

Up Loans Launceston Pty Ltd
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www.uploans.com.au



The Up Loans Guarantor Pledge

At Up Loans we understand that parents love their children, grandparents, their grandkids and siblings likewise. Going guarantor for a loved one on their loan can be a huge assistance in helping them get into the property market but we also believe that the best way to ensure that loving relationship is preserved is to document the responsibilities of the applicant in the process.

I/we _____ (insert applicant names)
are accepting the assistance by form of guarantor from my/our
_____ (insert relationship ie: parent,
brother, sister, grandparent etc).

Name of guarantor/s: _____

We accept and acknowledge that:

1. All parties have watched the video here: <https://youtu.be/-P-8uptionhs>
2. During the application process, all of our personal financial information will be disclosed to the guarantor/s (and guarantors that their financial information will be disclosed to the applicants on application documents etc).
3. For the guarantor to be involved they will have to allow the bank to place a mortgage on their property and where that title is held unencumbered they will need to provide it to the bank.
4. The guarantor/s will be given the opportunity to take application and or loan documents to a legal representative and can withdraw their offer of guarantee at any time prior to settlement.
5. The guarantor/s may ask your Up Loans broker any questions at any time about the process or details of the application, and will be kept up to date during the process.
6. The guarantor/s will be met with separately during the process so that an Up Loans broker can ensure that the guarantor/s understand the commitment they are giving and to ensure to the best of our ability that they feel comfortable and unpressured within the process.
7. If the guarantor wishes to sell a property that is being held as guarantee for the applicant then there are provisions usually to either substitute another property (at cost) or all parties acknowledge that if the guarantee property is required to be sold then it could impact the applicants in terms of needing to make an application that may involve some lender's mortgage insurance costs if the equity position is not strong enough at that stage.

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8. Up Loans always recommend that guarantors seek independent legal advice prior to entering an arrangement. Some banks will insist on this. Others will not, but we always recommend it.

After settlement of the loan we accept and acknowledge that:

1. Having a loved one go guarantor for us is a remarkable assistance often resulting in significantly lower fees (such as lender's mortgage insurance), easier and quicker approval and often a lower overall interest rate – HOWEVER – it is to be treated as temporary assistance.
2. After our home loan settles our goal will be to pay the home loan down to 80% of the value of the property as quickly as possible. We will do this in the following primary way:
 - a) Increased repayments on my/our home loan.
 - b) I/we will also have the opportunity to utilize market increases during this time to assist with reaching 80% loan based on valuation, and the benefit of any work we have done to improve the property during this time.
 - c) I/we will ensure the best presentation possible when an Up Loans team member organizes a valuation for the purposes of removing the guarantor from the loan.
3. I/we will pay all costs that the guarantor will incur in this process including:
 - Mortgage registration / de-registration fees (estimate \$200 at beginning and end of guarantor process)
 - Any lender guarantor fees (estimate \$200 where charged)
 - If the guarantor wishes to seek independent legal advice (estimate \$400 where taken up)
4. I/we give Up Loans permission to notify the guarantor/s if my/our loan should ever fall into arrears (subject to Up Loans being notified by the lender).
5. The applicant/s agree to make increased repayments on the home loan to remove the guarantor quicker.

Signed by all applicants:

Date: ___ / ___ / ___

Signed by all guarantors:

Date: ___ / ___ / ___