From: s9(2)(a) privacy [redacted]
Sent: Friday, 9 June 2017 3:26 p.m.
To: macroprudential
Subject: enquiries

Hi there,

Had read the Consultation Paper - Serviceability Restrictions as a Potential Macroprudential Tools in New Zealand.

I have some thoughts about the DTI for your considerations.

1. The DTI ratio applies to Overseas Income

If the come includes overseas income, the banks should work with IRD together. When those loan applicants apply for the new loan through brokers, the commercial banks must check their tax summary from IRD for approval. As I know, some of the applicants and mortgagee brokers make false documents and overseas bank transactions to acquire the loan applications. If they have to pay the personal income tax part in NZ, then the cost of doing above behavior would be high. This would reduce the risk of the NZ banking system during the economic downturn. NZRB must have a certain standards in its framework to treat and define overseas income.

2. To reduce the debt level, how about cancel the interest only loan

If the DTI > 5 investors only pay interest only loans, the risk of them would be never be removed or reduced. For the new issued loans, why not cancel the interest only loan ????

The above is what I am thinking, hope it make senses.

Regards,

Bin Sun