

# FAQs

## Government Offer to Red Zone Residents 25 August 2011

### 1. What role will banks play in the sale and purchase process?

Banks become involved in the government's offer to buy residential red zone properties where the home owners have a mortgage over the property with a bank. Bank customers with mortgages who wish to take up the government offer to purchase will need to obtain a discharge of mortgage from their bank.

The process is not straightforward because of outstanding insurance claims.

The government's offer to red zone residents includes two options. For Option 1 the government will take over both EQC and private insurance claims for the customer's land and house. The government will therefore need to make sure that the bank (mortgagee) has no ongoing interest in those insurance claims. For Option 2, the government takes over the EQC land claim only.

Under Option 2, the bank's interests in the private insurance claim for a customer's house will be retained. Banks are working on a standard agreement and instructions for customers' solicitors to allow this to occur seamlessly.

Customers are encouraged to talk to their banks about their particular circumstances. Banks are ready to assist their affected customers.

### 2. How quickly can a discharge of mortgage be obtained?

We do not expect there will be any delays in obtaining discharges. Banks have dedicated staff dealing with processing red zone discharges. Contact details for each of the banks are:

#### **ANZ National Bank Ltd**

##### For customers and solicitors

ANZ Customer Earthquake Response Centre

Tel: 03 368 2525

184 Shaw Ave, New Brighton, Christchurch

##### For solicitors

Lending Services Centre

Tel: 09 252 2977

Fax: 0800 27 77 77

**ASB Bank Ltd and Mortgage Holding Trust Company Limited (Sovereign)**

Craig Muir, Manager Security Alterations, Lending Services

Email: [craig.muir@asb.co.nz](mailto:craig.muir@asb.co.nz)

Tel: 09 301 5830

**Bank of New Zealand**

BNZ Earthquake Support Team

Email: [BNZ\\_Earthquake\\_Support\\_Team@bnz.co.nz](mailto:BNZ_Earthquake_Support_Team@bnz.co.nz)

Free phone: 0800 080 442

Fax: 0800 924 449

**Kiwibank Ltd**

For customers

Kiwibank Customer Care

Free phone: 0800 222 224

For solicitors

Email: [hlsecurities@kiwibank.co.nz](mailto:hlsecurities@kiwibank.co.nz)

Dave Grant, Senior Home Loan Operations Representative

Email: [david.grant@kiwibank.co.nz](mailto:david.grant@kiwibank.co.nz)

Tel: 04 460 6825

Paul Smith, Team Leader Home Loan Operations

Email: [paul.smith@kiwibank.co.nz](mailto:paul.smith@kiwibank.co.nz)

Tel 04 816 1651

**SBS Bank**

Sue McErlich

PO Box 19835, Woolston, Christchurch 8241

Email: [sue.mcerlich@sbs.net.nz](mailto:sue.mcerlich@sbs.net.nz)

Fax: 03 384 4114

**TSB Bank Ltd**

Amy Gibbs, Settlements Supervisor, Lending Services

Email: [lending10@tsbbank.co.nz](mailto:lending10@tsbbank.co.nz)

Tel: 06 968 3700, ext 6529

**Westpac New Zealand Ltd**

Email: [earthquake\\_support@westpac.co.nz](mailto:earthquake_support@westpac.co.nz)

Tel: 0800 707 020

3. Will the purchase price deposit go to the bank as mortgagee of my property?

It will depend on individual circumstances, and customers should talk to their bank about its requirements. However, it is normally the case that any deposit will need to be applied in repayment of lending. The bank will then work with the customer on any new property purchase.

4. Will the bank let customers use their deposit towards a new property?

It will depend on individual circumstances, and customers should talk to their bank about its requirements. Banks are continuing to support new lending in Christchurch, and customers will normally need to meet their bank's normal lending and security criteria for any new property purchase.

5. What else should red zone residents do while considering the government's offer?

Residents should seek independent legal advice on which option will best suit their circumstances.

6. What will the banks need lawyers to do?

Information for lawyers will be contained in letters of instruction from the relevant bank.

Of note:

- a. Where a customer selects Option 2 of the government's offer the lawyer must:
  - fill in the schedule to the standard form deed of assignment and ensure it is executed by the customer
  - notify the customer's insurer of the bank's interest in the proceeds of the customer's private insurance claims, using a standard form of notice
  - ensure any insurance contracts are up to date as at the date of settlement.
- b. The standard forms will be provided to lawyers by the relevant bank.
- c. Banks will register their security interest under the deed on the Personal Property Securities Register. Lawyers will not need to do this themselves.
- d. When registering discharges electronically lawyers must ensure that the tick box for reserving personal covenants is selected.
- e. Lawyers must also draw to the customer's attention that the bank's discharge of the mortgage secured over the land is without prejudice to the bank's other rights and remedies against the customer.