

# Release of Loan Party Fact Sheet



## Release of borrower or guarantor variation process

Borrowers may apply to have one of the borrowers released from the loan and ownership of the property (if applicable), without the need to close the loan and fully discharge the property or properties held as security.

## Documentation

RAMS requires an application to vary your loan form completed together with the privacy consent and disclosure statement, signed by borrowers and any guarantors on the loan. The Borrower Certification of Income Declaration form for Self-Employed or Low Doc loans is required from all borrowers remaining on the loan.

Additional supporting documentation required is detailed under release of loan party FAQs.

## Timeframes

On receipt of a fully completed application with all supporting documentation, our credit assessment team will assess the application and seek approval from mortgage insurers, if applicable. If the application is approved, then within approximately 10 working days, our solicitors will prepare and mail a Deed of Release to the primary borrower. The timeframe to completion will then depend on how long it takes for all borrowers (and any guarantors) to sign and return the deed to the solicitors. A further 10 working days to finalisation may be used as a guide.

## Valuation of the Security Property

In order to assess the variation proposal RAMS may require any properties held as security against the loan to be re-valued depending on when the last valuation was completed.

## Fees

The following fees will be payable on finalisation of the release of borrower request

### Fees charged by RAMS on finalisation of the variation:

- \$295 variation fee
- A valuation fee of up to \$220 per security property
- \$150 fixed rate break fee (if applicable)
- Fixed rate unwind adjustment (if applicable)

### Fees charged by the instructed Solicitor:

- Up to \$275 in legal costs
- If a loan party is to be released from the title, Land Titles fees applicable in the relevant State to release the loan party

These fees and charges will be charged to the loan account. Other legal costs may be charged by the borrower's own solicitor or conveyancer directly to the borrower. All above fees and charges are subject to change until the variation is finalised.

## Credit Assessment

A borrower or guarantor can only be removed if the remaining borrowers can show that they are able to afford the loan using their current income which can be verified from the supporting documentation, and any remaining guarantors agree to the release of the party.

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## RELEASE OF LOAN PARTY FAQs

### What supporting documentation do I need to provide to RAMS?

Category	Documentation required
<p><b>Full Documentation Loans</b></p>	<p><b>PAYG</b></p> <ul style="list-style-type: none"> <li>▪ <b>Two current and certified Pay Slips</b> (no older than 30 days and showing company name and ABN) to confirm base income and any allowances, overtime amounts or deductions, if applicable, stated as Year to Date (YTD) Gross Income and Net Income after tax; OR</li> <li>▪ <b>Letter of Employment</b> or copy of employment contract (on employment letterhead) confirming commencement date, position, current base remuneration, any applicable allowances, and type of employment (e.g. full time, part time, casual); PLUS one of the following:               <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>and Payment Summary</b> (Group Certificate)</li> </ul> </li> </ul> <p>or</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Tax Assessment</b> or</li> <li><input type="checkbox"/> <b>Last Year's signed Tax Return</b> (TFN deleted)</li> </ul> <p>NB: If commissions make up &gt;50% of total income then additional supporting documentation may be required.</p> <p><b>SELF EMPLOYED BORROWERS</b> If you can provide full financials: Last 2 years' personal and business signed Tax Returns (TFNs deleted)</p> <p><b>COMPANY applicants:</b> Last 2 years' signed Company Tax Returns (TFNs deleted)</p> <p><b>TRUST applicants:</b> Last 2 years' signed Tax Returns of the Trustee (TFNs deleted) evidencing Trust income</p> <p>*If you took out your loan with us before May 2015 and you wish us to take your overtime into account, please ask RAMS about the supporting documentation you will need to provide.</p>
<p><b>Self-employed loans (Low documentation)</b></p>	<ul style="list-style-type: none"> <li>▪ Completed RAMS Borrower Certificate of Income Declaration Form which includes a signed <b>declaration from your Accountant</b>; or</li> <li>▪ <b>Business Activity Statements (BAS)</b> for the past 12 months PLUS your ATO Lodgement Reference Number</li> </ul> <p>NB: If you have lodged BAS manually and have not received an ATO Lodgement Reference Number, you will need to provide transactional bank statements evidencing your tax payment or a copy of your ATO running balance account statements</p>

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<b>Other Income</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> <b>For all investment properties</b> - Evidence of most recent Rental Income e.g. rent receipts, letter from a registered real estate agent, or a copy of the Lease Agreement that is valid for 3+ months from the date of application Current</li><li><input type="checkbox"/> <b>Centrelink Statement</b> (can Include Family Assistance Part A and B) and/ or Child Support Agency Confirmation with satisfactory evidence of regular payments received over the last 6 months</li></ul>
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## **Why do all loan parties including the released party need to sign the deed of release?**

The release of loan party is a variation to the current loan agreement and requires consent by all borrowers and any guarantors. All correspondence during the process is addressed to all loan parties.

## **What do I do if the new valuation comes in lower than the original valuation?**

The original loan to value ratio is used in the assessment. Any increase to the LVR is determined to be an increase in facilities and can be addressed through a request for increase in the LVR on the same application form or RAMS can collect a principal reduction to the loan.

## **Why might a reduction to the loan be necessary?**

There are two main reasons why RAMS may request a reduction in loan amount in order to release a borrower or guarantor:

1. The remaining borrowers' income does not satisfy affordability requirements on the current debt
2. The updated valuation indicates a reduced property value and, in order to keep the approved loan to security value ratio in line with the original approval, a reduction to the loan is required.

## **What happens if a reduction in the loan is required?**

RAMS will advise you that its approval of the variation is conditional on the loan reduction. A payout figure representing the minimum amount required to reduce the current actual balance to the new approved limit will be quoted. Any additional amounts received above this amount are deposited as redraw.

## **What happens to my repayments?**

The loan does not close, so on finalisation of the release of the loan party the repayments and their frequency may remain unchanged. If the loan amount is either decreasing or increasing, the repayment immediately following finalisation of the application will be a pro rata payment with subsequent repayments calculated on the new loan amount. You will be notified of the new repayment amounts in a settlement letter.