

## **Lender Responsibility Principles**

Every lender must comply with the Lender Responsibility Principles. These include:-

a to exercise the care diligence and skill of a responsible lender in our advertising, our dealings with you prior to advancing funds and in our subsequent dealings with you regarding any loan or insurance or contract of guarantee.

b We must make reasonable enquiries that the funding will meet your needs and that you can make the repayments without suffering substantial hardship. We must assist you to reach an informed decision about entering into the loan agreement and ensure our advertising and other information provided to you is not misleading, deceptive or confusing and our agreements are in plain language and understandable.

c We must assist you to reach informed decisions in subsequent dealings including any variations

d We treat you and your property ethically and reasonably if you breach the agreement or suffer hardship and that we take all reasonable care to exercise our repossession rights in a reasonable manner

e We must ensure the agreement is not oppressive and that we do not exercise our rights in an oppressive manner and that we do not induce your agreement by oppressive means.

f We must meet all our obligations under relevant legislation including in relation to disclosure and credit fees, unforeseen hardship and repossession and that we act fairly and responsibly and carry out our obligations with reasonable care and skill.

## **Guarantee**

If there is a guarantee provided in respect of the loan we must

a Make reasonable enquiries that the guarantor will be able to comply with the guarantee without suffering substantial hardship

b Assist the guarantor to make an informed decision as to providing the guarantee including ensuring the terms of the guarantee are clear and concise and any materials provided are not confusing or misleading.

c Treat the guarantor reasonably and in an ethical manner

d Ensure (where a guarantee forms part of the credit contract) that the guarantee is not oppressive, we do not exercise our rights in an oppressive

manner and we do not induce the providing of the guarantee by oppressive means.

e Meet all our legal obligations to the guarantor.

### **Insurance Contract**

If there is an insurance contract we must:-

a ensure from our enquiries we are satisfied the insurance will meet the borrower's requirements and objectives and the payments for the policy can be made without substantial hardship

b assist the borrower to make an informed decision as to whether or not to enter into the contract of insurance

In exercising our obligations we are entitled to rely on information provided by the borrower and / or guarantor unless we have reasonable grounds to believe the information is not reliable.

This is a summary only. For a full and complete guide refer to:-

<http://www.legislation.govt.nz/act/public/2003/0052/latest/DLM6501318.html>