

# Property Share fact sheet.



Property Share is a home loan option which allows multiple borrowers to purchase a property together whilst keeping their finances separate. It may help both first time buyers and investors get onto the property market sooner.

Eligible loan types	Eligible loan purposes	Excluded loan purposes
<ul style="list-style-type: none"><li>Standard Variable Rate loans</li><li>Fixed Rate loans</li><li>Viridian Line of Credit</li><li>Extra Home Loans</li></ul>	<ul style="list-style-type: none"><li>Owner occupied housing</li><li>Investment property purchase</li><li>Personal needs &amp; personal investment</li><li>Off the plan purchases</li></ul>	<ul style="list-style-type: none"><li>Business purposes</li><li>Internal refinances</li><li>Land or bridging loans</li><li>Building/construction loans</li></ul>

**Note:** Please review the specific fact sheet for the eligible loan type(s) that the Property Share arrangement will apply to.

## How does it work?

**Example:** Nick and Sue are a couple who rent with their friend James. They're looking to buy a house together but want to keep their finances separate.

- The purchase price of the property is \$540,000 and combined they have a \$50,000 deposit.
- James takes one loan account for \$250,000 in his name (one loan facility).
- Nick and Sue take out 2 loan accounts totalling \$240,000 in their joint names (one loan facility).
- Each party acts as a guarantor to the other.

	Nick and Sue	James
Purchase Price (inc. costs such as stamp duty)	\$540,000	
Deposit	\$30,000	\$20,000
Loan Facilities	One loan facility and split into the following products: <ul style="list-style-type: none"><li>\$190,000 - 3 Year Fixed Rate Home Loan</li><li>\$50,000 Viridian Line of Credit</li></ul>	One loan facility: <ul style="list-style-type: none"><li>\$250,000 - Standard Variable Rate (SVR) Package</li><li>Interest Only</li></ul>
Guarantor	James	Nick and Sue

## Features and Benefits

- A Property Share arrangement allows multiple borrowers to purchase one property using two separate loan facilities.
- A maximum of two applications per security is allowed, however each application may have multiple borrowers or multiple loan products.
- It offers flexibility on how each loan is structured – each loan can be for different amounts, with different loan types, duration and payment structures that best suit the individuals' needs.

## Loan to Valuation Ratio (LVR)

- The Loan to Valuation ratio (sometimes called Loan-to-Value or 'LVR') is a percentage figure that compares the loan amount to the value of the property provided as security for a loan. The value of a property is determined by our valuation and not the purchase price (they may be different).
- For example where a lender will lend up to an 80% LVR on a property valued at \$500,000 then the maximum loan amount would be \$400,000.
- With a Property Share arrangement the LVR is calculated on the combined total loan amount; and
- Where applicable Lenders' Mortgage Insurance or Low Deposit Premium is split proportionately and capitalised to each loan.



## To be eligible for a Property Share arrangement all applicants must:

- Be owners of the property (no third party guarantors);
- Demonstrate they can manage repayments for their own loan;
- Guarantee each other's loan(s) (security support only);
- Seek independent legal advice before entering into a Property Share arrangement; and
- Sign a Property Share Statutory Declaration.

## Important considerations to keep in mind before entering a Property Share arrangement

We've listed some of these below – there may be others and it's a good idea to discuss these questions with your legal adviser:

<b>Managing the unplanned</b>	<p>What happens if one party:</p> <ul style="list-style-type: none"> <li>• Defaults on the loan?</li> <li>• Becomes ill or unemployed?</li> <li>• Moves interstate or overseas?</li> </ul>
<b>Property sale</b>	<ul style="list-style-type: none"> <li>• How long will the property be kept?</li> <li>• How will any capital gains or losses be split?</li> <li>• Can one party buy the other party out?</li> <li>• If only one party wants to sell, who will pay the selling costs?</li> </ul>
<b>Property ownership</b>	<ul style="list-style-type: none"> <li>• How will the ownership of the property be split?</li> </ul>
<b>Maintaining the property</b>	<ul style="list-style-type: none"> <li>• If you intend to let the property, who will manage it and collect the rents?</li> <li>• What happens if you cannot find a tenant for the property?</li> <li>• What happens if the property is damaged or cannot be occupied?</li> <li>• How will ongoing property maintenance costs be split between parties?</li> <li>• Who will pay if one person is responsible for damage to the property or contents?</li> </ul>
<b>Renovating</b>	<ul style="list-style-type: none"> <li>• What kinds of renovations can be done to the property?</li> <li>• Who will pay for the renovations?</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>• In addition to mandatory Building Insurance, what other insurances to be considered? (e.g. contents insurance)</li> <li>• Who is responsible for organising, paying for and renewing insurance policies?</li> </ul>
<b>Recording the agreement</b>	<ul style="list-style-type: none"> <li>• How will the agreement be recorded?</li> <li>• Should there be a formal agreement drawn up to cover these and other considerations?</li> </ul>

## We're here to help



If you have any questions visit [commbank.com.au/homeloans](https://commbank.com.au/homeloans), call us on **13 2224** (8am - 8pm 7 days a week) or drop into a branch.



You can also book an appointment with one of our Home Lending Specialists at [commbank.com.au/appointment](https://commbank.com.au/appointment) or contact your broker.

### Things you should know

This fact sheet 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. This fact sheet is subject to change without notice.

Commonwealth Bank of Australia ABN 48 123 123 124, AFSL 234945 Australian credit licence number 234945.