

**Southern Cross Partners Limited
Peer-to-peer Lending Platform (the Platform)
Service Disclosure Statement**

We are required by law to provide this Disclosure Statement in connection with our peer-to-peer lending service provided on the Platform.

Capitalised words and phrases are defined in the Glossary which is part of our [General Terms and Conditions](#).

Licensing

We are licensed under FMCA by the Financial Markets Authority to provide peer-to-peer lending services in New Zealand.

We are registered on the FSPR in accordance with the requirements of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to provide peer-to-peer lending services.

As the Platform's lender of record, the Trustee is registered on the FSPR to provide credit under a credit contract and to provide a broking service.

What are the services we provide?

We provide a peer-to-peer lending service through the Platform. The Platform enables a Borrower to borrow, with this borrowing secured by registered mortgages. The Loans are usually initially funded by us or Southern Cross Finance (although Third Party Lenders may also provide initial funding), before being made available for investment by Investors on the Platform. We also have the ability to offer Loans on the Platform that have not been pre-funded by any party and that may have a future settlement (drawdown) date, and when this occurs, they will be clearly identified. If we approve, an Investor may also offer their existing interest in a Loan on the Secondary Market.

Our, Southern Cross Finance's and any other Investor's interest in each Loan, will be held under a separate bare trust by the Trustee. That is, where there are multiple Investors participating in a Loan, each Investor will have an interest (held by the Trustee as bare trustee) in the principal and interest payable under the Loan based on the proportion of the value of the Loan contributed by the relevant Investor, and if applicable, subject to any Priority Arrangements agreed between the Investors. An Investor will not deal directly with the Borrower and all correspondence and actions in respect of the Borrower and/or the Loan are undertaken by the Trustee, or by us on the Trustee's behalf.

Investors and the Trustee appoint us to act as agent for a number of services provided in relation to the Platform including entering into agreements (through the Trustee) on behalf of Investors, opening and administering bank accounts, transferring funds and settling Loans and administering and enforcing the terms of the Loans.

Further details regarding the peer-to-peer lending service are set out in the following documents which are available on the Platform and which can be accessed through the links below:

1. The [General Terms and Conditions](#);
2. The [Investor Agreement](#);
3. The [Fair Dealing Policy](#);
4. The [Secondary Market Rules](#);
5. An example of our Loan Documents can be found here:
 - [Regulated Loan Agreement](#);
 - [Non-Regulated Loan Agreement](#);
6. The [Investor Application Form](#); and
7. The [Borrower Application Form](#).

How do Investors apply for, and obtain, access to the Platform?

In order to use the Platform, a prospective Investor must apply to be an Investor by completing the Investor Application Form. Any person (including trusts, companies, partnerships, limited partnerships and other bodies acceptable to us) can apply to be an Investor.

In order to be accepted as a member of the Platform, the prospective Investor must:

- for an individual, be a permanent New Zealand resident, unless we otherwise agree;
- for any other entity, be incorporated and constituted in New Zealand or have a place of business in New Zealand, unless we otherwise agree;
- for an individual, be 18 years of age or older at the time you submit your application;
- have a New Zealand bank account;
- submit an Investor Application Form and meet any other eligibility criteria we may set from time to time;
- provide all of the information required in the Investor Application Form, or that we subsequently ask for;
- complete our verification processes in relation to their identity and personal information to our satisfaction; and
- meet any other requirements notified by us from time to time.

Once we have accepted an application to be an Investor, the prospective Investor may apply to invest in Loans offered on the Platform and on the Secondary Market. These investments will be made subject to the Investor Terms.

How do Borrowers apply for, and obtain, access to the Platform?

In order to become a Borrower on the Platform, the prospective Borrower must:

- for an individual, be a permanent New Zealand resident, unless we otherwise agree;
- for any other entity, be incorporated or constituted in New Zealand or have a place of business in New Zealand, unless we otherwise agree;
- for an individual, be 18 years of age or older at the time you submit your application;
- have a New Zealand bank account;
- submit a Borrower Application Form and meet any other eligibility criteria we may set from time to time;
- complete all credit checks and assessments we undertake in relation to the application and have an acceptable credit record as determined by us; and
- provide all of the information required in the Borrower Application Form or that we subsequently ask for, unless we otherwise agree.

Once accepted onto the Platform and in order to use the Platform to apply for a Loan, the Borrower must complete all credit checks and assessments noted below and provide all of the information required in the Borrower Application Form, unless we otherwise agree.

In order to use the Platform to apply for a Loan, a Borrower must provide, either directly or through their Financial Adviser, the following, unless we otherwise agree:

- a fully completed Borrower Application Form. This must provide full details of the proposed Borrower, and if the Borrower is not a natural person, then full details of the natural people behind that entity;
- synopsis of their Proposal including a brief background about their situation, Loan amount requested, and details of how the Loan is to be repaid and of the security being offered;
- servicing information i.e. where does the income come from and how much is it;
- a fully completed statement of position, including assets and liabilities;
- a fully completed monthly budget or other acceptable income details;
- details of any property being offered for security;
- signed authority for us to undertake appropriate enquiries and credit checks;
- any other information that we request in relation to the Borrower or their Proposal; and
- if the Borrower is proposing any Guarantors, then the above information must be provided for each proposed Guarantor.

All Borrowers are required to appoint an independent legal adviser who will:

- collect and certify the Borrower's identity information to be provided to us or our legal advisers;
- independently advise the Borrower on the Loan including explaining the Loan terms, the Borrower's rights and obligations and the nature of the security being provided;
- assist in registering the security;
- ensure all documentation is fully completed and signed; and
- facilitate the exchange of funds and settlement of the Loan.

Guarantors (if any) are also required to appoint an independent legal adviser who will undertake the same role as for the Borrowers, above.

If a Borrower is a natural person (i.e. an individual, not an entity such as a company) and the Loan is to be used, or is intended to be used, wholly or predominately for personal, domestic or household purposes, the Loan will be a "Regulated Loan". A Regulated Loan is a consumer credit contract for the purposes of the CCCFA (see discussion of the CCCFA below). Where a Borrower is seeking a Regulated Loan, we will refer the Borrower to a Financial Adviser to assess their needs before reviewing their application. Regulated Loans have additional requirements relating to disclosure, fees and Borrower protection under the CCCFA beyond those for Non-Regulated Loans.

Once we have accepted a Proposal, we will provide a Letter of Offer setting out information about the approval, the associated terms and other relevant documents to the Borrower either directly or through their Financial Adviser.

The Borrower (and if the Borrower is a trust or company, the trustees or directors of the Borrower) will be subject to credit checks, including an assessment based on the income and earnings and debt servicing in order to assess the Borrower's creditworthiness and the feasibility of their Proposal.

Repeat Borrowers are subject to the same process but may apply to us directly rather than through a Financial Adviser and we may not require certain information from them which we already hold.

The Credit Contracts and Consumer Finance Act 2003 (CCCFA)

All Loans are subject to the requirements of the CCCFA. The primary purpose of the CCCFA is to protect the interests of consumers, such as Borrowers under Regulated Loans, in connection with credit contracts (i.e. Loans).

The CCCFA imposes obligations on a creditor under a "consumer credit contract" (i.e. loan contracts, such as Regulated Loans, that are for personal, domestic or household purposes). It imposes a number of disclosure and conduct obligations on creditors, including the requirement to comply with the "responsible lending principles", and requires the "consumer credit contract" to comply with certain requirements (e.g. in relation to fees or interest charges). Where applicable, we will arrange compliance with these requirements including providing disclosure to Borrowers and Guarantors in respect of Regulated Loans.

Investors should be aware that, in respect of a relevant Loan, to the extent Investors are also considered to be “creditors” for the purposes of the CCCFA, if any investor is carrying on the business of being a creditor under a credit contract within the requirements of the FSP Act and that Investor is not registered on the FSPR (and an exemption is not otherwise available under the CCCFA), neither the Trustee nor any other person may enforce any right under that Loan in relation to the cost of borrowing (including credit fees, default fees and interest charges).

In this respect, Investors are directed to the eligibility criteria, warranties and indemnity set out in the General Terms and Conditions.

Parts of the CCCFA also apply to all “credit contracts” (i.e. including credit contracts entered into by non-consumers, such as Non-Regulated Loans). For instance, the CCCFA allows for the court to re-open oppressive credit contracts. Oppressive is defined in the CCCFA as oppressive, harsh, unjustly burdensome, unconscionable, or in breach of reasonable standards of commercial practice.

How are Loans offered on the Platform?

Loans are offered on the Platform in three ways:

1. Us, Southern Cross Finance or a Third Party Lender offering Loans for which it has provided the initial funding on the Secondary Market for Investors to invest in;
2. by us including on the Platform details of a proposed Loan from a Borrower that has a future settlement date (i.e. where the funds for the Loan will be drawn down at a future date); and
3. Investors “on-selling” Loans in which they have invested on the Secondary Market to other Investors.

Unless otherwise agreed in the Loan Documents and disclosed to Investors via the Platform, interest on the Loan is payable monthly, and principal on the Loan is due for payment on the date set out in the Loan Documents. Note that investment principal can only be repaid once the Borrower repays the Loan, so if this does not occur on due date set out in the Loan Documents (for example, because we agree to renew or extend the Loan), then the investment principal may not be repaid on that date.

When we renew or extend a Loan, we will contact Investors in the Loan and provide them with any updated information on the Loan (including any changes to the interest rate or other Loan terms). We will obtain instructions from each Investor as to whether they wish to remain invested in that particular Loan. If an Investor chooses to remain invested in the Loan, this will be on any updated terms of the Loan (including any changes to the interest rate or other Loan terms).

If an Investor in a renewing/extending Loan does not wish to remain invested in the Loan, we may choose to repurchase that Investor’s interest in the Loan (at our sole discretion and where our liquidity allows this). Where we repurchase an interest in a Loan we will re-list this interest on the Secondary Market. Where we do not repurchase an interest in a Loan we will permit the Investor to list this interest on, the Secondary Market. Any listings on the Secondary Market are subject to the Secondary Market Rules.

Investors should be aware that the interest rate (and other terms) of an interest in any such Loan to be listed on the Secondary Market (either by us or an Investor) may be different from the

interest rate (and other terms) relating to other Investors' interests in the Loan (for example, Investors who elected to remain in the Loan at the time of renewal or extension).

Listings by proposed Borrowers of Loans with future settlement (drawdown) dates

Loans with future settlement (drawdown) dates offered on the Platform (see point 2, above), will be clearly identified, including the proposed expected date of future drawdown. In these circumstances there will be a commitment to borrow (in the form of a signed and accepted Loan offer), and an anticipated drawdown date.

Investors who make Offers to invest in these Loans will be required to have their investment principal lodged in their Investor Accounts in cleared funds, in advance of the advised date for settlement (drawdown) of that Loan. These funds will be held in trust by the Trustee on the Investor's behalf and will only be used in settlement of a Loan where all Loan Documents (including the Security Documents) have been entered into by the Borrower, the Loan has been fully funded and we have received confirmation of registration of security in respect of the Loan. If there is a shortfall in the Investors' funds committed to fill the Loan amount, the shortfall may be funded by a member of the Southern Cross Group, a Third Party Lender or another investor. Should the Loan remain undrawn for one week after the proposed settlement date, the relevant Investors' funds will be returned to Investors' Nominated Accounts, unless an Investor instructs us otherwise. Any funds held in Investor Accounts are unsecured and will not earn any interest.

Loans with future settlement (drawdown) dates will be listed on the Platform with the same information as for Loans offered by Initial Investors (see below) but including additional details regarding the future settlement (drawdown) date of the Loans. Investors can invest in these Loans in the same way as for investing in Loans offered by an Initial Investor, as set out in the process described below.

Listings by us, Southern Cross Finance and Third Party Lenders on the Secondary Market

In the majority of cases, we or Southern Cross Finance will be the initial funder of the Loans we accept on the Platform. However, Third Party Lenders who have entered into Third Party Origination Agreement with us may be the initial funders of Loans we accept on the Platform. Us, Southern Cross Finance and any Third Party Lender are known as Initial Investors.

All Loans initially funded by Initial Investors will be entered into following our usual lending process and in accordance with the terms contained in our standard Platform Documents.

The Loans will be offered on the Platform as soon as practicable after confirmation is received that the Loan funds have been advanced, and the mortgage has been registered in the name of the Trustee who holds the Loan and the mortgage on bare trust for the Initial Investor.

Where a Loan provided to a Borrower exceeds the amount that is permitted by law to be raised by that Borrower from Investors through our Platform (currently \$2 million per Borrower per year), then any sums in excess of this limit may be funded by another lender or lenders outside of the Platform. That lender or lenders may be members of the Southern Cross Group or other Related Parties or other types of lenders. Where this occurs, the listing on the Platform will disclose the full amount of the Loan and the value of the security and will also disclose the portion of the Loan that is funded outside the Platform. Unless Priority Arrangements have been agreed in relation to the Loan, any Loan amount funded outside of the Platform will rank *pari passu* (equally) in repayment priority with any Loan amounts funded through the Platform,

proportionally with the amount invested. However, the interest rate payable by the Borrower in respect of amounts funded outside of the Platform may differ (including by being higher) than the interest rate for amounts funded by Investors through the Platform.

We may also elect to offer a proportion of any Loan amount outside of the Platform, at our sole discretion. Where we do this, we will make full disclosure of the amount offered outside of the Platform, in the Loan terms published on the Platform.

The minimum investment amount is \$10,000.

The Platform will display the following information about each Loan offered:

- terms of the Loan (including amount, drawdown and maturity dates, and loan interest rate);
- terms of the investment in the Loan (including minimum investment amount, total amount available for investment, and the investment interest rate);
- a description of the security property including valuation details (but without disclosing personal information about the Borrower);
- other Loan information (including the Borrower's credit score, the Loan purpose, the loan to value ratio and a statement of how the Loan is serviced);
- confirmation of whether the Loan is a Secondary Market Loan (including a link to our Secondary Market Rules (if applicable));
- if applicable, the proportion of the Loan that has been offered to investors outside of the Platform; and
- any other information that we consider should be disclosed.

Loans offered on the Platform are on a "first come, first served" basis. Investors may acquire an interest in the entire Loan or acquire a partial interest in the Loan (provided that investment meets the minimum investment amount).

Once an Investor has accepted the Loan or an interest in the Loan, we will transfer the relevant proportion of the beneficial interest in the Loan to the new Investor, which will be held by the Trustee on bare trust for each Investor. An Initial Investor will continue to hold its interest in some or all of an Initial Investor Loan, where Investors have not taken up that portion of the Loan.

For an Initial Investor Loan, when an Investor selects a Loan to invest in, the beneficial interest in the proportionate part of that Loan will be transferred to that Investor on the same terms as it is held by an Initial Investor. The only difference is that the Investor will receive a lower interest rate than an Initial Investor because our margin is deducted from the interest paid to the Investor but would not be deducted from the interest paid to the Initial Investor. Our margin will be fully disclosed to the Investor when they are selecting which Loan to invest in. Where we or Southern Cross Finance are the Initial Investor, it will receive the full Loan interest that is charged to the Borrower by the Trustee i.e. it will not be charged any fees and we will not take our margin. A Third Party Lender will receive the full Loan interest rate that is charged to the Borrower by the Trustee minus the margin charged by us for use of the Platform.

We or Southern Cross Finance may choose to offer a portion only of a Loan to Investors on the Secondary Market and may retain part of the Loan itself. Any such arrangements, including any applicable Priority Arrangements, will be disclosed to Investors in the Loan through the Platform.

Listings by Investors (other than Initial Investors) on the Secondary Market

Investors may request to us in writing to offer a Loan in which they have invested on the Secondary Market for other Investors to acquire. We may decline any application by an Investor to list a Loan on the Secondary Market for any reason, including that, but not limited to:

- the Loan is in default;
- the Loan has matured or been repaid, or will mature or be repaid within a calendar month;
- the Loan term has expired but has not (fully) been repaid; and
- the Investor is trying to exit the Loan to reinvest into a higher interest rate Loan.

Any Loan offered on the Secondary Market by an Investor (other than an Initial Investor) will be clearly identified as a Secondary Market Loan and will be offered on the same terms as held by the transferring Investor, including the Loan term and interest rate. The Platform will display:

- the same information as for Loans offered by Initial Investors (above) including any updates to this information;
- if appropriate, the reasons for the Secondary Market listing;
- a comment about how the Loan has performed since it was drawn; and
- any new information that we have subsequently obtained and consider should be disclosed.

Investors can invest in these Loans in the same way as for investing in Loans offered by an Initial Investor, described above. We or Southern Cross Finance may also elect to invest in these Loans. Where we or Southern Cross do so, we or Southern Cross Finance will, as soon as practicable, relist the Loan on the Platform on the Secondary Market, on the same terms as held by the previous transferring Investor i.e. it is not intended that we or Southern Cross Finance will continue to hold the Loan. However, we or Southern Cross Finance may not relist a Loan where we or Southern Cross Finance consider the Loan is not suitable for sale to Investors on the Secondary Market, in which case we or Southern Cross Finance will continue to hold the Loan.

We may require guarantees as part of the security in relation to a Loan. We will disclose to Investors details of all security provided in relation to a Loan. This disclosure will include any applicable Priority Arrangements. We may, at our discretion, disclose to you any guarantee in relation to a Loan.

Further information regarding the Secondary Market can be found in the [Secondary Market Rules](#).

How is Investor money received and dealt with by us?

We will establish an Investor Account in the name of the Trustee in which Investor money will be held on separate bare trusts by the Trustee for each Investor who has transferred funds into, and to the extent to which such funds remain, in the Investor Account. No interest is paid on amounts in the Investor Account.

Once an Investor has chosen to invest in a Loan, the Investor authorises us and the Trustee to transfer funds to the value of their investment from their Investor Account to the selling Investor. Any interest earned, and any principal repaid on Loans will be held by the Trustee on bare trust for the Investor until transferred to the Investor in accordance with the Investor's instructions.

How do we check and assess Borrowers?

In addition to the requirements set out above, the following checks are obtained on all Borrowers and Guarantors and if the Borrower or Guarantor is a trust or a company, on the trustees or directors of the Borrower or Guarantor:

- identity check. This will be undertaken by the Borrower's or Guarantor's legal adviser who will provide certified copies of identity information to us or our legal advisors. We will ensure that this identification process is completed and that we obtain all certified copies.
- credit check to ensure that Borrowers and Guarantors have good credit history in relation to Regulated and Non-Regulated Loans. This will be undertaken by us in all cases.

Once a Proposal has been submitted, our Loan application committee will consider:

- the Loan amount requested and whether the Loan amount includes everything the Borrower expects it to include;
- the nature and location of the security property;
- the Loan-to-value ratio;
- the Borrower's exit strategy for repaying the Loan. Strategies may include refinancing to a bank or sale of the security property or other acceptable strategy;
- the pricing of the Loan;
- the Borrower's ability to service the Loan; and
- whether the income information provided can be or needs to be verified and whether bank statements need to be reviewed.

We check all financial information provided by potential Borrowers for reasonableness and the applicant's ability to service the Loan. Where a Regulated Loan is being sought, we require the potential Borrower to provide tangible evidence of income and we undertake a servicing calculation.

We check all security property information provided through the use of online data and property valuation records. We also use external valuation advice from real estate professionals or

registered valuers, as appropriate. In all cases, we require documentation to support the valuation of the security property, which may include any of:

- a sale and purchase agreement;
- government valuation records;
- on-line valuation appraisals;
- real estate professional appraisals; and
- a registered valuation.

Guarantors of Regulated Loans must have servicing calculations undertaken on them as if they are the Borrower (so they must meet the same standards as a Borrower). Credit checks are completed on Guarantors in the same manner as for Borrowers.

How do we monitor Borrowers' compliance with their obligations?

Loan arrears are monitored on a daily basis. They are reported via our Loan management software and are followed up as appropriate.

What happens if a Borrower goes into arrears?

An arrears report is generated daily confirming Loan defaults. Any default in Loan payments, is advised to the Investor once those arrears exceed 30. days This advice is also recorded on the Investor's deposit log.

Enforcement

When a Borrower has fully or partially missed a payment, we contact the Borrower to secure their commitment to remedy the default either by catching up with the missed payment or making a commitment to make the payment at a future agreed date.

If we do not reach an agreement with the Borrower or they do not honour their commitment, further contact is initiated, and the consequences of non-payment are clearly explained. We also advise the Borrower of their rights if they are facing hardship.

Recovery action is initiated if no acceptable outcome is achieved. This involves taking action to enforce the sale of the security property.

Investors are not included in this enforcement process. We are authorised to manage the Loans in our sole discretion including managing enforcement actions and Investors are not entitled to influence the process.

Shortfall after the sale of the security property

In the event that there is shortfall after the security property has been sold, we will contact the Borrower to inform them of the shortfall and to invite them to contact us to discuss a repayment proposal. If we have not received a response from the Borrower one month after sending the first letter, we will send a follow-up letter advising that in the absence of any contact or

arrangement, the matter will be passed onto our debt collectors for enforcement. Our debt collectors are Auckland District Collections.

If a Borrower offers a full and final figure in settlement of their debt (which still results in a shortfall to Investors), agreement must be obtained from at least 50% of all Investors (by value) who have invested in that Loan.

Any settlement funds will be distributed in the following priority from the net proceeds received:

1. first, to the payment of all fees, costs and expenses properly incurred in relation to the Loan and the security property, including statutory costs, enforcement costs, insurance, rates, or any other fees, costs or expenses of any nature whatsoever relating to the Loan or the security property;
2. secondly, to outstanding principal;
3. thirdly, to outstanding interest (including default interest other than our default interest); and
4. then, to our share of default interest and fees (see below under “**What charges are payable by Borrowers?**”).

Note that, except where there are Priority Arrangements in place (for example, where a Security Sharing Deed is in place), the amounts in 2 and 3 above will be distributed on a pro-rata basis by reference to the proportion of the Loan principal funded by each Investor (including an Initial Investor or a Related Party Investor), or other lender.

What disclosures are made in relation to Loans?

Borrowers are provided with a disclosure statement (**Borrower Disclosure**) that meets the requirements of the CCCFA in relation to each Loan that is a Regulated Loan.

A Regulated Loan is a Loan which is made to a natural person (i.e. an individual, not an entity such as a company) and which is to be used, or is intended to be used, wholly or predominantly for personal, domestic, or household purposes, and which is made under a consumer credit contract for the purposes of the CCCFA.

The Borrower Disclosure includes details of the lender and the security, the initial unpaid balance, terms of the Loan including in relation to repayment, interest and fees, the frequency of continuing disclosure to be provided to the Borrower, as well as the Borrower’s rights to cancel and to apply for relief on grounds of unforeseen hardship.

The Borrower Disclosure is not required or provided for Non-Regulated Loans.

The Borrower Disclosure is provided to the Borrower as part of the Loan Documents, which is executed by the Borrower with their legal adviser.

When we require guarantees in relation to a Loan, the Guarantors are provided with the disclosure required under the CCCFA. Guarantors are generally required to obtain independent legal advice.

This Disclosure Statement is provided to all Investors before they enter into an Investor Agreement with us.

What fees are charged to Investors?

The following is a summary of the fees payable by Investors at the date of this document. Full details of these fees are available on our Platform [\(here\)](#).

Acquiring Loans

Investors are not required to pay any fees for using the Platform to acquire Loans, although fees may be payable for listing Loans on the Secondary Market (see following section). Instead, the Trustee, as the lender on record, will charge Borrowers a higher rate of interest than is offered to Investors and this difference will be our margin, which may differ from Loan to Loan, or even on separate investments within the same Loan. We or Southern Cross Finance, if the Initial Investor, will receive the full Loan interest rate charged by the Trustee while we or Southern Cross Finance are invested in the Loan. When we or Southern Cross Finance offer the Loan to Investors, the interest rate for the Loan will have our margin deducted. Our margin will be fully disclosed to Investors before they make their decision whether or not to invest in a particular Loan.

We will not make any deductions from your agreed interest return, except for withholding tax.

Offering Loans on the Secondary Market

If an Investor wishes to list their Loan on the Secondary Market, they may be charged an administration fee at the time of listing the Loan, regardless of the success of that listing. The exception to this is if an Investor wishes to exit a Loan that has had its term extended beyond the term specified when they initially acquired the Loan. In that situation, we will waive the administration fee.

There are no further fees payable by Investors for using the Platform.

The rights of the provider or any other person to alter any of the charges applicable to the service

We may alter the fees payable by Investors by providing notice of the amendments on the Platform. Any amendments we make to the fees payable by Investors will only apply in relation to new Loans they list on the Secondary Market following the date which the amendments are made.

What charges are payable by Borrowers?

The following is a summary of the fees payable by Borrowers at the date of this document. Full details of the fees payable by Borrowers are disclosed in the Letter of Offer and Loan Documents and are available on our Platform [\(here\)](#).

Borrowers are required to pay a Loan application fee which is determined at the time of application. For Regulated Loans this fee is capped and is based on a calculation of allowable costs which is regularly reviewed by us, and a Loan administration fee charged as a set dollar amount.

Other fees that may be payable by a Borrower include:

- other administration fees set out in the Loan Documents (for Non-Regulated Loans only);
- an hourly fee for any property visit/client visit/meeting plus a per kilometre travel fee plus any out of pocket expenses;
- an hourly fee for sundry Loan administration plus actual costs;
- a top up administration fee on application for increased funding;
- a renewal fee;
- a revision fee; and
- an administration fee on security discharge and/or Loan revision together with lender's legal adviser's costs.

The top up administration fee, renewal fee and revision fee are determined by us at the time of application. For Regulated Loans, these fees are capped and are based on a calculation of allowable costs which are regularly reviewed by us.

Borrowers will also be required to pay default interest of 9.95% above the annual interest rate. For Regulated Loans, default interest is charged on the installment amount from the day that the payment is missed, except where the Loan is fully in default (when the Loan term has expired), at which time the default interest is charged on the full Loan balance.

For Non-Regulated Loans default interest is charged on the full Loan balance from the date that the last scheduled payment was received.

Default Interest is also charged on the full balance of expired Loans for Regulated Loans and Non-Regulated Loans.

There are additional Default Fees:

- payable hourly per employee or contractor on a time and attendance basis for the management of any Loan in default, plus any associated costs; and
- for a dishonored payment/late payment or missed payment on a Regulated Loan or on a Non-Regulated Loan.

We may alter the fees payable by Borrowers by providing notice of the amendments on the Platform. Any amendments we make to the fees payable by Borrowers will only apply in relation to new Loans entered into following the date which the amendments are made.

Can we, or any Borrower associated with us, use the Platform?

As noted above we or Southern Cross Finance, a company associated with us, may use the Platform in order to provide initial funding for the Loans to aid in the liquidity of the Platform. Those Loans (or part of those Loans) will then generally be made available to Investors on the same day as we receive confirmation that the Loan funds have been advanced to the Borrower and the mortgage has been registered in the name of the Trustee.

We or Southern Cross Finance may also invest in Loans offered by Investors on the Secondary Market. In this case we or Southern Cross Finance will, as soon as practicable, relist the Loan on the Platform on the Secondary Market, on the same terms as held by the previous transferring Investor i.e. it is not intended that we or Southern Cross Finance will continue to hold the Loan. However, we or Southern Cross Finance may not relist a Loan where we or Southern Cross Finance consider the Loan is not suitable for sale to Investors on the Secondary Market, in which case we or Southern Cross Finance will continue to hold the Loan.

We and Southern Cross Finance will be subject to the same rules, obligations and requirements as all other Investors in relation to the use of the Platform except for the following:

- as explained above, we or Southern Cross Finance will receive the full Loan interest rate and we will not receive our margin when it is invested in any Loan; and
- if we or Southern Cross Finance provide the initial funding for the Loans or elect to invest in Loans offered by Investors on the Secondary Market, we or Southern Cross Finance may do so without the need for the Loan to be placed on the online Platform.

Other Related Parties are also permitted to invest through the Platform and will be subject to the same rules, obligations and requirements as all other Investors in relation to the use of the Platform.

A person or organisation that is not a Related Party, but that has a relationship with us is only permitted to use the Platform in the capacity of Borrower with the approval of our CEO. Any lending in these circumstances is to be on strictly arm's length terms.

A Related Party may use the Platform as an Investor in the circumstances outlined above.

Related Parties may also borrow through the Platform, subject to certain restrictions and procedures outlined in our Conflicts of Interest Policy. In summary these restrictions and procedures are:

- all Related Party Loans must be approved by our Chief Executive Officer and noted to our board of directors, and must fit within our standard lending policies;
- the aggregate of the gross value of all Related Party Loans must not be exceed 10% of the aggregate of the gross value of all Loans on the Platform;
- all Related Party Loans will be clearly marked on the Platform as Related Party Loans; and
- in the event of arrears on a Related Party Loan, we must follow a procedure for notifying, monitoring and collecting arrears on that Loan, which may include actions by or notifications to our Chief Executive Officer, our Independent Director and notification to the Financial Markets Authority.

We have a Conflicts of Interest Policy to ensure that the Southern Cross Group and the Southern Cross Group's employees and agents comply with the requirements set out above.

Are there any interests we have that may impact on our ability to provide a fair, orderly and transparent service?

We do not currently hold any interests which may materially adversely impact on our ability to have fair, orderly, and transparent systems and procedures for providing the peer-to-peer lending service through the Platform.

Reporting

Upon request we will provide Investors with a record of details of all investments including:

- amounts invested;
- rate of return;
- interest received;
- dates of all transactions; and
- security given in relation to the Loans (without disclosing personal information of the Borrower).

We will also provide Investors with the above information within 5 working days after the Investor invests in a Loan, or otherwise as required under the FMCA.

The transaction information will also be provided to Investors upon request. Requests can be made by contacting us at our contact details below.

Our contact details

Southern Cross Partners Limited
16 Selwyn Road
Cockle Bay
Auckland 2014

Phone: 09 5352239

Email: info@scpartners.co.nz

How can Investors complain?

If you have a query or wish to complain, please contact us at the details set out above.

A copy of our Complaints Policy can be accessed [here](#).

As registered financial service providers, we and the Trustee are each members of an approved dispute resolution scheme to which you can direct any complaint. The contact details for the scheme are:

Financial Services Complaints Limited
Level 4
101 Lambton Quay
Wellington 6011

Website: <http://www.fscl.org.nz>

Further information

You may contact us at any time to obtain further information or to request an electronic copy of any documentation applicable to your investments or to the borrowing process free of charge. Further information is also available on the Platform.

Dated as at 19 October 2018