

BNZ tightens rules for non-NZ & Australian citizens seeking loans to buy houses; ASB policies 'under review'

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BNZ has become the third of New Zealand's big four banks to tighten the screws on offshore house buyers looking for a mortgage.

Its changes come after ANZ and Westpac [unveiled changes on Thursday](#). Meanwhile, an ASB spokeswoman said her bank had not made any changes to its policy in this area, "but it is currently under review."

"As part of being a prudent lender, BNZ is constantly reviewing and adapting our lending criteria to reflect current conditions, and as a result we are changing our policy on how we recognise foreign income for lending," BNZ says in a statement.

The changes include;

1. Foreign income of people who are not New Zealand or Australian citizens, or do not hold a current permanent residency visa won't be recognised for servicing purposes. This is the case, regardless of whether or not they reside in New Zealand.

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2. New Zealand and Australian citizens and permanent residency holders, who are not currently residing in New Zealand using foreign income to service a loan will now have a maximum allowable LVR of 60% [down from what typically would be 80%]. Customers in this category will also have a 40% shade applied to the value of their income earned overseas, when calculating their ability to service the loan. This means if a customer is a NZ or Australian citizen who is living overseas and earning income overseas, only 60% of that

income will be taken into account when we're considering their ability to service a new home loan in NZ.

BNZ says it has "a robust income verification process" for all lending.

"These policy changes reflect our commitment to implementing best practice policies for our wide customer base."

The moves by NZ's big banks come after their Australian parents **halted lending** to non-residents and temporary visa holders earlier this year. Subsequent to that **The Australian Financial Review reported** both ANZ and Westpac had discovered they had approved "hundreds" of home loans backed by fraudulent Chinese income documents, allegedly put together with the assistance of mortgage brokers.

Interest.co.nz reported last week on suggestions of mortgage fraud in NZ along the lines of that reported by the AFR in Australia.