

# Co-Borrower Acknowledgement

Customer may receive no substantial benefit from the loan

Please complete form in full in black or blue pen using CAPITAL LETTERS and ✓ where appropriate.

Please note: ALL SECTIONS of this form need to be completed.

**Important:** As you may not be getting a substantial benefit from the loan, if you want to go ahead with your application, you need to complete and sign this form. Before doing this, we recommend you obtain legal and financial advice.

Loan amount/ Credit limit (Loan)

Loan Product

Application Reference




Your full name (referred to below as you – being the Co-Borrower who may not receive a substantial benefit)

Other borrower/s full name/s





## Reasons why you want to be a Co-Borrower

You have applied to be a Co-Borrower for the Loan even though on the information that you have provided to us you may not receive a substantial benefit from it. This is for the following reason(s):

Tick all applicable boxes

- ☐ The structure of the Loan is being determined in accordance with financial/ legal advice
- ☐ For asset protection purposes
- ☐ For taxation reasons
- ☐ I'm in a spousal or de-facto relationship with the other co-borrower and I want to support them in their borrowing

## Acknowledgement

By signing below, in the absence of your other Co-Borrower/s you freely, voluntarily and without pressure from your other Co-Borrower/s or any other person, acknowledge the following:

### 1. No substantial benefit

You want to be a Co-Borrower of the Loan, even though you may not receive a substantial benefit from the Loan.

### 2. There are differences between being a Co-Borrower compared to a guarantor:

#### (a) Co-Borrower liability

You acknowledge and agree that:

- as a Co-Borrower, you may have to repay the entire amount owing yourself;
- we do not have to ask any other Co-Borrower to repay before we ask you, or at the same time we ask you;
- this is because as a Co-Borrower, you and the other Co-Borrower/s are each individually and directly responsible for the Loan repayment obligations. If there's a problem with repayment of the loan, we may pursue all Co-Borrowers or any one of you individually for the amount owing; and
- in applying as Co-Borrower, you and your Co-Borrower/s have asked us to assess the Loan application on the basis that your joint incomes will service the Loan.

#### (b) Guarantor liability

In comparison, a guarantor is someone who promises to repay money that is owed to us under a loan, if for some reason the borrower doesn't. If you were a guarantor instead of a borrower, we may be required to take steps against the borrower before we can enforce mortgages given by you or judgements against you.

A guarantor may be able to limit their liability in accordance with legislation. A guarantor may also be able to ask for contribution from the borrower/s and from other guarantors. The law generally provides other protections to guarantors that will not apply to you as a borrower.

### 3. Option to be a Co-Borrower

As a person who may not receive a substantial benefit from the Loan, we have explained the differences between being a Co-Borrower and a Guarantor.

You should be aware that we no longer accept guarantees. As a guarantee option is not available for your Loan, you will need to ask the broker about other lending options if you want to be a guarantor.

You have the option to:

- be a Co-Borrower only (due to the Loan you have applied for); or
- no longer proceed with your application.

In each case, you:

- (a) acknowledge that there is a difference between being a Co-Borrower and guarantor;
- (b) acknowledge that becoming a Co-Borrower involves financial risks, including the risk of losing any security, property and other assets;
- (c) have requested to be a Co-Borrower.

### 4. Independent advice

We recommend that, before signing this form you obtain independent legal and financial advice about your obligations as a Co-Borrower and:

- you provide your adviser with this form to read;
- if you're seeking legal advice, you ask your solicitor in particular for advice on the following issues:
  - the difference in the obligations between being a Co-Borrower and a guarantor;
  - that becoming a Co-Borrower under a loan agreement or giving a guarantee both involve considerable risk, including the risk of losing any security, property and other assets.
- if you have concerns about the financial risks associated with the transaction, you should obtain financial advice.

You have had the opportunity to obtain independent legal and financial advice.

You acknowledge and agree to your Co-Borrower obligations and:

- ☐ you have chosen not to obtain legal advice (if not selected, you **must** list name of adviser below)
- ☐ you have chosen not to obtain financial advice (if not selected, you **must** list name of adviser below)

OR

your adviser/s have provided you with **legal advice** on the issues outlined above and the details are:

Date

Name of adviser and firm

Address of adviser

  

Signature of Co-Borrower (not receiving benefit)

Date of signature

your adviser/s have provided you with **financial advice** on the issues outlined above and the details are:

Date

Name of adviser and firm

Address of adviser