



Products

Guarantors Support

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1. Description

Guarantor Support is available to assist customers obtain a home loan when they are unable to provide adequate security in cases where the loan amount exceeds normal lending margins; and/or if they are unable to provide adequate servicing (for non-personal borrowers only).

Borrowers may consider adding [co-borrowers](#) to their loan application if they do not wish to obtain support from a guarantor

2. Benefits

Guarantor Support enables customers (in particular first home buyers) to:

- ▶ Borrow more funds than they may have been eligible for without a guarantee
- ▶ Eliminate the need to pay for Lenders' Mortgage Insurance (LMI) or Low Deposit Premium (LDP) where the guarantee reduces the customer's Loan Valuation Ratio (LVR) to a level where LMI is not required.

3. Eligibility

To be eligible to provide a guarantee for a residential mortgage, all guarantors to a loan must be one of the following:

- ▶ Living in Australia and are:
 - ▶ An Australian citizen;
 - ▶ A New Zealand citizen;
 - ▶ An Australian permanent resident;
- ▶ Living and working overseas and are Australian citizens 18 years or older;
- ▶ An Australian registered non-trading company; **or**
- ▶ A family, unit or hybrid trust, where the trustee could be:
 - ▶ An individual; **or**
 - ▶ A company.

4. Options

The following options are available.

| Borrower Type | Types of support |
|---|---|
| Personal Borrower A personal borrower must be able to service the loan amount based on their income and total repayment commitments. Under no circumstances can a guarantee be taken if the borrower is unable to demonstrate servicing in their own right. | Security support only subject to the application falling into one of the following scenarios: <ul style="list-style-type: none"> ▶ Family Security Support (see below) ▶ Where the borrower and guarantor are married/in a de facto relationship ▶ Property share ▶ Non-personal guarantors |
| Non-Personal borrower I.e. where the application includes at least one borrower who is a company or a company as a trustee. | Servicing and/or security support |

5. Family Security Support

Family Security Support makes it possible for customers to get a home loan when they're unable to provide adequate security to the Bank on their own.

Family members of the borrower, i.e. a parent or guardian, adult child, sibling, or grandparent (it can also be a former spouse or legally appointed guardian) may offer the equity in their property in addition to the borrower's property being secured by the loan. Other family members (such as aunts/uncles) may only be accepted where approved by Credit.

If approved, the family member guarantees the loan which is supported by the property they are offering as security.

6. Family Security Support isn't available for:

- ▶ Borrowers who do not have an ownership interest in at least one security property supporting the loan unless the purpose of the borrowing provides direct benefit to the security provider (e.g. adult son or daughter borrowing for the purpose of providing aged care for their parents using their parent's property as security)
- ▶ Individual guarantors receiving any type of Government Benefit (pension or payment) as their sole source of income, and using their principal place of residence as security, unless the security is in joint names with the borrower
- ▶ Off the plan purchases or loans where foreign income is used for servicing
- ▶ Individual guarantors who are not a family member of the borrower/s e.g. friend or neighbour
- ▶ Viridian Line of Credit (VLOCs).
- ▶ Loan purposes unrelated to the purchase, construction, renovation or refinance (where the original loan purpose was for purchase, construction or renovation) of a property (including personal investment, purchase of a car, personal goods, cash-out, debt consolidation etc.).
- ▶ Interest only repayments for the guaranteed loan account only (other than during a construction period).
- ▶ Transportable or mobile homes

Note: The above restrictions do not apply for marital/de facto relationships

7. Family Security Support required loan structure

The required loan structure is an **80% / 20% split (plus costs to a maximum of 7%)**. The maximum loan amount for the guaranteed loan must not exceed 20% plus associated purchase costs to a maximum of 27% of the borrower's property value. The maximum total lending against the guarantor's security property must also not exceed 70% of the guarantor's property value.

An 80 / 20 (plus costs) split is:

- ▶ Application 1 is secured by the:
 - ▶ Borrower's property only (80% of the borrower's property value); and
- ▶ Application 2 (the remaining loan amount) is secured by the:
 - ▶ Borrower's property (20% plus costs to a maximum of 7% of the borrower's property value); and
 - ▶ Guarantor's property (total lending including any existing charges must not exceed 70% of the guarantors property value).

If the borrower's property is located in a postcode where LMI is required from a 70% LVR, the required loan structure is a 70% / 20% split (plus costs to a maximum of 7%). Any shortfall in funds must be provided from the borrower's savings/deposit. See [Security Lending Margins](#) and [Postcode Lookup Tool](#).

A 70 / 20 (plus costs) split is:

- ▶ Application 1 is secured by the:
 - ▶ Borrower's property only (70% of the borrower's property value); and
- ▶ Application 2 is secured by the:
 - ▶ Borrower's property (20% plus costs to a maximum of 7% of the borrower's property value); and
 - ▶ Guarantor's property (total lending including any existing charges must not exceed 70% of the guarantor's property value).

Notes:

- ▶ Total lending is defined as total existing debt secured by the guarantor property + amount pledged under the proposed guarantee + any existing guarantees secured by the guarantor's property.
- ▶ Where the guarantor offers a cash security, the maximum lending margin remains at 100%.
- ▶ Variations to Family Security Support loans are subject to the maximum total lending restriction of 70% of the guarantor's property value where the variation results in an increase in exposure against a guarantor security property (such as where the loan has originally been secured by two guarantor properties and one is to be released).
- ▶ Variations to Family Security Support loans that have no detrimental impact to the exposure against a guarantor security property may be exempted from the total lending restriction of 70% where accepted by Credit. For example, where the LVR has increased simply due to a new valuation or where a variation results in a decrease of total lending against the guarantor security property from 80% to 75%.
- ▶ Where an existing guarantor who has provided Family Security Support to a family member requests to take out their own new or increased lending, they may do so up to standard lending margins and are not required to cap the lending to 70%.
- ▶ Where a Family Security Support loan is refinanced (internal or external), the original purchase costs may be refinanced where they have not yet been repaid.
- ▶ Repayments for Family Security Support loans must be on a Principal and Interest basis on the guaranteed loan (i.e. loan which has the guarantor property held as security). Interest Only repayments are not allowed on the guaranteed loan other than during the construction period for construction loans.

8. Example: Purchase

- ▶ Sally Smith wants to borrow \$300,000 to buy a property (Property A) valued at \$285,000 and also to cover the associated purchase costs.
- ▶ The Loan to Valuation Ratio (LVR) for this example is 105%, which is outside of acceptable security limits.
- ▶ To help Sally get her loan, her parents have agreed to provide to the Bank a mortgage over their property (Property B).
- ▶ Property B is valued at \$500,000 with a prior CommBank mortgage of \$150,000.

Sally's loan structure would be:

| Application 1 | Application 2 |
|---|---|
| <ul style="list-style-type: none"> ▶ Loan amount: \$228,000 ▶ In the name of: Sally Smith ▶ Secured by: Property A ▶ LVR: 80%, i.e. \$228,000 / \$285,000 | <ul style="list-style-type: none"> ▶ Loan amount: \$72,000 ▶ In the name of: Sally Smith ▶ Secured by: <ul style="list-style-type: none"> ▶ Property A ▶ Guarantee by Sally's parents supported by Property B |

- ▶ **Total lending on the guarantor's security property** = total debts and guarantees secured by the property (\$150,000 + \$72,000 = \$222,000) / property value (\$500,000) LVR = 44.4%

In this example:

- ▶ The loan amount for the guaranteed loan (\$72,000) is equal to 25% of the purchase price of the new property (\$285,000) inclusive of associate costs which is within the required cap of 27%.
- ▶ The total lending against the guarantor's security property is also within the acceptable limit of 70%. This is calculated as total lending (\$150,000 + \$72,000 = \$222,000) / property value (\$500,000) = 44.4%.

Note: any redraw held needs to be considered when calculating total lending against the security value.

9. Example: Top-up

- ▶ Omar purchased land for \$170,000 last year and is looking to construct a property.
- ▶ Omar's existing loan structure is:
 - ▶ \$140,000 secured by the land; and
 - ▶ \$36,000 secured by the land and his sister's property.
- ▶ Omar needs an additional \$300,000 to fund the construction of a property (as the land is already owned there are no purchase costs).
- ▶ The new property is valued at \$500,000 on completion.
- ▶ Omar's sister has offered her property valued at \$350,000 as a guarantor security. The property secures an existing debt of \$150,000.

The new loan structure will be:

| Application 1 | Application 2 |
|---|---|
| <ul style="list-style-type: none"> ▶ Loan amount: \$400,000 ▶ In the name of: Omar ▶ Secured by: Omar's land and build ▶ LVR: 80%, i.e. \$400,000 / \$500,000 | <ul style="list-style-type: none"> ▶ Loan amount: \$76,000 ▶ In the name of: Omar ▶ Secured by: <ul style="list-style-type: none"> ▶ Omar's land and build ▶ Guarantee by Omar's sister supported by her property valued at \$350,000 ▶ Total lending on the guarantor's security property = total debts and guarantees secured by the property (\$150,000 + \$76,000 = \$226,000) / property value (\$350,000) LVR = 64.57% |

In this example:

- ▶ The loan amount for the guaranteed loan (\$76,000) is equal to 15.2% of the land and build value of the new property (\$500,000) which is within the required cap of 20%.
- ▶ The total lending against the guarantor's security property is also within the acceptable limit of 70%. This is calculated as total lending (\$150,000 + \$76,000 = \$226,000) / property value (\$350,000) = 64.57%.

10. Guarantees for non-personal borrowers

A non-personal borrower is where at least one borrower is a non-trading company or a company as a trustee for a trust where the beneficiaries are individuals. Where a non-personal borrower is involved in an application, guarantees are required from company directors, as well as shareholders when appropriate.

Guarantors may provide support to **non-personal borrowers** in **one or both** of these ways:

- ▶ **Security Support:** when the non-personal borrower is unable to provide adequate security for the borrowing amount, a guarantor may be willing to provide security to assist.
- ▶ **Servicing Support:** when the non-personal borrower is unable to service the loan amount based on their income and total repayment commitments, a guarantor may be willing to provide income to assist with the loan repayments.

For example:

| Guarantor providing servicing support only | Guarantor providing servicing and security support |
|--|---|
| <ul style="list-style-type: none"> ▶ ABC Pty Ltd wants to borrow \$300,000 to help purchase a new property. ▶ ABC Pty Ltd.'s security property has been valued at \$400,000. ▶ Loan to Valuation Ratio (LVR) for this example is 75% and therefore within acceptable security limits. ▶ Based on ABC Pty Ltd.'s current income and repayment commitments, ABC Pty Ltd can't service a \$300,000 loan. ▶ In order to help ABC Pty Ltd get the loan, a company director agrees to act as a guarantor and provide servicing support. ▶ The guarantee provided is for the total amount of ABC Pty Ltd.'s loan. ▶ Servicing capacity is assessed using both ABC Pty Ltd and the company director's incomes and repayment commitments, allowing ABC Pty Ltd to borrow the \$300,000 it requires. <p>As no security is provided, it's an unsupported guarantee.</p> | <ul style="list-style-type: none"> ▶ ABC Pty Ltd wants to borrow \$300,000 to help in purchasing a new property and also to cover the associated purchase costs. ▶ The security property has been valued at \$285,000 ▶ Loan to Valuation Ratio (LVR) is 105% and is outside acceptable security limits. ▶ Based on ABC Pty Ltd.'s current income and commitments, the company can't service a \$300,000 loan. ▶ In order to help ABC Pty Ltd get the loan, a company director agrees to act as a supported guarantor and provide both servicing and security support. ▶ The guarantee provided is for the total amount of ABC Pty Ltd.'s loan. ▶ Servicing capacity is assessed using both ABC Pty Ltd and the company director's income and repayment commitments allowing ABC Pty Ltd to borrow the \$300,000 it requires. <p>As the guarantee is supported by security, it's a supported guarantee.</p> |

For non-personal borrowers, we may approve new and increased credit facilities if the total ongoing financial commitments (including both new and existing commitments) can be serviced by the:

- ▶ Borrower's eligible income; or
- ▶ Combined eligible incomes of the (non-personal) borrower and guarantor after allowing both the borrowers' and guarantors' ongoing financial commitments

You must consider the value of any security provided by the guarantor in the calculation of the Loan to Valuation Ratio (LVR) for the application. The security requirements for a guarantor are the same as those for a borrower.

11. Guarantor Checklist

11. Guarantor Checklist

Refer to the Interview Checklist below for required steps and guidance on key points to discuss during the interview. The Banking Code of Practice requires you to take extra care with our customers who may be vulnerable.

| Step | Action |
|------|--|
| 1. | <p>Starting the interview:</p> <ul style="list-style-type: none"> ▶ Face to face interviews (personal or non-personal): The Guarantor must be interviewed individually and separate from the borrower/s. The interview should be conducted in person, in English or with the use of interpreter services. ▶ Video Conferencing (VC) interviews (only acceptable for non-personal applications): The Guarantor must be interviewed individually and separate from the borrower/s. The Guarantor must turn their camera around the room to show the full area in which the interview is being completed. The Guarantor must confirm they're alone and unaccompanied during the interview. The interview should be conducted in English or with the use of interpreter services. ▶ Conduct identification checks – verify the Guarantor's identify ▶ Provide the Guarantor Guide to the Guarantor ▶ Check the Guarantor meets the eligibility criteria as outlined in section 3 'Eligibility' above ▶ Start a conversation to outline what a Guarantee is, assess why the individual wants to become a Guarantor and what their understanding is of providing a Guarantee <p>Note:</p> <ul style="list-style-type: none"> ▶ The key legal obligations involved in providing a guarantee are outlined in the Guarantor Guide. ▶ You must consider the guarantor's unique circumstances when conducting the interview and record notes in the application. If there are any indicators identified – you must take extra care where appropriate and consider if the individual is still suitable to become a Guarantor as applicable. ▶ You must consider whether the Guarantor requires further support to understand the Guarantee ▶ Use your judgement during the interview to continually look for any vulnerabilities. Ask further questions as required to carefully understand the Guarantor's situation. If you do identify any red flags you must terminate the interview and explain the Guarantor is not suitable. If you identify signs of financial abuse or vulnerability, please follow the steps detailed in Financial Abuse procedure. |
| 2. | <p>Discuss the risks and explain the key Banking Code of Practice (BCoP) disclosures:</p> <ul style="list-style-type: none"> ▶ Explain the risks of providing a guarantee ▶ Highly recommend the Guarantor to seek independent legal and financial advice from an independent third party (i.e. not the borrower's representative/s). ▶ For Property Share applications, advise the Guarantor that it is mandatory for Guarantors to seek independent legal advice ▶ Explain that the Guarantor may refuse to sign the guarantee or withdraw by providing written notice at any time before funding ▶ Explain that the guarantor has the right to limit their liability in accordance with BCoP and as allowed by law ▶ Explain that the guarantor can request information about the transaction or loan to be guaranteed, and if applicable, the guarantee might cover future credit facilities and variations of the existing loan. ▶ Explain that the Guarantee is for the life of the loan, or if they wish to be discharged earlier, it is subject to bank assessment, which will require the borrower's consent as well ▶ Advise the Guarantor that they must wait at least three calendar days to review the Guarantor documents unless they are seeking independent legal advice <p>Note:</p> <ul style="list-style-type: none"> ▶ During the interview, you must consider if the Guarantor is suitable for the loan and if they should be required to seek independent legal advice before signing the Guarantee (see '13. Guarantor Suitability' and '14. Independent Legal Advice' below for further guidance) ▶ If the guarantor is over the age of 61, you MUST discuss their retirement plan and exit strategy and record notes about this in your submission. You must explain to the guarantor that the guarantee may impact their future pension or retirement outcomes and you must confirm that they have considered these impacts. ▶ If the Guarantor does not wish to obtain independent legal and/or financial advice, confirm why and assess whether legal advice is required or if you are comfortable that the Guarantor understands the risks. You are required to leave notes in the application confirming this. <p>Suggested conversation starters:</p> <ul style="list-style-type: none"> ▶ Have you considered how you would repay the loan if the borrower defaulted? ▶ Have you considered what it might mean for you if you lost your property? ▶ Are you aware that being a Guarantor may impact your ability to apply for lending in your own name? ▶ Have you considered that you will still be responsible for the loan if there is a breakdown in your relationship with the borrower? ▶ Do you intend on talking to an independent legal and/or financial advisor about the potential risks and tax implications? If not – why? ▶ What are your retirement plans? Do you have plans to downsize? If so, what is your exit strategy? |
| 3. | <p>Next steps:</p> <ul style="list-style-type: none"> ▶ After the interview, you will be required to leave interview notes in the application comments and answer the following questions: <ul style="list-style-type: none"> ▶ Why do you deem the Guarantor/s suitable? ▶ Were there any concerns and/or vulnerability indicators identified? If YES – provide details and explain why you are comfortable they are acceptable as Guarantor/s? ▶ Were there any other unique circumstances identified (i.e., personal / financial)? ▶ Will the Guarantor/s be seeking legal and financial advice? If NO – explain why you are comfortable they understand the risks? ▶ For each Guarantor 61+ years of age, what is their retirement plan and/or exit strategy? ▶ If you have identified the Guarantor/s are using their Owner-Occupied home as security and/or is receiving government assistance or aged pension as their sole income – explain how they meet exception criteria? ▶ Refer to '12. Interview Comment Examples' for further guidance and examples on how to leave comprehensive interview comments ▶ You will also be required to complete an attestation in the Guarantor Declarations section in Apply Online to confirm that interview procedure has been followed <p>Note:</p> <ul style="list-style-type: none"> ▶ The Guarantor's sole source of income cannot be a Government pension or payment when they are using their principal place of residence as security with the exception of: where the principal place of residence being used as security is already owned jointly with the borrower; or where in the case of joint security guarantors one of the guarantor's sole source of income is not a Government pension or payment. |

12. Interview Comments - Examples

See below examples of Guarantor Interview Comments which would be considered acceptable, not acceptable, or considered "too much" information. The below references are a guide only, interview comments should be in your own words and reflect your assessment of the Guarantor's suitability and circumstances as assessed during the interview.

| Acceptable Examples (guide only, do not copy and paste) | Non-compliant examples: | Too much information – Example (information highlighted below is already covered in the Guarantor Declaration / not relevant or not appropriate) |
|---|---|--|
| <p>Example 1 (Family Security Support):</p> <ul style="list-style-type: none"> ▶ Why do I deem the Guarantor/s as suitable? Jane and Thomas are suitable guarantors as they mentioned they have been guarantors before and understand the associated risks and confirm they want to proceed to help their daughter, Mary. ▶ Why do I still view the Guarantor/s as suitable despite Owner-Occupied home and government assistance? The security property being provided is the Guarantors owner occupied property and Jane receives a government pension. The reason why I still deem them as suitable guarantors is because Thomas is still working and does not receive a government pension. ▶ Legal and financial advice? Guarantor/s will not be receiving legal or financial advice as they are comfortable that they understand the risks and they have been guarantors before. ▶ Exit strategy / retirement plan? Guarantors are over 61+ so exit strategy and retirement plan was discussed, Guarantor/s have a detailed plan with multiple unencumbered properties that they plan to sell in the future. ▶ Any other unique circumstances? Guarantor/s mentioned that they might be interested in purchasing another property in the future. They are aware that being a guarantor may impact their ability to apply for lending in their own name/s and were still comfortable to proceed. ▶ Concerns or vulnerabilities? No concerns or vulnerability identified by myself. <p>Example 2 (Property Share):</p> <ul style="list-style-type: none"> ▶ Why do I deem the Guarantor/s as suitable? Andrew wants to purchase a property with his brother, I explained to him the associated risks if his brother does not make his loan payments, Andrew fully understood and is happy to proceed. ▶ Concerns or vulnerabilities? I had no concerns with this transaction or identified any vulnerabilities. ▶ Legal and financial advice? Andrew was told mandatory independent legal advice is required as it is a Property Share application and will seek this advice. ▶ Unique circumstances? There were no other unique circumstances which were identified. <p>Example 3 (Family Security Support):</p> <ul style="list-style-type: none"> ▶ Why do I deem the Guarantor/s as suitable? Kelly is Tom's mother and wants to help her son purchase his first property. She advised she brought up the idea to Tom to be a guarantor as she has seen how expensive the house prices are. I have known both Kelly and Tom as they are my longstanding customers and they have mentioned this is something they wanted to do previously. Risks were discussed and she understands this puts her investment property at risk if Tom is unable to pay his loan, however she is happy to proceed. ▶ Any unique circumstances? The Guarantor didn't speak English, we used interpretation services for the interview. The Guarantor was advised that she must seek independent legal advice and translation of the documents. ▶ Exit strategy / retirement plan? She mentioned she does have plans to move to a retirement home in the future, however she has savings ready to support this transition. ▶ Concerns or vulnerabilities? There are no signs of vulnerability or abuse. | <p>Example 1 No notes left</p> <p>Example 2 Questions are answered with simple Yes/No</p> <p>Example 3 (doesn't speak to the minimum standards): BCOP: Guarantor, Co-Borrower Interview co-borrower individually to borrower. Guarantor Guide supplied upon request. Co-Borrower confirm that they will receive substantial benefit. Guarantor Guide supplied upon request.</p> <p>Example 4 (doesn't speak to minimum standards + indicates interview procedure has not been followed): I interviewed all the guarantors and co-borrowers together, they were fine to proceed and happy. I provided them documents.</p> <p>Example 5 (not in broker's own words): Copy and paste of the examples template</p> | <p>Example 1:</p> <ul style="list-style-type: none"> ▶ Natalie and Tristan have been properly identified and verified ▶ <u>The documents used for each customer were Guarantor Guide, PropertyShare guide.</u> ▶ The interview was conducted at 123 Fake Street with each Guarantor individually and in English with the use of interpreter services. <u>The interpreter's name was Kate and they have worked for Kate's interpretation PTY LTD for 6 years. I have not worked with them before but they were 30 minutes early for the appointment.</u> ▶ <u>The interview was conducted in person and separately from the borrower/s. The Guarantor/s were wearing blue jeans, red t-shirt and brand name sneakers even though it was a very hot day.</u> ▶ I explained the key BCoP disclosures to each Guarantor and risks of a Guarantee/being a Guarantor. ▶ The Guarantor/s wants to become a guarantor because they want to help Lucy their daughter to purchase her first home. This is a common reason in my experience. ▶ Natalie and Tristan have not acted as a guarantor before. <u>They have had 6 other loans over their life, 3 cars and moved houses twice.</u> ▶ The Guarantor/s have considered what it might mean if they lost their security property and/or if there is a relationship breakdown with the borrower/s. They are aware that being a guarantor may impact on their ability to apply for lending in their own name/s. I have been the broker for the Guarantor and the borrower/s before and <u>I am certain there will never be a relationship breakdown. I also know that the Guarantor/s will never be seeking new lending.</u> <ul style="list-style-type: none"> • I highly recommended the Guarantor/s seek independent legal and financial advice and they indicated they will do this after the interview and advise if they do not wish to proceed. ▶ The retirement plan and/or exit strategies for Natalie and Tristan is to sell their other unencumbered properties. ▶ <u>I informed each Guarantor that they must take at least 3 calendar days to review the Guarantee documents unless they have sought independent legal and financial advice and will complete a Statutory Declaration for Mortgages. I also advised the Guarantor/s that the borrower/s cannot witness the loan documents or be present at the time of signing.</u> ▶ <u>The Guarantor/s were given a black and white and a colour copy of the Guarantor Guide</u> ▶ I have not identified any red flags or vulnerabilities during the interview process and nor have I identified any signs of the Guarantor/s being under duress or any signs of financial abuse. ▶ Each Guarantor/s understood the information provided, discussed and has indicated they would like to continue with the process. ▶ I have followed the Guarantor Interview Checklist and deem the Guarantor/s are acceptable. |

13. Guarantor Suitability

The following table should be used as a guide to help you assess if an individual is suitable or not to become a guarantor. If you can answer yes to any of the indicators below then the guarantor is not suitable.

| Questions to ask yourself | Indicators |
|---|--|
| Does the Guarantor appear to be under duress or are there any signs of financial abuse? | <ul style="list-style-type: none"> ▶ Has the Guarantor indicated that they are under pressure to act as guarantor? ▶ Has the Guarantor indicated that they feel obliged to support the borrower/s financially? ▶ Does the Guarantor appear withdrawn, uneasy, and fearful (particularly of the borrower/s)? |
| Does the Guarantor appear illiterate? | <ul style="list-style-type: none"> ▶ Is the Guarantor unable to read and understand documents such as the Guarantor Fact Sheet (other than for the reason English is not their first language -for this reason see table below)? ▶ Does the Guarantor have low levels of literacy education |

| | |
|--|--|
| Is the Guarantor likely to be put into hardship if the Guarantee was enforced? | <ul style="list-style-type: none"> Does the Guarantor's financial position not support the payment of the proposed guaranteed amount (e.g. pension income, lack of assets or income, such as a Term Deposit, that they could potentially use to help repay the loan besides their property)? Has the Guarantor indicated they cannot afford to seek independent legal advice? Does the Guarantor appear to be suffering from any serious illness or mental illness? |
| Does the Guarantor appear incapable of making an informed choice? | <ul style="list-style-type: none"> Does the Guarantor appear to suffer from any cognitive or age-related impairment, which restricts their ability to make an informed choice (such as dementia)? |
| Has the Guarantors unique circumstances been considered? | <ul style="list-style-type: none"> Is the Guarantor a recent migrant? Does the Guarantor have any other personal/financial circumstance causing significant concern? Is there any other possible concerns or potential vulnerabilities? |

14. Independent Legal Advice

You must consider if the Guarantor is suitable and/or whether independent legal advice is required: In all cases, you must recommend the Guarantor seek independent legal and financial advice from an independent third party (i.e. not the borrower's solicitor).

The following Table can be used to help you determine if **independent legal advice is required**. If you can answer **yes** to any of the other considerations then the guarantor must seek independent legal advice.

| Questions to ask yourself | Indicators |
|---|--|
| Does the Guarantor not understand or speak English? | <ul style="list-style-type: none"> If they don't speak English, a Statutory Declaration for Mortgages (002-421) must be completed by the Guarantor before a qualified witness confirming they have received independent legal advice and translation of the guarantee. <p>Note: The broker must obtain the declaration from the guarantor and image to the application.</p> <p>When translator or interpreter services are required please refer to your relevant interpreter services processes or refer to the National Accreditation for Translators and Interpreters Ltd (NAATI) website for more information.</p> |
| Is the Guarantor unable to understand the risks and obligations of signing a guarantee? | <ul style="list-style-type: none"> Does the Guarantor not understand the amount they are guaranteeing under the loan or the duration of the guarantee? Does the Guarantor not understand that their property could be sold to cover the guarantee if the borrower stops making repayments? If a Guarantor is required for servicing, do they not understand they are required to make regular loan repayments? <p>Note: this is only applicable to non-personal borrowers.</p> |
| Is the Guarantor highly dependent on the borrower? | <ul style="list-style-type: none"> Is the guarantor's financial position dependent on the borrower's income or assets (e.g. a husband and wife where the assets are all in the name of the wife) Is the Guarantor reliant on the borrower for care, particularly if they are living in the same house? |
| Is there any unique circumstances that should be considered? | <ul style="list-style-type: none"> Is the Guarantee being provided for a sole company director, if so has the director recently become director for the loan prior to the application? |

If independent legal advice is required, a [Statutory Declaration for Mortgages \(002-421\)](#) must be completed and imaged to the application.

15. Loan options

Customers can choose any Home Loan or Investment Home Loan product under a guarantor support arrangement.

16. Lenders Mortgage Insurance (LMI)

LMI is available for security support only where borrowers / guarantors are in one of the following types of relationship:

- Marital
- De facto; or
- company and its directors

17. Loan Documentation

A Guarantor Pack will be posted directly to each guarantor. The guarantor/s must take three calendar days to review these packs before signing and returning to Group Lending Services in the reply paid envelope provided.

The Guarantor/s will also be required to complete and return a Guarantor Acknowledgement Form (provided in the pack) confirming the dates they received and signed the deed of guarantee. If the guarantor has not taken at least 3 calendar days to review their documents before signing, the pack will be reissued. Guarantors will only be exempt from this 3 day rule if they are a director of the borrowing company, or if they receive independent legal advice and complete and return the statutory declaration provided in their guarantor pack

Whilst the loan is marked as "Guarantor Support" or "Guarantor Support Home Loan", the Bank's offer documents will show the name of the loan as the name of the product selected (e.g. 1 year Guaranteed Rate Home Loan, Standard Variable Rate Investment Home Loan).

The borrower must not be present or sign as the witness when the Guarantor signs the loan documents.

18. Interest Rates

Standard Home Loan, Investment Home Loan, Line of Credit interest rates apply.

The interest rate will depend on whether the customer's home loan is for owner occupied or investment purposes and on the repayment type they select –

principal and interest or interest only.

19. Fees

Standard Fees and Charges apply to Guarantor Support Loans.

Please note that there is **no delegation to waive establishment fees** for loans under Guarantor Support arrangements involving guarantors, except for MAV customers.

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