

who holds the law of Bank Mortgages in New Zealand

AI Overview

In New Zealand, the law regarding bank mortgages is not held by a single entity but is governed by a combination of legislation, regulatory bodies, and legal principles administered by the Crown.

The primary legal framework is the

Property Law Act 2007 and the

Land Transfer Act 2017,

while supervision of bank lending practices is held by the

[Reserve Bank of New Zealand \(RBNZ\)](#) -

Te Pūtea Matua and the

[Financial Markets Authority \(FMA\)](#).

Here is a breakdown of who "holds" or manages the laws of bank mortgages in NZ:

1. Legislative Framework (The Laws)

Property Law Act 2007: Governs the relationship between mortgagor (borrower) and mortgagee (bank), including rights of redemption, powers of sale, and covenants.

Land Transfer Act 2017: Regulates the registration of mortgages on land titles, managed by Land Information New Zealand (LINZ).

Credit Contracts and Consumer Finance Act 2003 (CCCFA): Sets out responsible lending principles, affordability assessments, and disclosure requirements for consumer mortgages.

Banking (Prudential Supervision) Act 1989: Empowers the RBNZ to supervise registered banks.

New Zealand Legislation +5

2. Regulatory & Supervisory Bodies (The Regulators)

Reserve Bank of New Zealand (RBNZ): Responsible for the prudential regulation of banks, including setting Loan-to-Value Ratio (LVR) restrictions and Debt-to-Income (DTI) limits to ensure financial stability.

Financial Markets Authority (FMA): Acts as the conduct regulator for financial institutions, ensuring fair, efficient, and transparent conduct, including licensing and supervising mortgage lenders and advisers.

Commerce Commission: Responsible for enforcing the CCCFA and the Responsible Lending Code, investigating creditor misconduct.

Ministry of Business, Innovation & Employment (MBIE):

Administers the legislation relating to financial institution conduct (e.g.,

FMA conducts reforms).

Reserve Bank of New Zealand +7

3. Key Legal Requirements

Registration: Mortgages must be registered on the land title via LINZ to gain priority.

Responsible Lending: Lenders must ensure borrowers can afford the loan without hardship.

Mortgagee Sales: The Property Law Act 2007 dictates how banks must act if they sell a property due to default, requiring them to take reasonable care to obtain the best price.

Community Law - Free Legal Help throughout New Zealand +4

In summary, the **Reserve Bank** holds the reins on financial stability (LVR/DTI), while the

FMA and Commerce Commission oversee how banks behave towards customers.