



# Frequently Asked Questions about our 1 May 2024 Home Loan Facility Master Agreement

We're making changes to the 2016 and 2023 versions of our Home Loan Facility Master Agreements. This document provides further information about the changes we're making and provides some answers to questions you might have.

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## Change to providing notice (clauses 4.2 and 7.5)

This change is only new for home loans dated between 1 April 2005 and 3 December 2023. If you have a home loan dated 3 December 2023 onwards, this is already part of your 2023 Home Loan Facility Master Agreement. As a responsible lender, we'll always provide notice and consider the appropriate notice period when changes are made to home loan contracts. We'll always act fairly and reasonably and comply with our legal obligations.

### **What's changing?**

We previously needed to give you at least 14 days' notice before most changes to the terms of your home loan facility took effect.

From 1 May 2024, we'll give you notice before, on, or after a change takes effect for changes made under clause 4.2 or 7.5.

It's important to note we'll always aim to provide a relevant amount of notice based on the type of change. For example, if a change benefits you, we may be able to pass on the benefit sooner by not giving prior notice. For more important changes we may give you more notice (e.g., 30, 60, or 90 days).

We'll sometimes need to give you notice on or after the date a change takes effect so we're able to continue to meet our legal obligations.

### **What's the latest you'd notify me after a change has occurred?**

For certain changes, notice may be given to you within five working days after a change takes effect or in your next statement. This complies with our disclosure (notice) obligations under the Credit Contracts and Consumer Finance Act 2003. We'll always aim to provide a relevant amount of notice based on the type of change.

### **What isn't changing?**

We'll still give you as much notice as we currently do for any changes we make to fixed and variable interest rates, fees, rebates, charges, and premiums. You can find more on this in clause 4.3 (page 6) of the 1 May 2024 Agreement.

We're not changing when we'll give you notice for any changes agreed between us and you. We'll always provide notice before, on, or after the change takes effect.

### **Will a fixed interest rate change without notice?**

No, we won't change an interest rate or customer margin during a fixed rate period (unless you request the change, and we agree to it). We'll still send you a reminder 60 days before your fixed rate period comes to an end, so you have time to consider what you'd like to do.

### **Will I still receive notice for variable interest rate changes?**

We currently give 14 days' prior notice before a variable interest rate change takes effect - this hasn't changed.

## What impact does the change to the customer margin clause (7.5) have?

This clause relates to changes to a margin, without your agreement. The impact of the change to this clause is:

1. Where a margin change has resulted in a lower agreed annual interest rate, you're able to get the benefit of that lower rate sooner, as we're no longer required to give 14 days' notice.
2. Where a low equity premium (LEP) is applied, resulting in a higher agreed annual interest rate, we're no longer required to give 14 days' notice. We'll always give you written notice on or before the day a new LEP takes effect. If a new LEP needs to be applied, we'll always assess and discuss this with you beforehand.

## What's a margin?

A margin is:

- a discount on the advertised (base) rate, reducing the overall agreed annual interest rate; and/or
- a low equity premium (LEP) added to the base rate, increasing the overall agreed annual interest rate.

## Will my margin change?

- Your margin won't change during a fixed rate period (unless you ask for the change, and we agree to it).
- If a new margin needs to be applied, we'll always give you notice in accordance with clause 7.5.
- If the margin change benefits you, for example removing or reducing a low equity premium, we'll aim to provide less notice so it can take effect sooner.

## Removal of redraw

### What does this change mean?

From 1 May 2024 we're removing the ability to apply for a redraw on Standard, TotalMoney, and Classic home loans.

### Which home loan types aren't impacted?

There's no impact to revolving facilities – Mortgage One and Rapid Repay Home Loan.

### Does this affect my TotalMoney offsetting?

No, if you have a TotalMoney home loan there's no impact to your ability to offset.

### How can I apply for additional borrowing?

Talk to us about your goals and we'll help find the best option for you. You can also find more information at [bnz.co.nz/homeloans](https://bnz.co.nz/homeloans). All home loans are subject to our lending criteria (including minimum equity requirements).

## We're here to help

If you have any questions that we haven't answered here, please call us on **0800 275 269**.

