

Deposit Guarantee Fact Sheet

Description

A Deposit Guarantee is a quick and easy alternative to the cash deposit that is payable when signing a contract to purchase residential property. The issuer* of the Deposit Guarantee guarantees to the vendor of the property that it will pay to the Vendor, or another nominated stakeholder, any amount demanded by the Vendor up to the value of the Deposit Guarantee**. Your clients will find Deposit Guarantees useful when they have their cash tied up in other investments such as shares or a term deposit or are waiting on the settlement of their existing property. Deposit Guarantees can be a low cost alternative compared to other options such as overdrafts or bridging finance.

	Short Term Deposit Guarantee	Long Term Deposit Guarantee
Maximum term	6 months	48 months
Maximum amount	10% of the purchase price of the residential property or \$500,000 per applicant, whichever is the lesser	10% of the purchase price of the residential property or \$100,000 per applicant, whichever is the lesser
Prime security	No security required	
Eligibility criteria	Deposit Guarantees are available to any Australian citizen or permanent resident, trust entity or corporate entity purchasing residential real estate. This includes first home buyers, retirees, and self-employed clients. Deposit Guarantees are not available to non-Australian citizens.	
Acceptable purposes	<p>For the purchase of residential property which includes:</p> <ul style="list-style-type: none"> • Single residential dwellings • Dwellings under construction • Dwellings undergoing refurbishment • Vacant land allotments • Rural property including acreage <p>Excludes:</p> <ul style="list-style-type: none"> • Purchases involving savings plans • Rent-to-buy • Private finance • Commercial property • Off the plan purchase with settlement greater than 26 weeks. 	<p>For the purchase of residential property which includes:</p> <ul style="list-style-type: none"> • Off the Plan purchases (not available for auction purchases) <p>Excludes:</p> <ul style="list-style-type: none"> • Purchases involving savings plans • Rent-to-buy • Private finance • Commercial property
Application for Deposit Guarantee	Application for a Short Term Deposit Guarantee can only be made where the applicant has unconditional loan approval (only subject to valuation).	Application for a Long Term Deposit Guarantee can only be made where the applicant can demonstrate sufficient equity in existing residential property.
Fees and charges	Refer current schedule of fees and charges.	

003-361 300608 (ADV9121)

Things You Need to Know:

- * Vero Insurance Limited is the issuer of the Deposit Guarantee. Vero Insurance issues the Deposit Guarantee under the registered trademark 'Deposit Power'. The Bank acts as an agent for Vero Insurance for the provision of Deposit Guarantees. Security held by the Bank will not be available to support Deposit Guarantees issued.
- ** The purchaser is still required to pay the total purchase price of the property from their own funds by the settlement date. Vero Insurance has the right to recover from the applicant any money paid by Vero Insurance due to a claim being made in relation to the Deposit Guarantee.
- Commonwealth Bank of Australia ABN 48 123 123 124

