



Credit Contracts and Consumer Finance Amendment Regulations 2015

Jerry Mateparae, Governor-General

Order in Council

At Wellington this 23rd day of March 2015

Present:

His Excellency the Governor-General in Council

Pursuant to section 138(1) of the Credit Contracts and Consumer Finance Act 2003, His Excellency the Governor-General makes the following regulations, acting—

- (a) on the advice and with the consent of the Executive Council; and
- (b) on the recommendation of the Minister of Commerce and Consumer Affairs made in accordance with section 138(1A) of the Credit Contracts and Consumer Finance Act 2003.

Contents

		Page
1	Title	2
2	Commencement	2
3	Principal regulations	2
4	New regulations 4A to 4D and cross-heading inserted	2

	<i>Publication of costs of borrowing information</i>		
	4A	Publication of costs of borrowing information	3
	4B	Information about interest rates	3
	4C	Information about charging interest	4
	4D	Information about credit fees and default fees	5
5		New regulation 4E and cross-heading inserted	5
	<i>Minimum repayment warning</i>		
	4E	Minimum repayment warning	5
6		New regulations 7A and 7B and cross-headings inserted	6
	<i>Rebate of repayment waiver</i>		
	7A	Rebate of repayment waiver	6
	<i>Rebate of extended warranty</i>		
	7B	Rebate of extended warranty	6
7		New regulation 18 and cross-heading inserted	7
	<i>Exemptions</i>		
	18	Exemptions from provisions relating to consumer credit contracts where local authority to provide credit	7
8		Schedule 2 replaced	8
	Schedule		9
	Schedule 2 replaced		

Regulations

- 1 Title**
These regulations are the Credit Contracts and Consumer Finance Amendment Regulations 2015.
- 2 Commencement**
These regulations come into force on 6 June 2015.
- 3 Principal regulations**
These regulations amend the Credit Contracts and Consumer Finance Regulations 2004 (the **principal regulations**).
- 4 New regulations 4A to 4D and cross-heading inserted**
After regulation 4, insert:

*“Publication of costs of borrowing information***“4A Publication of costs of borrowing information**

“(1) This regulation applies for the purpose of section 9K of the Act.

“General rules

“(2) The information required to be made publicly available (**costs of borrowing information**) must contain, for every class of credit contract offered by the creditor, the information prescribed by regulations 4B to 4D.

“Rules about publication on Internet sites

“(3) To meet the requirements under section 9K(3)(a) of the Act,—

“(a) each part of the costs of borrowing information for a class of credit contracts must be presented with the other parts of the costs of borrowing information for that class of credit contracts in a form that enables a borrower to ascertain readily the total costs of borrowing (for example, interest rates and fees for a class of credit contracts may be presented together on the same webpage or with prominent links provided between them); and

“(b) the costs of borrowing information must be accessible at all reasonable times.

“Rule when information supplied on request

“(4) Costs of borrowing information that is supplied to a requestor under section 9K(4) of the Act must include the date from which the information applies (for example, fees current as at [date]) or the date on which the information is supplied.

“4B Information about interest rates

“(1) The costs of borrowing information must include—

“(a) the annual interest rate or rates (with the rate or rates being expressed in terms of a percentage); and

“(b) if there is more than 1 rate, how or when each rate applies; and

“(c) if an annual interest rate is fixed for a period, the period during which the annual interest rate is fixed; and

“(d) if an annual interest rate is variable or adjustable, a statement to that effect.

- “(2) The rate or rates made publicly available in the costs of borrowing information—
- “(a) must be the rate or rates that are ordinarily available to borrowers who meet the lender’s borrowing requirements for that class of credit contracts; and
 - “(b) must be the current annual interest rate or rates, if the rate is variable or adjustable; and
 - “(c) must, if expressed by reference to a range, be accompanied by a brief description of the factors that the lender may consider to determine the specific interest rate for particular classes of borrower.
- “(3) If a higher interest rate than the rate or rates made publicly available under subclauses (1) and (2) may apply to a specific borrower (or class of borrowers) or in specific situations, the costs of borrowing information must include—
- “(a) a statement to that effect; and
 - “(b) a brief description of the factors that the lender may consider to determine the specific interest rate for that borrower or those borrowers or situations (if applicable); and
 - “(c) the margin (or maximum margin) that may be added or the interest rate (or maximum interest rate) that may apply (if known).
- “(4) If a higher interest rate may be imposed under the contract in the event of a default in payment or the credit limit being exceeded, this regulation applies as follows:
- “(a) references to **annual interest rate** include the default interest charge rate; and
 - “(b) the creditor must make the costs of borrowing information for the default interest charge rate publicly available in accordance with this regulation separately from the information on the annual interest rates.

“4C **Information about charging interest**

- “(1) The costs of borrowing information must include a brief description of the frequency with which interest charges may be debited under the contract.
- “(2) However, the costs of borrowing information need not include that description if interest charges will always be debited as

frequently as, or less frequently than, payments become due under the contract.

“4D Information about credit fees and default fees

The costs of borrowing information must contain a description of the credit fees and default fees that are, or may become, payable, including—

- “(a) when each fee is, or will become, payable; and
- “(b) the amount (or maximum amount) of each fee if ascertainable, or, if not, the method of calculation of the fee.”

5 New regulation 4E and cross-heading inserted

Before the cross-heading above regulation 5, insert:

“Minimum repayment warning

“4E Minimum repayment warning

- “(1) For the purposes of section 19(i) of the Act, the prescribed minimum repayment warning required in the case of a credit card contract is as follows:

“ ‘If you make only the minimum payment each month*, you will pay more interest and it will take you longer to pay off your balance. Visit www.sorted.org.nz/creditcards to calculate how you can pay off your credit card balance faster and pay less in interest.

“ ‘**Replace with other payment period, if applicable.*’

- “(2) The format, font, and font size of the minimum repayment warning must be easily readable.
- “(3) The minimum repayment warning must be presented reasonably close to the amount stated as the minimum payment for each payment period.
- “(4) No minimum repayment warning is required to be included in a continuing disclosure statement in the case of a credit card contract if—
- “(a) the closing unpaid balance is below \$100; or
 - “(b) a payment arrangement between the creditor and debtor replaces the minimum payment that would otherwise be required under the contract to be paid in each payment period; or

“(c) an interest-free period applies to the closing unpaid balance.

“Compare: National Consumer Credit Protection Regulations 2010 r 79B (Aust)”.

6 New regulations 7A and 7B and cross-headings inserted

After regulation 7, insert:

“Rebate of repayment waiver”

“7A Rebate of repayment waiver

For the purposes of section 52A of the Act, the rebate for the repayment waiver must be calculated in accordance with the following formula:

$$y = (p \times s \times (s + 1)) \div (t \times (t + 1))$$

where—

y is the amount of the rebate of the consideration paid for the repayment waiver

p is the amount of the consideration paid for the repayment waiver

s is the number of whole months in the unexpired portion of the period for which the repayment waiver applied

t is the number of whole months for which the repayment waiver applied.

“Rebate of extended warranty”

“7B Rebate of extended warranty

For the purposes of section 52B of the Act, the rebate for the extended warranty must be calculated in accordance with the following formula:

$$y = p \times s \div t$$

where—

y is the amount of the rebate of the consideration paid for the extended warranty

p is the amount of the consideration paid for the extended warranty

s is the number of whole months in the unexpired portion of the period for which the extended warranty applied

t is the number of whole months for which the extended warranty applied.

7 New regulation 18 and cross-heading inserted

After regulation 17, insert:

“Exemptions

“18 Exemptions from provisions relating to consumer credit contracts where local authority to provide credit

“(1) A credit contract is exempt from the application of the provisions of the Act that are listed in subclause (2) if—

“(a) the contract provides for a local authority to provide credit in connection with the funding of an activity on a rating unit; and

“(b) the contract provides that the creditor is to collect the amounts payable under the contract to the creditor by means of a targeted rate on the rating unit.

“(2) The provisions of the Act referred to in subclause (1) are as follows:

“(a) section 18 (continuing disclosure):

“(b) section 38 (early debit or payment of interest charges prohibited):

“(c) section 41 (unreasonable credit fee or default fee) as it applies in relation to default fees:

“(d) section 51 (amount required for full prepayment):

“(e) subpart 8 of Part 2 (changes on grounds of unforeseen hardship).

“(3) The exemptions given by subclause (1) do not apply if—

“(a) a person other than a local authority is a creditor under the contract; or

“(b) credit is provided under the contract otherwise than in connection with the funding of the activity on the rating unit; or

“(c) the contract is a revolving credit contract.

“(4) The exemption given by subclause (1) from the application of section 18 of the Act is subject to the condition that the creditor complies with section 18(1) of the Act as if the maximum period for a continuing disclosure statement were 12 months.

- “(5) The exemption given by subclause (1) from the application of subpart 8 of Part 2 of the Act applies only if—
- “(a) the local authority that sets (or is to set) the targeted rate has a rates remission policy adopted under section 109 of the Local Government Act 2002 or a rates postponement policy adopted under section 110 of that Act; and
 - “(b) the objectives stated in the adopted policy in accordance with section 109(1)(a) or 110(1)(a) of the Local Government Act 2002 include—
 - “(i) an objective of assisting ratepayers whose ability to pay their rates is impaired because they are in financial difficulty; or
 - “(ii) an objective that is substantially the same as the objective referred to in subparagraph (i).
- “(6) In this regulation,—
- “**local authority** has the meaning given by section 5 of the Local Government (Rating) Act 2002
 - “**rate** has the meaning given by section 5 of the Local Government (Rating) Act 2002
 - “**ratepayers** is to be read in accordance with section 10 of the Local Government (Rating) Act 2002
 - “**rating unit** means a rating unit for the purposes of the Rating Valuations Act 1998
 - “**targeted rate** means a rate set under section 16 of the Local Government (Rating) Act 2002.
- “(7) This regulation applies only to credit contracts entered into on or after 6 June 2015.”

8 Schedule 2 replaced

Replace Schedule 2 with the Schedule 2 set out in the Schedule of these regulations.

r 8

Schedule

Schedule 2 replaced

Schedule 2

r 12

Model disclosure statements

Form 1

DISCLOSURE STATEMENT FOR CONSUMER CREDIT
CONTRACTS (other than revolving credit contracts)

Statement date / /

Initial disclosure statement under section 17 of Credit Contracts and Consumer Finance Act 2003 for consumer credit contracts other than revolving credit contracts

IMPORTANT— This document sets out key information about your consumer credit contract. You should read it thoroughly. If you do not understand anything in this document, you should seek independent advice. You should keep this disclosure statement and a copy of your consumer credit contract in a safe place.

The law gives you a limited right to cancel the consumer credit contract (see below for further details). Note that strict time limits apply.

FULL NAME AND ADDRESS OF CREDITOR This is the person providing you the credit.

<p>You may send notices to the creditor by:</p> <ul style="list-style-type: none"> • writing to the creditor at the creditor's postal address; or • sending a fax to the number specified (if any); or • sending an email to the address specified (if any). 	<p>Name: _____</p> <p>Trading name (if different): _____</p> <p>Physical address: _____</p> <p>Postal address: _____</p> <p>Fax: _____</p> <p>Email: _____</p>
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CREDIT DETAILS

Initial unpaid balance																			
This is the amount you owe as at the date of this statement (including any fees charged by the creditor).																			
\$ _____ made up of:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">\$ _____</td> <td style="width: 20%;">\$ _____</td> <td style="width: 60%;">[describe any advance, charge, fee, optional service, etc.]</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td></td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td></td> </tr> <tr> <td colspan="3" style="text-align: center;">Less</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td>[eg: payment received, deposit, trade-in allowance, etc.]</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td></td> </tr> </table>	\$ _____	\$ _____	[describe any advance, charge, fee, optional service, etc.]	\$ _____	\$ _____		\$ _____	\$ _____		Less			\$ _____	\$ _____	[eg: payment received, deposit, trade-in allowance, etc.]	\$ _____	\$ _____	
\$ _____	\$ _____	[describe any advance, charge, fee, optional service, etc.]																	
\$ _____	\$ _____																		
\$ _____	\$ _____																		
Less																			
\$ _____	\$ _____	[eg: payment received, deposit, trade-in allowance, etc.]																	
\$ _____	\$ _____																		

<p>Subsequent advance(s)</p> <p>This amount (or these amounts) will be provided to you by the creditor on the date(s) specified.</p> <p>\$ _____ [description, timing]</p> <p>\$ _____ [description, timing]</p>	<p>Total advances</p> <p>This is the total amount of all advances made or to be made to you.</p> <p>\$ _____</p>
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PAYMENTS You are required to make each payment of the amount specified and by the time specified.

<p>Timing of payments</p> <p>Frequency _____</p> <p>First payment _____</p> <p>Last payment _____</p>	<p>Number of payments</p> <p>_____</p>	<p>Amount of each payment</p> <p>\$ _____</p>	<p>Total amount of payments</p> <p>\$ _____</p>
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Form 1—*continued***INTEREST****Annual interest rate(s)**

_____ % fixed for the whole term of the contract, being _____ [specify term of the contract]; or

_____ % fixed for part of the term of the contract, being _____ [specify period during which the annual interest rate is fixed]; or

The base rate _____ [name and description of base rate; when and where published or how ascertained; current annual interest rate or rates]; or

_____ % above/below base rate _____ [name and description of base rate; when and where published or how ascertained; current annual interest rate or rates].

Total interest charges

This is the total amount of the interest charges payable under the contract.

\$ _____

Interest free period

_____ days/weeks/months/years. When interest will begin to accrue: _____.

Method of charging interest

Interest charges are calculated by multiplying the unpaid balance at the end of the day by a daily interest rate. The daily interest rate is calculated by dividing the annual interest rate by 365.

Interest is charged to your account _____ [specify frequency, eg, monthly, fortnightly]; or

Interest charges are calculated and charged at the end of each _____ [specify period, eg, month, fortnight] by multiplying the average unpaid daily balance for the preceding _____ [specify period, eg, month, fortnight] by a _____ [specify frequency, eg, monthly, fortnightly] interest rate. The _____ [specify frequency, eg, monthly, fortnightly] interest rate is calculated by dividing the annual interest rate by _____ [specify number of periods in a year, eg, 12, 26]; or

Interest charges are calculated by _____ [specify other method of charging interest and frequency with which interest charges are debited].

CREDIT FEES AND CHARGES

The following credit fee(s) and charge(s) (which are not included in the initial unpaid balance) are, or may become, payable under, or in connection with, the contract.

Your credit contract may allow the creditor to vary this/these fee(s) and charge(s).

\$ _____ [amount or, if not ascertainable, method of calculation] _____ [description, timing]

\$ _____ [amount or, if not ascertainable, method of calculation] _____ [description, timing]

Administration costs and fees payable on full prepayment are disclosed under the full prepayment heading.

CONTINUING DISCLOSURE

The creditor may be required to provide you with regular statements. The statements will give you information about your account.

Statements will be provided _____ [specify frequency, eg, monthly].

Form 1—*continued***WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS****Security interest(s)***

[* Delete if no security interest is or may be taken in connection with the contract.]

This is secured credit. If you fail to meet your commitments under the contract, the creditor may be entitled to repossess and sell this property.

Description of security interest(s):

Property which is (or will be) subject to a security interest: _____ [Clearly describe the property.]

_____ [Clearly explain the nature of the security interest.]

_____ [Clearly explain the extent to which the debtor's obligations to the creditor are secured by the security interest, including whether, if the creditor's rights under the security were to be exercised, the debtor would, or may, remain indebted to the creditor.]

_____ [Clearly explain what the consequences would be if the debtor were to give to a person other than the creditor a security over the property and if, as a result, the debtor were to be in breach of the contract, including whether the property would be liable to repossession.]

Disabling device†

[† Delete if no disabling device is to be attached to consumer goods that are subject to a security interest.]

A disabling device is to be attached to: _____

_____ [Clearly explain how the device functions; when the device might be activated; and how, if the consumer goods are required in an emergency situation, the debtor may obtain the use of the goods.]

Default interest charges and default fees

In the event of a default in payment, and while the default continues, you must pay the default interest charges. In the event of a breach of the contract or on the enforcement of the contract, the default fees specified below are payable. Your credit contract may allow the creditor to vary these fees and charges.

Default interest is _____ [description of the amount and how and when default interest charges become payable]

Default fees: \$ _____ [description of the amount and how
\$ _____ and when default fees become payable].

FULL PREPAYMENT

If you pay the unpaid balance in full before the final payment is due (**full prepayment**), you may be required to pay a fee or charge to compensate the creditor for any loss resulting from the full prepayment. The creditor may have suffered a loss if the creditor's current interest rate is lower than the interest rate applying to your original consumer credit contract. You may also have to pay the creditor's administrative costs relating to the full prepayment.

The amount you may have to pay to compensate the creditor for the loss is calculated using the formula prescribed in regulation 9 or regulation 11 of the Credit Contracts and Consumer Finance Regulations 2004; or

_____ [alternative procedure].

Administrative costs/fees \$ _____ [description].

Form 1—*continued***RIGHT TO CANCEL**

You are entitled to cancel the consumer credit contract by giving notice to the creditor.

Time limits for cancellation

*You must give notice that you intend to cancel the contract within 5 working days of the statement date on the front of this document.

[* Delete if the disclosure is not made in person and on the statement date.]

†You must give notice that you intend to cancel the contract within [specify 5/7/9] working days of [specify date document is given, emailed, or posted to the borrower].

[† Delete if the disclosure is made in person and on the statement date.]

Saturdays, Sundays, and national public holidays are not counted as working days.

How to cancel

To cancel, you must give the creditor written notice that you intend to cancel the contract by—

- giving notice to the creditor or an employee or agent of the creditor; or
- posting the notice to the creditor or an agent of the creditor; or
- emailing the notice to the creditor's email address (if specified on the front of this disclosure statement); or
- sending the notice to the creditor's fax number (if specified on the front of this disclosure statement).

*You must also, within the same time, return to the creditor any advance and any other property received by you under the contract.

[* Delete if section 27(1)(b) of the Act does not apply, eg, if the credit contract involves a credit sale.]

†You must also pay the cash price of the property or services (or the balance of the cash price after deducting any amount you have already paid) within 15 working days of the day you give the cancellation notice.

[† Delete if section 27(1)(a) of the Act does not apply, eg, if the contract does not involve a credit sale.]

What you may have to pay if you cancel

If you cancel the contract, the creditor can charge you the amount of any reasonable expenses the creditor had to pay in connection with the contract and its cancellation (including legal fees and fees for credit reports, etc).

* If you cancel the contract, the creditor can also charge you—

- interest for the period from the day you received the property or services until the day you either pay the cash price for the property or services or return the property to the creditor; and
- if any returned property has been damaged while in your possession, the costs of repairing the damage.

[* Delete if section 27(1)(b) of the Act does not apply, eg, if the credit contract involves a credit sale.]

†If you cancel the contract, the creditor can also charge you interest for the period from the day you received the advance until the day you repay the advance.

[† Delete if section 27(1)(a) of the Act does not apply, eg, if the contract does not involve a credit sale.]

WHAT TO DO IF YOU SUFFER UNFORESEEN HARDSHIP

If you are unable reasonably to keep up your payments or other obligations because of illness, injury, loss of employment, the end of a relationship, or other reasonable cause, you may be able to apply to the creditor for a hardship variation.

To apply for a hardship variation, you need to:

- (a) make an application in writing; and
- (b) explain your reason(s) for the application; and
- (c) request one of the following:
 - an extension of the term of the contract (which will reduce the amount of each payment due under the contract); or
 - a postponement of the dates on which payments are due under the contract (specify the period for which you want this to apply); or
 - both of the above; and
- (d) give the application to the creditor.

Do this as soon as possible. If you leave it for too long, the creditor may not have to consider your application.

Form 1—*continued***DISPUTE RESOLUTION***

[* Delete if not required by the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to be a member of a dispute resolution scheme.]

Name of dispute resolution scheme: _____*
It is free to make a complaint to this independent dispute resolution scheme. This scheme can help you to resolve any disagreements you have with the creditor. *
Contact details of dispute resolution scheme:*
Phone: _____
Website: _____
Business address: _____

REGISTRATION ON FINANCIAL SERVICE PROVIDER REGISTER†

[† Delete if not required by the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to register on the financial service providers register.]

Creditor registration name: _____ Registration number: _____ †
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Form 2

DISCLOSURE STATEMENT FOR REVOLVING CREDIT
CONTRACTSStatement date
/ /*Initial disclosure statement under section 17 of Credit Contracts and Consumer Finance Act 2003 for revolving credit contracts.*

IMPORTANT— This document sets out key information about your consumer credit contract. You should read it thoroughly. If you do not understand anything in this document, you should seek independent advice. You should keep this disclosure statement and a copy of your consumer credit contract in a safe place.

The law gives you a limited right to cancel the revolving credit contract (see below for further details). Note that strict time limits apply.

FULL NAME AND ADDRESS OF CREDITOR This is the person providing you the credit.

You may send notices to the creditor by: <ul style="list-style-type: none"> • writing to the creditor at the creditor's postal address; or • sending a fax to the number specified (if any); or • sending an email to the address specified (if any). 	Name: _____
	Trading name (if different): _____
	Physical address: _____ _____
	Postal address: _____ _____
	Fax: _____
	Email: _____

CONTINUING DISCLOSURE**Continuing disclosure statements**

The creditor is required to provide you with regular statements. The statements will give you information about your account (eg, any interest or fees charged during the statement period) and the amount and timing of your next payment.

Statements will be provided _____ [specify frequency, eg, monthly, fortnightly].

INITIAL UNPAID BALANCE This is the amount you owe as at the date of this statement (including any fees charged by the creditor).

\$ _____ made up of:	\$ _____	\$ _____	[describe any advance, charge, fee, optional service, etc]
	\$ _____	\$ _____	
	\$ _____	\$ _____	
	Less		
	\$ _____	\$ _____	[eg, payment received, etc]
	\$ _____	\$ _____	

PAYMENTS**Minimum payment**

You may choose to pay more than the minimum payment, \$ _____; or _____% of the unpaid balance as at the end of each statement period; or

The minimum payment is calculated by _____ [description of other method of calculating minimum payment].

When payments are due

Payments must be made _____ [specify frequency, eg, monthly, fortnightly].

The date that payments are due will be specified in your continuing disclosure statements.

Form 2—continued

CREDIT DETAILS**Annual interest rate(s)**

Current annual interest rate _____ (this rate may vary); or
 _____ % fixed for _____ [specify period]; or
 The base rate _____ [name and description of base rate; when and
 where published or how ascertained; current annual interest rate or rates]; or
 _____ % above/below base rate _____ [name and description of
 base rate; when and where published or how ascertained; current annual interest
 rate or rates].

Credit limit

\$ _____

Method of charging interest

Interest charges are calculated by multiplying the unpaid balance at the end of the day by a daily interest rate. The daily interest rate is calculated by dividing the annual interest rate by 365.

Interest is charged to your account _____ [specify frequency, eg, monthly, fortnightly]; or

Interest charges are calculated by _____ [specify other method of charging interest and frequency with which interest charges are debited].

Interest free period

_____ days/weeks/months/years. When interest will begin to accrue: _____.

CREDIT FEES AND CHARGES

The following credit fee(s) and charge(s) (which are not included in the initial unpaid balance) are, or may become, payable under, or in connection with, the contract.

Your credit contract may allow the creditor to vary this/these fee(s) and charge(s).

\$ _____ [amount or, if not ascertainable, method of calculation] _____ [description, timing]

\$ _____ [amount or, if not ascertainable, method of calculation] _____ [description, timing]

WHAT COULD HAPPEN IF YOU FAIL TO MEET YOUR COMMITMENTS**Security interest(s)***

[* Delete if no security interest is or may be taken in connection with the contract.]

This is secured credit. If you fail to meet your commitments under the contract, the creditor may be entitled to repossess and sell this property.

Description of security interest(s):

Property which is (or will be) subject to a security interest: _____ [Clearly describe the property.]

_____ [Clearly explain the nature of the security interest.]

_____ [Clearly explain the extent to which the debtor's obligations to the creditor are secured by the security interest, including whether, if the creditor's rights under the security were to be exercised, the debtor would, or may, remain indebted to the creditor.]

_____ [Clearly explain what the consequences would be if the debtor were to give to a person other than the creditor a security over the property and if, as a result, the debtor were to be in breach of the contract, including whether the property would be liable to repossession.]

Disabling device†

[† Delete if no disabling device is to be attached to consumer goods that are subject to a security interest.]

A disabling device is to be attached to: _____

_____ [Clearly explain how the device functions; when the device might be activated; and how, if the consumer goods are required in an emergency situation, the debtor may obtain the use of the goods.]

Form 2—continued

Default interest charges and default fees

You must pay the default interest charges in the event of a default in payment and while the default continues, or in the event of you causing the credit limit under the contract to be exceeded and while the credit limit is exceeded. In the event of a breach of the contract or on the enforcement of the contract, the default fees specified below are payable. Your credit contract may allow the creditor to vary these fees and charges.

Default interest is _____ [description of the amount and how and when default interest charges become payable]

Default fees: \$ _____ [description of the amount and how
\$ _____ and when default fees become payable].

RIGHT TO CANCEL

You are entitled to cancel the revolving credit contract by giving notice to the creditor.

Time limits for cancellation

*You must give notice that you intend to cancel the contract within 5 working days of the statement date on the front of this document.

[* Delete if the disclosure is not made in person and on the statement date.]

†You must give notice that you intend to cancel the contract within [specify 5/7/9] working days of [specify date document is given, emailed, or posted to the borrower].

[† Delete if the disclosure is made in person and on the statement date.]

Saturdays, Sundays, and national public holidays are not counted as working days.

How to cancel

To cancel, you must give the creditor written notice that you intend to cancel the contract by—

- giving notice to the creditor or an employee or agent of the creditor; or
- posting the notice to the creditor or an agent of the creditor; or
- emailing the notice to the creditor's email address (if specified on the front of this disclosure statement); or
- sending the notice to the creditor's fax number (if specified on the front of this disclosure statement).

*You must also, within the same time, return to the creditor any advance and any other property received by you under the contract.

[* Delete if section 27(1)(b) of the Act does not apply, eg, if the credit contract involves a credit sale.]

†You must also pay the cash price of the property or services (or the balance of the cash price after deducting any amount you have already paid) within 15 working days of the day you give the cancellation notice.

[† Delete if section 27(1)(a) of the Act does not apply, eg, if the contract does not involve a credit sale.]

What you may have to pay if you cancel

If you cancel the contract, the creditor can charge you the amount of any reasonable expenses the creditor had to pay in connection with the contract and its cancellation (including legal fees and fees for credit reports, etc).

* If you cancel the contract, the creditor can also charge you—

- interest for the period from the day you received the property or services until the day you either pay the cash price for the property or services or return the property to the creditor; and
- if any returned property has been damaged while in your possession, the costs of repairing the damage.

[* Delete if section 27(1)(b) of the Act does not apply, eg, if the credit contract involves a credit sale.]

†If you cancel the contract, the creditor can also charge you interest for the period from the day you received the advance until the day you repay the advance.

[† Delete if section 27(1)(a) of the Act does not apply, eg, if the contract does not involve a credit sale.]

Form 2—*continued***WHAT TO DO IF YOU SUFFER UNFORESEEN HARDSHIP**

If you are unable reasonably to keep up your payments or other obligations because of illness, injury, loss of employment, the end of a relationship, or other reasonable cause, you may be able to apply to the creditor for a hardship variation.

To apply for a hardship variation, you need to:

- (a) make an application in writing; and
- (b) explain your reason(s) for the application; and
- (c) request a postponement of the dates on which payments are due under the contract (specify the period for which you want this to apply); and
- (d) give the application to the creditor.

Do this as soon as possible. If you leave it for too long, the creditor may not have to consider your application.

DISPUTE RESOLUTION*

[* Delete if not required by the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to be a member of a dispute resolution scheme.]

Name of dispute resolution scheme: _____ *

It is free to make a complaint to this independent dispute resolution scheme. This scheme can help you to resolve any disagreements you have with the creditor.*

Contact details of dispute resolution scheme:*

Phone: _____

Website: _____

Business address: _____

REGISTRATION ON FINANCIAL SERVICE PROVIDER REGISTER†

[† Delete if not required by the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to register on the financial service providers register.]

Creditor registration name: _____ Registration number: _____ †

Michael Webster,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 6 June 2015, prescribe matters necessary to the operation of new obligations and responsibilities introduced by amendments to the Credit Contracts and Consumer Finance Act 2003 (the CCCFA) made by the Credit Contracts and Consumer Finance Amendment Act 2014. The regulations also provide for certain exemptions from the application of certain provisions of the CCCFA.

Publication of costs of borrowing information

Regulation 4 prescribes the costs of borrowing information that creditors must make publicly available pursuant to new section 9K of the CCCFA. That section requires every creditor—

- to ensure that information about all the costs of borrowing in relation to every class of credit contracts offered by that creditor is publicly available; and
- to display prominently and clearly on the creditor's Internet site the credit fees, default fees, and annual rates of interest (and default interest charge rates) in relation to every class of credit contracts (if the creditor has an Internet site); and
- to display prominently and clearly on any of its business premises that are accessible to the public a notice that a copy of the information about those credit fees, default fees, and rates is available on request (free of charge); and
- immediately after receiving the request of any person, to supply a copy of that information, free of charge, to that person.

The information prescribed by *regulation 4* is based on that prescribed by Schedule 1 of the CCCFA as the information that must be disclosed to individual debtors, but is tailored to reflect the fact that key information relates to a specific borrower entering into a particular contract, while costs of borrowing information is intended to ensure creditors publish generic information about credit products so that consumers can compare the different products easily.

Credit card minimum repayment warning

Regulation 5 prescribes the credit card minimum repayment warning that continuing disclosure statements for credit card contracts are required to contain under amended section 19 of the CCCFA.

Proportionate rebate formula

Regulation 6 prescribes the proportionate rebate formula to be used to calculate the portion of the consideration paid for a repayment waiver and an extended warranty that must be applied to reduce the amount required for full prepayment, according to section 51 of the CCCFA.

Exemptions

Regulation 7 gives exemptions in relation to “VTR schemes”. In general terms, these are schemes run by local authorities under which credit may be provided to a ratepayer to fund work on a rating unit for the ratepayer’s benefit. The credit contract is administered through the rates system.

New regulation 18(1) sets out the following 2 requirements that must be met in relation to a credit contract for it to be exempted:

- the contract provides for a local authority to provide credit in connection with the funding of an activity on a rating unit. *See* section 6 of the CCCFA for the definition of credit. *New regulation 18(6)* defines local authority by reference to section 5 of the Local Government (Rating) Act 2002 (the **LG(R)A 2002**). *New regulation 18(6)* defines rating unit by reference to the Rating Valuations Act 1998. Generally, any parcel of land for which there is a certificate of title is a rating unit (*see* sections 5B and 5C of the Rating Valuations Act 1998). Rates set by local authorities under the LG(R)A 2002 are set by reference to rating units:
- the contract provides that the creditor is to collect the amounts payable under the contract to the creditor by means of a targeted rate on the rating unit. *New regulation 18(6)* defines targeted rate by reference to section 16 of the LG(R)A 2002. Under that section, a targeted rate may be set by a local authority for specific activities identified in the authority’s funding impact statement and need not be set in relation to all rateable land in the authority’s district.

New regulation 18(2) lists the provisions of the CCCFA from which an exemption is given. All the provisions are contained in Part 2 of the CCCFA, which regulates consumer credit contracts (*see* subpart 1 of Part 2). The provisions are as follows:

- section 18, which requires the creditor under a consumer credit contract to disclose certain information to the debtor at least once every 6 months. *New regulation 18(4)* makes this exemption subject to the condition that the creditor discloses the required information at least once every 12 months:
- section 38, which provides that a creditor under a consumer credit contract must not require the payment of, or debit, an

interest charge at any time before the end of the day to which the interest charge applies:

- section 41, which provides that a consumer credit contract must not provide for unreasonable credit or default fees. This exemption applies only in relation to default fees:
- section 51, which limits the amount that may be required for the full prepayment of a consumer credit contract:
- subpart 8 of Part 2, which gives a debtor under a consumer credit contract rights to request changes to the contract if the debtor is suffering hardship as a result of, for example, illness or loss of employment. *New regulation 18(5)* provides that this exemption applies only if the local authority that sets (or is to set) the targeted rate has a rates remission policy adopted under section 109 of the Local Government Act 2002 or a rates postponement policy adopted under section 110 of that Act. A local authority with a rates remission policy may remit rates on a rating unit under section 85 of the LG(R)A 2002 and a local authority with a rates postponement policy may postpone the requirement to pay rates on a rating unit under section 87 of the LG(R)A 2002. *New regulation 18(5)* requires the adopted policy to have an objective of assisting ratepayers whose ability to pay their rates is impaired because they are in financial difficulty or an objective that is substantially the same as that objective.

New regulation 18(1) and (2) is supplemented by *new regulation 18(3)*, which provides that the exemptions do not apply in certain circumstances.

Model disclosure statements

Regulation 8 prescribes updated forms for the model disclosure statements to reflect new initial disclosure obligations and timeframes that are prescribed by the amended CCCFA, pursuant to amended section 17 of the CCCFA.

Statement of reasons

The following statement of reasons is published for the purposes of section 138(1B) of the Credit Contracts and Consumer Finance Act 2003.

The Minister of Commerce and Consumer Affairs, having had regard to the purposes of the Credit Contracts and Consumer Finance Act 2003 set out in section 3 of that Act as required by section 138(1A)(a) of that Act, and being satisfied as to the matters set out in section 138(1A)(b) and (c)(ii) of that Act, considers the exemptions given by *regulation 7* of these regulations to be appropriate because—

- the provisions of the Act from which the exemptions are given overlap with similar requirements set out under local government legislation; and
- exempting VTR scheme providers from these provisions is unlikely to cause detriment to debtors as local government legislation provides sufficient protections for debtors in each case. The purposes of the Act to protect the interests of consumers and promote their confident and informed participation in markets for credit will continue to be met; and
- requiring VTR scheme providers to comply with the overlapping requirements of the Act and local government legislation would require councils to comply with onerous and burdensome requirements. Councils would have to change the way they administer VTR schemes to comply, which would result in unnecessary compliance costs that may be passed on to borrowers.

Regulatory impact statement

The Ministry of Business, Innovation, and Employment produced regulatory impact statements in January 2015 to help inform the decisions taken by the Government relating to the contents of this instrument.

Copies of these regulatory impact statements can be found at—

- <http://www.consumeraffairs.govt.nz/legislation-policy/policy-reports-and-papers/regulatory-impact-statements>

- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.
Date of notification in *Gazette*: 26 March 2015.
These regulations are administered by the Ministry of Business, Innovation, and
Employment.
