

# Home Loan Terms and Conditions

Effective 26 May 2023





As part of our commitment to you, this document meets the WriteMark Plain Language Standard. The WriteMark is an internationally recognised plain language quality mark.

# This document sets out the terms and conditions of your home loan contract

In this document, we explain the terms and conditions applying to any home loan we make to you, whether before or after the effective date. You will find the effective date of these home loan terms and conditions on the front page of this document.

This document includes key information about the payments you need to make and what happens if you breach your home loan contract.

We recommend you get legal advice if you do not understand anything about your rights or obligations under your home loan contract.

The following documents together form a separate home loan contract between you and us:

- Each home loan schedule set out in your home loan summary.
- Any loan variation letters.
- These home loan terms and conditions.
- The home loan fees information.

These home loan terms and conditions can apply to more than one home loan contract you have with us.

We may change the terms of your home loan contract. See section 16 'These terms can change'.

We think some terms are particularly important for you, so we have highlighted them in shaded boxes like this one.

## We have added examples or extra information

In some places, we include examples or some extra information we think will be helpful. We show this with:



These icons and examples are not terms of your home loan contract.

You need to read and make sure you understand all of these home loan terms and conditions.

## Get in touch if you have questions

If you have any questions or would like to discuss anything about your home loan contract, please call us on 0800 872 226 or visit your local branch.

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# 1. Some important information about your home loan contract

We are lending you money. You will need to repay that money and pay interest on that money. You may also need to pay certain fees.

Your home loan contract is a significant long-term commitment. You should be confident you can afford your payments now and in the future.

If your home loan contract has more than one borrower, each of you is separately responsible for all obligations under any bank document.

If you are a covenantor for a home loan contract, you are responsible under that home loan contract as if you were a borrower.

You have the right to cancel your home loan contract for a short time after your drawdown date or availability date. See section 5 'You have the right to cancel your home loan contract for a short time'.

Although you only have a short time to cancel your home loan contract, you can repay your home loan at any time. In some cases you will have to pay a fee if you repay early. See section 11 'You can repay your home loan early'.

Complying with your home loan contract at all times is important.

Breaching your home loan contract, including by missing payments, can have very serious consequences for you. See section 17 'Breaching your home loan contract can have serious consequences'. For example, if you breach your home loan contract, we may ask you to pay all the money you owe us. If you or another person has given us a mortgage, we may sell the property to recover the money you owe us.

You will find more information about the security in the mortgage, any other security agreements, your home loan summary and any loan variation letters. You need to read these documents carefully as they set out the terms and conditions that apply to that security. These documents also set out the rights and obligations you and we have relating to any secured property and the security itself.



Get in touch with us early if you think you may have any problems complying with your home loan contract, including making payments. We may be able to work with you or to give you support or information to help.

When we do anything relating to your home loan contract, including where you ask us to do something, we will act fairly and reasonably. We will consider the circumstances and our obligations as a responsible lender.

If you signed your home loan contract before the effective date of these home loan terms and conditions, these new home loan terms and conditions apply to your home loan contract instead of the previous loan contract terms.

## 2. Certain words have special meanings

Some words and phrases used in these home loan terms and conditions have specific meanings. We include a glossary below to explain the meaning of these words.

### **Actual payments**

Your actual payments are the regular payments that you make on your home loan. Generally, your actual payments will need to be equal to or more than your required payments.

### **Availability date**

If you have a revolving loan or a table loan with progressive drawdowns, the availability date is when we make amounts under that loan available to you.

### **Bank document**

A bank document is any document where we agree to lend money or provide a financial product to you. For a person who enters a home loan contract, it includes your home loan schedule, these home loan terms and conditions, the home loan fees information and any loan variation letters. 'Bank document' also includes a guarantee from you, any security agreement or other agreement between you and us.

### **Costs**

When we talk about costs we mean all the following:

- Costs we have to pay as a result of exercising any of our rights or asking you to comply with your loan contract, including all our legal costs.
- Costs of getting any report relating to the secured property if you are in breach of your home loan contract — for example, a valuation report.
- Costs or taxes we have to pay to recover any money you owe us once we have asked you to pay it, including all our legal costs.

### **Default interest**

Default interest is interest payable at the default interest rate. You will find the default interest rate for your home loan contract in your relevant home loan schedule.

## **Draw down**

When we refer to a drawdown under your home loan contract, we mean when you borrow money under your home loan contract.

## **Drawdown date**

Drawdown date is any date you draw down all or part of the money we are lending you under your home loan contract.

If we refer to an expected drawdown date in your home loan schedule, that date will be the most likely date that you will first draw down your home loan.

## **Guarantee**

A guarantee and indemnity is a separate document that a person signs agreeing to pay us amounts another person owes us.

## **Guarantor**

A 'guarantor' is a person who agrees to pay some or all the money you owe us, as set out in your home loan summary.

A guarantor will do this under a separate document called a 'guarantee and indemnity'. The guarantor may also give us security for that guarantee.

## **Home loan**

We talk about 'your home loan' in your home loan summary, these home loan terms and conditions, and loan variation letters. We mean the loan amount and the money you have agreed to pay us.

## **Home loan contract**

Your home loan contract is made up of:

- your home loan schedule
- these home loan terms and conditions
- the home loan fees information and any loan variation letter.

Your home loan contract may be amended by any loan variation letters from time to time.

## **Home loan fees information**

Home loan fees information means the document called 'Home Loan Fees Information'. This includes details about fees you will need to pay, and some fees we can charge you if certain events happen.



## Home loan schedule

Your home loan schedule is the section of your home loan summary called one of the following:

- Home loan schedule for your table loan.
- Home loan schedule for your revolving loan.
- Home loan schedule for your table loan with progressive drawdowns.

Your home loan schedule includes important details about your home loan contract, like details about your payments, payment dates and interest rate. We also refer to your interest rate in these home loan terms and conditions. If you entered into a home loan contract before the effective date of these home loan terms and conditions, your home loan schedule will be the document called 'Loan Contract'. This includes if you have an instalment loan. If that loan contract has been amended, we refer to it as amended.

## Instalment loan

You may have an instalment loan if you entered into a home loan contract before the effective date of these home loan terms and conditions. An instalment loan means a loan where the amount of principal is the same on each payment date. However, the interest portion of each payment changes depending on the interest rate that applies and the amount of principal still owing.

## Insolvent

To be insolvent means one or more of the following:

- You cannot pay money you owe on time.
- You are made bankrupt — if you are an individual.
- You go into receivership, liquidation, statutory management or administration.
- A terminating event occurs under section 86 of the Limited Partnerships Act 2008 — if you are a limited partnership.
- Other events happen relating to your solvency, where that event is described as an insolvency event, event of default or similar in a bank document to which you are party — if you are not an individual.

## Loan amount

The loan amount is the maximum amount we are lending you under your home loan contract and is set out in your home loan schedule or any loan variation letters. This amount includes fees you have borrowed money to pay.

If you have a revolving loan, your loan amount is also your 'revolving credit limit'. Sometimes the amount means only the amount you have drawn at that time.

## **Loan term**

The loan term for your table loan is the period set out in your home loan schedule or any loan variation letters. A revolving loan does not have a loan term because it is repayable on demand.

See section 9 'Repayments you must make'.

## **Loan variation letter**

A loan variation letter is the letter we send or give you to confirm changes we make to your home loan contract, or to record agreed changes to your home loan contract. For more information about the changes we can make to your home loan contract and how we will give you information about those changes, see section 16 'These terms can change'.

## **Money you owe us**

When we talk about the money you owe us, we mean any amount you owe us, including:

- Amounts you owe us, or you owe us together with others under your home loan contract or under any other bank document or judgment. The amount includes any loan amount that has been drawn.
- Amounts you owe us now, or may owe us in future.
- Amounts we pay or owe others on your behalf.
- Amounts we pay when enforcing our rights under your home loan contract and any judgment we get against you.
- Interest on any of these amounts, at the rate agreed.
- Any costs we have paid after a breach of your home loan contract including legal costs.

## **Payment date**

A payment date is each date on which you have agreed to pay us a required payment. Each payment date will follow the frequency set out in your home loan schedule from the first payment date. The first payment date will generally be set out in your home loan schedule. If the payment date has been changed in a loan variation letter, the payment date will follow the frequency set out in that loan variation letter.

## **Person**

A person includes a natural person, any body corporate or other entity (whether or not having a separate legal personality). It also includes two or more persons.

## Required payments

Required payments are the regular payments you need to make to us. We will explain what makes up these required payments in your home loan schedule or any loan variation letters.

For a table loan, required payments are what you need to make to repay your loan within your loan term. How your required payments for a table loan will change over time is described in these home loan terms and conditions. See the heading 'Payments you must make — if you have a table loan' in section 9.

## Security

Security means any right over property that we rely on to repay the money you owe us if a breach of a bank document occurs.



For example, a mortgage is a security because it gives us a right to sell property if you do not repay the money you owe us.

## Security agreement

A security agreement is any agreement in which a person gives us security. It includes a mortgage even though a mortgage is not signed.

## Secured property

Secured property means any of the assets a person has given us security over.

## We and our

When we talk about 'we' and 'us', we mean TSB Bank Limited.

'Our' has a similar meaning.

## Working day

Working day means a day of the week other than:

- A Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, Te Rā Aro ki a Matariki/Matariki Observance Day, and Labour Day.
- If Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday.
- A day in the period starting with 25 December in a year and ending with 2 January in the following year.
- If 1 January falls on a Friday, the following Monday.
- If 1 January falls on a Saturday or a Sunday, the following Monday and Tuesday.

This is based on the specific meaning given to the expression 'working day' in the Credit Contracts and Consumer Finance Act 2003 as at the effective date of these terms. If the meaning of 'working day' in the Credit Contracts and Consumer Finance Act 2003 changes, any changes will also apply to the meaning of the expression 'working day' in these home loan terms and conditions.

## **You**

When we talk about 'you', we mean each person named as a borrower in your home loan summary.

For more than one borrower, 'you' means each person separately, and two or more people together. Each person must comply with your home loan contract.

If you are named as a covenantor in a home loan contract, 'you' will also mean you in your capacity as covenantor. The terms and conditions of your home loan contract will no longer apply to you once you are no longer a covenantor.

The following apply if you are a limited partnership under the Limited Partnerships Act 2008:

- All partners, including the general partner, need to comply with this home loan contract.
- References to 'you' are also a reference to the general partner.

'Your' has a similar meaning.

## **3. Information about our complaints and dispute resolution procedures**

If something is not right, let us know. Our complaints process is designed to address your concerns. Our complaints process and the Banking Ombudsman Scheme are available to all our customers, including covenantors and guarantors.

You can tell us about your concerns in several ways:

- Visit your local branch.
- Call on 0800 872 226.
- Send a secure message to [www.tsb.co.nz/contact/feedback](http://www.tsb.co.nz/contact/feedback)
- Send a letter to the following address:

Complaints  
TSB Service Centre  
PO Box 240  
New Plymouth, 4340  
New Zealand

## **TSB has an internal complaints resolution process**

We are committed to responding to your complaint in a way that is fair, timely and transparent. We will work with you to try to resolve your complaint.

## **You can also contact the Banking Ombudsman**

We are a member of the Banking Ombudsman Scheme, an approved dispute resolution scheme. Our customers, guarantors and covenantors have access to the Banking Ombudsman Scheme. If our internal complaints process does not resolve your complaint to your satisfaction, the Banking Ombudsman may help investigate or resolve your complaint. The Banking Ombudsman can consider most complaints.

The Banking Ombudsman's service is free and independent. You can contact the Banking Ombudsman any time about your complaint. See the Banking Ombudsman's website, [bankomb.org.nz](http://bankomb.org.nz) for more information.

## **How to contact the Banking Ombudsman**

You can contact the Banking Ombudsman Scheme in several ways:

- From their website [bankomb.org.nz/contact-us/](http://bankomb.org.nz/contact-us/)
- Send a letter to the following address:  
The Banking Ombudsman  
Freepost 218002  
PO Box 25327  
Wellington, 6146  
New Zealand
- Email [help@bankomb.org.nz](mailto:help@bankomb.org.nz)
- Call on 0800 805 950 or +64 4 915 0400 (from overseas).

We are registered on the Financial Service Providers Register under the name TSB BANK LIMITED (registration number FSP22621).

## **4. You can ask us for help if you experience unforeseen hardship**

'Hardship' is where you are unable reasonably to keep up your payments or other obligations under your home loan contract, because you are sick or injured, you have lost your job, you have ended a relationship, or another event has happened that is a reasonable cause of hardship.

We understand things can happen unexpectedly that can make it hard for you to meet all your financial responsibilities, including responsibilities you have to us under your home loan contract. If you are experiencing hardship, let us know as

soon as possible. We may be able to change the terms of your home loan contract to help.


We have helpful information and tools on our website, including an online hardship application form [www.tsb.co.nz/loans/unforeseen-hardship](http://www.tsb.co.nz/loans/unforeseen-hardship).

To apply for a hardship variation you can:

- Use our online form.
- Write to your local branch or use the address on your home loan summary.
- Call us on 0800 231 233 for a copy of the application form.
- Visit your local branch to get a copy of the application form.

You will need to tell us the cause of the hardship and why you cannot meet your responsibilities.

You will also need to tell us what changes you think will help you manage your responsibilities to us under your home loan contract — for example, you may ask us to extend your loan term, postpone your required payments, or both.

 We may only be able to change your home loan contract if we believe the changes you want are fair and reasonable given the hardship you are experiencing. Even if we do not change your home loan contract, we can give you support and information to help you get back on track. Support available includes giving you details of financial mentoring services.

Contact us as soon as possible if you are having problems, or think you will have problems, making payments to us. We may have some extra requirements if:

- You have already missed some of your required payments.
- We have already sent you a notice under the Property Law Act 2007 asking you to pay us money you owe.
- You have suffered hardship in the recent past.

## 5. You have the right to cancel your home loan contract for a short time

You can cancel any home loan contract as set out below.

### **How to cancel your home loan contract**

If you want to cancel any home loan contract, you must give us notice in writing within 10 working days of the first drawdown date. For a revolving loan, you must give us notice in writing within 10 working days of the availability date.

You can give us a written notice by giving it to one of our team members, or sending it by post or email. Our details for sending any notices are set out on the front page of your home loan summary.

### **What you will have to pay if you cancel your home loan contract**

If you cancel any home loan contract, you must pay us:

- Any money we lent you under your home loan contract.
- Interest — from the day we lent you money, until the day that money is repaid.

You must pay us these amounts within 10 working days of the first drawdown date. For a revolving loan, you must do this within 10 working days of the availability date.

If your home loan summary states you must return any amounts when you repay your home loan, you must repay those amounts too.

Even though you only have a short time to cancel any home loan contract, you can repay your home loan at any time. Sometimes a fee may be payable. See section 11 'You can repay your home loan early'.

The expression 'working day' has a specific meaning. See section 2 'Certain words have special meanings'.

## **6. Things you need to do before you can borrow money under your home loan contract**

Before you can borrow any money under your home loan contract you must:

- Give us a signed copy of your home loan summary.
- Give us the security described in your home loan summary.
- Arrange for any guarantee described in your home loan summary to be given to us.
- Put in place the insurance arrangements we have asked for.
- Meet any pre-settlement requirements we asked you or your lawyer — for example, we may ask for a registered valuation report.

## **7. You can draw down your home loan**

You must draw down the loan amount in one amount unless you have a revolving loan or a table loan with progressive drawdowns. This does not include any fees included in the loan amount. We may cancel any amount you have not drawn down. An exception to this is if you break a fixed rate loan in which case you will repay and redraw a table loan.

## **If you have a table loan with progressive drawdowns**

If you have a table loan with progressive drawdowns, you can ask us to draw down parts of your loan amount over time. You can draw down amounts up to the full loan amount. We will state in your home loan schedule if your home loan is a table loan with progressive drawdowns.

Your home loan schedule or any loan variation letter will also set out the loan amount and any requirements you must meet before you can borrow each drawdown.

If you have not drawn down any part of your loan amount for your table loan with progressive drawdowns by the back-stop date, we may cancel the amount you have not drawn down.

The back-stop date for your table loan with progressive drawdowns is the date after which you can no longer borrow any further amount under that loan, unless we agree to another date. That date will be set out in your home loan schedule or your loan variation letters.

## **If you have a revolving loan**

If you have a revolving loan, you can borrow, repay and re-borrow your home loan over time, up to your revolving credit limit. Your revolving credit limit is set out in your home loan schedule or any loan variation letters. You must not let your loan amount exceed your revolving credit limit.



Check your account regularly to keep your home loan under the revolving credit limit.

## **8. What we both agree to do**

We agree to lend you the loan amount set out in your home loan schedule or any loan variation letter.

You agree to do the following things:

- Repay the loan amount, pay interest on the loan amount, and pay other amounts like fees and costs.
- Comply with your home loan contract, any security agreement and any other bank documents.
- Give us the rights we have in your home loan contract and any security agreement.
- Tell us as soon as reasonably possible if you have breached your home loan contract or if you think you are likely to breach it.



- Comply with all laws or other rules that apply to you or your secured property (and its use) if not complying is likely to affect the repayment of your home loan, or materially decrease the value of the secured property.
- Comply with all laws or other rules affecting our relationship with you.

## 9. Repayments you must make

You must make your payments and repayments on your home loan.

If you sell all or part of the secured property, you must pay all money you owe us, unless we have agreed otherwise in writing. This applies whether you have a table loan or a revolving loan.

### When you must repay your loan in full — if you have a table loan

For a table loan, you need to repay your home loan by the last payment date in your loan term, even if we have not asked for repayment beforehand.

The time in which you will repay your home loan can change if:

- Interest rates change but your payments stay the same.
- You change the amount of your required payments with our approval.
- You change the amount of your actual payments.
- You make lump sum payments.
- You ask us to change your loan term and we agree.



If you have a loan with a fixed rate and make a lump sum payment, you may need to pay an early repayment fee. See section 11 'You can repay your home loan early'.

You might pay off your loan faster if you increase the amount of your actual payments or make lump sum payments.

### When you must repay your loan in full — if you have a revolving loan

If you have a revolving loan, you do not have a loan term. However, you must repay your revolving loan on demand. This means we can ask you to repay it at any time and for any reason, even if you have not breached your home loan contract.

We can also reduce your revolving credit limit at any time. We will usually only do this if we are concerned about how you are using your revolving loan. Examples are if you often go over your revolving credit limit or we think you can no longer afford it. If we reduce the revolving credit limit, we will tell you what you must pay and when.

## Payments you must make — if you have a table loan

If you have a table loan, you will need to pay regular amounts over your loan term on each payment date. We refer to these amounts as required payments. Unless you have an interest-only period set out in your home loan schedule or any loan variation letters, your required payments are made up of:

- Amounts to repay your loan amount by the last payment date
- Interest we charge on the portion of your loan amount that you have drawn.

Your home loan schedule or loan variation letter may include further detail on how we calculate your required payment.

If you have an interest-only period, your required payments in that period are made up of interest on the portion of your loan amount that you have drawn. We will generally set out the required payments in your home loan schedule or any loan variation letters. In some cases, your exact required payments may not be known on the date of your home loan summary — for example, relating to a table loan with progressive drawdowns in some circumstances.

Unless we agree with you, you must either:

- Make the required payments.
- Make the actual payments that are higher than your required payment.

You can also make one off repayments on your home loan. See section 11 'You can repay your home loan early'.

You must make sure that your nominated TSB bank account has enough money for your actual payment, because that is the amount we will try to take. If your actual payment is more than your required payment, you can contact us to decrease your actual payment. See the heading 'How you can decrease your actual payments' in section 16.

We will never ask you to pay an amount you do not owe us. For example, if your required payment is more than the outstanding balance of your loan, we will only deduct your balance.

Your required payments will automatically change in certain situations:

- When our interest rates change — see the heading 'What happens if your interest rate changes' in section 9.
- When your actual payments are higher than your required payments.

Your required payments may also change if your home loan contract changes. See section 16 'These terms can change'.

If your required payment changes, but the new amount is less than your current actual payment, your actual payment will not change. Compared to before the change to the required payment:

- You will be repaying your loan faster if your required payment decreases.
- You will be repaying your loan more slowly if your required payment increases.

If you have any questions about your required payments or your actual payments or would like to change your actual payment, please call us on 0800 872 226 or visit your local branch.

In some circumstances, you also have the right to pay a different amount. See section 16 'How you can change the amount you regularly pay — for fixed rates'.

### **Payments you must make — if you have a revolving loan**

If you have a revolving loan, you have to pay interest on the revolving loan on the last day of each calendar month. You may also have to pay any fees that are payable on a revolving credit account. These fees will be set out in the home loan fees information which may change from time to time. You do not have to pay any other regular amounts while you have a revolving loan..

### **Payments you must make — if you have an instalment loan**

If you have an instalment loan, you must pay all the amounts set out in your home loan schedule or any loan variation letter.

### **You must pay interest on your home loan**

You agree to pay us interest on your home loan from the first drawdown date until you have repaid it in full.

We calculate interest daily. We do this by multiplying the amount you owe on your home loan at the end of the day by the daily interest rate. The daily interest rate is calculated by dividing the annual interest rate by 365.

You will generally find the interest rate for your home loan and how we will set the rate in your home loan schedule or your loan variation letter.

### **What happens at the end of a fixed rate term — if you have a fixed rate loan**

If a fixed rate applies to your home loan, unless you re-fix your interest rate you will automatically move to the applicable variable rate at the end of the fixed rate term. You will find the applicable variable rate set out in your home loan schedule or your loan variation letter.

## Where to find the interest rate — if you have a variable rate loan

If a variable rate applies to your home loan, we will calculate interest based on the variable rate that applies to your home loan. This variable rate is generally set out in your home loan schedule or your loan variation letter. You can find more information on our applicable variable rates on our website ([www.tsb.co.nz](http://www.tsb.co.nz)) or at your local branch.

If a variable rate applies to your home loan, the interest rate for your home loan may include a discount or margin:

- A discount is an amount we subtract from the relevant variable rate to reduce it.
- A margin is an amount we add to the relevant variable rate to increase it.

If a margin or discount applies to your variable rate, you will find it in your home loan schedule or loan variation letter. We can change your margin or discount at any time. If you fix your interest rate in the future, this margin or discount will not apply to your fixed rate. If you fix your interest rate in the future and later move to a variable rate, this margin or discount will also not apply to that variable rate.

## When interest is payable — if you have a table loan

If you have a table loan, we will charge interest up to each payment date, but not including that date. We will take this out of your nominated TSB bank account on each payment date.

## When interest is payable — if you have a revolving loan

If you have a revolving loan, interest is payable on the last day of each calendar month. We will take interest out of your revolving loan account unless you have asked us to take this out of your nominated TSB bank account. When you pay your revolving loan in full, we will charge interest up to the date of repayment, but not including that date.

## What happens if your interest rate changes

If the interest rate for your loan increases:

- Your required payment automatically increases if your current required payment is not enough to repay your home loan, within your loan term.
- Your actual payment will not change if your current actual payment is more than the new required payment.
- Your actual payment will increase to the new required payment if your current actual payment is less than the new required payment.



If interest rates decrease, your actual payments will not change to reflect the new lower interest rate unless you ask us to reduce them. Having actual payments higher than your required payments means you pay off your home loan faster.

## How and when you must make payments

You must pay all amounts to us in full, without deducting any amounts or using any right of set-off you may have. 'Set-off' is reducing payment owing to us by the amount of any of your money we hold — for example, money in a TSB bank account.

Your payments must be in cleared funds. 'Cleared funds' is money in your account which is available for you to use, which will not be reversed or dishonoured for any reason.

You must make payments by 4.30pm on the date they are due. If you do not pay by then, we may charge default interest.

## How we will apply payments you make

We can apply any payment you make to us to any amount you owe us, as we see fit. This means we may not always repay the oldest amounts you owe us first.

## 10. Fees payable on your home loan contract

Your home loan schedule may set out what fees you must pay and when. You may also be required to pay other fees in the circumstances set out in any loan variation letters or the home loan fees information.

### We can take fees out of your accounts or add the cost to the loan amount

If we have agreed to lend you money to pay these fees, we will include those fees in your loan amount. This means you will also pay interest on those fees because you repay them over the course of the loan.

If we are not lending you money to pay these fees, you agree to pay these on demand. We may also agree to take these fees out of one of your accounts.

## 11. You can repay your home loan early

What happens when you repay your home loan early depends on the type of interest rate you have.

### Early repayments on a home loan with a variable rate

If your home loan has a variable rate, you can repay all or part of the loan at any time without fees. You will need to pay interest up to the day you make repayment.

## Early repayment on a home loan with a fixed rate

If your home loan has a fixed rate, you can repay all or part of the loan at any time. You will need to pay interest up to the day you make repayment.

If you repay more than \$10,000 (or any other amount we agree with you) above your payments in a calendar year, you may need to pay an early repayment fee at the time you repay. If you have more than one home loan with a fixed rate, the \$10,000 limit applies to each fixed rate loan. The home loan fees information sets out how the early repayment fee will be calculated.

If we give you a home loan with a fixed rate, we do so on the basis that you will not make any changes to your home loan contract during the fixed rate term. If you do ask us to make a change during the fixed rate term, and we agree, the change will typically require a repayment of your loan and a new drawdown. We will give you information about this in a loan variation letter before we make any change.

You may need to pay us an early repayment fee for a home loan with a fixed rate if any of the following applies:

- You have asked us, and we have agreed, to give you a different type of loan or a different type of interest rate.
- You have asked us, and we have agreed, to change your loan term, or the type, frequency or amount of your required payments.
- A breach of your home loan contract occurs and we ask you to repay all of your home loan early.



Talk to us if you want to change your fixed rate loan before the end of your fixed rate term. This is so you can understand any early repayment fee before you make any changes.

## 12. The security agreement sets out important terms applying to the security

We will have a separate security agreement for any security we take for your home loan. The security agreements set out:

- The terms and conditions applying to the security.
- What the security is given over. For a mortgage, security will be given over the property and agreements relating to the property. This includes insurance policies and lease agreements.
- What you or the person giving us the security agrees to do or not do, and the rights we have — for example, because we rely on the property for security, the mortgage includes important insurance obligations.

## You or the person giving us the security must not do certain things unless we agree in writing

You or the person giving us the security must always get our written agreement before:

- Giving the same security to another person — for example, another lender.
- Selling the property subject to the security.

If we do not agree beforehand, it may be a breach of the security agreement and your home loan contract. This means we may ask you to pay all money you owe us.

If you do not repay all the money you owe us on time, we can sell the property subject to the security.

## You will have to pay for any shortfall

If the amount we recover from any security is less than the money you owe us, then you will still be responsible for paying any shortfall to us.

-  For example, you have a loan with us under which you owe us \$800,000. You breach your home loan contract. We have to sell your house and it sells for \$600,000. You still owe us \$200,000 (shortfall) and any other money you owe us.

## 13. Any security you give us secures all your current and future loans

Each security granted to us is an 'all obligations' security. This means:

- Any existing security you have given us for other loans secures your home loan and any other loans you get in the future.
- Any new security you give us secures your home loan and any other loans you already have with us. This new security will also secure any other loans you get in the future.


The security will be 'all obligations' unless we agree otherwise or unless our terms and conditions for other products state otherwise.


## 14. What happens if your home loan contract is guaranteed

When we get a guarantee for your home loan contract, the guarantor may also give us security for that guarantee — for example, the guarantor may also give us a mortgage over property they own as security for that guarantee. This means we can sell their property if they do not pay us money we ask for under the guarantee.

We may have agreed to limit the legal responsibility of a guarantor under their guarantee — for example, we may limit the guarantor’s legal responsibility to only one home loan contract or to a set amount. If we have limited a guarantor’s legal responsibility, we will set this out in your home loan summary and their guarantee.

If the money you owe us is more than your guarantor’s agreed limitation, your guarantor will not be responsible for paying any shortfall. Instead, you will remain responsible for the difference between the money you owe us and how much we recover from your guarantor. You may owe your guarantor any amount the guarantor pays to us.

 For example, you have a loan with us under which you still owe us \$800,000. We have agreed to limit your guarantor’s legal responsibility under their guarantee to \$600,000. You breach your loan and your guarantor pays us \$600,000 under the terms of their guarantee. You will still owe us \$200,000. You will be responsible to us for this amount and any money you owe us. We may take other steps to recover this amount from you. The guarantor may ask you to repay the \$600,000 they paid for you.

 A guarantor usually has a right of subrogation but they have agreed not to exercise their right until the money you owe us is paid in full. Right of subrogation means if they repay your home loan, they can take over the home loan contract from us. They can then require you to repay them the amount they have paid us.

## 15. We can give certain information about your home loan contract to another party or a guarantor

You agree we can give information about you to any person who is a party to, or has given us security or a guarantee for, your home loan contract. We will only do so to help that person understand their responsibilities or exercise their rights.

We may also have to give that person information under laws that apply, like the Credit Contracts and Consumer Finance Act 2003. This information may include a copy of any information or document forming part of your home loan contract that is guaranteed.

You agree we can do this without contacting you.

## 16. These terms can change


### **We can make changes to your home loan contract**


We can change the terms and conditions of your home loan contract. This includes any term of your home loan schedule, these home loan terms and conditions, or the home loan fees information.



Examples of things we can change are:

- The interest rate, the name of any interest rate or how we calculate or charge it. But if you have entered into a fixed rate term, we will not change your fixed rate during that term.
- How we calculate any payment or the amount, frequency or due date of any required payments or interest charges.
- How we calculate any fee or the amount, frequency or payment date of any fee under your home loan contract, including adding or removing any fee.
- Interest rate margins or discounts — whether we increase, decrease or remove them.

 For example, if you have a variable rate, we can move that interest rate up or down. Whether the interest rate moves up or down generally depends on what is happening in the market, both in New Zealand and overseas.

 If you have a table loan and your interest rate goes up or down, the amount of your required payments automatically goes up or down. See the heading 'What happens if your interest rate changes' in section 9.

## **We will give notice**

If the change is to certain matters specified by law, we will give notice as required or permitted by that law. Otherwise, we will generally give at least 14 days' notice of any change. If the change is in your favour or the change is so we can comply with law, we may give a shorter notice period.

How we will give notice is set out in section 25 'We will contact you about your home loan in one of several ways'. Sometimes, if the law allows us, we may give notice by publishing the new terms on our website.

## **You can also ask us to make changes to your home loan contract**

Some of the changes you may ask us to make to your home loan contract, if we agree, include:

- Frequency, amount, or payment date of required payments.
- Type of interest rate that applies to your home loan — for example, from a variable rate to a fixed rate. If you wish to change to a fixed rate, we ask that you give us 2 working days' notice. If we agree to change to a fixed rate on a table loan with progressive drawdowns, any undrawn amount will be automatically cancelled.
- Type of loan you have — for example, from a table loan to a revolving loan.
- Your loan term or loan amount.

We may charge you a fee for some of these changes. See the home loan fees information for more details.

## **How we will make changes to your home loan contract**

When you ask to change your home loan contract, we can choose to give you a new home loan under a new home loan contract or to change your existing home loan contract. If we give you a new home loan, you agree we will use the new home loan to repay your existing one. We will give you a new home loan contract or a loan variation letter setting out the details of changes to your home loan.

## **How you can change the amount you regularly pay — for fixed rates**

If your home loan is a table loan on a fixed rate term, you can choose to increase your actual payment amount up to three times over your fixed rate term. You can increase your actual payments between \$0.01 and \$1,000 per calendar month. The total change in payment must be no more than \$1,000 above the amount of your actual payment at the beginning of the fixed rate term.

## **How you can change the amount you regularly pay — for variable rates**

If your home loan is a table loan on a variable rate, you can choose to increase your actual payment amount at any time. You can do this by calling us or visiting your local branch.

## **How you can decrease your actual payments**

If your actual payments are higher than your required payments, you can choose to decrease them back to the required payment at any time. Or you can decrease them to an amount above the required payment amount.

You may also be able to decrease your payment amount below the required payment if we agree. You can change your payment amount by calling us on 0800 872 226 or visiting your local branch.



If you are experiencing hardship, you can ask us for assistance, and we may be able to change the terms of your home loan contract. See section 4 'You can ask us for help if you experience unforeseen hardship' above and visit our website [www.tsb.co.nz/loans/unforeseen-hardship](http://www.tsb.co.nz/loans/unforeseen-hardship).

## **You can change the TSB account you use to repay your home loan**

You must use a TSB transaction account to repay your home loan. You can change the TSB transaction account you use to repay your home loan. You can contact us to arrange this. You agree we do not have to confirm this change in writing.

# 17. Breaching your home loan contract can have serious consequences

It is important you comply with any home loan contract. Breaching a home loan contract could have very serious consequences for you — for example, if you breach a home loan contract, we may exercise our rights to sell your property.



Get in touch with us early if you think you may have problems complying with any home loan contract. We may be able to work with you or give you support or information to help.

## What will be a breach of a home loan contract

You will breach a home loan contract if any of the following happen:

- You do not make a payment on time under any bank document.
- You do not comply with the home loan contract or any bank document. This will apply where you do not remedy that breach (if it can be remedied) within a reasonable period of time following notice from us.
- Any information you give us is not correct or is misleading. This type of breach only applies where if you had provided correct and complete information, we would not have made your home loan to you.

A bank document includes any other home loan contract and any other agreement between us. See section 2 'Certain words have special meanings' for more details.

It will also be a breach of your home loan contract if:

- Your home loan contract or any other bank document becomes invalid or we would not be able to enforce it for reasons beyond our control.
- You become insolvent or a person takes steps to make you insolvent.
- A guarantor of your home loan contract breaches any mortgage or guarantee given to us. This will apply where that breach is not remedied (if it can be remedied) within a reasonable period of time in the circumstances following notice from us.
- Any information given to us by a guarantor is not correct or is misleading. This only applies where if we had been given correct and complete information, we would not have made your home loan to you.
- A guarantee or mortgage given relating to your home loan contract becomes invalid or we would not be able to enforce it for any reason.
- A guarantor becomes insolvent or a person takes steps to make a guarantor insolvent.

## **We can ask for further information if a breach of your home loan contract occurs**

If a breach of your home loan contract occurs, you must give us information about your financial position or any property subject to a security agreement, if we ask.

## **We can ask for extra security if a breach of your home loan contract occurs**

If a breach of your home loan contract occurs, we can ask for extra security.

You must give us the extra security within the time we have given you. If you do not do this, you will remain in breach of your home loan contract.

## **We can ask you to repay your home loan if a breach of your home loan contract occurs**

If a breach of your home loan contract occurs, we can exercise any rights we have to do more of the following:

- Ask you to fix the breach.
- Ask you to repay some or all of your home loan and pay any money you owe us, by a specific date. We can do this even if some of those amounts are not yet due — for example, if the last payment date has not yet occurred.
- Stop you from borrowing any loan amount you have not already drawn.
- Charge you default interest in some circumstances, or default fees or both.
- Take amounts you owe us out of any accounts you have with us and apply them to reduce your loan amount.

If your loan has a fixed rate when we ask you to repay it, we may be able to charge you an early repayment fee, which you must pay. See the home loan fees information for more information on when this fee must be paid.

## **We can take steps to recover the amounts you owe us**

If a breach of your home loan contract occurs, we can exercise any rights we have. These may include doing one or more of the following:

- Sell any property given to us as security, or use our rights under any security agreement to recover any money you owe us to us.
- Ask any guarantor or covenantor (where one exists) to pay some or all of the amounts you owe us.
- Take other action against you to recover the money you owe us, including taking you to court.

## **You agree to protect us from any claims against us when we enforce your home loan contract**

You agree to protect us from any claims that may be made against us because you have breached your home loan contract. You also agree to protect us from any claims made against us because we have exercised or chosen not to exercise our rights under your home loan contract. This is called an indemnity.

“Protecting” us means paying us for any loss or costs we incur as a result of a claim.

You agree to protect our officers, employees and agents in the same way.



Joint borrowers and covenantors provide us with a separate indemnity for actions taken by a borrower on their behalf. See section 24 'If you are a joint borrower or a covenantor you authorise changes or exercise of powers on your behalf' below.

This indemnity does not apply when any claim is successfully made against us as a result of us doing any of the following:

- Acting dishonestly.
- Engaging in wilful misconduct.
- Being grossly negligent.

We are not responsible for any losses you may suffer because of us enforcing or not enforcing any of our rights under your home loan contract.

## **You agree to pay any costs**

You agree to pay any costs or losses we have to pay as a result of us exercising any rights under your home loan contract, any security, guarantee or other bank document. This will only apply where your home loan contract, any security, guarantee or other bank document is breached.

Our costs depend on the type and complexity of the transaction and your circumstances — for example, our costs include our legal costs, real estate agent or registered valuer's fees, other professional adviser fees, costs for getting reports, auction fees and taxes.

## **We can charge default interest and fees if you breach your home loan contract**

We can charge default interest on any amounts you do not pay when originally due, if the law allows us to. If we choose to charge default interest, we will calculate it by multiplying any such overdue amounts by the daily default interest rate. The daily default interest rate is calculated by dividing the default interest rate by 365. We will calculate default interest every day until the overdue amount is paid in full.

We will take default interest out of your account or add it to your loan amount on each payment date. Or if you have a revolving loan, we will do this on the last day of each calendar month.

We may also be able to charge default fees in certain circumstances. See the home loan fees information for more detail.

## 18. We require you to behave considerately

Protecting our team and customers from harm is important to us. Because of this, when you deal with us, you must not:

- Behave in a way that is abusive or intended to intimidate or harass. This includes the language you use.
- Be involved in any criminal activity that could adversely affect our interests.

If you behave in a way that seriously threatens our team or customers or engage in criminal activities that could adversely affect our interests, you will breach your home loan contract.

## 19. You have other obligations if you are a company, limited partnership or trust

If you are a company, partnership, limited partnership or trust, you also agree to get our written agreement before you do any of the following:

- Change any of your governing documents — your constitution, partnership agreement, trust deed, partnership deed or similar. This only applies if the change to the documents adversely affects us.
- Change your control or ownership — including shareholding or partners.
- Deregister or permit your deregistration if you are a company or limited partnership.
- Distribute the assets of your partnership if you are a partnership, limited partnership or trust.
- Wind up or terminate — if relevant.

## 20. We have limited the legal responsibilities of some of your trustees

We have limited the legal responsibilities of any professional or independent trustees.

If the trust's assets are not enough to repay us, we will not recover the money you owe us from those trustees' personal assets. However, we can recover the money you owe us from those trustees' personal assets if we suffer a loss because they breach their duties by doing any of the following:

- Acting dishonestly.
- Engaging in wilful misconduct.
- Being grossly negligent.

### **Legal responsibilities of other trustees**

The terms of the home loan contract bind all other trustees personally. We can recover the money you owe us from other trustees' personal assets as well as from the trust assets.

## **21. We can request information about you and your property from third parties**

We can engage third parties such as valuers, quantity surveyors and other consultants to provide information and reports on you or your secured property. If your home loan has been breached, you must pay for those reports.

## **22. We may pay your broker a commission**

If you applied for your home loan through a broker, you agree that we may pay them a commission in connection with your entry into your home loan contract.

## **23. We can choose how we use our rights under your home loan contract**

We can choose whether to do any of the following:

- Use our rights under your home loan contract by themselves, or with our rights under any security, any guarantee or any other agreement.
- Use our rights under the law or under any other bank document.
- Use our rights under any guarantee against one, some or all of the guarantors.
- Use our rights under your home loan contract immediately or at a later time.

We will only be prevented from using our rights if we have written to you to say we are giving them up.

## 24. If you are a joint borrower or a covenantor, you authorise changes or exercise of powers

If your home loan contract has more than one borrower or covenantor, each of you authorises any borrower to do certain things on your behalf:

- Agree changes to your home loan contract on your behalf
- Exercise rights under your home loan contract on your behalf.

Before you exercise any right under your home loan contract or ask us to make any changes to your home loan contract, you should always get the agreement of all of the borrowers and any covenantor.

If you have exercised any right under your home loan contract or asked us to change your home loan contract, you agree to protect us from any claims any other borrower or covenantor makes because you did that without their agreement. This is called an indemnity. You also agree to protect us against any reasonable costs we have to pay in these circumstances.

## 25. We will contact you about your home loan in one of several ways

Other than where specific laws set out how we may (or must) contact you, you agree we can choose how to give any letter, notice, statement or other information. We can choose to give any letter, notice, statement or other information in any of these ways:

- Give it to you.
- Write to you, using any address you have given us or your place of residence.
- Send you an email, using any address you have given us.
- Send you a message by any other electronic means — for example, we can send you a message on mobile or online banking. Or we can send a message to any other information system you have given us — for example, we can send you a text message.
- Publish the information on our website or a website you can access.

Where specific laws require us to give information in writing, you agree we can give that information electronically. For example, we can give information electronically about changes to your home loan contract or disclosure statements. You agree we can give the information in any of these ways:

- Send you an email, using any address you have given us.
- Send you a message by any other electronic means — for example, we can send you a message on mobile or online banking. Or we can send a message to any other information system you have given us — for example, we can send you a text message.



- Publish the information on our website or a website you can access.

If we give you a letter or notice personally, email it to you or publish it on our website, you are considered to have received it from us on the same day. If we post you a letter or notice, you are considered to have received it 4 days after we sent it. This timing applies unless an applicable law provides that a document is given or received in a shorter timeframe.

If more than one person is named as a borrower, we can give or send a letter or notice to only one of those people. If we do this, all the people named as a borrower will be considered to have received it also. This applies unless the law requires us to do otherwise.

If more than one person is named as a covenantor, we can give or send a letter or notice to only one of those people. If we do this, all the people named as a covenantor will be considered to have received it also. This applies unless the law requires us to do otherwise.

The ways of sending notices or letters set out here do not limit any other ways we are allowed to send notices or letters at law.

## **How you can contact us about your home loan**

You can give us notices or other communications electronically in one of the following ways:

- Send us an email, using the address on the front page of your home loan summary.
- Send us a message by any other electronic means we use with you — for example, you can send us a message by mobile or online banking.

## **26. When we will give you regular statements about your home loan contract**

We may be required to provide you with regular statements about your home loan contract. If so, we will give you these statements either:

- At least every 45 days, for any revolving loan you have.
- At least every 6 months, for any other type of loan you have.

## **27. We have certain legal rights if you owe us money**

You agree that the law gives us certain other rights if you owe us money — for example, we have the right to use amounts we owe you to pay amounts you owe us. This right is called 'set-off'.

At any time after a breach of your home loan contract, we can take any amount you have not paid us when due out of any of your accounts with us. We can do this even if you do not want us to. We do not have to ask you to repay some or all the loan amount first before using this right.

## 28. We can collect and use your personal information

All personal information we collect and use about you for your home loan contract will be handled according to our Privacy Notice at [www.tsb.co.nz/privacy-notice](http://www.tsb.co.nz/privacy-notice).

## 29. What happens if a term is unlawful or not valid

If any of these home loan terms and conditions is unlawful or does not meet any duty that we legally need to comply with, that term will be changed to be lawful or to comply with the law. That term will only be changed as needed and will not affect the other terms of these home loan terms and conditions.

## 30. We can transfer or assign our rights and obligations under this home loan contract

We can transfer or assign our rights and/or obligations under your home loan contract to anyone we choose. We can do this at any time and we do not need your agreement to do this.

The person we transfer or assign our rights under your home loan contract to can exercise all our rights under your home loan contract.

If we do transfer or assign our rights and/or obligations, under your home loan contract, 'we', 'us', and 'our' means the person we have transferred or assigned those rights and/or obligations to. If we assign our rights under your home loan contract, 'we', 'us', and 'our' will continue to mean TSB Bank Limited too.

You agree we can share any of your personal information, including personal information about your home loan contract or any other bank document with that other person. We can share your personal information before the transfer or assignment happens. See our Privacy Notice at [www.tsb.co.nz/privacy-notice](http://www.tsb.co.nz/privacy-notice).

### **You must not transfer or assign your home loan contract**

You must not transfer or assign your rights or obligations under your home loan contract unless we have agreed in writing.

## 31. When certain consumer laws may apply

The following consumer protection laws may apply to your home loan contract.

The Consumer Guarantees Act 1993 applies to your home loan contract, unless your home loan is for business purposes. In that case, we both confirm that we are in trade, the money you owe us is supplied and acquired in trade and we both agree to contract out of that Act. This will mean none of the guarantees, implied terms and other provisions of that Act apply to your home loan contract.

Parts of the Credit Contracts and Consumer Finance Act 2003 only apply to consumer credit contracts. These parts apply if you are an individual and the money you owe us is intended to be used, wholly or predominantly for personal, domestic or household purposes.

If the Credit Contracts and Consumer Finance Act 2003 applies, the effective date for the purposes of schedule 1 of that Act of our initial disclosure is the expected drawdown date or availability date. This is set out in your home loan schedule.

## 32. New Zealand law and legislation applies

New Zealand law applies to your home loan contract. Where we refer to laws in these home loan terms and conditions, we are referring to New Zealand laws. The references also include any replacements or amendments to those laws.

## Need more information?

Visit us in branch

Visit [tsb.co.nz](https://www.tsb.co.nz)

Call **0800 872 226**

