

# Family Security Guarantee



Open the door to your new home sooner.



## Get in the market faster with a Westpac Family Security Guarantee.

Stamp duty. Legal fees. Moving in. When you're saving for a deposit on your home, it can be frustrating to see all the extra costs building up.

And if you're trying to save a large enough deposit to avoid paying Lender's Mortgage Insurance on your home loan, it can be even harder.

That's where the Family Security Guarantee can help. The Family Security Guarantee allows for a family member to guarantee **part of your home loan**.

The result is that you could get into your home faster, with a little help from your family.

## How it works.



The Guarantor could use their home's **equity** or a Westpac Term Deposit to guarantee part of their family member's loan.



There's no cash to pay and you choose the amount, up to 50% of the guaranteed property.



To avoid paying Lender's Mortgage Insurance, you can request to release the guarantee once the required Loan to Value Ratio (LVR) of less than 80% is achieved.

With the Family Security Guarantee, you could borrow up to the full purchase price of your new property. Keep in mind you will need additional funds to cover the costs associated with buying, such as Stamp Duty and legal fees.

Of course, this depends on how much your family member is willing to guarantee, and you must be able to meet the repayments for the amount you wish to borrow.

### Benefits for the borrower



- Help you reduce or avoid Lender's Mortgage Insurance, saving you money when you need it most.
- Maximise the amount you could borrow – up to 100% of the purchase price, plus costs such as Stamp Duty and legal fees.

### Benefits for the Guarantor



- Nominate a specific amount that your guarantee is limited to, rather than a guarantee for the entire loan amount.<sup>1</sup>
- Be released from the guarantee (provided the borrower is not in default, and we would not require Lender's Mortgage Insurance on the then-outstanding loan balance under our credit criteria) much sooner than would normally occur.

<sup>1</sup> Conditions Apply.

## Reducing or avoiding the cost of Lender's Mortgage Insurance.

Lender's Mortgage Insurance (LMI) is generally payable on loans where the Loan to Value Ratio (LVR) exceeds 80%. With a Family Security Guarantee, you are able to reduce or avoid the added cost of LMI, making the purchase of your home more affordable. Traditionally, when buying a new home or investment property, the LVR is calculated as follows:

If you wanted to borrow \$270,000 (to cover Stamp Duty and other costs, but not LMI) for a property valued at \$300,000, your LVR is calculated as follows.

Loan Amount	x100	=	<b>LVR</b>
Property Value			
\$270,000	x100		<b>90%</b>
\$300,000			

**With an LVR of 90%, LMI is applicable, which is an added cost.**

However, if you were to add a Family Security Guarantee of \$40,000 as additional security, the LVR on your loan reduces.

Loan Amount	x100	=	<b>LVR</b>
(Property Value + Family Security Guarantee amount)			
\$270,000	x100		<b>79%</b>
(\$300,000 + \$40,000)			

**With a new LVR of 79%, LMI would no longer be required, which can be a significant saving.**

## Risks for Guarantors.

A Guarantor is liable for the amount specified in the Family Security Guarantee. Your ability to borrow may be reduced if you agree to act as a Guarantor. It is a promise to pay Westpac the amount you nominate to guarantee. If the borrower does not pay the loan, and you do not have the cash to pay Westpac if asked, your house may be sold to cover it. You will need to read and understand the full terms of the guarantee and seek independent legal advice before signing the documents.

## Use it with a choice of home loans.

The Family Security Guarantee option is available for purchase or refinance of owner-occupier or investment properties – and can be used on a range of our most popular home loans.

Please note that for investment properties, the borrower must not have ownership of any other properties at the time of application, and owner occupier may own a maximum of one other property that does not have sufficient equity to provide security.

You can select the best home loan product for your needs from our market-leading range or choose to split your loan to get the benefits of a combination of home loan features and interest rates.<sup>1</sup>

<sup>1</sup> Conditions Apply.





## Start the conversation today.

Having an open and honest conversation with your potential guarantor (including parents, siblings, sons and daughters) can be a good way to start discussing the risks and benefits of the Family Security Guarantee for both you and them.



Download the **Information Statement**



Go to **[westpac.com.au/familysecurity](https://westpac.com.au/familysecurity)**



Chat to your lender or broker



Call us on **131 900**

**Things you should know:** Credit criteria, fees, charges, T&C's apply. The Guarantor should consider the risks associated with the Family Security Guarantee, primarily that if the borrower defaults on their loan, the Guarantor is liable to pay up to the maximum of the portion of security they have put forward as a guarantee. You will be required to seek independent legal advice before offering to guarantee a loan. Credit criteria apply to the assessment of the adequacy of any proposed guarantee limit. Available on all loans eligible under the Family Security Guarantee, for purchase or refinance of owner occupier or investment property. Note that for investment properties, the borrower must not have ownership of any other properties at the time of application, and for owner occupied properties a maximum of one other property may be owned which does not have sufficient equity to provide a security. Family Security Guarantee can be provided by parents or legal guardians, siblings, and children. Equity access, owner builder applications, Line of Credit and Bridging Loan products are not eligible under the Family Security Guarantee. Other Exclusions may apply. Not available for the purposes of debt consolidation, owner builder construction, cash out, or addition of a security guarantee to an existing loan. \$150k minimum loan size applies. Full eligibility criteria on the Family Security Guarantee is available on request. The information in this flyer is prepared without knowing your personal financial circumstances. Before you act on this general information, please consider if it's right for you. If you need help, call 131 900. © Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714.