

Bankwest Business

# Things you should know about becoming a Guarantor

The Code of Banking Practice  
and becoming a Guarantor

bankwest



making banking easier

# Becoming a Guarantor

## **We may only accept a Guarantee from you if your liability:**

- › is limited to, or is in respect of, a specific amount plus other liabilities (such as interest and recovery costs) that are described in the Guarantee; or
- › is limited to the value of a specified security (for example your mortgage) at the time of recovery.

## **Things you can expect before we take a Guarantee from you**

### **We will give you a prominent notice that:**

- › you should seek independent legal and financial advice on the effect of the Guarantee;
- › you can refuse to enter into the Guarantee;
- › there are financial risks involved;
- › you have a right to limit your liability in accordance with the Code of Banking Practice and as allowed by law; and
- › you can request information about the transaction or facility to be guaranteed.

**Unless you are a commercial asset financing guarantor, a sole director guarantor or a trustee guarantor, we will:**

- tell you about any notice of demand made by us on the borrower and any dishonour on any facility the borrower has, or has had, with us within 2 years before we tell you this; and
- give you a list showing the extent of excesses or overdrawings of \$100 or more on any facility the borrower has (or has had) with us, which occurred in the 6 months prior to us providing you with the list.

**We will provide you with a copy of:**

The Code of Banking Practice requires us to provide you with the following documents, unless you are the sole director of the borrower, a commercial asset financing guarantor, a trustee guarantor or a director (other than a sole director) of the borrower who has told us that you do not wish to receive some or all of these documents.

As a director of the borrower (other than a sole director) you are entitled to receive these documents, which contain important information that may affect your decision to give the Guarantee, but you may choose not to receive some or all of them. If you choose not to receive them please let us know as soon as possible, to avoid any unnecessary delay to settlement.

- the final letter of offer provided to the borrower.
- any related credit contract together with a list of any related security contracts (you may request a copy of any related security contract).
- any related credit report from a credit reporting agency.

- any current credit-related insurance contract in our possession.
- any financial accounts or statement of financial position given to us by the borrower for the purposes of the facility to be guaranteed within 2 years prior to the day we provide you with this information.
- the latest statement of account relating to the facility to be guaranteed and past statements where a dishonour or notice of demand has occurred where we are required to give you the information under the Code.
- any unsatisfied notice of demand made by us on the borrower in relation to the facility to be guaranteed within 2 years prior to the day we provide you with this information.

We will also provide you with the information that you reasonably request about the facility to be guaranteed.

**We will not ask you to sign a Guarantee, or accept it, unless we have:**

- provided you with the information mentioned in this brochure which you are entitled to receive under the Code of Banking Practice; and
- allowed you until the next day to consider that information if it is required by the Code of Banking Practice.

We do not have to allow you until the next day if you have obtained independent legal advice after having received the information, if you are a sole director of the borrower, if you are a commercial asset financing guarantor, if you are a trustee guarantor or if you are a director of the borrower and you have chosen not to wait until the next day.



**The Code of Banking Practice applies to your Guarantee where you are an individual acting as a Guarantor to help another individual, or a small business to secure any financial accommodation or facility provided by Bankwest.**

Becoming a Guarantor is a serious undertaking. Put simply, you will be agreeing to guarantee that the person or business to whom we are lending (the borrower) will keep to all the terms and conditions of that loan or contract. If that person does not do so, as Guarantor, you become liable for that contract. The Code of Banking Practice requires us to provide you with the information and documents listed in this brochure.

**Important things you should know:** If you are obtaining legal advice you should take this brochure together with your other documents to your legal adviser. These guidelines are general and descriptive and should not be taken as a complete statement of the relevant law or practice. You should obtain your own legal and financial advice before providing a Guarantee or exercising any right you think you may have as Guarantor in respect of our facilities. These guidelines do not apply to all businesses/companies. Please refer to your Customer Service Representative for further clarification. Bankwest is a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL/Australian credit licence 234945. BWA-8005 280316 online

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