

This document sets out your loan's terms and conditions

In this document we've explained the terms and conditions applying to your ANZ Home Loan. It includes key information about the repayments you'll need to make, how we'll charge interest, and what happens if you break your loan agreement.

We're happy to help if you have any questions. We have more information about us, including the branch nearest you, on our website anz.co.nz or call 0800 269 296.

Some key information about your loan

- We're lending you money and you'll need to repay it. We charge you interest on that money and there will be fees you'll need to pay.

Your ANZ Home Loan is a long-term commitment – please check you can afford your repayments now and in the future.

- If your loan isn't right for you, you have the right to cancel it. See the section 'You can cancel your loan for a short time after draw down'.
- Even though the right above is for a short time, you can repay your loan at any time. See the section 'You can repay your loan early'.
- We can make changes to the terms of your loan. If more than one person is the borrower, any of those people can ask us to make a change, including to your loan amount. See the section 'We can change the terms and conditions of your loan agreement'.

If you ask us to change your loan, you agree to protect us from claims from any other borrower if we act on your instructions.

- It's important you always comply with your loan agreement. If you break your loan agreement, including missing your loan repayments, the results can be serious. See the section 'what happens if you break your loan agreement'.

If you break your loan agreement, we may ask you to repay your loan, and may sell your home to recover money you owe us if you've given us a mortgage.

- If you have any problems with your loan, including making your loan repayments, let us know. We may be able to work with you, or give you support and information that could help you get back on track.

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As part of our commitment to you, this document meets the WriteMark Plain English Standard. If you have any questions about this document, please ask at any branch, phone us on 0800 269 296, or send us an email from our website.

A glossary of the terms we use in your loan summary, these loan terms and conditions, and any loan variation letters

Break

- In your loan summary, these loan terms and conditions, and loan variation letters we use the term 'break'. We also talk about what will happen if you break your loan agreement or another agreement with us. You'll break your loan agreement or another agreement with us if you don't do something you agreed to do. Or, you do something you agreed not to do. You'll also break your loan agreement or another agreement with us if other events happen that we've said will cause you to break your loan agreement or another agreement with us.

For example, you'll break your loan agreement if you don't make your scheduled loan repayments or pay other amounts that are due. You'll also break your loan agreement if you become insolvent.

Business day

'Business days' are any days except Saturdays, Sundays, or New Zealand national public holidays.

Draw-down date

The 'draw-down date' is the date we make the money we're lending to you available for you to use.

Fixed-rate period

If you have a fixed interest rate, the 'fixed-rate period' is the length of time your interest rate will stay the same. After this time, your interest rate will automatically change. We've explained in your loan summary or loan variation letters what will happen to your interest rate at the end of the fixed-rate period.

Guarantor

A 'guarantor' is a person who agrees to pay the amounts you owe us if you break your loan agreement. The person giving us a guarantee may also give us security for that guarantee. For example, the person giving us a guarantee may also give us a mortgage over property they own as security for that guarantee. This means we can sell their property if they don't pay us money we ask for under the guarantee.

Insolvent

You're 'insolvent' if any of the following apply:

- you can't pay your debts when they're due
- you're made bankrupt
- you go into receivership, administration, liquidation, or statutory management
- you enter arrangements with the people you owe money to reduce the amount you have to pay, or to pay it on different terms because of your financial difficulties.

Loan

In your loan summary, these loan terms and conditions, and loan variation letters we talk about 'your loan' or 'this loan'. We mean the loan amount we've agreed to lend you as set out in your loan summary or loan variation letters, and the money you've agreed to pay us. The money you've agreed to pay us includes interest we charge you on the loan amount and other amounts, like fees. In these loan terms and conditions we also talk about other 'loans' – we mean other loans and facilities you have with us and any other money you owe us from time to time.

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Loan agreement

In your loan summary, these loan terms and conditions, and loan variation letters we talk about 'your loan agreement'. We have different terms and conditions for the different loans we offer, for example, home, personal, and business loans. We'll tell you in your loan summary which version of our terms and conditions applies to your loan. Your loan summary, each loan variation letter, and the version of the terms and conditions described in your loan summary form your loan agreement with us.

These loan terms and conditions can apply to more than one loan you have with us. Each loan summary and the loan terms and conditions described in that loan summary forms a separate loan agreement with us. That loan agreement may be amended by loan variation letters from time to time.

Your loan agreement may also be made up of more than one loan with us. Generally, this can happen in the situations below:

- You've asked us to split your original loan into separate loan amounts. Different interest rates, repayments, or loan terms will apply to each of those separate loan amounts.

For example, you have an original loan of \$200,000 with a floating interest rate. You ask us to split that original loan into two separate loans, one of \$150,000 with a fixed interest rate, and the other of \$50,000 on a floating interest rate.

- You've asked us to restructure your loan during a fixed-rate period, and we give you a new loan on the new terms you've asked for and you use it to repay your existing fixed-rate loan.

For example, you ask us to change your existing fixed-rate loan to a floating-rate loan. We give you a new floating-rate loan with the changes you've asked for. You use this to repay the existing fixed-rate loan you wanted to change. Because you repay your existing loan during a fixed-rate period, we may charge you an Early Repayment Recovery.

Each new loan we give you in these situations will form part of your original loan agreement with us. All of the terms and conditions in your existing loan agreement will apply to your new loan, except to the extent we've set out in any loan variation letter. We may give you a separate loan number for your new loan, and send you separate loan statements or other information about your new loan.

When we give you a new loan, you agree to repay the loan amount, and any interest or fees we charge. Any security you've already given us under your loan agreement will secure your new loan.

Loan amount

The 'loan amount' set out in your loan summary or loan variation letters is the maximum amount we're lending you under your loan. The loan amount includes money we're lending you to pay fees for your loan and is also your 'credit limit'. Other amounts can also be included in your loan amount. For example, interest we've charged until you pay it.

Loan variation letter

We may confirm changes we make to your loan by sending or giving you a 'loan variation letter'. For more information about the changes we can make to your loan and how we'll give you information about those changes, see the sections 'We can change the terms and conditions of your loan agreement' and 'How we'll contact you about your loan'.

Outstanding balance

If your loan summary includes an 'outstanding balance', it means you already owe money on your loan.

If you had an existing loan and asked to borrow more money, then we may have agreed to give you a new loan, but with the same loan account number. The new loan would include the money you already owed as its outstanding balance. Your previous loan account statements set out what makes up that amount. The outstanding balance will include interest we've calculated but haven't charged yet.

For example, you have an existing loan of \$200,000, used to buy a house. We agree to lend you an extra \$50,000 to repair the roof. Instead of giving you a separate loan of \$50,000, we draw up a new loan agreement for you for \$250,000.

We will use \$200,000 of that new loan to repay your existing loan. Your new loan summary or loan variation letter shows a loan amount of \$250,000, with an outstanding balance of \$200,000.

Total amount you'll pay on your loan

We've included information in your loan summary or loan variation letters about the 'total amount you'll pay on your loan'. The total amount you'll pay on your loan shows how much you could have to repay over your loan term. The total amount is only an indication. We've calculated it assuming there won't be any changes to your loan over the loan term. We assume:

- the interest rate in your loan summary or loan variation letters won't change, including before the draw-down date or over the loan term
- you'll make all the repayments you need to, when you need to make them, and you won't repay any of your loan early or miss any payments.

Your interest rate, repayments and other loan terms could change over time, and we can charge you fees if certain events happen. This will change the total amount you must repay to us for your loan.

We

When we talk about 'we', 'us', and 'our', we mean ANZ Bank New Zealand Limited. If we assign or transfer our rights or obligations under your loan agreement, when we talk about 'we', 'us', and 'our', we mean the person we've assigned or transferred any of our rights or obligations under your loan agreement to.

You

When we talk about 'you', we mean the person or people named as the borrower on your loan summary.

When more than one person is the borrower:

- 'you' means each person individually, and any two or more of those people
- each person must comply with the loan agreement
- each person must repay your loan, by themselves, or with the other borrowers, including where the borrowers are trustees of a trust, or partners of a partnership.

We agree to lend you money, and you agree to repay it

We agree to lend you the loan amount set out in your loan summary or loan variation letters, and in return you agree to:

- repay us that loan amount, pay any interest we charge on it, and other amounts we charge, like fees
- comply with your loan agreement, and other agreements with us
- let us use any rights set out in your loan agreement, and any rights we have at law as a lender.

Talk to us if you have any problems with your loan

If you're having any problems with your loan, please let us know. You can talk to our staff at any branch, phone 0800 269 296, or contact us using the form on our website, [anz.co.nz](#).

If you don't think we've resolved your concerns, you may be able to get free independent help from the Banking Ombudsman. You can write to the Banking Ombudsman at Freepost 218002, PO Box 25327, Featherston Street, Wellington 6146, phone 0800 805 950, or find information on their website, [bankomb.org.nz](#).

ANZ Bank New Zealand Limited is a registered financial service provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 and our registration number is 36405.

You can cancel your loan agreement for a short time after draw down

You have the right, for a short time after the draw-down date for your loan, to cancel your loan agreement.

You can cancel your loan agreement for any reason, but you must write to us and tell us you're cancelling your loan agreement within 10 working days of the draw-down date. Our address is set out in your loan summary or write to your nearest ANZ branch.

We will tell you as soon as we can how much you owe us. Once we do, you must:

- immediately repay us the loan amount
- pay us any interest owing on the loan amount up to the day you repay it in full.

We will refund any Low Equity Premium you've paid. But we may not refund you other fees you've paid, like an Application fee, if we've already incurred those costs in setting up your loan for you.

If your loan has a fixed interest rate, you may have to pay us an Early Repayment Recovery. An Early Repayment Recovery is an amount you pay us to compensate us for the loss we incur when you repay some or all the loan early during a fixed-rate period. Talk to us before you decide to cancel, as any Early Repayment Recovery could be large.

Although the right you have at law to cancel your loan is only for a short time, you can repay at any time. See the section 'You can repay your loan early' – you may need to pay an Early Repayment Recovery if you're repaying early during a fixed-rate period.

If you're experiencing hardship – let us know immediately

'Hardship' includes where you can't meet your responsibilities under this loan agreement because you're sick or injured, you've lost your job, you've ended a relationship, or another reasonable cause.

We understand that things can happen unexpectedly that can make it hard for you to meet all of your financial obligations, including obligations you have to us under this loan agreement. If you're experiencing hardship, let us know immediately as we may be able to change the terms of this loan agreement to help:

- We have helpful information and tools on our website, [anz.co.nz](#), and an easy to complete online hardship application form.
- You can also write to your nearest ANZ branch or using the address on your loan summary, call us on 0800 269 296, or visit any ANZ branch.
- You'll need to tell us the cause of the hardship and why you can't meet your responsibilities.
- You'll need to tell us what changes you think will help you manage your obligations to us under this loan agreement.

We may only be able to change your loan agreement if we believe the changes you want are fair and reasonable given the hardship you're experiencing. But we may be able to give you support and information to help you get back on track.

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It's important to contact us early if you're experiencing or expect to experience hardship. We may have some extra requirements you'll need to meet if:

- you've already missed some of your loan repayments
- we've already sent you a notice under the Property Law Act 2007 asking you to repay us money you owe us
- you've suffered hardship in the recent past.

You can access your loan on the draw-down date

We may have set conditions in your loan summary or letter of offer for your loan. You'll need to meet those conditions before we'll give you access to your ANZ Home Loan.

Unless we've agreed that you can access your loan in instalments, you must access the total loan amount of your ANZ Home Loan on the draw-down date. If you don't access the total loan amount on the draw-down date, then we may decide to cancel your loan. Let us know if you need to arrange a new draw-down date. If we've agreed you can access your loan in instalments, you can ask us to draw down parts of your loan amount over time. We'll set this out in your loan summary or loan variation letter.

We will charge you interest on your loan

We'll charge you interest on your loan from the draw-down date until you've repaid it in full.

The interest rate for your loan and how we'll set it is in your loan summary or in loan variation letters.

The interest rate may include a discount or a margin. A 'discount' is an amount we take off what your interest rate might otherwise be to make it lower. A 'margin' is an amount we add to what your interest rate might otherwise be to make it higher.

To calculate interest, we'll multiply your interest rate, as a percentage, by the amount you owe on your loan at the end of each day. We then divide that amount by 365 to get the amount of interest you owe us for that day. We decide the end of day, and we assume the year will always have 365 days.

We'll charge you interest we've calculated every month, in arrears, on the first business day of the next month. Unless we've agreed otherwise, we'll add this interest to the loan amount monthly, whether your scheduled loan repayments are monthly or not. When we add this interest, your loan amount will increase by that amount until you make your next scheduled loan repayment. If we've agreed otherwise in your loan summary or loan variation letters, we'll deduct the interest we charge from your ANZ transaction account instead.

'In arrears' means you owe an amount now, but we'll charge it to you later. For example, we charge you interest on the 1st of the month. Because we charge interest in arrears, when we charge you interest on the 1st February it includes interest from the 1st January through to the 31st January.

If you have a Reserve Rate Agreement you must use your loan by a set date

Under a Reserve Rate Agreement, we agree to hold a specific fixed interest rate for you for a loan.

If you have a Reserve Rate Agreement for your loan, then you must use your loan by a date set out in that Reserve Rate Agreement.

If you ask us for a different interest rate instead of the rate we've held for you under your Reserve Rate Agreement, we can do any of the following:

- cancel your loan agreement and your Reserve Rate Agreement and give you a new loan on the new terms you've asked us for
- choose to give you the original loan we'd agreed to, but apply the floating interest rate we've agreed with you instead
- choose to ask you to take the original loan you'd agreed to with the interest rate we'd agreed under your Reserve Rate Agreement.

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If we choose to cancel your loan agreement and give you a new loan or apply the floating interest rate instead, we can also charge you a Non-utilisation Recovery under your Reserve Rate Agreement.

We can also charge you a Non-utilisation Recovery if you choose not to use your loan by the date set out in your Reserve Rate Agreement. The Non-utilisation Recovery will also apply if we've elected not to change your loan terms in the way you've asked us to.

A Non-utilisation Recovery reflects the loss we incur when you don't use the interest rate we've agreed to hold for you, or you don't use it by the date we agreed. We've explained how we calculate the Non-utilisation Recovery in the Reserve Rate Agreement. Talk to us if you need to change your draw-down date or if you need to change to a different interest rate, because the Non-utilisation Recovery could be large.

If interest rates change, either your scheduled loan repayments or your loan term will change

We'll agree with you what will happen when interest rates change on your loan. Either your scheduled loan repayments will change or your scheduled loan repayments will stay the same, but the number of scheduled loan repayments you need to make will change.

You can get information about our current interest rates on our website

You can get information about our current ANZ Home Loan fixed or floating interest rates on our website, anz.co.nz, or from any branch.

We can charge you fees and other amounts on your loan

We've set out in your loan summary what fees you'll need to pay when you draw down your loan. If we've agreed to lend you money to pay any fees, we'll include them in your loan amount. You'll pay interest on those amounts too because you repay them over the loan term.

We'll charge some fees or other amounts if particular events happen during your loan term

We've set out below the fees we can also charge you if particular events happen during your loan term. These fees and how we calculate them may change over time. We'll let you know what has changed and when it takes effect. Where we can, we'll give you 14 days' notice before we change a fee. We've explained how we do this in the section 'How we'll contact you about your loan'.

Want to borrow more money?

Application fee	Up to \$500	We charge this fee to assess and document a new loan. You pay this fee on the draw-down date of a new loan.
Top-up fee	\$250	We charge this fee to assess and document any top-up or increase to your loan amount. You must pay it when you draw down your top-up. If you would like to top-up your loan, you will need to apply to us, and our normal lending and security criteria at that time will apply.
Low Equity Premium	Variable	We charge a Low Equity Premium if you borrow more than 80% of the value of the property that's available as security for any loans you have with us. We charge a percentage of your lending, including your loan amount, on a graduated scale – the more you're borrowing against the value of the property, the higher the fee could be. The scale we'll use is set out on our website and in our 'Fees and Charges' document. You must pay the fee on the draw-down date for a new loan.

Want to repay your loan early?

Early Repayment Recovery	Variable	We charge an Early Repayment Recovery to cover the loss we suffer if you repay some or all of your loan early during a fixed-rate period. See the section 'You can repay your loan early'.
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Want to reserve an interest rate?

Reserving a fixed interest rate	Currently no charge	We may choose to charge a fee if we agree to hold a fixed interest rate for you for a new loan in the future. If we do decide to charge a fee to reserve an interest rate, we'll let you know when you'll be charged and how much before we agree to hold the rate. We may also charge a fee to hold a fixed interest rate for you for an existing loan. We'll charge this fee under a Reserve Rate Agreement.
Non-utilisation Recovery	Variable	We charge a Non-utilisation Recovery if you don't comply with the terms of a Reserve Rate Agreement you have with us. For example, we may charge a Non-utilisation Recovery if you don't use the fixed interest rate by the date we set out in the Reserve Rate Agreement. We've set out how we calculate the Non-utilisation Recovery and when we'll charge it in the Reserve Rate Agreement.

Want extra copies of statements?

Duplicate Statement fee	\$4	We charge this fee if you need a replacement copy of a statement we've sent you for your loan. We'll charge this fee when we send you the statement.
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Want to change the security you've given us?

Discharge or Execution fee	\$100	We charge this fee to document and complete any other transaction to do with the security we have for your loan, including a discharge or release of that security. We'll charge the fee when we complete the transaction.
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What we charge if you've broken your loan agreement and we have to send you a notice under the Property Law Act

Default Notice fee	\$175	We charge this fee if we have to prepare and send you a default notice for your loan under the Property Law Act 2007. We prepare these notices to require you to repay some or all of the amounts you owe us because you've broken your loan agreement, or another agreement with us. If we've had this notice prepared by a solicitor, you must also meet all of the solicitor's costs in preparing the notice, as well as paying us the Default Notice fee. We'll charge this fee at the time we send you the notice.
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You will need to make repayments on your loan

You'll need to repay your loan by a set date agreed to at the beginning of your loan. This date is set out in your loan summary and loan variation letters and can change over your loan term. Your loan term can change if interest rates change but your repayments stay the same or you ask us to change your loan term. Your loan term may also change if you change your repayments, with our approval, or make lump sum repayments.

You may need to pay an Early Repayment Recovery if you make a lump sum repayment during a fixed-rate period or if you ask us to increase your repayments during a fixed-rate period. See 'You can repay your loan early'.

If you ask us to increase your repayments during a fixed-rate period or change the type of repayments you make, and we agree, we'll give you a new loan which will be used to repay the fixed-rate loan you wanted to change. See 'You may need to pay an Early Repayment Recovery if your loan is repaid in other situations'.

Repayments are the payments you'll need to make to repay your loan in full. We'll explain in your loan summary or loan variation letters what makes up your scheduled loan repayments. Your scheduled loan repayments will generally include regular amounts to repay your loan amount, pay interest we charge on your loan amount, and other amounts you owe us, like fees.

You must repay the loan amount, pay interest we charge on the loan amount, and other amounts you owe us, like fees. You must repay the amounts in full and without using any right of set-off you may have and your repayments must be in cleared funds.

'Cleared funds' are money in your account, available for you to use, which won't be reversed or dishonoured, for any reason.

'Set-off' is the right that may arise if you owe us money and we also owe you money, or you have a claim against us. In some situations, set-off could result in the money one party owes the other being reduced. For example, you have a term deposit with us and we will pay you interest at the end of the deposit's term. You are not able to deduct the amount of the interest we will pay you on your term deposit from the amount of any loan repayment you need to make.

Your scheduled loan repayments and the interest we charge can change over the loan term. Here are some examples of what can happen:

- If you have a floating interest rate, that interest rate can move up and down, which could change your scheduled loan repayments.
- If you change when or how often you make scheduled loan repayments, the amount of interest you pay on your loan could change.
- If you repay some of your loan early, the total interest you pay on your loan will be lower.

We'll let you know if your repayment amounts change for any reason.

If you repay some or all of your loan early during a fixed-rate period, you may have to pay an Early Repayment Recovery.

[We'll process scheduled loan repayments you make on a weekend on the next business day](#)

If a scheduled loan repayment is due on a weekend or New Zealand national public holiday, we'll process it on the next business day instead. However, we'll treat it as if you paid on the due date.

[We'll apply your repayments in any order we choose](#)

We'll apply your repayments to the amounts you owe us in any order we choose. We may not repay the oldest amounts you owe first. We may pay interest we've charged you or fees and other amounts you owe us first, before the rest of your loan amount.

[If you'd like to reborrow any amounts you've repaid – let us know](#)

You can apply for a new loan if you need access to extra funds. If you would like to reborrow any amounts you've repaid, including your scheduled loan repayments or extra repayments you've made, you'll need to apply for a 'top-up'. If we agree, your top-up will either be a new loan or we'll amend your loan to lend you more money. Our normal lending and security criteria and fees at that time will apply.

You can repay your loan early

You can repay some or all of your loan early. We can set a minimum amount that you must pay if you choose to repay some of your loan early. If we do set a minimum amount, we'll publish this on our website.

If you repay some or all of your loan early, you must pay interest up to the day you make your repayment. You may also have to pay us an Early Repayment Recovery if you're repaying some or all of your loan early during a fixed-rate period.

[You may need to pay an Early Repayment Recovery if your loan is repaid in other situations](#)

You may need to pay us an Early Repayment Recovery if your loan has a fixed interest rate and either of the following apply:

- you've asked us to give you a different loan type or interest rate type, including another fixed interest rate
- you've asked us to change the repayment date or type, frequency, or amount of your scheduled loan repayments.

We give you a fixed interest rate on the basis you won't make any changes to your loan during the fixed-rate period.

If you ask us to make these changes to your loan during a fixed-rate period and we agree, we'll give you a new loan with the changes you've asked for.

You agree that the new loan will form part of your existing loan agreement and will be used to repay your existing fixed-rate loan. We'll give you a loan variation letter setting out the details of your new loan. Except to the extent we've set out in any loan variation letter, all of the terms and conditions in your existing loan agreement with us continue to apply to the new loan.

To avoid an Early Repayment Recovery, we suggest you wait until the end of any fixed-rate period before asking us to make changes to your loan.

You may also need to pay an Early Repayment Recovery if you break your loan agreement and we ask you to repay all of your loan early during a fixed-rate period.

The Early Repayment Recovery may be large – talk to us first

Our Early Repayment Recovery isn't the same for everyone. The Early Repayment Recovery you may have to pay us depends on the following:

- when you repay or change your loan
- how much you owe and how much you're repaying early
- how much wholesale swap interest rates have moved since the start of your fixed-rate period.

'Wholesale swap interest rates' are interest rates that banks and other large corporations use when they borrow and lend money in the wholesale money market.

Talk to us if you're thinking about repaying your loan early or changing your loan if it has a fixed interest rate. We can give you an indication of the Early Repayment Recovery we'll charge.

We won't always charge an Early Repayment Recovery

We refer to 'extra repayments' below. An extra repayment is any lump sum repayment you make other than the scheduled loan repayments set out in your loan summary or loan variation letters. An extra repayment includes where you repay your loan in full early.

We won't charge you an Early Repayment Recovery if you make an extra repayment on your loan and both of the following apply:

- you're making your first extra repayment in that year
- the extra repayment you're making is no more than 5% of the loan amount you owe on your loan then.

The year runs from the date your fixed-rate period started or the anniversary of the date your fixed-rate period started. If you haven't made other extra repayments in the year, we'll charge you an Early Repayment Recovery only on any amounts you repay above 5% of the loan amount you owe on your loan then.

As explained above, if you ask for changes during a fixed-rate period, and we agree, we'll give you a new loan which will be used to repay the fixed-rate loan you wanted to change. When calculating any Early Repayment Recovery when your existing loan is repaid, we'll look at whether you're making your first extra repayment on that existing loan in that year. In that situation, the year runs from the date your fixed-rate period on the existing loan started, or the anniversary of that date, and we look at the loan amount you owed on the existing loan.

We use mathematical formulas when we calculate the Early Repayment Recovery

This clause contains a short explanation of the mathematical formulas we use when we calculate the Early Repayment Recovery.

We compare two amounts:

- The first amount: We calculate the sum of all the scheduled loan repayments and interest charges that would have been made over the remaining part of the fixed-rate period. We calculate the interest charges using the wholesale swap interest rate which applied for the term of the fixed-rate period when the fixed-rate period started.
- The second amount: We calculate the sum of all the scheduled loan repayments and interest charges due over the remaining part of the fixed-rate period after you have made your early repayment. We calculate the interest charges using the wholesale swap interest rate which applied for the term of the fixed-rate period when the fixed-rate period started. We then add this amount to the overpayment amount that you're repaying early.

We adjust the first amount to recognise that we receive the money now, instead of receiving it as income over the loan term. When we adjust the first amount, we use the wholesale swap interest rates applying to the remaining part of the fixed-rate period on your loan when it is repaid early, as calculated by us. We also take into account the amount you would have owed on your loan at the end of the fixed-rate period.

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Sometimes, there may not be an exact match between the term of your fixed-rate period, or remaining fixed-rate period, and publicly available wholesale swap interest rates. If this happens, we'll calculate the exact wholesale swap interest rates that will apply.

Once we've adjusted these amounts, we'll charge you the difference between the first amount and the second amount as an Early Repayment Recovery. We'll only charge you an Early Repayment Recovery if the first amount is higher than the second amount.

The explanation above aims to explain in very broad terms how complex mathematical formulas calculate Early Repayment Recovery. As we've explained above, the actual calculation will depend on the specific features and terms of your loan. If you're interested, you can ask for more details about the mathematical formulas we use at any ANZ branch.

Our formulas are not the same as in the Credit Contracts and Consumer Finance Act

The Early Repayment Recovery we calculate is a reasonable estimate of the loss we incur when you repay some or all of your loan early during a fixed-rate period. However, our formulas are not the same as set out under regulations to the Credit Contracts and Consumer Finance Act 2003.

Any security you give us secures your loan

Security is anything we can rely on if you break your loan agreement and we need to recover money you owe us.

For example, security could include a mortgage over a property which gives us the right to sell that property to repay any loans or other amounts you owe us, like fees.

Here are some important things to know about the security we take.

- We'll have a separate security agreement for any security we take for your loan. Security agreements include the terms and conditions applying to the security. Security agreements also include what you or the person giving us the security agrees to do or not do, and the rights that we have. For example, for mortgages you must keep the property insured and not sell it to anyone else unless we agree to it first.
- You or the person giving us the security must always get our prior written agreement before giving the same security to someone else, like another lender. If you don't, you may break your security agreement and this loan agreement and we may ask you to repay any money you owe us.
- If the amount we recover from any security we have is less than the amount you owe us, then you'll still be responsible for paying the amount of any shortfall to us.

For example, you break your loan agreement, and we have to sell the house you have given us a mortgage over. When we sell your house, you owe us \$500,000. But your house only sells for \$400,000. You will still owe us the shortfall of \$100,000, and we can take other steps to recover this amount from you.

- We may agree to limit the liability of a guarantor under their guarantee. For example we may limit the guarantor's liability to a set amount or to the house they've given us a mortgage over. If we limit a guarantor's liability, we'll set this out in your loan summary and their guarantee. If the amount you owe us is more than what we've limited your guarantor's liability to, then your guarantor won't be responsible for paying any shortfall. Instead, you'll be responsible for the difference between how much you owe and how much we recover from your guarantor.

For example, you break your loan agreement and you owe us \$500,000. We agreed to limit your guarantor's liability to \$400,000. Your guarantor pays us the \$400,000 under the terms of their guarantee. You will still owe us the shortfall of \$100,000, and we can take other steps to recover this amount from you.

Any security you give us secures your loan, any existing loans you have, and loans you get in the future

Unless we've said otherwise in your loan or facility summary, here is how our security works.

- When we decide to lend to you, we make sure we'll have enough security. We lend because we'll be able to use all of the security you've given or will give us to secure all your loans with us, now or in the future. We don't rely on particular security you've given us being security only for a particular loan.
- Any existing security you have already given us for other loans will now secure your loan, and other loans you get in future.
- Any new security you give us secures your loan and any existing loans you already have with us. Any new security also secures other loans you get in future, and any guarantees you have given us or will give us in future.
- Listing any new security in your loan summary or loan variation letters changes your existing loan agreements automatically. Describing the new security in your loan summary or loan variation letters is disclosure of the changes to your existing loan agreements.

'Disclosure' happens when we give you information about your loan. We must disclose certain information about your loan, including changes to it, under some laws. For example, you borrowed money from us and gave us a mortgage over the house you bought using that loan. Five years later, you borrow more money to buy a holiday home and give us a mortgage over the holiday home too. The mortgage over your house secures your new loan, and the mortgage over your holiday home also secures your original loan.

You must give any security before the draw-down date

If we've asked you to, you must give any security for your loan before or on the draw-down date.

We can ask for extra security

We can ask you to give new or extra security if any of the following apply:

- we believe the value of any security we have for your loans has materially reduced
- we can't rely on any security we have for your loans for some reason
- your loan amount increases, for example because you've asked us to top-up your loan, or you get other new loans with us
- a guarantor tells us they are terminating, or withdrawing, the guarantee they gave us as security for your loan
- we released any security we held for any reason, and need replacement security for your loan.

If we decide to ask you for new or extra security, we'll act fairly and reasonably, and will give you a reasonable time to meet our request. Where we need to, we'll comply with the Code of Banking Practice and relevant legislation, for example the Credit Contracts and Consumer Finance Act 2003.

You must do everything reasonable to give us the new or extra security within the time we've given you. If you don't give us the new or extra security within the time we've given you, you'll break your loan agreement.

For example, we may ask you to give us new or extra security for a loan if your guarantor tells us they are terminating, or withdrawing, the guarantee they gave us as security for your loan.

We'll hold the security until you repay amounts you owe or might owe us

We'll continue to hold any security we have for your loan until you repay:

- any loans you have with us, including all loan amounts
- other amounts you owe us or might owe us in the future – if there's an agreement that we'll lend you or you'll owe us those amounts.

For example, you might owe us amounts in the future if you've given a guarantee for someone else's loan.

Once you've repaid these amounts, contact us to arrange for that security to be released.

We can give information about your loan to someone who has given us security

You agree that we can give information about you to anyone who has given us security for your loan. We'll only give information to help that person understand what their responsibilities are or exercise rights they may have. We may also have to give that person information under laws that apply, like the Credit Contracts and Consumer Finance Act 2003. This information includes a copy of your loan summary, these loan terms and conditions, loan variation letters, and information about your loan and you, including your financial position. You agree we can do this without contacting you.

We can change the terms and conditions of your loan agreement

We can change any of the terms and conditions of your loan agreement, including any term in your loan summary or these loan terms and conditions. We can:

- change the number, frequency, amount, or payment date of scheduled loan repayments or interest charges
- increase, decrease, or remove interest rate margins or discounts
- change the interest rate, the name of any interest rate, and how we calculate or charge it
- change your loan term or loan amount
- change, add, or remove any fees you have to pay under your loan or change how we calculate any fee.

For example, if you have a floating interest rate, then we can move that interest rate up or down, generally depending on what is happening in the market, both here in New Zealand and overseas. If your interest rate goes up, we'll also need to increase the amount of your repayments, so you're paying off the extra interest. Or, if you've chosen to keep your repayments the same, then we'll need to increase the number of repayments you'll make, which will extend your loan term.

When deciding whether to change the terms and conditions of your loan agreement, we'll act fairly and reasonably. Where we need to, we'll comply with the Code of Banking Practice and relevant legislation, for example the Credit Contracts and Consumer Finance Act 2003.

You can also ask us to make changes to your loan

If we agree, you can ask us to:

- change the frequency, amount, or payment date of scheduled loan repayments
- change the type of interest rate that applies to your loan, for example from a floating interest rate to a fixed interest rate
- change the type of loan you have, for example from an ANZ Flexible Home Loan to an ANZ Home Loan
- change your draw-down date, loan term, or loan amount.

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We may only agree to some changes if you meet our lending criteria – we'll let you know if this is the case.

For example, our lending criteria will apply if you ask us to increase your loan amount or extend your loan term.

We may also charge a fee for changes you ask us to make. In some cases, we'll give you a new loan on the different terms you've asked for which will be used to repay the fixed-rate loan you want to change. See 'We can charge you fees and other amounts on your loan' and 'You may need to pay an Early Repayment Recovery if your loan is repaid in other situations'.

For example, you ask us to change your interest rate from a fixed interest rate to a floating interest rate during a fixed-rate period. If we agree, we'll give you a new loan, under your existing loan agreement, on the different terms you've asked for. The new loan will be used to repay the existing fixed-rate home loan you wanted to change. You may need to pay an Early Repayment Recovery. See 'You may need to pay an Early Repayment Recovery if your loan is repaid in other situations'.

So that we can make changes to your loan promptly when you ask us, you agree that, if more than one person is the borrower under your loan:

- any of those people alone or together can ask us to make changes to your loan, including to your loan amount, repayments, or loan term
- we can assume that any person asking us to make changes to your loan has the agreement of all other people who make up the borrower and we don't have to confirm this first.

If you've asked us to change your loan, you will protect us from any claims any other borrower makes because we didn't confirm you had their agreement before we made that change. We recommend before you ask us to make any changes to your loan you always get the agreement of all of the borrowers.

We'll contact you if we make any changes

We'll let you know in writing what has changed and when it takes effect – see the section 'How we'll contact you about your loan'. If we change an interest rate or fee, we can choose to publish a public notice instead or include information on our website.

You can change the account you use to repay your loan

You must use an ANZ transaction account to repay your loan. You can change the ANZ transaction account you use to repay your loan – contact us to arrange this. You agree we don't have to confirm this change in writing.

What happens if you break your loan agreement

Talk to us if you're having difficulties with your loan

It's important you always comply with your loan agreement. If you break your loan agreement, the results for you can be serious. We can use any of our rights under the loan agreement or under any security we have for your loan.

For example, we could ask you to repay all of the money you owe us. If you've given us a mortgage, we could sell your property to recover money you owe us.

If you're having or expect to face difficulties complying with your loan agreement, which includes making your scheduled loan repayments, talk to us immediately. We may be able to work with you, or give you support and information that could help you get back on track.

When you will break your loan agreement

You will break your loan agreement if any of the following happen:

- you break any of the terms in the loan agreement or another agreement with us, like a security agreement
- you don't pay money owing when due
- we believe any information you've given us is untrue or is wrong, or you've not given us all the information we've asked you for, and that information was material to us deciding to give you this loan
- the loan agreement becomes invalid or we aren't allowed to enforce it, for any reason.

For example, you'll break your loan agreement if you don't do something you agreed to do or you do something you agreed not to do, like not paying your scheduled loan repayments or fees.

You will also break your loan agreement if your financial position changes for the worse

You will also break your loan agreement if any of the following happen:

- you become insolvent
- your financial position is materially affected for any reason, and we believe you can't or won't be able to pay us all of the money you owe us
- the financial position of anyone who guarantees any money you owe is materially affected for any reason, and we believe they can't or won't be able to pay us all of the money you owe us
- we believe the value of any security we hold for your loan has materially reduced, including before the draw-down date.

For example, you can't pay your debts you owe or someone you owe money to has you declared bankrupt.

We've used the term 'materially' above. We will consider your financial position or the value of security to be materially affected if there is a significant or large effect on them. The effect must be more than minor. However, it will depend on your individual circumstances and our assessment of these. The value of security will also be materially affected if any guarantor tells us they're terminating, or withdrawing, their guarantee, restricting how much they'll be liable for under it, or if they break the terms of their guarantee.

If you break your loan agreement, we can ask you to repay money owing

If you break your loan agreement, we can do one or more of the following:

- write to you, requiring you to comply with the terms and conditions of your loan agreement, or other agreements with us
- write to you, requiring you to repay some or all of your loan by a specific date, including interest, and other amounts you owe us, like fees, where we believe it is necessary to protect our interests
- cancel or refuse to allow you to draw down any loan amount you haven't already drawn down
- charge you default interest in certain circumstances
- take amounts you owe us from your accounts or add these amounts to the loan amount, which means you'll pay interest and possibly default interest on them.

If we write to you, requiring you to repay some or all of your loan, we have this right even if some money owing isn't yet due. We'll give you a reasonable time to repay those amounts. If your loan has a fixed interest rate when this happens, we can also charge you, and you must pay, an Early Repayment Recovery.

If you break your loan agreement, we can also take any steps we choose to recover amounts you owe us

If you break your loan agreement, we can also take any steps we choose to recover any amounts you may owe us, including:

- selling any property you've given us as security, or using our rights under any security agreement, to recover amounts you owe us
- writing to anyone who gave us a guarantee for your loan, and requiring them to pay some or all the amounts you owe us
- taking other action against you to recover the amounts you owe us, including Court proceedings.

If you gave us security, we can use that security to repay amounts you owe us. For example, if you gave us a mortgage over your property, we can sell that property if you don't repay us the money you owe us.

The person who gave us a guarantee for your loan may also have given us a mortgage over their property as security for that guarantee. We can sell that property if they don't pay us when we ask them to. We can also use any of our rights under the security agreement if they don't pay us when we ask them to.

We have to comply with rules under legislation

We have to comply with the rules applying under legislation about how we recover amounts you owe, and what notices we have to give you.

We'll charge default interest on amounts you haven't paid when originally due

If we choose to charge default interest, we'll calculate it on all amounts you haven't paid when they were originally due. The default interest rate we'll use is set out in your loan summary. We calculate default interest at the end of each day, from the day the payment was originally due until the day you repay those amounts, including where we've obtained a Court judgment against you. We'll charge that default interest on the first business day of the next month.

We can take money you owe us from your accounts

If you still owe money at the end of the loan term, we can take this amount from any of your accounts with us. Or, we can continue to charge you interest on the amount you owe. We'll let you know if we have to do this.

If we owe you money, we'll credit this amount into any of your accounts with us, and let you know. For example, we'll credit any fees or charges we've reversed to your account.

We have certain legal rights if you owe us money

You agree the law gives us certain other rights if you owe us money. We have the right to use amounts we owe you to pay amounts you owe us – this right is called 'set-off'. We also have the right to move money from one account into another account you have to pay amounts you owe us – this right is called 'combination'. We don't have to ask you to repay some or all the loan amount first before using these rights. If we use or move amounts in your accounts, we'll advise you in writing afterwards.

For example, if you have money in a bank account with us, this is an amount we owe you. We can take that money and use it to pay amounts you owe us, including under your loan agreement.

You must pay any costs we incur

You must pay any costs or losses we incur when we use or protect our rights under your loan agreement, any security, or other agreements with us.

For example, you must pay any costs or losses we incur if we have to recover any amounts you owe under your loan agreement. You must also pay any costs if we have to sell or recover any security we hold for your loan.

Our costs depend on the type and complexity of the transaction and your circumstances. They include all our legal costs, real estate agent or registered valuer's fees, other professional advisor fees, auction fees, and taxes.

We can take any costs we incur from your accounts

We can take any costs or losses we incur from any of your accounts with us. We'll tell you the amount of any legal charges before we take that amount from your account. Otherwise, we'll advise you in writing afterwards if we take any costs or losses we've incurred from your accounts.

Our right to transfer your loan

We can assign or transfer any of our rights and obligations under your loan agreement to anyone we choose and you agree not to object if we do this. If we choose to assign or transfer any of our rights and obligations under your loan agreement:

- unless we have to under any laws, you agree we don't have to tell you if we assign or transfer any of our rights and obligations under your loan agreement
- the person we've assigned or transferred your loan agreement to can use our rights under your loan agreement
- you agree we can share information we have about you, your loan, or your other agreements with us to allow the assignment or transfer to happen.

You can't transfer your loan agreement

You must not transfer or assign any of your rights or obligations under your loan agreement unless we've agreed first in writing. In giving you this loan, we're relying on you, personally, being responsible for all repayments and any obligations in your loan agreement.

How we'll contact you about your loan

We may need to give you information about your loan, or changes to your loan, including under laws that apply.

Other than where specific laws set out how we must contact you, you agree we can choose how we give you that information. We can choose to:

- give you a letter or notice
- call you or text you, using phone numbers or cellphone numbers you've given us
- write to you, or send you an email, using the addresses you've given us
- include the information on a website you can access, like ANZ Internet Banking
- publish a public notice or display the information in ANZ branches or on our website if we need to give some borrowers the same information.

Where specific laws require us to give you information in writing, like loan statements or information about changes to your loan, you agree we can give you that information electronically. You agree we can give you the information by sending you an email, using an address you've given us, or including the information on a website you can access, like ANZ Internet Banking.

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You're considered to have received letters or notices from us on the day we gave it to you, posted it to you, sent you an email, or made it available for you to access on a website, like ANZ Internet Banking. But if we're writing to you asking you to repay your loan, you're considered to have received the letter or notice we send you three business days after we send it.

If more than one person is the borrower under your loan, we can give or send a letter or notice to only one of those people. If we do give or send a letter or notice to only one person, each person making up the borrower agrees they receive that letter or notice too.

Errors or omissions in any letter or notice we give or send you won't affect whether we can enforce them or your loan agreement unless those errors or omissions are material.

We've set out in your loan summary how we'll send you statements about your loan.

Some general matters applying to your loan agreement

You agree to give us any information we ask for

If we ask you to, you'll need to give us information about you and your financial position. We'll only do this in the following circumstances:

- we reasonably believe we need the information to help us understand whether you've broken or may break your loan agreement
- we've asked you to give us the information as a condition of us giving you your loan in your loan summary or any letter of offer for your loan.

For example, we may need to know whether your financial position has materially changed.

In some cases, we may ask you for reports about your financial position from specialist advisors. If we've asked you for specialist's reports because you've broken your loan agreement, you must pay for those reports.

We don't have to use our rights under your loan agreement immediately

We don't have to take any action or use our rights under your loan agreement. If we choose not to take any action under your loan agreement, we can still use our rights later. We can also use our rights in different ways at different times.

We'll only be prevented from using our rights or changing your loan agreement if we've agreed to it in writing.

If your loan becomes unlawful, you may need to repay it early

It's unlikely, but if your loan becomes unlawful, we can ask you to repay the loan amount. We can also ask you to pay any interest and other amounts we charge you or you owe us, like fees. If this happens, we'll write to you, explaining what has happened and when you must repay your loan.

If a term in your loan agreement isn't allowed under law or doesn't meet any compulsory responsibilities we have at law, you agree that we can change that term. Or, we can use any rights we have under your loan agreement as if that term was excluded. We'll only change or exclude that term to the extent we need to comply with the law. We'll let you know if we need to change or exclude any term for this reason.

We can decide which term should apply if there are inconsistencies

We'll decide which term applies if the terms of your loan agreement are inconsistent with other agreements you have with us.

For example, if there is a term in your loan agreement that's inconsistent with a term in a mortgage you've given us, we can decide which term will apply.

Some guarantees apply if you're a consumer

Certain guarantees are given under the Consumer Guarantees Act 1993 – usually to consumers only. If these guarantees apply to you, we have to comply with the rules under the Consumer Guarantees Act 1993. To the extent the law allows it, you agree no other warranties or guarantees imposed on us by custom or law will apply to us.

We can collect and use information about you

We can collect information from you or anyone else and use the information to manage your loan or use any of the rights we have under your loan agreement. We can also share this information with anyone we believe we need to, including anyone who provides security for your loan, credit reporters, or debt recovery agencies. We've explained our full rights to collect and use information about you in our General Terms and Conditions, which you have already received a copy of. We've also published a copy on our website.

We refer to New Zealand law in your loan agreement

New Zealand law applies to your loan agreement and all references are to New Zealand laws – this includes New Zealand legislation. The references include any replacements or amendments to those laws. New Zealand dates, times, and currency also apply to your loan agreement.