

# Investor Agreement

*Investing through Squirrel Money? This document is your bible. It has everything you need to know you're agreeing to when choosing to invest money into the Squirrel Money marketplace.*

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## Agreement

1. This investor agreement, together with the Terms (agreement), govern your participation as an Investor (also referred to where relevant as you or your) in Loans to be made through the Trustee (acting as bare trustee pursuant to the Deed of Bare Trust) on the Platform as part of the peer-to-peer and wholesale lending services provided by us (Squirrel). This agreement is the client agreement with you for the purposes of the FMCA. This investor agreement applies to both Retail and Wholesale Investors, however we may adapt or change criteria, processes and conditions for Wholesale Investors from time to time.
2. By accepting the terms of this agreement, you agree to enter into this agreement with us and the Trustee.
3. This agreement will continue to apply for such time as you remain registered as an Investor on the Platform or until all Loans in which you have an interest have been terminated or expired in accordance with their terms.
4. Unless the context otherwise requires, the general provisions and definitions set out under the heading "General" ([here](#)) in the Platform and Website Terms and Conditions apply in this agreement.

## Bids

5. You may submit a Bid at any time via the Platform provided you have sufficient funds in your Investor Account to cover all outstanding Bids. Each Bid will constitute an offer to participate in Loans for the purposes of the FMCA on the terms of the Bid and the Loan Agreement.
6. When providing a Bid, you will be asked to select the type of Loan and the term of the Loan from a list of time bands. Loans which you participate in may be for any term within the time band you select which is matched with Loans on the basis set out in the Terms.
7. Market interest rates will be set on the Platform from time to time. When providing a Bid, you will be asked to select the interest rate for your Bid from a pre-determined list of interest rates that we set from time to time including the relevant market interest rate and interest rates representing a margin plus or minus that market interest rate.
8. You may withdraw a Bid at any time up until acceptance by a Borrower by notice to us in accordance with the Terms.
9. Each Bid you submit will be matched with Loans on the basis set out in the Terms. Where the Loan has been matched to a Bid so that the full value of the Loan has been met, we will proceed to settle the Loan on the terms of the Loan Agreement.
10. You agree and acknowledge that you will not have any direct relationship or communication with other Investors who participate with you in a Loan.
11. Each of your interest and that of other Investors participating in the Loan with you, where applicable, will be held as owners in common and not as joint owners.

## Investor Account

12. We will establish an Investor Account in the name of the Trustee which 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.
13. We will deal with any funds in the Investor Account on the basis set out in this agreement.
14. You must ensure that you have transferred sufficient funds to the Investor Account to cover all of your Bids made via the Platform from time to time.
15. Any interest earned on funds held on your behalf in the Investor Account will be held by the Trustee as bare trustee on your behalf.
16. Once a Loan has been matched with your Bid, you authorise us and the Trustee to transfer the value of your Bid, or part of your Bid matched with the relevant Loan, from the Investor Account to the Borrower via the Clearing Account and to otherwise take such steps to settle the Loan under the terms of the Loan Agreement.
17. Your Bid may be matched with an existing Loan via the Secondary Market as set out in the Terms. In this case, you authorise us and the Trustee to transfer the value of your Bid, or part of your Bid matched with the relevant Loan, from the Investor Account to the relevant Investor via the Clearing Account.
18. Where requested in writing by you, we will pay any cleared funds held on your behalf in the Investor Account which are not required in respect of any outstanding Bids to the account designated in your application the next Business Day following receipt by us of the relevant request.

## Security and guarantees

19. Borrowers may provide security in relation to a Loan subject to the requirements notified by us from time to time. Any security provided will be held by the Trustee in accordance with the terms of the Borrower Agreement and the Loan Agreement. Any security held by the Trustee in relation to a Loan covered by a Reserve Fund is taken for the benefit of the Platform and the Reserve Fund and not for you individually.
20. If security is provided in relation to a Loan from a person other than the Borrower, we will require a guarantee to be provided by that person. Where we require a guarantee in relation to a Loan, Borrowers are required to ensure that each Guarantor signs the Loan Agreement and any other documentation, and provides us with all information, we require in relation to the Loan, the Guarantors and the guarantee. We may also agree with a Borrower that a guarantee is to be provided in other circumstances.
21. Where a guarantee is provided in relation to a Loan covered by a Reserve Fund, this will not affect your right to receive payment from the Reserve Fund in the event of Borrower default in accordance with the Reserve Fund Policy.
22. We may not disclose to you whether security or a guarantee has been provided in relation to a Loan. You should be aware that Loans may be unsecured.

## Loan Repayments

23. All amounts of principal and interest received by the Trustee or us on the Trustee's behalf, to which you are entitled under Loans which you have participated in will be credited to the Clearing Account where it will be held on bare trust by the Trustee for your benefit or that of other Investors under the relevant Loan in proportion to the amounts contributed by each in respect of the Loan.
24. We will deal with any funds held in the Clearing Account for your benefit on the basis set out in this agreement. Principal and interest will be paid from the Clearing Account to you as soon as reasonably practicable following receipt by the Trustee (which may be weekly, fortnightly, monthly or otherwise depending on the terms of each Loan). We may offer interest only Loans.

25. RWT will be deducted from the amounts paid into the Investor Account to the extent to which those amounts are interest subject to RWT unless you have provided us with a valid RWT Exemption Certificate.

## The Trustee

26. Each Loan which you participate in under the Platform will be made by the Trustee (as bare trustee) on your behalf and that of each other Investor (where applicable) participating in the relevant Loan.

27. You acknowledge that the Trustee will act as bare trustee in respect of all of your rights and interests in the Loans in which you participate, the Investor Account, the Clearing Account and the Reserve Fund and all of your other interests, rights and obligations under the Investor Documents.

28. Where a Loan has been matched with your Bid, you agree to the Trustee holding your interest in the Loan under the Loan Agreement on your behalf.

29. The Trustee agrees and acknowledges that:

a. the Investor Account is held on separate bare trusts for the benefit of each Investor who has transferred funds to the Investor Account in proportion to the amounts transferred by the relevant Investor;

b. the Clearing Account is held on bare trust for the benefit of each Investor who is entitled to receive any payments received or recovered from Borrowers under the Loans from the Clearing Account less any fees, expenses or deductions permitted by this agreement in proportion to the interests of Investors in relation to the relevant Loans;

c. the Reserve Fund is held on bare trust for the benefit of all Investors in Loans covered by the Reserve Fund on the terms set out in this agreement and the Deed of Bare Trust; and

d. the interests, rights and obligations arising under the Loan Agreement relating to a Loan are held on separate bare trusts for each Investor participating in that Loan in proportion to the amount of the Investors' respective participations in the Loan.

30. You agree and acknowledge that you may not pursue the Borrower or any Guarantor in the event of non-payment or default by the Borrower or any Guarantor or any other failure by the Borrower or any Guarantor to comply with their respective obligations under the Loan Agreement.

31. The Trustee will remain as bare trustee as contemplated by this agreement and the Deed of Bare Trust and you may not terminate the trust and/or the Trustee's appointment under this agreement.

32. All instructions or directions given by you to the Trustee must be consistent with the terms of the Investor Documents and the Trustee will not be required to act in accordance with any instruction or direction that is inconsistent with the terms of the Investor Documents.

33. We will act as agent for the Trustee in respect of each Loan on the basis set out in clause 36. You agree to our appointment as agent for the Trustee as provided in this agreement.

34. The Trustee may deduct the Establishment Fee (if applicable) from the Loan prior to transferring the balance of the Loan amount to the Borrower(s) under the terms of the Loan Agreement.

35. We may appoint a replacement trustee or trustees from time to time on notification to you. The appointment of a replacement trustee will not affect your rights and obligations under the Investor Documents. We may appoint additional Trustees.

## Squirrel

36. You appoint us to act as your agent (and acknowledge our appointment as agent for the Trustee) in relation to the following:

a. entering into this agreement and other Investor Agreements on the Trustee's behalf in relation to the use of the

Platform by Investors;

- b. entering into Borrower Agreements on the Trustee's behalf in relation to the use of the Platform by Borrowers;
- c. opening and administering the Investor Account and the Clearing Account;
- d. entering into Loan Agreements with Borrowers and any Guarantors on the Trustee's behalf;
- e. transferring funds and otherwise settling all Loans in accordance with the Loan Agreements;
- f. administering Loans including by collection and enforcement in relation to the Loans and any security or guarantee provided in respect of the Loans and providing the Borrower Disclosure and any required disclosure to the Guarantor for the purposes of the CCCFA;
- g. administering the Reserve Fund (where applicable) including by collection of contributions from interest payments under the Loans and making payments to Investors, in each case in accordance with the Reserve Fund Policy;
- h. transferring any funds to you which are or may become payable from time to time in accordance with the terms of this agreement;
- i. performing all or any of the other functions or obligations of the Trustee under this agreement or any other agreement relating to the Loans; and
- j. performing all or any other functions including entering into any other agreement or documentation which are reasonably incidental to any of the functions or duties set out in this clause.

37. You authorise us, acting on behalf of the Trustee, to deduct any fees under this agreement that may become due and payable by you or by a Borrower from time to time from amounts received from the Borrower under the Loan Agreement and to transfer such fees to our account.

38. You authorise us to use our address on your behalf for the purposes of disclosure to Borrowers, where required to give an address.

39. You acknowledge that you have delegated any decision making power you may hold in respect of amounts held by the Trustee for your benefit to us. We will exercise this delegated authority in accordance with the terms of this agreement, the Deed of Bare Trust and the Reserve Fund Policy.

40. To the extent permitted by law, we may delegate any of our rights, functions or duties set out in this agreement to any member of the Squirrel group. Any delegation will not relieve us of any liability under this agreement.

## **Declaration of bare trust**

41. The Trustee agrees to hold the Assets on bare trust for you subject to the provisions of this agreement and the Deed of Bare Trust.

42. The Trustee acknowledges and agrees that its interests in the Assets is limited to bare legal title only with you enjoying full beneficial ownership of the Assets.

43. You acknowledge that you are only entitled to that portion of the Assets which relates to you.

44. The Trustee will only deal with the Assets at the direction of Squirrel as your agent. The Trustee will not be required to take any action which would cause it to breach any law binding on the Trustee.

## **Tax**

45. When you submit your application to become an Investor:

- a. you must confirm to us (acting on behalf of the Trustee) that you are an NZ Tax Resident; and
- b. you must provide to us:

- i. your IRD number;
  - ii. a copy of your RWT Exemption Certificate (if applicable);
  - iii. the rate at which RWT should be withheld from interest payments made to you; and
  - iv. such other tax-related information as we may request.
46. If you do not provide us with a copy of your RWT Exemption Certificate (if appropriate), we (as the Trustee's agent and on the Borrower's behalf) will deduct RWT from interest paid to you in respect of a Loan, at the rate you notified to us under clause 44 (or at such higher rate as the law may require). If you do not provide us with your IRD number or your RWT rate (in each case as required under clause 44), you will automatically have RWT deducted at the maximum rate (currently 33%).
47. You agree and acknowledge as follows:
  - a. we, the Trustee and the Borrower do not have to reimburse you for any amount that is deducted or withheld, whether under clause 45 or under any other legal requirement, from any interest paid for your benefit. References in this agreement to amounts being paid to you are to be read accordingly;
  - b. if we, the Trustee or the Borrower become liable to make any payment of tax in respect of any Loan, you will indemnify each of us and them in respect of that liability; and
  - c. references on the Platform to interest rates and rates of return are expressed as gross returns, before deduction of any fees and without any withholding or deductions, unless otherwise specified.

## Loan Transfers

48. You may not transfer, encumber or otherwise deal with your interest in relation to a Loan other than through the Secondary Market established by us in accordance with the Secondary Market Rules or as we otherwise agree with you in writing. A copy of the Secondary Market Rules can be accessed [here](#).

## Fees

49. We are entitled to the following fees and margins:
  - a. the Establishment Fee payable by the Borrower (where relevant) and deducted from the initial advance of the Loan to the Borrower;
  - b. Default Fees which are payable by the Borrower (where relevant);
  - c. Default Interest which is payable by the Borrower (where relevant);
  - d. the Security Release Fee which is payable by the Borrower (where relevant);
  - e. the Transfer Fee which is payable by Investors (where relevant), see clause 50 below;
  - f. the Service Margin which is (effectively) paid by Investors as it reduces the interest paid (see clause 49 below); and
  - g. Dishonour Fee which is payable by the Borrower if a direct debit dishonours (where relevant).
50. We deduct a Service Margin of up to 3% of the outstanding Loan balance per annum as amended from time to time from gross interest payments made by the Borrower under the Loan Agreement. We will disclose how the actual Service Margin which will apply to a particular Loan is calculated on the Platform.
51. Except as provided in the Secondary Market Rules or as otherwise agreed by us, you are required to pay the Transfer Fee of 1% of the outstanding principal amount of the Loan up to a maximum of NZ\$50 as amended from time to time on the transfer of your interest in the Loan via the Secondary Market. We will deduct the Transfer Fee from the amount paid by the replacement Investor on the transfer of your interest in the Loan. We do not charge this fee where Squirrel or a vehicle associated with Squirrel is using the Secondary Market and may choose not to do so for Wholesale Investors.

## Reserve Fund

52. In order to help protect against default by Borrowers, we have established a Reserve Fund for Retail Investors which is held by the Trustee as bare trustee in relation to Loans funded by Retail Investors made under the Platform.
53. The purpose of a Reserve Fund is to build a trust fund for Investors to help meet missed payments or losses from defaulting Borrowers. Where a Reserve Fund applies, we deduct a pre-determined amount from the interest payments received from Borrowers and use this to help smooth out payments to Investors and share losses around.
54. Subject to sufficient funds being available, the Reserve Fund will be used in the event of non-payment and/or default by a Borrower under a Loan Agreement covered by the Reserve Fund from time to time in accordance with the terms of the Reserve Fund Policy.
55. We may establish one or more additional Reserve Funds as set out in the Reserve Fund Policy, for example, by having Reserve Funds which have different amounts deducted from the interest payments received from Borrowers to differentiate between personal and business lending via the Platform or for Wholesale Investors.
56. If you are investing in Loans covered by a Reserve Fund, you acknowledge that a proportion of each interest payment received (on your behalf) by the Trustee under a Loan Agreement will be paid into the Reserve Fund in accordance with the terms of the Reserve Fund Policy. All default charges payable by Borrowers under the Loan Agreements covered by the Reserve Fund will also be paid into the Reserve Fund.
57. Payment from the Reserve Fund is subject to there being sufficient funds available in the Reserve Fund at the relevant time. Neither we nor the Trustee guarantees that there will be sufficient funds in the Reserve Fund to meet any overdue Loan repayments or any claims in respect of the Reserve Fund at any time.
58. A copy of the Reserve Fund Policy can be accessed [here](#).

## Reporting

59. We will provide transaction information to you in accordance with the requirements of the FMCA and the regulations made under it.
60. You agree to receive transaction information and all other reports and information (including disclosure documents) which we may be required to provide to you from time to time through the Platform.

## Returns

61. You agree and acknowledge that a Borrower may repay the outstanding balance of a Loan early, without penalty, provided the Borrower also pays all interest and fees accrued to the date of prepayment, and that such early prepayment will affect your returns under the Loan.

## Liability

62. To the extent permitted by law, neither we nor the Trustee will be liable to you:
  - a. for any failure by us or the Trustee to comply with the terms of this agreement if the failure is caused by reasons beyond our or their reasonable control; and
  - b. for any failure of Borrowers to make repayment of all or any amounts under the Loan Agreements.
63. We do not guarantee that the Platform will be available at all times and will not be liable to you in the event that the Platform is not available for you to access from time to time.
64. Nothing within this agreement excludes or restricts any rights you may have under the Consumer Guarantees Act 1993.
65. You agree and acknowledge that neither we nor the Trustee provide any advice regarding the suitability or appropriateness of the Platform for you to provide funding in relation to a Loan.