

Important Changes to our Terms and Conditions

As a result of the merger between Hastings Building Society and Southland Building Society, with effect from 14 February 2011, SBS Bank & HBS Bank (both divisions of Southland Building Society) will be introducing some minor changes to terms and conditions that apply to the products and services that we provide to our customers. These changes are intended, amongst other things, to ensure consistency and clarity surrounding the divisions we operate and the terms and conditions that govern the products and services that we offer. Any of our Terms and Conditions are available free of charge at any branch and on our websites at www.sbs.net.nz or www.hbsbank.co.nz

It is important to note that these changes will come into effect on 14 February 2011 and they replace your current terms and conditions. Please note that no changes have been made to our fees and business hours have remained the same.

Term & Condition Changes:

Changes made to our General Terms and Conditions and our Specific Terms and Conditions (General, Card, Cheque, Telephone and Internet Banking):

- **Southland Building Society** operates under the brands SBS Bank & HBS Bank and these terms and conditions are applicable to the products and services distributed under these names. This has been noted in the section titled '**Important**' detailed at the beginning of all of our Terms and Conditions.
- **Changes to these Terms & Conditions** – New Section has been added detailing the reasons in which we may change our General Terms and Conditions or our Specific Term & Conditions (Cheque, Card, Telephone Banking and Internet Banking) and our intention to disclose these changes when doing so. The following clauses apply in all these Terms and Conditions:
 - ⇒ Our right to vary the terms and conditions from time to time
 - ⇒ Our intention to notify you with at least 30 days notice if the changes to any of our Terms and Conditions will:
 - Impose or increase charges for the use of Cheques, Card, Telephone Banking or Internet Banking; or
 - Increase your liability for losses; or
 - Impose, remove or adjust daily or other periodic transaction limits applying to the use of your Card, Telephone Banking or Internet Banking.
 - ⇒ If the change reduces your obligations to us we will notify you when we next correspond with you either by notice in our newsletter or in your next statement of account.
 - ⇒ We will notify you ahead of time the time frame in which any changes to the General, Cheque, Card, Telephone Banking and Internet Banking Terms and Conditions will take effect and includes the avenues we may use to notify you of these changes.
 - ⇒ Our ability to change any of our Terms and Conditions without advance notice if an immediate change to these Terms and Conditions is deemed necessary for the security of Cheques, Card, Telephone Banking and Internet Banking or for the protection of individual accounts.
 - ⇒ You authorise us to give information about you and any of your account(s) to others in order to execute your instructions to us via Cheques, Card, Telephone Banking or Internet Banking. However, you may instruct us not to share your information by giving us written instruction to that effect.

Specific changes made to individual Terms and Conditions:

Cheque Terms & Conditions:

- In the event of any inconsistencies between the Cheque Terms and Conditions and any other terms and conditions applying to your account(s) or any service, the Cheque Terms and Conditions will prevail to the extent of that inconsistency.
- **Dishonoured Cheques:** New clauses have been added to this section to clarify circumstances in which we may dishonour a cheque and include:
 - ⇒ Our right to dishonour a cheque if that cheque is dated more than six months before it is presented.
 - ⇒ Our right to dishonour a cheque when written notification has been received of your death, dissolution, Bankruptcy or mental incapacity.
 - ⇒ Our right to dishonour a cheque when required to do so by Law.
 - ⇒ Our right to honour a cheque even if it places your account into unauthorised overdraft.
- **Clearing Cheques:** A section on 'Clearing Cheques' has been established to clarify our stance on Cheque Clearance and includes the following clauses:
 - ⇒ The time that it takes for a cheque to clear once banked, typically being three working days although it may take longer
 - ⇒ A cheque has to be cleared before you have access to the proceeds of that cheque. A cheque will be cleared when the payer's bank has credited the amount of the cheque to your account.
- **Definitions Section** has been established to assist you in achieving a greater understanding of these Terms and Conditions.
- The **Customer Complaints** section has been moved to our General Terms and Conditions.

Telephone Banking Terms & Conditions:

- In the event of any inconsistencies between the Telephone Banking Terms and Conditions and any other terms and conditions applying to your account(s) or any service, the Telephone Banking Terms and Conditions will prevail to the extent of that inconsistency.
- **Restrictions and Termination of Access to Telephone Banking:** New section has been established detailing circumstances where your access to Telephone Banking may be restricted or terminated and include:
 - ⇒ Our right to restrict your access to Telephone Banking.
 - ⇒ You may cancel your access to Telephone banking at any time by giving us written notice or contacting us during business hours. You will remain responsible for any transactions made on your accounts via Telephone Banking up until the time of cancellation.
 - ⇒ Our rights to suspend or withdraw your access to Telephone Banking at any time without prior notice if:
 - You have breached these Terms and Conditions or have acted fraudulently.
 - We are advised of your death, bankruptcy or lack of legal capacity or that you have committed an act of Bankruptcy or that a petition of Bankruptcy has been presented to you.
 - There are insufficient funds to cover payments or payment instructions given.
 - We consider that we have other reasonable grounds to do so.
 - We are complying with a Court order.
 - We are notified by any party of a dispute over either the ownership of funds or the operation of the account.
 - We are protecting one of all of the parties to the account, us or a third party who has reasonably claimed an interest in the account.
- **Definitions Section** has been established to assist you in achieving a greater understanding of these Terms and Conditions.
- The **Customer Complaints** section has been moved to our General Terms and Conditions

Card (Secured) & (Unsecured) Terms & Conditions:

- In the event of any inconsistencies between the Card Terms and Conditions and any other terms and conditions applying to your account(s) or any service, the Card terms and conditions will prevail to the extent of that inconsistency.
- **Replacement/Additional Cards** - The following changes have been made to this section:
 - ⇒ Clause 3 has been amended to note that the account holder is liable for any breach of these Terms and Conditions (and the General Terms and Conditions) if an additional card holder is granted access on the account. This will be disclosed to you if you apply to have an additional card holder on your account and any applicable terms and conditions supplied.
 - ⇒ Should you choose to grant access to any additional card holder, you will be liable for all debts that may incur on your account by any additional card holder.
 - ⇒ **Definitions Section** has been updated to assist you in achieving a greater understanding of these Terms and Conditions.
- The **Customer Complaints** section has been moved to our General Terms and Conditions.

Internet Banking Terms and Conditions:

- In the event of any inconsistencies between the Internet Banking Terms and Conditions and any other terms and conditions applying to your account(s) or any service, the Internet Banking terms and conditions will prevail to the extent of that inconsistency.
- **Indemnity Section** removed and added to the General Terms and Conditions
- **Waiver Section** removed and added to the General Terms and Conditions
- **Governing Law Section** removed and added to the General Terms and Conditions
- The **'Terminology'** section has been renamed to **'Definitions'** and definitions for 'Ancillary Equipment', 'Bank' and 'Customer Number' added to assist you in achieving a greater understanding of these Terms and Conditions.
- The **Customer Complaints** section has been moved to our General Terms and Conditions.

General Terms & Conditions:

- **Authority to Operate** – The following changes have been made to this section:
 - ⇒ Clause 2 has been amended to note that if you would like someone else to operate your account or have access to it, you must complete a variation to your signing authority.
 - ⇒ Clause 3 has been added noting that you are responsible in ensuring that any additional signatories you authorise as a Signing Authority, must comply with the General Terms and Conditions and Specific Terms and Conditions and that you will be liable for any associated costs incurred as a result of any other person having access to your accounts.
- The **Deductions Section** has been renamed **'Fees, Costs and Deductions'** and includes the following changes:
 - ⇒ Clause 2 has been added noting that a list of our fees are available at any of our branches and on our websites. We may change the amount of those fees or impose new fees as long as we give you at least 14 days notice before make made a change or impose a fee.
 - ⇒ Clause 3 has been extended to note that if you have not supplied your IRD number to us or you have not advised us of your tax or residency status for tax purposes, we may be required to make tax deductions at a higher rate. You must advise us if your tax residency changes.
- **Password and PINs** – This section has been established surrounding the use of and protection of Passwords and PINs applicable to your account or services used to operate your account.
- **Trust/Estate Accounts** – The following change has been made to this section:
 - ⇒ Clause 1 has been extended to note that we may agree in writing that a trustee is a limited liability trustee and that the limited liability trustee's liability is limited to the assets of the trust. However this limitation of liability will not apply to the limited liability trustee if the Bank incurs costs as a result of this breach of trust by the limited liability trustee due to negligence, wilful default or dishonesty. In such circumstances, the limited liability trustee will be personally liable to the Bank, to the extent that the trust assets do not satisfy all of the trust's obligations to us.
- The **'Conflict'** section has been renamed to **'Application of General T&C and Specific Terms & Conditions'** and the following clauses apply:

- ⇒ Where the General Terms and Conditions conflict with any Specific Terms and Conditions, the Specific Terms and Conditions will prevail.
- ⇒ If at anytime part of the General Terms and Conditions or part of any Specific Terms and Conditions is found to be illegal, invalid or otherwise unenforceable, then this will not affect the legality, validity or enforceability of the rest of the General Terms and Conditions or any Specific Terms and Conditions.
- ⇒ You have rights given to you by law. If part of any of our terms and conditions conflicts with any right given to you by law, then these terms and conditions shall apply to the extent that they amend or negate the rights at law, but only to the extent permitted by law. Otherwise these Terms and Conditions shall be read subject to law.
- **Indemnity** Section has been removed from the Internet Banking Terms and Conditions and is now covered in the General Terms and Conditions.
- **Waiver** Section has been removed from the Internet Banking Terms and Conditions and is now covered in the General Terms and Conditions.
- **Governing Law** Section has been removed from the Internet Banking Terms and Conditions and is now covered in the General Terms and Conditions
- **Breach of the Terms and Conditions:** This section has been established to details steps we may take in the event that you breach the General Terms and Conditions or Specific Terms and Conditions, and includes:
 - Remedy action we may request of you to fix that breach, suspension of account or services, repayment of any amount owing as a result of that breach, list you as defaulted with any credit reporting agency, place any debt owed by you to us with a debt collection agency and our rights to exercise any of our rights under any contract between you and us or at law.
- **Definitions Section** has been added to assist you in achieving a greater understanding of these terms and conditions.

If you do not accept the updated terms and conditions, you may terminate your agreement with us in accordance with your existing terms and conditions without any additional cost subject to repaying any monies and charges due. In the absence of any notice to the contrary, you are deemed to have accepted the changes as of 14 February 2011.

We will happily explain any changes to you.