Westpac Mortgage Advisers
Lending Guide

Disclaimers

The content of this Lending Guide is for information purposes only. It does not take into account the customers' financial situation or goals. All applications for finance are subject to Westpac's current lending criteria. Westpac reserves the right in its absolute discretion to approve or decline a customer.

Publication date October 2022

Welcome to Westpac

Westpac is committed to working with you to build a sustainable partnership. We understand you need flexible and competitive products for our customers.

To help you, we've developed these Lending Guidelines, which are specifically for our Third Party Mortgage Advisers. Think of this as your one-stop-shop, containing everything you need to know about Westpac's lending options and criteria.

Use it as a training guide to get you up to speed when you come on board with us, and as a reference when preparing a lending application. If you are a newly Accredited Westpac Mortgage Adviser and have not received any of our policy or process updates via newsletter since the publication date of this Lending Guide, then please also refer to the Westpac Mortgage Advisers Lending Guide Amendments & Updates document. This will provide you with the latest policy and process changes (if any) to keep you fully informed and enable you to provide a Best Customer Outcome.

In addition to this guide, you have our commitment to provide personal support whenever you need it from our experienced specialist teams of Business Development Managers, Business Managers and Private Banking Managers. We know that there are always exceptions, so if you have a strong deal outside guidelines, please discuss it with us.

You also have access to a team of experienced lending assessors. You'll find their contact details at the back of this guide.

Classification: PROTECTED

Contents

Westpac Credit Policy ……4

Servicing ……4

Income & Outgoings ……4

Deposit Options ……6

KiwiSaver ……6

First Home Grant ……7

Low Equity Margin (LEM) ……7

Family Springboard Home Loans ……8

First Home Loan (previously Welcome Home Loan) ……9

Security Class (Owner Occupied and Investment Property) ……10

Loan Valuation Ratio (LVR) Criteria ……11

Valuation Requirements ……11

Overseas / Non-Resident Customers (Overseas Investment Act) ……12-13

Investment Property Loans ……14

Construction Loans ……15

Guidelines for Business ……18

Westpac Product Options ……19

- Choices Home Loans ……19
- Floating Home Loans ……20
- Fixed Home Loans ……21
- Westpac Warm Up Loan ……22

Rate Lock (RLA) and Fixed Rate Rollover (FRR) ……22

Types of Applications (Full Application, Loan Restructures, Home Loan Top Up) ……23

Responsible Lending Code ……23

Putting an Application together ……25

Stages of an Application ……27

Important Information for Customers ……29

Commission Guidelines ……29

Mortgage Adviser Minimum Standards ……30

Westpac Code of Conduct ……31

BDM & Contact Details ……32

Appendix ……33

Classification: PROTECTED

Westpac Credit Policy

Servicing

We are required to understand the customer's Statement of Position and be satisfied that it is likely they can make repayments on their credit contract without experiencing financial difficulty. This means that we need to capture all sources of customer income and their expenses.

When assessing the serviceability of the loan application, the application should set out the customer's position as if the loan has been approved. Therefore, servicing of the new loan should be included and any outgoings that will stop as a result of the new loan should be excluded – for example loans that would be repaid or rent that would no longer be required.

If the expenses appear to be high and could result in the customer having difficulties in meeting their financial obligations, a clear explanation will be required to confirm this has been bought to the customer's attention and any action plans which will occur as a result.

We know that there are always exceptions, so if you have a strong deal outside guidelines, please discuss it with your Business Development Manager.

The Westpac Servicing Calculator is provided as a guide for you to make an assessment of the customer's affordability.

Where the customer does not have an owner-occupied property but rental income is included from property owned, the application will be assessed with a reasonable allowance for the customer's own accommodation costs at a market rate.

A **Pass** on the Servicing Calculator will be indicated by:

- Monthly Cash Surplus greater than $150.00

Where the Monthly Cash Surplus is less than $150.00, mitigants will need to be presented to credit for approval under exception only. These will be reserved for existing customers.

Multiple Parties to the Loan

In situations where there is more than one party to the loan purchasing a property, how the loan is assessed will depend on whether the parties to the loan live at the same address:

- Individuals / couples living at the same address and sharing living expenses (regardless of association) will generally be assessed for serviceability as a joint application
- Individuals / couples who do not live at the same address (regardless of association) will generally be assessed individually, not as a joint application

Income

Type of Income	Max % considered
P.A.Y.E.	100%
Self-employed business income (includes solely commission income, e.g. Real Estate Agent)	100%
Overtime, allowances & bonus *(Bonus income being the lesser of the latest year or the average of the past 2 years)* *First Home Loan (FHL) – (Overtime- 50% if regular for last 12 months / Allowances – excluded)*	80%
Commissions **(when** in addition to base P.A.Y.E. income)	80%
Rental income – Residential	75%
Rental income – Serviced Apartments	0%
Rental Income – Offshore (80% of NZD equivalent)	75%
Pension / Interest / dividends / directorships ***(Interest – returns from Managed funds & Trust Distributions including Private Pensions)***	80%
Boarders / flatmates **(< 80% LVR limited to 2 boarders per property, >80% LVR limited to 1 boarder per property)**	80%
Beneficiary income (NZ Government beneficiary income, includes NZ Superannuation / Guaranteed Retirement Income) (Studylink / student allowances & Oranga Tamariki caregiver allowances are not accepted.)	100%
Offshore income (excluding self-employed)	80%
Child Support or Maintenance – (Must have a minimum of 6 months / Unacceptable for FHL)	80%

Outgoings

Debt servicing: defined as commitments the customer is obligated to make for any existing and proposed debt/s split into 4 categories:

Expenses and Debt Servicing

Debt Servicing relates to payments required to service and/or repay debts that the applicant will continue to meet after finance is drawn down. Mortgage Advisers must make reasonable enquiries into verifying customers actual income and all likely expenses and debts as undisclosed expenses and debts can have an impact on an applicant's ability to make repayments. ~~and so~~ It is important to identify any debts the applicant may have forgotten or not told us about. Even if an applicant isn't using a limit on an existing facility (such as a credit card or overdraft),

Classification: PROTECTED

remember that they can in the future and this could affect their ability to make repayments so it is important to use the actual limits the applicant has. Customers must confirm that all information provided in relation to income and expenses reflects all income and likely expenses.

Fixed Commitments

- Fixed Commitments are obligations that must be paid, or regular payments made by customers to; meet non-debt obligations, insure assets or income, continue education, contribute to superannuation savings and will continue after finance is drawn down.
- These commitments must be verified, and records of the verification held on file evidencing your assessment. *References; page 23 Keeping Records & page 25 Supporting Documentation Checklist.*

Essential Living Costs

- Essential Living costs that are required to be met to sustain life and employment.

Discretionary Living Costs

- Discretionary costs are other regular payments applicants choose to pay but are not obligated to pay.

Debt Servicing Commitments	Current Loan Repayment Amount
	Proposed Loan Repayment Amount
	Other Lender Repayments
	Allowance for Overdraft (3.8% of facility limit)
	Allowance for Store Cards / Credit Cards / Buy-now Pay later (3.8% of facility limit)
	Hire Purchase Repayments
	Student Loan
	Other Loan/s
Fixed Commitments	Rent / Board
	Child Support Maintenance Payments
	Owner Occupied - Rates / Property Insurance / Body Corporate
	Investment Property – Rates / Property Insurance / Body Corporate
	Long Term Super (e.g. KiwiSaver) (if before tax)
	Private School / Education costs
	Personal Insurances (Vehicle / Contents / Life / Health / Income / other)
	Other fixed commitments (other payments that must be made after income paid to account including court fines and judgements)
Essential Living Costs	Food and Groceries
	Clothing / Personal expenses (essential clothing & other personal care expenses)
	Transport / Vehicle Running Costs
	Utilities (i.e. Power / Gas / Water / Internet / Phone)
	State Education / Childcare Costs
	Required Medical Costs
	Other Essential Living Costs
Discretionary Living Costs	Regular recreation / cultural / sporting
	Regular Entertainment / Holidays
	Regular Donations
	Other Regular Discretionary Living Costs

Changes to Income or Outgoings – Has the customers consider if there are there any likely changes to their income or outgoings in the next 12 months? (Likely changes could include but not limited to any plans to take parental leave, travel, study, early retirement or change living situations)

Classification: PROTECTED

Deposit Options

We know that not everyone has a large cash deposit, so Westpac has made sure we have Deposit options available.

Deposit / Equity for Lending Over 80%
Where customers have an LVR over 80%, the following guidelines apply:

Deposit	At least 5% of the purchase price (minimum $10,000) from their own savings or sale of assets
KiwiSaver Contributions and First Home Grant	Can be used as all or part of their saved deposit

Other Characteristics for Over 80% LVR (High LVR) Lending:

Property	Standard residential Owner Occupied property only Must be sound in all respects
Income	Applicant(s) must be able to maintain permanent, full-time employment and steady income. *This generally means the borrower has only one source of personal income that is reliable and relatively long-standing (more than one year), and no more than one Boarder.*
Customer Characteristics	Must have NZ indefinite residency* (see Overseas Based Customers section for further information) Strong **stability** of **residence** and **employment** in NZ Exemplary credit history (no defaults or collections), loan history (where applicable) and account conduct is required Minimal to no short term debt(s), excluding student loans is preferred Must be existing Westpac customers (have an existing active Westpac product for three months or more) Must have no other financial interest in NZ Property, aside from this application
Terms	Maximum pre-approval term is 60 days Interest only not available Max 30 year loan term LEM will apply (see below)
Refinances	Up to 90% LVR: Dollar ($) for Dollar ($) of residential lending from another retail lender only
Proof of Deposit	Bank Statements showing saving history and amount Gift Certificate or Deed of Acknowledgment of Debt (where applicable) (where deposit has been gifted the gifting letter or certificate must include wording of; - Non repayable - Non-interest bearing - No charge will be taken against the security property) **KiwiSaver confirmation** (where applicable) – **Must be a letter from the KiwiSaver provider confirming the amount eligible for withdrawal towards the first home purchase** not just the overview / balance of the account.

Personal Temporary Overdraft Facility for Deposit on House Purchase
If customers do not have sufficient cash to pay the deposit to the real estate agent on their house purchase, we are happy to consider an unsecured temporary personal overdraft / deposit for your customer(s):

- Available only on receipt of signed acceptance of Westpac's finance offer and an unconditional sale & purchase agreement being held
- Available for a term of 45 days
- Repayable on settlement date and must be from a non-regular income source only
- Personal Temporary Overdrafts limits will be loaded on a separate account that does not have any existing overdraft limits
- A buffer of 5% of the amount of the overdraft requested will be added to the limit for interest and fees
- Personal Temporary Overdraft interest rate is 19.95% and is unable to be reduced or negotiated. Establishment Fee – refer fees table page 20.

KiwiSaver

KiwiSaver is a great option to help customers get into their first home.

If a KiwiSaver member is a first home buyer they can apply to withdraw all of their KiwiSaver savings (excluding any $1,000 kick start) to help purchase a home provided they meet the eligibility criteria. See www.kiwisaver.govt.nz for eligibility criteria.

Where the deposit includes KiwiSaver, **KiwiSaver confirmation must be a letter from the KiwiSaver provider confirming the amount eligible for withdrawal towards the first home purchase,** not just the overview / balance of the account.

Classification: PROTECTED

First Home Grant

After 3 years of contributing to one or more KiwiSaver schemes, first home buyers meeting eligibility criteria (income level, house price caps), can benefit from the First Home Grant of $1,000 for each year they contribute to KiwiSaver, up to a maximum of $5,000. The First Home Grant is doubled for newly built homes (maximum of $10,000). The First Home Grant can be accumulated for multiple buyers if they both qualify. See www.kaingaora.govt.nz for eligibility criteria.

Where a customer has been a home owner previously *'second chancers'* and find themselves in the same position as a first home buyer, then they may be eligible for the First Home Grant as well. They must meet Kāinga Ora – Homes and Communities qualifying criteria and a copy of approval must be provided confirming that the customer's KiwiSaver funds can be made available towards their house purchase. See http://www.kaingaora.govt.nz/ for eligibility criteria.

Low Equity Margin

Rather than an upfront premium that customers have to pay interest on, Westpac only charges an additional margin on interest rates. Once your customer's home loan is under 80% LVR, they can request for the LEM to be reviewed as long as they have paid LEM for at least 6 months, subject to Westpac's lending criteria, terms and conditions. On fixed or capped terms, the LEM can only be removed when that term expires.

The Low Equity Margin (LEM) that applies for deals over 80% LVR is:

LVR Range	LEM
80.01% - 85.00%	0.25%
85.01% – 90.00%	0.75%

Note: LEM does not apply to First Home Loan (FHL).

Classification: PROTECTED

Family Springboard Home Loans (Family Equity Assistance)

- This is a great option to help customers with little or no deposit to purchase their first property to live in when they can get assistance from their family (usually the parents)
- Springboard Home Loans use Choices products (Choices Floating, Choices Fixed, and Choices Offset). **Note** - Choices Everyday is not available with a Family Springboard
- There is no additional Low Equity Margin as both properties must have at least 20% equity*
- The family must use their home as the security

How does it work?

- The purchaser borrows 80%* of the purchase price in their name. This loan can have a loan term up to 30 years
- The remaining 20%* is borrowed as a joint equity loan with a surety – usually their parents. This loan can have a loan term up to 30 years (no interest only)
- The purchaser must be able to repay both their own home loan as well as the Springboard Home Loan
- The 20%* joint equity loan is secured against both the purchased property and the surety's property
- The liability of the family is limited to the amount of the Springboard Home Loan. Both the purchaser and the surety are responsible for the repayments on the Springboard Loan

Customer Criteria

Equity Position	Purchaser can have no other financial interest in NZ property
Purpose	The property must be owner occupied (i.e. the purchaser must live in their new home)
Income Verification	Purchaser must be able to maintain permanent, full-time employment and steady income
Serviceability	Purchaser must have sufficient income and be available to demonstrate serviceability within underwriting standards
Surety(ies)	Statement of position is required to confirm the parents are financially secure enough to repay the 'equity loan' over a standard term without causing any undue hardship to their personal circumstances

Principal Loan (Underwriting Standards)

Customer Details	Loan to be in the name of the purchaser
Maximum Term	30 years
Maximum LVR	Must be equal to 80% of the secured property value (as determined by valuation underwriting standards)
Serviceability	Serviceability assessment to include repayments for this loan and the Family Springboard Home Loan in joint names with surety(ies)
Security	Security to comprise a registered first and exclusive mortgage over property being purchased

Springboard Equity Loan (Underwriting Standards)

Customer Details	Loan to be in the name of both the applicant(s) and surety(ies)
Maximum Term	30 years fully amortising. No interest only terms
Maximum LVR	Less than 20% of the secured property value[1] (as determined by valuation underwriting standards)
Serviceability	Serviceability assessment to be based on the surety(ies) income
Security	Security to be a first and exclusive mortgage over residential property (either owner occupied or investment[2]). Security documentation for the surety(ies) is to be prepared by a solicitor independent of the solicitor acting for the applicant(s)

The other alternative is to use a guarantor structure with only one loan in the name of your customer, being secured over the new property being purchased as well as a limited guarantee from surety(ies).

Alternative Guarantor Structure (Underwriting Standards)

Customer Details	Loan to be in the name of the purchaser
Maximum Term	30 years until released by Westpac
Loan Amount	Loan amount to be no greater than 100% of the secured property value (as determined by valuation underwriting standards)
Serviceability	Serviceability assessment of applicant(s) to include repayments for total 100% loan. Serviceability and financial assessment of surety(ies) to confirm ability to support the guaranteed portion if called upon.
Security	Security to comprise a registered first and exclusive mortgage over property being purchased, plus a limited guarantee (for property purchased value less 80%[2]) from surety(ies) supported by first and exclusive mortgage over sureties residential property (either owner occupied or investment[2])
Guarantee	Guarantee executed independent of the lender and applicants, i.e. at the guarantor solicitor's office with external legal advice provided

[1]As a guideline, the maximum amount of the security value committed by this (or any other similar guarantee) to be generally less than 25% of their property value

[2]If the family's home is an Investment Property, they must have at least a 40% deposit or equity after the Springboard loan has been set up. 40% equity for all investment properties.

Classification: PROTECTED

First Home Loan (previously Welcome Home Loan)

A First Home Loan is a low deposit option for first home buyers offered in conjunction with Kāinga Ora – Homes and Communities (www.kaingaora.govt.nz). To achieve this, Kāinga Ora – Homes and Communities underwrites loans that fit standard credit-worthiness and serviceability criteria, but have a lower level of deposit than we would otherwise require.

- Only available to personal customers buying a property to live in themselves i.e. not available to family trusts or businesses or for an investment property
- Available to first home buyers and in certain circumstances *'second chancers'* (conditions apply – must meet the other criteria including an income test)

Note: Any loans written under First Home Loan policy can only use Choices Standard Floating or Choices Fixed Loans (Choices Everyday cannot be used). For more information on First Home Loans, please call us on 0800 400 655 or your BDM or alternatively visit https://kaingaora.govt.nz/home-ownership/first-home-loan/

First Home Loan Details

Borrower/s	• Borrowers must be first home buyer or second-chance home buyer • Borrowers must either be a New Zealand citizen or hold a Permanent Resident or Resident Visa who is ordinarily resident in New Zealand for at least 12 months and for a minimum of 183 days in total in the past 12 months, and are a tax resident in New Zealand *(evidence required)* • Borrowers need to have been employed with their employer for a minimum of 12 months or demonstrate stable employment in the same industry for a minimum of 2 years *(evidence required)*
Deposit	Borrowers require a minimum of 5% deposit and cannot be borrowed. Evidence must be provided with initial application and before approval obtain from Kāinga Ora. **Deposits can include:** • KiwiSaver First Home Withdrawal • First Home Grant • Non-repayable gift from a relative of the borrower • Savings or proceeds from sale of an asset/s Policy allows for a **deposit overdraft facility** of up to 5% of the purchase price of the property to a maximum of $7,500, to allow borrowers to pay the cash deposit when the purchase becomes unconditional. *Approval for the deposit advance must be gained from Kāinga Ora and included in approval for the full lending required.* ***Sales & Purchase agreement needs to reflect this (not 10% deposit unless borrowers have additional cash available)****. (Further Terms & Conditions apply)* All borrowers are expected to contribute as much of their **realisable assets** as they can towards the property purchase, less a reasonable amount set aside for costs associated with moving house.
Income	The following income cap's apply for Borrowers: • Maximum annual gross income – one individual borrower $95,000, or • Maximum annual gross income – one individual borrower with dependents $150,000 • Maximum annual gross income – two or more borrowers $150,000 **Self-Employment:** • Applicants must produce the last 2 years financial statements supported by business and personal tax returns • Annual income should be net profit before tax (NPBT plus any applicable add-backs, averaged over the last 3 years (if available) or minimum last 2 years • If the latest year is lower than the average, then the latest years figure should be used for servicing purposes • Allowable add-backs: (Home Office, non-recuring expenses, director salaries – where not already included) **Employees on Contract Terms** • Contract income acceptable – Borrowers must have been employed in the same industry for at least 3 years. • **Boarders / Flatmates** - >80% LVR limited to 1 • **Overtime** – 50% if confirmed as regular for a period of at least 12 months • **Commissions** – refer Income section page 4 *Income is calculated over the previous 12 months – NOT income over the last financial year or current income extrapolated over a 12-month period.*
Serviceability	• Include 1% Lenders Mortgage Insurance[1] (LMI) in the loan amount – this can be capitalised above LVR limits • Low Equity Margin (LEM) does not apply (**select "<80%" LVR in the servicing calculator**)
Terms	• Principal & Interest over a maximum term of 30 years • The term of the loan cannot exceed the sustainability of the borrower's income • Revolving Credit or Interest Only options are not available • Borrowing must be in personal names only
Second Chance Home Buyers	Second chance applicants are defined as where the income, assets and liabilities of the person represent a financial position that would be expected of a person that has never owned property. Previous home owners must have no more than 20% of the relevant regional First Home Grant house cap for existing dwellings (refer appendix 3).

Classification: PROTECTED

Security	• Purchased property must be purchased with the intention of being used as an owner-occupied property
	• Security needs to be approved by Kāinga Ora
	• Registered Valuation – ordered and completed through CoreLogic or Valocity, needs to be **extended to Kāinga Ora, and** must confirm at least 5 comparable sales within the last 6 months of the date of the valuation that are no further than 10km's by road from subject property
	• Size of the land must be less than 1 hectare
	Deferred Maintenance:
	• Any costs to repair/remedy deferred maintenance (labour & materials at commercial rates) must be under $10,000
	• Kainga Ora will require:
	  ○ Fully costed maintenance plan including timeframe and confirmation of availability of funds to complete
	  ○ Completion must be within six months of settlement

Note:
[1] The LMI fee can be capitalised on the lending required to complete the purchase of the property. **If the LMI is included in the total lending, the customer must be informed of the additional interest cost in doing so and the impact on repayments.** The additional interest cost and repayment amounts can we calculated using the 'Cost of Credit Calculator' contain within the Responsible Lending Declaration.

First Home Loan Documentation Required – (refer Appendix 2 for full checklist for FHL)
All information is required up front, except for the Sale and Purchase and Registered Valuation which can be conditioned for;

- Signed First Home Loan Authorisation form, by all parties
- Proof customer meets NZ Residence requirements
- Verification of address
- 3 months transactional and loan account statements
- 3 months credit card statements
- 2 consecutive payslips AND letter from employer / contract
- Last 2 years completed financials supported by IRD Tax Summary
- Proof of deposit / gift certificate (refer to Deposit Options for requirements)
- Confirmation of LMI to be capitalised
- Advice of any requirement for deposit to be advanced prior to settlement
- Sale & Purchase Agreement (can condition for this)

For more information see your Business Development Manager.

Security Class Definition – Owner Occupied and Investment Property

The Security Class for a 'Security' refers to the intended use of the property.

Owner Occupied: The property that is intended to be occupied by the borrower or a related party*, (e.g. a trustee, spouse or defacto partner of the borrower), as a primary or secondary residence. A secondary residence must receive minimal or no rental income e.g. a Bach rented out for less than six weeks per year.

*A related party means a person (A) that is related to another person (B) in one of the following ways:

a) A is the trustee of a trust and B is a beneficiary of the trust;
b) A is a company or unincorporated entity and B is a shareholder of, or otherwise controls, A;
c) A is the spouse, civil union or de facto partner of B; or,
d) A is the estate of the spouse, civil union or de facto partner of B.)

Residential Investment Property: Any residential property that is not owner-occupied. Exceptions include a beach house or similar where there is no reliance on rental income or rented for less than 6 weeks per year.

If the borrower is unable to confirm the purpose of the security, then the Security Class must be set to 'Investment Property'.

Classification: PROTECTED

Loan Valuation Ratio (LVR)

Westpac will lend up to the following guideline LVRs. As always, exceptions apply. If you have a strong application please discuss it with us.

Standard Residential Property	One property (owner occupied)	90%*¹
	Standard Residential Investment Property (please see below for further detail on LVR)	60%
Non-Standard Residential Property **Maximum LVR on Apartments is at Credit's discretion**	Residential Apartments **less than** 40m² *(Minimum value $355,000)*	50%
	Residential Apartments **greater than** 40m² *(Minimum value $355,000)*	85%*²
	Investment property restricted to 60% LVR	
	Serviced apartments (rental income excluded in income assessment)	Case by case
	Company Share owned residential	65%
	Leasehold property (loan term restricted to lease term and copy of lease required)	65%
	All other or specialist properties (e.g. with 2 or more properties on one title)	Case by case
Lifestyle and Vacant Land	Lifestyle blocks – rural land (maximum 10ha, (24.71acres)) with a house or residence in place. Located within proximity of a major town or city and access by sealed road. No significant non-residential improvements (e.g. orchard plantings, glasshouses etc). Must be serviced from own income, not from land. Vacant lifestyle blocks assessed under vacant land category.	80%
	Vacant land (zoned Residential) up to 2.2 ha serviced (at least mains electricity and where available in the urban area water and sewage)	80%
	Vacant land (with relevant characteristics of Residential Rural Lifestyle) 2.2 ha or more (services of at least appropriate access and availability of mains electricity)	80%*²
	Vacant Land -zoned other than residential or not for residential use	Refer to BDM
Leasehold	Outside policy	Case by case

**¹ High LVR (>80%)*

- *Lending to a maximum LVR of 80% against residential security applies (RBNZ speed limits also apply)*
- *Customers must be NZ citizens or hold a NZ permanent residents visa without conditions*
- *Customers must not have any interest in any other residential property*

**² By exception*

Valuation Requirements

Valuation Providers

CoreLogic *(Previously Property IQ)* **Valocity**	Registered valuations must be ordered through CoreLogic or Valocity and comply with set standards, delivered on-line within a monitored timeframe. ***Note** – the Valocity service relates to Registered Valuations only and does not include desktop or e-valuation* **CoreLogic Customer Support team:** Phone 0800 355 355 Email help@corelogic.co.nz **Valocity Customer Support:** Phone 0800 825 248 Email support@valocity.co.nz

Valuation Requirements

Each valuation type is generally suitable in specific circumstances as outlined below. In all cases if a Sale and Purchase value is lower than any other valuation required (DV / RV / CV) then the Sale and Purchase value will apply. Any circumstance not covered below may require a Registered Valuation.

Valuation Type	Age
Registered Valuation (RV)	Up to 3 months
Desktop Valuation (DV) - (CoreLogic E-Value)*	Up to 1 month
Sales & Purchase (S&P)	Up to 3 months
Government Value (GV) - Existing security must be with Westpac and excludes apartments, company share and vacant land	Up to 40 months *(3 years and 4 months)*

Valuation Requirements

In all cases if a Sale and Purchase value is lower than any other valuation required (DV / RV / CV) then the Sale and Purchase value will apply.

Classification: PROTECTED

Notes:

- *An RV outranks a DV and GV. If an acceptable RV is held then neither a DV nor GV is valid. If a DV is obtained, this will outrank a GV.*
- *Auckland is defined by all areas within the Auckland Council boundaries.*
- *Apartment – a self-contained, single residential living unit with separate sleeping facilities. The Unit must be on its own title (unit title, strata title or leasehold title). The size excludes; decks, balconies, storage areas, car parks and common areas.*

	Registered Valuation (RV)	Desktop Valuation (DV)	Sale & Purchase Agreement (S&P)	Rateable / Government Valuation (GV)
Acceptable Valuation for LVR	>80%	≤80%	≤80%	≤65%

	Acceptable Valuation for LVR			
Property Type	**RV**	**DV**	**S & P**	**GV**
Any property sold by Private Treaty. Where a private treaty S&P is used, a Registered Valuation must also be obtained and the lower of S&P and valuation used	>65%	≤65%	≤65%	≤50%
High value - ≥$3m in Auckland or ≥$2m elsewhere	>70%	≤70%	≤70%	≤50%
Apartment - 40m² or more	>60%	≤60%	≤60%	≤50%
Apartment – less than 40m²	>50%	≤50%	≤50%	-
Townhouse / Terraced house - 50m² or more	>80%	≤80%	≤80%	≤65%
Townhouse / Terraced house – less than 50m²	>65%	≤65%	≤65%	≤50%
Special title - Company Share, License to Occupy, Leasehold	>50%	-	≤50%	-
Rural – Lifestyle Block	>80%	≤80%	≤80%	≤65%
Vacant (serviced) residential land	>80%	≤80%	≤80%	≤65%

(> Greater than / < Less than / ≤ Less than or equal to)

* CoreLogic eValue

When using an eValue for the purpose of calculating an LVR, these can only be accepted (within guidelines) where the Forecast Standard Deviation (FSD) is ≤ 14%. If the FSD is greater than 14%, a Registered Valuation will be required.



FSD – the Forecast Standard Deviation is a statistical measure of the variation in accuracy of the forecast value (the DV amount). Essentially the higher the FSD, the less accurate the DV could be.

Overseas Based Customers / Non-Residents

Group	Immigration Residency Status	Source of Income	Location	Max LVR or
A	– NZ citizen / Australian citizen / Singaporean national, or – NZ Permanent Resident Visa holder - *(Permanent Resident visas have no conditions, allows for free movement and has no expiry*)* – Australian / Singaporean Permanent Resident Visa holder – *(Permanent Resident visas have no conditions, allows for free movement and has no expiry*)* - Holds a type of Resident Visa or Returning Residents Visa*	Any	NZ	No LVR restriction – normal policy applies
		Not NZ – Wages & Salary	Not NZ	Lesser of 70% LVR
		Not NZ & self-employed or Business	Not NZ	No Lending

Classification: PROTECTED

B	– Customer who does not have any of the residency status options of Group A above, and does have consent to purchase under the Overseas Investment Act (OIA). *(Refer below for details)*	Any	NZ	Lesser of 80% LVR
		Not NZ – Wages & Salary	NZ	Lesser of 70% LVR
			Not NZ	No Lending
		Not NZ & self-employed or Business	Either	No Lending
C	All other customers and visas (e.g. a work visa) or no visa held or where OIA consent is not held. **Notes:** • Customers in this group may have been previously approved under Group B rules but are no longer eligible – this will impact any new lending against existing or new security property. • Customers in this group may have purchased property before 22 October 2018 and so may still be eligible as a Credit approval exception.	Either	Either	No Lending

*****Customer will still need to have resided here for at least the prior 12 months and spent at least 183 days of the last 12 months here and is a tax resident of New Zealand.

Overseas Investment Act – (OIA) (the Act)

As of 22 October 2018 the Overseas Investment Office (OIO), imposed restrictions through the Act on 'overseas person' buying or acquiring residential property (including bare land) in New Zealand. An 'overseas person' is somebody who is not a New Zealand citizen (whether living in NZ or overseas) or 'ordinarily reside' in NZ as defined by the Act.

A person is considered to 'ordinarily reside' in NZ if they:

- Hold a residence-class visa; and
- Have been residing in NZ for at least a year; and
- Are a tax resident here; and
- Have been present here for at least 183 days of the preceding year.

Customers who are unsure of their status under the Act should be advised to seek independent legal advice and complete the OIA Form in the Responsible Lending Declaration to confirm their eligibility.

If the customer confirms they have:
- NZ citizenship or permanent residency or another valid type of residence class visa; and
- Have lived here for 183 days of the last twelve (12) months; then

An OIA form does not need to be completed.

If the borrower is in doubt about their residency, they should contact their solicitor (and complete the OIA form) to be sure of their edibility to purchase property.

New to Bank customers residing offshore and / or reliant on offshore income will need to come to NZ, before a loan can go unconditional, with the following:
- Income verification
- Deposit verification
- AML – Identification verification
- AML – Address verification
- AML – Source of wealth / funds verification
- Foreign Tax Residency details

Existing customers residing offshore and / or reliant on offshore income may meet the following exception

Exceptions to this rule are:

- Customers residing in Australia who hold a NZ or Australian passport
- Existing customers who are fully AML compliant with current Identification held by Westpac, whose deposit and income (including rent) can be verified in their Westpac NZ account

Customers, who meet the exemption category, are able to send copies of the documents certified by a trusted referee by mail or courier or visit a Westpac Australia branch who can verify and email the items to us. This documentation should include income verification and deposit verification, as applicable.

Received documents need to be acceptable in all respects.

Loan Condition for Offshore Customers: Rental income is to be direct credited to your Westpac account within one month of drawdown.

Classification: PROTECTED

Investment Property Loan

Westpac has great policies and product offers for property investors. Our standard policies and products apply for most property investors (see Loan Amount (maximum) below for when lending may be considered commercial).

Key policies relevant for property investors are:

- Up to 60% LVR (or construction up to 80% LVR)
- 70% of rental income used in servicing assessment (if offshore rental income, then 70% of the 80% NZD equivalent)
- Loan of up to 30 years available
- Interest only available for up to 3 years for Owner Occupied and 5 years for Investment property
- Redraw facility for customers who have paid more than the minimum payment and are on a floating loan

An Investment Property Loan is a loan provided for the purchase of, and / or secured by, residential investment property. Residential investment property is property that is not owner-occupied (refer above for definitions of Owner Occupied and Residential Investment Property).

Note: An Investment Property Loan is to use the below underwriting standards in conjunction with a Choices product (Fixed, Floating, Everyday and Offset) of the Borrower(s) choosing.

Investment Property Loans

Loan Amount (maximum)	**Applications** will be **considered commercial when** there is **more than $1,500,000** of the Borrower's total debt reliant on rental income to service. The way to work this out is: What is the proposed total all bank debt? Deduct from the total how much debt can be **serviced from non-rental income**; this portion can be on standard residential lending terms If the remaining amount is less than $1.5mil then it is also assessed on standard residential lending terms. If the remaining amount is greater than $1.5mil then it is to be assessed on Commercial Loan terms. ***Note** it is only the portion of the loan that is over the $1.5mil threshold that is assessed on Commercial Loan terms, not all of the bank debt.*
Security	The maximum LVR is 60% for Investment Properties – calculation includes all Home Loans (and any other lending used to fund the security) and all Residential security.
Serviceability	Standard personal servicing underwriting applies – refer servicing Calculator – Rental income is assessed at 80% of the gross amount, (if offshore rental income, then 70% of the 80% NZD equivalent) *Note: Servicing Calculator will calculate the correct scaling in each instance.*
Unsupported Investment Loans	Investment Property Loans are not available at origination for: - Any type of residential construction or development where repayment in part or whole is reliant on the successful completion and sell down of the property asset(s) - Commercial property development or specialist use properties - Illegal purposes which could potentially involve the Bank in adverse publicity - Payment of tax liabilities or legal expenses
Interest Only	Interest-only is used by some customers with rental properties to keep their repayments to a minimum and cash flow to a maximum. Where the LVR is <80% and customers can demonstrate an ability to repay the loan over the remaining principal and interest term, then Westpac may allow **interest-only** up to **5 years**, in most circumstances.
Exemptions	– Owner-occupiers or investors are **constructing** or purchasing a new dwelling (provided the loan commitment occurs prior to, or at an early stage of, construction of the dwelling). – Owner-occupiers or investors require **bridging finance** to complete the purchase of a residential property on a date prior to the completion of a sale of another property. Property must be borrower's principal residence after completion and the old property has been the borrower's principal residence. LVR restrictions may apply to the mortgage loan on the new property (if the resultant LVR if >80%) – Owner-occupiers or investors are **re-financing** an existing high LVR loan or shifting an existing high LVR loan provided the total value of the new loan does not increase, has the same borrower and the new loan is secured by the same property. – Owner-occupiers or investors are borrowing to fund **extensive repairs or remediation** that is not routine or deferred maintenance. This includes events such as a fire, natural disaster, weather tightness issues or seismic strengthening). – Borrowers with owner occupied and investor collateral can use the **combined collateral exemption** to obtain finance up to 60% of the value of the investment properties and 80% on their owner-occupied property.

Classification: PROTECTED

Construction Loan

Providing a loan to assist the borrower to meet the progressive costs of residential building or renovation and where the Bank is relying on the completion of the project for our security value.

This policy **does not apply** in situations where there is a **single drawdown** for full settlement of the completed property and land. In most respects the Choices Home Loan underwriting standards apply with the following additional requirements.

Types of Construction Loans	– Turnkey Contract – Build Only Contract – Partial Contract (customer managed and all others)

Overall Construction Loan Underwriting Standards

Servicing Assessment	Normal requirements apply however the **servicing assessment is to be calculated to include an allowance for a 10% cost increase**. The 10% margin is to be assessed on the total of the building contract(s) or cost
Repayments	Throughout the construction period, the loan is to be on an interest-only basis, with repayments to commence one month after final drawdown. **Interest payments** can be capitalised for the construction portion during construction for a maximum of 12 months – **projected cost of interest capitalisation to be included in the approved loan amount (and therefore within the maximum LVR for each contract type)**
Approvals and Settlement *Effective where lending is approved on or after **1 December 2021.*** ***Stages of Approval***	Customers can obtain approvals and pre-approvals for a construction loan in anticipation of finalising the land purchase and construction contract. – Construction and **Renovation** • Any approval is for a maximum term of **90 days** for all LVR's. • An approval can be extended for a further **90 days**, subject to customer confirmation that their financial position has not materially[1] changed. • **At 180 days** – approval can be extended for a further 12 months, subject to all approval conditions being met (including property being purchased identified), except those conditions directly related to the construction of the dwelling. If the customer is unable to meet the above timeframes, the approval remains valid with a **serviceability reassessment required to be completed no more than 90 days before** unconditional documentation of the lending. *The purpose of the reassessment is to:* • *check if the customers borrowing needs or financial position has changed since initial approval* • *determine that the loan remains affordable* • *consider amendment to the loan to minimise any impact from any changed circumstances.* The **reassessment** is achieved by the Mortgage Adviser reviewing with the customer their last application form, marking changes (if any) and returning the updated application form resigned and dated by all parties to the lending. Changes to the following should be considered: • purpose of the lending • employer name or type of income • income amount • new, increased (construction contract costs), or repaid limits or credit facilities • declared fixed commitments, living expenses and discretionary expenses • possible future financial changes Any changes must have updated verification documents returned with the application. Should the **servicing reassessment of the updated application fail**, we will require **updated verification of all income, expenses and commitments** to be provided for a full assessment of the lending to be undertaken. *[1] refer page 18 – Choices Home Loan (Material Changes).* Settlement of the facility >80% LVR must be **no later than 24 months** from full acceptance and documentation. LVR's <80% will have no restriction on completion period from documentation.
Insurance	During the period of construction, a Builders Risk insurance policy with the Bank's interest noted is always required. Following the construction period and prior to the final draw down the standard insurance requirements apply, the building and other improvements on the mortgaged property or properties are to be insured at all times: – Due to Certified Builders NZ removing cover for loss of deposit due to fraud, and non-completion cover due to insolvency, Westpac requires **suitable builders' warranty and pre-completion cover** including cover for the above where any construction or renovation loan is greater than 80% LVR – With an acceptable underwriter – For fire and disaster (including earthquake) risk – For an amount at least equal to their full replacement value

Classification: PROTECTED

	– With the Bank named on all policies as an interested party or mortgagee **For construction loans in Canterbury effected by Canterbury Earthquakes.**where the land or property has been affected by the Canterbury Earthquakes, the Sales & Purchase Agreement will note any EQC Claims. If required, please provide commentary and ensure the completed dwelling will be able to gain an unencumbered insurance policy.
Progress Payments	<table><tr><td>15% – 20%</td><td>Site works and foundations Permits and fees, architect fees</td></tr><tr><td>20% - 30%</td><td>Wall and roof framing Roof installed</td></tr><tr><td>15% - 30%</td><td>Internal and external lining Doors and Windows Plumbing and electrical</td></tr><tr><td>10% - 25%</td><td>Room fit-out and finish Kitchen and bathrooms Floor and wall coverings</td></tr><tr><td>10%</td><td>Retention Final payment</td></tr></table> Variations to this schedule where there is a Registered Master Builders, or a Certified Builders Association guarantee are generally acceptable as the guarantee provides protection to the owner (and Bank). Where the LVR is greater than 80%, Westpac will require suitable builders' warranty and pre-completion cover including cover for loss of deposit due to fraud, and non-completion cover due to insolvency.
Drawdown	The following are required as part of drawdown: – Copy of local authority consents or permits for all contract types – Confirmation of builder's risk insurance policy After loan approval, progress payments will be required to allow the customer to pay for construction or renovation costs as the building work reaches each major stage of completion. In all cases, the customer's own funds are to be utilised before any loan funds are drawn. **Loan drawdowns** are to be **undertaken** as follows: **–** Against invoice, as per scheduled payments contained in the contract – Authorised by the customer (letter or invoice signed by customer to authorise) – Interim or final valuation (see separate requirements that follow) **Note about the final drawdown:** The final drawdown should be when the property is complete as proposed - this can be confirmed by the Final Code Compliance Certificate. If the Final Code of Compliance sign off is not available then drawdown can be made against the Certificate of Practical Completion. The Final Code of Compliance (once available) should in due course be obtained and added to the lending.
Interim and Final Registered Valuations	Interim registered valuations are only required in the case of partial contracts when requested drawdown will increase LVR beyond 65% of the last valuation held. Registered valuations should include an estimate of cost to complete – this should be compared to the customers own costings and regardless be no greater than the undrawn loan amount. Final valuations (to confirm completion prior to final drawdown) are only required in the case of partial contracts.

Turnkey Contract

Description	A single fixed price contract with the builder that specifies a completed property or renovation. These are often House and Land packages with staged progress payments throughout the build. On completion the property is ready to live in including: – Major landscaping (fences, retaining walls) – Drives and pathways – Decorating (painting, floor coverings) There is no more money to spend, no more work to do. There will be minimal 'PC Sum' allowances or non-fixed costs.

Classification: PROTECTED

	At >80% LVR Westpac will require suitable builders' warranty and pre-completion cover including cover for loss of deposit due to fraud, and non-completion cover due to insolvency. For a new build, the contract sometimes includes the land purchase which would be settled in the initial drawdown (or prior)
Maximum LVR	90% (Projected Registered Valuation required when LVR >80%)
Required Documents	– Copy of contract including schedule of work and contracted payment schedule – Projected registered valuation (completed value) – when required – Sale and purchase agreement for section (if applicable) – Confirmation of application for Master Builders Guarantee or a Certified Builders Guarantee (note the completed guarantee documentation will not be available until after the build contract has been signed)

Build Only Contract

Description	A single fixed price contract with a builder that specifies a completed property or renovation to a completely liveable and compliant condition but not to the same standard as turnkey. The owner is responsible for completing some finishing work themselves or may have other contracts in place. This may also include turnkey contract transactions that do not meet all of those requirements, e.g. lack of guarantees or excessive PC Sums.
Maximum LVR	80% (Projected Registered Valuation required when LVR >60%)
Required Documents	– Copy of contract including schedule of work and contracted payment schedule – Projected registered valuation (completed value) – when required – Sale and purchase agreement for section (if applicable) – A break down and explanation on what may be included in the valuation but is not included in the main contract, and how the customer intends to manage this

Partial Contract (Customer Managed and all others)

Description	There are many variations, but usually a range of sub-contracts managed by the customer or a project manager, and/ or a labour only arrangement with the contractor(s). This type typically includes relocated and kitset homes. In the case of kitset and relocated homes, the valuation can generally only take into account buildings and improvements that are permanently fixed to the land. This generally limits the lending on these transactions to the land value only until the buildings are permanently attached.
Maximum LVR	65% (Higher LVRs approved by Credit on an exception basis) Projected Registered Valuation is always required Registered Valuation may be required at each drawdown
Required Documents	– Budget costings and quotes for major work – Schedule of projected drawdown requirements – Projected registered valuation (as is and completed value) – Sale and purchase agreement for section (if applicable) – Details of applicant's experience to complete and/or manage the project

Classification: PROTECTED

Mortgage Advisers Guidelines for Business

Westpac can help self-employed and business customers with lending which is:

- Business lending
- Secured with residentially or commercial security – LVR*
- GSA lending
- LVR 65%

**LVR – 65% LVR on Commercial Security, 60% on Specialist use or Accommodation and 50% LVR on vacant land*

Term loans are not available where the lending is predominately for personal, domestic, or household purposes regardless of the entity (personal, trust or company) the loan is being written in.

How we will help you

Business Turnover	Term Loan Amount	Mortgage Operations
Less than $2,000,000	Less than $1,000,000	mortgageoperations@westpac.co.nz
Less than $2,000,000	Greater than $1,000,000	Contact your BDM*
Greater than $2,000,000	All loan amounts	Contact your BDM*

**BDM (Business Development Manager) who will locate a Commercial Manager for you to either forward your application onto or discuss the application further.*

For those more complex business or commercial applications your BDM will be your first point of contact. They will either be available to discuss the proposal up front or again be able to locate a suitable Commercial Manager to discuss the application with.

What do Business Managers look for when assessing an application?

Serviceability	Cash flow: – What are the sources? – What is the current position? – What are the historic trends? – Projected performance? Capacity: – Plan and proven record to service and repay Total Financial Debt to an agreed schedule
Security	– Loan to Security Value Ratio - LVR – Location and quality / grade of real estate and/or other assets held as security – Additional security such as Guarantees or GSA (General Security Agreement) – Seismic Report (IEP – Initial Evaluation Procedure Report or DEE – Detailed engineering Evaluation if New Building Standards (NBS) is below 67%
Equity	– If cash flow is compromised, can customer meet servicing and repayment schedule by extracting net cash from orderly non-core asset sales – What is the adjusted Business and Personal Net Worth
Management / Ownership	Commentary including: – Group – Economic – Entity – Ownership and Management Structure – Credit Checks – Manager / Owners experience in the industry – Employment history – Qualifications – Prior business success – Business and Succession Plan – Quality of business support i.e. Accountant, Business Advisor
Transaction	Profile of the transaction; i.e. – What do existing facilities finance – What will new facilities finance – Why is our customer entering into the transaction – Does the transaction make sense
Supporting Information	A clear diary note covering all aspects of the proposed transaction Fully completed Finance Application including; – Statement of Position – Foreign Tax Residency Information – Authority Declaration signed by all parties to the loan – Clear copy of photo ID for each individual – 2 years full Financials – Management Accounts for Interim Year

Classification: PROTECTED

	– Confirmation of any other incomes (e.g. Lease Agreements, Rental Agreements) – 3 months Other Bank statements – transactional and loans – Copy of **IRD taxation summary confirming all tax is update** and no repayment plan is in place For **New to Bank** - copy of proof of address of personal and business customers For **Trusts**, full copy of the Trust Deed (note for independent trustees, also require proof of address and ID but this can be obtained at a later date, but prior to preparation of loan documentation) For more complex business and commercial transactions, please refer our Business Profiling Questions in Appendix.
Refinances	– Applicants need to have been in their business for a minimum of two years – A clear outline of the purpose for refinance is required
New start-up business	Present a business plan outlining the business objectives/strategy, management structure, etc. Preferably have a track record and experience in the industry or other related business. Present cash-flow and budget projections for the next two years, based on a monthly rest basis for monitoring of actual results against budget. Financial projections to be prepared by a chartered accountancy firm.

Please note:

– The Westpac Commercial Manager may require to interview the customers as part of the lending process.
– If you have been discussing a lending proposal with your Commercial Manager then please ensure you copy in your BDM when the loan is submitted or forwarded to the Commercial Manager.

Please note that this is a guide only and additional information may be required as part of the approval process.

Westpac Product Options

Choices Home Loan

Choices Home Loan is a flexible mortgage facility that offers a variety of repayment methods allowing the customer to choose the product option which best suits their lifestyle.

The key features are:

– **Up to 90-days approvals and pre-approval (<80% and exempt high LVR's*)**
– Approval can be extended for a further 90-days, subject to customer confirmation that their financial position has not materially[1] changed.
– If no acceptance received and loan has not been documented – approval will expire after 180-days.
– **Up to 60-days rate lock:** giving your customers certainty
– **Free Westpac Everyday[2] Account**
– **Low deposit options:** First Home Loan and our Family Springboard Loan
– Where a Choices Home Loan is documented in personal names **– online refix is available via Westpac ONE**

[1] Material Changes include:

- *A change of employer or income source*
- *Any or any impending Reduction or Loss of any income*
- *Any new or additional debt; either advised by the customer or evident on refreshed credit checks*
- *Any other change to customers situation that the customer raises as a concern and seeks the Banks guidance on.*

[2] Westpac Everyday Account – subject to Terms & Conditions

**Note – High LVR approvals (>80%), extension is subject to the availability of non-exempt approvals at the time of rollover. If, at the time of rollover, non-exempt approvals with a high LVR are unavailable temporarily, then the existing approval will not be refreshed and will expire at the end of the first 60-days.*

Loan Information

Loan Term	Maximum of 30 years
Loan Amount	No minimum loan amount Maximum loan amount is dependent on income, outgoings and the value of asset(s) held as security
Interest Calculated	Daily
Transfer of Property	Customer is able to transfer their home loan if they move to another property

Repayment Information

Repayment Frequency options	Fortnightly or Monthly
Repayment Options	**Customers have 3 repayment options:** – Principal and Interest (Table) – Reducing – (customer pays a set amount off the principal each time, plus the interest) – Interest only up to 3 years for Owner Occupied (only available for under 80% LVR) and up to 5 years for Investment Property.

Classification: PROTECTED

Floating Home Loans

A floating home loan is a variable rate, which moves up or down in line with market conditions.

The key benefits for floating rate customers are **flexibility and convenience:**

- They can make lump sum payments without fees or penalties
- They can redraw up to their limit
- They can swap to a fixed or alternative floating product anytime, with no break fees

We offer 3 types of floating home loans to suit all needs: **Choices Everyday / Choices Floating / Choices Offset**

Choices Everyday

- With a Choices Everyday loan, the home loan and transactional accounts are combined – this is known as 'revolving credit'
- Customers have the convenience of all their banking in one place
- They also have the benefits of reducing their loan balance every time they make a deposit – meaning they save on interest costs

Repayment Information

Repayment Types	– Choices Everyday Flexible Option (non-reducing); A non-reducing option giving greater financial control over the home loan. The customer can choose how much and when they repay can redraw up to their limit when it suits – Choices Everyday Reducing Option; The reducing option ensures the loan limit gets lower each month reducing the amount the customer can redraw. This means the home loan will be paid off within the term selected when the customer first signed up

Choices Floating

- Choices Floating offers all the benefits of an Everyday loan, except the customer's loan and transactional accounts are separate
- Like our Everyday customers, Choices Floating customers have the ability to pay lump sums, the convenience of redrawing up to their loan limit at any time, and the ability to change to a fixed or another floating loan with no break costs
- Customers can change their repayments at any time without having to re-document their loan. If the customer is paying more than the minimum required, they can reduce or increase their regular repayments to any amount at or above the minimum

Choices Offset

- With Choices Offset, customers can save on interest costs and reduce the term of their loan by offsetting the balance of their (and their family's) Westpac transactional and savings accounts against their mortgage
- It works by applying interest on the net difference between a customer's nominated loan account and up to 10 linked deposit accounts. The customer (and/or their family member/s) will just forgo the interest on any deposit accounts linked to a Choices Offset loan
- It offers the same benefits as Choices Floating: the customer can change their repayments at any time without having to re-document their loan. If the customer is paying more than the minimum required, they can reduce or increase their regular repayments to any amount at or above the minimum

The following parties can be linked to a Choices Offset home loan as contributors:

Non-restricted entities: Personal customers can link the account(s) of their immediate family members: partner (spouse, de facto and civil union), parents, children (dependent and independent) or business accounts in the case of a sole trader.

Restricted entities: an Offset Arrangement is available to non-personal customers provided:

- The Trust is the borrower and the deposit account holder is also the same Trust.
- The Company is the borrower and the deposit account holder is also the same Company.

This is only permitted where these entities have been set up for residential property ownership purposes.

Classification: PROTECTED

Fees *(as at 15 September 2022)*

	Choices Everyday	Choices Floating	Choices Offset	Choices Fixed
Establishment Fees	$0	$0	$0	$0
Establishment Fee (Construction with multiple drawdowns)	$0	$0	-	-
Top Up Fees – (Increased lending on existing security)	$0	$0	$0	$0
Monthly Fees	Free	Free	Free	Free
Re-documentation Fees	$0	$0	$0	$0
Temporary Loan Limit increase (Everyday)	$0	-	-	-
Rate Lock Break Fee	-	-	-	$30
Admin Fee – break prepayment *(per break)*	-	-	-	$0
Security Discharge Fee *(per discharge request, capped at $50 if multiple properties are discharged in one request)*	$50	$50	$50	$50

Fixed Home Loans

Choices Fixed
With a fixed rate, the customer sets their rate for a term of between 6 months to 5 years. The rate will stay the same over the loan term – regardless of what happens in the market. The key benefit for customers of a fixed rate is certainty and security around their rate and repayments.

Features

Interest Rate Locks	Rate lock lets a customer lock in their fixed rate up to 60 days before the loan draws, or an existing loan expires
Repayment Changes	– Flexibility to increase regular repayments by up to 20%: • Regular repayments can be increased by up to 20% above their minimum repayment amount without any fee, any larger repayments then this will incur a break fee. • An exception to this is, prior to the new fixed rate commencing, customers are able to set their regular repayment amount at any amount above the minimum repayment required. – Reduction of regular repayments: • If paying more than the minimum amount required, regular repayments can be reduced to any amount at or above the minimum repayment amount
Prepayments / Lump Sums Payments	Subject to an administration fee and a break cost
Redraw	Customers are unable to re-draw until the end of the fixed term

Fixed Rate Repayments
When a fixed rate is documented it must be documented for the repayment level for the term requested.

On drawdown (and only on drawdown), a customer can request that the reduction payment amount be amended to any higher level they like regardless of the percentage. They cannot go any higher than this amount at any point in the fixed rate term. If the customer finds this level of payment difficult at any time then they have the following option at hand:

The loan must be put back to the minimum repayment amount and then can be increased up to 20% of that minimum repayment amount. It cannot go back to the higher level now nor can it be increased above the 20% minimum. You also cannot drop to any specified level other than to the minimum repayment amount or to the minimum repayment amount plus 20%.

You have the ability once doing this to drop back to minimum repayment amount and re-increase to minimum repayment amount plus 20% at any time.

After drawdown, i.e. the next day and onwards a customer has the option to do the following:

Increase their minimum repayment amount up to any level not exceeding 20%. They may reduce their payment back to the minimum and re-increase back to 20% at any time. They cannot increase their repayment amount by 20% and then increase again. They cannot drop their payments below the minimum repayment amount unless there is a buffer and a repayment holiday is applied for.

Important:

Please note that the loan documents will not reflect the higher (voluntary) repayment amount but only the minimum repayment amount so as not to alter the loan term. You would need to advise us prior to drawdown of what the extra repayment amount is to be and we will arrange that for the customer as a separate request.

Classification: PROTECTED

Westpac Warm Up Loan

Westpac Warm up is an interest-free, five-year fixed term Choices Home Loan to a maximum of $40,000, for eligible Choices Home Loan Customer, that can be used to fund minor renovations for one or more of the following:

EV Charging systems, Solar Batteries, Insulation, Heat pumps, Double glazing, Ventilation and Solar power systems.

Loan Information

Loan Term	Maximum of 5 years
Loan Amount	Maximum loan amount of $40,000 • Owner Occupied LVR must be less than 80% • Investment LVR must be less than 60%
Pricing	Interest free for a total fixed term of 5 years No establishment fee No early repayment costs Penalty fees apply if the loan is in arrears or payment is late

Features & Conditions	• Full application will be required
	• Only for existing Westpac Home Loan customers or customers who refinance their existing home lending to Westpac
	• Westpac Warn Up loan can only be used for the purposes of installing one or more of the following:
	  ○ E-Vehicle charging systems
	  ○ Solar batteries
	  ○ Heat pumps
	  ○ Wood Burners
	  ○ Insulation
	  ○ Ventilation
	  ○ Double glazing
	  ○ Solar power systems
	• An invoice and/or quote (including material and installation charges) issued by an installer which is less than 90 days old must be obtained
	• Customers can have more than one Westpac Warm Up loan at a time (providing they do not exceed $40,000)
	• Redraws or top-ups are not available
	• Cannot be used as part of any Residential construction or development lending
	Standard home lending criteria and other account opening conditions will apply.

60 Day Rate Lock (RLA)

- The RLA is valid for 60 calendar days from the offer date. The drawdown date can be changed as long as it is between the offer date and the rate lock expiry date (as per the RLA) providing customers with greater interest rate certainty RLA's must be returned to Mortgage Operations within three business days of the interest rate(s) being quoted. Day one is the day the rate is quoted
- At the time of drawdown the customer receives the agreed interest rate, regardless of whether interest rates have increased or decreased
- RLA break fees will apply if the loan is not settled within the 60 days, or if interest rate or interest rate term are changed
- Customers can retain the RLA if the entity changes within the 60-day RLA, all other changes will invalidate the RLA and break fees will apply
- Customers who choose not to take a Rate Lock will receive the current interest rate available on the day of drawdown. This could mean an increase or decrease if the interest rates have changed since the loan was documented. If rates increase, the bank will send a letter to the customer disclosing the new rate and repayments at or above the minimum repayment amount.

FRR (Fixed Rate Rollover) and Restructure

When completing an FRR or pricing request, Mortgage Operations are required to confirm that the customer has authorised for their information to be released to a third party. To ensure your request can be actioned in a timely manner, please confirm the customers' permission has been provided through one of the following items:

– A Privacy Declaration has been signed and provided by the customer
– Written confirmation by the Adviser that the completed Privacy Declaration is already held

Classification: PROTECTED

The Lending Application

Types of Applications

Full Application

A full application is required for all **new increased lending** (including **top-ups**).

A full application should also be used whenever the security position, affordability (debt servicing), or underlying parties to the loan is changing. This could include, but is not limited to:

- A transfer to a trust, where one of the trustees is not a current borrower
- Transfer of ownership, i.e. from joint to sole name in matrimonial settlements
- Applying for an **Interest Only** period or extending a current **Interest Only** term
- Deceased Estates where security is to be transferred
- Where the resultant LVR is greater than 80%
- An Increase or Decrease to the loan term
- Where there is a change to the security type, i.e. the residential home is being sold and a lifestyle property is purchased
- Where the security being released is an investment property and the income is being relied on for servicing remaining debt
- Where Westpac is not receiving the full net proceeds from the settlement, and there will be remaining debt
- Partial discharge of mortgage, i.e. subdivision and subsequent sale of part of the property
- Where there are issues with a customer's account conduct
- A change to the occupancy type status of the residential security property (e.g. from Owner Occupied to Investment Property or vice-versa)

Matrimonial separations are treated the same as ownership changes. Lending can be mirrored, if required. Security is released and re-registered in the new party(s) name(s). A full application is required to determine that the remaining party(s) meets our lending requirements.

A Mortgage Advisers' **own application** will be required to be submitted via another Westpac Accredited Mortgage Adviser, who will be responsible for validating and confirming all supporting information and advice as per any other application they make for any other customer.

Alternatively, a Mortgage Adviser may approach a Westpac branch directly where the branch lender will process their application and again verify and confirm all supporting documentation as per normal guidelines.

Loan Restructure

A restructure is when a borrower requests a rearrangement of their existing facilities and where there is no increase to lending (Total Approved Exposure) or change in borrower. A Loan Restructure does not require a full application. Examples include:

- Decrease the term of a loan
- Change the payment frequency
- Change the interest rate type including Fixed Rate Rollovers (but excluding Interest Only extensions)
- Change the interest rate
- Split the loan into two or more loans
- Consolidate a number of loans where the loan term remains unchanged
- Add new security and release consent or vary existing security

Westpac's Discretion

Westpac reserves the right to determine whether a change to an existing lending situation of the customer requires either a Full Application or Loan Restructure.

Responsible Lending Code

Adviser Responsibilities

Under the CCCFA every Mortgage Adviser and Lender must, at all times exercise due care, diligence and skill in it's' dealings with borrowers and guarantors. Comply with the following responsibilities:

1. Inquire into and assess customers' requirements and objectives
2. Inquire into and assess customers' potential for substantial hardship
3. Assist customers' to make informed decisions
4. Treat customers and their property reasonably and in an ethical manner
5. Avoid oppressive conduct
6. Meet all legal obligations to customers

Classification: PROTECTED

Helping customers to make informed decisions:

The lending process can be difficult for customers and guarantors to understand. Therefore, it is important Mortgage Advisers help them to understand the full implications of entering into the agreement and make informed decisions about whether or not to enter into an agreement. Details of factors to discuss:

Key Risks	The customer could lose their secured property if they do not make repayments The interest rate could vary or Westpac can vary the interest rate without the customers permission That the customer may need to pay a prepayment fee if they repay some or all of their credit early The default interest and default fees that apply
Term	The term of the agreement
Fees	The fees the customer must pay when entering into the agreement, and any other interest or fees that might be charged over the course of the loan
Interest Rates	The interest rates that will apply to the loan, expressed as an annual rate. This should include the total interest payable if this can be calculated
Repayments	The repayments that must be made and the total amount payable under the loan

Ensuring the customer can make repayments without financial difficulty:

The Mortgage Adviser needs to be satisfied that customers and guarantors can make repayments under any credit contract without undue difficulty as well as paying for necessities such as accommodation, food, utilities, transport and required medical expenses; meeting other financial commitments without having to sell their security or assets.

The Mortgage Adviser must verify the customer's information by ensuring the information is on original documentation, bank statements match to statement of assets and liabilities, income is verified by third party documentation, ie IRD assessment, original pay slips, direct credits to account.

The Mortgage Adviser is required to ask the customer the following "3 questions" to check their financial situation is likely to change:

1. **Have there been any major changes to your financial situation recently, including extra debt or expenses or a meaningful drop in income?**
2. **Are you comfortably able to make your current credit repayments and meet your other costs?**
3. **Do you have any reason to believe that there will be any material changes to your financial situation that will impact on your ability to support this new lending?**

Keeping records:

The Mortgage Adviser needs to make sure they keep accurate records of their lending conversations and the ways they complied with the Responsible Lending Obligations and should be able to produce evidence of this when called upon to do so. This means you will need to complete the Application diary notes and specifically include the details as listed in the table below:

Your assessment of the customers' needs and objectives.

Your assessment of their financial situation, and any **steps you took to verify the information** you received. (specifically, Income and Expenses)

The product you recommended and your reasons for making this recommendation, including:

- How the product meets the customers' needs and objectives?
- Your assessment of whether the customer can make repayments without experiencing financial difficulty?
- Whether the product or product features suit the customers' circumstances, including any specific features requested by the customer
- Whether you took any feedback from the customer into account when you made this recommendation

Any extra steps you took to assist the customer, in addition to explaining the key contract features.

Foreign Tax Residency

To meet international tax compliance regulations banks are required to collect and report information about account holder's foreign tax residency to the IRD. This information will be shared with the tax authority of each relevant country if New Zealand has an agreement with that country.

To enable Westpac to meet its obligations, the Mortgage Adviser must collect foreign tax residency information from the customer. Collection will be in a manner as specified by Westpac from time to time and may include the customer completing a form provided by Westpac, currently referred to as the GATCA form and usually at the time of Unconditional Approval.

Responsible Lending Declaration:

To solidify and ensure our ongoing commitment to Responsible Lending, all Lending applications received from Mortgage Advisers will need to have a completed Responsible Lending Declaration included. This provides confidence that our customers are consistently provided with the information they need to make fully informed decisions.
A copy of the Responsible Lending Declaration can be found in the appendix.

Classification: PROTECTED

How to put an application together:

The following documents will need to be verified by the Mortgage Adviser:

Application / Diary Notes:

We need to have a clear understanding who the customers (and any guarantors) are. The Application or Diary Note will need to clearly cover the following:

1. **Relationship of parties** to each other:
    - Do all parties bank with Westpac?
    - List what the customers' needs and objectives are for this lending.
2. **This Proposal:**
    - Outline the proposal and structure of the lending request. Include how the deposit has been obtained (e.g. regular savings, gift, asset sale etc.).
3. **Financials / Income:**
    - How has the income been calculated?
    - Are the income and outgoings provided by the customer and any guarantor realistic?
    - Are there any irregularities in the information provided by the customer?
    - Is there a negative cash surplus and how has it been addressed?
    - Has the customer been impacted by **COVID-19**? Are they back to normal levels of income and continuity of employment?
    - Are there other mitigants to their servicing position i.e. additional income not used or expenses included but not necessary i.e. credit card limit included but balance paid in full each month?
    - **Bank statements must be reviewed and submitted with the initial application**.
4. **Security:**
    - What is being offered as security and the address details?
    - Is this for Owner Occupied, Investment or both?
    - If so what is the split between Owner Occupied and Investment?
5. **Risks / Mitigants:**
    - Do the bank statements demonstrate good account conduct and are there large 'one-off' transactions that require explanation?
    - Explain any defaults on customers' credit report, number and history of credit checks.
    - Look at their statement of position - accumulation of assets, income level and history, extenuating circumstances i.e. matrimonial separation/family illness, appetite for short term debt, do liabilities on statement of position match bank statements, are limits fully utilised on overdrafts /credit cards?
6. **Responsible Lending**:
    - Complete the Responsible Lending Declaration
    - Does the customer meet **Servicing Guidelines** on the Westpac Servicing Calculator?
    - If not, how is the customer going to meet continuous repayments over the term of the loan?
    - Does the **customer know** they potentially do not meet Westpac Servicing Guidelines?
    - Does the **customer know** that the **term of loan** extends beyond normal retirement age?
    - What are the mitigants for the customer to **continue to meet repayments**?

Application form or Statement of Position:

Ensure that the application is fully completed by all borrowers and guarantors to the transaction.

A Home Loan Application form and Borrower Authority and Declaration needs to be fully completed, signed and dated by all borrowers and guarantors to the loan and have the following borrower(s) information:

- Full name (First, middle and surname) that matches their photo identification i.e. passport, drivers licence
- Date of birth for all borrowers
- Current Employment details for all borrowers (and previous if less than 2 years with current employer)
- Current Residential Address for all borrowers (and previous address if less than 2 years at current address)
- The number of Dependents and their ages for all borrowers
- All sources of Income need to be disclosed on the application form
- All Outgoings that the borrowers have need to be disclosed on the application form, refer to guidelines mentioned previously to ensure they comply with the Responsible Lending Code
- All Assets held by the borrowers need to be disclosed on the application form
- All Liabilities held in personal names and/or entities (LTC, Trusts, Businesses etc) for all borrowers, need to be disclosed on the application form
- Foreign Tax Residency information, including foreign Tax Information Number
- If the borrowers are Guarantor(s) for any other loans, then all details of this will need to be provided

Classification: PROTECTED

- Borrower's Authority and Declaration (Privacy Declaration)
- Signed and dated by all borrowers to the loan within the last 60 days

Proof of Deposit

Bank statements showing savings history and amount, Gift Certificate (where deposit has been gifted, Deed of Debt (where applicable), KiwiSaver confirmation (where applicable).

Proof of Annual Income

- Salary or Wage Earner:
    - Latest 3 payslips or
    - Bank statements (no more than 30 days old) showing last three salary or wage or deposits unless credited to Westpac or
    - Copy of employment contract (if been with current employer less than 3 months) or
    - Income Tax Assessments from IRD
    - Current tenancy agreements or Property Manager Statements
    - Beneficiary income - Letter of entitlement from paying organisation
- Self Employed:
    - The last 2 full years financial accounts prepared by a chartered accountant or
    - Recent income assessment from IRD
    - Where financial reporting period ended is more than 3 months ago, non-Westpac customers will be required to provide a summary of the latest 3 months or more trading activity. Verification can include one of either; MYOB or Xero statements / GST Returns or Bank Statements.

Bank and/or Finance company statements

- Transactional, savings, loan repayment history, repayment history of other short-term debt i.e. personal loans, car loans, hire purchase etc for each borrower for the last 3 months unless already held with Westpac
- Make mitigating comments about the borrowers account conduct – good or poor
- Good account/loan conduct – good operation of accounts, good loan history, good savings history, rapid repayment of previous debt etc
- Poor account conduct – if you still support the application then please provide a detailed explanation from the borrower on any arrears, excesses, honour/ dishonour fees charged
- Ensure that automatic payments and loan payments on the borrowers' bank statements match their statement of position, disclosed in their application
- Take time to have a look at your Customers' Account Conduct, are the bank statements originals, are there signs documentation has been altered in any way

Credit Reports

- Do you need to mitigate the default, lack of history (has the customer had a different name), or number of enquiries i.e. who to, how often and what does it indicate, e.g. propensity to accumulate debt
- If your customer(s) has any outstanding items on their report i.e. defaults, collections, then have your customer(s) provide a written explanation for it
- They will also need to provide evidence that the debt has subsequently been repaid

Security

Sale and Purchase Agreement - If there is one i.e. new security being purchased, we will need to see the **full Sale and Purchase agreement** with details including the pages that confirm the purchase price and possession date, special terms and conditions, signature of vendor(s) and purchaser(s), date of agreement, vendor, purchaser(s), and solicitor details.

Trusts

Copy of Trust Deed (note for independent trustees, also require proof of address and ID but this can be obtained at a later date, but prior to preparation of loan documentation). *Foreign Tax residency information, including Foreign Tax Identification Numbers, for the trustees, settlors, protectors and beneficial owners of the Trust – will be required with Structure confirmation and prior to documentation.*

Please also confirm that the Trust is a **New Zealand Family Trust**, and if any of the Trustee's are based Offshore.

Entities

Foreign Tax residency information, including Foreign Tax Identification Numbers, for the beneficial owners of the entity.

Look Through Company

A copy of the Certificate of Incorporation is required.

Other

Photo Identification - Clear copy of photo ID for each Borrower *(Note – Expired Passports are unacceptable form of Photo Identification)*
Copy of proof of residential address - For new to bank Customer(s)

Loan Structure: Discuss this with your Customer(s)

Will the loan be in the personal names of all borrowers or in the name of an entity i.e. Trust or LTC?

Supporting Documentation Checklist

- Cover Sheet
- Application / Diary Note
- Customer Privacy Declaration

Classification: PROTECTED

- Responsible Lending Declaration
- Loan Servicing Calculator (helpful when included)
- Application Form signed and dated by all borrowers and guarantors to the loan
- Application Form completed by all borrowers and guarantors to the loan (handwritten applications are unacceptable)
- Verification documents of other liabilities such as;
    - Loan statements confirming Balance / Limit (whichever is greater), interest rate and remaining term
    - Loan agreements / documentation
    - Student loan statements
    - Store / Credit Card statements
    - Bank statements (includes online banking screen shots)
- Bank statements; (not older than 3 months for main transactional and savings Bank Accounts held)
    - To verify **Fixed Commitment** expenses
    - To verify non-Westpac liabilities
    - Other expense verification documents could include:
        - Tenancy / Boarder / Child Support Agreements
        - Payslip deductions / Employment agreements
        - Invoices / Rates or Body Corporate notices / Local Authority websites / Sale & Purchase Agreements
        - Any other documentation verifying the nature and amount of the expense
- Full copy of **Trust Deed**
- Majority of supporting documentation is included in first submission *(e.g. bank statements)*
- Photo ID for each borrower
- Proof of residential address (if new to bank customer(s))
- Other – is there anything else that you may have missed that can support your customer's application?

Note – no one should hold originals of a **customer's critical documents**. Critical documents include but not limited to passports, credit or debit cards or driver's licences.

Once the application has been approved:

Rate Lock Acknowledgement Form - (where the borrowers want their interest rates to be secured) – to be fully completed, with correct interest rates, rate term, loan amount, drawdown date.

Note: You will need to advise your customer of the terms of the RLA – refer to page 21 (60 Day Rate Lock (RLA))

Customer Acceptance Form – to be fully completed with settlement date, customers' solicitor details, customers preferred branch for sign up and all details of the loan structure including, whether it is to be principal and interest, interest only, loan term, product type i.e. Floating, Revolving, Fixed, Offset, the names of the borrowers (including entities i.e. Trusts, LTC etc), the lending will be in and the names of the borrowers (including entities i.e. Trusts, LTC etc), the security will be in.

Cash Contribution Acceptance form – to be completed and signed by the customer(s). Remember to inform your customer of the following conditions:

- Minimum period of 3 years
- To have your primary source(s) of income regularly credited to a nominated Westpac bank account; AND
- To retain at least one transactional bank account with Westpac; AND
- To not refinance all or part of your home loan(s) with a lender other than Westpac; OR not repay any of your home loan(s) in full.

Choices Offset Agreement – if your customers are taking an Offset product.

Different stages of an application:

Customer(s) application is submitted by the Mortgage Adviser to Westpac Mortgage Operations via email to mortgageoperations@westpac.co.nz

- Application is received and acknowledged by Mortgage Operations by return email with loan **Ref**: number
- The Application is then assessed and the Assessor will contact the Mortgage Adviser if they require further information, or to discuss proposal if they need more clarity
- The Application is sent to Credit if it is outside the Assessors authority to approve
- If approved – the Assessor completes a Conditional Letter of Offer (CLO) and emails to the **Mortgage Adviser**, your BDM and copy in the point of contact at the **Nominated Westpac Branch**
- The point of contact at the Nominated Branch (usually the Bank Manager), will contact the Mortgage Adviser and confirm they will now take over the application and assist the Mortgage Adviser and customer through to settlement
- The Mortgage Adviser will discuss the terms of Westpac's offer with the customer, including how Westpac can meet the customers' needs by informing them about the product offerings including features and benefits, employee banking packages, interest rates, fees and charges, relationship managers, how they can secure interest rates in need through a Rate Lock Agreement (RLA), the next steps i.e. satisfying any conditions of the loan and completing a Customer Acceptance form and Loan Structure etc.
- The Mortgage Adviser will therefore **forward any conditions** (or changes to the CLO that may be required) to be satisfied **to the Branch** and NOT Mortgage Operations including the following fully completed forms:

Classification: PROTECTED

  - Signed and completed Customer Acceptance Form
  - Loan Structure Confirmation (If structure changes or we are informed that the customer now wants to include a period of Interest only, an **updated Responsible Lending Declaration** will be required with the relevant section completed / updated)
  - RLA if interest rates are required to be secured
  - GATCA Forms for all customers
- During this process the Branch will also complete the on-boarding including a customer interview to opening of accounts and met AML/CFT requirements
- Once all the conditions have been met and the Loan Acceptance completed, the Branch will issue Final Letter of Offer (Unconditional Offer) and complete documents for signing by the customer and solicitor

Helpful Hint:

So that we can provide the Best Customer Experience, please discuss with the customer at your initial customer meeting:

- The Branch they would like to complete the on-boarding and sign-up (**Nominated Branch**) - include this in your initial application diary note.
- Possible structure of the loan and include in your diary note. This will potentially eliminate further rework, delays and the requirement for updated information such as the Responsible Lending Declaration if they decide they would like Interest Only

Also if possible –

- Send all conditions in one submission and not drip feed them to the Branch
- Return all Acceptances, Loan Structure Confirmation as soon as possible
- Where a Trust is involved – please provide the above including the RLA at least one week (7 days) prior to settlement

Deferred Applications

If an application for finance is deferred then the Assessor will contact the Mortgage Adviser to discuss the proposal, why we are unable to assist and to see if there is any additional information that may influence the outcome of the decision. This will be an opportunity for the Mortgage Adviser and Assessor to discuss the proposal and ensure that all aspects including all mitigants have been covered.

If an application is unable to be approved (after the above steps have been covered) then an email will be sent to the Adviser to confirm that the application cannot be progressed at this time. If it is an existing Westpac customer the Bank Manager will also be advised.

Information to be provided to the customer:

To allow the customer to make a fully informed decision, the **following relevant disclosures are aften missed creating a negative customer experience and potentially resulting in undisclosed costs** to the Customer or the Mortgage Adviser. When doing so, Mortgage Advisers must use judgement when contacting customers providing a professional and courteous customer service including only contacting customers within reasonable hours.

These include but are not limited to;

- Choices Home Loan fees that may be applicable, including any establishment fees and if these establishment fees are being financed what the additional cost of such fees being financed might be
- Choices Offset product – how it works, credit interest offsets the home loan interest, restrictions on linked accounts
- Choices Fixed – repayments can be increased by only 20% of the minimum repayment amount at no cost during the fixed term. If a customer chooses to pay a larger amount, they will be required to pay a break fee
- Fixed rate break costs – if a customer makes a lump sum payment during the fixed rate term, break costs may be payable
- If an LMI fee is included in the total lending, the customer must be informed of the additional interest cost in doing so and the impact on repayments. **The additional interest cost and repayment amounts can we calculated using the 'Cost of Credit Calculator' contain within the Responsible Lending Declaration.**
- Terms for a Temporary Overdraft if required for the payment of a deposit
- Cash Contribution – if repaying part or all of the home loan(s) within the first 3 years this is repayable in full
  Cancellation rights – Customers have the right to cancel the loan agreement by giving written notice of cancellation within 5 working days of the disclosure documents being handed to them. They have a slightly longer cancellation period if the documents are posted or emailed to them (the timeframes are set out in the Choices Home Loan Summary).

Classification: PROTECTED

Westpac Commission Guidelines

The following is a snapshot summary of the standard commission structure offered by Westpac. It is designed to help the Mortgage Advisers understand the basic workings of the standard commission structure; however, it is not intended to provide detailed information on the full terms and conditions that may apply to each commission (e.g. clawback). Please refer to your Head Group and consult with your Business Development Manager if you have any questions.

These guidelines are subject to change from time to time as per the process outlined in the Head Group Agreement.

Standard Upfront Commission

Commencement Date	Effective 1 August 2018
Structure	0.60% Upfront Standard Base Commission

Standard Trail Commission

Commencement Date	Effective 1 August 2018
Structure	0.20% Trail Standard Base Commission

Standard Business Commission

Commence	Effective 22 January 2016
Structure	0.50% Upfront Standard Base Commission based on settlement amount **(no trail is payable on business lending)**

Summary Table

Category	Rate	Paid	Condition
Full loan application	60bps*	Upfront daily *	Upfront not included for Interest Only variations.
	20bps	Monthly for the duration of the loan†	Starts after 12 months; based on the average loan balance of the preceding calendar month
Top up	60bps	Upfront daily*	On loan increase amount
	20bps	Trail beginning at point of restructure	For loans >2yrs old ‡
Floating / Revolving credit facility	60bps	Upfront paid on the full approved limit of the loan	If not fully drawn down within 12 months may be subject to clawback
	20bps	Monthly for the duration of the loan ‡	Starts after 12 months; based on the average loan balance of the preceding calendar month
Restructure or Fixed Rate Rollover on an Existing loan	20bps	Trail beginning at point of Restructure or Fixed Rate Roll Over	For loans >2yrs old and includes existing loans under the same base and branch number
Business Lending	50bps	Upfront daily	On settlement amount. Commission exclusions for Business Lending: Business Revolve Facilities Agri Business Property Finance Unit

* Usually paid within next business day from drawdown and excludes Interest Only variations, Restructures and selling down of securities
† Usually paid by the first day of the following month
‡ The existing loan must be with Westpac for more than 2 years at the time of Top-up, Restructure or Fixed Rate Rollover

Standard Clawback **

Category	Rate
0 – 15 Months	100%
16 – 26 Months	50%

** Refer to the Head Group Agreement for other potential situations giving rise to clawback.

Note: In the event of any conflict between these guidelines and the Head Group Agreement, the Head Group Agreement shall prevail.

Classification: PROTECTED

Commission Scenarios

The following table is intended to describe the change in the commission payable when a customer with an existing loan moves away from their initial service provider.

Scenario 1
Customer chooses to go direct to Westpac after previously doing their lending with a Head Group/Mortgage Adviser. Assuming the Head Group/Mortgage Adviser is receiving trail.

	Upfront Commission	Trail Commission	Condition
Full Application	Already paid	Trail Stops	-
Fixed Rate Rollover	N/A	Trail Continues	-
Restructure			
Top Up			

Scenario 2
Existing "Westpac Direct" customer chooses a Head Group/Mortgage Adviser.

	Upfront Commission	Trail Commission	Condition
Full Application	Upfront	Trail starts 12 months from drawdown	-
Fixed Rate Rollover	N/A	Trail starts immediately	Existing loan must be >2 years old
Restructure	N/A		-
Top Up	Upfront on increase		-

Scenario 3
Customer chooses to move from Head Group/Mortgage Adviser A to Head Group/Mortgage Adviser B. Assuming Head Group/Mortgage Adviser A is receiving trail.

	Upfront Commission		Trail Commission	
	Head Group / Adviser A	Head Group / Adviser B	Head Group / Adviser A	Head Group / Adviser B
Full Application	N/A	Upfront	Trail Stops	Trail starts 12 from draw down
Fixed Rate Rollover	N/A	N/A		Trail starts immediately
Restructure	N/A	N/A		Trail starts immediately
Top Up	N/A	Upfront on increase		Trail starts on full amount of existing loan

Commission Enquires

For all commission enquiries, please direct these through your **Head Group** in the first instance as many times they will have the answers for you.

If you need further clarification or understanding on a commission query once you're Head Group has made the enquiry, you are welcome to contact your Business Development Manager.

Mortgage Adviser Minimum Standards

To ensure Westpac can continue to provide the Best Customer Outcomes and maintain Service Levels, the following are our minimum standards for Mortgage Advisers:

- Approval Rate based on Applications to Approval – 75%

At the request of and subject to assessment by Westpac, Mortgage Advisers may be asked to demonstrate appropriate home loan product knowledge and understanding of Westpac's specific requirements for home loan lending.

Classification: PROTECTED

Westpac Code of Conduct

The Code of Conduct is designed to support the professionalism of the financial services industry and is about being committed to creating greater accountability, transparency and trust with our customers and the broader community. It's about creating a culture of doing the doing the right thing to ensure we deliver the best customer outcomes.

The Head Group principals are responsible for the conduct, acts and statements of all persons involved in the business of the Head Group in the normal course of business.

1. A reference to "Mortgage Adviser" in this Code of Conduct also includes any Associates. Mortgage Advisers must comply with any standards of conduct that may be required from time to time by Westpac (whether written or not) and the Code of Professional Conduct for Financial Advice Services.
2. Head Groups are responsible for the conduct, acts and statements of all persons employed in the business of the Mortgage Adviser in the normal course of business.
3. Mortgage Advisers must comply with the law and observe and abide by any duties and obligations imposed by any legislature or regulation in New Zealand.
4. Mortgage Advisers must not threaten, harass or use undue pressure to persuade an Applicant to make a loan application, and must not tell or imply to an Applicant that finance must be obtained from Westpac.
5. Mortgage Advisers must not, in connection with a loan application, call upon an Applicant at their place of residence or employment without first being invited to do so.
6. Mortgage Advisers must not tell an Applicant that they are required to take out insurance with any particular insurer.
7. Mortgage Advisers must not engage in any harsh or unconscionable conduct.
8. Mortgage Advisers must deal with Applicants efficiently and courteously, treat Applicants fairly and act with integrity.
9. Mortgage Advisers must provide Applicants with sufficient information about Westpac's product to enable them to understand:
   (a) how it works;
   (b) the nature of fees and charges, and the method by which interest is calculated; and
   (c) the terms and conditions in a general descriptive manner pending issue of formal documentation.
10. Mortgage Advisers must maintain confidentiality and not disclose information concerning an Applicant's affairs to any party other than Westpac and must comply with all laws concerning the use, storage, protection or processing of the Applicants' information.
11. Mortgage Advisers must ensure Applicants are aware that Westpac may pay the Mortgage Adviser or the Head Group a commission for the referral of finance.
12. Mortgage Advisers must not share or split commission with an Applicant or any other Mortgage Adviser, unless that Mortgage Adviser is licensed under any relevant legislation and has complied with any legislative requirements as to disclosure in respect of their dealings with an Applicant.
13. Mortgage Advisers will ensure that all Applicants who are existing Westpac customers receive a quote of terms and rates from Westpac, unless the Applicant specifically requests otherwise.
14. Mortgage Advisers will not engage in any of the following conduct, as defined below:
   (a) Two-tier Marketing;
   (b) Wrap Mortgages or rent to buy schemes;
   (c) Ghost Writing;
   (d) Direct Conflict of Interests, or putting yourself in a position of conflict with the interests of an Applicant, or favouring the interests of one Applicant over another; and
   (e) Tied Relationships.
15. Mortgage Advisers must not use any information obtained due to the Mortgage Adviser's relationship with Westpac (and/or its related companies) to approach, canvass, solicit, or entice away from Westpac and its related companies any customer who has an existing Residential Finance with Westpac.
16. Mortgage Advisers must not prepare any Application for their own Approved Finance with Westpac personal lending.
17. Mortgage Advisers must use its best endeavours to ensure that information provided to Westpac in relation to the Applicant and contained in an Application is accurate, in particular with respect to any financial information and information concerning the purpose for which the finance will be used.
18. Mortgage Advisers must obtain and keep a signed copy of the Borrower's Authority before submitting any Application to Westpac or requesting any information from Westpac.
19. Mortgage Advisers must not represent or imply to any person that they are providing any financial advice service under (and as defined in) the Financial Markets Conduct Act 2013 on behalf of Westpac.

Definitions

Any terms not defined in this Code of Conduct are as defined in the Head Group Agreement between the Head Group and Westpac (as amended, novated, supplemented or replaced from time to time).

Two-tiered marketing:
Two-tiered marketing occurs when two different prices are applied to the same property - one that a local resident would pay and inflated price that a less informed person from overseas or from another location within New Zealand may pay.

For example, a unit in Auckland may be worth $230,000 to a local however, with intensive marketing, an overseas buyer may pay $250,000 - $270,000 for the same property.

Wrap mortgages or rent to buy scheme:
A wrap mortgage or rent to buy scheme is an arrangement to buy a property with the intention to on sell that property at a future date on a rent to buy basis.

For example, an investor buys a residential property for, say $200,000 and at the going rate of about 7% p.a. The property is then on sold to another party for a higher price, say $220,000 and a higher rate of interest, say 9% p.a. in a sale and purchase agreement for the new buyer to take ownership in 30 years' time.

Classification: PROTECTED

During that period the new property owner effectively rents to buy while the initial investor "clips the ticket" two ways - by getting an upfront payment of $20,000 and an extra 2% p.a. interest on the amount of money borrowed. The renting party also has to pay rates and maintenance. If they default there is an "out" for the original investor who keeps the equity their tenant has paid and then on sells again.

Ghost writing:
Ghost writing is where a Westpac-approved Mortgage Adviser submits an application to a lender under their name where they have not themselves interviewed the customer. An example of this is a different Mortgage Adviser interviewed the customer, couldn't get the loan approved, and passed it to another Westpac Approved Mortgage Adviser to submit for them.

Direct conflicts of Interest:
Direct conflicts of interest are where a Mortgage Adviser, along with being involved as a Mortgage Adviser, is also involved in one or more parts of the property transaction e.g. real estate sales, property development, preparation of income or financial statements to which the loan relates.

Tied relationships:
Tied relationships occur when a Mortgage Adviser is contractually obliged to place a minimum amount of business with a specific lender or provider.

References:

- *Financial Markets Conduct Act 2013 Code of Professional Conduct for Financial Advice Services*
- *Westpac New Zealand Limited Third Party Banking Head Group Agreement*

BDM and Contact Details

Mortgage Operations Units:

Phone: 0800 400 655

Email: mortgageoperations@westpac.co.nz

Business Development Manager:

Area	Name / BDM	Contact Number	Email
Auckland & Northland (Relieving)	Diane Nutman	021 713 789	diane.nutman@westpac.co.nz
Auckland	Tania Ropati	027 694 3558	tania.ropati@westpac.co.nz
Auckland	Chen Wang	021 712 306	Chen.wang@westpac.co.nz
Waikato, Bay of Plenty, Gisborne & South Auckland	Petra Wensor	021 813 089	petra.wensor@westpac.co.nz
Wellington, Hawkes Bay, Whanganui-Manawatu & Taranaki	Margaret Leau-Sulusi	027 430 8975	Margaret.leau-sulusi@westpac.co.nz
South Island	Nicky Skinner	021 714 573	Nicky.skinner@westpac.co.nz
Admin & Accreditation Manager	Lisa Peters	021 716 563	Lisa.peters@westpac.co.nz
Third Party Conduct Manager	Scot Bailey	027 297 5072	scot.bailey@westpac.co.nz
National Manager – Third Party	Liz Cannon	027 281 3322	liz.cannon@westpac.co.nz

Classification: PROTECTED

Appendix:

(forms not to be printed and used)

1. First Home Loan Authorisation form
2. First Home Loan Check List
3. First Home Loan – Realisable Asset Caps
4. Responsible Lending Declaration
5. OIA form (Overseas Investment Act) template (found as part of the Responsible Lending Declaration)
6. FRR (Fixed Rate Roll Over) Form
7. Loan Structure Confirmation Form
8. RLA (Choices Rate Lock Acknowledgement)
9. Business Profiling Questions

Classification: PROTECTED

Appendix 1: First Home Loan Authorisation Form

First Home Loan Authorisation

To Westpac and Kāinga Ora "Housing New Zealand Corporation":

I/We wish to apply for a Westpac First Home Loan under the Kāinga Ora - HNZC First Home Loan scheme ("FHL").

I/We authorise Westpac and its related companies to:

- Disclose all the information that they hold about me/ us now or in the future to Kāinga Ora "HNZC" to enable Kāinga Ora "HNZC" to:
- Assess my/our application for a Westpac home loan to be insured under FHL
- Determine whether I/we have any debt arising in connection with a past or present Housing New Zealand Limited tenancy
- Perform customer satisfaction surveys, research or promotions
- Share my/our personal information, loan and mortgage details with HNZC for the purpose of ongoing management of the loan and mortgage and any subsequent claims on the Insurance provided to Westpac by Kāinga Ora "HNZC".

I/We declare that:

- I/We intend to live in the purchased property should this application be successful
- This application is not for the purposes of purchasing a property for investment purposes
- This application is not for the purposes of refinancing lending from another provider
- I/We understand that Kāinga Ora "HNZC" is providing lenders mortgage insurance to Westpac and not providing insurance to me/us.

Signatures

Name FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

Name FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

Name FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

Name FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

Name FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

Westpac use only

Customer details

Personal CRS # Personal CRS #

Personal CRS # Personal CRS #

Your details

Your Name Your branch number/ or refer split

Your DDI Your short dial fax number Date DD / MM / YYYY

Note: Attach copy to NZLO application and email a copy to **packages@westpac.co.nz** once the application is approved.

Classification: PROTECTED

Appendix 2: First Home Loan Check List

Customer Name:	Yes /No
Confirmed First Home Buyer or meets second chance criteria via Kāinga Ora	
Residency	
Permanent Resident / NZ Citizen or Resident visa who have lived in NZ for at least 12 months and for a minimum of 183 days in the past 12 months (proof required passports, visa's, OIA approval)	
Employment and Income	
Meets borrowers income cap rules confirmed via last 12 months IRD summary ($95K 1 borrower, $150k joint / Multiple borrowers or 1 borrower with dependant/s.	
Meets income verification e.g.,. Employers letter **AND** payslips (2) consecutive **AND** last 12 months earning statement from IRD attached. If self employed 2 years financials required, If Seasonal or contract income minimum 3 years IRD summary	
Meets employment stability requirements. Employed with their current employer for at least 1 yr or 2+ in same industry - (proof required), self employed 2 years	
Maximum 1 border	
All income earners over 18 in the household must be recorded as borrowers.	
Deposit	
Meets minimum deposit of 5%	
Confirmation of Deposit held, Savings 6 months, Kiwisaver approval letter (not screenshot) First Home Loan Grant, Gifted deposit - declaration held, Note: gift from family only	
Documents Additional	
First Home Loan application authorisation signed & dated	
Last 3 months statements on transaction, loan and credit card statements, 6 months on savings, and any adverse account conduct needs full explanation	
Servicing	
Servicing passes at $150 per month (used 80% or under on Calculator)	
LMI included on calculator (1% of loan e.g. borrowing 400k, for servicing $404k should be used)	
Term of loan - must be less than income earning age	
Meets high LVR criteria - exemplary conduct , Minimum short term debt (amounts >$10k should be mitigated), single employment source for more than 1 year	
Property	
LVR >90 to 95% (depend on property type) Apartments from 85%	
Property is to be owner occupied (in personal names only) and meets the loan purpose	
Sale & purchase agreement held & meets Wpac policy	
Dwelling min 45sqm in living space excluding balcony etc.	
RV held. Meets Westpac valuer requirements. Valuation must confirm at least 5 comparable sales within 6M that are no more that 10km's away by road from the subject property - report to be addressed to Westpac and extended to Kāinga Ora.	
S & P - Do they have enough available funds to pay the deposit themselves once Unconditional (max temp OD available is $7500.00)	
No more than $10k deferred maintenance is allowed along with quotes to repair to a professional standard (must have enough funds to cover $10k or reduce deposit (Minimum 5%) and meet servicing still	
Other	
No excessive assets above and beyond deposit and moving expenses and vehicles for transport	

Classification: PROTECTED

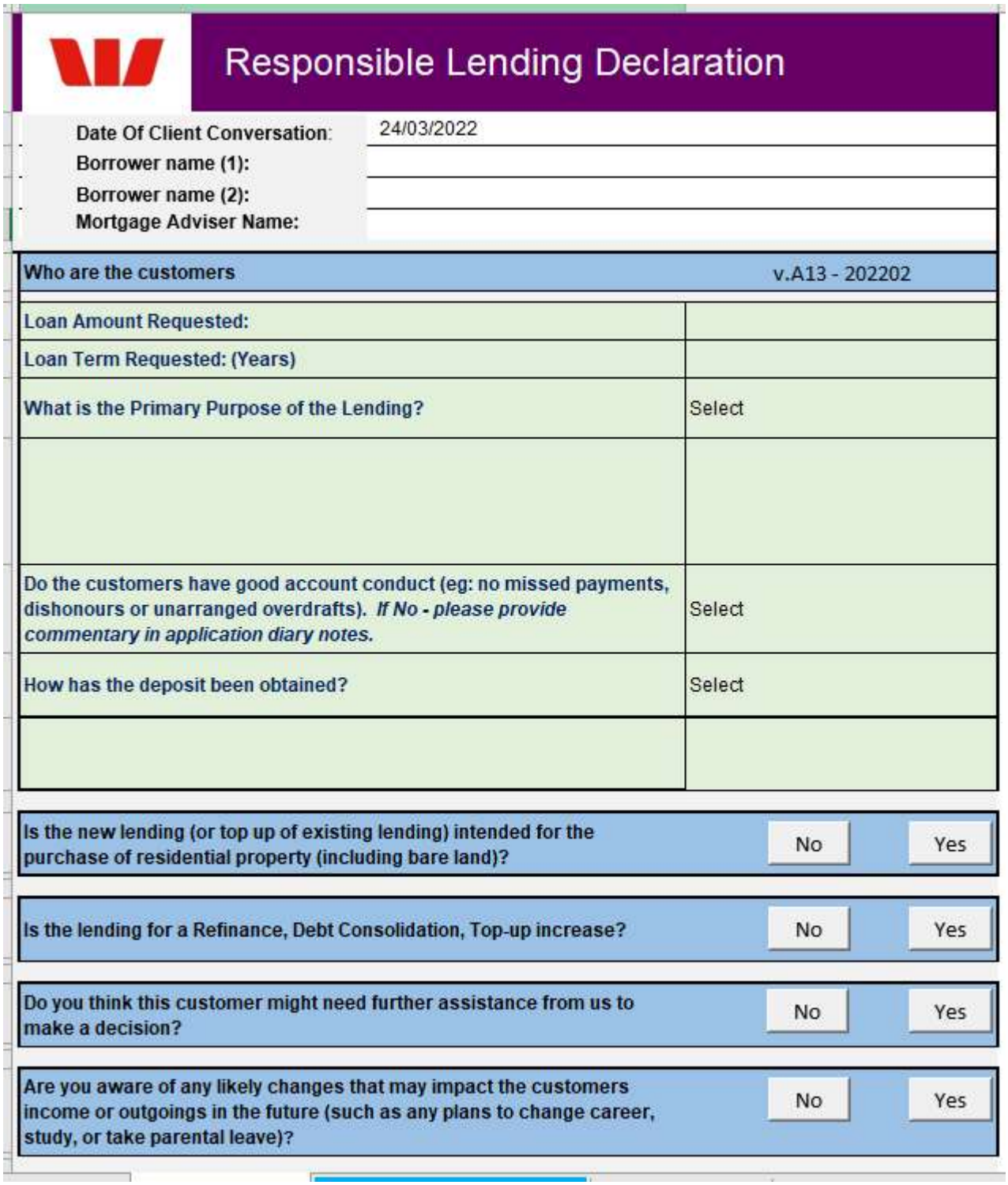
Territorial Local Authority (Region)	First Home Grant house price cap for existing properties ($)	Realisable Asset Cap ($)
Far North District	400,000	80,000
Whangārei District	600,000	120,000
Kaipara District	525,000	105,000
Auckland	875,000	175,000
Thames – Coromandel District	875,000	175,000
Hauraki District	525,000	105,000
Matamata-Piako District	625,000	125,000
Hamilton Urban Area (Hamilton City, Waipā District, Waikato District)	650,000	130,000
Ōtorohanga District	400,000	80,000
South Waikato District	400,000	80,000
Waitomo District	400,000	80,000
Taupō District	575,000	115,000
Tauranga Urban Area (Tauranga City, Western Bay of Plenty District)	525,000	105,000
Rotorua District	525,000	105,000
Whakatāne District	500,000	100,000
Kawerau District	625,000	125,000
Ōpōtiki District	400,000	80,000
Gisborne Dstrict	400,000	80,000
Wairoa District	400,000	80,000
Napier-Hastings (Napier City, Hastings District)	625,000	125,000
Central Hawkes Bay District	500,000	100,000
New Plymouth District	525,000	105,000
Stratford District	400,000	80,000
South Taranaki District	400,000	80,000
Ruapehu District	400,000	80,000
Whanganui District	425,000	85,000
Rangitikei District	400,000	80,000
Manawatū District	525,000	105,000
Palmerston North City	575,000	115,000
Tararua District	400,000	80,000
Horowhenua District	525,000	105,000
Wairarapa (Masterton District, Carterton District, South Wairarapa District)	575,000	115,000
Wellington Urban Area (Kāpiti Coast District, Upper Hutt City, Porirua City, Lower Hutt City, Wellington City)	750,000	150,000
Nelson-Tasman (Nelson City, Tasman District)	650,000	130,000
Marlborough District	550,000	110,000
Kaikōura District	700,000	140,000
Buller District	400,000	80,000
Grey District	400,000	80,000
Westland District	400,000	80,000
Hurunui District	425,000	85,000

Classification: PROTECTED

Christchurch Urban Area (Waimakariri District, Christchurch City, Selwyn District)	550,000	110,000
Ashburton District	400,000	80,000
Timaru District	400,000	80,000
Mackenzie District	500,000	100,000
Waimate District	400,000	80,000
Waitaki District	400,000	80,000
Central Otago District	525,000	105,000
Queenstown-Lakes District	875,000	175,000
Dunedin City	500,000	100,000
Clutha District	400,000	80,000
Southland District	500,000	100,000
Gore District	400,000	80,000
Invercargill City	400,000	80,000

Classification: PROTECTED

Appendix 4: Responsible Lending Declaration



Responsible Lending Declaration

Date Of Client Conversation:	24/03/2022
Borrower name (1):	
Borrower name (2):	
Mortgage Adviser Name:	

Who are the customers	v.A13 - 202202
Loan Amount Requested:	
Loan Term Requested: (Years)	
What is the Primary Purpose of the Lending?	Select
Do the customers have good account conduct (eg: no missed payments, dishonours or unarranged overdrafts). *If No - please provide commentary in application diary notes.*	Select
How has the deposit been obtained?	Select

Is the new lending (or top up of existing lending) intended for the purchase of residential property (including bare land)?	No	Yes
Is the lending for a Refinance, Debt Consolidation, Top-up increase?	No	Yes
Do you think this customer might need further assistance from us to make a decision?	No	Yes
Are you aware of any likely changes that may impact the customers income or outgoings in the future (such as any plans to change career, study, or take parental leave)?	No	Yes

Classification: PROTECTED

Are the borrower/s aged 55 or over at application or 75 years or over when the Home Loan matures?	No	Yes

Guarantees - Are there any guarantors as part of this application?	No	Yes

Repayment rate type enquiries (complete for all Home Loan transactions)	
Select if either / both of the following repayment types are applicable to this application (NB: if neither option is applicable, then no action required)	☐ Interest Only ☐ Non Limit Reducing
	Select
	Select
	Select
	Select

I confirm that I have completed a full assessment of the customers financial information and I have sufficent record keeping to demonstrate verficiation of the customers Personal Insurance expenses.	No	Yes

v.A13 - 202202

Classification: PROTECTED

Appendix 5: OIA Form (template found as part of the Responsible Lending Declaration)

[TO BE OBTAINED FROM THE BORROWER'S LAWYER AND WRITTEN ON THE LAW FIRM'S LETTERHEAD]

To: **Westpac New Zealand Limited**

We act for _____ (Borrower).

We confirm that the Borrower:

1. is intending on purchasing residential land as classified under the relevant district valuation roll; and

2. is exempt from obtaining consent to the purchase from the Overseas Investment Office (OIO) under the Overseas Investment Act (OIA).

The exemption does not state any conditions that may adversely impact Westpac as mortgagee. [*Please elaborate where there are conditions that may adversely impact Westpac's position as mortgagee].*

OR

OR

***[Select the most appropriate option*]**

2. has obtained consent to the purchase from the Overseas Investment Office.

The consent does not state any conditions that may adversely impact Westpac as mortgagee. [*Please elaborate where there are conditions that may adversely impact Westpac's position as mortgagee].*

3. [The Borrower has to the best of our knowledge complied with all conditions of the exemption or consent (as applicable) as at the date of this letter.]

_____
Partner/Director/Sole Practitioner

_____
Law Firm

Classification: PROTECTED

Appendix 6: FRR (Fixed Rate Rollover) Form

Re-fix Request Form – Third Party Banking

For Mortgage Adviser use only.
Please email to Mortgage Operations at **mortgageoperations@westpac.co.nz**

1. Adviser details

Adviser name
Preferred contact No.
Adviser company
Adviser email

2. Customer details

Name
Name
Company name
Trust name

3. Refix details

	Loan 1	Loan 2
Loan account		
Loan amount		
Refix term	Other	Other
Interest rate		
Quote number		
Refix date[1]		
Repayments[2]		

Branch for signing documents, if required

Notes[3] Please provide details in reference to structure options as set out in note 3 below

1. **Please allow at least 3 working days for this request to be actioned. Incomplete forms may cause delays**
2. **Repayments:** Please advise repayments you would like for the loan(s) e.g increase to $x, decrease to $x, stay the same, change to the minimum payment. For interest only options, please confirm if the interest only is to remain on the current term, if the term is to be extended, to be cancelled, or if interest only is a new requirement. Westpac's current home loan lending criteria and terms and conditions apply.
3. Should you wish to make a **lump sum** payment on your loan, to reduce the balance owing, please advise the amount and the account number to take the funds from. Note that the funds being transferred will need to be available in the account prior to the re-fix date.

If you would like to **redraw** any available funds please advise the amount and the account to deposit the funds to.
If you would like to **restructure** your loan please provide clear instructions in the notes section above. New documentation may need to be signed and Westpac's current home loan lending criteria and terms and conditions apply.

4. RLA clause

I confirm that the interest rate I have requested will be locked in and will be applied to my loan on the start of the new fixed term subject to Westpac confirming the interest rate / term and minimum repayment amounts as stated above are correct. If for any reason I change my selection before the new fixed term, a $30 rate lock break fee will apply per loan. **(This clause does not apply to loans that are currently on a variable rate).**

Note: When Adviser signs they are acknowledging they do so with the consent of the authorising customer(s) and that the information provided is the customer(s) instructions.

5. Customer/Adviser signature

Customer Signature Date / /

Adviser Signature Date / /

Note: When Adviser signs they are acknowledging they do so with the consent of the authorising customer(s) and that the information provided is the customer(s) instructions.

JN4241-4 0921

October 2021
Westpac New Zealand Limited.

Classification: PROTECTED

Appendix 7: Loan Structure Confirmation Form

Loan Structure Confirmation

For mortgage adviser use only

Reference number

Please use this form to confirm the loan structure for newly approved lending. Please email this completed form to: **mortgageoperations@westpac.co.nz**

Please contact your Business Development Manager or the team at Mortgage Operations if you have any questions.

A. Advisers details

*Denotes a mandatory field

Adviser name*

Adviser company/group*

Customer(s)*

Who is going to own the property*

Bank contribution

Total lending amount

Product features and Benefits and Fees and Charges refer: **westpac.co.nz**

By submitting this Loan Structure Confirmation form, I confirm that the loan structure detailed below has been discussed with the customer and is appropriate given their requirements and objectives. I have discussed the Product/s suitability including the Features and Benefits, associated Fees and Charges and the customers cancellation rights. If the customer/s has selected a fixed rate, I confirm that the customer/s understand the implications of taking a fixed rate period and that there may be costs involved should they request to either break the fixed rate period or repay the loan early by either a lump sum or increased repayments.

The customer/s have acknowledged and confirmed their acceptance and understanding of the loan structure and selected Product/s.

B. Loan details

*Subject to approval, and inclusion in the Responsible Lending Declaration

^Rate Lock Agreement to be returned with this form

Settlement date

Borrower(s) if different from customer(s)	Loan amount	Loan product	Total loan term (yrs)	Fixed/ capped term (yrs)	Interest only / non reducing term (yrs)*	Offer interest rate (p.a.)	RLA^	Repayment frequency
	$							
	$							
	$							
	$							
	$							
	$							

Comments

C. Appointment details

We will contact your customer and confirm an appointment time with them.

Customer name to contact

Contact phone number

Appointment branch

Preferred date

Preferred time

D. Solicitor details

Mortgage documents and loan agreements will be sent to the solicitor. Please allow three working days.

Name

Firm

Email

Fax

Address

Westpac New Zealand Limited

Classification: PROTECTED

Appendix 8: RLA (Choices Rate Lock Acknowledgement)

Choices Rate Lock Acknowledgement

A. Details

To FULL NAME OF BORROWERS

From BDM

Date of rate offer DD / MM / YYYY

B. Agreement

By signing this Acknowledgement you confirm your request for Westpac New Zealand Limited (Westpac NZ) to provide you with the Fixed Interest Rate in the table below, rather than the fixed interest rate which Westpac NZ would otherwise set on the Drawdown Date.

To complete, please

- Check the details in the table and read the agreement below the table carefully
- Initial in the space provided in the table below to confirm the details are correct
- Sign this Acknowledgement below where indicated and return it to Westpac NZ prior to 4.00pm on DD / MM / YYYY

Choices home loan amount	Fixed Interest Rate	Rate Term	Rate Lock Expiry Date	Borrower's initials
	% p.a.			
	% p.a.			
	% p.a.			
	% p.a.			

You agree that

- This Choices Rate Lock Acknowledgement is not an offer of finance. You must satisfy Westpac NZ's home lending criteria.
- This Choices Rate Lock Acknowledgment is subject to the property mortgaged to Westpac NZ being classified as an owner occupied property or investment property ("Occupancy Status") as previously advised to Westpac NZ and as detailed in the Schedule of Securities attached to the Loan Summary.
- The loan must be drawn down in full on or before the Rate Lock Expiry Date, and at the Fixed Interest Rate and Rate Term shown above.
- If, after you have signed and returned this Acknowledgement:
  - you cancel this arrangement;
  - you need to change the details specified in the table above;
  - you do not drawdown all or part of the loan for any reason;
  - the Occupancy Status changes,

  a rate lock break fee of $30 will apply. You authorise your account to be debited with the fee if applicable.
- This signed Choices Rate Lock Acknowledgement must be returned to Westpac NZ by 4.00pm on DD / MM / YYYY, failing which, Westpac NZ may not be able to provide you with the Fixed Interest Rate specified in this Acknowledgement.

C. Authority

Please sign acceptance in accordance with signing authority, company constitution, trust deed etc

Once you have completed, signed and returned this Acknowledgement Westpac NZ agrees (subject to the terms above) to provide you with the Fixed Interest Rate in the table above, rather than the fixed interest rate which Westpac NZ would otherwise set on your Drawdown Date.

Signed by the borrower/s:

FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

FIRST MIDDLE LAST

Signature Date DD / MM / YYYY

JW2546-4 01-21

Westpac New Zealand Limited.

Classification: PROTECTED

Appendix 9:

Business Profiling Questions

Business Profiling Questions:

- What does the business actually do?
- What are its products / services?
- How long has the business been operating?
- What is its target market?
- Who are its major competitors?
- Who are its major customers?
- What are the terms of trade?
- Who are the key suppliers?
- How long has the business been dealing with them?
- Legal structure?
- Who are the Key Decision makers/staff?
- Number and experience of Staff?
- Experience of Owners / Mangers?
- Is the industry facing any particular challenges?
- Are there any legislative, environmental or other external factors affecting or likely to affect the business?
- What are the key business strategies and plans?
- Are any major changes in the business likely in the short to medium term? What are they?
- What capital expenditure is likely going forward?

Classification: PROTECTED