

# Questions from Wainoni residential red zone workshop

28 March 2012

## **Banking**

Answers provided by ASB

### **1. Is the bank offering special rates?**

ASB offers a two percent discount on variable lending for new bridging loans or new home loans, and there is no application fee. There is also no early repayment penalty for loan repayment using EQC or insurance funds. Term deposits can be broken with no penalty, provided they are EQC or insurance funds being called upon for a rebuild.

The two percent discount is available for new borrowing only, and for a maximum term of 12 months. Existing ASB loans that are restructured are not eligible for the two percent discount and nor are loans refinanced from other banks. You must use the new borrowing to pay for a replacement for your red-zone property. Upon expiry of the 12 month term, the interest rate applicable to the facility will be ASB's then current housing variable rate.

Upon receipt of your insurance and/or CERA payments, you must apply these payments to repay in full or reduce the balance outstanding under the two percent discounted facility. The two percent discounted interest rate will continue to apply to the outstanding balance (if any) after application of your insurance and/or CERA payments for the remainder of the 12 month term. Customers have up to 31 December 2012 to take up the offer, or at the bank's discretion.

### **2. What can the banks offer in terms of bridging finance?**

There is a two percent discount on bridging loans until red zone payout, or for up to 12 months.

### **3. What options are available to pensioners/earners with limited income?**

We assess customers' circumstances on a case by case basis, taking into account their ability to service the loan and the equity they have in their property.

Banks are prohibited from discriminating on grounds of age so talk to your bank. Don't feel pressured – shop around for the best offer.

### **4. If your income has changed since the earthquake and you need the same size mortgage to repurchase, are banks being flexible?**

Normal lending criteria will apply, but ASB will do everything possible to assist our customers.