

Terms of Engagement – these terms apply when the Agent provides the Client with our service

1. Services

- 1.1 We will supply the Client with a debt collection service.

2. What we require from the Client

- 2.1 Written instructions from the Client requesting we act for the Client regarding each debt the Client wants the Agent to pursue.
- 2.2 The Client to take reasonable steps to inform the debtor that the Client is referring the debt to a debt collection agency and that the information the Client has on the debtor may be referred to a credit reporting agency.
- 2.3 All information and documents the Client have on the debtor. If the Client do not have the debtors current address, the debtors last known address, specified as such. The Clients assurance that all the information the Client has given the Agent on the debtor is accurate. Give the Agent reasonable assistance as and when we request it from the Client.
- 2.4 Promptly provide the Agent with all the information we require and co-operate with the Agent if and when any issues with the debtor arise.
- 2.5 Tell the Agent immediately the Client receives any payment from the debtor. It is important that the Client informs the Agent of any payments made directly to the Client, or any debt increases (for example, interest or another overdue invoice) as we need to be aware of the exact debt amount at all times.
- 2.6 The Clients guarantee that the Client has complied with the Privacy Act 1993 and all other laws that apply to the provision of this service and that the Client is entitled to release any information and documentation relating to the debt to the Agent.
- 2.7 The Client agrees to indemnify the Agent in respect of any claims we may face as a result of any allegation against the Agent in respect of the information supplied by the Client to the Agent in breach of the Privacy Act 1993.

3. Our process

- 3.1 Once we receive the information from the Client on the debt and debtor we will contact the debtor by phone, post, text message or email to notify them that their account with the Client has come to debt collection. Within 7 days they will receive a letter of demand requesting payment of the debt in full immediately. If no payment or communication is forthcoming from the debtor we will then send them their third communication from us stating that their credit history may be affected and legal action may be taken to recover the debt.
- 3.2 At the first instance the Agent receives notification from the debtor that the debt is in dispute we will discontinue action and refer the debt back to the Client. We will require the debtor to notify us in writing that they dispute the debt. The debtor will be given 14 days from when they first notify us that the debt is in dispute to notify us in writing. The Agent will forward that notice in writing to the Client. If only part of the debt is disputed we will continue to make demand for the undisputed amount.

- 3.3 Some debtors will not be in a position to pay off the debt in full. In these circumstances, with the Clients authorisation we will establish a payment plan for automatic payment from their bank account. Failure to maintain the automatic payments will result in immediate further action against the debtor.

- 3.4 We may also list the default by the Debtor with a credit reporting agency which will affect the debtors credit history. We are required by law to first notify the debtor before we are allowed to do this.

- 3.5 If we are unsuccessful in obtaining repayment of the debt through our processes we will discuss with the Client our next step (and the associated costs) to enforce collection of the debt. We may arrange a personal visit to the debtor from one of our nationwide agents or commence legal action against them.

- 3.6 If legal action is required this will be in the form of issuing the debtor with a notice of claim and we will discuss this with the Client before proceeding.

4. Financial

4.1 Fees

The Client will pay a file opening fee of \$10 for each debtor. If the value of the debt is less than \$50.00 then debt load fee is \$20.00. If the value of the debt is less than \$100.00 the debt load fee is \$15.00. The Client will also pay all costs for instructing third parties on the Clients behalf in the recovery of the debt including any agent visits, tracing of the debtor, company searches, credit checks, attendance for a claim defended in court, legal fees associated with issuing of legal proceedings.

There is a 3% surcharge for all credit card transactions this includes payments made by Debtors and Clients

4.2 Commission

Our fee is 25% commission on the initial outstanding debt. This is charged on a no collection, no commission basis.

4.3 Disbursements

These include visits to the debtor by an agent, legal fees incurred when legal action is taken and any tracing and credit checking done to find the debtor. These are payable by the Client but will be added to the debt owing by the debtor for the debtor to pay back to the Client as long as the Client has provided for this in the Clients contract with the debtor. We endeavour to have set amounts for these which we will inform the Client of, but from time to time they will be subject to change and we will advise the Client of this in writing.

Debtor Payments

If Debtor chooses to pay in instalments then the following Terms will apply and form a legally binding contract between the Debtor and Account Cedar Credit limited. We will monitor and record each payment you make into our bank account, and allocate it to your debt (and account charges) on behalf of Cedar Credit Ltd and our client. A Bank/Monitoring fee will be added to your account at the time the first instalment is paid, then three monthly after that until your account is paid in full. The

fee will be calculated at 10% of the balance remaining outstanding to a maximum of \$20 per quarter. Payments that are missed or dishonoured without prior notification from you will incur a penalty charge of up to \$20.00. Please keep us advised of any change of address and phone number so that we can advise you when your account is paid in full. We will contact you at the address supplied by you as soon as your account has been paid in full, at which stage it is your responsibility to cancel your automatic payment. If payments continue after we have advised you to cancel, we reserve the right to charge an administration fee of 20% of the overpaid amount for monitoring your overpayment.

4.4 Invoices

The client will be invoiced on a service provided basis. Invoices will be sent out and will be due within 7 days of invoice being issued. If the client does not pay the Agent the amount by the due date we may charge interest at 2% per month on the outstanding balance from the due date until the date on which the debt is paid. Payment of the invoices is to be made to Cedar Credit Limited, bank account number 06 0911 0167880 00.

(a) When we receive payments from the debtor we will deduct our respective commission, fees, disbursements and GST owed to the Agent. The Agent will transfer the balance funds by direct credit to a bank account specified by the Client on the 2nd working day of the month. We will not make any payment to the Client until the funds paid to our account are cleared.

(b) If the Client is set up for contra invoicing the Client agrees that the Agent may deduct their fees from any funds received for the Client from any of the Clients debtors.

5. Confidentiality

- 5.1 We require the Client to keep all information we disclose to the Client (including our terms of engagement) confidential.

6. Termination

- 6.1 This agreement continues until either the Client or the Agent terminates it by giving 20 working days notice. If the Client terminates this agreement we may charge the Client up to 5% of the debt initially outstanding. We reserve the right to cease action on any collection instructions received from the Client and refer a debt back to the Client where an issue has arisen or may arise in respect of a debt that could reasonably be seen to have potential to cause embarrassment to the Agent or the Client.

7. Retention of files and documents

- 7.1 The Client acknowledges that the files maintained by the Agent relating to the Clients debtor(s) remain our property. The Client is entitled to a copy on request provided that the Clients account is current or on termination of this contract when all outstanding fees and charges have been paid.
- 7.2 The Client authorises the Agent to destroy all files and documents relating to a debt

8. General

8.2 Debt recovery

8.3 Force Majeure

8.4 New Zealand law

New Zealand law applies to our terms of engagement and all contracts entered into with the Client.