b>Loan Purpose</b>	[insert loan purpose]
<b>Loan Type</b>	[insert loan type]
<b>Loan Amount and Lending Date(s)</b>	Loan Amount for this tranche is to be provided to you on [insert date] (“ <b>Start Date</b> ”) as follows:  <p style="text-align: center;"><b>Balance to be advanced to you on the      NZ\$ [insert amount]</b> <b>Start Date:</b></p> We may agree with you to change the Start Date. If we have agreed to hold an Interest Rate for you under a Rate Lock Agreement, then you must use your loan by the date set out in that Rate Lock Agreement.
<b>Loan Term</b>	[insert loan term], commencing on the Start Date
<b>Interest only period</b>	[insert term] (for interest only payment) or N/A
<b>[Special bridging loan details]<sup>4</sup></b>	N/A
<b>[Special construction loan details]<sup>5</sup></b>	Your Contribution: N/A
<b>Interest Rate Type</b>	Option1: [insert type and term e.g. Fixed for 1 year] Option2: variable
<b>Interest Rate</b>	Option 1 for fixed term: The initial Interest Rate applying to the advances for this tranche will be set by us at or before the time the advance is made. At the Disclosure Date, that Interest Rate is [insert interest rate]% for fixed [insert term] e.g 1 year per annum, however (subject to any agreement we may have with you) it may change before the date of advance. After this time, the Interest Rate will automatically change to a variable rate [insert variable rate]%, which we may change from time to time over the remainder of the loan term.

<sup>4</sup> Only include for bridging loans

<sup>5</sup> Only include for construction loans

	<p>Option 2 for floating interest: The initial Interest Rate applying to the advances for this tranche will be set by us at or before the time the advance is made. At the Disclosure Date, that Interest Rate is floating rate which we may change from time to time over the remainder of the loan term.</p> <p>We will give you notice of any change in the Interest Rate within 5 working days of the day which the change takes effect.</p> <p>The amount of interest you will pay per month on the loan for this tranche is calculated by multiplying the unpaid balance of your loan for this tranche at the end of the day by a daily interest rate, multiplied by the number of days in the calendar month. The daily interest rate is calculated by dividing the applicable Interest Rate by 365. Interest is charged to you monthly.</p> <p>For further information refer to clause 21 and clause 22 of the General Terms &amp; Conditions. is floating rate which we may change from time</p>
<p><b>[Total Interest Charges and Amounts Payable]<sup>6</sup></b></p>	<p>On the basis of current Interest Rates and repayment as set out below:</p> <p>The total interest you will pay on the loan for this tranche is NZ \$[insert amount]</p> <ul style="list-style-type: none"> <li>• amount]</li> </ul> <p>The total amount you will pay on the loan for this tranche is NZ \$[insert amount]</p> <ul style="list-style-type: none"> <li>• amount]</li> </ul> <p>These amounts are indicative only and may change over the term of the loan, including if the Interest Rate changes or any payment is not made when due.</p>
<p><b>Default Interest Rate</b></p>	<p>The Default Interest Rate is the applicable Interest Rate for this tranche plus 5.00% p.a.</p> <p>You may be charged default interest if you do not pay amounts on your loan when they are due.</p> <p>For details on other fees that may apply, see below under “Fees and other amounts charged to you”.</p>
<p><b>Payments</b></p>	<p>You are required to repay the loan for this tranche, together with all interest charges, as set out below. Payments of principal and interest will be made throughout the term of this loan (Optional for Interest Only payment: [, except that interest only payments will be made during the interest only period ending on [insert date] ].</p> <ul style="list-style-type: none"> <li>• Timing of payments:             <ul style="list-style-type: none"> <li>○ Payments are required to be made monthly.</li> <li>○ The first payment is required to be made on [insert date].</li> <li>○ The last payment is scheduled to be made on the last day of the term of the loan.</li> </ul> </li> <li>• Number of payments: [insert number of payments]</li> </ul> <p>Option 1 for Principle and Interest payment:</p> <ul style="list-style-type: none"> <li>○ Amount for first payment: NZ \$[insert amount]</li> </ul> <p>Option 2 for Interest Only payment:</p> <ul style="list-style-type: none"> <li>○ During the interest only period ending on [insert date]</li> </ul> <p>Payments may change if Interest Rates change.</p>

<sup>6</sup> Include only if the loan has a term of less than 7 years.

<b>Special Conditions</b>	We must receive confirmation from your solicitor that the information in these Details and the General Terms & Conditions have been communicated to you in your choice of language.
<b>Additional Conditions Precedent for this Tranche</b>	Insert Additional Conditions or N/A

### *Fees and other amounts that may be charged to you*

<b>Item</b>	<b>Amount</b>	<b>Timing</b>
<b>Loan Application Fee</b> An administration fee is payable when you apply for a new home loan.	Free	Payable on the Start Date
<b>Loan top up fee</b> An administration fee is payable if at any time you apply to us for an increase in the Loan Amount.	Free	Payable at the time you apply for a top up to the Loan Amount
<b>Discharge fee</b> An administration fee is payable on the discharge of each mortgage registered in favour of us.	NZ\$100	Payable at the time each registered mortgage is discharged
<b>Non-utilisation recovery fees (per request)</b> An administration fee is payable if you do not make a borrowing under the loan or a rate lock agreement.	NZ\$100	Payable on each scheduled lending date on which you do not make a borrowing
<b>Fees on early repayment</b> An early repayment administration fee applies for early repayment.  Break costs may also be payable as set out in the BOC Home Loan Agreement.	NZ\$100	Payable on the making of the early repayment
<b>Transfer of security fee</b> An administration fee is payable when we review and document any request made by you to transfer or otherwise to change the security for the loan.	NZ\$100  Plus legal costs (if any) we incur for such transfer or change	Payable on or before the date the security is changed  Legal costs are payable as per legal cost invoices
<b>Consent fee</b> An administration fee is payable if we agree to provide our consent to any matter relating to the security for the loan (including on discharge or release of that security).	NZ\$40	Payable on or before the date that consent is provided

<b>Default Notice Fee</b> An administration fee applies for any notice, whether under the Property Law Act 2007 or otherwise we send after you are in default.	NZ\$200  Plus legal costs (if any) we incur in performing or enforcing the loan agreement or a security after you are in default	Payable when the notice is sent to you  Legal costs are payable as per legal cost invoices
<b>Redocumentation fee</b> An administration fee is payable for redocumenting the loan if you request material changes to be made to your loan.	NZ\$250  Plus legal costs (if any) we incur for such redocumentation	Payable on or before the date that you receive the redocumented loan agreement/variation letter  Legal costs are payable as per legal cost invoices.
<b>Plus Home Loan Monthly Account Fee</b> An administration fee applies for holding a Plus Home Loan Account, which is to be paid on a monthly basis.	Free	On the first Business Day of every natural month.

These fees will be deducted from your Nominated Account at the times set out above, or (where applicable) paid from the Loan Amount for each tranche on the Start Date for that tranche as described above, unless waived by us. They are not included in the initial unpaid balance referred to above.

Further details relating to fees are detailed in clause 19 of the General Terms & Conditions.

We can change the amount of any fee that you have to pay us or we may introduce new fees by giving you written notice. Any new or changed fee must be reasonable.

### ***Full prepayment***

You may repay all or part of each tranche of this loan at any time before the end of its term, but you may be liable to pay break costs if you do so.

If

- you repay a fixed rate loan partially or in full before the end of the fixed rate term,
- you switch to another Interest Rate on a fixed rate loan, or
- a fixed rate loan is required to be repaid at an accelerated rate before the end of the fixed rate term

then break costs may be charged based on a reasonable estimate of any loss which Bank of China might incur as a result.

### **How can this happen?**

Bank of China matches its fixed interest rate asset (your loan) with a fixed interest rate liability (the cost of funding your loan). If you break the fixed rate early, Bank of China may still have to pay the fixed interest cost for funding your loan.

Therefore, break costs will apply if the wholesale rate at the time of early repayment is lower than the wholesale rate at commencement of the fixed rate period.

The break costs are based on the following four key factors:

- 1) The amount of the loan being repaid;
- 2) How much lower current wholesale rates (as briefly described below) are compared to the original wholesale rate at the commencement of the fixed rate period;
- 3) The time left on the fixed rate period; and
- 4) The time value of money (as an amount received today is more valuable than the same amount received in the future).

When you take out a fixed rate loan, Bank of China will exchange fixed interest for floating interest in the wholesale market. This is to match the interest Bank of China must pay on the money it borrows (from its depositors or other banks) to fund loans to customers. In return for offering you a fixed rate that will not change during fixed period, Bank of China requires certainty of income to fund your loan.

For example if you repay your loan before the end of its fixed rate period, and the wholesale rates have fallen, Bank of China still has a commitment to pay fixed interest to the depositor (or other bank) for the remainder of the fixed rate period but it is no longer receiving its fixed income from you. Break costs provide a reasonable estimate of the loss to Bank of China arising from this. A larger repayment amount, decrease in wholesale rates, and time left on the fixed rate period may therefore increase the amount of break costs payable.

Break costs will not be calculated using the formulas prescribed in the Credit Contracts and Consumer Finance Regulations 2004. Further details relating to break costs are detailed in the General Terms & Conditions. Please contact us to find out about the applicable break costs before making an early repayment.

### ***Right to cancel***

You may cancel a tranche of this loan or all of this loan by giving us written notice and meeting the other requirements below.

#### **Time limits for cancellation**

You must give notice that you intend to cancel a tranche of this loan or all of this loan within the following time limits:

- if these Details are given to you in person, within 5 working days after you receive them
- if these Details are sent to you by email or other electronic communication, within 7 working days after the electronic communication is sent, or
- if these Details are sent to you by post, within 9 working days after they are posted.

Saturdays, Sundays and national public holidays are not counted as working days.

## How to cancel

You must give us written notice that you intend to cancel by:

- giving notice to us or our employee or agent, or
- posting the notice to us or our agent, or
- emailing the notice to our email address at the start of these Details.

You must also return any advance of the Loan Amount received by you under the tranche(s) of this loan that you intend to cancel.

## What you have to pay if you cancel

In addition to repaying the Loan Amount for each tranche that you cancel, if you cancel a tranche of this loan we may charge you the amount of any reasonable expenses we necessarily incur in connection with that tranche of this loan and the cancellation, and interest charges on any advance provided to you for the period until it is repaid.

### *What to do if you suffer unforeseen hardship*

If you are unable, because of illness, injury, loss of employment, the end of a relationship or other reasons, to meet your obligations under any tranche of this loan, you can apply to change your loan by writing to us specifying the reason for your inability to meet those obligations. Your written application must specify one of the following requested variations, and explain your reason(s) for the application:

- An extension to the term of one or more tranches of this loan, and a corresponding change to the amount of each payment due (without changing the applicable Interest Rate).
- A postponement of your payment dates for a specified period for one or more tranches of this loan (without changing the applicable Interest Rate).
- Both of the above – that is, an extension of the term of one or more tranches of this loan and a postponement of your payment dates for a specified period for one or more tranches of this loan (without changing the applicable Interest Rate).

You should make this application as soon as possible after you become aware that you are unable to make your scheduled payments under one or more tranches of this loan. If you leave it for too long, we may not have to consider your application. There may also be extra requirements you will need to meet if:

- you have already missed some of the loan repayments;
- we have already sent you a notice under the Property Law Act 2007 for payment; or
- you have sent us a similar application in the recent past.

We may only be able to change this loan if we believe the requested changes are fair and reasonable given the hardship you are experiencing.

### *Security required for this loan*

This is secured credit. You acknowledge that the following security extends to and secures any money owing (now or in the future) under this loan.

If you fail to pay us any amount under this loan when due or otherwise breach the terms of this loan, we may be entitled to repossess and sell the property referred to below. If we exercise our rights under the security and there is a shortfall, you will remain liable to pay us the amount of any shortfall.

You may not give the same security (as that term is defined in the General Terms & Condition) unless we agree in writing. If we had not agreed and any security interest is given to someone else, we can ask you to repay this loan. If this loan is not repaid, we may be entitled to repossess and sell the property.

### **New Security**

The mortgagor agrees to provide us the following security:

Security 1: First registered mortgage by Bank of China (New Zealand) Limited over the property situated at [insert address], as detailed in Record(s) of Title [insert record of title] ("**First Property**"), with security priority up to \$[insert priority amount] (which is 1.5 x valuation amount) plus interest.

Security 2: First registered mortgage by Bank of China (New Zealand) Limited over the property situated at [insert address], as detailed in Record(s) of Title [insert record of title] ("**Second Property**"), with security priority up to \$[insert priority amount] (which is 1.5 x valuation amount) plus interest.

### **Usage of Term Deposit**

You agree that if you fail to pay us any amount under this loan agreement when due (the "**overdue amount**") then, regardless of the terms of the Term Deposit, we shall have the right, at any time, to release and withdraw any amounts standing to the credit of the Term Deposit and to set off, combine or apply such amount against the overdue amount (including any accrued interest at the Default Interest Rate). If following such set off the net amount is an amount owing by you to us, you will be liable to pay us the net amount (which may become subject to the Default Interest Rate).

After any such set-off, you must pay additional amounts into the account of the Term Deposit within [5] working days to ensure that its credit balance is at least equal to the initial amount of the Term Deposit referred to above.

The usage rights above are in addition to all other rights that we may have under this loan agreement or the General Terms & Conditions, including our security interest in the Term Deposit.

### **Set Off**

Subject to the usage rights above, to the maximum extent allowed by law, you give up any right to set off any amounts we owe you against the total amount owing (as that term is defined in the General Terms & Conditions).

Without prejudice to the usage rights above, we can apply any money in any account with us or any other money received from you as we see fit as between principal, interest and other amounts owing under the loan contemplated in these Details or any other total amount owing (as that term is defined in the General Terms & Conditions). This applies despite any instruction given by you to the contrary.

### *If you have a dispute*

If you have a complaint or a dispute, please contact us and discuss it with us first as we may be able to help you resolve it. You may contact us by phone at 0064 9 980 9022.

We are also a member of the Banking Ombudsman Scheme, which as an approved dispute resolution scheme. Complaints may be directed to the scheme at:

Banking Ombudsman  
Freepost 218002, PO Box 25327, Featherston Street, Wellington 6146  
0800 805 950

The Banking Ombudsman Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

### *Ongoing statements and continuing disclosure*

We will provide you with regular statements with information about your account every six months. However, we may not provide a statement if during the relevant period there have been no debits or credits to your account and the unpaid balance is nil, or otherwise as permitted by law.

You consent to electronic disclosure by us to you at any email address you have provided to us (whether as part of an account opening process or otherwise).

### *Limitation of Liability*

Where any trustee of [the name of the trust] (the "Trust") (if applicable) acts in an independent capacity and has no interest in the assets of the Trust other than as trustee (the "Professional Trustee"), then the Professional Trustee's liability under the loan set out in these Details is limited to the trust property available to meet its liability. However, this limitation does not apply if the Professional Trustee loses its right to be indemnified out of the trust property. In the event that the Professional Trustee loses its right to be indemnified out of the trust property we can claim against the Professional Trustee personally to the extent we are unable to recover amounts due to us from the trust property.

### *Acceptance and acknowledgement*

Before signing these Details, you should read the General Terms & Conditions, as the General Terms & Conditions and these Details form your loan agreement with us. In the event of any inconsistency between these Details and the General Terms & Conditions, these Details prevail. If you do not understand anything in these documents, you should seek independent advice. You should keep these Details and the attached General Terms & Conditions in a safe place.

When you sign these Details below as borrower, you agree to be bound by and to comply with the terms & conditions of any security agreement that you have signed or that was signed by others or registered for you in respect of this loan.

When you sign these Details, you are acknowledging:

- you have received, and read and understood, a copy of these Details and the General Terms & Conditions.

- you have received and understood any independent legal advice, and received all other professional advice you need to satisfy yourself about the matters referred to in these Details, the General Terms & Conditions or any security agreements.
- the decision about whether to take out this loan with us and enter these Details and the General Terms & Conditions and any security agreements was made by you.

*[Signature page follows]*

**Agreed and acknowledged by the borrower(s)**

[Borrower's Full Name]

Date

[Borrower's Full Name]

Date

**Enclosed:**

1. Home Loan Agreement General Terms & Conditions