BNZ Broking Adviser guide

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This Guide has been prepared for use by advisers only and is Confidential Information. It is intended as a summary of BNZ's lending criteria and processes to assist you in considering a customer's lending requirements. All applications are subject to BNZ's current lending criteria and BNZ reserves the right in its discretion to approve or decline applications. Guide is subject to change.

1. Introduction

At Bank of New Zealand (BNZ) we're committed to helping New Zealanders be good with money by giving them the skills and confidence to plan, budget, and save to make their goals a reality.

As a BNZ accredited Broking Adviser, we're pleased to partner with you to help customers achieve their home ownership aspirations. This Broking Adviser Guide (Guide) contains an overview of what you need to know about BNZ's lending options and criteria.

It will help you get up to speed on all things BNZ, and can be used as a reference when helping customers with their home loan needs including the application process.

In addition to this Guide, you have our commitment to provide personal support whenever you need it from our specialist Broker hub and your Business Relationship Manager (BRM).

It's all about working together, to help New Zealanders be good with money - so give BNZ a call.

2. How to contact the Broker hub

Our dedicated service centre is available Monday – Friday, 9am – 5pm.

Phone number: **0800 740 047**

E-mail address: **bnz_broker@bnz.co.nz**

Pricing email address: **bnz_broker_pricing@bnz.co.nz**

For additional information or specific queries you may have, please contact your BRM.

3. Accreditation process

Before you can submit applications to BNZ, you must be accredited. The full accreditation process can be found in the Accreditation Process detailed in Appendix 1.

This process is to ensure you:

- have met BNZ's requirements; and
- have an understanding of the products and services BNZ can offer your customers.

BNZ will continue to work with you to provide training and assistance where needed which will also include periodic reviews on performance. You must also follow the Code of Conduct detailed in Appendix 2. If you do not follow the Code of Conduct or any other obligations in this Broking Adviser Guide, or provide false or misleading information in your BNZ Broking Adviser Accreditation Application form or any other document you provide to BNZ, BNZ may immediately withdraw your accreditation on written notice to you or decline your application for accreditation.

4. Application process

4.1 Applications

An application must be submitted for the following:

1. New loans.
2. Top-ups.
3. Any changes to borrowers or security.
4. Some ongoing administration and maintenance functions (refer section 5).

All applications must be submitted to BNZ via Loanapp. For Aggregators not using Loanapp, applications should be emailed to **bnz_broker@bnz.co.nz**. The application will be assigned to the appropriate channel within BNZ by the Broker Hub.

When submitting an application you must include the following:

1. A completed and signed application form. (Note: separate application forms are required for non-joint/non-matrimonial relationships)
2. Details of the customer's requirements and any information that may preclude us from approving the application.
3. Completed BNZ Affordability calculator (using the most recent version) to confirm how you have calculated servicing and debt to income levels.
4. Any supporting information that has already been obtained e.g. evidence of income, evidence of financial commitments, sale and purchase agreement, bank statements. Where an approval is being sought subject to supporting information being provided, a comment to this effect must be made in the application.BNZ is unable to process the application until the above documents have been received. It is preferable that the customers and any third parties/beneficial owners are identified before submitting the initial application, but not mandatory. **BNZ will be unable to issue an unconditional loan approval until the Know Your Customer & Their Business ('KYC & TB') requirements have been met.** Refer to section 7 – Know Your Customer & Their Business – KYC & TB.

BNZ will process the application and advise one of three outcomes:

- Conditionally approved, in which case a Home Loan Conditional Approval Letter will be issued, which may include special conditions that require satisfying before a final approval can be granted. BNZ conditional approvals are valid for 90 days for a standard home loan application or 12 months for a Turnkey/Off Plans application.
- Deferred, which means BNZ requires additional information to consider the lending request.
- Declined.

Once the customer confirms they wish to proceed and any required documentation has been received, BNZ will contact the customer to complete BNZ's onboarding process.

When onboarding is completed, BNZ will send loan documents (and any other documents that require signing) to either the customer's solicitor or you (where no new security is required).

4.2 Additional customer documents

Adviser Handover form

This document outlines the structure that has been offered and accepted by the customer. It must be completed by the Broking Adviser and provided to BNZ after any conditions of approval have been met. The form includes the BNZ Home Loan Ratelock Agreement which enables the customer to 'lock in' a fixed interest rate up to 60 days prior to drawdown. Where Ratelock is requested, complete the relevant sections of the Handover form and return to us by 2pm of the following business day of the offer being made in order for us to lock in the rate. If the customer does not proceed with the lending, or does not take up the rate agreed (in favour of a lower rate) within the 60 days a Ratelock fee detailed in section 8.4 will be payable. The Adviser Handover form may be signed by the customer or the Broking Adviser.

A Handover form is also required for all Restructure requests. This will allow you to clearly advise us on new facility structure(s), any Ratelock requirements and how the new structure(s) will meet the client's needs and objectives (via the Statement of Advice/Section B of the Handover) - remember to tick "Restructure" in Section A under "Type of Request".

The Adviser Handover form includes an "Adviser Statement of Advice" that must always be completed by the Adviser to confirm why they have recommended BNZ and the loan structure, and how these meet the needs and objectives of every borrower, the ability of borrower(s) and guarantors to afford the proposed borrowing, and confirmations as to how the Adviser assisted the borrower to make an informed decision. The majority of the confirmations required are included as lenders are required by law to make these inquiries of borrowers and guarantors, and to provide assistance.

Cash Back agreement

Any 'Cash Back' offered to customers is repayable if the customer refinances or sells within a specified period of time (refer table below). CashBack conditions are incorporated into the BNZ loan document.

Time since cashback was paid	Percentage of cashback repayable
< 1 year	100%
1 < 2 years	75%
2 < 3 years	50%
3 < 4 years	25%
4+ years	0%

Residential property - occupancy status declaration

This document must be completed for all lending applications and provided to the Bank before any final lending approval will be given if no occupancy status declaration is included in the application form.

Common reporting standard self-certification form

All customers (individuals and entities) and controlling persons of an entity that has classified itself as passive non-financial entity, at BNZ's request, are required to provide a self-certification confirming the information set out in section 7.1. The completed and signed self-certification(s) must be returned to BNZ with your Handover Structure form. Copies of the self-certification are available on **bnz.co.nz/CRSloan**

Maintenance request form BNZ rate change/product transfer

When assisting customers with making changes to their home loan (such as fixed rate roll overs and product transfers) this form is completed by you to detail all changes that you have discussed with the customer and that you are instructing BNZ to make on their behalf.

Supplementary information form

Required for non Loanapp submissions where customers will retain any non-BNZ home loans. You will need to capture: Name of Lender; Current Balance; Repayment Amount and Frequency; Interest Rate; Loan Start Date; Documented Term and Interest only period (if relevant).

Nature and Purpose form

In order to comply with New Zealand's anti-money laundering legislation, we're required to collect information about the expected banking activity of our customers.

A completed Nature and Purpose form is mandatory for all customers opening a product with BNZ. The completed Nature and Purpose form must be returned to BNZ with your Adviser Handover form.

If you have any queries on these forms/documents, please contact the Broker hub on 0800 740 047 or your BRM.

4.3 Digital signatures

Subject to the requirements below, digital/electronic signatures are accepted on the following documents only:

- Authority & Declaration forms/Loan application forms.
- BNZ Adviser Handover form.
- BNZ Residential Ownership Declaration form.
- BNZ Broking Adviser Transfer form (aka "Disengagement form").
- BNZ Rate Change/Product Transfer Maintenance request form.
- BNZ Common Reporting Standard (CRS) forms.
- BNZ Broker Accreditation Application form.

Digital/Electronic signatures that will be accepted:

1. A signed document which is scanned and emailed.
2. Signatures that have been completed on touch screen/glass.

Important: Any electronic signature must match the signature(s) BNZ holds on file (existing customers); or against the ID you have verified that is submitted as part of supporting documents.

Digital/Electronic signatures that will not be accepted:

1. Signatures that have been copied and pasted from a previously completed signature.
2. Signatures that have been generated by a system (i.e. Customer's name/signature created in a stylised font).

4.4 Electronic consent

Advisers must obtain each borrower(s)'/guarantor(s)' consent to receiving disclosure about their home loan from BNZ electronically (so that BNZ is able to meet its disclosure obligations by providing disclosure to borrowers in electronic form). If the borrower does not consent to receiving disclosure electronically, the disclosure documents (i.e. the Letter of Advice, Home Loan Facility Master Agreement, and Personal Fees Brochure) will be sent by post.

5. BNZ Credit Policy

This is the Credit Policy that applies to all BNZ home loans and is subject to change. Not all applications will meet all of this criteria; where any criteria is not met, Broking Advisers must provide comment and supporting information in the application, so BNZ may undertake an efficient assessment.

All applications are subject to BNZ's lending criteria for home loan applications, and approval or otherwise of any application is at BNZ's sole discretion.

5.1 Minimum criteria

General

- A fully completed application form must be provided for all new and increased home loan requests. The broking advisor must ensure that the application form is signed by every borrower and, where required, all related parties. If the application form does not include all required information about non-BNZ home loans, the Home Loan Supplementary Information form must also be completed.
- An Occupancy Status Declaration is also required for all new or increased home loan requests. This must be completed by the customer and submitted to BNZ before any final approval is given if no occupancy status declaration is included in the application form.
- Digital/electronic signatures are acceptable for certain documents. Please refer section 4.3.

- Broking Advisers must personally interview customers and verify their identity in accordance with KYC and TB requirements. Where Broking Advisers have met customer face to face and sighted original ID, they must state they have sighted the ID in their diary note or by email. If the Broking Adviser has not met the customer face to face, then KYC and TB requirements must be met through a BNZ branch or Trusted Referee. Refer to Section 7.
- All home lending must be secured by a first mortgage over residential property. Refer Residential Property Types.
- All property purchases must be evidenced by a sale and purchase agreement.
- All conditions of lending imposed by BNZ must be met. Broking Advisers have no authority to amend or delete conditions without prior approval of BNZ.
- All other policies outlined in this Guide must be met.

Customer

- Minimum age:
  - 18 years.
- Maximum age:
  - There is no requirement for lending to be repaid by retirement age, however the Broking Adviser must be satisfied that the customer can continue to service their debt repayments, without hardship, should income levels reduce upon retirement.
- BNZ will consider applications from Broking Advisers for the following customer types only:
  - Individual/Joint.
  - Family Trusts (non-trading).
  - Partnerships (non-trading).
  - Look Through Companies (LTC).

Vulnerability at BNZ

BNZ incorporates customer vulnerability into all our policies and procedures, including the obligations set out in this guide. As the Adviser we rely on your judgement and knowledge to identify any additional risks for the particular customer and ensure they are noted in the application.

- Vulnerable borrowers or vulnerable guarantors:

  Broking Advisers must identify any borrowers and guarantors that require additional assistance, including but not limited to borrowers and guarantors who:

  - do not have a good understanding of English. These customers must be referred to a Broking Adviser that speaks their language (where possible), or the services of an interpreter must be sought. The interpreter must not be a child under the age of 18 years, nor any person that will benefit from the proceeds of the loan
  - have limited understanding of financial matters, including where they are a first time user of credit
  - appear to be under significant pressure to obtain credit or give a guarantee (for instance, where the credit is needed urgently or for necessities, or where the borrower or guarantor is under undue influence from another party to obtain credit or give a guarantee)
  - suffer from long term illnesses, disability, or mental illness
  - have recently suffered unforeseen events such as loss of employment, illness, death of a close family member, or relationship breakdown.

  It is appropriate to recommend legal advice to borrowers and guarantors where:

  - there is more than one party to the borrowing, but only one party will receive benefit of the money lent
  - the borrower may be under pressure or influence from a third party, who will receive benefit of the money lent
  - the guarantor is vulnerable, as described above.

  The application must confirm when a borrower or guarantor has been recommended legal advice.

- Broking Advisers must advise BNZ if the borrower or guarantor is identified as vulnerable, so BNZ can advise any additional requirements.
- This is not an exhaustive list. Brokers are expected to understand the customer needs and identify where a borrower or guarantor needs additional or different assistance.

First home buyers

Please indicate in the application whether a customer is a first home buyer. As per RBNZ's definition, a customer is first home buyer if they meet the following criteria:

- The customer is purchasing or building a residential property in NZ for owner occupation; and
- It is the first property owned in NZ for this purpose; and
- None of the parties to the borrowing have owned an owner occupied property in NZ previously.

Deposit

- Broking Advisers must enquire as to the source of the deposit.
- Deposits that have been borrowed on products such as credit cards or personal loans (regardless of what institution) are not acceptable and are in breach of RBNZ LVR restrictions.
- Fully gifted deposits are acceptable (where LVR < 80%), provided the gift is confirmed as non-repayable and non-interest bearing, and no subsequent charges will be registered on the title.
- Separate requirements apply for Low Equity lending.

Loan purpose, product suitability, and needs analysis

- The purpose(s) of each loan facility must be disclosed and acceptable to BNZ.
- The loan type/structure proposed must meet the borrower's needs and objectives.
- The product being offered must be fit for purpose. (Refer Product rules in this section for Product suitability).
- Product suitability must be discussed with all parties of the loan.
- Broking Advisers must confirm in their application why particular loan structures have been requested and how these meet the borrower's needs.
- Where the borrower is identified as being a 'Vulnerable Borrower' product features and benefits must be explained in greater detail, and comment made in the application accordingly. It may be appropriate to recommend the borrower seek independent financial or legal advice.
- The proposed loan term must match loan purpose. Terms up to 30 years are acceptable for new purchases/refinances/renovations. The maximum recommended term for all other purposes is 10 years.
- BNZ will review a Broking Adviser's product recommendations against the customers stated loan purpose/requested term. Where there is concern that the structure offered does not meet the customer's objectives, BNZ will contact the Broking Adviser to discuss further.
- Home loans for business purposes are not permitted. Business purposes does not include investment in residential property, unless the property is considered residential commercial (refer Residential Property Types).
- The application must identify whether the security property is owner occupied or investment.

Credit history

- BNZ will conduct a credit check of the customer, which we require to be satisfactory (determined at BNZ's sole discretion).
- Three months recent, consecutive loan/account and credit card statements are required for:
    - transactional accounts where the customer is a non-BNZ customer; and/or
    - any debts that will be repaid or consolidated with the BNZ advance; and/or
    - verification of all financial commitments.

- The statements must evidence satisfactory account conduct which means no dishonours or payment reversals, no loan arrears and no unauthorised overdraft. Where conduct is not satisfactory, reasons and mitigants should be provided in the application.

Product rules

- Minimum amount:
  - $5,000 for top-ups.
  - $10,000 for new loans.
- Maximum amount:
  - Determined by the customer's affordability.
- Term:
  - Minimum 12 months.
  - Maximum 30 years (inclusive of any interest-only periods).
- Interest-only:
  - Terms of up to 5 years may be available, subject to LVR limits, and at BNZ's discretion.
  - Not available on Rapid Repay.
- Repayment frequency:
  - Weekly, fortnightly, or monthly.
  - Must be sufficient to repay the loan within the documented term.
  - Balloon or bullet payment loans are not generally acceptable – refer to BNZ if a customer has such a request.

Purpose/product suitability

The following purposes and aligning products must be followed. Broking Advisers diary notes must confirm the product is fit for purpose and the BNZ Adviser handover form must be fully completed. BNZ Adviser Handover form is required for all restructures and new lending requests. Brokers must have made reasonable inquiries to enable BNZ to determine that the proposed loan agreement to be entered into with the customer is likely to meet the customer's requirements and objectives.

Note: Refinance refers to scenarios where a customer intends to use the BNZ Lending to pay off any existing debt. The definition of refinacing includes, but is not limited to, the following purposes:

- debt consolidation.
- refinance (switch home loan to BNZ).
- restructure (split or amalgamate) or redocument existing home loan.

Purpose	Available product	Available term	Min. amount or credit limit
New property and moving			
Costs related to property purchase (includes legal fees, valuations, builders, and contamination reports)	Home loan Temporary overdraft	HL: 1 – 10 years Temp OD < 90 days	HL: $5,000 Top ups HL: $10,000 New lending Temp OD: Determined by source of clearance
Build a home (includes investment)	Home loan	HL: 1 -30 years	HL: $5,000 Top ups HL: $10,000 New lending
Buy a home or land (includes investment)	Home loan	HL: 1 -30 years	HL: $5,000 Top ups HL: $10,000 New lending
Deposit for a home or land (includes investment)	Home loan Temporary overdraft	HL: 1 -10 years Temp OD <90 days	HL: $5,000 Top ups HL: $10,000 New lending Temp OD: Determined by source of clearance
Debt consolidation			
Debt consolidation	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Release equity in home	Home loan	HL: 1 -30 years	HL: $5,000 Top ups HL: $10,000 New lending
Term deposit, KiwiSaver, or Insurance release (awaiting pay out)	Temporary overdraft	Temp OD <90 days	Temp OD: Determined by source of clearance
Personal investment (includes shares)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Transfer home loan to new property (Portability)	Home loan	HL: 1 -30 years	HL: $5,000 Top ups TBC HL: $10,000 New lending
Refinance or switch home loan to BNZ	Home loan	HL: 1 -30 years	HL: $5,000 Top ups HL: $10,000 New lending
Restructure or re-document BNZ home loan	Home loan	HL: 1 -30 years	HL: $5,000 Top ups TBC HL $10,000 New lending
Home improvements and maintenance			
Renovations (includes consents, cost overruns, and landscaping costs)	Home loan	HL: 1 -30 years	HL: $5,000 Top ups HL: $10,000 New lending
Home maintenance (includes cleaning, gardening, and repairs)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Install technology (includes alarm systems)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Furniture	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Whiteware	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Family, health, and support			
Medical and dental treatment and expenses	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending OD: Determined by affordability
Care for **Family Members** (includes care facilities and in home help)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Funds to help family and friends	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending

Training and education costs (includes early childhood)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Relationship settlement	Home loan Temporary overdraft	HL: 1 -30 years Temp OD <90 days Temp OD <6 months (if Bridging Scenario)	HL: $5,000 Top ups HL $10,000 New lending Temp OD: Determined by source of clearance
Pet and vet expenses	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending

Purpose	Available product	Available term	Min. amount or credit limit
Life events and travel			
Funeral	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Engagement and wedding	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Civil partnership ceremony	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Travel - main costs (includes flights, accommodation, packages)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Vehicles			
Buy a vehicle/car	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Buy other large asset (includes boats, jet ski, and tiny home)	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending
Vehicle repairs and maintenance	Home loan	HL: 1 -10 years	HL: $5,000 Top ups HL: $10,000 New lending

Minimum inquiries required to determine product suitability

Advisers must make reasonable inquiries to enable BNZ to determine all of the following aspects of the borrower(s) requirements and objectives as required by the Credit Contracts and Consumer Finance Regulations 2003 (and confirm that they have made such inquiries in the Adviser Handover form):

1. The amount, or credit limit, of credit or finance that the borrower(s) seek.
2. The purposes for which the credit or finance is to be used or is intended to be used.
3. The term of the credit or finance or, if the proposed BNZ agreement is a revolving credit contract, whether the borrower requires credit on an ongoing basis. Further inquiries will be required to ensure that the borrower(s) understand that interest costs are likely to be higher where the term they require is longer than the recommended term for their stated purpose. Where the borrower insists on a term that exceeds the purpose/ product suitability guidelines, Advisers must explain to the customer the additional costs and risks, and detail the conversation in the Adviser Handover form.
4. If the proposed BNZ agreement will provide for any fees or charges to be financed under the agreement, but those fees or charges could be paid for separately.
5. If the borrower(s) will be using any money under the proposed BNZ agreement to repay any existing debt (refinancing), the borrower(s) objectives in refinancing and, to the extent that the Adviser is aware of any additional costs that will be charged to the borrower(s) as a result of refinancing, whether the borrower(s) accept those costs in order to achieve those objectives (the objectives for refinancing must be set out in section F of the Adviser Handover form).

The inquiries made must be sufficient to allow the Adviser and BNZ to be satisfied that the lending is likely to meet the borrower(s) needs and objectives, and that the borrower will be able to make the payments required under the agreement without suffering substantial hardship; and that any guarantor will be able to comply with any proposed guarantee without suffering substantial hardship.

Record keeping

Advisers must ensure that they keep records of all inquiries made by them in relation to the suitability and affordability of loans for borrowers and the results of those inquiries, together with records of all inquiries made by them in relation to affordability for guarantors. This includes, but is not limited, to a record of:

1. the minimum inquiries that are required to be made for suitability (as outlined above) and the results of those inquiries;
2. any additional inquiries that may have been made, including those made as a result of the borrower(s) or guarantor(s) being identified as Vulnerable (refer section 5.1) and the results of those inquiries;
3. the inquiries made (and the results of those inquiries) of the ability of borrower(s) and guarantor(s) to make payments on each proposed loan facility without suffering substantial hardship;
4. how the adviser satisfied themselves as a result of the inquiries made that it is likely that the proposed lending would meet the borrower(s) needs and objectives, and that the borrower would be able to make the payments required under the agreement without suffering substantial hardship;
5. how the adviser satisfied themselves that it is likely that any guarantor will be able to comply with any proposed guarantee without suffering substantial hardship.

Advisers must ensure that they are able to provide copies of records to BNZ within 10 working days of the date that BNZ may make a request to an Adviser or their Aggregator/Head Group for such records. It is crucial that Advisers are able to meet these record keeping requirements and timeframes, as BNZ is required to provide the relevant records upon request to the Commerce Commission, a borrower, a guarantor, or to a person responsible for an approved dispute resolution scheme.

5.2 Document verification requirements

The Broking Adviser must sight the originals, or certified copies, of the following documents and confirm they have done so in the application (or by noting on the document itself where a photocopy is subsequently taken):

- Evidence of income (with the exception of payslips, see below).
- Valuations (if not sourced through Valocity).

The verification document/s must be the most recent available at the point of initial application.

Broking Advisers are permitted to take an image of documents using a smart phone provided the entire document is visible and legible in the image. Part images are not acceptable.

Faxed or emailed bank statements are acceptable, provided the statements:

- are printed and mailed statements only, or those produced from Internet Banking. Screen dumps, ATM printouts, or excel documents are not acceptable
- show the name of the borrower
- are checked for any fraud indicators such as blank lines, misalignment of figures/letters, inconsistent running balances, changes of font, and deposits made and withdrawn on the same day.

Faxed or emailed payslips (including those electronically issued) are acceptable provided:

- the payslip shows both the borrower and employer names; and
- they are checked for fraud indicators - verify that the employer exists, that the payslip looks genuine and

numbers add up. If in doubt request an alternative evidence (e.g. bank statements).

5.3 Affordability

- Brokers must obtain financial information from the borrower and, if applicable, the guarantor/s via the application form to enable BNZ to conduct an affordability assessment.
- The financial information required includes income, financial commitments, and living expenses.
    - The living expenses should include any material change that is reasonably expected within the following 12 months (e.g. a child starting daycare/private school, rates and insurance for new property purchases).
    - Reasonable inquiries need to be made to ensure the customer's declared expenses are captured in sufficient detail to reduce the risk that expenses are missed or underestimated.

Discretionary Expenses

- Some expenses may be classified as discretionary and may be removed from the customer's expenses or adjusted if they advise any of the following: (evidence is not required)
    - the expense will cease or change upon drawdown of the loan e.g. weekly dinner out will become monthly
    - they will stop the expense if their financial circumstances change e.g. interest rates increase after the loan is drawdown so borrower indicates they will stop their Netflix subscription
    - it was a one-off expense
- Brokers must not suggest to the customer to cease the expense.This list shows a combination of discretionary/non-discretionary expenses as an example. It is by no means exhaustive:

Expense	Discretionary	
Takeaway Coffee	Yes	Spending that the customer may be willing to cease
Nails	Yes	Spending that the customer may be willing to cease
Tithing	No	
Donations (excluding Tithing)	Yes	Payments are voluntary
Beauty treatments	Yes	Spending that the customer may be willing to cease
Gym Memberships - No contract	Yes	Spending that the customer may be willing to cease
Gym Memberships - Contract	No	Customer is tied into the contract until expiry so would be unable to cease
Gambling	No	
Car Insurance	No	We would not endorse cancellation of insurance
Movies/Theatre	Yes	Spending that the customer may be willing to cease
Netflix	Yes	Spending that the customer may be willing to cease
Fuel	No*	
Medical expenses	Yes	Confirm with the customer that the expense is short term only
Childcare	No*	
Restaurant meals	Yes	Spending that the customer may be willing to cease
Holidays	Yes	One off spend that is unlikely to be ongoing
Regular payment to the same payee	No*	May indicate ongoing payments to support family/friends

* While these expenses are marked as no, there may be valid scenarios where they may be able to be reduced e.g. child starting school and no longer has day-care costs or customer purchased an electric vehicle. In these cases, Brokers must include clear notes to explain why the customer is able to reduce or cease the expense.

- The following financial commitments must be included in assessments:
    - Repayments for all debts, both to banks and other lenders (including any personal or family loans).
    - Rent/board payments that will continue post drawdown.
    - Buy Now/Pay Later (BNPL) arrangements.
    - 1/3, 1/3, 1/3 loans.

  - Ground rents payments for Leasehold property.
  - Regular body corporate payments.
  - Child maintenance/support.
  - Student Loans, if not already deducted from net income.
  - Court fines.
  - Any other material regular or frequently recurring outgoings that the customer is unable or unwilling to cease after the agreement is entered into (e.g. savings and investments).
  - Any other regular financial commitment that is non-discretionary and the customer is required to pay.
- BNPL payment to be the higher of either:
  - 3.8% of the limit; or
  - required monthly payment.
- 1/3, 1/3, 1/3 loans must be treated as follows:
  - Source of clearance noted in the application diary note; or
  - If no source of clearance, repayment to be treated as a personal loan over a 5 year term.
- All financial commitments must be reviewed to ensure they match what the customer has declared.
- Non-BNZ home loans
  - Broking Advisers must collect the following information for all non-BNZ home loans:
    - Balance (or Limit).
    - Repayment amount and frequency.
    - Interest rate.
    - Loan Start date.
    - Documented term.
    - Interest only end date (if applicable).
  - The balance, repayment amount and interest rate must be verified by one or a combination of the following:
    - Loan statements;
    - Internet banking account summary;
    - Internet transaction listings;
    - Annual loan summary;
    - Financial statements.
  - The verification document may be up to three months old provided the data that is variable (balance/interest rate) is reconfirmed with the customer, and must show both the lender and borrower's name.
    - Screen shots are acceptable provided they are legible with all required detail visible and are taken in the presence of the Broking Adviser, which must be confirmed in the application.
- BNZ's Affordability rules and criteria are built into Loanapp and all applications will be validated prior to submission. Broking Advisers not using Loanapp must submit BNZ's Affordability Calculator when submitting a lending application to the BNZ Broker Hub. BNZ's affordability methodology is embedded into the calculator, including the re-calculation of home loan repayments using interest rate buffers or minimum interest rate floors also known as AIR (Applied Interest Rate). The current AIR is 7.25%.
- Broking Advisers must review bank statements for evidence of any expenses/debt payments that have not

been disclosed on the application form and ensure these are included in affordability calculations.

5.4 Evidence of income

- Where tax returns or financial statements are used as evidence of business income and only one (financial) year is provided, credits to the customer's account must be evidenced to support income at the levels in the tax return/ financial statements.
- Where two years evidence is provided, the lower of the most recent year or average of two years must be used.
- All evidence of personal income must show both the employer and employee name, which must match the employer name disclosed on the application.
- Originals or certified copies of any evidence must be sighted (unless using bank statements or payslips, in which case the requirements for verification of bank statements or payslips as per section 5.2 must be met).
- Broking Advisers must have no reason to doubt that the income is sustainable and ongoing. Broking Advisers must enquire as to any expected change in income in the following 12 months (e.g. a fixed term contract ending, a period of parental leave, changing from full time to part time employment) and record the outcomes of any conversations in their application.
- If a customer intends to give up working permanently before the loan is fully repaid, the customers must satisfy one of the two following options:
    1. Sufficient future income or assets are evident to be able to service or repay the home loan. These can include:
        - Use of savings
        - Income from superannuation or other investments
        - Sale of other assets; or
    2. A co-borrower(s) has sufficient income to service the home loans(s) alone.

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Wage/Salary	• Base income and allowances which may be evidenced using: - the three most recent, consecutive credits to the customer's bank account – copies of statements are required; or - two recent, consecutive payslips; (only one payslip required if it states annual salary) or - letter from employer; or - employment contract; or - letter from accountant; or - income print outs/statements from the IRD website, for the most recent 12 months.
	• Add-back as taxable gross income of voluntary employee superannuation contributions may be applied where the customer has confirmed that the contribution could be stopped if required to meet debt servicing commitments and this conversation has been documented in the application.
	• Income may be used where a customer is returning to work within three months of application submission after extended leave (e.g. Career Break/Long Service Leave/Parental Leave/Sabbatical). Note how the customer is going to meet debt servicing commitments: - over any proposed period of extended leave; and - after they return to work and, if on Parental Leave, how they will provide for child care expenses.
	• See Parental Leave below for requirements where customers are on parental leave and who are not expected to return to work within three months.
Company car	• Company car income is acceptable where it may be used for private use; and - A car allowance is evident; or - A specified amount is evident as income reduction when a car is supplied by the employer
	• Note: the customer's declared expenses will not show any costs associated with running this motor vehicle.

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Casual or contract income	• Casual or Contract worker income can be used when: - current position held for a minimum of six months; or - employment in similar role or related industry, for minimum of six months.
	• Brokers must: - calculate and input the average casual or contract payments received for a minimum of the most recent six-month period; and - advise how the customer will sustain this level of income; and - document how they calculated the average monthly income; and - evidence income by: • payslips; or • employment contract; or • letter from employer; or • letter from accountant; or • income print outs/statements from the IRD website, for the most recent 12 months; or • financial Statements.
Overtime income Please enter the gross income amount; this will be 'shaded' by 20% when BNZ assess the application	Where overtime has been separately identified and is required to support an application it must be evidenced over a minimum period of 6 months using: - tax returns: or - payslips; or - a letter from the employer; or - letter from accountant.
	• Brokers must: - calculate and input the average overtime payments received for a minimum of the most recent six-month period; and - document how they calculated the average overtime income.
Commission income earned from employment Please enter the gross income amount; this will be 'shaded' by 20% when BNZ assess the application	• Employment earned commission payments can be used when: - the nature of the customer's employment dictates that their income is paid as regular commission payments; and - total commission payments received for a minimum of the most recent six-month period can be verified using: - payslips; or - Employment Contract; or - Letter from Employer; or - Letter from accountant; or - Income print outs/statements from the IRD website, for the most recent 12 months.
	• Commission payments received for less than six months cannot be used.
	• Brokers must: - calculate and input the average commission payments received for a minimum of the most recent six-month period; and - document how they calculated the average commission income.
	• Where income generated has a cost/expense element (e.g. real estate agent/mortgage broker) it must be treated assessed and verified as self-employed income (see below).

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Bonus income earned from employment Please enter the gross income amount; this will be 'shaded' by 20% when BNZ assess the application	• Employment earned bonus payment income can be used when: - the nature of the customer's employment dictates that their income is paid as a salary plus bonus payments; and - bonus payments can be verified using: - payslips; or - employment contract; or - letter from employer; or - letter from accountant; or - income print outs/statements from the IRD website, for the most recent 12 months.
	• Brokers must verify using the most recent 12 months Income Tax Returns/Statements or: - the past 12 months bonus; or - the average of the past six months bonuses, annualised.
Parental leave	• Base salary income (i.e. not including overtime, bonus, commissions, etc.) for customers who are about to commence parental leave or are currently on parental leave and will not return to work within three months of application submission date, can be used on the basis the following criteria are all met: - is a permanent employee (i.e.: not a casual); and - has worked for employer for a minimum of 12 months; and - will have primary responsibility for caring for the child during the parental leave period.
	• Potential income from customers who intend to return to the workforce after 'time out from having a family' but who are not on parental leave may not be used, however BNZ may consider applications where the amount of additional potential income to meet the required servicing threshold is not significant. Customer discussions and undertakings must be clearly documented in the application.
	• Brokers must do the following: - Confirm with the customer details of their intended return to work after parental leave expires and note these in the application notes. - Record the relevant income details (full time/part time, hours) into the credit assessment. - Note how customer is going to meet debt servicing commitments: - over the period of parental leave; and - after they return to work and when they may then need to provide for child care expenses. - Evidence parental leave arrangements using: - a letter from employer; or - an employment contract.
	• See also wages/salary (above) for customers who are returning from parental leave within three months.
Investment income Please enter the gross income amount; this will be 'shaded' by 20% when BNZ assess the application	• Shares, Dividends, Managed Funds, and other income producing assets of this type can be used where: - The customer acknowledges the investments are to be held as part of their long term investment strategy and that the investment income is required for debt servicing purposes - Customer discussions and undertakings must be clearly documented in the application; and - The company is publicly listed on Australian or New Zealand Stock Exchanges (ASX/NZX); or - The Managed Fund is managed from Australia or New Zealand (however these funds may include income from international assets); or - The interest bearing deposit is held in an Australian or New Zealand financial institution and all of the following apply: - the investment is current at the time of the credit application; - a corresponding asset is listed on the credit application.
	• Accepted evidence types: - Bank Statements; or - Letter from accountant; or - Income print outs/statements from the IRD website, for the most recent 12 months; or - Dividend or investment statements.
	• Brokers must: - calculate and input the average investment income payments received for a minimum of the most recent six-month period; and - document how they calculated the average investment income.

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Child support payments (includes liable parent payments from Inland Revenue and private arrangements)	• Child support payments can be used where: - a minimum of three consecutive payments have been received and can be evidenced using; - Bank Statements; or - Account credits. - it is considered permanent for the next 12 months. Refer to the Child Support Agreement (Letter from IRD or private agreement) to confirm this - they do not represent the predominant income source of the application - if not evident within the child support agreement brokers are to record in the application the customer's advice in relation to the ongoing nature of these payments (i.e. the age of children - most arrangements will cease at age 18).
	• Brokers must: - calculate the average monthly child support payment received for a minimum of the most recent three payment cycles; and - document how they calculated the average monthly child support payment.
New Zealand Superannuation	A New Zealand Government fortnightly pension payment available to all people aged 65 and over - may be used as income – input as salary. • Evidence using: - bank Statements; or - letter/Statement from WINZ; or - letter from accountant; or - income print outs/statements from the IRD website, for the most recent 12 months.
Other Superannuation income including KiwiSaver	• Other Superannuation income can be used when: - the customer is presently drawing income from their superannuation fund at the time of application; and - drawings do not represent a progressive drawdown of capital value (i.e. to ensure the income stream is sustainable); and - it can be evidenced using: - bank Statements; or - letter/Statement from Scheme Manager; or - letter from accountant; or - income print outs/statements from the IRD website, for the most recent 12 months.
Government provided benefits and allowances	• **Care is required when considering Government provided benefits and allowances** which may only be used when they are confirmed and ongoing, regular and of consistent amounts – see table below – if you are unsure refer to BNZ for guidance. • Evidence using: - bank Statements; or - letter/Statement from WINZ; or - letter from accountant; or - income print outs/statements from the IRD website, for the most recent 12 months.

Accetable as income	Not acceptable as income
• Working for families payments[1] • Accommodation supplement[1] • Sole Parent Support (DPB)[2] • Studylink/student allowance[1] • ACC payments[3] • Disability allowance[4] • Childcare subsidy[5] • Supported living payment (invalid/sickness) • Veterans pension	• Job seeker (nnemployment benefit)[6]

1. Payments/allowances are discretionary, based on the proposed living situation, and are subject to review as customer's circumstances change (e.g. child entitlements will cease at 18 years) – CARE.
2. Support stops when the dependent child reaches 14 years.
3. Confirm the nature of ACC payments to determine if these are to be short term or on-going.
4. Allowance only available if disability is likely to last >6months and may be accepted where paid to the borrower. Ensure that all care costs are allowed for in declared expenses.
5. Allowance only available if children <5 years and family is low or middle income.
6. Not acceptable income – this temporary allowance is only available whilst job seekers are looking for work.

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Foreign (overseas) income	• Only net income from employment or overseas pensions can be accepted. Self-employed income and other non-employment income is not accepted.
	• Overseas rental income is allowable provided the following are applied: - The relevant country of residence shading (refer section 5.17); and - Further rental income shading of 30%.
	• Income shading and/or LVR restrictions apply to customers: - who source their income from outside New Zealand; and/or - are considered Non-Resident in terms of the definition at section 5.16.
	• Brokers must obtain **all** of the following verification documents: - Consecutive individual payslips for a six month period (must include a minimum of two payslips), with the most recent payslip being no older than 60 days. - A letter from the employer or employment contract (which must not have expired) confirming the company/business, contract employment start date, contract employment terms, and applicant's income. - Bank statement no older than 60 days, showing salary credits for the six month payslip period. Where statements are older than 60 days. Brokers must obtain a copy of an internet transaction listing to cover the six month payslip period. - Income on the payslips obtained must match salary credits on the bank statement.
	• All income verification must be in English, unless accompanied by an acceptable independent translation. Refer to BNZ for translation requirements.
	• The value of any foreign income will be converted to NZD using the current TT buy rate. If there is no TT Buy rate for the currency, the income will need to be treated as Other Income.
	• Refer to section 'Foreign Income in Loan Applications' for more information.
Flatmate and Boarder income (F & B income) Please enter the gross income amount; this will be 'shaded' by 20% when BNZ assess the application	F&B income is where an owner occupier buys (or already owns) a property and any one of the following applies: • Flatmate: Customer takes on one 'room only' tenant paying a fixed weekly rental. • Boarder: A person who pays regular board to the customer ('all inclusive living'). CARE: must be sustainable and ongoing; particularly where **Family Members** are involved.
	Acceptability: • A maximum of one F&B Income per owner occupied dwelling is permitted of up to $250.00 per week/room. • The total number of people living in the dwelling must align with the total number of available bedrooms e.g. in a three bedroom dwelling: - two couples and one single person is acceptable (three rooms required, three bedroom dwelling). - one couple and three singles is not acceptable (four rooms required, one three bedroom dwelling). - Common sense to be applied with living arrangements. Refer to BNZ for guidance if in doubt.
	• Where arrangement is only for part of the year, the annual figure is to be pro-rated.
	• For boarder income and all inclusive arrangements, the customer's living expenses must include the costs of the boarder, and the number of boarders must be reflected in the number of dependents on the application.
	• Customer conversations for F & B income scenarios must be accurately recorded in the application notes.
	Verification: • For existing arrangements, the three most recent, consecutive credits to the customer's bank account; or • For proposed arrangements, a formal written agreement between the parties, which should include the following: - Full names of parties. - Address of property where room is to be rented. - Amount of rent and frequency of payment. - Requirement for rent to be paid into a bank account. - Term of arrangement. - Inclusions/exclusions (e.g. food, utilities).
	• Note: Proposed arrangements are **not** allowable for Residential House Under Construction or Turnkey applications
	• Simple letters from flatmates/boarders confirming what they pay or intend to pay are not acceptable.
	• BNZ will need to review the verification document and be comfortable it evidences a genuine arrangement that is sustainable and ongoing before the income will be included in the application.

Income	Requirements
For all income types below, please state the gross income amount. Note: certain income types will have a 'shading' applied by BNZ when assessing the application.	
Rental income from investment properties Please enter the gross income amount; this will be 'shaded' by 30% when BNZ assess the application	• Rental income from investment properties can be used where the property generates: - existing rental income from an existing property that: - is currently owned and earning an income for the customer; or - a customer is purchasing with an existing lease/tenancy arrangement. - new rental income from a property: - owned by the customer that begins to earn an income; or - that is being purchased without an existing tenant and which is proposed to be rented out; or - the customer is building or purchasing 'off the plans' and intends to rent the property to tenants.
	• Where a single residential dwelling is being rented to more than one tenant the following requirements apply: - Maximum of three tenancy agreements per dwelling applies. - The total number of people living in the dwelling must align with the total number of available bedrooms. Common sense to be applied with living arrangements. Refer to BNZ if in doubt.
	• Residential properties that meet the definition of a Boarding House (refer section on Residential Property Types) must be treated as Commercial Residential Property and are not eligible for a home loan.
	• Commercial property income may only be used where it is not the predominate source of income for the customer. Refer to BNZ for assessment if in doubt.
	• Rental income from holiday homes rented out on a casual/seasonal basis, such as Air BnB, may be used where it is verified as sustainable and ongoing. - Evidenced by the most recent 12 months statements
	• Where a property is currently tenanted the actual rental paid must be used.
	• Rental income may be evidenced by: - bank statements; or - lease/tenancy agreements; or - property manager statements; or - confirmed tenancy on sale & purchase agreements; or - current market rental appraisal from a REINZ member or recognised Property Manager; or - letter from accountant; or - confirmed via market rents on tenancy services website; or - IRD returns and financial statements.
Self-employed income	• Self-employed customers are defined as: - Sole traders or 'business proprietors'. - Traders as part of a business partnership; and/or - Shareholders who own and/or control a business operating under a company structure as a Director and/or significant shareholder.
	• Self-employed income earned overseas is not accepted.
	• A minimum of one years (two years are preferred where available) Financial Statements are required, which must be the latest available and no older than 21 months from balance date. If only one year of financial statements are held, recent bank statements from the business must be provided to show credits to the account to support the income at the level in the financials.
	• Accountant prepared Financial Statements are preferred but customer prepared Financial Statements prepared via an accounting system (e.g. Xero, MYOB) are permitted.
	• Projected Financial Statements and/or Interim Financial Statements must be referred to BNZ for assessment.
	• IR3 Tax Returns or a Letter from the customer's Accountant (provided it contains sufficient financial detail) can be accepted as a verification document.
	• Refer to Affordability Calculator for what figures are to be used.
Other income	Any other income types not listed above including: • Income which does not meet the eligibility criteria listed above; and/or • Changes to income that are expected to occur in the future must be referred to BNZ for assessment.

5.5 Parent assisted lending

Where a parent offers additional security to assist a borrower in purchasing a property, BNZ offers two structuring options. In both cases legal advice must be recommended and details of any conversations with the party offering the support must be recorded in the application.

Either:

- The maximum allowable loan amount, based on property type and LVR (usually 80%), must be in the name of the borrower, secured by the property being purchased; and
- Lending for the 'deposit portion', or that portion of the funding which is supported by the parent:
    - Must be documented in joint names of the borrower and the parent; and
    - It is recommended that this loan be structured over a shorter timeframe (i.e. 10-15 years) to enable the borrowers to build their equity.
    - As the parents will be borrowers under this structure, they are required to provide all financial information required to undertake an affordability assessment. A separate affordability assessment will also be undertaken on the children solely, to ensure they can afford to repay all lending on their own, unless it is the parent's clear intention to assist with servicing support.
    - Must be secured by both the property being purchased and the parent's property.

This is BNZ's preferred option as it:

- limits the parent's liability to the amount of the deposit only; and
- the parent's liability reduces as the loan balance reduces.

Or;

- A Guarantee for the amount of the borrowing from the parent in favour of the borrower, supported by a first registered mortgage over the parent's residential property.

Where a Guarantee is proposed:

- The application is to record the reason this option has been selected over the co-borrower option above.
- Details of the proposed guarantee are to be discussed with the guarantors without the presence of the borrower.
- Guarantee terms and conditions are to be made available to the proposed guarantors should they wish to review before deciding to proceed with an application.
- The proposed guarantors are required to supply the same level of financial information, and will be subject to the same affordability assessment, as if they were the borrower. All guarantees must be explained by, and signed in the presence of, a solicitor.
- The guarantee will secure all the borrower's obligations; the guarantor will not be permitted to single out any specific facility/ies that are to be secured by the guarantee.

5.6 Assisting informed decisions

- Once a new home loan has been approved, BNZ will issue a Home Loan Conditional Approval. Broking Advisers must ensure the borrower understands the terms of the approval and the proposed structure of the loan; structure must be confirmed using the BNZ Adviser handover form. When this form is received and checked we will order loan and security documentation.
- Where a loan includes new security, the documentation for the loan will be sent to the borrower's solicitor.
- Where the loan is a top-up or extension of term, the loan documentation will be sent to the Broking Adviser.
- It is expected the Broking Adviser will review the documentation and assist every borrower under the agreement to make an informed decision by pointing out the key details of the loan agreement, including:
    - the key details of each loan *facility* including the loan amount, loan term or credit limit, structure, product type and features and any loyalty rewards or Cash Back;
    - the new agreed annual interest rate, whether it is fixed or variable, and how it is made up (see clause 4 of the Letter of Advice (LoA));

  - whether the *base interest rate* type is Residential Investor or Residential Owner Occupied;
  - if the rate is variable, that it is subject to change at any time;
- if the rate is fixed:
  - an early repayment charge may apply if the borrower repays some or all of the credit early;
  - The longer the fixed rate period, the higher any ERCs are likely to be if the borrower breaks the fixed rate period early.
  - Ratelock Ts&Cs apply (refer Section B of the Adviser Handover Form);
  - If a ratelock is not selected, the fixed rate is subject to change before the customer first borrows money under the *facility*;
  - new payment details (amount and frequency). Refer clause 6 of the LoA;
  - total interest and total amount of payments if the documented term of the loan(s) is 7 years or less, or if the expected end date is 7 years or less from inception of the loan(s) (refer clause 6 of the LoA). Not applicable for Rapid Repay loans;
  - any establishment or redocumentation fees; if any fees are included in the loan amount, the additional costs of financing that fee (i.e. there will be additional interest costs and therefore more to pay over the term of the loan);
  - the rate of any default interest (i.e. currently 2%p.a. above the agreed annual interest that applies at any time. If default interest is charged it will be calculated from the date the overdue amount became due until the date it is actually paid).
  - the consequences of default, including the default interest rate, the security property being at risk (i.e may be sold), credit rating may be adversely affected and that BNZ may also make demand on any guarantor and their security property.
- The borrower(s) can cancel the loan agreement within eight working days after they receive their loan documentation from BNZ.
- The customer must be given the opportunity to take the documentation away before making a decision;
- Where a borrower or guarantor is identified as being in vulnerable circumstances, BNZ may require additional steps to be taken to assist the borrower or guarantor to make an informed decision. Refer to section 5.1 for more information on borrowers and guarantors in vulnerable circumstances.

Initial Disclosure

- If the borrower(s) wish to proceed, the Broking Adviser will:
  - arrange to make initial disclosure by ensuring a copy of the Letter(s) of Advice, Home Loan Facility Master Agreement and the Personal Account, Service and Facility Fees brochure is provided directly to every borrower and guarantor under the agreement(s) **before** the agreement(s) is entered into (NB. other documents may also need to be provided (e.g. TotalMoney Personal Account Terms and Conditions); and
  - ensure they have first obtained consent to electronic disclosure if the customer(s)/guarantor(s) want the documents provided electronically (e.g. by email or via DocuSign).

5.7 Low equity lending

These rules apply where the LVR of the proposed loan > 80%.

- A Low Equity Margin applies to the base interest rate for all low equity lending.
- Minimum 5% deposit must be genuine savings, verified with a minimum three months savings history, or equity in existing assets. Employee/employer and government member tax credit contributions to KiwiSaver qualify as 'genuine savings', where being withdrawn to purchase a first home.

Income	Low Equity Margin
80.01% to 85%	0.35%
85.01% to 90%	0.75%
90.01% to 95%	1.00%

The above table is current as at the date of this Guide. Margins are subject to change at any time.

5.8 LVR restrictions and anti avoidance

- The Reserve Bank's BS19 document outlines LVR restrictions that apply to residential property. There is limited funding available for Owner Occupied property and the LVR for Residential Investment Property nationwide is limited to 60%. Refer the LVR table for investment property in Section 5.12 for further detail.
- Exemptions are available depending on the property type and transaction type.
- It is expected that Broking Advisers will be familiar with the requirements, restrictions and exemptions outlined in the BS19 document and have appropriate conversations with borrowers.
- Broking Advisers should continue to advise BNZ when a transaction falls under an exemption category so that it can meet its reporting obligations to BNZ.

5.9 Security requirements

- Home loans must be secured by a first registered mortgage over residential property.
- Where a property is identified as having weather tightness issues BNZ may require additional information (e.g. building reports, weather tightness assessments).
- Where the customer is a company, a guarantee from shareholders is also required.
- Maximum LVRs according to property and valuation type must be adhered to.
- If the property is one of the following types, please contact BNZ to discuss before applying:
  - All leasehold property type houses.
  - Flat Owning Company Shares where there is no LINZ-issued Licence to Occupy.
  - Retirement village units.
  - Māori land.
  - Any properties with detrimental features (e.g. methamphetamine contamination).
- Where the property is newly constructed, a Code Compliance Certificate is required prior to drawdown.
- BNZ has concentration limits in place for dwellings in developments of 20 or more and will advise you if there are any concentration issues with proposed securities.
- Where a serviced apartment is offered as security BNZ also requires a specific security agreement (SSA) over the furniture package.
- Any property mortgaged to BNZ must be insured at all times.
- Where a lending request exceeds BNZ's stated priority amount in the mortgage document, a variation of mortgage will be required to increase the priority amount.
- Subsequent charges are not permitted without BNZ's consent and are not permitted at all where the overall LVR will be over 80% (Owner Occupied Property) and 60% (Residential Investment Property).

5.10 Private treaty

- Property purchases are to be treated as private treaty where:
  - there is no MREINZ agent involved in the transaction; or
  - the sale is between related parties.
- Broking Advisers are required to identify the purchase as private treaty in the application.

5.11 Residential property types

Only the property types in the table below are eligible for home loan products. Residential property does not include any property type which is considered specialised, regardless of zoning or usage. Specialised property includes residential boarding houses.

Where four or more dwellings are held on the same title/same development/same site BNZ treats these as commercial property.

Property type	Characteristics/Requirements
Standard residential property - freehold	• May contain up to two dwellings for residential purposes.
residential property - leasehold	• Maximum land size 2000m2.
	• May contain up to two dwellings for residential purposes.
	• Term of loan must not exceed the remaining term of the lease.
	• Registered Valuation always required.
Residential Bare Land	• Bare/Vacant residentially zoned land.
	• Maximum size 2000m^2.
	• Intention to build a dwelling for residential occupation in due course. Intent to build must be evidenced if LVR exemptions are sought on bare land.
	• Connected to core services (water, power, sewerage, roading).
	• Maximum LVR is reduced where held for investment/landbank.
	• Lending proposals need to consider the customer's equity/servicing ability for the eventual construction of the dwelling.
Multi-Tenanted property	• Residential property that contains three dwellings on one title/one site/one development.
Lifestyle block with dwelling	Must meet all of the following criteria:
	• Property category from the Valocity landing page is either Residential or Lifestyle.
	• Income generated by the property does not exceed 50% of the customer's total annual income, regardless of whether that income is used in affordability calculations.
	• The property **would not** be marketed as a farm in a sale situation.
	• Where a registered valuation is required, the property must be able to be valued as a residential / lifestyle property via Valocity. If the property cannot be valued by a Valocity valuer it must not be treated as residential.
Lifestyle block without dwelling	As above for Lifestyle block, but does not contain an existing dwelling and no intention to build within 12 months.
Terraced housing/ Townhouses	• Must be freehold.
Apartments	• Must be freehold.
	• Different LVR tiers apply depending on size (< 50m^2 and > 50m^2).
	• Size of apartment can include balconies but excludes garaging.
Serviced apartments/ Purpose built student accommodation	• The terms of the service agreement must not be detrimental to resale of the property.
	• Income can be used as a mitigant only.
	• Registered valuation always required.
	• SSA also required over any furniture package.
Flat-Owning Company Shares	• Only acceptable as security where a LINZ-issued Licence to Occupy is available.
	• Registered valuation always required.

Property type	Characteristics/Requirements
Boarding house	• A property will be deemed a boarding house and ineligible for a home loan where: - the landlord rents out rooms in a house on a per room basis with facilities (bathrooms/kitchen/ living areas) for communal use by the tenants; and - there are 6 or more tenancies.
	• Where a property meets this definition it is to be treated as Commercial Property.
residential property - leasehold	• Maximum land size 2000m2.
	• May contain up to two dwellings for residential purposes.
	• Term of loan must not exceed the remaining term of the lease.
	• Registered Valuation always required.
Residential Bare Land	• Bare/Vacant residentially zoned land.
	• Maximum size 2000m^2.
	• Intention to build a dwelling for residential occupation in due course. Intent to build must be evidenced if LVR exemptions are sought on bare land.
	• Connected to core services (water, power, sewerage, roading).
	• Maximum LVR is reduced where held for investment/landbank.
	• Lending proposals need to consider the customer's equity/servicing ability for the eventual construction of the dwelling.
Multi-Tenanted property	• Residential property that contains three dwellings on one title/one site/one development.
Lifestyle block with dwelling	Must meet all of the following criteria:
	• Property category from the Valocity landing page is either Residential or Lifestyle.
	• Income generated by the property does not exceed 50% of the customer's total annual income, regardless of whether that income is used in affordability calculations.
	• The property **would not** be marketed as a farm in a sale situation.
	• Where a registered valuation is required, the property must be able to be valued as a residential / lifestyle property via Valocity. If the property cannot be valued by a Valocity valuer it must not be treated as residential.
Lifestyle block without dwelling	As above for Lifestyle block, but does not contain an existing dwelling and no intention to build within 12 months.
Terraced housing/ Townhouses	• Must be freehold.
Apartments	• Must be freehold.
	• Different LVR tiers apply depending on size (< 50m^2 and > 50m^2).
	• Size of apartment can include balconies but excludes garaging.
Serviced apartments/ Purpose built student accommodation	• The terms of the service agreement must not be detrimental to resale of the property.
	• Income can be used as a mitigant only.
	• Registered valuation always required.
	• SSA also required over any furniture package.
Flat-Owning Company Shares	• Only acceptable as security where a LINZ–issued Licence to Occupy is available.
	• Registered valuation always required.
Boarding house	• A property will be deemed a boarding house and ineligible for a home loan where: - the landlord rents out rooms in a house on a per room basis with facilities (bathrooms/kitchen/ living areas) for communal use by the tenants; and - there are 6 or more tenancies.
	• Where a property meets this definition it is to be treated as Commercial Property.

5.12 Residential investment property

- The maximum LVR for residential investment property is 60%. There is limited appetite for applications in excess of 60%. Please discuss applications on a case by case basis with BNZ.
- Where a borrower or related party owns investment property the LVR table applies to a maximum of 80% on Owner Occupied Property.
- BNZ applies the LVR limits at each credit event to all related entities of a borrower, regardless of whether there is cross collateralisation or not.

	Investment property only	Mix of investment and Owner Occupied
Maximum LVR	60%	60% on investment property
		80% on Owner Occupied
LVR limits per valuation type / property type in the table below continue to apply, whichever is the lower.		

Exemptions:

- Straight refinances from other banks (no increase in lending).
- House under construction - purpose of the loan must be to construct a brand new dwelling; or to demolish an existing structure and build a new one
- Turnkey purchases - borrower must make a financial commitment to the build prior to construction; or they must be purchasing the property directly from the developer within six months of completion.
- Property remediation, where remediation of the property is required due to damage caused by fire or natural disaster, or to correct structural or weathertightness issues.

5.13 Maximum permitted LVR table

- Where the LVR exceeds 80%, Low Equity policy applies.
- Whilst some properties have a maximum LVR of > 80%, BNZ's appetite for >80% lending is extremely limited and is considered on a case by case basis.
- Lower LVRs may also apply to New to Bank customers.
- LVR limitations may apply to non-residents, refer Overseas Persons policy.
- LVR is calculated against **the lower of** purchase price/valuation in all cases.

	Owner Occupied	Owner Occupied Exempt or with funding approval	Investment	Investment Exempt
Standard Property Types		* Must qualify for RBNZ LVR exemption		
Freehold Residential	80%	90%	60%	90% *
Freehold Terraced Housing/Townhouses	80%	90%	60%	90% *
Lifestyle with Dwelling <=10ha	80%	80%	60%	70%
Lifestyle with Dwelling >10ha	70%	70%	60%	70%
Leasehold Residential (RV Required)	0%	80%	0%	70%
Non-Standard Property Types				
Freehold Apartment >50m2 *Must qualify for RBNZ LVR exemption	80%	90%	60%	90% *
Freehold Apartment <50m2**	65%	65%	60%	65%
Serviced Apartment - Refer BNZ in all cases				
Purpose Built Student Accommodation (RV Required)				
Dual Key Apartments (RV Required)	65%	65%	60%	65%
Flat Owning Company Shares (RV Required)	65%	65%	60%	65%
Residential Property Under Construction (RV Required in all cases)				
Fixed Price Contract	80%	90%	60%	90%
Labour Only / Owner Builder	80%	N/A	60%	80%
Kitset / Pre-Fabricated Dwellings	80%	85%	60%	80%
Relocated Dwellings	80%	N/A	60%	N/A
Other Property Types				
3 dwellings on one site and/or title	70%	70%	60%	70%
4 or more dwellings on one site and/or title	Must be treated as Commercial Residential Property			
Lifestyle without Dwelling	50%	50%	50%	50%
Residential Sections	50%	80%	50%	80%

*Must qualify for RBNZ LVR exemption
**BNZ will only consider funding apartments under 50m2 where the customer is an existing BNZ borrower with security other than apartments < 50m2.

5.14 Residential property valuation table

- Some Property Types require a Registered Valuation – refer to Maximum Permitted LVR table.
- RVs, deskVals & iVals must be obtained via Valocity.
- LVR is calculated against the lower of purchase price/valuation in all cases.

	RV	deskVal	iVal (High Confidence)	iVal	S & P (Validated)	CRV
LVR ≤ 50% · Regional Caps don't apply · Must be dated < 12 months	✓	✓	✓	✓	✓	✓
LVR ≤ 65% · Regional Caps don't apply · Must be dated < 12 months	✓	✓	✓	✓	✓	✓
LVR > 65% - 80% · Regional caps apply where indicated · Must be dated < 12 months	✓	✓	✓	✓*	✓*	✗
LVR > 80% · Must be dated < 90 days for new securities and < 12 months thereafter	✓	✗	✗	✗	✗	✗

*Regional Caps for iVals and Validated S&P
A Regional Cap of $3m applies to any iVal where the below thresholds are exceeded: * > 65% LVR, * Lifestyle Blocks >10ha is a maximum LVR of 65% for iVal and Validated S&P agreement, and 50% for CVs and CRVs * > 50% LVR for Indexed CVs and CRVs

5.15 Valuations

- LVR is calculated against the lower of purchase price or valuation. This rule applies for a minimum of three months, unless it can be evidenced that improvements have been undertaken since purchase, which have resulted in an increased value. For Low Equity Lending, a new valuation may only be used six months from when loan was originally documented - noting that a Low Equity margin (LEP) cannot be removed during a fixed rate period.
- The following valuation types are acceptable, subject to thresholds, ages and LVR limits:
  - Registered Valuations
  - DeskVals
  - iVals
  - Validated Sale and Purchase Agreements
  - Council Rating Valuations (CRVs) (only where an iVal is not available).
- Chattels may be included in the valuation figure provided they are standard household chattels, except for Serviced Apartments or properties sold with full furniture packages.
- The maximum permitted age **for any valuation type** is 12 months.
- The maximum permitted age of a Registered Valuation for any **existing security** is 24 months - up to 70% LVR.

Registered Valuations

- All registered valuations must be sourced through Valocity (at the customer's cost). A Broking Adviser will place the order for the valuation, and the customer can pay by credit card or be sent a link with payment instructions. The valuation order will not proceed until the customer has made payment.
- Borrower sourced valuations (including those sourced by vendor/owner/broker) are not acceptable.
- BNZ will review the valuation once received and will advise if there are any concerns or issues with the property.

DeskVal

- Available via Valocity for some properties.
- Turnaround time of 24-48 hours.
- Max LVR 80%

iVal/iVal Lite

- Are sourced through Valocity.
- Only one iVal is to be requested per application. Multiple iVals per application are not permitted. Where an application relies upon an iVal obtained in a previous application, it must be the most recently completed iVal.

Sale and Purchase Agreements (S&P)

- BNZ will validate all sale and purchase agreements.
- If the S&P passes validation it may be relied upon as the sole method of valuation, subject to property type restrictions.
- If the S&P does not pass validation, the Broking Adviser will be advised and an alternate valuation type will be required to support the purchase.

Council Rating Valuations

- Must be the most recent valuation type available.
- Where being used as the valuation method for a new purchase, the current registered owner's name must match the vendor's name on the S&P.
- Only acceptable where there is no iVal available.
- Max LVR 65% (excluding Lifestyle Blocks >10ha which is 50%).

5.16 Lending to Overseas Persons/Non-Residents

Please note:

- Broker Hub do not accept applications for new to bank customers based overseas unless they can be in NZ to complete account opening prior to going unconditional.
- We may consider applications for Overseas persons/Non-Residents where all parties already hold BNZ accounts and have met BNZ KYC requirements.

An Overseas Person/Non-Resident is a person that:

- Is not a citizen of New Zealand or Australia*; or
- Does not hold an NZ Residency Visa**; or
- Holds an NZ Residency Visa but has not lived in NZ for at least 6 out of the last 12 months.

*Singaporean nationals may be treated as 'Residents' for lending transactions involving residential property.

**Permanent Residents of Australia or Singapore may be treated as 'Residents' for lending transactions involving residential property provided they have lived in NZ for at least 6 out of the last 12 months.

Where any of these definitions are met, this policy is to apply:

- All supporting information must be in English. Where the original documents are in a foreign language they must be accompanied by an acceptable, independent translation.
- Applicants must be personally interviewed by their Broker, and their identity verified by passport in New Zealand at a BNZ branch to open a bank account. The original passport must be sighted.
- Existing customers may still need to be verified in person and complete standard onboarding procedures for newly created entities (as above).
- The application form is to be signed by the applicant(s) personally (i.e. not by a Power of Attorney).
- Customers must appoint an agent in NZ (who may be an attorney) who can act on their behalf.
- Loan documents may be signed by an attorney who has been identified as required under section 7, and accompanied by a Certificate of Non-Revocation.
- Customers must provide their physical and mailing address overseas, even where they request correspondence be sent to a NZ address.
- The current value of assets/liabilities on the application form must be converted to NZD using the current BNZ TT Buy rate.
- Refer below to requirements for Foreign Income in Home Loan Applications.
- Where the customer is in Australia, lending will only be considered where the purpose is for the purchase or renovation of residential property in New Zealand. There are no exceptions to this.
- Non-Resident customers purchasing residential property in NZ must comply with the Overseas Investment Act 2005. A special condition to this effect will be inserted into their loan approval/documentation.

5.17 Foreign income in home loan applications

- Income earned outside of New Zealand or Australia will not be recognised in home loan applications for customers that are deemed non-resident.
- Where the customer is deemed a resident for a residential property transaction, foreign income may be recognised subject to the following shading/LVR requirements:
    - Where the customer predominantly lives outside of NZ or Australia, foreign income must be shaded by 40% and the maximum allowable LVR is 70%; or
    - Where the customer predominantly lives in New Zealand or Australia, income must be shaded by 10%. Standard LVRs apply.
- For the purposes of this policy, predominantly means 50% or more over the course of a year.
- BNZ will convert the foreign income to NZD at its rate on the day for that currency.
- Only net income from employment or overseas pensions can be accepted.
    - Applications involving foreign income from self-employed activities, companies and trusts cannot be accepted. Uncertain income (overtime, bonus, commission) cannot be accepted.
- Overseas rental income is allowable provided the following are applied:
    - The relevant country of residence shading (refer section 5.17); and
    - Further rental income shading of 30%.
- Where the customer has foreign debt, it must be included in the statement of position
    - BNZ will convert the foreign debt to NZD at its rate on the day for that currency
- Refer also the table below.

	Non-Resident	Resident
Lives predominantly outside of NZ/Australia	Not permitted	Must be shaded by 40% Max LVR 70%
Lives predominantly in NZ; or Lives predominantly in Australia and earns income in Australia	Not permitted	Must be shaded by 10% Usual LVRs apply.

5.18 Property Under Construction (Houses Under Construction)

Applies to:

- Lending involving the construction of a new dwelling, including kitset homes and relocated dwellings.
- All usual home loan policy applies.
- LVR must be calculated against the lower of:
  - Cost to build + land value; or
  - Value upon completion.
- Maximum LVR 80%. See below for requirements where LVR > 80%.
- Fixed price contracts are preferred, but for labour only additional requirements apply. See below.
- Building contractor must be a Licensed Building Practitioner.
- Borrower's cash contribution must be utilised before any advances from BNZ.
- Written request must be received from the customer for each drawdown.
- Construction must be completed, and loan fully drawn, within 12 months.
- 5% of the original loan amount is withheld pending final inspection certificate from the council. Code Compliance Certificate is required within 6 weeks of final drawdown.
- Loan must be on variable rate during the build, can be switched to fixed after final drawdown. Interest-only is available.

Documentation required

- The building contract, which must include a construction budget/schedule of costs and a schedule of expected progress payments.
- Building consents.
- Confirmation of contracts works insurance (which must be at least equal to the contract price) and public liability cover of $1M (required for Labour Only contracts, or where not confirmed within the Fixed Price contract).
- City Council Building Consent Schedule of Inspection
  - A copy of the Schedule of Inspections must be provided by the customer prior to making the first draw down. This applies to new residential construction (fixed price, labour only, cost overrun and renovations and extensions (council permit required).
- Council Inspections
  - Prior to advancing the progressive draw down that will equal or exceed 50% of the total loan amount, all council inspections due to date need to be provided by the customer and confirmed as passed (as per schedule of inspections).

Valuation requirements

- Full registered valuation required, ordered via Valocity, showing:
  - Current market value;
  - Land value; and
  - Value upon completion.
- Progress valuations are not required provided there is a fixed price contract in place and drawdowns are in line with the progress payment schedule.
- Final valuation required prior to final drawdown confirming property is complete and completion value has been achieved.

Additional requirements for Labour Only

- All quotes for materials and subcontractors.
- Progressive drawdowns made against invoices.
- Progress valuations required for each drawdown.

House Under Construction – Over 80% LVR

LVR may be extended up to 90% for construction of new dwellings, subject to:

- All usual House under Construction requirements (see above for details).
- Build must meet RBNZ exemption criteria as applied under BS19; and
- Customer must have a full fixed price contract, which must:
    - include all hard landscaping, fixtures and fittings; and
    - not allow any variations, or any work to be completed by the customer themselves without BNZ's consent.
    - confirm that the builder will absorb any price increases of materials during the build.

Turnkey/Off Plans Purchases

- Maximum LVR 90%, subject to property type restrictions.
- RBNZ exemptions are available.
- A Registered valuation is required at the outset showing 'as if complete' value, with Valuation Completion Certificate (also known as a Final Progress Payment report) required prior to drawdown.
- CCC required prior to drawdown.

Major renovations

- Where a customer is undertaking renovations that require a building consent the BNZ may impose some or all of the requirements that would usually apply to full construction.
- Where the customer has sufficient equity (based on current valuation) and is not reliant on the increased value of the property to support increased lending, the requirements may be reduced.
- At a minimum the building consent for the work must be provided. Any other conditions will be imposed at BNZ's discretion.

5.19 Home loan management and administration

Responsible Lending Obligations for agreed variations to existing home loans

- Under the Credit Contracts and Consumer Finance Act 2003, BNZ has several lender responsibilities it needs to comply with in relation to all subsequent dealings in relation to existing home loans, including:
    - assisting customers to make informed decisions; and in some cases
    - suitability inquiries and assessments; and/or
    - affordability inquiries and assessments.

Interest rate and product modifications

- (Re)fix - customers may request to (re)fix their interest rate, subject to BNZ's approval provided:
    - The previous fixed rate period has ended, or is about to end (or earlier where the customer is prepared to pay an Early Repayment Charge).
    - Fixed rate term requested does not exceed the remaining term of the loan, and the documented maturity date of the loan does not change.
    - Ratelock is available up to 60 days prior to the end of the current fixed rate period, subject to Ratelock terms and conditions as set out in the Ratelock Agreement.
    - The customer's accounts are operating satisfactorily and there are no loan arrears.

Before a borrower decides as to whether or not to (enter into a variation agreement to (re)fix their home loan, BNZ must assist every borrower under the agreement to make an informed decision by explaining the details of the proposed variation, including any key changes such as:

- the new fixed rate term;
- the new agreed annual interest rate. A breakdown of the agreed annual interest rate (i.e. base interest rate +/- any customer margin) must be explained to the customer by you. The customer margin is made up of any discount and/or low equity premium (LEP). For LEP margins please refer to BNZ's indicative pricing offer that has been supplied to you. Please refer to **bnz.co.nz** for more information on our current base rates to determine any discount that may have been applied, or contact BNZ for a breakdown;
- An early repayment charge may apply if the borrower repays some or all of the credit early (disclose when refixing or changing from floating to fixed);
- The longer the fixed rate period, the higher any early repayment charges are likely to be if the borrower breaks the fixed rate period early;
- Ratelock Ts&Cs apply (if relevant), including:
    i) the rate is 'locked' in for up to 60 days before the expiry of the current fixed rate period or the start of the new fixed rate period, whichever is earlier;
    ii) a ratelock funding charge of $25 per loan facility may apply;
    iii) BNZ can add, increase, remove or reduce a low equity premium before the start of the new fixed rate period; and
    iv) the customer has the right to cancel the Ratelock Agreement within 5 working days from receiving the ratelock confirmation letter. A copy of the Ratelock Ts&Cs is available at **bnz.co.nz/about-us/governance/terms-and-conditions/ratelock-terms-and-conditions-roorin**
- If a ratelock is not selected, the fixed rate is subject to change before the start of the new fixed rate period;
- where an early repayment charge has been quoted that the figure quoted is valid for that day only and will change daily;
- Changes to the expected end date;
- Changes to the repayment information e.g. amount, frequency etc. Repayments must not be less than the minimum repayment requirements. Please use BNZ's home loan calculator found on **bnz.co.nz** using the customer's remaining term for the most accurate calculation of minimum repayments. Where there is an increase of more than $5 per week due to minimum repayment requirements BNZ will not proceed until we have contacted the customer and confirmed that they are happy with the updated repayment amount;
- there is no ability to redraw during a fixed rate period;
- by discussing whether they are expecting any lifestyle changes (e.g. sale or major renovation of property, having a family, making a significant lump sum payment) during any fixed rate period and if so, whether a fixed rate period is right for their needs or whether a shorter period may be more appropriate;
- by informing every borrower they are under no obligation to agree to the variation; and
- by giving every customer time to consider the variation and reminding them of their right to get independent legal or financial advice if they would like to.

Product transfers

- Highlight any key differences between the products, including:
    - Any change to loyalty rewards – e.g. for Product transfers from Standard to Classic that Flybuys will be removed (and vice-versa);
    - Impact on the 5% extra payment threshold - e.g. from Standard to Classic, the 5% extra payment threshold will be removed (and vice-versa);
    - TotalMoney - explain how the offset feature and group balances work if moving to a TotalMoney home loan; that regardless of the amount being offset, the customer is required to pay the full principal and

interest payment as if the loan is not offset. Any interest saved in offsetting means a greater portion of the repayment is allocated toward reducing the principal amount outstanding;
- Any applicable cancellation rights;
- That they are under no obligation to make the change.

More assistance – consider whether more assistance may be needed and record further detail in the BNZ Rate change/Product Transfer Form (refer 5.1 above for more detail).

Lenders (i.e. BNZ) may contract another person (i.e. you as the Adviser) to act in order to meet its lender responsibilities, by providing assistance on their behalf. Where BNZ does not talk to the borrower about the home loan, rate change, product change or maintenance requests BNZ requires the Adviser to inform the borrower of the details of the proposed variation as set out above.

When assisting BNZ customers with their (re)fix/product transfer instructions, please complete a **Maintenance request Form BNZ rate change/product transfer** and email through to **BNZ_Broker_Pricing@bnz.co.nz** BNZ will not proceed until this has been received as fully completed and signed by you the Broker.

BNZ Broker Hub home loan roll over process (existing customers)

1

Adviser contacts BNZ Pricing team

Adviser should email **bnz_broker_pricing@bnz.co.nz** with details of the lending to be refixed.

- Please include: Customer **Name**
- Customer **Account / loan number**
- A signed **Authority and Declaration** (required where Adviser has not dealt with customer previously or no previous A&D).

2

BNZ Pricing team provide rates

BNZ Broker Pricing team will respond by email with rates to discuss with the customer.

3

Adviser discusses with customer

Adviser will discuss final structure with the customer (including any key changes as detailed on previous page).

Should customer choose to proceed, send a *BNZ Rate Change / Product Transfer form* to **bnz_broker_pricing@bnz.co.nz**

4

BNZ processes the change

BNZ Broker Pricing team will set up lending with new rates.

In some cases BNZ will need to confirm the changes with the customer over the phone before continuing.

5

Customer receives confirmation

Customer will receive confirmation details by email if they have consented to electronic disclosure (cc'ing the Broker), otherwise they will receive confirmation by post.

For other loan maintenance requests, the customer can visit a branch, use secure messaging via internet banking or call 0800 275 269.

Or you can email the details through to us and we will point them in the right direction.

Home Loan Splitting / Amalgamations / Change to or from Rapid Repay / Change Table to Non-table (and vice-versa)

Customers may request, subject to BNZ's approval, to split their existing home loan into two or more separate products amalgamate two or more existing loans into one loan, or change to or from Rapid Repay. This results in new loan facilities being entered into requiring a suitability assessment to be undertaken, assisting the customer(s) to make an informed decision and initial disclosure being provided. Key requirements are set out below:

- **Suitability** assessment is required (refer product suitability rules at 5.1 above);
  - customers' accounts should be operating satisfactorily and no arrears;
  - new documentation will be required;
  - term cannot exceed the remaining term of the existing loan;
  - aggregate loan amount cannot exceed the amount outstanding on the existing loan(s);
- **Assistance** also required – inform the customer of the key details of the change. For example:
  - key differences between existing and new product (if relevant) – for example:
    - key differences between a term loan and a revolver or between a table and non-table loan;

  - any change to loyalty rewards – e.g. from Standard to Classic that Flybuys will be removed (and vice-versa);
  - impact on 5% extra payment threshold - from Standard to Classic, the 5% extra payment threshold will be removed (and vice- versa);

- TotalMoney - explain how the offset feature and group balances work if moving to a TotalMoney home loan; that regardless of the amount being offset, the customer is required to pay the full principal and interest payment as if the loan is not offset. Any interest saved in offsetting means a greater portion of the repayment is allocated toward reducing the principal amount outstanding.
- new loan amount or credit limit (if relevant - i.e. home loan split or amalgamation);
- new payment details (amount and frequency). Repayments must not be less than the minimum repayment requirements. Please use BNZ's home loan calculator found on **bnz.co.nz** using the customer's remaining term for the most accurate calculation of minimum repayments. Where there is an increase of more than $5 per week due to minimum repayment requirements BNZ will not proceed until we have contacted the customer and confirmed that they are happy with the updated repayment amount;
- total interest and total amount of payments if the documented term of the loan(s) is 7 years or less, or if the expected end date is 7 years or less from inception of the loan(s). Not applicable for Rapid Repay loans;
- any establishment or redocumentation fees; if any fees are included in the loan amount, the additional costs of financing that fee (i.e. there will be additional interest costs and therefore more to pay over the term of the loan);
- agreed annual interest rate; whether fixed or variable; fixed rate term; if variable – that variable rates are subject to change and payments may change as a result; a breakdown of the agreed annual interest rate (i.e. base interest rate +/- any customer margin) must be explained to the customer by you. The customer margin is made up of any discount and/or low equity premium (LEP). For LEP margins please refer to BNZ's indicative pricing offer that has been supplied to you. Please refer to **bnz.co.nz** for more information on our current base rates to determine any discount that may have been applied, or contact BNZ for a breakdown;
- An early repayment charge may apply if the borrower repays some or all of the credit early (disclose when the new loan will have an initial fixed rate period);
- if applicable, the longer the fixed rate period, the higher any *early repayment charges* are likely to be if the borrower breaks the fixed rate period early;
- the rate of any default interest (i.e. currently 2%p.a. above the *agreed annual interest* that applies at any time. If default interest is charged it will be calculated from the date the overdue amount became due until the date it is actually paid).
- the consequences of default, including the default interest rate, the security property being at risk (i.e may be sold), credit rating may be adversely affected and that BNZ may also make demand on any guarantor and their security property.
- they can cancel the loan agreement(s) within 8 working days after they receive the loan documentation;
- that they are under no obligation to make the change and can take as long as they need to consider the agreement(s);

More assistance – consider whether more assistance may be needed and record further detail in the BNZ Adviser Handover Form (refer 5.1 above for more detail). ;

- **Initial Disclosure**
  - ensure a copy of the Letter(s) of Advice, Home Loan Facility Master Agreement and the Personal Account, Service and Facility Fees brochure is provided directly to every borrower and guarantor under the agreement(s) before the agreement(s) is entered into; and
  - ensure you have first obtained consent to electronic disclosure if the customer(s)/guarantor(s) want the documents provided electronically (e.g. by email or via docusign).

Interest-Only Modifications

Subject to BNZ's approval interest only periods are available to customers throughout the term of their loan, subject to:

- Brokers must supply up to date evidence of income and statement of position so that BNZ can undertake an affordability assessment.
- A diary note outlining the request along with a BNZ Affordabiliy Calculator must accompany the submission.
- BNZ being satisfied with the reason for the interest only request.
- Loan can be converted to principal and interest from interest-only at any time.
- Assist the customer to make an informed decision, by informing every borrower interest that on an interest only period, their regular repayments will reduce however they are not paying off any principal so their payments may be higher at the end of the interest only period and they may have to pay more over the term of the loan.

Extension of Documented Term

- Requires re-approval of lending and subject to normal lending requirements.
- Re-documentation is required, which will involve break of any fixed rates. ERCs may apply.
- Suitability assessment also required. Refer 5.1 above.

Early repayment/lump sum reductions

- Permitted at any time.
- Early repayment charges may apply.

Home loan re-draw

Available where the customer has repaid more than the minimum on their home loan, subject to:

- Minimum amount $3,000.
- Maximum amount determined by BNZ's calculation/systems.
- Brokers must supply up to date evidence of income and expenses, and statement of position so that BNZ can undertake an affordability assessment.
- Customer must disclose purpose of re-draw.
- Approval at BNZ's discretion.
- Re-draw application form must be completed and signed.
- Not available where loan is on a fixed rate or interest-only, or where lump sum reductions have been made to the loan via property sale.
- Not available where purpose is renovations or construction that require a permit/consent.

Home loan payment deferral (aka repayment holiday)

Only available where a customer has repaid more than the minimum on their home loan and the holiday will not require an increase in repayments, subject to:

- Maximum period available is three months.
- Only one holiday is available every two years.
- Customer must disclose purpose.
- Loan balance and term must not exceed that which was originally documented.
- Approval at BNZ's discretion.
- Not available for reasons of financial hardship.
- Not available on Rapid Repay or TotalMoney.

Note: that these requests are not processed via the BNZ Broker Hub. Customers should request via one of our branches or BNZ Customer Contact Centre

Transfer loan with home

In the event of sale, customers are permitted to transfer their existing lending to a new property, subject to:

- A transfer loan with Home request form must be completed.
- Date between settlement of existing property and purchase of new property may differ by up to three months.
- Where there is a difference in settlement date BNZ takes security over and holds settlement funds of at least equal to the loan balance.
- Customer must continue to meet loan repayments.
- New security being offered must meet all of BNZ's usual requirements.
- Approval is at BNZ's discretion.

Change in situation, financial difficulty and hardship

If a customer notifies an Adviser/Broker of a change that will impact their ability to meet their obligations, please refer to BNZ immediately as BNZ has a very strict timeframes to comply with in relation to hardship applications. Changes could include a relationship separation, illness or injury, or a reduction in income. BNZ can work with customers to find solutions for changes to their circumstances.

6. Supporting information requirements

Your application should contain:

Purpose, product suitability, and needs analysis

- The amount and purpose of the lending, including a funding table where appropriate.
- A clear analysis of how the product requested is suitable for the customer's needs.
- The term over which the borrower wishes to repay the loan.
- Requested product structure/type.
- Confirmation of the deposit source, and how this has been evidenced (where appropriate).

Income

- A check should be completed to ensure the supporting evidence you are providing for this application matches with the income figure you are using.
- Provide further information on the customer's income that may be relevant. This could include alternate income sources or reasons behind short time in employment, or any changes that might be expected in the following 12 months.

Security

- Detail what type of property is being offered and is there anything additional about the property BNZ should know.
- Ownership structure (e.g. individual, joint, Family Trust, LTC etc.).

Credit history

- Where it is a new to BNZ customer, review bank statements supplied to you.
- Identify and comment on any adverse behaviour (frequent unarranged excesses, dishonour history, any expenses/debt payments that have not been disclosed).
- Is the customer aware of any defaults/collections/judgments on their credit check? If so, provide comment and background.

Other information

- Details of any areas of BNZ policy that are not met and/or any weakness in the deal, with supporting mitigants.
- Confirmation that supporting documents (including KYC & TB Identification and Address Verification documents) have been verified in accordance with BNZ policy.
- If the customer has been identified as a 'Vulnerable Borrower, and the reasons for this.

7. Know Your Customer and their business – KYC & TB

To comply with AML/CFT legislation around KYC & TB requirements, the following documentation will be required. BNZ will need to be in possession of the below documents prior to going unconditional on the loan approval.

All ID items must:

- Contain at least a first name and last name.
- Be confirmed as true and accurate copies of originals or online versions where indicated in Group 3, sighted by the Broking Adviser and recorded as part of the application. An approved trusted referee can certify both identification and proof of address documents, see the trusted referees section for more information.
- Be clear, legible, a good likeness, not defaced, or mutilated.
- Be valid (signed where applicable and not cancelled). Copying the back of documents will ensure we are provided with signatures and expiry dates where applicable.
- Be translated where applicable by the Broking Adviser, trusted referee or BNZ Broker Hub staff member.

There may be times when your customer does not have the acceptable documentation outlined below, for those exceptions please contact the Broker Hub to discuss if BNZ can assist.

Identification from any of the three groups plus address verification is required

Group 1 One form of the following primary photo ID:

- A current New Zealand passport.
- New Zealand certificate of identity.
- New Zealand firearms licence.
- Emergency travel document.
- New Zealand refugee travel document.
- A current Overseas passport*.
- National identity card*.

*These two documents must also include customer name, date of birth, photo and be issued by a foreign government, the UN or an agency of the UN. Passports must contain a signature and National ID cards must contain a signature/biometric measure (e.g. fingerprint) where relevant.

Where possible, obtain current ID from the customer. However, these forms of ID (excluding passports) are permitted to be expired up to a maximum of 12 months.

OR

Group 2 A form of non-photographic ID together with a valid form of photographic ID

One form of the following primary non-photo ID:

- New Zealand full birth certificate.
- Certificate of New Zealand citizenship.
- Citizenship certificate issued by a foreign government.
- Birth certificate issued by a foreign government.

AND

Together with a supporting form of photo ID:

- New Zealand driver licence**.
- 18+ card (Hospitality Association)**.
- A valid and current international driving permit. (This form of photo ID cannot be expired.)
- KiwiAccess Card.

Where possible, obtain current ID from the customer. However, only the options identified with ** are permitted to be expired up to a maximum of 12 months.

OR

Group 3 A NZ driver licence together with an additional form of ID

Along with your NZ driver licence, choose one of the following forms of alternative ID:

- An item issued by a NZ Government agency on **this list** that contains your name and signature, for example a SuperGold card or Community Services card.

The documents listed below must be dated within the last 12 months. Original or online versions are acceptable.

- A bank statement issued by a registered NZ bank on **this list**. Excludes any bank statement issued by BNZ.
- A statement issued by a NZ Government agency on **this list**.

Where possible, obtain current driver licence from the customer. However, it is permitted to be expired up to a maximum of 12 months. All other forms of ID in option 3 must be current.

And address verification

All address documents listed below must:

- Be confirmed as true and accurate copies of originals or online versions where indicated, sighted by the Broking Adviser and recorded as part of the application. An approved trusted referee can certify proof of address documents, see the trusted referees section for more information.
- Display the customer's name and residential address.
- Be dated within the last 12 months.
- Not be targeted promotional or marketing material.
- Be translated where applicable by the Broking Adviser, trusted referee or BNZ Broker Hub staff member.

In the event that the documents have been sent to an address where the customer does not reside, you can use this provided it includes the customer's name and residential address. For example, mail sent to the customers PO Box which includes their residential address is acceptable.

There may be times when your customer does not have the acceptable documentation outlined below, for those exceptions please contact the Broker Hub to discuss if BNZ can assist.

Originals of the following items must be sighted by the Broking Adviser:

- A NZ driver licence that displays the customers current residential address. (Where possible obtain a current driver licence from the customer. However, it is permitted for the licence to be expired up to a maximum of 12 months).
- A document from a NZ Electoral Office.

Originals or online versions of the following items must be sighted by the Broking Adviser:

- A utility bill from the customer's power, gas, water, land-line phone, SKY, or internet service provider company.
- A NZ council rates notice/valuation.
- A document from a NZ bank, bank subsidiary, credit union or financial institutions that provides lending or deposit related products only. Excludes Financial advisers, mortgage brokers, money remitters or any document issued by BNZ or subsidiary of BNZ etc.
- A document from a NZ insurance company that contains a unique policy or reference number (this does not include quotes). Excludes any policy or reference number issued by BNZ.
- A document issued by a NZ Government agency on **this list**.
- A document from a NZ superannuation provider that has a unique customer or reference number.
- A document from a current NZQA registered education provider identified on **this NZQA list**.
- A letter from their current employer. Excludes any letter provided by BNZ or a subsidiary of BNZ.
- A residential rental agreement.
- A company extract from the **Companies Office**. (Note: this can verify the address of the company but not individuals)

Customers arriving from overseas can also use the original or online version of the documents listed below:

- A statement from an overseas bank or financial institution showing the customer's overseas residential address.
- A confirmation letter from an overseas bank or financial institution showing the customer's overseas residential address.
- A utility bill from the customer's power, gas, water, land-line phone or internet service provider showing the customer's overseas residential address.
- A rates notice (or overseas equivalent) showing the customer's overseas residential address.
- A utility bill (as above) or rates notice (or overseas equivalent) addressed to the customer's partner or family member with accompanying documents to connect the customer to the person named in the utility bill (such as a marriage certificate or birth certificate).
- A passport, national identity card, Resident Identity Card, or current overseas driver license issued by an overseas government agency that contains the residential address of the customer.
- A travel permit/visa issued by a government agency (including a permit issued by a New Zealand government agency) that contains the residential address of the customer.
- A residential tenancy agreement for an overseas address in the name of the customer (or customer's partner).

Certification of ID and address verification by a trusted referee

What does the trusted referee do?

If the customer is unable to complete KYC with you face to face, they can choose to have the above identification and address verification documents certified by an approved trusted referee.

This option is only available for customers and trusted referees within New Zealand.

Certification must:

- Include the name & signature of the trusted referee.
- Include the date of certification.
- Have been carried out in the three months preceding the presentation of the copied documents.

The trusted referees must:

- Be at least 16 years of age.
- Sight the original documentary identification.
- Make a statement to the effect that the documents provided are a true copy and represent the identity of the named individual (true likeness where photo ID is used).
- Specify their capacity to act as a trusted referee from the approved trusted referee list below.

Trusted referees must not be:

- A spouse or partner of the customer.
- Related to or living at the same address as the customer.
- A person involved in the transaction or business requiring this certification (for example, the broking agent who is also a Justice of the Peace or a customer visiting their solicitor to set up a trust or register a mortgage, cannot use that same solicitor to certify their KYC documents. Another solicitor at the firm could be used as their trusted referee).

Certified copies of the original documents can be sent to the bank from the trusted referee or the Broking Adviser via email, post or courier.

Who can be a trusted referee in NZ?

Approved NZ trusted referees include the following:

- Member of the police
- Justice of the Peace
- Registered medical doctor
- Kaumātua (as verified through a reputable source)
- Registered teacher
- Minister of religion
- Lawyer (as defined in the Lawyers and Conveyancers Act 2006)
- Notary public
- New Zealand Honorary Consul
- Member of Parliament
- Chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996)
- A person who has the legal authority to take statutory declarations or the equivalent in New Zealand
- Commonwealth representative (as defined in the Oaths and Declarations Act 1957)

7.1 Foreign tax residency

As part of global measures to counter tax evasion, all NZ banks and financial institutions are now required to collect information about their customers' foreign tax residency and pass that and other personal and account information onto Inland Revenue, which may then be exchanged with overseas tax authorities.

Generally called the Common Reporting Standard, it has been initiated by the Organisation for Economic Co-Operation and Development (OECD) under the Automatic Exchange of Information (AEOI) regime to achieve the exchange of certain information between participating countries. Currently over 100 countries have agreed to implement the standard, including New Zealand.

Personal customers will need to complete a self-certification confirming:

- Their country or countries of tax residence and corresponding tax number(s) or equivalent(s).
- If the customer is a foreign tax resident but can't provide a foreign tax number(s) or equivalent(s), the reason why they can't.

Non-personal customers will need to complete a self-certification confirming:

- The entity's country or countries of tax residence and corresponding tax number(s) or equivalent(s).
- If the entity is a foreign tax resident but can't provide a foreign tax number(s) or equivalent(s), the reason why the entity can't.
- The entity's status.

If the entity classifies itself as a passive non-financial entity, BNZ also needs to collect a self-certification from all Controlling Persons of the Entity.

Important: The self-certification documents will be requested with the customer's letter of offer, and will be collected by BNZ as part of the handover from the Broking Adviser. BNZ requires this information to be collected before any accounts can be opened, any ratelock confirmed and any loan(s) documented.

Further information/documentation may be required to evidence the above (for example, a passport with a NZ residency visa). BNZ will contact the customer if any further information is required in respect of the above.

7.2 Nature and Purpose

In order to comply with New Zealand's anti-money laundering legislation, we're required to collect information about the expected banking activity of our customers.

A completed Nature and Purpose form is mandatory for all customers opening a product with BNZ. The completed form gives us an idea of the type of banking activity we can expect from the customer, and it will help us identify unusual or suspicious transactions.

Customers required to complete a Nature and Purpose form

A completed form is required for each new BNZ customer (or for existing customers who have not previously provided their Nature and Purpose details) who is opening a product or account, including lending:

- Each customer must complete a **Personal Customer Nature and Purpose form**.
- One **Personal Customer Nature and Purpose form** must be completed for each joint customer relationship (this can be completed by one of the joint parties)
- One **Non-Personal Customer Nature and Purpose form** must be completed for each non-personal customer (this can be completed by a beneficial owner / effective controller on behalf of the non-personal customer)

Customers not required to complete a Nature and Purpose form

- Customers being on-boarded to BNZ without an account e.g. Guarantor only, Person Acting on Behalf (PAOB)

8. Products

This section outlines the various BNZ home loan products you can offer your customers to help them be good with money. BNZ's lending criteria, terms and conditions and fees apply for each product mentioned. Further product details and BNZ's Standard Terms and Conditions and Personal Fees Guide are available on the BNZ website.

Further information on the Common Reporting Standard, copies of the relevant self certification forms and how to help customers identify their entity classification can be found at **bnz.co.nz/crs**

8.1 Features

Name	Max term	Rewards	Fixed Rates	Extra repayments	Interest only	Tailored repayments	Repayment holiday
TotalMoney[1]	30	-	-	✓	✓	✓	-
Standard/ Flybuys home loan	30	Flybuys points[2]	✓	✓[3]	✓	✓	✓
Classic home loan[4]	30	-	✓	✓[5]	✓	✓	✓
Rapid Repay home loan	25	-	-	✓	-	-	-

1. TotalMoney Terms and Conditions apply.
2. Flybuys terms and conditions apply. BNZ (and its related companies) do not guarantee the redemption of Flybuys or that Flybuys will continue to be offered for products or services provided by them. The BNZ Flybuys home loan is also known as the BNZ Standard home loan. Flybuys collection rates can change without notice.
3. The Flybuys fixed rate facility permits lump sum repayments of up to 5% during a 12 month period without incurring an early repayment charge (ERC). The 5% is calculated on the outstanding loan balance at the start of the fixed rate period, and the 12 month period is from the anniversary date of the fixed rate. Payments above this level may incur an ERC.
4. Available with a minimum 20% equity.
5. Any extra repayments, or lump sum payments may have an ERC applied.
6. A Residential Owner Occupied or Residential Investor Rate will apply. For more information refer to section 8.6.

8.2 Benefits

Product	Customer benefits	
TotalMoney	• Combines the balances of up to 50 TotalMoney transactional and savings accounts and offsets these from the total owing on the customer's home loan, reducing the amount of interest they pay. • By paying less interest, they will pay back more of the original loan (the principal) with each repayment. This means the customer could get mortgage-free faster, while saving thousands of dollars in interest. • Regardless of the amount being offset, the customer is required to pay the full principal and interest payment as if the loan is not offset. Any interest saved in offsetting means a greater portion of the repayment is allocated toward reducing the principal amount outstanding.	
Standard/Flybuys home loan	• Allows customers to be rewarded for their home loan with Flybuys based on the average monthly loan balance as below:	
	<$50K $50K-$149K $150K+	9 points per month 34 points per month 84 points per month
Classic home loan	• Allows for our most competitive fixed rates on selected terms. Gives certainty for customers when cost is a primary factor in decision making.	
Rapid Repay home loan	• Basically an overdraft where customer can use their income and savings to reduce the balance of their home loan so they pay less interest while retaining ready access to their money.	

8.3 TotalMoney Groups

TotalMoney enables offsetting to reduce the interest cost on a customer's TotalMoney home loan. How customers may be grouped together to take advantage of this is detailed below.

One individual	• Any individual can have TotalMoney and can form their own group with some or all of their own personal accounts. • Sole traders can be in their own TotalMoney group.
More than one individual (including sole traders and partnerships)	• Couple (must be married, defacto or civil union). • Parents and dependent and independent children - natural, adopted, step and wards. • This includes parent/s and: (a) joint accounts between parents and children. (b) joint accounts between children and their married, defacto or civil union partner. (c) joint accounts between siblings. • Sole trader and the personal accounts of the sole trader and families' accounts as defined above.
Non-Personal Customer	• Trusts must be in their own TotalMoney Group. • Companies (including LTC) must be in their own TotalMoney Group. • A Non-Personal (Trust/Company) TotalMoney group cannot contain any other entity (including personal/individual). • Offsetting between Trusts, Companies and Individuals/Joints is not permitted.

8.4 Fees

All fees are subject to change. The latest fees are available on the BNZ website.

Customer benefits	TotalMoney	Standard/Flybuys	Classic	Rapid Repay
Establishment[1]	$150[1]	$150[1]	$150[1]	$150[1]
Re-fix	$0	$0	$0	$0
Top-up	$100[1]	$100[1]	$100[1]	$100[1]
Re-documentation	$50[1]	$50[1]	$50[1]	$50[1]
Ratelock	-	$25[2]	$25[2]	$25[2]
Monthly fee	$10	$0	$0	$2
Transactional - electronic	$0	-	-	$0
Transactional – manual	$0	-	-	$0

1. For individual customers (where the customer is a natural person and not a company/trust) if the loan is primarily for personal, domestic, or household purposes. For all non-personal lending, including but not limited to cases where investment properties, family trusts or companies are involved, a fee of up to 1% of the loan may be charged for this service.
2. Fee applies if a customer does not proceed with the lending, or does not take up the rate agreed (in favour of a lower rate) within 60 days of the Ratelock approval.

8.5 Residential Owner Occupied & Residential Investor rates

BNZ has two different interest rate types based on how a home loan is secured:

- The Residential Owner Occupied rate will apply to home loans that are directly secured against either:
  - The home that you live in; or
  - The home that you live in and a residential investment property or properties.
- The Residential Investor rate will apply for home loans that are directly secured by a residential investment property or properties only.

Directly secured means your home loan and any property that secures your home loan are in the same name. As the rate is determined by what is 'directly secured', any guarantor or related party properties, will be excluded when determining the interest rate type that applies to your home loan(s).

For more information see **bnz.co.nz/ratesexplained**

9. Customer complaints

If you receive a complaint in relation to a BNZ product or service, please immediately contact BNZ. BNZ has a complaints procedure which will:

a. be documented; and
b. be accessible to the customer; and
c. provide for timely resolution of complaints in a fair and reasonable manner.

BNZ can provide additional information, brochures relating to its complaints procedure and the Disputes Resolution Scheme of which BNZ is a member.

If you have any further questions in relation to this please contact the BNZ Broker hub, your Business relationship manager BRM or visit the BNZ website for further details.

10. Commission

10.1 Commission payments

BNZ will pay the following commission payments for each customer loan, for the provision of the services based on the frequency and criteria set out below.

Commission type	Commission payable	Criteria	Frequency
Upfront	Up to 0.55%	Payable on the total Drawn Limit	Paid within three business days following draw down*
Trail	0.15% per annum	Payable for the Life Of Loan, calculated on the last day of the month starting one month after draw down	Paid monthly on the 1st business day of the month following draw down of the customer loan and criteria is met

* For offset (TotalMoney) home loans, upfront commission is subject to a 10 business day suspension period, and will be calculated on the Drawn Limit net of any offset credit funds and paid 10 business days after the loan is drawn

10.2 Commission eligibility

BNZ will pay the following commission payments for each customer Loan based on the eligibility criteria/ activities set out below:

Activity	Commission payable	Type	Criteria
Purchasing property (new lending, including residential construction loans and re-financing from other financial institutions)	Yes	Upfront and Trail	Upfront on Drawn Limit Trail on Drawn Balance
Selling existing property and purchasing new property at the same time – where the Drawn Limit is the same and there is only substitution of Security (for a BNZ-originated Loan)	Yes	Upfront and Trail	Upfront on Drawn Limit Trail on Drawn Balance
Selling existing property and purchasing new property at the same time – where the Drawn Limit is the same and there is only substitution of security (for a Representative-originated Loan)	Yes	Trail	Trail to continue on Drawn Balance
Selling existing property and purchasing new property at the same time – where the Drawn Limit changes (for both a BNZ-originated Loan and a Representative-originated Loan)	Yes	Upfront and Trail	Upfront on Drawn Limit Trail on Drawn Balance
Top-ups greater than $10,000	Yes	Upfront and Trail	Upfront on Drawn Limit of Top up only Trail on total of Drawn Balance
Default where the Representative has no responsibility for the Default	Yes	Trail	On Drawn Balance until Security is discharged[1]
Default where the Representative has some responsibility for the Default	No	No Trail	Until the Default is remedied
Re-structure (for a BNZ-originated Loan) • Rapid Repay to fixed/variable or TotalMoney, or reverse • Principal and interest to interest-only, or reverse • Term extensions • Re-draw • Loan splitting	Yes	Trail	Trail begins one month after restructure has been completed
Re-structure (for a Representative-originated Loan) • Rapid Repay to fixed/variable or TotalMoney, or reverse • Principal and interest to interest-only, or reverse • Term extensions • Re-draw • Loan splitting	Yes	Trail	Trail continues on Drawn Balance

Change of entity (Borrower or mortgagor)[1] (for a BNZ-originated Loan) Change of Borrower(s) or mortgagor(s) to NTC/Trust or reverse	Yes	Upfront and Trail	Upfront on Drawn Limit Trail on Drawn Balance
Change of entity (Borrower or mortgagor)[1] (for a Representative-originated Loan) Change of Borrower(s) or mortgagor(s) to NTC/Trust or reverse	Yes	Trail	Trail continues on Drawn Balance

1. To be reviewed on a case-by-case basis by BNZ if the change of entity is the result of matrimonial separation.

10.3 Commission clawback

Any commissions already paid may be clawed back by BNZ in the following circumstances:

Period within which Loan is closed or discharged	Clawback %	Type	When
0-14 months	100%	Clawback of upfront commission only	Initiated within 5 Business Days of the Loan being closed or discharged
15-28 months	50%		

Commissions are subject to change. For further terms and conditions and details around commission payment (including clawback), please discuss with your aggregator.

Definitions for this section:

BNZ-originated Loan means a Loan that was originated by BNZ and not a Broking Adviser.

Drawn Limit means the total home lending limit approved and recorded by BNZ for a Loan.

Drawn Balance means the current outstanding home lending balance recorded by BNZ for a Loan as at the last day of the month.

Life Of Loan means the period until the loan is repaid in full, closed or discharged.

Loan means a residential BNZ home loan issued or varied as a result of an application introduced by a Broking Adviser.

Default means the occurrence of an event allowing BNZ to demand early repayment or a deduction in credit limit for a loan as set out in the BNZ Home Loan Facility Master Agreement.

Representative-originated Loan means a Loan that was originated by a Broking Adviser and not BNZ.

Top up means an increase to the Drawn Limit recorded by BNZ for a Loan in circumstances where there is no change to the relevant security.

Appendix 1: Accreditation Process

1. BNZ will receive an accreditation pack from your aggregator, which includes the following
- Completed BNZ Broking Adviser Accreditation application form
- Confirmation that you have completed and passed our BNZ Knowledge Assessment

2. BNZ will undertake some final checks and if all looks OK, we will send you a welcome email containing all you need to know along with your BNZ Broker Adviser ID – please keep your Broker ID safe as it may be used by BNZ to identify you from time to time.

To maintain your accreditation BNZ requires:
- Ongoing compliance with your obligations under the BNZ Code of Conduct and BNZ Broking Adviser Guide.
- That you undertake additional BNZ learning if, and when, BNZ requires.

Appendix 2: Code of Conduct

As a BNZ accredited Broking Adviser, you must at all times:

- Carry out your obligations in a professional, proper and ethical manner and in compliance with all applicable laws including the Secret Commissions Act 1910, the Fair Trading Act 1986, the Consumer Guarantees Act 1993, the Credit Contracts and Consumer Finance Act 2003, the Financial Markets Conduct Act 2013, the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Privacy Act 1993 and the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 including any amendments or variations to that legislation, and any other relevant law and applicable codes, including the Responsible Lending Code.
- Comply with the BNZ Broking Adviser Guide and any other BNZ instructions at all times.
- Meet and maintain accreditation requirements, and undergo training as reasonably required by BNZ as detailed in Accreditation Process Appendix 1 of this Guide.
- Ensure every customer is provided with sufficient information about BNZ's home loan products to make an informed decision.
- Inform the customer, in writing, before the customer signs the application, that BNZ will pay you commission (as required by your disclosure documents).
- Not receive money from customers in relation to applications or loans unless authorised by BNZ in writing to do so.
- Not use any advertising, promotional or other material or documents which uses BNZ's name or logo or otherwise identifies BNZ or any of BNZ's products without BNZ's prior written consent.
- Not initiate or encourage (directly or indirectly) or engage in any other conduct for which the primary reason is to generate commission rather than service the needs of a customer including in relation to the rate or manner of refinancing of loans.
- Ensure that BNZ is given the first opportunity to provide indicative rates to BNZ's existing customers unless specifically advised that the customers do not want BNZ to be approached.
- Maintain confidentiality at all times and not disclose any **Confidential Information** in relation to the customer except to BNZ.
- Not prepare a credit submission for any **Family Members** or entities you directly or indirectly have control over.
- Not engage in any of the following conduct:
    1. Two-Tier marketing/property ramping.
    2. Wrap mortgages or rent to buy schemes.
    3. Ghost Writing.
    2. Direct Conflict of Interest; and
    3. Tied Relationships.
- Any potential breach of this Code of Conduct or any other obligations in the BNZ Broking Adviser Guide will be investigated, and if a breach is substantiated, then BNZ may immediately withdraw your accreditation on written notice to you.

Definitions

Confidential Information:

All trade and business secrets and other **Confidential Information** and documents, including this guide and procedures relating to those requirements, relating to our affairs or business or any of BNZ's related companies.

Direct Conflict of Interest:

Direct Conflicts of Interest are where a Broking Adviser, along with being involved as a Broking Adviser, is also involved in one or more parts of the property transaction e.g. real estate sales, property development to which the loan relates.

Family Members:

Includes partners or spouse, parent, child, brother or sister, grandparents, grandchild, or partner's parents or spouse's parents.

Ghost Writing:

Ghost Writing is where a Broking 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 Broking Adviser interviewed the customer, couldn't get the loan approved, and passed it to a BNZ accredited Broking Adviser to submit for them.

Tied Relationships:

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

Two-Tiered Marketing/Property Ramping:

Two-Tiered marketing occurs when two different prices are applied to the same property - one that a local resident would pay and an 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 schemes:

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.

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.

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