

ANZ HOME LOAN PRODUCT AND POLICY GUIDE

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INTRODUCTION

Welcome to the ANZ Home Loan Product and Policy Guide.

The aim of this Guide is to help you understand ANZ's product offering so that you feel more confident helping customers to make informed decisions about their future.

Mastering ANZ's home and residential lending portfolio falls into two parts:

1. ANZ product suite for home and residential investment lending.
2. Policy.

OUR RANGE OF HOME LOANS

ANZ offers three types of loans with differing degrees of flexibility, control and benefits to meet customers' specific needs. These are as follows:

1. Fixed rate

ANZ Home Loan with a fixed interest rate

A loan with an interest rate that is fixed for six months to five years to protect customers against rises in interest rates, allowing them to budget with confidence.

2. Floating rate

ANZ Home Loan with a floating interest rate

A flexible loan that allows customers to make extra repayments at any time.

3. Revolving credit

ANZ Flexible Home Loan

An all-in-one home loan and transaction account that uses all available surplus funds to help reduce interest costs and pay off the loan sooner.

SUITABILITY CRITERIA

It is important that there are quality conversations with our customers during the application process to determine whether the home loan product meets the customer's requirements and objectives.

It is expected that you will make particular inquiries of the customer to be able to determine suitability and to record responses to those inquiries, including:

- The amount of lending required;
- The purpose of the lending;
- The term required, or if the agreement is a revolving facility like an ANZ Flexible Home Loan, whether the credit is required on an ongoing basis;
- If the customer wants to capitalize any relevant fees, and that they have accepted there is additional cost involved in doing so;
- The customer can demonstrate the ability to fully meet their financial obligations without strain.

You will be asked to attest to this in a confirmation at the end of the application process. More detail on this can be found at the end of this Guide.

The information regarding the main loan types below will assist you with making these inquiries and determining which product is most suitable for a customer.

ANZ HOME LOAN WITH A FIXED INTEREST RATE

With a fixed ANZ Home Loan your customers will always know exactly how much their regular repayments are, allowing them to budget with confidence.

Best suited to:

- Customers who prefer a repayment amount that does not fluctuate
- Customers who need a disciplined repayment structure
- Customers who are unlikely to want to make large lump sum payments within the fixed-rate period.

Key features

- **Minimum loan** none.
- **Maximum loan** up to 90%* loan to value ratio (LVR).
- **Minimum term** none.
- **Maximum term** 30 years.
- **Repayment frequency** weekly, fortnightly, monthly.
- **Repayment options** available are Table, Straight line, and Interest Only to Principal & Interest (2 years maximum Interest-Only Period for Owner-Occupied and 5 years maximum Interest-Only Period for Residential Investment Lending).
- **Statement frequency** on 30 September and 31 March.

Benefits

- **Reserved Rate** a customer can reserve a rate for up to 60 days for new and existing lending.
- **Loan top-ups** available as a separate loan.
- **Interest only payments** for up to five years (a fixed-rate period cannot exceed an interest-only period).
- **Transfer of security.**

Fees

Fee type	
Application fee	\$0
Loan top up fee	\$0
Early Repayment Recovery (ERR)	Net Present Value Calculation

Early Repayment Recovery Tolerance

Customers can increase their regular repayment amount or make an extra payment during a fixed rate period but they may be charged an Early Repayment Recovery.

They won't be charged an Early Repayment Recovery if the customer is making their first extra repayment in that year and one of the following applies:

- they make regular extra repayments towards their loan and they increase their regular payment by less than or equal to \$250 per week
- the extra lump sum repayment they're making is no more than 5% of the current loan amount.

The year runs from the date the customer's fixed-rate period started or the anniversary of the date the customer's fixed-rate period started.

ANZ HOME LOAN WITH A FLOATING INTEREST RATE

A floating ANZ Home Loan provides greater flexibility and the ability for your customers to increase their repayments at any time.

Best suited to:

- Customers who often have extra money they'd like to put towards their home loan
- Customers who can cope with changes in the interest rate.

Key features

- **Minimum loan** none.
- **Maximum loan** up to 90%* loan to value ratio (LVR).
- **Minimum term** none.
- **Maximum term** 30 years.
- **Repayment frequency** weekly, fortnightly, monthly.
- **Repayment options** available are Table, Straight line, and Interest Only to Principal & Interest (2 years maximum for Owner-Occupied and 5 years maximum for Residential Investment Lending).
- **Statement frequency** on 30 September and 31 March.

*LVR applications for 80.01% to 90.00% lending can be assessed if it meets the following criteria:

- Must be an existing main bank ANZ customer. For joint applications, at least one of the applicants must be an existing main bank ANZ customer;
- Available for approvals only i.e. does not apply to pre-approvals;
- Must have a minimum UMI of \$1,600.

Benefits

- **Extra repayments** incur no penalty, however a minimum repayment amount may apply. Visit anz.co.nz for the latest details.
- **Loan top-ups.**
- **Interest only payments** for up to five years.
- **Transfer of security.**

Fees

Fee type	
Application fee	\$0
Loan top up fee	\$0

ANZ FLEXIBLE HOME LOAN

ANZ Flexible Home Loan is a revolving credit facility that provides customers with credit up to a set limit. All the customer's available surplus funds can be used to reduce debt faster.

Best suited to:

- Customers who require ongoing access to funds.
- Customers who often have surplus funds available.
- Customers who are good money managers.

Key features

- **Minimum loan** none.
- **Minimum term** none.
- **Maximum limit** of \$350,000 where LVR \leq 80%.
- **Maximum limit** of \$60,000 where LVR $>$ 80%.
- **Maximum term** no set term (revolving credit).
- **Statement frequency** monthly.
- **There are no regular repayments.** The customer needs to keep under the credit limit and pay any interest or fees charged on the facility.
- **Debit interest** is charged on the last business day of the month, calculated daily based on the closing balance at the end of each day.
- **Salary** must be direct credited to an ANZ Flexible Home Loan account.

Benefits

- **No set repayment frequency.**
- **No penalty for extra repayments.**
- **Transfer of security.**

Fees

Fee type	
Application fee	\$0
Monthly account fee	All loans \$12.50
Unarranged overdraft fee	\$3

ANZ RESIDENTIAL INVESTMENT LENDING OPTIONS

- The full ANZ Home Loan product range is available for residential investment property purposes.
- Any combination of ANZ Home Loans is available.

Consider some of the following benefits of the ANZ Home Loan range for property investors:

ANZ Home Loan with fixed interest rate	A fixed repayment amount allows customers to align their rental income with their loan repayments.
ANZ Home Loan with floating interest rate	Full flexibility and features including top-ups and the ability to make extra repayments without penalty.
ANZ Flexible Home Loan	An all-in-one transaction account and home loan can make keeping track of rental income and investment property expenses easier.
30-year terms	To keep repayments as low as possible. Property investment is a longer-term strategy, therefore a long loan term may suit property investors.
60% LVR	ANZ may lend up to 60% of the property value for Residential Investment Lending (for Retail customers only, and within the Reserve Bank of New Zealand LVR restrictions).
Interest only	Making interest only repayments can help maximise cashflow. It can also be of benefit because interest only helps to maximise expenses, which is a benefit if following a negative gearing strategy. If expecting to achieve capital gains on the future sale of the investment property, interest only reduces outgoings in the interim. Interest only may free up cash to use for the repayment of other, non-tax-deductible debt. Interest only loans are not available where the LVR exceeds 80%.
Top-ups	To help customers manage the unexpected such as urgent repairs or renovations.
Transfer of security	If a customer is looking to change investment properties, they can apply to take their ANZ Home Loan with them.

LOAN FEES

Early Repayment Recovery (ERR)

An ERR based on the economic cost to ANZ of breaking a fixed rate may be charged if the loan is being paid in part or in full or switched to another ANZ Home Loan product before the end of the fixed-rate period.

Reserved Rate Non-Utilisation Recovery charge

ANZ may charge a non-utilisation recovery charge if the terms of a Reserved Rate Agreement (RRA) are not met. The non-utilisation recovery charge is based on the net present value calculation as set out in the RRA.

Discharging/releasing security

Discharge fee \$100 per security

Covers documenting and completing any other transaction to do with security held at ANZ when you discharge or release that security.

ANZ HOME LOANS — A GREAT RANGE OF EXTRA FEATURES

Features	
Pre-approved home loan	Helps your customers speed up the buying process and gives them more confidence when dealing with real estate agents. Pre-approval periods are for 90 days*.
Interest only	Customers can choose to pay only interest payments on their loan for up to five years (available where LVR is ≤80%). Ideal for customers wanting to lower their home loan payment or minimise the reduction of the principal of the loan (residential investors).
Reserved rate agreement (RRA)	An arrangement available on fixed ANZ Home Loans that allows customers to reserve their interest rates for up to 60 days pending drawdown of a new loan or for an existing fixed-rate loan rolling over.
Transfer of security	A transfer of security allows customers to retain their current loan terms (in particular their fixed rate) when changing things like borrower and security details.

*Pre-approval is currently not available for >80% LVR applications.

INTEREST ONLY TO PRINCIPAL AND INTEREST ONLY LOANS

Key information

- Maximum interest only period available is:
 - up to two years for lending on owner occupied property
 - up to five years for lending on residential investment property.
- There is no additional cost to apply for an interest only loan with the original loan application.
- Interest only is available on floating rate loans and fixed rate loans, providing the fixed rate period does not exceed the interest only period.
- Interest only loans are not available where the LVR exceeds 80%.
- Affordability for all interest only home loans is assessed over the remaining principal & interest term.

For all lending applications where the loan is being placed on interest only (new and existing), you must have a quality conversation with the customer to ensure they understand what interest only means, and document the customer's reason for interest only.

You will need to confirm to ANZ with your application or maintenance request the reason the customer is requesting interest only and that the customer understands:

- What interest only means, i.e. loan payments are only for the interest cost of the loan, and the loan principal balance is not reducing.
- The loan will convert from interest-only payments to principal and interest repayments at the end of the interest-only period. For example, after two years of interest only the loan will revert to a maximum of 28 years' principal and interest repayments.
- During the interest-only period, interest will be charged to the customer's transaction account in arrears on the first business day of each month. The amount charged can change, as interest is calculated daily. The amount will depend on the interest rate and the number of days in the calendar month prior. When the interest-only period ends, we'll charge any accrued interest we've calculated but haven't yet charged up to the date of change, to the customer's affiliate account. When the loan automatically changes to principal and interest at the end of the interest only period, repayments will be weekly, fortnightly, or monthly as per the customer's original instruction.
- The maximum terms available are:
 - two years for owner occupied properties
 - five years for residential investment properties.
- The differences between putting the loan on interest only vs. putting the loan on principal and interest.

RESERVED RATES FOR FIXED LOANS

Interest rates can be reserved for up to 60 days for new and existing fixed-rate loans rolling over. If a customer chooses to reserve an interest rate, this rate will be applied to the loan regardless of any interest rate movements (up or down) in the interim.

The customer needs to confirm their lending structure and the loan amount prior to reserving an interest rate, as these details cannot be changed once the interest rate has been reserved.

Reserving rates for new lending

- Interest rates can be reserved for up to 60 days from the date of full approval (full approval is when all conditions of the approval have been met and loan documentation can be prepared).
- Settlement date must be set and unconditional.
- No fees are applicable for the set up of this facility.
- If the customer wishes to reserve a current or negotiated interest rate, a Loan Confirmation Form or Loan Maintenance Form (for fixed rate rollovers) signed by the customer/s or specific e-mail from the customer/s confirming the rate is acceptable, will need to be submitted within two business days of pricing being offered. Note: The e-mail must be from an e-mail address held on Bank records.
- When the interest rate is reserved, the customer will drawdown at this rate.
- If a customer seeks to cancel or change the RRA, a non-utilisation recovery charge may apply and ANZ reserves the right to terminate the customer's loan approval or loan agreement.

Reserving rates for fixed-rate loans rolling over

- Interest rates can be reserved for up to 60 days prior to the expiry of the customer's current fixed-rate term.
- The loan must be up to date; for loans in arrears, a new fixed term cannot be reserved or rolled to.
- No fees are applicable for the set up of this facility.
- If the customer wishes to reserve an interest rate, a loan maintenance request form will need to be signed by the customer and submitted within two business days of pricing being offered.
- Once the customer has reserved the interest rate, this is the rate that will apply at rollover.
- If a customer seeks to cancel or change the RRA, a non-utilisation recovery charge may apply and ANZ reserves the right to terminate the customer's loan approval or loan agreement.

Any changes to the RRA (including settlement or fixed rate rollover date) must be referred back to the Adviser Lending Specialist for consideration.

Interest rate pricing

Where you negotiate a discounted interest rate for a customer, this will be held for two business days from the date the pricing is confirmed by ANZ.

If the customer wishes to reserve this interest rate, you will need to complete an RRA (new lending) or loan maintenance request form (existing lending) and get the customer to sign the agreement. This will then need to be submitted, with the pricing approval, within two business days of receiving the pricing.

Reserved Rate Non-Utilisation Recovery (NUR) charge

When a customer enters into an RRA, we source funds for the loan from the wholesale money market. This commits the bank to paying a fixed rate of return on those funds for the term specified in the RRA.

If a customer cancels or changes their RRA, we still have to honour our commitment to pay for the funds we secured. In this situation, if the wholesale rates on the day the agreement is cancelled or changed are lower than they were when the agreement was made, we make a loss. The NUR charge will help us recover some of this loss.

NUR is applicable in three situations:

- Customer requests to cancel the RRA;
- Customer requests to change the terms of their RRA (i.e. change to a different fixed-rate, fixed term or lending amount locked in);
- Customer does not drawdown/rollover the loan on the drawdown/rollover date specified on the RRA.

Details of the NUR calculation can be found on the RRA and the loan maintenance form.

TOP-UPS

The customer must apply for and be assessed for the increase to their lending.

Key information about top-ups

- There are no fees charged for top ups.
- All parties to the loan (including guarantors) must sign the application form.
- A full loan application is required.

TRANSFER OF SECURITY

If a customer has sold their existing home and not yet found a new property, transfer of security allows the lending to continue, secured by funds from the sale of the property placed on term deposit until the customer purchases a new property.

Transfer of security can also be used for the purposes of changing the ownership of the loan or security property, to avoid an ERR, i.e. on a fixed ANZ Home Loan. Examples of this are:

- Joint borrowers to single borrower
- Joint borrowers to a Family Trust/look through company (LTC)
- Adding a name to the security property.

Key information about transfer of security

- The use of a term deposit as security under a transfer of security scenario is a short-term solution only (up to 12 months).
- Approval of transfer of security applications is subject to approval of the new borrower and security property, and satisfactory conduct of the customer's home loan.
- If a term deposit is to be used as short-term security (up to 12 months), the term deposit must be equivalent to the outstanding loan balance.

A full loan application is required in the following circumstances

- If the customer requires an increase in lending or term extension.
- If there is a change in ownership for the security property or loan, for example adding a name to, or removing a name from, the security property or loan (this is because ANZ needs to assess the ability of the new loan 'owner' to repay the debt).
- For a change of security type.

A full loan application is not required in the following circumstance

- If the borrowers and/or mortgagors are changing between individuals and a Trust and the Trustees are the same as the individuals.

Key points to note

- If increasing the amount of lending, please state clearly which loan is a transfer of security loan and which is new lending.
- If there is a change in security property, please submit the sale and purchase agreements (S&Ps) with the application form.
- The security property can be of a lesser value, as long as it still meets LVR criteria.
- A Registered Valuation Report (RVR) may be required (for example if the new property is non-standard or private treaty).

ANZ CREDIT POLICY SUMMARY

Real property type	Maximum LVR
Standard residential property	
• Residential houses, terraced houses and townhouses	Up to 90%*
• Vacant land (fully serviced, maximum 10 hectares)	80%
• Rural lifestyle property 0 to 10ha	Up to 90%*
• Apartments	80%
Non-standard residential property	

Real property type	Maximum LVR
• Non-standard apartments (less than 38sqm, studio apartments, leasehold apartments, bachelor/bedsit units, warehouse/office conversions, serviced apartments, student/university apartments)	50%
• Three to six dwellings on one title	60%
• Seven or more dwellings on one title	60%
• Development land and vacant land (not fully serviced)	50%
• Property development	50%
• Luxury	75%
• Pensioner flats/retirement village (residential title)	60%
• Rural lifestyle property greater than 10ha	70%
• Residential leasehold property	80%
• Non-standard vacant land	50%

Security type	
ANZ Term Deposits	100%
Can be used as short-term security (bridging or tideover finance) under a transfer of security scenario, the term deposit must equal at least the value of the loan it is securing.	

Home loan products cannot be secured against the following property types:

- Commercial property
- Rural property (excluding lifestyle properties)
- Englobo land (e.g. residential development)
- Special purpose property
- Multi-purpose property.

These property types need to be assessed by ANZ Business.

STANDARD RESIDENTIAL PROPERTY

Maximum LVR 90%* for Owner Occupied.
Maximum LVR 60% Residential Investment Property.
Maximum LVR 80% Owner Occupier New to Bank.

The maximum amount depends on the property's location, the property type, occupancy status, the home loan type and other ANZ lending criteria together with prevailing RBNZ high LVR restriction criteria.

Standard residential property is exclusively for the occupation of individuals for the purpose of private housing (including owner occupied and non-owner occupied

*LVR applications for 80.01% to 90.00% lending can be assessed if it meets the following criteria:

- Must be an existing main bank ANZ customer. For joint applications, at least one of the applicants must be an existing main bank ANZ customer;
- Available for approvals only i.e. does not apply to pre-approvals;
- Must have a minimum UMI of \$1,600.

properties, i.e. tenanted). This includes:

- Residential homes
- Residential townhouses
- Rural residential housing (rural land specifically zoned for the purpose of residential occupation)
- Rural lifestyle properties (see page 8).

Vacant residential land (fully serviced, maximum 10 hectares) can be used as security. If the customer is purchasing a section with a Fixed Price Contract for the build to commence within 12 months and is to be completed within 24 months of the section purchase, ANZ can lend to a maximum LVR of 85% on vacant land (fully serviced). For non-serviced land or land which will remain vacant >12 months, a maximum LVR of 50% applies.

Vacant Residential Land Purchases with Delayed Titles

Approvals can be provided for vacant land where the title is due to be issued within 12 months.

You must make customers aware of the risks associated with these applications.

Please discuss the following with your customers:

- It's important to let them know that lending will need to be re-assessed if the offer expires and loan conditions have not been met;
- Approval to purchase the land does not mean that we are also giving customers an approval to build;
- Check that the customer has seen the section and can confirm the pegs are in the ground.

Conditions to obtain a 12 month approval:

- A signed sale and purchase agreement to be provided; and
- A registered valuation will be required before an approval can be issued.

The customer's solicitor will need to:

- Provide written confirmation that the resource consent has been granted for subdivision;
- Confirm an appropriate sunset clause has been inserted in to the sale and purchase agreement;
- Confirm there are no detrimental covenants or encumbrances.

If you have any further queries, please contact your ANZ BDM or the ANZ Adviser Assessment Team.

Apartments

Maximum LVR 80%.

A property must be treated as an apartment if all of the following criteria apply:

- Adjoined property
- Greater than one residence in height
- Part of a block or development
- On a strata title.

Apartments are further split into standard and non-standard apartments. A standard apartment is generally defined as being at least 38sqm with separate bedroom/s from the living area (excluding balconies and garages), subject to the exceptions listed in non-standard apartments below.

NON-STANDARD RESIDENTIAL PROPERTY

Non-standard apartments

RVR required on all LVRs for non-standard apartments. Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

Non-standard apartments include the following:

- Leasehold apartments
- Between 30sqm and 38sqm
- Studio apartment
- Bedsit
- Warehouse or office conversions
- Serviced apartment
- Student/university apartments.

Bedsitter/studio/warehouse apartments

Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

These apartment types are characterised by a bedroom which is not separate from the sitting room or kitchen/kitchenette. Alternatively the property may have a loft-style bedroom.

This definition also incorporates the more upmarket multi-bedroom warehouse converted apartments and conversions of office blocks into apartments.

University apartments or student accommodation

Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

These are often set up in a similar fashion to serviced apartments, or as residential units within a unit complex which is marketed as a university apartment or student accommodation.

Note:

1. This description does not include a 'standard' house/townhouse/unit/etc, which is coincidentally occupied by a student.
2. If there is an operating lease or management agreement governing the use, occupation, management and sale of the unit, it must be treated as a serviced apartment for the term of the agreement/lease.

Serviced apartments

Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

Serviced apartments are properties that are structured in a similar fashion to a hotel operation, however with individual owners per room or unit and with a property manager in place to administer the apartment complex. An RVR is required in all instances.

Leasehold property

ANZ can extend both the improved value and the lessee's interest in residential leasehold properties (the leased land) to a maximum LVR of 80% subject to:

- For fixed term/no right of renewal leases, the maximum lending term that can be offered must be 5 years less than the lease expiry date for leasehold properties (up to a maximum of 30 years), e.g. if a lease has 30 years to run

before expiring, the loan term cannot exceed 25 years.

- For perpetually renewable leases, the term of the loan will only be limited by the loan product term.
- An RVR report is required in all instances. This report will specifically address the value of the lessee's interest in the residential leasehold property.
- The lease, i.e. ground rent, generally an annual lease payment, is to be included in debt servicing calculations.
- Interest only is not available for leasehold properties.
- Flexi products are not available for leasehold properties.

For all leasehold properties (including leasehold apartments) the affordability assessment must take into account future estimated increases in ground rent during the lease term. The future increase in ground rent is to be calculated based on a 5% p.a. increase in the current property's land value for the next 5 years.

- Example: Land Value \$100,000 and ground rent from the lease agreement of 3%.
 Year 1 $\$100,000 \times 5\% = \$5,000$,
 Year 2 $\$105,000 \times 5\% = \$5,250$,
 Year 3 $\$110,250 \times 5\% = \$5,512$,
 Year 4 $\$115,762 \times 5\% = \$5,788$,
 Year 5 $\$121,550 \times 5\% = \$6,077$.
 Estimated land value at the end of the 5th year $\$127,626$.
 Ground rent is 3% from the lease agreement, therefore the increase in ground rent = $\$127,627 \times 3\% = \$3,828$.
- Note: The increase in land value is equivalent to an increase of 27.63%. So the calculation for increase in ground rent = (land value x 27.63%) x ground rent %.

Other existing and future lease related costs must also be included in the affordability assessment. Details will be available in the lease agreement. You will need to enter this under the 'Other significant expenses' section of the loan affordability calculator.

Note: For leasehold apartments – maximum LVR 50% for Owner Occupier and Residential Investment Properties.

Development land

Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

Land which is either zoned residential or able and expected to be re-zoned residential. Has not yet been subdivided and/or has not had separate road access, water, sewerage and power installed.

Property development – residential

Maximum LVR 50% for Owner Occupier and Residential Investment Properties.

Residential property development is defined as follows:

- Construction is at the direction of a property developer
- The development comprises of a new or major refurbishment of an existing property, e.g. conversion of an office block into residential units
- The properties are for first time occupation, e.g. newly constructed/refurbished property is to be occupied in its present state for the first time.

Three to six dwellings on one title

Maximum LVR 60% for Owner Occupier and Residential Investment Properties.

Seven or more dwellings on one title

Maximum LVR 60% for Owner Occupier and Residential Investment Properties.

Luxury and area thresholds for residential property

A maximum LVR of 75% applies to properties with a purchase price/value above the amounts specified in the following table.

Area	Residential houses/ townhouses and terraced houses on less than two hectares, Rural Residential lifestyle houses on less than 10 hectares	Standard apartment, standard vacant land
Auckland City, North Shore including Warkworth/Omaha and Queenstown Lakes District	\$3.75m	\$3.0m
West Auckland (including Kumeu/Huapai/Riverhead), South Auckland, Wellington City, Tauranga District and Christchurch City	\$2.5m	\$2.0m
Wellington Region, Whangarei District, Nelson City/Richmond, Hamilton City/Cambridge, Hastings District, Napier City, Taupo, New Plymouth, Rotorua Lakes, and Dunedin City	\$1.6m	\$1.1m
All other (city and suburbs)	\$1.3m	\$900,000

Properties under \$100,000

An RVR is required where:

- A property is purchased for less than \$100,000 (excludes vacant sections); and
- The LVR is greater than 70%.

Dwellings under 30sqm

Are not considered an acceptable security for home loan products.

RURAL LIFESTYLE PROPERTY

Maximum LVR

0 to 10ha	≤ 90%
Greater than 10ha	≤ 70%

A lifestyle block is either:

- Land with a residence, or
- Vacant land which is to have a house constructed on it within 12 months of loan drawdown.

The property is zoned residential, rural residential, rural (or any other similar zoning - must not be commercial / industrial, etc). The property is in an area where lifestyle blocks are common, and the use of the property is primarily for the purpose of private residential occupation (may be tenanted).

ANZ will allow home loan products for lifestyle properties (up to 10ha). A property is not considered a lifestyle property if:

- The primary purpose is Agricultural or Horticultural; or
- The income generated from the property is greater than \$50,000 (net of farm working expenses); or
- The customer's total income is predominantly generated from the block i.e. property income (including horticulture or produce sales) exceeds the income from non Agri sources; or
- The property adjoins a farm that is owned by related parties and the block is essentially used as an extension to the farm; or
- The property has been or is likely to be marketed as a farm e.g. the property is horticultural and would likely to be marketed as such e.g. kiwifruit orchard, established vinyard, etc.

If the property doesn't meet the lifestyle definition, or where the property exceeds 10ha and income is earned from the property, the application may be referred to an ANZ Relationship Manager Agri Specialist for further assessment.

Note - any registered valuation obtained must be based on the land and residence value only. The valuation must not include income producing potential of the land, sheds, machinery etc which are used for income producing purposes.

COMMERCIAL PROPERTY

Commercial Property Lending

Summary details are provided below. It is recommended to liaise with your ANZ BDM to discuss your client's scenario in further detail. Lending assessment may need to be referred to an ANZ Business Relationship Manager.

Commercial Property Types	Loan to Value Ratio (LVR)
Standard commercial property including –	
• Grade A (high quality) office and industrial space	65%
• Grade B (good quality) or C (older style) office and retail space	55%
• Multi-purpose	55%
• Investment (not owner occupied)	55%

Commercial Property Types	Loan to Value Ratio (LVR)
Non-standard commercial property including –	
• Vacant commercial land fully serviced	50%
• Backpackers/boarding houses	50%
• Child care centres	50%
• Englobo land & development land	50%
• Hotels/motels	50%
• Commercial leasehold property	50%
• Serviced apartments (owner occupied and residential investment)	50%

ANZ Commercial Loan – at a glance

- **Minimum loan** N/A.
- **Maximum loan** up to 65% loan to value ratio (LVR).
- **Minimum term** 6 months.
- **Maximum term** up to 15 years.
- **Repayment frequency** weekly, fortnightly, monthly.
- **Loan application fee** up to 1% of the loan amount.
- **Interest only** options may be available depending on the property type/scenario.

VALUATION POLICY – STANDARD AND RESIDENTIAL INVESTMENT PROPERTIES

Lending above the LVRs below will require an RVR

Category	Event	S&P	Rating Valuation	I-Valuer	Registered Valuer's Report
Standard Residential Standalone Dwellings, Terraced Houses, Townhouses, Vacant Land and Standard Apartments	New Purchases/ Refinances/ Top-ups*	≤ 80% LVR	≤ 80% LVR	≤ 80% LVR	> 80% LVR

* For top-ups on standard residential standalone dwellings and townhouses to \$30,000 and ≤90% LVR, the most recent I-Valuer report or Rating Valuation can be used (if I-Valuer is not available) without the need for an RVR. Maximum one top-up approved under this policy per year.

Age of valuations

Event	S&P	Rating Valuation	I-Valuer	Registered Valuer's Report
New Purchase	< three months old	N/A	< one month old	< three months old
Refinance	< three months old	A Rating Valuation may only be used in certain circumstances. Please contact the ANZ Adviser Assessment Team to confirm if it can be used.	< one month old	< three months old if ≤ 80% LVR < three months old if >80% LVR
Top-ups	< three months old	A Rating Valuation may only be used in certain circumstances. Please contact the ANZ Adviser Assessment Team to confirm if it can be used.	< one month old	< three months old if ≤ 80% LVR < three months old if >80% LVR

When the bank requires an RVR as part of the lending application process the RVR must be ordered through one of the two ANZ approved valuation platforms (Valocity or CoreLogic) on behalf of the customer (the customer will still need to cover the cost of the RVR).

Conditions for using a Rating Valuation (RV)

- LVR must be 80% or less for standard standalone dwellings, terraced houses, townhouses and vacant land.

Situations where I-Valuer can be used

- New purchases, refinances and top-ups, LVR must be 80% or less.

Conditions for using an S&P

- S&P must represent an 'arm's-length' transaction conducted via an MREINZ real estate agency at public auction or sale, between unrelated parties.
- The S&P must be compared, by ANZ, to the current market estimate (estimate provided by Valocity I-Valuer report) to ensure the purchase price is within an acceptable range.
- A complete signed copy of the S&P must be held.
- The S&P price must be less any discounts and bonuses or additional assets stated in the contract.

Situations where an RVR will always be required

- The LVR is greater than 80% (excludes top-ups that meet the waiver requirement).
- Property is a non-standard residential property, excluding standard apartments and luxury properties.
- Property is leasehold.

- Property value is <\$100,000 and the LVR is over 70%.
- Lending is a construction loan/loan to build.
- Property purchased 'off the plans'.
- Property does not meet the above criteria for S&P.
- Property does not fall within the valuation caps above.
- ANZ does not consider the S&P or Capital Value is a fair representation of market value.

Age of valuations

The valuation used to determine security value should be the most recent of:

- Registered Valuation (RVR).
- Sale & Purchase (S&P).
- Rating Valuation (RV).
- I-Valuer (preferred option where available).

Inclusion of chattels in valuation

Chattels valued separately in an RVR may be included in the total value of the property when calculating LVR. Where chattels are valued at more than 6% of the total value of the property, a maximum value of 6% of the total value of the property may be included.

Chattels are defined as:

- Stoves
- TV aerials
- Fixed floor coverings
- Blinds/curtains/drapes
- Telephones
- Light fittings.

Addressing valuations

All RVRs must be addressed to one of the following and confirm that ANZ can rely on the RVR for mortgage lending purposes:

- ANZ
- ANZ Bank New Zealand Limited.

Professional indemnity requirements:

The valuer must disclose within the RVR that they hold professional indemnity insurance.

Sale by private treaty

The purchase price in the Sale & Purchase Agreement provided under a Private Treaty sale will be checked by ANZ, against the most recent I-Valuer/RV to determine if it is suitable to be used. Where it's not suitable, the market value must be confirmed by way of an ANZ initiated valuation. This valuation must be ordered through one of the two ANZ approved valuation platforms (Valocity or CoreLogic) on behalf of the customer (the customer will still need to cover the cost of the RVR).

ADDITIONAL INFORMATION

Confirmation of customer deposit/equity contribution

For all lending, ANZ will require proof of full deposit, including confirmation borrowers have contributed 5% of the property purchase price from their own resources. This contribution/equity can only come from:

- Personal savings or term deposits - confirmed by three months Bank statements or deposit certificates that are in the name of at least one of the borrowers
- Sale of real estate (the property must be in at least one of the borrowers' names – a copy of the S&P must be obtained)
- Sale of shares (held in the name of at least one borrower)
- Superannuation proceeds including KiwiSaver (must have been held in the name of at least one borrower).

Other borrowings may be acceptable provided that serviceability of the combined debt is clearly demonstrated.

Third party mortgage security confirmation from the security provider (e.g. parents may provide security) is required, confirming the nature of the arrangements and serviceability of the combined debt. See page 16.

AFFORDABILITY CRITERIA

It is important that there are quality conversations with our customers during the application process. This ensures that we get an accurate account of our customer's financial position and their living expenses.

It is ANZ's expectation that the adviser validates the expenses and account conduct for all new and existing customers in sufficient detail to reduce the risk of under estimating or missing expenses.

You will be asked to attest to this in a confirmation as part of the application process. More detail on this can be found at the end of this Guide.

When determining expenses:

Have a conversation with your customer about their likely future expenses (living expenses and other significant expenses) following a home loan settlement.

Once income and expenses have been captured in the LAC, please note the following:

- If the UMI is \$1,000 or more, then the customer will not need to provide any verification or evidence of their expenses.
- If the UMI is under \$1,000 then the customer will need to provide verification or evidence for their other significant expenses only.
- For applications >80% LVR (including RBNZ exemptions), bridging loans, leaky homes, hardship and residential development lending, we will still require verification or evidence for other significant expenses.

You will also need to discuss with the customer any potential expenses they may take on as a result of the lending transaction, e.g. rates and house insurance after purchasing a new property, which you will need to include. Some expenses may be readily available through Government websites, e.g. property rates in certain cities.

Your default position should be to capture all living expenses and other significant expenses. However, there may be valid reasons as to why these may not be continuing. You must clearly note the customer's reason and your justification for excluding and/or reducing any expenses which differ from the statements provided. It is acknowledged that the customer's lifestyle may change as a result of this transaction and that this may have an effect on their expenses. Discuss with the customer any future changes to either their income or expenses and document these changes in the application. You do not need to include regular savings or investment contributions as an expense in your assessment. This also includes any additional voluntary KiwiSaver contributions or additional Student Loan repayments.

Home loan approvals rely heavily on a customer's budget surplus, so it is important your clients provide us with accurate information about their income and living expenses as part of their home loan application. The list of expenses ANZ captures is detailed in the table on the next page.

Living Expenses	Other Significant Expenses
<ul style="list-style-type: none"> Public school expenses Groceries (e.g. food, cigarettes, alcohol etc.) Other child related expenses (e.g. clothing, school trips/activities, sports) Motor vehicle (e.g. fuel, parking, servicing) Public transport (e.g. bus, train, ferry, Uber or taxi) Mobile plan or prepay Clothing and personal care (e.g. clothing, shoes, accessories, hair and cosmetics) Doctor visits and prescriptions Internet and landline Media subscriptions (e.g. Netflix, Sky and other pay TV) Car insurance Eating out and takeaways (e.g. takeaways, coffees, drinks and dining out) 	<ul style="list-style-type: none"> Council rates (total of all council rates including owner occupied, rental, Airbnb, holiday home) Body Corporate Ground rent (leasehold) Private school expenses Home insurance (total of all home insurance costs including owner occupied, rental, Airbnb, holiday home) Child support payments IRD tax expense Childcare (e.g. day care, nanny or after school care) Rubbish collection Green waste Lawn mowing Cleaner Other dependent costs Other insurance (e.g. contents, life, health, income protection, pet) Gym and fitness (e.g. gym membership, yoga) Charity, donations, tithing and community contributions Personal education and costs Optician and glasses Dental care Pay later/Afterpay Superannuation (e.g. KiwiSaver)

The use of Buy Now Pay Later Services

Payments to Buy Now Pay Later (BNPL) services such as Afterpay, Laybuy and Oxipay should be captured as a significant expense.

Where the customer will continue to use these services post drawdown:

- Use the average amount paid over the last 3 months;
- Ensure the expense noted for the BNPL is not captured elsewhere in the customer's living expenses, for example as 'clothing'.

If the customer will no longer be using BNPL services post settlement, the expense can be excluded if:

- The customer can provide evidence that the outstanding balance has been repaid or can be covered from available funds; and
- The customer does not intend to continue using these services.

You must note the reason for excluding and/or reducing BNPL expenses which differ from the statements provided.

Income assessment salary and wages (including overtime, commissions and allowances)

- One original payslip being no more than 30 days old showing gross per annum base income; or
- One original payslip being no more than 30 days old showing year-to-date income, providing this covers at least a three-month period; or
- The regular receipt of salary and wages can be verified by deposits into the customer's bank accounts over the last three months.
- Use of a letter from an employer is acceptable. However, if this is to be used it must meet the following criteria:
 - On the employer's letterhead
 - Signed by a company representative, not the applicant
 - Must confirm the previous three months' income/employment or confirm annual income
 - Overtime, commissions or non-cash benefits must be separately disclosed
 - Must be supported by evidence of income shown in either bank statements or payslips. NB: non-taxable allowances cannot be included.
- Overtime/Commission income used is calculated by taking 80% of the three month average of OT/Commission income. Must be supported by evidence of income shown in either bank statement or payslips. Consideration should be given as to any seasonality as customers may only work overtime for part of the year.

Other income sources

- Where royalties or other income are to be included, tax returns or bank statements are required to show the income has been regular over a two-year period.
- Interest can be included when evidenced by the sighting of a fixed term deposit certificate with a minimum of two years to maturity from the date of application. Use the average monthly income earned over the last two year period.
- Government benefits and pensions can be included if a letter from Work and Income New Zealand (WINZ) is held detailing current entitlements and that the income is regular.
- As maintenance (child support) is not included in taxation returns, the applicant will need to provide an original Inland Revenue Department (IRD) Child assessment notice and bank statements that show regular deposits over the previous three months. Private maintenance payments can be accepted as income if there is a formal arrangement.
- Income from The Accident Compensation Corporation (ACC) can be used if a current letter from ACC is supplied showing all payments are ongoing and sustainable.
- Investment income can be included at 70% of gross investment income (two years' tax returns are required). Income must be sustainable over the life of the loan.
- Where a customer is within 90 days of returning to employment from parental leave, return to work income can be used. A confirmation letter from the employer providing a start date and income details should be provided.

Non-PAYE earners (i.e. sole proprietors, partnerships, companies)

Certified financial statements for the business covering the last two-year period are required to be forwarded with the applications for these customers.

As an exception, where financial statements are not prepared, the following is required:

- IRD produced tax summaries; or
- IRD produced tax assessment notice; or
- IRD produced statement of earnings of the applicant.

Financial statements (profit and loss accounts and balance sheet) are required to be certified as follows:

- Signed by the customer if prepared by the customer
- If prepared by a Chartered Accountant, presented on the accountant's letterhead, signed by the accountant, and accompanied by a statement confirming that the financials were prepared from information provided by the customer
- If prepared by an auditor, presented on the auditor's letterhead, signed by the auditor, and accompanied by an independent auditor's report
- Home loan applications involving self-employed customers require a copy of the latest IRD tax summary in support of the financial statements provided (e.g. an IRD verified IR4/IR3, or equivalent).

Where the financial statements provided have been completed by the following, an IR3/IR4 may not be required:

- Chartered Accountant who is a member of CAANZ (Chartered Accountants, Australia and New Zealand), or
- A Certified Practising Accountant (CPA) who is a member of CPA Australia, or
- The Accountants and Tax Agents Institute of New Zealand (ATAINZ) members who are classed as Professional Tax and Business Advisors (PTBA).

When completing an affordability assessment, residential rental income derived from any specific property including Airbnb and holiday home(s) must be treated in the following ways:

- 76% of the gross income derived from a residential property built before 27 March 2020 may be used (this will automatically be applied in the loan affordability calculator).
- 80% of the gross income derived from a residential property built on or after 27 March 2020 (this will automatically be applied in the loan affordability calculator).

The date of build can be determined using the Code Compliance Certificate or date of consent.

At least one of the following pieces of evidence must be held:

- A letter from the property management section of the real estate agency stating prospective rental income for the property. The letter must confirm that an agent has sighted the property and that demand is at least reasonable.
- Bank statements recording rental receipts for a minimum of three months.

- Registered valuation assessment of potential rental income.

The reduction to 76% or 80% doesn't include rates and insurance associated to the rental property nor does it include Body Corporate fees/levies or Ground Rent. You must capture expenses associated to the rental property and/or Airbnb/holiday home under the 'Expenses' tab of the loan affordability calculator.

The 'Expenses' tab in the Adviser LAC will estimate the rates and home insurance for residential rental properties, including Airbnb and holiday homes, using our benchmarks and rental income entered in the Adviser LAC.

You'll need to confirm with the customer if the rates and home insurance figures provided are a reasonable estimate of the costs:

- If the amount seems about right, we won't need any supporting documents.
- If the customer's rates and home insurance is higher, enter the higher amount. We won't need any supporting documents - we'll use the higher amount in our affordability assessment.
- If the customer's rates and insurance is lower, enter the lower amount and provide supporting documents.

Boarder income

The maximum board allowed per application is \$200 per week with a maximum of two boarders. Boarder income is excluded for applications where LVR exceeds 80%, or if the boarder income is received from customer's spouse, partner or defacto.

Within the above limits, boarder income can be included at 100% of the amount received where the income is for a "room charge" only. Where board is charged as "all inclusive", i.e. including costs such as power and food – apply 50% of the boarder income.

Boarder income is to be evidenced by a regular referenced deposit (three months) to the customer's bank account, or a signed ANZ Boarder Income Declaration specifying the board amount being paid or to be paid.

The Boarder Income Declaration can only be used once. Boarder income that is used for subsequent lending must be evidenced via direct credits into the customer's bank account.

You will need to include key discussion points regarding the use of boarder income in your narrative to show that you have considered the sustainability of this income. You will need to include key discussion points regarding the use of boarder income in your narrative to show that you have considered the likelihood of the customer obtaining a boarder and the sustainability of this income. This should include considering the number of people in the household as compared to the number of bedrooms and the location of the property.

Bonus income payments

Bonus income payments can be used as part of an affordability assessment, provided:

- The application has an LVR of 80.00% or less;
- The payment can be validated and confirmed to be sustainable, and not irregular; and
- Customers must have received bonus income payments consecutively over the last two years. This must be verified using the payslip for that period. This ensures the bonus payment is categorised and can be easily validated.

When assessing affordability, you must use the lower of:

- Average net bonus income payment over the last two consecutive years; or
- The most recent net bonus income payment.

Important:

- You must apply a 20% haircut to the net bonus payment amount and enter this under the 'Other weekly income' field of the Loan Affordability Calculator.
- Ensure you discuss with the customer the use of bonus payments as part of the affordability assessment. In your narrative you must also detail your calculations and confirmation with the customer that the bonus income is being used as part of debt servicing.
- Bonus payment used must not exceed 20% of the customer's annual net base income.
- Bonus income is not applicable if overseas income is involved.

Example: The customer has an annual base income of \$100,000 net. They received a \$5,000 bonus payment last year and they received a \$10,000 bonus payment two years ago.

- The amount that you need to use in your affordability assessment is \$4,000 (\$5,000 before 20% haircut applied). This is the most recent payment and is lower than the average bonus payments over the last two years ($\$15,000 / 2 = \$7,500$).
- \$5,000 is less than 20% of the annual base income amount of \$100,000.
- Example note for narrative:
Discussed with customer that their bonus income is being used towards servicing. Bonus amount used for servicing is \$5,000 less 20% = \$4,000. This amount is the most recent bonus payment and is less than the average over the last two years.

Existing account conduct

- ANZ will need to complete account conduct checks for customers who have had their main transactional account with ANZ for less than 12 months. Customers must provide bank statements for at least 90 days of transactions dated within the last 6 months, and including the most recent statement cycle where possible. If customers have had their main transactional account with ANZ for less than 3 months, they will need to provide statements from their previous bank.

- You can use statements provided for income and expenses to fulfill our account conduct requirements.

RESIDENTIAL INVESTMENT LENDING

The purpose of this section is to provide a summary of the key aspects of ANZ credit policy related to residential investment lending.

Maximum LVR

The maximum we will lend for Residential Investment loans is 60% of the property value (unless an RBNZ exemption applies).

If you're buying a residential investment property, or you'll be using a residential investment property you already own as security for the new loan, there are restrictions on the maximum LVR we will lend to. You'll need a minimum 40% deposit.

Employer Provided Accommodation

Customers who are living in an Employer Provided Accommodation and do not currently own a residential property can borrow up to a maximum LVR of 80% to purchase a standard residential investment property.

To confirm eligibility, the following is required to be submitted with their lending application:

- a copy of their Employment Contract or letter from their employer confirming the customer is living in an Employer Provided Accommodation.
- the Residential Property Ownership Declaration form signed by the customer confirming they do not currently own any residential property. If the home loan will be under a company or trust, all debt servicing parties will need to sign a separate declaration.

Main bank relationship

It is our preference that the customer holds or will hold a main bank relationship with ANZ.

A main bank customer is defined as an existing customer with salary direct-credited to an ANZ account and a multi-product ANZ relationship, or a new customer who has this main-bank criteria stipulated as a condition of their loan approval.

Valuations

An RVR is required for LVRs over 80%.

Insurance for cover of loss of rent

Where the application will be reliant on rental income for servicing loans, it is preferable that the customer arranges loss of rent cover. Customer is to be advised at time of application that loss of rent cover is recommended.

Multiple investment property ownership

For customers with more than six rental properties, the application may need to be assessed by the ANZ Business Assessment Team. Please contact your ANZ BDM to discuss further.

LOW EQUITY PREMIUM (LEP)

Low equity premium (LEP) is charged by ANZ to recover the expected costs of assuming the increased risk associated with lending above 80% of the property's value and the costs incurred as a result of such lending.

When is it required?

Generally, LEP is required for any loan where the amount borrowed is more than 80% of the LVR.

How is LEP calculated?

Premium amounts are calculated on a graduating scale, depending on the customer's LVR. Generally as the LVR rises, it will attract a higher premium to cover the increased risk. There is no minimum LEP.

How is the security value set?

The LVR is calculated on the value of the security being offered. This may be the purchase price, or ANZ may make a valuation based upon the property's location and supporting documentation.

Is LEP negotiable?

No.

LEP fee structure

The following table is a guide to calculating LEP. Note: may be subject to change.

The LEP will be charged to the customer upon settlement or it can be capitalised (added to the amount being borrowed) if required.

The total home lending required, which includes the capitalised LEP, needs to be applied for when submitting the loan application. This increased loan amount must be included in the LAC.

ANZ low equity premium

LVR	Premium
80.01% – 85.00%	0.25%
85.01% – 90.00%	0.75%
Over 90.01%*	2.00%

*not currently available.

NON-RESIDENT (OVERSEAS PERSON) HOME LENDING

From 22 October 2018, restrictions on 'overseas persons' buying or acquiring residential land or property in New Zealand took effect. As a result, any customer who is an 'overseas person' under the Overseas Investment Act (the Act) may need the consent of the Overseas Investment Office before they are allowed to buy or acquire residential land or property, or an interest in residential land or property, in New Zealand.

Who is an 'overseas person'?

An 'overseas person' is somebody who is not a New Zealand citizen (whether or not living in New Zealand) or 'ordinarily

resident in New Zealand' as defined under the Act.

Under the Act, a person is 'ordinarily resident in New Zealand' if they hold a New Zealand residence class visa and they:

- Have been residing in New Zealand for at least the immediately preceding 12 months (not visiting); and
- Are a tax resident in New Zealand; and
- Have been physically present in New Zealand for 183 days or more in total in the immediately preceding 12 months.

What is 'residential land'?

Residential land means any land that is zoned as residential or lifestyle by a territorial authority for rating purposes. This is a broad definition, and could include business or commercial premises or rural properties.

How the law applies

All customers buying or acquiring residential land or property, or an interest in residential land or property, will need to provide written confirmation to their solicitor or conveyancer confirming that they are allowed to buy or acquire residential land and property in New Zealand before the solicitor or conveyancer will complete the transaction.

We will also need confirmation of compliance with the Act by all customers before we can lend to them. We include this as a condition in all pre-approvals and offer letters. To avoid breaching the law, we won't lend if the customer needs consent from the Overseas Investment Office, but doesn't have it.

To get the confirmation we need, we'll be asking our customer's solicitors, through our letters of instructions and solicitor's certificates, to check whether the customer needs consent from the Overseas Investment Office, and if so, that the customer has it. If the land or property is being bought or acquired by a customer who is an entity like a company, trust or partnership, we'll need a confirmation of consent for everyone who owns or controls the entity.

You must ensure that you let customers know about the requirements of the Act. If customers have any questions about whether they are allowed to buy or acquire residential land or property, or if they might need consent before they can do so, they should discuss this with their lawyer or other advisor.

Each of the following criteria must be met for the application to be considered:

- Applicants must contribute a cash deposit towards the purchase price of the property
- Available only for owner occupied properties (excluding building a house)
- The property offered as security must be a standard residential property, luxury property, residential lifestyle property, standard apartment or terraced house
- Where guarantees are involved, they must be executed by the guarantor. Guarantees executed by the guarantor's attorney will not be accepted.

OVERSEAS INCOME

Overseas income assessment is the net income (gross income less tax and expenses) scaled by 20% prior to applying the base rate conversion factor.

Overseas income applications apply to customers with New Zealand citizenship or Permanent Residence, living or working overseas. Policy is determined by the household's location.

New Zealand Citizen or New Zealand Permanent Resident living permanently in NZ

- Standard home loan policy applies including the use of foreign income for greater than 80% LVR lending.

New Zealand Citizen or New Zealand Permanent Resident living overseas

- Maximum LVR for owner occupied is 80%
- Maximum LVR for residential investment lending is 60%
- Maximum LVR construction lending is 80% (owner-occupied only)
- Flexible facilities are limited to \$60,000
- Construction lending must be a fixed price and completed by a registered/certified/licensed builder or national franchise company
- Vacant or bare land must have a contract to build within 12 months
- Leasehold properties are not permitted under this income type
- Power of Attorney is not permitted.

Other Migrant Visa Holders

- Maximum LVR for owner occupied is 70%
- Maximum LVR for investment, where occupiers are to be parents or children of the borrower only, is 60%
- Lending must be in personal names
- No other type of lending is available
- Visa must have at least 12 months left before expiry at time of application.

Non-resident consumer income is converted to New Zealand dollars using an exchange rate called a base rate conversion factor (BRCF). This is an internal ANZ rate.

Exchange rate movement risk (ERMR)

ERMR exists when income to service lending is earned in a country that is different from the country where the lending is provided. The risk is that the exchange rate between New Zealand and the overseas country will change and reduce the customer's ability to service the loan.

The ERMR to be utilised for all consumer loans is 20% and is applied when the customer borrows in one currency (i.e. New Zealand dollars) and the repayment source is another currency. Where an applicant resides overseas and receives salary/wage income that is in a foreign currency, this needs to be deflated by 20% when

converted to New Zealand dollars and the foreign currency must be converted using a base rate conversion factor (BRCF).

For offshore business income verified via profit and loss statements, discount net foreign currency income by an ERMR factor of 20%, and do not inflate the New Zealand commitments.

TURNKEY AND OFF THE PLAN PURCHASES

- Turnkey: A Turnkey property purchase contract is one where a customer agrees to a set price for a building company to fully build a new home (finished and ready to live in) on a specific section. The customer will only pay an initial deposit on signing the contract and full payment is not required until the home is fully complete (Code Compliance Certificate (CCC) and title issued) and ready for the customer to move in.
- Turnkey – Multi Unit Complexes: As above; however the property is being built as part of a multi-unit development where more than one unit is being built under the same consent. This definition is limited to no more than 10 units being built on the same consent. Where more than 10 units are being built on the same consent, these are considered as Off the Plan purchases (see further below).
- Turnkey – Escalation Clause: This is a clause added into some contracts which allows for a rise in costs after the contract has been agreed to. In the event this occurs, this cost is passed on to the customer. If an 'Escalation Clause' is present in the contract you must add a minimum 5% cost overrun allowance into your assessment.
- Off the Plan: An Off the Plan property is a proposed property that has yet to be constructed at the time of entering into the sale and purchase contract. This type of property differs from Turnkey properties in that it would usually be one of multiple dwellings being constructed at the same time as part of a larger development project. The most common examples of these would be an apartment development, or larger scale terraced housing development.

LOANS TO BUILD/CONSTRUCTION LOANS

A loan to build/a construction loan is any loan approved to finance the construction of, renovations to, or extension of the security property.

Note: loans to build do not include houses, units, apartments, flats or townhouses that are being constructed at the direction of a property developer for first-time occupation.

This type of lending is considered property development.

Key Information about loans to build

- Care must be taken to ensure that the property to be built complies with the Building Act 2004.
- Once construction has started it must be completed within 12 months.
- The Tentative on Completion (TOC) RVR value can be used for Fixed Price Contract (FPC) builds under \$1.2m if the LVR is less than 80% of the TOC valuation (excludes

kitset, re-locatable and pre-built homes).

- In all other instances, the value for security purposes must always be the lower of the valuation or total costs (total contract price plus land cost/value).
- The maximum construction lending LVR for owner occupied and residential investment properties is 85%.

Documentation requirements

1. For assessment of the loan and before the first drawdown will be undertaken:

- Professional valuation (Fair Market Value (FMV) to be the lower of cost of project or actual valuation)). It must be addressed to ANZ and show the value 'as is' and the 'tentative on completion' value.
- Full costs and quotations to complete build and be issued with a Code Compliance Certificate – including plumbing, electrical, material and labour. If a fixed-price contract is held, the full contract must also be forwarded to ANZ for assessment. A loan servicing allowance must be made for cost overruns:
 - 15% for fixed price contracts
 - 5% for Turnkey contracts which contain an 'Escalation Clause'.
 - 20% for all other contract types, e.g. cost and quotes.
- S&P for the land, or other confirmation that the customer already owns the land.

2. Requirements for the first drawdown:

- Building consent (only required for first drawdown).
- Confirmation that the property is insured while under construction (only required for first drawdown). This can be by way of:
 - A copy of the builder's all risk policy; or
 - Contract Works Insurance and Public Liability Insurance; or
 - A specific insurance policy with ANZ noted as an interested party.

3. Requirements for each progress drawdown:

- Copy of signed fixed price contract (if not already held)
- Where a FPC is being used:
 - For FPC less than \$1.2m, two RVRs will be required; one before beginning the project by way of 'As Is' + 'TOC' and the second at practical completion.
 - For FPC greater than \$1.2m, RVRs will be required before beginning the project by way of 'As Is' + 'TOC' and again at practical completion. A full Quantity Surveyors (QS) report is also required prior to construction and QS inspection Reports are required prior to each progress drawdown.
- Builders invoice
- Progress payment instruction authorised by the customer.

4. Final drawdown:

- Confirmation that the property is fully insured (with ANZ noted as mortgagee) following completion of construction

- Valuer's Completion Certificate
- Code Compliance Certificate or written confirmation from the consent authority.

Valuations

A valuation is required prior to construction being undertaken ("As is" or "TOC").

Loans approved on an 'as is' value

Where the approved loan is within the current FMV of the property, only a final valuation will be required.

Note: renovations will normally fall into this category. Where the renovations are non-structural changes and the loan required is less than \$100k, it will not be treated as a construction loan. You may be required to obtain this information.

Loans approved on the basis of 'tentative on completion' valuation

This is where the lending required to build the property is based on the value of the land plus the proposed value of the house to be built. This value is established by way of an RVR.

Progress drawdown general requirements

- The customer's own funds must be used, before any loan funds are advanced.
- Funds may be drawn down up to the maximum LVR allowed for the property type based upon the current 'as is' valuation or the total cost of project. Further drawdowns may be subject to further valuations.
- The LVR calculation will be based on the total funds drawn to date plus this drawdown request, divided by the value stated in the RVR provided for this stage of the building project.
- The total amount drawn down cannot exceed the original loan amount approved.
- The final drawdown requires confirmation that the property is fully insured, a Valuers Completion Certificate and a final Code Compliance Certificate. If the Compliance Certificate or written confirmation from the consent authority is not available, 5% of the loan funds from final drawdown will be retained pending production of the certificate.

Where the Fixed Price Contract build cost is (excludes value of land):	Then:
\$1.2m or less	A Registered Valuer's Report is required; <ul style="list-style-type: none">• Prior to construction being undertaken by way of 'As Is' + 'Tentative on Completion (TOC)' and,• At practical completion.

Where the Fixed Price Contract build cost is (excludes value of land):	Then:
Greater than \$1.2million	<p>A Registered Valuer's Report is required;</p> <ul style="list-style-type: none"> • Prior to construction being undertaken by way of 'As Is' + 'Tentative on Completion (TOC)' and, • At practical completion. <p>Quantity Surveyor Reports are required:</p> <ul style="list-style-type: none"> • Prior to construction being undertaken, and • A QS Inspection Report is required prior to each progressive drawdown.

Where the Cost and Quote Build is (excludes value of land):	Then:
\$1.0m or less	<p>A Registered Valuer's Report is required;</p> <ul style="list-style-type: none"> • Prior to construction being undertaken by way of 'As Is' + 'Tentative on Completion (TOC)' and, • Progressive valuations are required at roof complete and lock up stages, and • An updated valuation at practical completion.
Greater than \$1.0million	<p>A Registered Valuer's Report is required;</p> <ul style="list-style-type: none"> • Prior to construction being undertaken by way of 'As Is' + 'Tentative on Completion (TOC)' and, • An updated valuation at practical completion. <p>Quantity Surveyor Reports are required:</p> <ul style="list-style-type: none"> • Prior to construction being undertaken, and • A QS Inspection Report is required prior to each progressive drawdown.

ANZ may request additional valuations if we consider it necessary, e.g. where it's evident that a variation to a builder's schedule cannot be mitigated.

Owner builders/subcontractors, kitset homes and relocatable homes

Kitsets, relocatables and owner builds are unique in regards to the build type, total costings, and time to complete the build project. For these reasons lending is limited to no more than the extended security value of the land only, to a maximum of 80%.

The value of the dwelling portion of the build will not be realised until it is fixed to foundations and with all services attached (e.g. plumbing, electricity etc).

Construction policy requirements may also apply. A valuation of the land or contract of sale must be provided.

Residential Development Lending

Where the following criteria is met, residential development lending can be assessed as a home loan:

- A fixed price contract with a maximum cost of \$2m. This excludes the cost to purchase the land, however includes contingencies such as subdivision and survey costs, etc;
- Maximum of 4 properties to be built with the intent to hold as investment properties;
- A maximum of 60% LVR;
- Quantity Surveyor reports are required.

LENDING TO FAMILY TRUSTS

Lending to a family trust

There are a number of requirements specific to family trust lending. These will depend on whether the lending is existing or new lending and how the transfer to the trust is being undertaken. Lending to a Family Trust must meet the full completion of Customer Due Diligence in all instances.

First-time lending to a trust

When lending to a trust for the first time, where ANZ has had no previous lending to the trust and the application is not a transfer to a family trust, the following will be required:

- Trust deed
- Full loan application
- A first registered mortgage over the property must be held.

The trust deed

Documentation requirements for all lending involving a trust:

- A copy of the original executed trust deed must be held by ANZ.
- The trust deed must have the following clauses:
 - Power to borrow
 - Power to guarantee
 - Power to open accounts
 - Power to mortgage trust assets
 - Trustees' indemnity clause. An indemnity clause basically states that the trustees have a right to be compensated by the trust for any loss incurred during the normal operation of the trust. Any limitation of the trustees' right of indemnity against the assets of the Trust should be noted as it may adversely affect ANZ's rights as creditor.

FIRST HOME BUYERS AND APPLICATIONS REQUIRING A GUARANTOR

ANZ has options specifically designed to help first home buyers into a home of their own sooner than expected.

Guarantees	
How it works/benefits	Conditions
<ul style="list-style-type: none"> Parents or other family members provide a guarantee for the amount of the deposit with supporting security (usually a first mortgage over residential property). Allows parents or other family members to use their assets to help – without having to provide any money upfront. Guarantees can be limited to the amount of the deposit only. Great for high income earners who can easily service their loan. 	<ul style="list-style-type: none"> As a general rule, ANZ's over 80% lending policy applies. The amount that may be borrowed depends on how much income is available to make repayments, after deducting regular expenses. The Borrower must have a healthy budget surplus after all obligations. An RVR may be required on the purchase property The Guarantor must be able to service the guaranteed amount if required to, plus their own existing personal liabilities. All 'sibling' group exposure is limited to 25% of the parent's or other family member's property. A main bank relationship with ANZ is encouraged for both Borrower and Guarantor. Guarantors are required to receive legal advice. It is recommended that the Borrower and Guarantor seek independent legal advice. An application from both the Borrower and Guarantor is required for the Bank to assess the application. A condition of the loan requires the Adviser to interview both the Borrower and the Guarantor.

Gift
How it works/benefits
<ul style="list-style-type: none"> Parents or other family members gift the deposit amount needed Parents benefit as they have no ongoing obligations to the bank.

Joint Borrowing
How it works/benefits
<ul style="list-style-type: none"> The home loan is assessed on the joint financial situation (including the equity parents or other family members may have in their own home). Parents or other family members can limit their obligations to the Bank – joint borrowing can be for the amount of the deposit only.

What is an application requiring a guarantor?

A guarantee will be required where a third party has offered to provide additional security in order to enable a customer to meet ANZ security requirements. For example, a customer wishes to borrow 100% of the purchase price of the property and their parents are offering their own house as additional security.

Key information about applications requiring a guarantee

- The applicants must be able to afford to service the full amount borrowed, without any reliance on the income from the guarantor.
- ANZ will need to take a first registered mortgage against the guarantor's property. This means the guarantor cannot have any other mortgage registered against their property.

Recommended structure for deals requiring a guarantor

The recommended structure for applications requiring a guarantor is to split the loan between what the customer is able to borrow based on their own security and the remainder of the loan required.

For example:

- One loan for 80% (or relevant LVR) of the property value (lower of purchase price/RVR).
- One loan for the remainder the applicant wishes to borrow.
- The guarantee provided by the third party will limit their liability to 20% of the overall debt.

Legal advice for the guarantor

The guarantor will be required to obtain legal advice and ANZ strongly recommends this is independent legal advice, as the guarantor must be comfortable with the debt that they are guaranteeing prior to finance becoming unconditional.

NON-TRADING COMPANIES (NTCS) OR LOOK THROUGH COMPANIES (LTCS)

What are NTCs?

NTCs are the common term for LTCs. They may allow the individual to keep investment income and costs separate from their personal income and expenditure, and investment assets and liabilities separate from their personal assets and liabilities.

NTCs must be registered with Inland Revenue as NTCs.

Documentation requirements with a loan application for an NTC

A copy of the Certification of Incorporation is required.

A copy of the company constitution is not required at assessment.

When a mortgage is to be taken by the customer, the constitution is vetted by the solicitor who confirms the power to borrow and confer security by signing the solicitor's certificate.

If a mortgage is already held by the customer, a standard letter (directors' declaration) will be sent to the branch along with the loan documents for signing. The letter states that there have been no changes made to the constitution since the mortgage was taken and further confirms the company's power to borrow. The letter must be signed by the directors, witnessed and forwarded to ANZ with the loan documents.

Information required for assessment:

- Documentation evidencing income the NTC will receive:
 - Historical financial accounts (the previous two years).
 - Cashflow forecasts.
 - Copies of tenancy agreements, etc.
- Documentation evidencing the personal incomes of directors/shareholders as per a normal loan application (e.g. payslips, personal tax returns).
- Personal statements of financial position and income and expenditure from each of the directors/shareholders (full name and address details must also be provided for credit reference checks).

Security requirements

The following security will be taken to secure lending to an NTC:

- Registered mortgage over property
- Personal guarantees and indemnities from the directors/shareholders to support the NTC
- If the NTC is also to secure borrowings in the directors'/shareholders' personal names, a guarantee and indemnity from the NTC to support the directors'/shareholders is also required.

DIGITAL SIGNATURES

Digital/Electronic signatures that will be accepted

Subject to the requirements below, customers can digitally sign an Authority and Declaration Form using:

- A touch/glass screen; or
- A digital signature (these are signatures that use certificate-based digital IDs to authenticate identity and demonstrate proof of signing by binding each signature to the document with encryption. Validation would usually occur through trusted Certificate Authorities (CAs) or Trust Service Providers (TSPs)). If your customer signs in this manner, it should be clear to us what digital signing platform has been used (either by providing the relevant certificate or otherwise) and we'll rely on you being satisfied that the method of signing creates a valid contract and complies with any requirements in the Contract and Commercial Law Act 2017.
- For existing customers, ANZ will check the signature matches what it already holds on file.
- For new customers, please check the signature matches the identification you've verified.

Digital/Electronic

Signatures that will not be accepted:

- Copied and pasted from another form the customer has signed;
- Simply typed into the form (even in a stylised font).

LEGISLATION

The following provides a very brief summary of the principal statutes of which you should be aware. This summary is not exhaustive and is not intended to be relied upon. It does not avoid your obligation to ensure that you are fully familiar with these and other statutes relevant to your role.

The Credit Contracts and Consumer Finance Act 2003 (CCCFA)

The purpose of the CCCFA is to protect consumers when they borrow money. It requires us to make inquiries which ensure any lending we provide meets their needs and objectives and that a borrower can make payments without suffering substantial hardship. Updates to the legislation in late 2021 set out how we must meet this obligation. This is set out in more detail above in the Suitability and Affordability sections of this Guide.

A Responsible Lending Code has been produced as a guide on how to comply with the principles, which ANZ has made a decision to follow.

You should be aware of ANZ's obligations under the Act, both new and existing, and must avoid harassing and coercing customers or guarantors to enter into loan facilities. This means that you should not use physical force, undue pressure or other high-pressure selling techniques in connection with loan facilities.

A key part of the CCCFA are the lender responsibility principles which apply throughout the life cycle of a credit agreement. The key areas for you to be aware of are as follows:

- a) Inquiries into and assessment of borrowers' requirements and objectives;
- b) Inquiries into and assessment of substantial hardship (borrowers and guarantors); and
- c) Assisting borrowers and guarantors to make an informed decision.

The legislation provides:

- I. the extent of reasonable inquiries a lender should undertake; and
- II. the extent of assistance a lender should provide.

You must take care to ensure that all information provided to customers about ANZ's facilities is accurate, up to date and not misleading or confusing. You must disclose to ANZ all information about an application that could affect ANZ's decision to approve a loan and you will need to provide evidence of the inquiries you have made and the responses to those inquiries as they relate to the application.

Code of banking practice

The code of banking practice sets the good banking practices which member banks of the New Zealand Bankers' Association have agreed to observe when dealing with their customers.

The code sets out what you can expect from all member banks.

These include:

- Treat you fairly and reasonably
- Communicate with you clearly and effectively
- Respect your privacy and confidentiality and keep our banking systems secure
- Act responsibly if we offer or provide you with credit
- Deal effectively with your concerns and complaints.

Fair Trading Act 1986

The purpose of the Act is to contribute to a trading environment in which the interests of consumers are protected, businesses compete effectively and consumers and businesses participate confidently.

Principally, the Act prohibits:

- Deceptive or misleading conduct and false representations
- Conduct that is likely to mislead consumers as to the nature, characteristics, suitability or quantity of goods or services
- False representations in trade that goods or services are of a particular kind, standard, quality, grade, quantity, style or mode
- False representations as to the price and origin of goods and services
- Certain sales techniques, such as harassing and coercing customers
- Unsubstantiated claims.

You must therefore take care to ensure that all information provided to customers about ANZ's facilities is accurate, up to date and not misleading. The omission of material information may also be considered misleading.

Automatic Exchange of Information (AEOI)

AEOI is the exchange of financial account information between Tax Authorities in relevant countries.

The law requires this information to be collected by Financial Institutions around the world for reporting to Tax Authorities.

ANZ must collect a self-certification form from customers before a new account is opened or before loan documentation can be prepared. This means:

- You will be required to ensure that both new to bank and existing customers complete a self-certification form.
- Completed self-certification form(s) must be attached with every Loan Structure Confirmation form sent to ANZ. This information will also be required for some maintenance requests where new loan agreements are required.
- The forms are published on anz.com/aeoi in the New Zealand section for customers to access. We recommend that your customers complete these forms as soon as possible.

Consumer Guarantees Act 1993

The Act gives consumers certain rights and remedies against the providers of goods and services.

The Act applies to customers who seek residential home loans, but not to customers who seek loans for commercial or investment purposes.

The Act guarantees to customers that the services provided by ANZ:

- Will be carried out with reasonable care and skill, and within a reasonable period of time
- Will be reasonably fit for any purpose made known by the customer

- Will not cost more than a reasonable price where the price is not determined by contract.

You must therefore take care to ensure that any advice or representations they make to customers about ANZ's facilities are appropriate and accurate. In particular, any advice given to customers about ANZ products must be current, accurate and not misleading.

You must also disclose to ANZ all information of which they are aware about an application that could affect ANZ's decision to approve a loan.

Privacy Act 2020

The Act as it relates to lending, controls the collection, storage, use and disclosure of credit information about individuals.

To ensure compliance with the Act, you must:

- Obtain a credit information authority (which enables ANZ to obtain a report from a credit reporter) from each person who is a party to the loan (including guarantors)
- Ensure that they do not use information supplied by customers other than for the purposes of submitting loan applications to ANZ.

Financial Services Legislation Amendment Act 2019 (Act)

The Act introduces changes to ensure the conduct and client-care obligations of financial service providers and the regulation of financial markets remain fit for purpose. It sets out the duties that will apply to providers and individuals e.g. persons giving advice must prioritise clients' interests.

Anyone providing advice to retail clients are subject to the new Code of Professional Conduct for financial advice services. This outlines the standards of conduct, client care, competence, knowledge, and skill that must be met when providing advice in New Zealand.

Requires disclosure by financial advisers of certain information to ensure clients can make informed decisions.

Financial advisers must be licensed before providing a financial adviser service to retail clients in relation to ANZ's products and services. You must be appropriately qualified, registered and authorised (where necessary), and aware of your disclosure and conduct obligations under the Act.

Overseas Investment Act 2018

From 22 October 2018, new restrictions on 'overseas persons' buying or acquiring residential land or property in New Zealand took effect. As a result, any customer who is an 'overseas person' under the Act may need the consent of the Overseas Investment Office before they are allowed to buy or acquire residential land or property, or an interest in residential land or property, in New Zealand.

An 'overseas person' is somebody who is not a New Zealand citizen (whether or not living in New Zealand) or 'ordinarily resident in New Zealand' as defined under the Act.

Under the Act, a person is 'ordinarily resident in New Zealand' if they hold a New Zealand residence class visa and they:

- Have been residing in New Zealand for at least the immediately preceding 12 months (not visiting); and
- Are a tax resident in New Zealand; and
- Have been physically present in New Zealand for 183 days or more in total in the immediately preceding 12 months.

Residential land means any land that is zoned as residential or lifestyle by a territorial authority for rating purposes. This is a broad definition, and could include business or commercial premises that are located on land zoned as residential, large lifestyle blocks, as well as some rural properties that are zoned as lifestyle.

You must let customers know about the requirements of the Act. If customers have any questions about whether they are able to buy or acquire residential land or if they might need consent before they can do so, they should discuss this with their lawyer or other advisor.

ADVISER INFORMATION

Changes to the CCCFA mean that for all new lending applications from 1 December 2021, ANZ will require Advisers to include additional confirmations with every loan application. This is required to ensure that the lending is suitable and affordable for the customer and complies with all requirements of the CCCFA.

Application Form Confirmations

In providing these confirmations, Advisers are attesting to having completed the following:

Application Form Confirmations

In providing these confirmations, Advisers are attesting to having completed the following:

- a) identified and spoken to all applicant/s applying for the lending, and confirmed that the information given is true and complete
- b) inquired into, verified and recorded the applicant/s' income and expenses
- c) inquired into the applicant/s' loan requirements and objectives, and recorded their responses
- d) confirmed that the applicant/s do not appear vulnerable and that they understand and are willing to proceed; or where vulnerability is detected that appropriate steps have been taken and detailed in the Adviser Notes
- e) asked the applicant/s to confirm that they are not bankrupt and that no action has been taken against them under the Insolvency Act
- f) where the applicant/s are refinancing/restructuring, asked the applicant/s to confirm that they accept any costs that might be payable
- g) where the applicant/s have decided to capitalise relevant fees, have had the required conversation and asked the applicant/s to confirm that they accept additional costs

Where you have made additional inquiries in order to attest to the above declarations please provide relevant details within your Adviser Notes to ensure we have a full record of the inquiries made to determine the suitability and affordability of the home loan. Further information is provided below.

1. Identified and spoken to all applicant/s applying for the lending, and confirmed that the information given is true and complete

We require that Advisers contact all parties to the lending to ensure that the product is likely to be suitable and that the information provided is correct.

2. Inquired into, verified and recorded the applicant/s' income and expenses

Advisers must collect and verify the applicants' income and expenses.

The income and expenses identified and used in the loan application must be verified with reliable evidence provided by the applicant (such as pay slips, bank statements) as detailed in the Affordability section of this document.

Any information that is relevant to the application needs to be provided with the application. ANZ is required to keep a record of all of the information that was used as part of our decision to lend to the customer. Where documents are provided to support the customer's application, please provide all documents in PDF format as individual files (each document kept separate). Where bank statements are being provided, where possible please ensure these are original bank PDFs and not scanned copies.

3. Inquired into the applicant/s' loan requirements and objectives, and recorded their responses

In order to determine whether a product is likely to meet the applicant/s' requirements and objectives you need to inquire and document in the application:

- Loan purpose and loan amount (included within the application form)
- Loan term (a default value of 30 years is often used for pre-approval purposes)

Where there may be conflicting requirements or objectives for lending (with single and multiple applicants), this should be recorded in the Adviser Notes of the loan application. For example, an applicant entering into a home loan may specify that they want certainty as to their payments for a period (which may require a fixed interest rate loan), but also flexibility to pay in lump-sum amounts (which would require a floating interest rate loan). If there are conflicting priorities, you will need to make inquiries to understand which of the objectives are the highest priority and confirm that is the applicant's primary requirement or objective before you proceed.

4. Confirmed that the applicant/s do not appear vulnerable and that they understand and are willing to proceed; or where vulnerability is detected that appropriate steps have been taken and detailed in the Adviser Notes

In general, a vulnerable applicant is someone who, due to their personal circumstances, is especially susceptible to detriment. A person may be “vulnerable” where the individual:

- is unlikely to understand the nature of the transaction or the information provided (for instance because they do not have a good understanding of English or because they do not have basic knowledge about financial matters); or
- appears to be under significant pressure to obtain credit or give a guarantee (for instance, where the credit is needed urgently or for necessities, or where the applicant or guarantor is under undue influence from another party to obtain credit or give a guarantee).

If you think that an applicant could be vulnerable and need further assistance before proceeding with their loan application, please capture this in the Adviser Notes in the loan application. This enables us to be aware of the applicant’s needs and act accordingly.

If you think that an applicant could be under duress or undue influence of others, there are a few things you could do:

- Where reasonably practicable, speak to the relevant applicant without the presence of other applicants or guarantors, or any third parties who you believe may be exerting undue influence over the applicant.
- Recommend that independent legal advice be sought from a lawyer who is not also advising another applicant, guarantor or a third party who may be exerting undue influence over the applicant.
- Do not rely on children under 18 or those with a potential conflict of interest to act as interpreters; for instance, where a parent is obtaining a loan for an adult child’s benefit, the child should not be an interpreter.

All action taken to address vulnerability must be recorded in the Adviser Notes.

5. Asked the applicant/s to confirm that they are not bankrupt and that no action has been taken against them under the Insolvency Act

You must ask the applicants to confirm that they are not bankrupt and that no action has been taken against them under the Insolvency Act. If the customer cannot confirm this, then the application should not proceed.

6. Where the applicant/s are refinancing/ restructuring, have asked the applicant/s to confirm that they accept any costs that might be payable

If the lending purpose is identified as a refinance or restructure of an existing ANZ loan then you must advise the applicant/s that they may need to pay fees upfront (Early Repayment Recovery) as well as other fees over the

term of the lending and confirm that they accept such costs. If their loan is currently with another financial institution then you must advise the applicant/s that their existing lender may charge early repayment, administration, security release or other fees and confirm that they accept these costs.

7. Where the applicant/s have decided to capitalise relevant fees, have had the required conversation and asked the applicant/s to confirm that they accept additional costs

If the applicant asks to add the amount of any fees to be paid to the amount borrowed, then you need to:

- explain that adding those fees to the amount borrowed will mean that interest is charged on them and those fees will cost more than if paid separately; and
- ask the applicant to confirm they have understood and want to proceed with the application.

Given current product arrangements, the above requirement applies to:

- low equity premiums and early repayment recoveries for home loans.

Loan Structure Confirmation Form

In the Loan Structure Confirmation Form under the Adviser Acknowledgements, additional have been reformatted to make these easier to read and some new acknowledgements have been added. These new acknowledgements ensure that any further discussions that occur after the loan application is submitted, continue to comply with the CCCFA.

In providing these confirmations Advisers are attesting to having completed the following:

- a) Confirms they have recorded all inquiries made of the customer(s), and responses to their inquiries, and that they have submitted this to ANZ along with all information relevant to the lending assessment.
- b) Confirms that they have followed all relevant policies and processes as required by ANZ.
- c) Where the customer(s) have selected a flexible home loan, the customer has confirmed that they require these funds on an ongoing basis.
- d) Confirms that they are satisfied that it is likely that the loan will meet the customer(s) needs.
- e) Confirms that they have verified and recorded the applicant/s income and expenses, including making any adjustments where appropriate.
- f) Confirms the customer(s) understands the features, benefits, structure and applicable costs of the lending and is happy to proceed.

Where we have asked you to confirm that you have made inquiries, recorded them and provided all information that is relevant to the application, you must:

- a) Ensure that all information that forms the basis for the lending decision is provided with the application; and

- b) To the extent there are any changes since you made your inquiries, ensure that these are documented in the loan application, including an explanation as to why the lending remains suitable.

If the customer selects the flexible home loan product, then you must confirm that the applicant requires the funds on an ongoing basis. If this cannot be confirmed then a flexible home loan may not be suitable and it should not be provided.

REQUESTING SIMPLE LOAN MAINTENANCE

Advisers are required to ensure that the applicant understands the changes to the key features of the loan and any mandatory fees, prior to submitting the request. Advisers are required to explain to the applicant that figures provided are estimates and will be confirmed in writing by the Bank and disclosed to the applicant/s. Key features could include (as dependent upon the maintenance scenario);

- The new loan amount
- The loan term
- Interest rate
- Interest payable
- Any mandatory fees including pre-payment fees that could be payable under a fixed rate agreement.

Loan maintenance events will be communicated to customers via email unless a different communication preference is specified.

When completing the Loan Maintenance Form, you must provide an email address for all parties to the loan.

Where there are more than two parties to the loan, you must provide each additional name and corresponding email address in the 'Adviser Notes' section of the Loan Maintenance Form.

