

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. Client responsibilities

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 is 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 The Client must provide the Agent with all information and documents that the Client has on the Debtor. If the Client does not have the Debtor's current address, the Client must provide the Debtor's last known address, specified as such. The Client must give assurance that all the information the Client has given the Agent on the Debtor is accurate and has given 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 The client must 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 Client must 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.

2.8 *Minimum standards:* we reserve the right to refuse to pursue any debt if Clients do not provide the following information about each Debtor: first and last name, physical address, and at least one other way to contact Debtor (email, landline, mobile phone number).

2.9 We reserve the right to refuse to pursue any debt for which there are legitimate concerns about the safety of either Cedar Credit staff or Clients (e.g., when a Debtor organisation has proven ties to criminal gangs) or when there are legitimate concerns about damage to Cedar Credit's reputation. In cases such as these, we will notify the Client of our decision as soon as is feasible.

2.10 Debt collection is a time-sensitive process, and we expect a response from Clients to inquiries or requests for information in a timely fashion, usually within 48 hours.

2.11 If Cedar Credit makes two attempts to secure an answer to a pertinent inquiry from a Client about a Debtor account but receives no answer, Cedar Credit reserves the right to mark that account as 'No Further Action'

until such time as the Client contacts Cedar Credit with the requested information.

2.12 *Assisted Settlement charge:* Cedar Credit reserves the right to charge fifteen percent (15%) of a debt's principle for any account for which we assist a Client in settling a debt but for which we do not receive our usual commission. The circumstances under which such an Assisted Settlement comes into play can vary.

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, text message, email, or post (if we are not given an email address) to notify them that their account with the Client has come to debt collection. Within ten (10) days of this first letter, the Debtor(s) will receive a letter of demand requesting payment of the debt in full immediately and warning of possible damage to their credit rating. If no payment or communication is forthcoming from the Debtor, we will then send them a third communication, stating again that their credit history may be affected, and that legal action may be taken to recover the debt.

3.2 *Disputed debts:* 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 fourteen (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. Once an account has been disputed, it is the responsibility of the Client to follow up, and to keep Agent informed of any developments, unless the account is to be withdrawn. If only part of the debt is disputed, we will continue to make demand for the undisputed amount.

3.3 *Time-payment arrangements:* Some Debtors will not be in a position to pay off their debt in full. In these circumstances, we will establish a payment plan, this will incur an administration fee, for automatic payment from the Debtor's bank account, unless we have been informed in writing by the Client that time payment is unacceptable. Failure to maintain the automatic payments will result in immediate further action against the Debtor.

3.4 *Default listing:* We may also list the default by the Debtor with a credit reporting agency, which will affect the Debtor's credit history. We are required by law to first notify the Debtor before we are allowed to do this, so Agent cannot default-list anyone if we do not have sufficient contact information.

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, for example, 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 requested by the Client, Cedar Credit will pass on a legal referral to our legal partners, who will be in touch with

the Client directly, with the Client's previous consent.

4. Financial

4.1 Fees

The Client will pay a file-opening fee for each debt. The Client will also pay an information discovery fee for each debt, when a client does not provide the following information: first and last name, physical address, and at least one other way to contact Debtor (email, landline, mobile phone number), that requires Cedar Credit to verify a debtor details. The Client will also pay all costs for instructing third parties on the Client's 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 surcharge for all credit card transactions; this includes payment made by Debtors and Clients.

There is an updated fees schedule on our website (www.cedarcredit.co.nz).

4.2 Commission

Our commission is based on the amount of 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 Client's contract with the Debtor. We endeavour to have set amounts for these, of which we will inform the Client, but from time to time they will be subject to change and we will advise the Client of this in writing.

Cedar Credit reserves the right to on charge additional fees listed in our fee schedule (available on our website) to expenses included in the servicing of a client's account. These expenses include, but are not limited to, mileage, custom report creation and consumables. These charges will appear itemised on the client's monthly statement.

Debtor Payments

If a 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, this will incur a debt payment arrangement fee, this will be added to your account at the time the first instalment is paid, 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. Payments that are missed or dishonoured without prior notification from you will incur a penalty charge. Please keep us advised of any change of address and contact numbers so that we can advise you when your account is paid in full. We will contact you at the address and contact number supplied by you

as soon as your account has been paid in full, at which stage it is your responsibility to cancel any automatic payments. In the event that payments continue after we have advised you to cancel them, the Debtor will be given a three-month amnesty period to contact Cedar Credit to be reimbursed for the full overpayment amount. If the Debtor contacts Cedar Credit from 3 months to 12 months, a 35% fee will be applied. After 12 months, Cedar Credit reserves the right to retain 50% of the funds. The fees are applied to the overpaid amount for monitoring and maintaining these surplus amounts.

Invoices

The client will be invoiced on a service-provided basis. Invoices will be sent out and will be due within seven (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, usually on

the second 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 Client's Debtor(s) remain our property.

The Client is entitled to a copy on request provided that the Client's 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 that is outside of the period covered by the Limitation Act 2010.

8. General

8.1 We may change our terms of engagement by amending any clauses and adding or deleting any clauses. We will give the Client 20 working days' notice of this.

8.2 Debt recovery

If the Client fails to pay a debt that the Client owes to the Agent, the Client understands that we may forward the Client's information to a debt collection agency or lawyer for debt collection and the Client will be liable for all collection costs incurred on the outstanding account.

8.3 Force Majeure

We are not liable for any failure or delay in performing an obligation to the Client if it is due to a cause beyond our reasonable control.

8.4 New Zealand law

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

*The costs mentioned in the Terms of Engagement are all GST exclusive.