

## 03.10 Guarantees

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## 1. About this policy

### 1.1 Why this policy

This policy identifies all acceptable guarantee types and their associated requirements

You must read this policy in conjunction with:

- [Acceptable Security Collateral](#)
- [Commitments](#)
- [Document Standards](#)
- [Eligibility](#)
- [Genuine Savings, Equity and Customer Contribution](#)
- [Living Expenses](#)
- [Loan to Value Ratio \(LVR\)](#)
- [Maximum Loan Term](#)
- [Security Collateral Value Assessment](#)
- [Self-employed applicants](#)
- [Serviceability Assessment](#)
- [Loan Application and Approval > Validation of information provided by the customer](#)
- [Verifying income](#)

If the loan application requires mortgage insurance, refer to [Lenders Mortgage Insurance](#) where required.

### 1.2 What is a guarantee?

A guarantee is a contractual promise given by a third party, i.e. the guarantor, who agrees, that in the event the customers are unable or unwilling to repay the loan, the guarantor is liable for the amount of the limited guarantee.

### 1.3 National Credit Code and Banking Code of Practice

The National Credit Code (NCC) and the Banking Code of Practice (BCoP) provide protections to individuals who enter into a guarantee as security for a loan.

For details of the Banking Code of Practice requirements relating to Guarantees, refer to:

- [Banking Code of Practice \(BCoP\)](#)

Also refer to:

- Independent legal advice
- Guarantee amount-NCC and BCoP

In all instances, prospective guarantors are to be informed that they need to make any appropriate enquiries about the credit worthiness, financial position and integrity of the borrowers. This should be pointed out at application and again at approval. (The prospective guarantors are reminded of this prior to signing the Guarantee and Indemnity.)

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## 2. Rules you must apply

### 2.1 Guarantee types and guarantors

For Consumer Lending policy, the Bank requires a guarantor to be an individual. An entity cannot be a guarantor.

The 'Policy rules per guarantee type' tables specify:

- and define the acceptable guarantee types and acceptable guarantors. Acceptability is also subject to:
  - appropriate assessment of the borrower and guarantor Requirements and Objectives, and
  - and all credit requirements being met
- The acceptable guarantors according to the guarantee type
- Other applicable policy rules

Exceptions may be considered by Credit, subject to strong mitigating reasons being provided.

### 2.1.1 Guarantor direct benefit

Requirements for establishing that the guarantor will receive a direct benefit will vary from one application to another.

Westpac Group is required to demonstrate that the guarantor made a fully informed decision and will receive a measurable benefit that is comparable to the risk they are taking on. A financial benefit is the easiest to define and measure (e.g. the guarantor living in the property they are guaranteeing free of rent).

Non-financial benefit is more difficult to measure and is, therefore, unlikely to be approved where the relationship is something other than a parent guaranteeing a loan for their children or a Shared Equity Guarantee.

### 2.1.2 'Other' Guarantee types

Guarantee types other than those specified under 'Policy rules per guarantee type' are generally not acceptable unless a Guarantor direct benefit can be established.

Credit approval is required for any 'other' guarantee type, and the application must be referred to Credit for assessment before any provisional approval decision is advised to the borrower.

Regardless of the guarantee amount, the borrowers are required to contribute a minimum 5% of the value of a security collateral being purchased plus purchase costs. These funds:

- re to be visible in the applicants' assets with a comment in ApplyOnline detailing which assets are being used to meet this requirement
- **are not** required to comply with to comply with [Genuine Savings](#) policy.

### 2.1.3 Unacceptable Guarantors

- Non-Residents - refer to [Lending to Non-Australian Citizens policy](#).
- Temporary Australian Residency Visa Holders - refer to [Lending to Non-Australian Citizens policy](#) > Visa Matrix and Applicant via Resident Type Matrix
- Permanent Australian Residency Visa holder not holding an acceptable borrower visa type as per the [Lending to Non-Australian Citizens policy](#) > Visa Matrix and Applicant via Resident Type Matrix
- Entities
- Where all security collateral(s) offered have 100% guarantor ownership (i.e. The borrower must have ownership of at least one security collateral being offered)
- For Family-Security Guarantee, Guarantor relationships other than those listed are unacceptable e.g. non-guardians, uncles, aunts, grandparents, non-family members
- Any guarantor not identified as acceptable in this policy, or approved as an exception by Credit

## 2.2 Policy rules per acceptable guarantee type

Serviceability Assessment policy specifies when household expenses and/or commitments can be apportioned between the borrower and a non-income reliant guarantor.

For further information, refer to [Serviceability Assessment](#) > Rules you must apply:

- Apportioned household expenses and shared commitments – Spousal same household; and
- Apportioned shared commitment rule.

2.2.1 Spousal- Security Guarantee	
<b>Definition</b>	<ul style="list-style-type: none"> <li>• The guarantor's security is used as security collateral to support the consumer mortgage application (it may also be co-owned by the borrower) , and</li> <li>• The guarantor's income is not used in the serviceability assessment . The borrower must be able to service the loan on their own, or by virtue of a company or trust completely controlled by the borrower alone.</li> </ul>
<b>Acceptable guarantor relationship to the borrower</b>	The borrower's spouse
<b>Unacceptable guarantors</b>	Refer to ' <a href="#">Unacceptable Guarantors</a> '
<b>Loan product and amount</b>	Standard policy applies
<b>Loan purpose</b>	Standard policy applies
<b>Loan structure</b>	A 'Spousal-Security' guarantee is required from the mortgagor who is not the borrower
<b>Guarantee security collateral</b>	Guarantee security collateral type is a: <ul style="list-style-type: none"> <li>• Property, or</li> <li>• Westpac Bank Term Deposit (WBC brand only)</li> <li>• The borrower must have ownership in at least one security collateral.</li> </ul> and complies with: <ul style="list-style-type: none"> <li>• '<a href="#">Acceptable Security Collateral</a>' policy, and</li> <li>• '<a href="#">Security Collateral Value Assessment</a>' policy</li> </ul>
<b>Guarantee limit (guarantee amount \$)</b>	Must be equal to the loan amount Also refer to ' <a href="#">Guarantee amount-NCC and BCoP</a> '
<b>Loan to Value Ratio (LVR)</b>	Refer to <a href="#">Loan to Value Ratio (LVR)</a> policy

<b>Guarantor's financial position and serviceability</b>	<ul style="list-style-type: none"> <li>Borrower's income only is used for serviceability, and</li> <li>Guarantor must provide details related to their: <ul style="list-style-type: none"> <li>Guarantee security collateral, and</li> <li>Existing mortgage or existing guarantee commitments against their guarantee security collateral</li> </ul> </li> </ul>
<b>Guarantor's credit bureau check</b>	Not required
<b>Lender's Mortgage Insurance additional policy rules</b>	Not available in OBP
<b>Independent Legal Advice</b>	Required Also refer to ' <a href="#">Independent Legal Advice</a> '
<b>Verification activity required against the guarantor</b>	
<b>Guarantor's commitments</b>	<ul style="list-style-type: none"> <li>Mandatory to verify the limit and balance of any existing mortgage against the guarantee security collateral. <ul style="list-style-type: none"> <li>Verification document and allowable variances are as per <a href="#">Commitments</a> Policy, and</li> </ul> </li> <li>It is recommended to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation</li> </ul>
<b>Guarantor's income</b>	<p>Not required, except where:</p> <ul style="list-style-type: none"> <li>the Guarantor is also being tested as per <a href="#">Serviceability</a>. &gt;Rules you must apply&gt;Apportioned household expenses and shared commitments - Spousal same household policy</li> </ul>
<b>Guarantor's security collateral</b>	Title search required
<b>Validation of information provided by the customer (guarantor)</b>	Not required
<b>Guarantor's Exit Strategy</b>	Not required

### 2.2.2 Spousal Income Guarantee

<b>Definition</b>	<ul style="list-style-type: none"> <li>The guarantor's income is used in the serviceability assessment, as the borrower's capacity to service the loan commitment is dependent on the income of the guarantor, and</li> <li>The guarantor's security is not used as guarantee security collateral to support the loan application</li> </ul>
<b>Acceptable guarantor relationship to the borrower</b>	The borrower's spouse
<b>Unacceptable guarantors</b>	Refer to ' <a href="#">Unacceptable Guarantors</a> '
<b>Loan product and amount</b>	Standard policy applies
<b>Loan purpose</b>	Standard policy applies
<b>Loan structure</b>	Application must be for one borrower only plus their one spousal guarantor i.e. No other party on the loan
<b>Guarantee security collateral</b>	Not applicable-income only guarantee
<b>Guarantee limit (guarantee amount \$)</b>	<ul style="list-style-type: none"> <li>Must be equal to the loan amount</li> <li>Also refer to '<a href="#">Guarantee amount-NCC and BCoP</a>'</li> </ul>
<b>Loan to Value Ratio (LVR)</b>	Refer to <a href="#">Loan to Value Ratio (LVR)</a> policy
<b>Guarantor's financial position and serviceability</b>	<ul style="list-style-type: none"> <li>Borrower's and guarantor's income is used for serviceability, and</li> <li>Serviceability cannot be 100% reliant on the guarantor's income. The borrower must also generate an income in their own capacity which is used for serviceability, and</li> <li>Guarantor must provide details related to their               <ul style="list-style-type: none"> <li>Income (including Employment details), and</li> <li>Living Expenses, and</li> <li>Commitments, and</li> <li>Assets</li> </ul> </li> </ul>
<b>Guarantor's credit bureau check</b>	Mandatory
<b>Lender's Mortgage Insurance additional policy rules</b>	Standard policy applies

<b>Independent Legal Advice</b>	Recommended Also refer to ' <a href="#">Independent Legal Advice</a> '
<b>Verification activity required against the guarantor</b>	
<b>Guarantor's commitments</b>	Verify as per ' <a href="#">Commitments</a> ' Policy
<b>Guarantor's income</b>	Verify as per ' <a href="#">Verifying Income</a> ' policy
<b>Guarantor's security collateral</b>	Not applicable-income only guarantee
<b>Validation of information provided by the customer (guarantor)</b>	Verify as per ' <a href="#">Loan Application and Approval &gt; Validation of information provided by the customer</a> ' policy
<b>Guarantor's Exit Strategy</b>	Verify as per <a href="#">Maximum Loan Term</a> policy

<b>2.2.3 Spousal- Income + Security Guarantee</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>The guarantor's income is used in the serviceability assessment, as the borrower's capacity to service the loan commitment is dependent on the income of the guarantor, and</li> <li>The guarantor's security is used as guarantee security collateral to support the consumer mortgage application (it may also be co-owned by the borrower)</li> </ul>
<b>Acceptable guarantor relationship to the borrower</b>	The borrower's spouse
<b>Unacceptable guarantors</b>	Refer to ' <a href="#">Unacceptable Guarantors</a> '
<b>Loan product and amount</b>	Standard policy applies
<b>Loan purpose</b>	Standard policy applies
<b>Loan structure</b>	Application must be for one borrower only plus their one spousal guarantor i.e. No other party on the loan

<b>Guarantee security collateral</b>	<p>Guarantee security collateral type is a:</p> <ul style="list-style-type: none"> <li>• Property, or</li> <li>• Westpac Bank Term Deposit (WBC brand only)</li> <li>• The borrower must have ownership in at least one security collateral.</li> </ul> <p>and complies with:</p> <ul style="list-style-type: none"> <li>• <a href="#">'Acceptable Security Collateral'</a> policy, and</li> <li>• <a href="#">'Security Collateral Value Assessment'</a> policy</li> </ul>
<b>Guarantee limit (guarantee amount \$)</b>	<ul style="list-style-type: none"> <li>• Must be equal to the loan amount</li> <li>• Also refer to <a href="#">'Guarantee amount-NCC and BCoP'</a></li> </ul>
<b>Loan to Value Ratio (LVR)</b>	Refer to <a href="#">Loan to Value Ratio (LVR)</a> policy
<b>Guarantor's financial position and serviceability</b>	<ul style="list-style-type: none"> <li>• Borrower's and guarantor's income is used for serviceability, and</li> <li>• Serviceability cannot be 100% reliant on the guarantor's income. The borrower must also generate an income in their own capacity which is used for serviceability, and</li> <li>• Guarantor must provide details related to their: <ul style="list-style-type: none"> <li>◦ Income (including Employment details), and</li> <li>◦ Living Expenses, and</li> <li>◦ Commitments, and</li> <li>◦ Assets</li> </ul> </li> </ul>
<b>Guarantor's credit bureau check</b>	Mandatory
<b>Lender's Mortgage Insurance additional policy rules</b>	Not available in OBP
<b>Independent Legal Advice</b>	<p>Required</p> <p>Also refer to <a href="#">'Independent Legal Advice'</a></p>
<b>Verification activity required for the guarantor</b>	
<b>Guarantor's commitments</b>	<ul style="list-style-type: none"> <li>• Verify as per <a href="#">'Commitments'</a> Policy</li> <li>• It is recommended to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation</li> </ul>
<b>Guarantor's income</b>	Verify as per <a href="#">Verifying Income</a> policy
<b>Guarantor's security collateral</b>	Title search required



<b>Validation of information provided by the customer (guarantor)</b>	Verify as per ' <a href="#">Loan Application and Approval &gt; Validation of information provided by the customer</a> ' policy
<b>Guarantor's Exit Strategy</b>	Verify as per <a href="#">Maximum Loan Term</a> policy

<b>2.2.4 Family Security Guarantee</b>	
<b>Definition</b>	<p>This guarantee type allows acceptable family members with equity available in their own property or a Term Deposit to help borrowers cover the shortfall between the security value extended against the borrower's property and the proposed loan amount.</p> <ul style="list-style-type: none"> <li>• The guarantor's security is used as security collateral to support the loan application, and</li> <li>• The guarantor's security collateral is not co-owned by the borrower (refer to Share Equity Guarantee if it is co-owned), and</li> <li>• The guarantor's income is not used in the serviceability assessment. The borrower must be able to service the loan on their own, or by virtue of a company or trust completely controlled by the borrower alone.</li> </ul>
<b>Acceptable guarantor relationship to the borrower</b>	<p>The guarantor/s is the borrower's:</p> <ul style="list-style-type: none"> <li>• Parent/s or step-parents or legal guardian/s, or</li> <li>• Son/s or daughter/s or step-children</li> <li>• Sibling/s or step-siblings</li> </ul>
<b>Unacceptable guarantors</b>	Refer to ' <a href="#">Unacceptable Guarantors</a> '
<b>Loan product and amount</b>	<p><u>Loan Product</u></p> <ul style="list-style-type: none"> <li>• Unacceptable where borrower is seeking a Bridging Loan</li> </ul> <p><u>Loan Amount</u></p> <ul style="list-style-type: none"> <li>• Can finance up to 100% of the purchase price, refinance amount or construction cost and direct purchase costs associated with the security purchase / refinance / construction and provision of the loan: <ul style="list-style-type: none"> <li>◦ direct costs include Government costs,</li> <li>◦ Solicitors costs,</li> <li>◦ eligible Bank fees and</li> <li>◦ Insurance costs.</li> </ul> </li> </ul>
<b>Loan purpose</b>	<b>Acceptable:</b>

	<ul style="list-style-type: none"> <li>• Purchase, construction or refinance of a property for investment, where borrowers do not have ownership of any other property at the time of application, or</li> <li>• Purchase, refinance, construction of, or home improvements to a property for owner occupation where the borrower(s) collectively do not have ownership of more than one other property at the time of consumer mortgage application and the already owned property does not have sufficient equity to provide security for the new purchase without incurring mortgage insurance.</li> </ul> <p><b>Plus:</b></p> <ul style="list-style-type: none"> <li>• If Construction or Home improvements, must be by Licensed Builder (not available for Owner Builder) and funded by progress payments, and</li> <li>• If existing loan increase for home improvement, an existing Family-Security Guarantee limit cannot be increased (loan will need to be re-originated)</li> </ul> <p><b>Unacceptable:</b> (For new originations or increases to existing loans) including but not limited to:</p> <ul style="list-style-type: none"> <li>• Refinance of any debt other than that listed as 'acceptable' above (e.g. non-mortgage debt consolidation of any personal debts such as credit card or personal loans into the loan amount). Exceptions to this policy condition are not permitted</li> <li>• Family-Security Guarantee added to an existing loan (loan will need to be fully re-originated)</li> <li>• Construction or Home Improvement by Owner Builder</li> <li>• Cash Out</li> <li>• Access to equity in the borrower's security collateral for the purpose of providing supporting security collateral to another loan. Borrower's security collateral cannot be used to support further lending while a Family-Security Guarantee is in place (via cross collateralisation or debt allocation /debt apportioning). If equity has been established in the borrower's property, the borrower(s) are encouraged to release the Family-Security Guarantee / guarantor's security property. Once the borrower is no longer receiving a benefit from a Family-Security Guarantee, application processing can continue as per standard policy for home loan option and debt allocation may be considered</li> <li>• Also refer to 'Subject to Credit Approval'</li> </ul>
<b>Loan structure</b>	A guarantee is required from each mortgagor who is not a borrower for a particular facility
<b>Guarantee security collateral</b>	<ul style="list-style-type: none"> <li>• Guarantee security collateral type is a: <ul style="list-style-type: none"> <li>◦ Property, or</li> <li>◦ Westpac Bank Term Deposit (WBC brand only)</li> </ul> </li> <li>and complies with</li> <li>• <a href="#">'Acceptable Security Collateral'</a> policy, and</li> <li>• <a href="#">'Security Collateral Value Assessment'</a> policy</li> </ul>

	<ul style="list-style-type: none"> <li>• Only one guarantee security collateral can be offered for the 'Family-Security Guarantee', and</li> <li>• No more than one 'Family-Security Guarantee' in the application</li> <li>• Guarantee supported by 1st mortgage</li> <li>• Guarantee supported by 2nd mortgage if the 1st mortgage is to another financial institution and is not a 'Reverse Mortgage' styled facility<sup>2</sup></li> <li>• <b>Unacceptable:</b> <ul style="list-style-type: none"> <li>◦ Individual borrower/s with more than one Family- Security Guarantee <sup>1</sup></li> </ul> </li> </ul>	
<b>Guarantee limit (guarantee amount \$)</b>	<ul style="list-style-type: none"> <li>• Limited to an amount that is less than the full loan amount.</li> </ul> <p><b>Note:</b> The limited guarantee amount cannot exceed 50% of the value of the guarantor's security collateral (exceptions can be referred to Credit)</p> <p>Also refer to:</p> <ul style="list-style-type: none"> <li>• <a href="#">'Guarantee amount-NCC and BCoP'</a></li> <li>• <a href="#">Calculating available equity, guarantee amount and LVR&gt;Family-Security Guarantee</a></li> </ul>	
<b>Loan to Value Ratio (LVR)</b>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>• <a href="#">Loan to Value Ratio (LVR) policy</a></li> <li>• <a href="#">Calculating available equity, guarantee amount and LVR&gt;Family-Security Guarantee</a></li> </ul>	
<b>Guarantor's financial position and serviceability</b>	<ul style="list-style-type: none"> <li>• Borrower's income only is used for serviceability</li> <li>• Guarantor must provide details related to their: <ul style="list-style-type: none"> <li>• Guarantee security collateral</li> <li>• Existing mortgage or existing guarantee commitments against their guarantee security collateral</li> </ul> </li> </ul>	
<b>Guarantor's credit bureau check</b>	Not required	
<b>Lender's Mortgage Insurance additional policy rules</b>	Not available in OBP	
<b>Independent Legal Advice</b>	<p>Required</p> <p>Also refer to <a href="#">'Independent Legal Advice'</a></p>	
<b>Subject to Credit Approval</b>	<p>Initial purchase of vacant land with a 'Family-Security Guarantee' but without a building contract in place, and mortgage insurance is not required.</p> <p>Internal refinance at a future date is allowed to fund the construction of a dwelling.</p> <p>A new Family-Security Guarantee will need to be included</p>	

	at the time the internal refinance occurs to allow for the increased loan amount.	
<b>Verification activity required for the guarantor</b>		
<b>Guarantor's commitments</b>	<ul style="list-style-type: none"> <li>• Mandatory to verify the limit and balance of any existing mortgage against the guarantee security collateral<sup>3</sup>. <ul style="list-style-type: none"> <li>◦ Verification documents and allowable variances are as per <a href="#">Commitments</a> Policy</li> </ul> </li> <li>• Mandatory to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation<sup>3</sup></li> </ul>	
<b>Guarantor's income</b>	Not required	
<b>Guarantor's security collateral</b>	Title search required	
<b>Validation of information provided by the customer (guarantor)</b>	Not required	
<b>Guarantor's Exit Strategy</b>	Not required	
<p><sup>1</sup> The same property can be used for more than one Family- Security Guarantee (e.g. a security collateral may be offered as a Family-Security Guarantee to support other eligible family member's loan). Any associated existing Guarantee amounts must be reflected against the guarantee security collateral to support 'Available Equity' and 'LVR' calculations</p> <p><sup>2</sup> If the Family-Security Guarantor's collateral has an existing mortgage, staff are to confirm that the existing facility is not a reverse mortgage-styled facility. Where the existing facility is a reverse mortgage, the application is unable to proceed as the Bank is unable to establish a defined amount for priority under the first mortgage</p> <p><sup>3</sup> Confirm with the guarantor the total amount of any existing debts that may be secured by the guarantee property. The guarantor may need to consider not only the current balance of the primary loan they have outstanding, but any available redraw / unused credit limits, any prior guarantees issued to other family members, business overdrafts or investment loans which may have been supported (cross-collateralised) against the guarantors security property.</p>		

<b>2.2.5 Shared Equity Guarantee</b>	
<b>Definition</b>	<p>A borrower is seeking to access their equity share of a property which is currently owned as, or is being purchased or constructed as 'Tenants in Common' or 'Joint Tenants' with a non-spousal party/ies (e.g. sibling, parents, friends)</p> <ul style="list-style-type: none"> <li>• The 'shared equity' property is used as the guarantee security collateral to support the consumer mortgage application, and</li> <li>• The guarantor owns a share of the property being offered as the guarantee security collateral, and</li> <li>• The guarantor's income is not used in the serviceability assessment. The borrower must be able to service the loan on their own, or by virtue of a company or trust completely controlled by the borrower alone.</li> </ul>
<b>Acceptable guarantor relationship to the borrower</b>	Any relationship except 'spouse'
<b>Unacceptable guarantors</b>	<ul style="list-style-type: none"> <li>• The guarantor must be a natural person in their own right (i.e. cannot be a director of a company or trustees of a trust)</li> <li>• Cross-guarantee i.e. <ul style="list-style-type: none"> <li>◦ A and B are non-spousal.</li> <li>◦ A and B are purchasing (MV: 100,000) with 50-50 ownership.</li> <li>◦ A and B are each taking a loan (40,000 each) in their own name</li> <li>◦ A provides guarantee to B and B provides guarantee to A (guarantee equal to loan amount). i.e. A and B are cross-guaranteeing each other for their shared purchase property</li> </ul> </li> <li>• Also refer to '<a href="#">Unacceptable Guarantors</a>'</li> </ul>
<b>Loan product and amount</b>	<p><u>Loan Product:</u> Unacceptable where borrower is seeking a Bridging Loan</p>
<b>Loan purpose</b>	No rules in addition to standard policy
<b>Loan structure</b>	A guarantee is required from each mortgagor who shares ownership of the property and is not a borrower for a particular facility
<b>Guarantee security collateral</b>	<ul style="list-style-type: none"> <li>• Guarantee security collateral type is a property and complies with: <ul style="list-style-type: none"> <li>◦ <a href="#">Acceptable Security Collateral</a> policy, and</li> <li>◦ <a href="#">Security Collateral Value Assessment</a> policy, and</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>Guarantee security collateral is the only security collateral offered</li> <li>Guarantee supported by 1st mortgage, or</li> <li>Guarantee supported by 2nd mortgage if the 1st mortgage is to another financial institution and is not a 'Reverse Mortgage' styled facility<sup>1</sup> - <b>subject to Credit approval</b></li> </ul>	
<b>Guarantee limit (guarantee amount \$)</b>	<p>Also refer to:</p> <ul style="list-style-type: none"> <li><a href="#">'Guarantee amount-NCC and BCoP'</a></li> <li><a href="#">Calculating available equity, guarantee amount and LVR&gt;Shared Equity Guarantee</a></li> </ul>	
<b>Loan to Value Ratio (LVR)</b>	Refer to <a href="#">Loan to Value Ratio (LVR)</a> policy	
<b>Guarantors financial position and serviceability</b>	<ul style="list-style-type: none"> <li>Borrower's income only is used for serviceability, and</li> <li>Guarantor must provide details related to their: <ul style="list-style-type: none"> <li>Guarantee security collateral, and</li> <li>Existing mortgage or existing guarantee commitments against their guarantee security collateral</li> </ul> </li> </ul>	
<b>Guarantors credit bureau check</b>	Not required	
<b>Lender's Mortgage Insurance additional policy rules</b>	Not available in OBP	
<b>Independent Legal Advice</b>	<p>Required</p> <p>Also refer to <a href="#">'Independent Legal Advice'</a></p>	
<b>Subject to Credit Approval</b>	Existing commitment (guarantor or borrower) against the guarantee security collateral. Referral required to manually calculate available equity.	
<b>Verification activity required for the guarantor</b>		
<b>Guarantor's commitments</b>	<ul style="list-style-type: none"> <li>Mandatory to verify the limit and balance of any existing mortgage against the guarantee security collateral<sup>1</sup> <ul style="list-style-type: none"> <li>Verification documents and allowable variances are as per <a href="#">Commitments</a> Policy</li> </ul> </li> <li>Mandatory to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation<sup>1</sup></li> </ul>	

<b>Guarantor's income</b>	Not required	
<b>Guarantor's security collateral</b>	Title search required	
<b>Validation of information provided by the customer (guarantor)</b>	Not required	
<b>Guarantor's Exit Strategy</b>	Not required	
<sup>1</sup> Confirm with the guarantor the total amount of any existing debts that may be secured by the guarantee property. The guarantor may need to consider not only the current balance of the primary loan they have outstanding, but any available redraw / unused credit limits, any prior guarantees issued to other family members, business overdrafts or investment loans which may have been supported (cross-collateralised) against the guarantors security property.		

## 2.3 Guarantee amount-NCC and BCoP

Under NCC a guarantee can secure an amount that does not exceed the sum of the borrower's liabilities, plus reasonable expenses of enforcing the guarantee, or any lesser amount agreed between us and the guarantor. BCoP also requires a guarantee to limit the guarantor's liability.

## 2.4 Calculating available equity, guarantee amount and LVR

### 2.4.1 Family-Security Guarantee

The amount of available equity in security collateral offered as the 'Family –Security Guarantee' must be determined, to ensure there is sufficient equity to provide the guarantee. The LVR calculation allows us to determine whether the loan requires mortgage insurance.

**The table below details how to calculate available equity, guarantee amount and LVR for a loan involving a 'Family-Security Guarantee'.**

Feature	Calculation
<b>Available Equity in the Family-Security Guarantee Collateral</b>	<p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non-LMI LVR for the guarantee security collateral as per <a href="#">Loan to Value (LVR)</a> policy</p> <p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p> <p><b>Available Equity = (A multiplied by B) minus C<sup>1</sup></b></p>

<b>Guarantee Limit/Amount</b>	<p><b>Determine:</b></p> <p><b>A.</b> Loan amount</p> <p><b>B.</b> the <b>non- guarantee</b> security collateral value</p> <p><b>C.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per <a href="#">Loan to Value (LVR)</a> policy</p> <p><b>Guarantee Limit/Amount = (A minus (B multiplied by C)) divided by C</b></p>
<b>LVR</b>	Refer to <a href="#">Loan to Value (LVR)</a> policy>LVR Calculation
<p><b>Legend</b></p> <p><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</p> <p>SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions.</p>	

#### 2.4.2 Shared Equity Guarantee

The amount of available equity in security collateral offered as the Shared Equity must be determined, to ensure there is sufficient equity to provide the Shared Equity guarantee.

**The table below illustrates the calculation of LVR, available equity and guarantee amount for a loan involving a 'Shared Equity Guarantee'**

Feature	Calculation
<b>Available Equity in the Shared Equity Guarantee Collateral</b>	<p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per <a href="#">Loan to Value (LVR)</a> policy</p> <p><b>C<sup>1</sup></b> . any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p> <p><b>D.</b> The ownership percentage of the borrower(s)</p> <p><b>Available Equity = ((A multiplied by B) minus C<sup>1</sup>) multiplied by D</b></p>
<b>LVR</b>	Refer to <a href="#">Loan to Value (LVR)</a> policy>LVR Calculation
<p><b>Legend</b></p> <p><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</p>	



SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions.

## 2.5 Providing advice to borrowers and guarantors

The guarantor must be interviewed separately in the absence of the borrower.

When the proposed loan is either wholly or in part secured by a guarantee, the 'Advice requirements' in the table below apply.

Applicant type	Advice requirements
<b>Borrower</b>	<p>The prospective borrowers must be made aware of the following requirements at the time of the interview:</p> <ul style="list-style-type: none"> <li>Loans that involve individuals providing a guarantee type of 'Family-Security Guarantee', 'Shared Equity Guarantee', 'Spousal-Security Guarantee' or 'Spousal-Income + Security Guarantee' are conditional on the guarantors obtaining independent legal advice and the Bank requires evidence that legal advice has been obtained.</li> <li>Independent legal advice is recommended but not mandatory for individuals providing a guarantee type of 'Spousal-Income Guarantee'</li> <li>The solicitor's cost is the responsibility of the guarantor (or borrower).</li> </ul> <p>Do not provide any advice in respect to the nature and effect of the guarantee.</p> <p><b>Note:</b> Do not entrust the customer / borrower to act as Westpac's 'agent' to procure the guarantor's signature. Hand a copy of the Guarantor's Consent to Variation, Replacement or Alteration (LD164) to each guarantor. Alternatively, the consent form can be posted to the individual guarantor.</p>
<b>Guarantor</b>	<p>The guarantor/s must be interviewed separately by the broker without the borrower present.</p> <p>At the interview, all prospective guarantors must be made aware of that:</p> <ul style="list-style-type: none"> <li>Independent legal advice and evidence of this advice is mandatory for guarantee types of 'Family-Security Guarantee', 'Shared Equity Guarantee', 'Spousal-Security Guarantee' or 'Spousal-Income + Security Guarantee'</li> <li>Independent legal advice is recommended but not mandatory for individuals providing a guarantee type of 'Spousal-Income Guarantee'</li> <li>There are financial risks involved in providing a guarantee, i.e. when the borrower is unable to meet their financial obligations under the loan, the guarantor may need to pay for the debt commitments on behalf of the borrower.</li> <li>The guarantor may request information about the proposed loan to be guaranteed.</li> </ul>

## 2.6 Independent legal advice

'[Policy rules per acceptable guarantee type](#)' details when independent legal advice is required according to the guarantee type

If legal advice is required, the guarantor needs to obtain this from a solicitor independent of the bank and the borrower to understand their obligations and liability under the guarantee. The completed Guarantor's Solicitor's Certificate is to be provided to the Bank prior to settlement (i.e. release of loan funds) to evidence that independent legal advice has been received.

Waiving of independent legal advice where it is **required** under policy may only be approved by Credit on exception basis.

### 2.6.1 Determining written legal advice evidence requirements

The written legal advice evidence requirements vary based on the guarantor's location:

State	Requirements
Australian Capital Territory Victoria Northern Territory Western Australia South Australia Queensland Tasmania	A solicitor's or barrister's certificate Independent legal advice is difficult to get in South Australia, Western Australian and Tasmania. However, the inability to obtain this advice is <b>not</b> grounds to warrant a waiver
New South Wales	Statutory declaration made by the guarantor and witnessed by: <ul style="list-style-type: none"> <li>• The solicitor who gave the legal advice</li> <li>• A justice of the peace, who is a member of the Australian Institute of Conveyancers</li> </ul>
<p><b>Note:</b> The solicitor's certificate makes provision for more than one guarantor. Nevertheless, as a matter of policy, the documentation pack will include a separate form of certificate for each guarantor (certificates that have been amended to include more than one guarantor will be accepted). It is not for the Bank to be instructing solicitors as to who might be present at the time the advice is given.</p>	

### 2.6.2 Independence of the solicitor

The guarantor's solicitor must be independent of the Bank and the borrower, this includes:

- The solicitor is not to be a solicitor for the Bank or for the borrower in the particular transaction
- The solicitor is not being a solicitor for any other interested party who might have previously given security. An example of an interested party is a guarantor who, having previously provided security, stands to benefit by way of reduced liability, from any additional security given by other guarantors.
- The solicitor is not to be a partner of any solicitor who acts for the borrower or other interested party.

### Exemption of independence rule

The solicitor can amend the certificate to signify that they also act for the borrower. Westpac Group, as a matter of policy exception, will generally accept the solicitor's certificate in such cases.

Exemption will **not** apply, for example, if:

- A guarantor is open to influence by the others, **or**
- One guarantor is a spouse of the director who 'runs' the business, and is only involved in a formal manner or in some minor capacity

### 2.6.3 Legal advice dispensation

Request for legal dispensation will be considered by Credit on an exception basis.

#### 2.6.3.1 Determining undue influence on the guarantor

If the Bank knows, or suspects, the guarantee relationship is one of dependency, reliance, or dominance, you must insist on independent legal advice and a solicitor's certificate. Otherwise, the courts might presume that there was undue influence and set aside the guarantee.

To help to determine whether there is undue influence, consider the following questions:

1. Might anyone, in addition to the borrower, benefit from the guarantee being given?

This could include:

- Other individuals who have already given, or are about to give, guarantees (e.g. husband and wife)
- If the borrower is a trust, a beneficiary of the trust, or
- Anybody else who has a significant direct or indirect interest in the borrower (e.g. shareholder)

2. What is the nature of the relationship between the guarantor and any other benefited person?

With some relationships there is a presumption of undue influence no matter (e.g. solicitor and client; parent and dependent child; trustee and beneficiary; priest and parishioner; doctor and patient). With others it depends on individual circumstances.

Where a spouse is providing a guarantee, it is strongly recommended to insist on a solicitor's certificate except where it is clear that the spouse is:

- Financially sophisticated
- Aware of the borrower's position
- Obtaining some benefit from the transaction.

#### Examples

Example Scenario	Description
A Spouse guaranteeing their partner's debt	<p>In the normal case of a spouse guaranteeing their partner's debts, the legal position is <b>not</b> clear.</p> <p>It is safer where a spouse is providing a guarantee to strongly recommend on a solicitor's certificate except where it is clear that the spouse is:</p> <ul style="list-style-type: none"> <li>• Financially sophisticated</li> <li>• Aware of the borrower's position</li> <li>• Obtaining some benefit from the transaction.</li> </ul>
Family-Security Guarantees	Aged parents providing a guarantee to their children.

## 2.7 Financial Support Acknowledgement and Undertaking

The 'Financial Support Acknowledgement and Undertaking' must be signed by the guarantor for the below guarantee types:

- Spousal-Income Guarantee
- Spousal-Income + Security Guarantee

## 2.8 Accepting a guarantee- three (3) day requirement

Once the guarantor has been provided with:

- The terms and conditions of the guarantee
- Any notice of demand the Bank has made on the borrower in the past two years
- A copy of the borrower's loan contract
- A copy of the borrower's credit report
- A copy of the borrower's financial accounts or statements held in the last two years for the guaranteed loan.
- A copy of any other information the guarantor reasonably requests about the guaranteed loan

Then the guarantor has a minimum of three days to consider the guarantee they are about to provide. We must not accept the signed and returned guarantee document until after the third day.

The only exceptions we will consider and allow the guarantee to be accepted prior to three days are as follows:

- If the guarantor has obtained independent legal advice and provided evidence
- If the guarantor is acting as trustee for a trust on the loan application.

Note: accepting the guarantee document back from the guarantor is different to requiring independent legal advice. All requirements of this policy must be met.

Refer to the [Banking Code of Practice \(BCoP\)](#) on signing and when to accept a guarantee.

## 3. Case examples

### 3.1 Determining guarantee scenarios

This section does not attempt to cover every scenario where a guarantee is acceptable.

No.	Guarantee Scenario	Regulation	Structure to be used
1	<ul style="list-style-type: none"> <li>• A and B own a property jointly</li> <li>• A wishes to borrow to purchase an investment</li> </ul>	<b>Regulated by Banking Code of Practice (BCoP):</b> Yes (investment	<b>Guarantee required?</b> <ul style="list-style-type: none"> <li>• If A and B are:               <ul style="list-style-type: none"> <li>◦ Spousal- a <b>Spousal-Security Guarantee</b> applies if guarantor income is not being used for serviceability. The guarantee</li> </ul> </li> </ul>

	<p>property in their own name</p> <ul style="list-style-type: none"> <li>• Mortgages over investment property and the property owned by A and B are to be offered as security</li> </ul>	<p>and owner occupied)</p> <p><b>Regulated by National Credit Code (NCC):</b></p> <p>Yes</p>	<p>limit/amount must be for the full amount of the loan</p> <ul style="list-style-type: none"> <li>◦ Spousal-a <b>Security + Income Guarantee</b> applies if guarantor income is being used for serviceability (WBC only) . The guarantee limit/amount must be for the full amount of the loan</li> <li>◦ Non-spousal-a '<b>Shared Equity Guarantee</b>' applies. The guarantee limit/ amount cannot exceed the borrower's share of equity in the guarantee security collateral</li> </ul> <p><b>Independent legal advice required?</b></p> <ul style="list-style-type: none"> <li>• Yes, legal advice required for B</li> </ul> <p><b>Serviceability?</b></p> <ul style="list-style-type: none"> <li>• Guarantor's income cannot be used in serviceability except for '<b>Spousal-Security + Income Guarantee</b>' type</li> <li>• Be aware that for <b>Spousal- Security Guarantee</b> type, 'B' may be considered under <a href="#">'Serviceability&gt;Apportioned Household Expense'</a> policy</li> </ul>
2	<ul style="list-style-type: none"> <li>• B and C offer their jointly owned property as additional security for A</li> <li>• B and C are parents of A</li> <li>• A is borrowing to purchase either an investment or owner occupied property.</li> </ul>	<p><b>Regulated by Banking Code of Practice (BCoP):</b></p> <p>Yes (investment and owner occupied)</p> <p><b>Regulated by National Credit Code (NCC):</b></p> <p>Yes</p>	<p><b>Guarantee required?</b></p> <ul style="list-style-type: none"> <li>• Yes, from B and C supported by mortgage over their jointly owned property. A '<b>Family-Security Guarantee</b>' type applies</li> <li>• If B and C are not eligible family members to provide a 'Family Security Guarantee', this guarantee structure is outside of policy and can only be considered by Credit as an exception on a case by case basis.</li> </ul> <p><b>Independent Legal advice required?</b></p> <ul style="list-style-type: none"> <li>• Yes, Legal advice required for guarantee from B and C.</li> </ul> <p><b>Serviceability?</b></p> <ul style="list-style-type: none"> <li>• A must be able to service loan</li> </ul>

## Change History

Amendment number	Amendment issue date	Description of changes
1	3 November	First OBP issue online for Brokers on the OKA

Amendment number	Amendment issue date	Description of changes
	2021	platform.
2	8 November 2021	Links updated
3	21 November 2021	Updated Guarantee Matrix to V7.0 to reflect "LMI not available in OBP" for 'Spousal-Security' and 'Spousal-Security + Income' guarantees (OBP capability decision)
4	22 May 2022	<ul style="list-style-type: none"> <li>• Introduction of policy rules for the (new) guarantee type 'Shared Equity Guarantee'</li> <li>• Under section 'What is a guarantee': <ul style="list-style-type: none"> <li>◦ ■ <b>Clarification change from:</b> 'A guarantee is a contractual promise given by a third party, i.e. the guarantor, who agrees to have a liability to pay for the loan, or a limited amount of the loan in the case of a Family Security Guarantee, if the customers are unable or unwilling to repay the loan.</li> <li>■ <b>Clarification change to:</b> A guarantee is a contractual promise given by a third party, i.e. the guarantor, who agrees, that in the event the customers are unable or unwilling to repay the loan, to have a liability to pay for the loan, or, a limited amount of the loan in the case of a Family-Security Guarantee or Shared Equity Guarantee.</li> <li>■ Added 'Shared Equity Guarantee' to the above definition</li> </ul> </li> <li>• Policy rules previously contained within the 'Guarantee Matrix' (which was an Excel attachment to this policy) have been relocated to the main body of this policy. The 'Guarantee Matrix' is now superseded</li> <li>• Under section 'Guarantee Types and guarantors': <ul style="list-style-type: none"> <li>◦ deleted the instruction to refer 'Entities' to Business Banking</li> <li>◦ added 'acceptability is also subject to appropriate assessment of the applicant and guarantor Requirements and Objectives, and all credit requirements being met and other applicable policy rules'</li> <li>◦ added subheading 'Direct Benefit': <ul style="list-style-type: none"> <li>■ moved existing content under this subheading</li> <li>■ Added Shared Equity Guarantee as an example of a non-financial benefit</li> </ul> </li> </ul> </li> </ul>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>• Under section 'Unacceptable guarantors' added 'Permanent Australian Residency Visa holder not holding an acceptable borrower visa type as per the Migrant Lending Policy &gt;Visa Matrix and Applicant via Resident Type Matrix (clarification only-no change to policy or risk appetite which previously specified 'wording 'Note: A borrower that is unacceptable as per the Visa Matrix and Applicant via Resident Type Matrix is also unacceptable as a guarantor')</li> <li>• Under section 'Policy rules per guarantee type':             <ul style="list-style-type: none"> <li>◦ added 'Serviceability policy specifies when household expenses and/or commitments can be apportioned between the borrower and a non-income reliant guarantor. Refer to Serviceability Assessment &gt; Rules you must apply&gt; 'Apportioned household expenses' and the 'Apportioned shared commitment rule' for these policy rules' -clarification only to direct user to other relevant existing policies</li> </ul> </li> <li>• Changed 'Spousal- Security Guarantee' and 'Family-Security Guarantee':             <ul style="list-style-type: none"> <li>◦ <b>From: 'The guarantor's income is not used to support the loan application' to 'The guarantor's income is not used in the serviceability assessment.</b> The borrower must be able to service the loan on their own, or by virtue of a company or trust completely controlled by the borrower alone.' -clarification only</li> <li>◦ To clarify that verification of the guarantor's 'Exit Strategy is not required'</li> </ul> </li> <li>• Changed 'Family- Security Guarantee':             <ul style="list-style-type: none"> <li>◦ <b>Added to the definition section:</b> <ul style="list-style-type: none"> <li>▪ <b>'This guarantee type</b> allows other family members with equity available in their own property or a Term Deposit (WBC only) to help borrowers cover the shortfall between the security value extended against the borrower's property and the proposed loan amount' -clarification only</li> <li>▪ <b>'The guarantor's security collateral is not co-owned by the borrower (refer to Share Equity Guarantee if it is co-owned)'</b>- clarification only plus direction to the new 'Shared Equity Guarantee' type'</li> <li>▪ Added 'construction' of an investment or owner- occupied property as an acceptable loan purpose-clarification only</li> </ul> </li> </ul> </li> </ul>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>■ Added 'Home Improvement' to an owner-occupied property as an acceptable loan purpose-clarification only</li> <li>■ Clarified that for investment loan purpose, 'all' borrowers do not have ownership of another property at the time of application' - clarification only (policy previously stated 'the borrowers do not have...')</li> <li>■ Clarified that for owner-occupied loan purpose, 'the borrowers collectively' do not have ownership of more than one property the time of application' -clarification only</li> <li>■ Clarified that for Home improvements, must be via licensed builder (owner builder unacceptable)-clarification only</li> <li>■ Clarified that for Construction, must be funded by progress payments-clarification only</li> <li>■ Deleted 'If equity has been established in the borrower's property, the borrower(s) are encouraged to release the Family-Security Guarantee / guarantor's security property. Once the borrower is no longer receiving a benefit from a Family-Security Guarantee, application processing can continue as per standard policy for home loan option and debt allocation may be considered' -deleted as this is a procedure and not a credit policy rule</li> <li>■ From 'Guarantee supported by 2nd mortgage if the 1st mortgage is not a 'Reverse Mortgage' styled facility' to 'Guarantee supported by 2nd mortgage if the 1st mortgage is to another financial institution and is not a 'Reverse Mortgage' styled facility' -new words added in bold as a clarification (to align with existing 'Acceptable Security Collateral' policy wording</li> <li>■ From: Guarantee Limit (amount\$) 'Up to 50% of the value of the guarantor's security' to 'No single Family-Security Guarantee can exceed 50% of the value of the guarantor's security collateral'- clarification only</li> <li>■ Deleted 'Initial spousal joint property purchase, with property later to be transferred to one of the borrowers due to relationship breakdown. The Bank can consider providing finance to either party under a Family-Security Guarantee- subject to Credit approval'.</li> </ul>



Amendment number	Amendment issue date	Description of changes
		<p>Clarification correction only, as this is refinance loan purpose is acceptable and does need referral to credit</p> <ul style="list-style-type: none"> <li>• Corrections to refer to 'security <b>collateral</b>' - clarification only to align with OBP terminology</li> <li>• Changed 'Spousal- Security Guarantee': <ul style="list-style-type: none"> <li>◦ From 'Note: Best practice (not mandatory) to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation to 'It is recommended to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation'</li> <li>◦ To specify that guarantor's income verification is not required <b>except where the Guarantor is also being tested as per Serviceability &gt; Rules you must apply &gt; Apportioned Household Expense policy</b>' –(bold wording is new and a clarification only to direct user to other relevant existing policy</li> </ul> </li> <li>• Changed 'Spousal- Income Guarantee' and 'Spousal- Income + Security Guarantee': <ul style="list-style-type: none"> <li>◦ From: 'The guarantor's income is used to support the loan application, i.e. the applicant's capacity to service the loan commitments is dependent on the income of the guarantor' to 'The guarantor's income is used in the serviceability assessment, as the borrower's capacity to service the loan commitment is dependent on the income of the guarantor' - clarification only</li> <li>◦ From: 'Application must be for one borrower only plus their one spousal guarantor to 'Application must be for one borrower only plus their one spousal guarantor i.e. No other party on the loan' -clarification only</li> <li>◦ Included 'Exit Strategy' as a verification requirement as per existing 'Maximum Loan Term' policy and linked to the 'Maximum Loan Term policy' -clarification only</li> <li>◦ Specified 'WBC only' as these guarantee types are not available to SGB/BoM/BSA</li> </ul> </li> <li>• Changed 'Spousal- Income + Security Guarantee' 'Commitment Verification' rules <ul style="list-style-type: none"> <li>◦ <b>Deleted:</b></li> </ul> </li> </ul>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>■ 'Mandatory to verify the limit and balance of any existing mortgage against the guarantee security collateral. The allowable verification documents and allowable variances are as per the Commitments Policy&gt;Customer Commitments Matrix&gt;Confirm Commitment Details (link in heading above), and</li> <li>• Best practice (not mandatory) to verify the guarantee limit for any existing guarantee against the guarantee security collateral. This could be achieved via internal systems or by obtaining a copy of the guarantee documentation</li> <li>• ◦ <b>Replaced with: 'Verify as per ' Commitments' Policy' . Clarification correction only as existing Commitments policy specifies that it applies to income-reliant guarantors.</b></li> <li>• Added section '<b>2.3 Guarantee amount-NCC and BCoP</b>', specifying 'Under NCC a guarantee can secure an amount that does not exceed the sum of the borrower's liabilities, plus reasonable expenses of enforcing the guarantee, or any lesser amount agreed between us and the guarantor. BCoP also requires a guarantee to limit the guarantor's liability.'</li> <li>• Removed existing references to the 'Commitments Matrix' (which was superseded) and replaced with links to the Commitments policy</li> <li>• Deleted section 'Providing advice to borrowers and guarantors'- deleted as this is a procedure and not a credit policy rule</li> <li>• Updated section 'Independent legal advice' to specify "<b>Policy rules per acceptable guarantee type' details when independent legal advice is required according to the guarantee type'</b></li> <li>• Renamed section 'Exceptions from legal advice' to 'Exemptions from legal advice'</li> <li>• Deleted 'Mortgagor is also a co-borrower' scenario from section 'Exemptions from legal advice'</li> <li>• Updated the section 'Accepting a guarantee-three day requirement' : <ul style="list-style-type: none"> <li>◦ Moved content from 'Process to Follow' to 'Rules you must apply'</li> <li>◦ Added links to BCOP for RRB and WBC</li> </ul> </li> <li>• Renamed section 'Determining Guarantee Scenarios' to 'Acceptable Guarantee Scenarios'</li> <li>• Updated 'Acceptable Guarantee Scenarios': <ul style="list-style-type: none"> <li>◦ Added 'This section does not attempt to cover every scenario where a guarantee is acceptable'</li> <li>◦ Updated scenario 1 to:</li> </ul> </li> </ul>

Amendment number	Amendment issue date	Description of changes
		<ul style="list-style-type: none"> <li>▪ specify the rules for 'Spousal-Security', 'Spousal-Income+Security' and 'Shared Equity' Guarantee types</li> <li>▪ add 'Be aware that for <b>Spousal- Security Guarantee</b> type, 'B' may be considered under 'Serviceability&gt;Apportioned Household Expense' policy               <ul style="list-style-type: none"> <li>◦ Deleted scenario 2- as rules covered under scenario 1 (due to changes detailed above)</li> </ul> </li> <li>• Updated scenario 3:               <ul style="list-style-type: none"> <li>◦ re-numbered as scenario 2</li> <li>◦ to include 'B and C are parents of A'</li> <li>◦ to include 'A <b>Family-Security Guarantee</b>' type applies</li> </ul> </li> <li>• Various formatting/content repositioning only changes to improve 'readability' (no change to policy or risk appetite)</li> </ul>
5	2 October 2022	<p>Update to content in 2.1.3 Unacceptable Guarantors</p> <p><b>Old wording</b></p> <ul style="list-style-type: none"> <li>• Non Residents</li> <li>• Temporary Australian Residency Visa Holders               <ul style="list-style-type: none"> <li>◦ Refer to Migrant Lending policy &gt; Visa Matrix and Applicant via Resident Type Matrix</li> </ul> </li> <li>• Permanent Australian Residency Visa holder not holding an acceptable borrower visa type as per the Migrant Lending Policy &gt; Visa Matrix and Applicant via Resident Type Matrix</li> <li>• Entities</li> <li>• For Family-Security Guarantee - Guarantor relationships other than those listed are unacceptable e.g. uncles, aunts, grandparents, non-family members</li> <li>• Any guarantor not identified as acceptable in this policy, or approved as an exception by Credit</li> </ul> <p><b>New wording</b></p> <ul style="list-style-type: none"> <li>• Non Residents. Refer to Lending to Non-Australian Citizens policy</li> <li>• Temporary Australian Residency Visa Holders. Refer to Lending to Non-Australian Citizens policy &gt; Visa Matrix and Applicant via Resident Type Matrix</li> <li>• Permanent Australian Residency Visa holder not holding an acceptable borrower visa type as per the Lending to Non-Australian Citizens policy &gt; Visa Matrix and Applicant via Resident Type Matrix</li> <li>• Entities</li> <li>• For Family-Security Guarantee - Guarantor relationships other than those listed are</li> </ul>

Amendment number	Amendment issue date	Description of changes
		<p>unacceptable e.g. uncles, aunts, grandparents, non-family members</p> <ul style="list-style-type: none"> <li>Any guarantor not identified as acceptable in this policy, or approved as an exception by Credit</li> </ul>
6	20 November 2022	<p><b>Change 1</b> Policy Standards and Procedure rewrite</p>
7	19 February 2023	<p><b>Change 1</b> Change references throughout policy <b>from</b> 'Apportioned household expenses' <b>to</b> 'Apportioned household expenses and shared commitments – Spousal same household</p>
8	24 April 2023	<p>Change references throughout policy  <b>from</b> 'Apportioned household expenses'  <b>to</b> 'Apportioned household expenses and shared commitments – Spousal same household</p>
9	21 May 2023	<p>Throughout document, redirected references and links from 'Validation of information provided by the customer' policy chapter to 'Loan Application and Approval &gt; Validation of information provided by the customer'. Housekeeping change only</p>
10	8 October 2023	<p><b>Change 1</b> Update to Unacceptable Guarantees to include:</p> <ul style="list-style-type: none"> <li>Where all security collateral(s) offered have 100% guarantor ownership (i.e. The borrower must have ownership of at least one security collateral being offered)</li> </ul> <p><b>Change 2</b> Update to Spousal-Security Guarantee and Spousal-Income + Security Guarantee (WBC Only) to Include (under "Guarantee security collateral" section):</p> <ul style="list-style-type: none"> <li>The borrower must have ownership in at least one security collateral.</li> </ul>
11	19 November 2023	<p><b>Change 1</b> Updated section 2.2.4 Family-Security Guarantee – Formerly known as 'Family Pledge Home Loan Option' in SGB as follows: <b>Old wording</b></p>

Amendment number	Amendment issue date	Description of changes	
		<div>Guarantee limit (guarantee amount\$)</div>	<div>No single Family-Security Guarantee can exceed 50% of the value of the guarantor's security collateral (Exceptions can be referred to Credit)</div> <div>Also refer to:</div> <div><ul style="list-style-type: none"><li>• 'Guarantee amount-NCC and BCoP'</li><li>• Calculating available equity, guarantee amount and LVR &gt; Family-Security Guarantee</li></ul></div>
		<b>New wording</b>	
		<div>Guarantee limit (guarantee amount\$)</div>	<div><ul style="list-style-type: none"><li>• Limited to an amount that is less than the full loan amount.</li></ul></div> <div><b>Note:</b> The limited guarantee amount cannot exceed 50% of the value of the guarantor's security collateral (exceptions can be referred to Credit)</div> <div>Also refer to:</div> <div><ul style="list-style-type: none"><li>• 'Guarantee amount - NCC and BCoP'</li><li>• Calculating available equity, guarantee amount and LVR &gt; Family-Security Guarantee</li></ul></div>
		<b>Change 2</b> Updated section 2.2.5 Shared Equity Guarantee as follows:	
		<b>Old wording</b>	
		<div>Guarantee limit (guarantee amount \$)</div>	<div><ul style="list-style-type: none"><li>• Cannot exceed the borrower's share of equity in the guarantee security collateral</li></ul></div> <div>Also refer to:</div> <div><ul style="list-style-type: none"><li>• 'Guarantee amount - NCC and BCoP'</li></ul></div>

Amendment number	Amendment issue date	Description of changes					
			<ul style="list-style-type: none"><li>Calculating available equity, guarantee amount and LVR&gt;Shared Equity Guarantee</li></ul>				
		<b>New wording</b>					
		Guarantee limit (guarantee amount \$)	<ul style="list-style-type: none"><li>Must be equal to the loan amount</li></ul> Also refer to: <ul style="list-style-type: none"><li>'Guarantee amount - NCC and BCoP'</li><li>Calculating available equity, guarantee amount and LVR &gt; Shared Equity Guarantee</li></ul>				
12	18 February 2024	<b>Change 1</b> Update section 2.4 Calculating available equity, guarantee amount and LVR > Family-Security Guarantee and Shared Equity Guarantee, to reflect correct calculations, as detailed below: <b>Old wording</b> <b>2.4.1 Family-Security Guarantee</b>					
		<table><tr><th>Feature</th><th>Calculation</th></tr><tr><td><b>Available Equity in the Family-Security Guarantee Collateral</b></td><td>Determine: A. the guarantee security collateral value B. the maximum non LMI LVR as per Loan to Value (LVR) policy C<sup>1</sup>. any existing commitments (such as mortgages, pledges, debts, guarantees, pledges, business overdrafts or other liabilities) which have a right against the guarantee security collateral  Available Equity =(A 'Guarantor's security collateral value' <i>multiplied by</i> B 'Non LMI</td></tr></table>	Feature	Calculation	<b>Available Equity in the Family-Security Guarantee Collateral</b>	Determine: A. the guarantee security collateral value B. the maximum non LMI LVR as per Loan to Value (LVR) policy C <sup>1</sup> . any existing commitments (such as mortgages, pledges, debts, guarantees, pledges, business overdrafts or other liabilities) which have a right against the guarantee security collateral  Available Equity =(A 'Guarantor's security collateral value' <i>multiplied by</i> B 'Non LMI	
Feature	Calculation						
<b>Available Equity in the Family-Security Guarantee Collateral</b>	Determine: A. the guarantee security collateral value B. the maximum non LMI LVR as per Loan to Value (LVR) policy C <sup>1</sup> . any existing commitments (such as mortgages, pledges, debts, guarantees, pledges, business overdrafts or other liabilities) which have a right against the guarantee security collateral  Available Equity =(A 'Guarantor's security collateral value' <i>multiplied by</i> B 'Non LMI						

Amendment number	Amendment issue date	Description of changes	
			LVR%) <i>minus</i> C <sup>1</sup> 'Existing commitments'
		Guarantee Limit / Amount	<b>Determine:</b> <b>A.</b> Loan amount <b>B.</b> the <b>non- guarantee</b> security collateral value <b>C.</b> the non MI LVR for the non-guarantee security collateral as per Loan to Value (LVR) policy <b>D.</b> the non MI LVR for the <b>guarantee</b> security collateral as per Loan to Value (LVR) policy  <b>Guarantee Limit / Amount =</b> ( <b>A</b> 'Loan amount' <i>minus</i> ( <b>B</b> 'Non-guarantee security collateral value' <i>multiplied by</i> <b>C</b> 'Non MI LVR% for the non-guarantee security collateral' )) <i>divided by</i> <b>D</b> 'Non MI LVR% for the guarantee security collateral'
		LVR	Refer to Loan to Value (LVR) policy > LVR Calculation
		<b>Legend</b> <b><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</b>  Within Westpac: SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions. Within St.George, Bank of Melbourne and BankSA: Westpac and RAMS are considered to be 'other' financial institutions.	
		<b>2.4.2 Shared Equity Guarantee</b>	
		Feature	Calculation

Amendment number	Amendment issue date	Description of changes	
		<div> <div> <b>Available Equity in the Shared Equity Guarantee Collateral</b> </div> <div> <p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non LMI LVR as per Loan to Value (LVR) policy</p> <p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, pledges, business overdrafts or other liabilities) which have a right against the guarantee security collateral</p> <p><b>D.</b> The ownership percentage of the borrower and the guarantor/s</p> <p>Available Equity = (A 'Guarantor's security collateral value' multiplied by B 'Non LMI LVR%') minus C<sup>1</sup> 'Existing commitments'</p> <p>Divided by borrowers share of the property</p> </div> </div>	
		<div> <div>LVR</div> <div>Refer to Loan to Value (LVR) policy &gt; LVR Calculation</div> </div>	
		<p>Legend</p> <p><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</p> <p>Within Westpac: SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions. Within St.George, Bank of Melbourne and BankSA: Westpac and RAMS are considered to be 'other' financial institutions.</p>	
		<p><b>New wording</b></p> <p><b>2.4.1 Family-Security Guarantee</b></p>	
		Feature	Calculation



Amendment number	Amendment issue date	Description of changes	
		<b>Available Equity in the Family-Security Guarantee Collateral</b>	<p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non-LMI LVR for the guarantee security collateral as per Loan to Value (LVR) policy</p> <p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p> <p><b>Available Equity</b> = ((A multiplied by B) minus C<sup>1</sup>)</p>
		<b>Guarantee Limit / Amount</b>	<p><b>Determine:</b></p> <p><b>A.</b> Loan amount</p> <p><b>B.</b> the <b>non- guarantee</b> security collateral value</p> <p><b>C.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per Loan to Value (LVR) policy</p> <p><b>Guarantee Limit / Amount</b> = (A minus (B multiplied by C)) divided by C</p>
		<b>LVR</b>	<p>Refer to Loan to Value (LVR) policy &gt; LVR Calculation</p>
		<p><b>Legend</b></p> <p><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</p> <p>Within Westpac: SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions.</p>	

Amendment number	Amendment issue date	Description of changes						
		<div>Within St.George, Bank of Melbourne and BankSA: Westpac and RAMS are considered to be 'other' financial institutions.</div> <div>2.4.2 Shared Equity Guarantee</div> <table><tr><th>Feature</th><th>Calculation</th></tr><tr><td>Available Equity in the Shared Equity Guarantee Collateral</td><td><p><b>Determine:</b></p><p><b>A.</b> the guarantee security collateral value</p><p><b>B.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per Loan to Value (LVR) policy</p><p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p><p><b>D.</b> The ownership percentage of the borrower(s)</p><p><b>Available Equity</b> = ((A multiplied by B) minus C<sup>1</sup>) multiplied by D</p></td></tr><tr><td>LVR</td><td>Refer to Loan to Value (LVR) policy &gt; LVR Calculation</td></tr></table> <div>Legend</div> <div><sup>1</sup> Add a 20% buffer to the value of a debt (higher of limit or outstanding balance) secured by a first mortgage to an 'other' financial institution.</div> <div>Within Westpac: SGB, BSA, BoM and RAMS are considered to be 'other' financial institutions.</div> <div>Within St.George, Bank of Melbourne and</div>	Feature	Calculation	Available Equity in the Shared Equity Guarantee Collateral	<p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per Loan to Value (LVR) policy</p> <p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p> <p><b>D.</b> The ownership percentage of the borrower(s)</p> <p><b>Available Equity</b> = ((A multiplied by B) minus C<sup>1</sup>) multiplied by D</p>	LVR	Refer to Loan to Value (LVR) policy > LVR Calculation
Feature	Calculation							
Available Equity in the Shared Equity Guarantee Collateral	<p><b>Determine:</b></p> <p><b>A.</b> the guarantee security collateral value</p> <p><b>B.</b> the maximum non-LMI application (e.g. non-guarantee security collateral, purpose, borrower type) LVR as per Loan to Value (LVR) policy</p> <p><b>C<sup>1</sup>.</b> any existing commitments (such as mortgages, pledges, debts, guarantees, business overdrafts or other liabilities) which are secured by the guarantee security collateral</p> <p><b>D.</b> The ownership percentage of the borrower(s)</p> <p><b>Available Equity</b> = ((A multiplied by B) minus C<sup>1</sup>) multiplied by D</p>							
LVR	Refer to Loan to Value (LVR) policy > LVR Calculation							

Amendment number	Amendment issue date	Description of changes
		<div>BankSA: Westpac and RAMS are considered to be 'other' financial institutions.</div>

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**Published Date** 18/02/2024