

# Guarantor Information Sheet

## 1. About this Information Sheet

This information sheet tells you about some of your rights and responsibilities on becoming a guarantor. You will need to read and understand it before you sign any forms to become a guarantor.

If you are representing a company or other incorporated body, not all of this information applies and you should obtain separate advice on your rights and obligations.

## 2. Becoming a guarantor

Becoming a guarantor involves four steps:

- i. We give you this information sheet and ask you to read it. You must be sure you have understood this information.
- ii. We will ask you to complete, sign and return some preliminary forms.
- iii. Other than in some circumstances involving company directors, we will send you information about the borrower, their financial details and the loan being sought. As well, we will send you the deed of guarantee. You must be sure you have understood this information and what is required of you.
- iv. Once you have signed and returned the deed of guarantee we can start the funding process.

## 3. Information we must give you

We must give you important documents about the borrower, as well as documents about the proposed loan. If you are a sole director guarantor or a commercial asset financing guarantor, you may not need to receive all of these documents.

The documents we will provide if available are:

- a copy of the Loan Contract which includes a description of any related mortgage or security to be taken and a copy of your security contract. We will also provide a copy of any related security contract that you request;
- our final Letter of Offer to the borrower and also details of any conditions in an earlier version that were satisfied before the final Letter of Offer was issued;
- any credit report on the borrower that we have obtained from a credit reporting agency;
- a copy of any credit related insurance contract;
- any financial accounts or statements of financial position within the past two years provided by the borrower in support of the loan application;
- details of amounts of \$100 or more the borrower has overdrawn on a facility with us in the past six months;
- if the loan already exists, a copy of the latest account statement (and any other statement of account for a period during which a notice of demand was made by us on the borrower, or a dishonour occurred, on any facility the borrower has, or has had, with us in the past two years).

As well we will provide you with a copy of any unsatisfied Notice of Demand issued by us on the borrower in relation to the loan in the past two years; and

- details of any other notice of demand issued by us on the borrower, and any dishonour, on any facility which the borrower has, or has had, with us in the past two years.

## 4. What it means to sign a guarantee

Many people think that giving a guarantee is just a formality or they feel obligated to 'help out' a friend, relative or business partner. You need to understand that giving a guarantee involves significant financial risk for you and should not be taken without careful thought.

A deed of guarantee is a legal contract. When you sign a guarantee you promise to ensure the borrower meets all the terms and conditions of the Loan Contract. If the borrower doesn't meet their obligations then you may be required to pay us any money up to the maximum amount owing shown in the guarantee. You must also pay any reasonable enforcement expenses.

In the event you don't pay, we can enforce our legal rights, which may include selling any property owned by you, such as your house. Please note that if we lend money to the borrower under any other Loan Contract you may also become liable for these amounts. You will be given further details about this in the terms and conditions supplied to you with the deed of guarantee.

Future loan advances under the initial Loan Contract are covered by your guarantee. This might include loan advances up to an increased loan limit which we have allowed under the initial Loan Contract. The maximum amount of your liability will increase only if you agree to this in writing.

We strongly recommend that you consider what it means to sign a guarantee before making your decision.

## 5. Seeking legal advice

If you're not sure about your obligations before signing the guarantee, please talk to your solicitor. Likewise, if you think you need financial advice about the borrower's debt obligations or your own, you should talk to your financial adviser.

You must be able to give the guarantee or mortgage freely and voluntarily. That's why the borrower must not be present when you speak or meet with your solicitor or financial adviser. Being able to act freely and voluntarily, applies even if you think you don't need independent advice or consider you're experienced in business matters, and know and understand the terms and meaning of guarantees and security documents.

If you choose not to provide a guarantee we will cancel the loan approval or not provide the loan.

## 6. When you should sign the guarantee

We will only invite you to sign the deed of guarantee when:

- you've received all relevant borrower information from us (if applicable); and
- you've signed the Guarantor – Identity Verification and Privacy Information Form and any other relevant forms; and
- you've had at least 24 hours to read and consider all the information we provide.

If you are a Director Guarantor who has elected not to receive the borrower information you can sign the deed of guarantee immediately. Please use the Director Guarantor Election to indicate your choice to waive the right to consider the information for 24 hours.

## 7. Withdrawing from the guarantee

You can withdraw from the guarantee by giving us notice in writing:

- if the final Loan Contract is materially different from the one we gave you;
- before we advance any credit under the Loan Contract.

## 8. Limiting the guarantee

You can limit the amount or nature of your liability under the guarantee but you must ask us in writing.

We can refuse your request if:

- the limit you propose is less than the borrower owes to us; or
- we are obliged to make further advances or enter into further arrangements with the borrower; or
- we would be unable to secure the present value of an asset which is security for the loan (such as a house under construction).

If your guarantee relates to a continuing Credit Contract (such as a credit card contract or an overdraft), you can give the Bank a notice limiting the guarantee so that it only applies to:

- credit previously given to the borrower; and
- any other amount you agree to guarantee.

## 9. Security for the guarantee

If you provide security to support the guarantee (e.g. by mortgaging your house), the Bank can sell that security if you default under the guarantee. If any shortfall remains after that, you will still be liable for the shortfall unless the guarantee states otherwise.

## 10. Asking for a statement and/or payout figure

You can write and ask us for a written or oral statement of the amount the borrower currently owes or any amounts credited or debited during a period you specify. You can also ask for a statement of overdue amounts, when they became overdue, and any amount payable and the date it became due.

You can also write asking us for a written statement of the amount needed to pay out the Loan Contract as at any date you specify and details of the items that make up the amount. A fee may be charged for providing a statement.

## 11. Paying out the Loan Contract

If you pay us all the money that the borrower owes us, and they can't pay you back, you may be able to take legal action against them to retrieve the money. However, you may not be able to do so if, for example, they are under age or become bankrupt or insolvent. It may be some time before they are able to pay you. In some cases they may not be able to pay back any of the money.

If we ask you to pay out the Loan Contract and you can't pay it all at once, then please talk to us. We will try to come to an arrangement about payment. If we can't reach agreement then you should contact the Government Consumer Agency or a financial counsellor.

## 12. Making a Complaint

At Commonwealth Bank, we put our customers at the centre of everything we do. We also accept that sometimes we can get things wrong, and when this happens we're determined to make them right again.

If you have a complaint, please contact us. You can find out about our procedures by visiting [www.commbank.com.au](http://www.commbank.com.au), by calling our General Enquiries team on **13 2221**, visit any of our branches or contact the National Relay Service on TTY/Voice: **133 677** or SSR: **1300 555 727**.

Sometimes, a complaint is complex or requires more detailed investigations than your local branch or the General Enquiries team is able to provide. If this is the case, your matter might be referred to our Customer Relations team for specialist assistance. If you have tried to resolve your complaint but are still not satisfied, you may also contact our Customer Relations team directly on **1800 805 605**, email [CustomerRelations@cba.com.au](mailto:CustomerRelations@cba.com.au) or write to CBA Group Customer Relations, Reply Paid 41, Sydney, NSW 2001 or even fax **1800 285 542**.

If you are not happy with the response we provide, you may refer your complaint to Financial Ombudsman Service (FOS). FOS offers a free, independent dispute resolution service for the Australian banking, insurance and investment industries. You can contact FOS on **1300 780 808**, or by writing to Financial Ombudsman Service, GPO Box 3, Melbourne, VIC 3001, or online at [www.fos.org.au](http://www.fos.org.au).

