Commonwealth Bank

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Credit Policy | Loan Portability

What	**Loan portability** is **available** on all home/investment loan products. Here we give you an understanding of the circumstances suited to loan portability so you can easily **determine if a customer is eligible.**
Why	Sometimes a customer decides to **sell the existing and buy a new home.** If they're happy with their current home loan, loan portability allows them to **take the loan with them** (swapping the existing security with a new one) and **save the hassle** of refinancing.
How	

FEATURES

- Customer can **take their loan with them** when they sell/buy another house by substituting the security property on the loan
- The same **loan number is retained** and repayment arrangements continue as if nothing has happened
- Customers **aren't required to complete a full application** unless they request additional funds or the new position is outside normal lending margins
- Early Repayment **costs don't apply** if the original loan is retained with no other changes
- Customers with a discounted variable or fixed rate home loan lower than current **rate keep the lower rate**
- Customers on a Fixed Rate home loan can **reduce their balance** with surplus money after settlement provided they comply with the conditions of Special Repayments
- Customers may only need to pay **collateral stamp duty** on the new mortgage unless there is an increase in the loan amount in which case they may be required to pay stamp duty on the increased amount

CONDITIONS

- Requests are referred to and **approved by Credit Decisioning**
- If loan was originally approved with Lender's Mortgage Insurance (LMI) and the loan will remain mortgage insured then **Genworth is required to approve** the request
- If an existing loan is to be transferred to another security, and that security is worth less than the existing security, the **security margin** appropriate for the product **must be maintained**
- **Settlement** for the sale of the existing property must occur **simultaneously or before settlement** of the new property being purchased
- If the property to be taken as security is outside normal lending margins, we may accept the security however **LMI or Low Deposit Premium (LDP) is required** - in these instances a full application is required
- If settlement on the existing property occurs before settlement on the property being purchased, contracts **must be exchanged and executed**. This ensures the new mortgage is stamped as collateral to the existing mortgage before it's released
- Cash as a primary or sole security may be considered for a maximum of 90 days under the following circumstances:
    - The loan must be secured with an acceptable security property within 90 days of settlement of the existing security property, and
    - the proposed settlement date of the new acceptable security must be within this 90 day period and
    - An exchanged contract or executed contract for the new acceptable security (purchase) property must be provided
- **Borrower and Mortgagor (including Guarantor) must be identical** to the existing Home Loan
- Funds to cover all debts previously secured by the 'sold' property must be lodged as a **cash deposit**
- Equity Unlock Loan for Senior customers must meet the **standard Loan Portability requirements** and reduce the limit to fall within acceptable LVR requirements
- A **credit assessment** must be conducted in cases where the security substitution increases the risk
- **Loans in arrears** may be considered under the following circumstances:
    - the arrears must be fully paid out from the proceeds of the sale
    - the loan can be maintained within the servicing capacity of the customer
    - the customer requests the Bank to sell one property to buy another in order to improve their financial position (the Bank would normally initiate such an action)

Substitution of Security Guide