



MORTGAGE AND INSURANCE DISCLOSURE & AUTHORISATION

It's important you read and understand this disclosure. It covers our obligations to you, but it also covers your obligations to us.

This document includes three sections:

1. Your authorisation to engage with me and with NewBuild
2. My scope of engagement with you which may include the limitations of that advice
3. My Personal Disclosure

Here's what we will cover:

1. My authority to provide advice
2. The timeliness of my disclosures to you
3. Your rights to Personal Advice and how I am regulated by the Government
4. Your rights to complain if you feel that you have been misled, treated unprofessionally, or the products of services did not meet the care, skill and diligence expected of an advisor and details on how you may wish to complain
5. Your rights to privacy and what information will be shared and with whom
6. What products and services I can offer and by what providers
7. What my costs may be as a guideline, and what your obligations are to me
8. More about me, my experience and qualifications (personal disclosure)

1. Authorisation

The attached Personal Disclosure Statement, Declarations and Authorisations, Knowledge and Risk Profile, Scope of Service and Terms of Engagement reflect our commitment and obligation to provide the best level of service and advice to you. This document contains valuable and helpful information and obligations on your part. **You should read this document in entirety before proceeding. Proceeding with NewBuild is deemed to be acceptance of these terms.**

I, ("I", "me" or "my" include the plural "we", "us" and "our"), authorise the **Registered Financial Advisor for NewBuild Home Finance Limited (NewBuild)**, to obtain and be provided with any information required to assess, or enable any prospective lender to assess, my creditworthiness or to determine whether I meet or may meet any lender's eligibility criteria for borrowing purposes or my/our suitability for other security/guarantee purposes or my/our eligibility or suitability for any related or other insurance (whether general or life insurance, mortgage repayment or of any other type) I may require or may wish to arrange through NewBuild.

This authority also authorises any bank or other company, person, firm or other organisation whatsoever (including some information to your builder that may be applicable to the progress of your build) to disclose any information in his/her possession or knowledge which the person authorised above may seek to establish my creditworthiness or credit history or other good general standing and to provide that person with copies of any documents as to any such matter in its possession or control including (but not limited to) banking and savings records and any other documents that might

reasonably assist that person for any of the foregoing purposes or for any of the purposes set out in the preceding paragraph, AND the production of this authorisation, or of a copy of it, shall be a full and sufficient authority to any person, firm, company, statutory or other body or authority (public or private) whatsoever holding information as to any such matters or things to make such information available to that person as fully and freely as if on each occasion sought personally by me or, if more than one, by us or any of us.

I authorise the representative to share any information and/or outcomes with those third parties to whom this information is required to assess my Character, Credit and Capacity for home loans and/or insurances. This authority supersedes any authority submitted to any lender and/or supplier prior to the date shown below. This authority formally advises the lender/insurer that all other applications/proposals are to be withdrawn in preference to the one attached to this authority.

I acknowledge that while the representative has not been remunerated in advance of settlement/completion of an application/proposal, once you have received a pre-approval, if that pre-approval is withdrawn, the representative, at his/her sole discretion, retains the right to charge a consultation fee of up to \$500.00. Additional obligations are outlined in the attached disclosure.

2. Timeliness of my disclosure

At various stages of our engagement we will provide you a copy of the disclosure. The three main points include:

- a) The Fact-Find process (qualifying worksheet)
- b) At application (linked to your application)
- c) At pre-approval and full loan approval or offer of insurances (by way of a website link)
- d) When/if you have a complaint

From time to time this disclosure may be updated. The disclosure statement provided at the time of application, which is the point of our formal engagement, will apply throughout the period you have any active products or services with us, or unless replaced with an updated disclosure.

3. Your rights to personal advice and how I am regulated by the government

You can check that I am a registered as a Financial Adviser at www.fspr.govt.nz

Under the Financial Markets Conduct Act 2013 we have duties in relation to the advice we give. In summary, we are required to:

- Prioritize your interests by taking all reasonable steps to ensure our advice is not materially influenced by our own interests
- Exercise care, skill and diligence in providing you with advice
- Meet standards of competence, knowledge and skill set by the Code of Professional Conduct for Financial Advice Services to ensure we have the expertise to provide you with advice
- Meet standards of ethical behavior, conduct and client care set by the Code of Professional Conduct for Financial Advice Services

The Financial Markets Authority regulates financial advisers. Contact the Financial Markets Authority for more information, including financial tips and warnings, at www.fma.govt.nz

You can report information or complain about my conduct to the Financial Markets Authority, but in the event of a disagreement, you may choose to first use the dispute resolution procedures described below (under What should you do if something goes wrong?).

4. What should you do if something goes wrong?

If you have a problem, concern or complaint about any part of my service, please tell my internal complaints scheme so that my internal complaints scheme can try to fix the problem.

You may contact our internal complaints scheme by post or email:

The Chief Executive Officer
NewBuild Home Finance Limited
PO Box 300-813, Albany 0752
karen.phillips@newbuild.co.nz

If we cannot agree on how to fix the issue, or if you decide not to use the internal complaints scheme, you can contact the Insurance and Financial Services Ombudsman. This service is free to you, and will help us resolve any disagreements. You can contact the Insurance and Financial Services Ombudsman at:

Insurance and Financial Services Ombudsman
PO Box 10-845 Wellington 6143
Fax: +64 (04) 499 7614
Telephone: +64 (04) 499 7612
0800 888 202
www.ifso.nz

5. Client Confidentiality

Confidentiality is very important to me. I acknowledge that your personal details and details of your financial position are confidential. I undertake not to divulge any information that you have disclosed to me to any person or body except under the conditions noted below in 'Use of Information'. If your details are entered into our electronic record system, I will keep those details on file for a period of seven years or longer whether or not this engagement terminates. Clause 8 of our Scope of Engagement below outlines how your information may be shared with discretion.

6. Products and Services

As a *Registered Financial Advisor*, I only offer advice on the following:

Lending

- Residential and commercial lending
- Non bank lending
- Residential Construction lending
- Purchase and refinance

Insurances

- House and Contents
- Medical and health Insurance
- Income protection
- Trauma insurance
- Total and Permanent Disability insurance
- Life or terminal illness insurance

*In most instances, both with home loans and with insurance products, I may recommend only AIA products. AIA is a preferred provider.

When you have been granted a low deposit loan approval (less than 20%), and that approval requires a review of your insurances to ensure you are adequately protected, and you do NOT have adequate protection (as determined by a NewBuild or NewBuild appointed Risk Advisor), NewBuild will put this cover in place. If you have pre-existing and adequate protection, NewBuild will recommend any changes that should be made to support your proposed new financial position. Where a customer refuses the cover offered by NewBuild, or elects cover elsewhere, at NewBuild's discretion, the loan offer may be withdrawn.

7. REMUNERATION, FEES AND YOUR OBLIGATIONS

NewBuild is not a Broker. It offers a complex and specific lending product and service to assist primarily in New Construction. There is substantial additional work and financial cost involved that may not be fully paid by the lender through a brokerage fee alone. NewBuild relies on renewal (trail) income to offset the cost of working with you, and this requires you to stay with NewBuild for a (retention) period as set out below so the renewal can help offset the costs for our services. I have included a more detailed outline of expected costs and fees for securing finance through NewBuild on our website: <https://www.newbuild.co.nz/finance/what-can-i-expect-my-costs-to-be>

- a) I operate as a Financial Advisor. I am not a mortgage or insurance broker, and my services are not free. However, in the normal course of business, I may recommend one or more product providers. I may receive commission from the product providers directly (home loans and insurances).
- b) The nature of this commission can be a single upfront commission (percentage of the loan facility), an ongoing (trail) commission (percentage of the loan facility), or a mix of both.
- c) **The remuneration on your loan is conditional on a retention period.** Where a loan is moved away from NewBuild, or fully or partially repaid within 36 months from Code Compliance Certificate or settlement, whichever is the latter, an Early Repayment Fee (ERF) will apply. **It is therefore STRONGLY advised that all Home Loans be retained for a minimum 36 months from the period as set above to avoid an Early Repayment Fee. To calculate the ERF (or partial ERF), you will be invoiced at a maximum rate of 0.8% within the 36 month window as set out above (i.e. Loan Limit of \$100,000 x 0.8% fee = \$800 ERF).**
- d) Similarly, the remuneration on your insurance policy is conditional on a minimum retention period. Where a policy is moved away from NewBuild, or fully or partially cancelled within 36 months of issue an Early Cancellation Fee (ECF) is applicable. **It is therefore STRONGLY advised that all insurance products be retained for a minimum of 36 months of paid premium from date of issue to avoid an Early Cancellation Fee. That fee will not exceed the equivalent of 12 months of your Annual Premium as calculated (i.e. \$100 monthly insurance premium x 12 months = \$1,200 ECF).**

e) *What fees you might expect to pay*

- *\$500 Application fee*
- *\$250-500 for updated or amended applications*
- *\$500 for AML or loan structures (if applicable)*
- *\$500 if you decide not to proceed with loan offer (if applicable)*
- *\$150 refix fee (if applicable)*
- *** \$1,000 NewBuild Management Fee for a construction loan*
- *0.8% of Loan amount Early discharge as set out in clause 7c*
- *0.5% of loan amount NewBuild management early exit fee*
- *Early Cancellation of insurances as set out in clause 7d*
- *\$1,000 to manage a builder dispute that involves NewBuild management*
- *\$500 Alteration to existing loan including but not limited to change of security or change of borrowers*

- *** NOTE: all fees will be invoiced to you directly except the \$1,000 NewBuild Management Fee which is built in to your construction loan*

- *There may be additional fees or costs which will be disclosed at the time*

- *Progress Valuation/Inspection fees (set externally but paid from construction loan advances – these fees are not predetermined or payable by NewBuild. Any reserves are not guaranteeing the total costs of inspections)*

- *Valuation fees, lawyer's fees – paid from your own funds*

- f) Where in good faith substantial work has been provided and a conditional loan pre-approval has been obtained, and subsequently the application has expired or is withdrawn by you, or as an existing customer significant advice and work are completed on your behalf (full loan restructures, exchange of security, refinancing to a Trust, LTC or other entity, as examples) NewBuild may at the discretion of the Advisor incur a charge rate of \$150 per hour, or a minimum consultation fee of \$500 may be invoiced. Once a fully approved loan offer (where only the outstanding conditions to be satisfied relate to the engagement of customer and not the advisor) has been obtained, and then you subsequently determine not to proceed, at the Advisor's sole discretion, you may be invoiced for the Early Repayment Fee (ERF) as set out in 7c
- g) Where a commercial or non regulated loan applies, or in any instance where the lender does not pay a commission, a separate fee is applicable. That fee will generally not exceed 1% of the loan amount, except where disclosed in advance.
- h) Significant change of personal circumstances or hardship may be reasonable grounds to apply to the Advisor for any outstanding fees to be waived or rebated.
- i) I may also receive remuneration for the placement of insurance products for my client(s) (Fire & General, Personal Risk), either directly (if an agency is held) or indirectly if a referral is made to a specialist insurance adviser.

Similarly, I may make payments to those who refer clients to me. Such payments are made solely at my discretion and are in no way detrimental to my clients.

SCOPE OF ENGAGEMENT



Summary: A Scope of Engagement document begins the process of setting out the mutually agreed terms of engagement between us. The terms of this agreement shall not be altered, and your proceeding with any services with us is deemed full acceptance of our terms and conditions, and your signature(s) is NOT required as acceptance. The terms of these disclosures shall remain in force as long as you have any active products or services with us, or unless replaced with an updated disclosure.

1. DISCLOSURE STATEMENT

I have provided you with a copy of my Disclosure Statement.

2. TIMEFRAMES

The estimated time of the planning process is approximately one to two hours for the first meeting and two to three meetings may be required for the entire process. Most meetings may not be face to face, but via Zoom, email and by telephone. When identifying you for Anti Money Laundering purposes, we will record and retain on file a short Zoom (or other) video interview with you. At a future mutually agreeable time, a review of your personal situation may involve a further one to two hour interview in order to update mutually agreed levels of cover. In most cases, reviews take place annually unless otherwise agreed.

3. CONFLICTS OF INTEREST

At all times, I operate in the best interests of my clients, operating without conflicts of interest and with objectivity. The 'Products & Services' has been fully described above and clients are therefore aware of the options available to them, when appointing me as their Registered Financial Advisor.

4. AGENCY AND FEES

I am not an agent of the bank or insurer and act as an intermediary to facilitate products, services and advice. Any fees that are charged by me, unless noted specifically on an offer or application, are Advisor fees.

5. CLIENT RESPONSIBILITIES

It is your responsibility to provide me with accurate and relevant information at the time that the initial information is being gathered by way of the Loan Application, Fact Find or Needs Analysis, whichever takes place first. If you provide me with incomplete or inaccurate information, I may not be able to provide you with the advice, products or services you are seeking.

It is important that you understand your obligation to provide me with accurate and relevant information in order for the financial services provider to appropriately assess the risk and make an informed decision about the products you may be seeking.

For insurance products, in order for the insurer to assess the risk and the appropriate premium, the law requires you to disclose all the information you know, or should know, that is relevant to the insurer's decision whether to provide cover or determine the terms of cover. This is called your duty of disclosure. For example, you should disclose your current income, medical history and all information about insured and uninsured losses and claims.

6. REFERRALS TO OTHER PROFESSIONALS

If at any time during the term of engagement, a potential need arises for the use of another professional, I undertake to refer you to an appropriate professional. You will not be billed or invoiced for such a service at any time by me. If an appropriate professional cannot be located I undertake to advise you as soon as possible so that you may engage a professional of your choice or seek advice in regard to the same. Should another professional be engaged, I do not accept any liability whatsoever for the advice provided or the fees invoiced by that other professional, regardless of how the engagement came about.

I am not accredited or authorised to provide accounting or legal advice and you should seek independent professional advice.

7. TERMINATION

I undertake to exercise care, diligence and skill in providing you with a financial adviser service. If at any time, you wish to terminate this engagement, you must advise me in writing. Upon receipt of such advice by you, I then undertake to confirm termination of the engagement to you in writing within two business days, not including any public holidays.

8. USE OF INFORMATION

I will collect personal information (including full name, address and contact details) so that I may administer my customer relationships and provide clients with the products and services they request. This information is held at my offices. If at any time you wish to have access to, or correct any of, the information obtained with your permission, please contact me. I may be allowed or obliged to disclose information by law, e.g.: under Court Orders or Statutory Notices pursuant to taxation laws. I may also disclose personal/business information to other financial institutions and/or organisations at their request if you seek to obtain products and/or services from them. Personal/business information may also be disclosed to:

- Professionals including but not limited to solicitors, accountants, mortgage brokers, and stockbrokers when a referral is required, at your request and;
- If you have insurance, those involved in the insurance process including but not limited to claims investigators, medical practitioners, re-insurers, insurance reference agencies.
- If I intend to sell my business, any prospective purchaser of my business.
- The Financial Markets Authority and/or any other regulatory body as required for audit purposes.
- Real estate agents, builders or other related parties involved with your transaction on the likelihood of success of your application, or where limited information may be released as required to provide adequate structure for the services provided.

9. ADVICE OR RECOMMENDATIONS

As a part of recommending a specific lender I am not able to recommend a lender based on their break fee formulas (Early Repayment Assessment - ERA) or their interest rate pricing strategy or

methodology. Lenders have different pricing models and as such also have their own break fee formulas. If you wish to make your lender choice based on this you should request a copy of the formula from the lender directly. Banks may also charge fees for lending or other products and services and this will be disclosed to you directly by the lender. Selecting a fixed rate term is not a precise science, and while as an advisor I may assist with raising awareness to better inform you when fixing and for what term, as there is no precise science to interest rate movements, you must be solely responsible for the decision to fix or float your loan.

From time to time, this information may be updated and/or changed and I undertake to advise you of material changes to any of the items and/or products/services noted above by email and/or mail.

10. DUTIES

NewBuild Home Finance Ltd and anyone who gives financial advice on our behalf have duties under the Financial Markets Conduct Act (2013) in relation to how we give advice. We are required to:

- Prioritize your interests by taking all reasonable steps to make sure our advice is not materially influenced by our own interests
- Exercise care, skill and diligence in providing you with advice
- Meet standards of competence, knowledge and skill as set by the Code of Professional Conduct for Financial Advice Services
- Meet ethical standards of behavior, conduct and client care as set by the Code of Professional Conduct

8. Disclosure statement



Karen Phillips

It is important that you read this document

This information will help you to choose a financial adviser that best suits your needs. It will also provide some useful information about the financial adviser that you choose.

Name of financial adviser:	Karen Phillips (FSP779213)
Financial Advice Provider (FAP):	NewBuild Home Finance (FSP109184)
Address:	PO BOX 300 813, ALBANY
Trading name:	NEWBUILD HOME FINANCE LIMITED (NewBuild)
Telephone number:	09 414 6181 extn 206
Email address:	karen.phillips@newbuild.co.nz
Website:	www.newbuild.co.nz

This disclosure statement was prepared on: 15 March, 2021

Directorships: none. Chief Executive Officer of NewBuild

I hold current accreditation as a full member/ provisional member of Financial Advice New Zealand and my business complies with the Association's Professional Promise. A copy is available from <https://financialadvice.nz/professional-promise>.

Financial Advice NZ is a professional body dedicated to ensuring high ethical standards and professionalism of its members for the protection of clients, lenders and insurance providers.

PERSONAL HISTORY

Experience as Advisor. I have the following:

- *Qualifications – NZ Certificate of Financial Services (in process)*
- *Relevant Experience – 18 years with Sovereign Home Loans and ASB in a variety of management roles including as a residential lender for existing homes and new build projects and managing the client contact centre.*
- *Reliability history (no events)*

What sort of adviser am I?

I can give you advice about:

Lending

- *Residential (regulated) lending*
- *Residential Construction lending*
- *Purchase and refinance*

Insurances

- *House and contents insurance*
- *Medical and health insurance*
- *Income protection*

- Trauma insurance
- Total and Permanent Disability insurance
- Life or terminal illness insurance
-

Nature of Business

I am a practicing Registered Financial Advisor specializing in Home Loans and Insurance. I am not acting as a broker, and as such I may not offer you multiple offerings.

*In most instances, both with home loans and with insurance products, I may recommend only AIA products. AIA is a preferred provider. It is common industry practice for product providers to have special promotions to advisors. These promotions may be a limited time competition or an annual production competition where an overseas trip may be the reward. I participate in these promotions.

Professional Indemnity Insurance

For client protection, employees of NewBuild maintain a Professional Indemnity Insurance policy

I have agency relationships with the following Home loan Providers (this may change from time to time without notice)

ASB Bank	*AIA/Sovereign Home Loans
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I have agency relationships with the following insurance providers (this may change from time to time without notice)

*AIA
