

Things you should know about becoming a Guarantor

The Banking Code of Practice and becoming a Guarantor

The Banking Code of Practice applies to you if you are an individual who has signed (or who is considering signing) a Guarantee to help another individual or a small business to secure any financial accommodation or loan 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 including repaying the loan. If that person does not do so, as Guarantor, you become liable for that contract. This means that you may have to pay the amount of the loan (or the amount of the loan up to any limit set out in the Guarantee plus costs and interest). If you do not pay or cannot pay, you may have to sell your own assets (such as any house you have mortgaged to support the Guarantee) to pay the debt.

Banking Code of Practice

You can ask us for a copy of the Banking Code of Practice, or download it at www.bankwest.com.au.

National Credit Code

If you are an individual who has signed (or is considering signing a guarantee) to support an individual to secure credit (including a loan) for wholly or predominantly non-business purposes, the National Credit Code may also apply to you and may give you additional rights.

Becoming a Guarantor

If you are an individual, we may only accept a Guarantee from you if your liability is limited to:

- › a specific amount and/or category of amounts such as all amounts owing under a specific loan, plus other liabilities and amounts as described in the guarantee (for example, interest and recovery costs);
- › the value of a specified property or other assets under a specified mortgage or other security 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 Banking Code of Practice and as allowed by law;
- › you can request information about the transaction or facility to be guaranteed; and
- › if applicable, that the Guarantee may cover future credit facilities and variations of the existing loan.

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

1. tell you:

- › about any notice of demand made by us on the borrower for the guaranteed loan or any loan the borrower has, or has had, with us within 2 years before we tell you this; and
- › if any existing loan we have given the borrower will be cancelled if the Guarantee is not provided; and

2. give you a copy of:

- › the proposed loan contract;
- › a list of any related security contracts;
- › any related credit report from a credit reporting agency;
- › any current credit-related insurance contract that is in our possession;
- › any financial accounts or statement of financial position given to us by the borrower in the previous 2 years for the purpose of the guaranteed loan;
- › the latest statement of account relating to the loan for a period in which a notice of demand was made by us within the last 2 years; and
- › other information we have about the guaranteed loan that you reasonably request - but we do not have to give you our internal opinions.

If you are a director guarantor**** (other than a sole director guarantor), we will tell you that:

- › you have the right to receive the documents referred to in paragraphs 1 & 2 above and that these documents contain important information that may affect your decision to give a Guarantee; and
- › you may choose not to receive some or all of those documents and that we will not influence your choice.

If you choose not to receive some or all of the documents, we will require you to confirm your decision in writing.

We will not accept a Guarantee from you until:

- › you have been given the information mentioned above in accordance with the Banking Code of Practice; and
- › the third day after you have been given that information.

However, we can accept the Guarantee earlier if you:

- › have obtained independent legal advice about the Guarantee;
- › have accepted an extension of the Guarantee;
- › are a commercial asset financing guarantor, sole director guarantor, trustee guarantor or vehicle asset financing guarantor; or
- › you are a director guarantor and you choose to sign and deliver the Guarantee earlier.

We will not influence your choice.

How can you withdraw from your Guarantee?

You must tell us in writing if you wish to withdraw from your Guarantee. You may do so:

- › at any time before we provide credit under the loan; or
- › after credit is first provided, if the signed version of the relevant loan differs in a material respect from the proposed loan we gave you before you signed the Guarantee except when you have agreed in writing to the signed version.

However, you may do so only to the extent of the obligations under the Guarantee.

How can you end your Guarantee?

You may end your liability under a Guarantee you have given to us by:

- › paying us the lower of the borrower's outstanding liability, including any future or contingent liability; or the amount to which your Guarantee of the borrower's liability is limited under the Guarantee; or
- › making other arrangements which are acceptable to us to in return for releasing you from your Guarantee.

* Commercial asset financing guarantor is a director, shareholder or manager of a company, that has provided a guarantee for the company's commercial asset financing.

** Sole director guarantor is a director of a company that has only one director, and that company is to be the borrower for the loan.

*** Trustee guarantor is when the guarantor and the borrower are the same person acting as trustee of a trust in one role and acting in their personal capacity in the other role.

**** Director guarantor is a director of a company which is to be the borrower for the loan.

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