

Disclosure Statement

We (Squirrel) are required by law to provide a disclosure statement in connection with our peer-to-peer lending service provided on the Platform. This document is that disclosure statement.

Capitalised terms used in this disclosure statement have the meanings set out under the heading "Definitions and interpretation" ([here](#)) in the Platform and Website Terms and Conditions.

Date: 13.09.18 Version: 1.6

Licensing

We are licensed under the Financial Markets Conduct Act 2013 by the Financial Markets Authority to provide peer-to-peer lending services in New Zealand.

We are registered on the Register of Financial Service Providers in accordance with the requirements of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to provide peer-to-peer lending services and as a creditor under a credit contract.

As the Platform's lender of record, Squirrel P2P Trustee Limited (as Trustee) is registered on the FSPR as a creditor under a credit contract and to provide a broking service. We may appoint additional Trustees from time to time (for example, for Wholesale Investors).

What services do we provide?

We provide peer-to-peer and wholesale lending services through the Platform. The Platform enables a Borrower to raise personal finance which is funded by Investors through the Platform.

Investors appoint the Trustee to act as bare trustee under a separate bare trust in relation to the Investor's interest in each Loan in which the Investor is participating. 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 on behalf of Investors, opening and administering bank accounts, transferring funds and settling Loans and administering and enforcing the terms of the Loans.

In order to help protect against default by Borrowers, we may establish one or more Reserve Funds in relation to Loans made under the Platform. Subject to certain requirements, the Reserve Fund will be used in the event of non-payment and/or default by the Borrower under a Loan Agreement covered by the Reserve Fund from time to time. The current balance of the Reserve Fund for Retail Investors can be accessed [here](#). **The Reserve Fund does not in any way relieve the Borrower or any Guarantor from their respective obligations under the Loan Agreement. The Reserve Fund for Retail Investors does not cover Loans funded by Wholesale Investors.**

We may at any time permit secondary transactions in relation to Investor's interests in Loans by allowing Investors to request a transfer of those interests through matching with Bids by other Investors via the Secondary Market. Investors' interests in Homeowners Loans will automatically be listed on the Secondary Market after the 12-month interest-only period. Where all or part of a Loan is funded by us or a vehicle associated with us, we may transfer our interest to an Investor or Investors via the Secondary Market. In these circumstances, the Secondary Market Rules apply.

Further details regarding the services provided by us are set out in the following documents which are available on the Platform and which can be accessed through the links below:

1. [The Platform and Website Terms and Conditions;](#)
2. [The Investor Agreement;](#)
3. [The Borrower Agreement;](#)
4. [The Fair Dealing Policy;](#)
5. [The Reserve Fund Policy;](#)
6. [The Secondary Market Rules;](#) and
7. [The Loan Agreement \(Secured Loan Agreement, Unsecured Loan Agreement, Secured Loan Agreement - Homeowners and Unsecured Loan Agreement - Homeowners\)](#)

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

In order to use the Platform, a prospective Investor must apply for membership to the Platform. Any person or corporate entity can apply to be a member and an Investor.

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

1. be a permanent New Zealand resident;
2. be 18 years of age or older at the time of submitting the application;
3. have a New Zealand domiciled bank account;
4. fully and completely provide all of the information required in the application form;
5. complete all verification processes in relation to their identity and personal information to our satisfaction; and
6. not be carrying on the business of being a creditor under a credit contract (as defined in the CCCFA), unless registered to do so on the FSPR; and
7. meet any other requirements notified by us from time to time.

We may apply different eligibility criteria for Wholesale Investors. In particular, we may require Wholesale Investors to be “wholesale investors” for the purposes of the Financial Markets Conduct Act 2013.

Once an application for membership of the Platform has been accepted by us, the prospective Investor may apply to be an Investor on the Platform.

In order to become an Investor on the Platform, the prospective Investor needs to submit an application to become an Investor, meet any additional eligibility requirements for Investors notified by us from time to time and provide all of the information required in the Investor application form.

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

In order to use the Platform, a Borrower must apply for membership to the Platform and meet the eligibility requirements set out in relation to Investors set out above.

Once an application for membership of the Platform has been accepted by us, the prospective Borrower may apply to be a Borrower on the Platform.

In order to become a Borrower on the Platform, the prospective Borrower needs to be a natural person, submit an

application to become a Borrower, complete all credit checks and assessments noted below and provide all of the information required in the Borrower application form.

The Borrower will be subject to credit checks, including a credit assessment based on the length of current employment, income and earnings and debt servicing in order to assess the Borrower's creditworthiness. The Borrower will also be subject to verification procedures prior to being accepted as a Borrower on the Platform.

Once an application to become a Borrower has been accepted by us, the Borrower is approved as a Borrower and may use the Platform to apply to list a Loan on the Platform. The Borrower's approval will be valid for a period of 30 days following notification to the Borrower. In the event that the Borrower does not apply to list a Loan on the Platform within that period, the Borrower's approval will lapse. The Borrower will need to reapply to become a Borrower in order to list a Loan on the Platform after the date the approval lapses including meeting all credit assessment and eligibility requirements.

How are Loans advanced on the Platform?

A Borrower may apply for a Loan and will be credit checked by us, assigned an interest rate, and, following provision of the Borrower Disclosure to the Borrower and any Guarantor, will enter into a Loan Agreement with the Trustee (on behalf of participating Investors to be identified through the matching process below). Loan Agreements are conditional on sufficient Bids from Investors being successfully matched to the Loan.

Investors may submit a Bid to participate in Loans. Once submitted, the Bid is a binding offer to participate in a Loan. Except as provided below, for new Loans, we will match Bids with Loans on the basis of the following criteria:

1. Loans are ranked on a "first come, first served" basis, with Loans submitted earliest in time having priority over later submitted Loans.
2. Bids are ranked based on the interest rate and the term of the loan set by each Investor in their respective Bids, with lower interest rates having priority over higher interest rates for loans of that term. In the event that more than one Investor specifies the same interest rate for the same term within their respective Bids, such Bids will be ranked on a "first come, first served" basis, with Bids submitted earliest in time having priority over later submitted Bids.
3. Once Loans and Bids have been ranked on the basis set out above, the first ranked Bid will be matched with the first ranked Loan up to the full value of the Bid (where the value of the Loan is equal to, or exceeds, the Bid) or the full value of the Loan (where the value of the Loan is less than the Bid).
4. Where the first ranked Loan exceeds the first ranked Bid, the Loan will be matched with lower ranking Bids (in order of priority as determined above) until the full value of the Loan has been met.
5. Where the full amount of an Investor's Bid is not matched under a Loan, the balance of the Bid will remain on the Platform to be matched to Loan(s) on the basis set out above, unless the balance of the Bid is earlier withdrawn by the Investor.
6. Once Bids have been matched to a Loan so that the full value of the Loan has been met, we will proceed to settle the Loan under the terms of the Loan Agreement.

Where the balance of a Loan to be matched with a Bid via the Platform from time to time is less than \$100, we may fund the balance of the Loan in order to ensure the efficient operation of the Platform.

We may permit Wholesale Investors to fund whole Loans to provide liquidity to the Platform and the Secondary Market. Retail investors will, however, be prioritized over Wholesale Investors. Wholesale Investors may take priority over Retail Investors where there are insufficient Bids by Retail Investors to meet the full value of the loan.

Investors may request to transfer their interest in a Loan on the Platform via the Secondary Market. Interests in Homeowners Loans will automatically be listed on the Secondary Market following the 12-month interest only period. The Transfer Fee will not be charged in this event. These Loans will remain listed on the Secondary Market unless the existing Investor elects to continue with the Loan or the interest in the Loan is transferred to a new Investor. We may

use the Platform from time to time in the capacity of an Investor or match a Loan with a Wholesale Investor in order to ensure that Loans are funded as early as possible and to otherwise aid liquidity in the Platform.

Interests in Loans may only be transferred on the same terms as held by the Investor, including as to outstanding term and interest rate.

Except as provided below, for Loans transferred via the Secondary Market, we will match a Bid with a Loan on the basis of the following criteria:

1. A Bid will be automatically matched with an interest in a Loan via the Secondary Market where the Bid meets the **Automatic Transfer Criteria** being:
 - a. the loan amount under the Bid equals or exceeds the Loan balance for the interest in the Loan being transferred;
 - b. the interest rate under the Bid equals or is less than the interest rate for the interest in the Loan being transferred; and
 - c. the term under the Bid is equal to or greater than the balance of the term of the Loan being transferred by no more than three months (in respect of a Bid for a term of two or three years) or by no more than one year (in respect of a Bid for a term of five years).
2. In the event that there is more than one Bid which meets the Automatic Transfer Criteria, eligible Bids will be ranked on a "first come, first served" basis, with Bids submitted earliest in time having priority over later submitted Bids.
3. Where a Bid is not matched with an interest in a Loan under paragraph 1 above, Bids:
 - a. with an interest rate which is equal to or less than the interest rate for the interest in the Loan being transferred; and
 - b. with a term which is equal to or greater than the balance of the term of the Loan being transferred by more than three months (in respect of a Bid for a term of two or three years) or by more than one year (in respect of a Bid for a term of five years),will be ranked on a "first come, first served" basis, with Bids submitted earliest in time having priority over later submitted Bids.
4. We will then offer the interest in the Loan to the first ranked Bid for acceptance. Where the offer is accepted, the Bid (or the relevant amount of the Bid) will be matched with the interest in the Loan on the conditions as to interest rate and term remaining on the Loan. Where the offer is not accepted, the person making the next ranking Bid will be offered the interest in the Loan on the basis set out in paragraph 3 above.
5. Once the transferring Investor's interest in the Loan is matched with a Bid on the basis set out above, the transferring Investor will be notified of the match and the Trustee will arrange for the repayment to the Investor of the outstanding balance of their interest in the Loan.
6. Where the full amount of a Bid is not matched via the Secondary Market, or the person submitting the Bid declines to accept an offer to be matched with an interest in a Loan for transfer, the balance of the Bid will remain on the Platform to be matched with Loans on the basis set out in the Terms.
7. Where we are aware that a **Credit Event** has occurred in relation to a Loan to be transferred via the Secondary Market, being:
 - a. the Borrower has previously missed a payment due under the Loan funded by a Retail Investor (whether or not the default in payment has been covered by the Reserve Fund); or
 - b. the Loan is currently in arrears; or
 - c. there has been a material adverse change in the Borrower's credit profile from the position in the credit assessment undertaken by us prior to the Loan being advanced to the Borrower,

we will disclose the Credit Event to prospective Investor(s) and the interest in the Loan will only be transferred where the prospective Investor(s) have indicated via the Platform that they accept the offer of the interest in the Loan having been made aware of the Credit Event.

Investors should be aware that we may not have performed a credit assessment of the Borrower(s) since the Loan to be transferred via the Secondary Market was first entered into and therefore there may be events that affect the creditworthiness of the Borrower(s) since the Loan was entered into, including, without limitation, a Credit Event, which are not known to us or Investors.

Where the balance of a Loan to be matched with a Bid via the Platform from time to time is less than \$100, we may fund the balance of the Loan in order to ensure the efficient operation of the Platform.

Again, we may permit Wholesale Investors to fund whole Loans to provide liquidity to the Platform and the Secondary Market. Retail investors will, however, be prioritized over Wholesale Investors. Wholesale Investors may take priority over Retail Investors where there are insufficient Bids by Retail Investors to meet the full value of the loan.

Further information regarding the Secondary Market can be found in the Secondary Market Rules accessed here.

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 any Investor individually.

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.

Where a guarantee is provided in relation to a Loan covered by a Reserve Fund, this will not affect an Investor's right to receive payment from the Reserve Fund in the event of Borrower default in accordance with the Reserve Fund Policy.

We may not disclose to Investors whether security or a guarantee has been provided in relation to a Loan. Investors should be aware that Loans may be unsecured.

How is Investor money received and dealt with by us?

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.

Once a Loan has been matched with a Bid, Investors authorise us and the Trustee to transfer the value of the Bid, or part of the 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.

Bids may be matched with an existing Loan via the Secondary Market. In this case, Investors authorise us and the Trustee to transfer the value of the Bid, or part of the Bid matched with the relevant Loan, from the Investor Account to the relevant Investor via the Clearing Account.

Any interest earned on funds held on an Investor's behalf in the Investor Account will be held by the Trustee as bare trustee for the Investor.

Where the Investor requests in writing, we will pay any cleared funds held on the Investor's behalf in the Investor Account which are not required in respect of any outstanding Bids to the account designated in the Investor's application the next Business Day following receipt by us of the relevant request.

How do we check and assess Borrowers?

In addition to the requirements set out above, we undertake a credit check to ensure that Borrowers have good credit history.

We assess a Borrower's servicing ability based on income and expense information provided in their application. Where a loan is unsecured and over \$10,000 we will verify the financial data provided by the Borrower by obtaining three months of bank transaction history. Where a loan is secured and the security is obtained in respect of real property, we will obtain a copy of the existing mortgage, the current loan balance and a statement of rates to ensure these are not in arrears.

Where the security for a loan is provided by personal property (such as cars or other assets), we will check the Personal Property Securities Register to ensure that other security is not registered in relation to the relevant asset.

Where a guarantee is required in relation to a Loan, we do not undertake credit checks in relation to the Guarantor. However, where a guarantee is to be provided, this forms part of our assessment of the Borrower's servicing ability in relation to a Loan.

What happens if a Borrower goes into arrears?

We have a system in place to keep track of loan repayments and any arrears. This includes daily reporting to our senior management.

There will also be significant monthly credit reporting provided to our management including:

- a. arrears reporting showing number, value and percentage of Loans in arrears;
- b. scorecard performance (including the percentage of Loans which have been auto approved, referred, overridden or declined). The number of Loans in arrears or default will be reported against this scorecard;
- c. volume of new Loans entered into by term, product and risk-grade; and
- d. any movements in the Reserve Fund (including funds paid out, recovered and received), if applicable.

As soon as a Borrower misses a Loan repayment, the Borrower will receive an automated email from us. If the Loan payment is still outstanding after three days the Borrower will get a phone call from us to arrange payment and a diary note will be entered on our system. We will be able to track contact to make sure Loans in arrears are actively managed.

If a Borrower misses two payments consecutively and does not have a repayment plan agreed with us, or arrears are more than two months' worth of repayments, then they will be sent a joint letter from us and Debtworks (sent by Debtworks) saying they have 10 working days to get their account up-to-date by making the required payments.

In the event of a missed Loan payment, provided there are sufficient funds available, we will make payment of the amount outstanding from the Reserve Fund (if applicable) in accordance with the Reserve Fund Policy. Any subsequent repayments by the Borrower and/or any Guarantor in respect of the amount outstanding will be paid to the Reserve Fund (if any) which covers that Loan or, in any other case, to the account of the relevant Investor.

In the event that the Loan is outstanding for three months or more, the debt is listed on the Borrower's credit file and with Debtworks for collection. The Loan may also be "purchased" at our discretion by the Reserve Fund (if any) which covers that Loan in accordance with the Reserve Fund Policy. In exercising this discretion, we will consider any factors that we consider relevant which may include our assessment of the likelihood that the Borrower will re-start making payments.

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 guarantee that there will be sufficient funds in the Reserve Fund to meet any overdue Loan repayments or any claims in respect of the relevant Reserve Fund (if any) at any time.

Further information regarding the Reserve Fund can be found in the Reserve Fund Policy accessed [here](#).

What disclosures are made to Borrowers in relation to Loans?

Borrowers are provided with a disclosure statement for the purposes of the Credit Contracts and Consumer Finance Act 2003 in relation to each Loan.

The Borrower Disclosure is provided to the Borrower immediately prior to entering into the Loan Agreement.

Where a guarantee is given in relation to a Loan, the Guarantor is provided with a disclosure statement for the purposes of the Credit Contracts and Consumer Finance Act 2003. That disclosure statement is provided to the Guarantor immediately prior to the Borrower entering into the Loan Agreement.

What fees are charged to Investors?

We deduct a Service Margin of up to 3% of the outstanding Loan balance per annum 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.

Investors will also be required to pay a Transfer Fee in relation to a transfer of the Investor's interest in a Loan Agreement via the Secondary Market in the amount of 1% of the outstanding principal amount of the Loan up to a maximum of NZ\$50. We do not charge this fee where Squirrel or a vehicle associated with Squirrel is using the Secondary Market and may not do so for Wholesale Investors. The Transfer Fee also does not apply where a Homeowner's Loan is automatically listed on the Secondary Market following the 12-month interest only period.

Further details of the fees payable by Investors are disclosed on the Platform and can be accessed [here](#).

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 entered into following the date which the amendments are made. We may charge different fees to Wholesale Investors from time to time.

What charges are payable by Borrowers?

Except as set out below, Borrowers are required to pay an Establishment Fee deducted from the initial advance of the Loan in the amount of NZ\$250 for Personal Loans and Vehicle Loans and NZ\$500 for Debt Consolidation Loans. There is currently no Establishment Fee for Homeowners Loans.

In addition to Default Interest, Borrowers will also be required to pay Default Fees in the amount of NZ\$25 per month in respect of any Loan repayment amount that is outstanding for a period of more than three days from the due date. A Dishonour Fee will also be charged in the event of a failed direct debit payment in the amount of NZ\$15 per transaction. Where a Loan is subject to certain security, Borrowers will be required to pay a Security Release Fee of NZ\$150. These fees are not payable under Homeowners Loans.

A proportion of the interest payments made by Borrowers under the Loan Agreement may be apportioned to the Reserve Fund (if any) which covers the Loan in accordance with the Reserve Fund Policy.

Further details of the fees payable by Borrowers are disclosed on the Platform and can be accessed [here](#).

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, where the balance of a Loan to be matched with a Bid via the Platform from time to time is less than \$100, we may fund the balance of the Loan in order to ensure the efficient operation of the Platform. Due to the small amount invested, we will not transfer these Loans via the Secondary Market but will retain the interest in the Loan until it is repaid in full.

As noted above, we may also use the Platform from time to time in the capacity of an Investor or to match a Loan with a Wholesale Investor in order to ensure that Loans are funded as early as possible and to otherwise aid liquidity in the Platform. We will not use the Platform to make a market in Loans.

Because these Loans we invest in will be to assist with the efficient operation of the Platform, we may then seek to transfer the Loans via the Secondary Market once sufficient Bids are matched on the Platform to purchase the Loans. Any of these Loans we enter into will be transferred in accordance with the Secondary Market Rules.

Except as disclosed in this document, we will be subject to the same rules, obligations and requirements as all other Investors in relation to the use of the Platform, including in relation to the submission and matching of Bids and access to the Reserve Fund (where applicable) in relation to any non-payment by a Borrower.

Except as disclosed in this document (for example in relation to Secondary Market fees), all fees, costs and charges payable in relation to Loans where we are the Investor will be the same as those payable in relation to a Loan funded by a third party Investor. We will disclose information to Investors via the Platform regarding the aggregate amount (in dollar terms) of Loans we then currently hold in our capacity as an Investor.

We have a conflicts of interest policy in place to ensure that we, and our associated companies, employees and agents, comply with the requirements set out above.

We and our associated companies may provide advice or management services to third parties who wish to use the Platform as Borrowers or Investors.

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 provide a fair, orderly or transparent service through the Platform.

Reporting

We will provide Investors with a record of all transactions made via the Platform including the following:

1. description of your investment;
2. the value of your investment;
3. the dates of your investments.

The transaction information will be provided to you through the Platform on a continuous basis. Your transaction information can be accessed [here](#).

As set out above, however, we may not disclose to Investors whether security or a guarantee has been provided in relation to the Loans in which you invest. Investors should be aware that Loans may be unsecured.

Our contact details

Squirrel Money Limited 20 Beaumont Street, Freemans Bay Auckland 1011

Phone: 0800 21 22 33 Email: money@squirrel.co.nz

How can Investors complain?

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

As registered financial service providers, we and the Trustee are each members of an approved dispute resolution scheme. 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 of the Platform Documents free of charge. Further information is also available on the Platform.