Want to split your property costs with someone else?

Property Share guide

Property Share is an easy to manage home loan option that allows multiple borrowers to purchase one property and split the cost, whilst keeping their finances separate. It can help first time home buyers and investors get into the property market sooner.

This guide outlines important information to consider before applying for a home loan with someone else.

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Key considerations for Property Share

Eligibility

- Available to Individuals, non-trading Companies and/or Family/Unit/Hybrid Trusts.

Eligible loan types	What you can use the loan for	What you can't use the loan for
• Standard Variable Rate home loan • Fixed Rate home loan • Simple Home Loan	• Owner occupied or investment property purchase • Home renovations • Consolidation of personal debt • Off the plan purchases • Personal needs • Personal investments	• Business purposes • Bridging loans • Purchase of land • Building and construction loans

- To be eligible for Property Share, all borrowers must:
  - Be owners of the property (no third party guarantors);
  - Always guarantee each other's home loan(s) as security support only;
  - Demonstrate that they can manage minimum required repayments for their own home loan(s);
  - Seek independent legal advice before entering into a Property Share arrangement; and
  - Sign a Statutory Declaration.
- A maximum of two home loan applications per security is allowed. However each application may have multiple borrowers or multiple loan products (such as a split loan). Single application Property Share arrangements are acceptable where both parties are owners of the property but one party is contributing cash towards the purchase, while the other party is borrowing.

Benefits

- Split the costs of your property any way you like and let each borrower decide how they want to manage their loan(s) and repayments.
- Each borrower has the flexibility to structure their home loan to suit their individual needs by choosing their own loan amount, loan type, loan term and repayment structure.
- Property Share may give you the ability to:
  - Enter the property market by taking out a home loan with a smaller deposit and start building equity sooner.
  - Invest in a property with multiple investors and keep your finances completely separate.

Risks

- If you choose to go into a Property Share arrangement, you are providing a guarantee. This means you agree to repay the other borrower's home loan if they can't make their repayments.
- If the other borrowers are unable to repay their home loan, we'll first seek to recover the debt from them. As a last resort to repay the debt owed to us, we will step in to assist with the sale of the borrowers' property – which is also securing your loan.

Important: Agreeing to be a guarantor and providing a guarantee involves significant financial risk, which could result in you losing your property (it could be your family home) and/or serious monetary loss. Depending on the severity of the default and your ability to repay any amount required under the guarantee, your credit report may also be negatively impacted.

Financial

- Our variable and fixed home loan interest rates vary depending on whether:
  - Your loan is an owner occupied or an investment home loan;
  - You make Principal and Interest or Interest Only repayments;
  - The home loan product type you choose to apply for; or
  - You choose to apply for a Wealth Package (eligibility conditions apply).

  For current interest rates go to **commbank.com.au/home-loans/interest-rates**

Other considerations

- When buying a property, you generally require a deposit of at least 20% of the purchase price, plus enough to cover the additional upfront costs such as stamp duty and legal fees. If you don't have the full deposit amount required, you may need to pay Lenders Mortgage Insurance (LMI) or Low Deposit Premium (LDP). These are one off non-refundable, non-transferable costs and added to your home loan. The circumstances of your home loan will determine whether a loan will incur LMI or LDP.

  For more information go to **commbank.com.au/home-loans/lenders-mortgage-insurance**
- LMI or LDP (where applicable) is calculated on the combined total debt, split proportionately and capitalised (added) to each home loan.
- It's important to consider your obligations under a guarantee and sign any guarantor documents free from any outside influence or pressure. We've listed some of additional considerations below – there may be others and it's a good idea to discuss these with your legal adviser.

Managing the unplanned	What happens if one party: • Defaults on the loan? • Becomes ill or unemployed? • Moves interstate or overseas?
Property sale	• How long will the property be kept? • How will any capital gains or losses be split? • Can one party buy the other party out? • If only one party wants to sell, who will pay the selling costs?
Property ownership	• How will the ownership of the property be split?
Maintaining the property	• If you intend to rent out the property, who will manage it and collect the rent? • What happens if you can't find a tenant for the property? • What happens if the property is damaged or can't be occupied? • How will ongoing property maintenance costs be split between parties? • Who will pay if one person is responsible for damage to the property or contents?
Renovating	• What kinds of renovations can be done to the property? • Who will pay for the renovations?
Insurance	• In addition to mandatory Building Insurance, what other insurances do you need to consider? (e.g. Contents Insurance) • Who is responsible for organising, paying for and renewing insurance policies?
Recording the agreement	• How will the agreement be recorded? • Should there be a formal agreement drawn up to cover these and other considerations?

TIP: Each borrower can choose a home loan product that suits their needs. The features, benefits and interest rates of the selected home loan(s) will apply. To review the product guide for the eligible home loan types go to **commbank.com.au/factsheets**

Meet Owen, Luna and Dylan

Owen and Luna are a couple who rent a property with their friend Dylan. They've found a house to buy together with a purchase price of $550,000 and want to keep their finances separate. After speaking with their Home Lending Specialist or Broker, they agree that a Property Share application meets their needs.

How does it work?

Here's an example to help explain how Property Share works.

Purchase Property Value
$550,000

Home Loan Application 1

Borrowers: Owen and Luna

Deposit: $30,000

Total Home Loan: $250,000

Owen and Luna decide to split their home loan and take advantage of the various features available on different loan types.

Loan 1	**Loan 2**
3 Year Fixed Rate Home Loan	Standard Variable Rate Home Loan
$150,000	$100,000

Guarantor: Dylan

Home Loan Application 2

Borrower: Dylan

Deposit: $20,000

Total Home Loan: $250,000

Dylan wants a low rate and a variable home loan so he can make unlimited additional repayments at any time.

Loan 1

Extra Home Loan

$250,000

Guarantor: Owen and Luna

In this example, both home loan applications would require Lenders Mortgage Insurance or a Low Deposit Premium, which would be split proportionally and capitalised (added) to each home loan.

We’re here to help

If you have any questions or want more information:

Book an appointment with a Home Lending Specialist at **commbank.com.au/appointment** or contact your Broker.

Call us on **13 2224**

Visit **commbank.com.au/homeloans**

Things you should know: This guide doesn’t consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only. This guide is subject to change without notice.

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