

## **GENERAL INSTRUCTIONS TO SOLICITORS ACTING FOR RABOBANK NEW ZEALAND LIMITED**

*(Terms in these Instructions not otherwise defined have the meanings given to them in Rabobank New Zealand Limited's Standard Loan Terms.)*

### **1. CONFLICT OF INTEREST**

The Bank has no objection to your acting for other parties to the transaction provided you consider there is no conflict in doing so. If a conflict of interest arises then you must seek further instructions from the Bank immediately.

### **2. STANDARD DOCUMENTS AND DOCUMENTS PRODUCED BY THE BANK**

The documents the Bank requires you to use are either attached to these Instructions or available on the Bank's website <http://www.rabobank.co.nz/downloads> under the heading **Solicitors' resources**.

You must not change these documents or any other Contract document without the Bank's prior approval. Any document drafted by you must be submitted to the Bank for approval prior to execution.

### **3. AGREEMENTS AFFECTING ANY PROPERTY TO BE SECURED**

The Bank requires a complete copy of any agreement specifically mentioned in the Contract and affecting any property to be secured to the Bank (duly executed by all parties if appropriate), for approval prior to settlement.

### **4. INSURANCE**

You must ensure that every insurance requirement in the Contract is satisfied and that details of each insurance policy are set out in the Solicitor's Certificate.

### **5. EXECUTION OF DOCUMENTS BY COMPANIES, TRUSTS, PARTNERSHIPS AND INCORPORATED SOCIETIES**

Please note paragraph 4(b), (c) and (d) of the Solicitor's Certificate.

### **6. CREDIT CONTRACTS AND CONSUMER FINANCE ACT 2003**

You must attend to initial disclosure under the Credit Contracts and Consumer Finance Act 2003, if applicable.

### **7. COSTS**

Your costs and disbursements are for the account of the Borrower.

### **8. SETTLEMENT**

The Bank requires you to complete and execute the Solicitor's Certificate. It is a fillable PDF document and you can complete it electronically before printing for signing. All pages of the Solicitor's Certificate, including non-completed schedules, together with the accepted Letter of Offer and Insurance Policies/Certificates, must be emailed to the Branch of the Bank that issued your instructions **at least three clear business days before settlement**.

The Bank does not require originals of your Solicitor's Certificate, the Letter of Offer or Insurance Policies/Certificates.

You must ensure that all conditions precedent are satisfied prior to settlement.

## **9. DELIVERY OF SECURITY DOCUMENTS**

All completed security documents detailed in Schedule One of your Solicitor's Certificate must be emailed to "[securities@rabobank.com](mailto:securities@rabobank.com)" within 10 days after settlement.

These documents must:

- be scanned individually and named appropriately i.e. Guarantee, GSA, Mortgage etc.
- be legible
- be in PDF or TIF format
- be in resolution 300 x 300 dpi, or better
- not be in colour.

Each email containing the security documents must not be more than 10 megabytes in size. It is acceptable to split the documents between two or more emails if required in order to keep the size of each email under 10 megabytes.

## **ORIGINAL DOCUMENTS**

You must deliver (as applicable) all original guarantees, powers of attorney, statutory declarations, affidavits and other documents given under oath or by confirmation/affirmation to Rabobank New Zealand Limited, P O Box 38-396 Wellington Mail Centre 5045 within 20 days after settlement.

Otherwise, you do not need to deliver original documents back to the Bank after settlement.

## **10. SPECIFIC INSTRUCTIONS FOR GUARANTEES**

### **Advice to Guarantors**

Where it is apparent that any Guarantor may not receive any benefit from the transaction or otherwise may be at a disadvantage in relation to the Borrower (i.e. there is a non-commercial relationship between the Guarantor and the Borrower), the Bank requires the Guarantor to obtain legal advice. Unless you are aware that the Guarantor is actually under the undue influence of the Borrower or that the Borrower has made misrepresentations to the Guarantor, you may provide the necessary legal advice. The minimum legal advice you must give the Guarantor is as follows:

- a) Unless the Bank expressly approves otherwise, you must meet the Guarantor, face-to-face, in the absence of the Borrower or any other party.
- b) You must explain the nature of the Security Documents (including the Guarantee) and the practical consequences these will have for the Guarantor if he or she signs them (for example, a wife could lose her home if her husband's business does not prosper or she could be made bankrupt).
- c) You must point out the seriousness of the risk involved, including:
  - i) the purpose of the proposed facility;
  - ii) the amount and principal terms of the new facility;
  - iii) that the Bank might increase the amount of the facility, or change its terms, or grant a new facility, without reference to the Guarantor;
  - iv) the amount of the Guarantor's liability under the Guarantee; and
  - v) discussing the Guarantor's financial means, including the Guarantor's understanding of the value of the property being charged and whether the

Guarantor or the Borrower have any other assets out of which repayment could be made if the Borrower's business should fail or the Borrower is otherwise unable to make required payments under the Facility.

- d) You must state clearly that the Guarantor has a choice. Explanation of the choice facing the Guarantor will require some discussion of the present financial position, including the amount of the Borrower's present indebtedness to the Bank.
- e) You must then check whether the Guarantor wishes to proceed. The Guarantor must be asked whether he or she is content that you confirm to the Bank you have explained to the Guarantor the nature of the Security Documents and the practical implications they may have for the Guarantor, or whether, for instance, the Guarantor would prefer you to negotiate with the Bank on the terms of the transaction. Matters for negotiation could include the sequence in which the various Securities will be called upon or a specific or lower limit to the Guarantor's liabilities. You must obtain the Guarantor's authority before giving the Solicitor's Certificate.

If you are aware or suspect that the Guarantor is or may be under the undue influence of the Borrower or the Borrower has or may have made misrepresentations to the Guarantor, you must tell the Guarantor that:

- i) you cannot advise the Guarantor;
- ii) the Guarantor must obtain legal advice from another lawyer; and
- iii) you are willing to recommend another lawyer if the Guarantor wishes.

Where the Guarantor obtains legal advice from another lawyer, you must contact that lawyer, ask him/her to provide the advice set out above and obtain written confirmation from that lawyer that he or she has provided that advice.

#### **Guarantees from Borrowers/Guarantors who are also Trustees of Secured Property**

Where any person is borrowing in a personal capacity and is also, as a trustee, providing trust property as security, the Bank requires that person to guarantee the loan, as trustee.

Likewise, where any person is guaranteeing the loan in a personal capacity (for example, as a director of a borrowing company), and is also, as a trustee, providing trust property as security, the Bank requires that person to separately guarantee the loan, as trustee.

Each non-borrowing/non-guaranteeing trustee of secured property must also guarantee the loan, as trustee.

### **11. SPECIFIC INSTRUCTIONS FOR MORTGAGES OF LAND**

You must carry out searches in respect of the land to be mortgaged to the Bank and such other searches in respect of every Relevant Person as would be carried out by a prudent solicitor on behalf of a prudent lender. You must confirm with the relevant authority that all rates have been paid or will be adequately addressed as part of the settlement process and that there are no outstanding notices affecting the mortgaged property.

If searches indicate that the area(s) or legal description of land shown in the Letter of Offer may not be correct, that there is a problem with access, that the security and priority the Bank is being offered may not be available, or that the legal capacity of any Relevant Person to act as required is in doubt, then the matter must be brought to the Bank's attention immediately for further instructions.

Please note paragraph 5(c) of the Solicitor's Certificate regarding obtaining a guaranteed search.

There is no need to provide the Bank with a copy of your searches. However please ensure that Schedule Two of the Solicitor's Certificate is carefully completed and, in particular, please ensure that you specify the references to title, area and proprietorship for each of the properties specified in the Letter of Offer.

Please note that under paragraph 9 of the Solicitor's Certificate the Bank requires a search copy of each record of title evidencing registration of the mortgage.

If the land is "residential land", as that term is defined under the Overseas Investment Act 2005, you must obtain a completed and signed Residential Land Statement (as required by section 51A of the Overseas Investment Act 2005) from the mortgagor and forward a scanned copy to the Bank.

### **Priorities / Variations**

The mortgage must record a priority limit for the purposes of section 92(1) of the Property Law Act 2007, being the amount specified in the Letter of Offer, or, if none is specified, the sum of the Loan Limit(s) plus 20%. A priority limit specified by the Bank is an amount without more for the purposes of section 92(3)(b) (i.e. the amount expressed includes interest).

If a first mortgage is already registered to a third party, and the Bank has requested a registered first mortgage, you are instructed to ensure, through the Landonline e-dealing system, that the prior ranking mortgagee subordinates its mortgage to the Bank's mortgage. The Bank does not require a Deed of Priority.

Where the Bank has requested the insertion of a new priority limit, you are instructed to ensure this, through the Landonline e-dealing system. The Bank does not require a Deed of Priority.

If the Bank is taking a second ranking mortgage, you must ensure that the written consent of any prior mortgagees is obtained and written confirmation of the amount owing to any such prior mortgagee is provided to the Bank prior to settlement.

### **Landonline e-dealing**

In accordance with the Land Transfer Act 2017, the Land Transfer Regulations 2018, and the current New Zealand Law Society Property Transactions and E-dealing Guidelines, you must provide your undertaking to the Bank, as contained in the Solicitor's Certificate, that you have obtained satisfactory authorisation, identification, pre-validation and compliance documentation and assurances to enable our mortgage to be registered electronically.

You will need to further undertake that you are using the Authority and Instruction Form that has been approved by the New Zealand Law Society and the Registrar-General of Lands and has been witnessed in accordance with New Zealand Law Society Guidelines. You must hold the original or a scanned copy of the Authority and Instruction Form in accordance with New Zealand Law Society Guidelines and must make that original or scanned copy available to the Bank promptly if requested. We do not require a paper mortgage to be signed, but do require that you ensure the mortgagors understand that they are entering into an all obligations form of mortgage with the required priority limit.

### **Unit Titles**

If a mortgage is being taken over a stratum estate under the Unit Titles Act 2010, you must ensure that the rules of the body corporate are not prejudicial to the Bank's interests as mortgagee and that the body corporate gives a certificate under section 147 in the Bank's favour.

## 12. **SPECIFIC INSTRUCTIONS FOR SECURITY AGREEMENTS**

### **Personal Property Securities Act 1999**

The Bank will undertake online registration of its personal property security interests. In order to do this the Bank requires that you verify and then provide to it certain information, and certify as to its accuracy.

#### **Searches**

You must search the Personal Property Securities Register (PPSR) in respect of the full and correct name of the Relevant Person as verified by you in accordance with the Personal Property Securities Regulations 2001 and in respect of every serial number pertaining to particularised serial-numbered goods in which a perfected security interest is to be taken. Where the debtor is a trust or partnership, you must, in addition to searching under the trust/partnership name, search under the individual names of the trustees/partners. Where the debtor is a company you must search using the company number.

The results of PPSR searches must be stated in the Solicitor's Certificate. It is your responsibility to determine whether or not each PPSR registration is in respect of a Purchase Money Security Interest (PMSI) and to indicate the results of your determinations in the Solicitor's Certificate. The Bank accepts registrations which are solely for PMSIs. Unless the Bank agrees in writing otherwise, you must arrange a discharge of each existing third party non-PMSI registration. If you are in doubt as to whether a registration relates to a PMSI, or if the PPSR collateral description in relation to a possible PMSI includes "All Present and After Acquired Property", you must contact the relevant secured party to obtain definitive confirmation of the status of the security interest. If the security interest is a PMSI but the collateral description includes "All Present and After Acquired Property", you must get the secured party to amend the PPSR registration to restrict the description to the relevant PMSI.

#### **Prior ranking General Securities**

If a non-PMSI third party security interest is already registered in respect of property over which the Bank requires a first ranking security interest, the third party is not willing to discharge its security interest and the Bank agrees in writing that the third party security interest need not be discharged, you are instructed to ensure that the third party security interest is subordinated in priority to the Bank's security interest, by both:

- a) Arranging for the completion and execution of an appropriate New Zealand Bankers' Association standard subordination/priority document; and
- b) Recording the subordination by way of a financing change statement registered on the PPSR.

If a non-PMSI third party security interest is already registered in respect of property over which the Bank requires a first ranking security interest, and the third party is not willing to discharge its security interest but the Bank is willing to provide priority to the third party up to a specified priority limit, you are instructed to ensure that the third party has priority up to a priority limit agreed to by the Bank (and that the Bank otherwise has first ranking priority, with a specified priority limit), by arranging for the completion and execution of an appropriate New Zealand Bankers' Association standard subordination/priority document.

If the Bank's and/or a third party's priority limit to be included in the priority document is not specified the Letter of Offer, you must contact the Bank to obtain it. Each priority limit specified by the Bank is an amount without more for the purposes of section 92(3)(b) of the Property Law Act 2007 (i.e. the amount expressed includes interest).

#### **Preparation and completion of Security Agreement and ancillary documents**

If the collateral includes livestock or crops:

- a) Additional details for livestock or crops are not required.

- b) Where the livestock charged is depasturing on land not owned by the Security Provider a right of entry from the land owner is required.

If the collateral includes Fonterra shares, units in the Fonterra Shareholders' Fund or any other securities related to Fonterra, these Instructions to act will also include Fonterra forms. Under paragraphs 3 & 4 of the Solicitor's Certificate you certify as to the preparation and execution of the Fonterra forms as part of the securities being taken by the Bank. These Fonterra forms must all be completed by the Security Provider and returned to the Bank together with your Solicitor's Certificate. You must point out to the Borrower that the Bank may charge the Borrower with any fees associated with Fonterra-related securities taken by the Bank, on settlement and at any time in the future, at its discretion.

If the collateral includes shares or other securities issued by another dairy company, the Bank will arrange registration of the charge with the dairy company at its discretion including charging to the client any registration fees applicable.

If the Contract indicates that the Bank will rely for security on any particularised serial-numbered collateral (i.e. motor vehicles or aircraft) you must obtain all serial numbers required under the Personal Property Securities Regulations 2001 and complete the description of the collateral in the Security Agreement, including all such serial numbers.

The Bank's Security Agreements contain undertakings of trustees (see clause 7.3).

You must ensure that all General/Specific Security documents are completed and executed in accordance with the requirements of the Personal Property Securities Act and Regulations. All fillable fields must be completed with the appropriate information, or "n/a" if not applicable. If you have any doubt about the Bank's expectation of how a document is to be completed/executed, please get in touch with the Bank's Settlement Team at [securities@rabobank.com](mailto:securities@rabobank.com).

### **13. SPECIFIC ADDITIONAL INSTRUCTIONS FOR SECURITY AGREEMENTS AND MORTGAGES**

#### **Change of ownership and substitution of securities**

Where ownership of land/assets currently charged to the Bank is being transferred (e.g. from a partnership to a family trust), or where replacement securities/mortgages are being obtained, in either case where there is no new borrower, the Bank requires the following clause to be included in the deed transferring or replacing security:

"It is agreed that this [deed/mortgage/guarantee] is in substitution for the [deed between Rabobank and the Debtor dated [ ]/mortgage registered as number [ ]/guarantee dated [ ]] to the extent that the Amounts Owing include the money secured by that deed/mortgage/guarantee."

You must include that clause where a new trustee is appointed, unless the trustees are Borrowers.

#### **Trusts, estates and partnerships**

If any Relevant Person is a trust or partnership, the Bank will require, for retention with the security documents, a certified and complete copy of the executed trust or partnership deed, any document amending the original deed and any document by which new or additional trustees or partners are appointed or any trustee or partner retires.

The Letter of Offer contains a standard limitation for any independent trustee. The Bank considers that it is of no benefit to an independent trustee for that limitation to be replicated in

any other document (e.g. a guarantee or security agreement). However, you may replicate that limitation in other documents if you wish.

Please note paragraph 4(c) of the Solicitor's Certificate.

For the purposes of these Instructions, if the Relevant Person is an estate, it is to be treated as a trust in all respects and the executors of the estate are to be treated as trustees and all provisions of these Instructions apply (with any necessary changes), as does clause 4(d) of the Solicitor's Certificate.