




Credit Policy | Co-Borrowers

 What	<p>A borrower needs to be able to independently service the loan amount based on their income and repayment commitments. In certain circumstances, a co-borrower may be included on a home loan, investment home loan or Viridian Line of Credit when both receive a Substantial benefit from the transaction.</p> <p>A substantial benefit is defined as an equal or greater interest in the use of the loan funds (e.g. Asset/s purchased, debt refinanced or other acceptable purposes). You must flag in the application for each applicant if they will or will not receive a substantial benefit.</p> <p>Where it is determined that not all borrowers will receive a substantial benefit you must take reasonable steps to ensure that the borrower/s not receiving substantial benefit;</p> <ul style="list-style-type: none"> ▶ Understand the risks associated with entering into the loan and the difference between a co-borrower and a guarantor ▶ You understand the reasons why they want to be co-borrowers and record these reasons in your application comments ▶ Be satisfied that they are not experiencing financial abuse 				
 Why	<p>Both parties share equal responsibility to repay the full loan amount.</p>				
 How	<p>These two scenario's highlight the circumstances by which a co-borrower may or may not receive a substantial benefit:</p> <table border="1"> <thead> <tr> <th data-bbox="288 936 890 965">SCENARIO ONE</th><th data-bbox="890 936 1497 965">SCENARIO TWO</th></tr> </thead> <tbody> <tr> <td data-bbox="288 965 890 1361"> <p>John and Jane have been in a de-facto relationship for three years. John is submitting an Investment Home Loan application so he can buy an investment property solely in his own name. He needs to include Jane as co-borrower on the application to service the borrowing.</p> <p>Jane will not receive a substantial benefit and therefore you must ensure Jane understands the risks of being a co-borrower and that you understand the reasons why Jane wishes to be a co-borrower and record these in your comments. You must also ensure that Jane is not experiencing financial abuse..</p> <div data-bbox="571 1305 619 1361">✓</div> </td><td data-bbox="890 965 1497 1361"> <p>Sally and Greg are buying their first home. They have decided to purchase the property as tenants in common with a 50% shareholding each. As they will both receive an equal shareholding in the property they will both receive substantial benefit.</p> <div data-bbox="1169 1305 1217 1361">✗</div> </td></tr> </tbody> </table> <p>For further examples of co-borrower scenarios or information on the risks of being a co-borrower and the differences between a co-borrower and a guarantor refer to the Co-Borrower Fact Sheet</p> <p>Notes: We no longer accept applications from personal borrowers as 'servicing guarantors'. The term 'Personal borrowers' applies when borrowers are either individuals or individuals acting as trustee for a trust. Servicing support guarantors and joint servicing and security support guarantors are only accepted for non-personal borrowers (i.e. where at least one borrower is a company or a company acting as trustee for a trust).</p>	SCENARIO ONE	SCENARIO TWO	<p>John and Jane have been in a de-facto relationship for three years. John is submitting an Investment Home Loan application so he can buy an investment property solely in his own name. He needs to include Jane as co-borrower on the application to service the borrowing.</p> <p>Jane will not receive a substantial benefit and therefore you must ensure Jane understands the risks of being a co-borrower and that you understand the reasons why Jane wishes to be a co-borrower and record these in your comments. You must also ensure that Jane is not experiencing financial abuse..</p> <div data-bbox="571 1305 619 1361">✓</div>	<p>Sally and Greg are buying their first home. They have decided to purchase the property as tenants in common with a 50% shareholding each. As they will both receive an equal shareholding in the property they will both receive substantial benefit.</p> <div data-bbox="1169 1305 1217 1361">✗</div>
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[Substantial Benefits for Co-Borrowers](#)