CREDIT FACILITY TERMS

1 The effect of this application

1.1 We may extend you credit if:

(a) we receive an Application for Credit Account on terms which are satisfactory to us; and

(b) we consider, in our sole discretion, that your application ought to be approved.

1.2 If you wish to negotiate the terms of the credit facility or your contractual arrangements with us then you should respond to this document (the **Credit Facility Terms**), Terms and Conditions, and Privacy Statement, marking up the terms you seek, and drawing those changes to our attention and obtain our agreement in writing.

2 Incorporation of our Terms and Conditions

2.1 By applying for a credit facility with us, you:

(a) warrant that you have read and understood our Terms and Conditions, which may be obtained from any of the Reece Group branches or downloaded from any of the following website; www.reece.co.nz;

(b) acknowledge that our Terms and Conditions are incorporated into this agreement and continue to apply to trade on your credit facility; and

(c) agree to be bound by our Terms and Conditions.

3 Payment terms

3.1 Charges on your approved credit facility must be paid:

(a) thirty (30) days from the end of month of invoice or the last trading day of the month following the month of invoice, whichever falls first (or such other terms as nominated by us in writing at the time we establish your credit facility); and

(b) without deduction or setoff.

4 Unauthorised use of your credit facility

4.1 You are solely responsible for ensuring there is no unauthorised use of your credit account. You must keep details of your credit facility with us confidential, including your account number, and treat it like a banking PIN or password.

4.2 If you become aware that your credit facility is, or may be, the subject of unauthorised use, you must:

(a) notify us in writing as soon as possible via email to CustomerAccounts.VIC@reece.com.au; and

(b) provide us with any information you have regarding the misuse or potential unauthorised use of your credit account.

4.3 You will be liable for charges that you have not authorised to your credit account unless:

(a) we ought to have known that they were unauthorised; or

(b) you have notified us in accordance with clause 4.2.

5 Credit remains at our discretion

5.1 Your account will be ascribed a credit limit, which you must not exceed.

5.2 At our sole discretion we may:

(a) extend, or refuse, credit to you for any reason;

(b) provide you with credit in excess of your credit limit; and

(c) cease to provide further credit even if your credit limit has not been, or will not be, exceeded.

5.3 We may close your credit facility if you do not use it for six (6) months.

6 Variations

6.1 We may increase or decrease your account credit limit by notice to you effective immediately.

6.2 If:

(a) we decrease your credit limit by giving notice pursuant to subclause 6.1; and

(b) your credit facility would fall into default as a consequence by reason of that notice,

then we will not treat this as an Event of Default (as defined in clause 7).

6.3 From time to time, we may otherwise amend our Credit Facility Terms with you, in which case:

(a) we will give you at least fourteen (14) days' written notice of the change; and

(b) your credit facility will be subject to those amended terms in respect of any further supplies made after the fourteen (14) day period has expired unless you have issued a written notice to us objecting to the varied terms within the fourteen (14) day period.

7 Default

7.1 Your credit facility will be in default if any of the below events occur (each an **Event of Default**):

(a) You fail to pay any sums to us when they fall due.

(b) Your account balance exceeds the amount we have identified as your credit limit and subclause 6.2 does not apply.

(c) Any corporate entity that is a Customer or Guarantor is the subject of the appointment of administrators, liquidators, receivers, restructuring practitioners, or enters into an arrangement or compromise with creditors.

(d) Any individual person that is a Customer or Guarantor commits an act of bankruptcy.

(e) You have given us information in support of your credit account which is false or misleading.

(f) You breach an obligation under the Terms and Conditions.

7.2 An Event of Default by a Customer shall be deemed to be an Event of Default in relation to each Guarantor and an Event of Default by any Guarantor shall constitute an Event of Default by the Customer.

7.3 If your credit facility is in default, then:

(a) we may temporarily suspend your credit account;

(b) we may give you a notice requiring that all charges on your credit facility may, at our election, fall immediately due and payable, notwithstanding clause 3;

(c) we may close your credit facility; and

(d) all costs incurred by us as a result of any Event of Default including, but not limited to, administration charges, debt collection costs and legal costs (on a solicitor/client basis) shall be payable by you.

8 Charge over your real and personal property

8.1 For the purposes of the Personal Property Securities Act 1999 (**PPSA** and as security for the sums you owe, or may owe, us, you grant us a **security interest** (as defined in the PPSR) in:

(a) all Goods supplied by the Reece Group to the Customer (together with any proceeds relating to those Goods);

(b) all present and after-acquired property (together with any proceeds relating to that property),

(referred to as your **Personal Property**) together with a charge over all your estate and interest in any real property (i.e. house or land), (referred to as your **Real Property**), whether:

(a) such property is held in your own right or in your capacity as trustee;

(b) you own the property at present or later acquire it; and

(c) wherever it is situated.

8.2 You irrevocably appoint the Reece Group's Finance Shared Services Manager (from time to time) as your duly constituted attorney to execute in your name a real property mortgage in registrable form, general or specific security agreement, bill of sale, or consent to any caveat being registered over Real Property.

8.3 Reece Group can register or perfect the security interest granted in your Personal Property, or the charge granted in respect of your Real Property, in any means possible in the jurisdiction of the Customer (and any other jurisdiction Reece Group deems necessary) to ensure Reece Group has an enforceable interest or charge against you in the Personal Property or Real Property and all amounts due under the credit account, including any future amounts.

8.4 You covenant and agree to:

(a) immediately assist Reece Group with the registration of a financing statement on the PPSR for each security interest created by, or in connection with, this Agreement (including any renewal or variation thereof);

(b) promptly execute and deliver to Reece Group all assignments, transfer and other agreements and documents and do anything else which Reece Group deem appropriate to ensure that Reece Group's security interest over your Personal Property is enforceable, perfected and otherwise effective;

(c) give any notification in connection with the security interest to obtain the priority required by Reece Group and enable the Reece Group to exercise its related rights, or register (and renew registration) a financing statement for a security interest in the Personal Property in favour of Reece Group.

8.5 You agree that the security interest granted in respect of your Personal Property and the charge granted in respect of the Real Property do not terminate upon your credit facility reducing to zero, and that any subsequent credit granted to you after your credit facility has returned to zero shall be covered by the original security interest in your Personal Property and/or charge over your Real Property and shall retain the original priority. If you have previously entered into an agreement with us by which you have granted a security interest, mortgage, or other charge then those interests will continue and will co-exist with the interests created in these credit facility terms and will secure all of your indebtedness and obligations hereunder.

8.6 To the extent that Part 9 of the PPSA applies:

(a) you agree that the provisions of sections 114(1)(a), 120(1), 122, 133 and 134 of the PPSA which are for your benefit, or place any obligations on us in your favour, shall not apply; and

(b) you waive your rights under sections 116, 120(2), 121, 125, 127, 129 and 131 of the PPSA, and its rights to receive a copy of a verification statement under section 148 of the PPSA in respect of any financing statement or financing change statement registered by us.

8.7 We may, at our election and upon the provision of written notice, vary the terms of such previous charges, mortgages, or other securities to reflect these credit facility terms.

8.8 You indemnify us from and against all costs and disbursements (including solicitor client costs) incurred by us in exercising or enforcing our rights under this clause.

8.9 You acknowledge that:

(a) you have read and understood this clause 8; and

(b) this clause 8 is necessary to protect our legitimate business interests including having regard to:

(i) the risk that retention of title and personal guarantees (if applicable in the Application for Credit Account) may not in substance, provide adequate protection to us;

(ii) the terms of any credit we may approve under subclause 1.1 are given on the basis that this clause 8 would apply, and if that were not the case, we would not have given the same credit terms; and

(iii) the risk of your insolvency given the nature of the industry in which you and we operate.

9 Credit Contracts and Consumer Finance Act 2003

9.1 For the purposes of the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) you agree that:

(a) you have read and understood the CCCFA Declaration attached to the Application for Credit Account;

(b) as set out in that declaration, any credit we provide, together with any use, lease or hire of any Goods and Services is predominantly for the purposes of a business and/or investment and not wholly or predominantly for personal, domestic or household purposes;

(c) you understand that as a result of the declaration and to the fullest extent possible you waive any rights that you may have under the CCCFA as they relate to Consumer Credit Contracts, Consumer Goods and/or Consumer Leases; and

(d) you agree it is fair and reasonable to exclude the application of the above provisions.

10 Waiver

10.1 A waiver of any provision of this agreement will only be effective if made by the affected Party in writing.

11 Entire agreement

11.1 You warrant that if you have entered into this agreement in reliance upon any oral understanding or representation that you have written such matters on the Application for Credit Account.

11.2 Otherwise, the Application for Credit Account, the Terms and Conditions and these Credit Facility Terms:

(a) constitute the entire agreement and understanding between the Parties in relation to its subject matter;

(b) exclude all implied terms; and

(c) supersede all previous negotiations, understandings, representations, and warranties.

11.3 Notwithstanding subclauses 11.1 and 11.2, where you have previously entered into a credit agreement with us (**Original Agreement**), this document will constitute a variation of the Original Agreement whereby the terms the Original Agreement are deleted and replaced with these Credit Facility Terms, unless the terms of the Original Agreement are otherwise expressly or implicitly preserved by this document, in which case they will co-exist with this document and, to the extent of any inconsistency, this document will prevail.

12 Governing Law

12.1 These Credit Facility Terms will be governed by the laws of New Zealand. The Customer irrevocably agrees to submit to the non-exclusive jurisdiction of the New Zealand Courts.