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Sent: Friday, 29 July 2016 11:45 a.m.
To: macroprudential
Cc: [REDACTED] Withhold OIA s9(2)(a)
Subject: Submission to Proposed LVR Restrictions

It is my understanding from RBNZ statements that the primary intent of the proposed LVR restrictions is to moderate the activity of the acquisition of residential properties. More in particular, residential rental properties and the speculative content of quasi property traders

As a Finance Specialist operating in the Commercial and Business sector my submissions are presented as questions that we have, and will encounter from borrowers

1. If I am an existing owner of residential rental property / properties and I am seeking funding for the purposes of working capital, trade finance or for the acquisition of business assets, am I restricted to 60% LVR on my residential rental properties. If so, the proposed restrictions will limit my ability to grow my business, the local and national economy.
2. Likewise if I am purchasing a Commercial Property, either for investment or for my own business to occupy, am I restricted to 60% LVR on my residential rental properties. If so, again there are barriers to the growth of the commercial property, business sectors.
3. What are the LVR definitions on my Beach House. What quantum of rent (if any) can be received before it is deemed a rental property.
4. In regards to existing flexi-facility / revolving credit limits that are in place now against residential rental portfolios that exceed 60% LVR. Is it proposed that these limits be reduced to 60% LVR. Whilst in place a borrower has the ability to repay/redraw in effect breaching the 60% rule. If fully drawn, what would the process and timeline be for a borrower required to reduce the outstanding balance and limit to 60%.
5. In respect to refinancing. If a borrower has an existing residential rental property geared over 60% and refinances the same arrangement to another Bank i.e no increase on that specific asset, are they required to reduce the new arrangement to 60%.

Just a few REAL LIFE examples that lenders will encounter that need absolute definitive positions on.

Regards

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A disclosure statement is available on request.



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