

RAMS Release of Loan Party Fact Sheet.



Release of borrower or guarantor variation process

Borrowers may apply to have one or more 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 all borrowers and any guarantors on the loan.

Timeframes

On receipt of a full 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 the necessary documentation to be signed by all borrowers (and any guarantors). The timeframe to completion will depend on when our documentation is returned to the solicitors. A further 10 working days to finalise 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 (However if your loan is currently under a RAMS Value Advantage Package, the variation fee is nil)
- A valuation fee of up to \$220 per security property
- \$150 fixed rate break admin fee (if applicable)
- Fixed rate unwind adjustment (if applicable)

Fees charged by the instructed Solicitor:

- Legal costs will be disclosed at the time
- If a loan party is to be released from the title, Land Titles fees applicable in the relevant State or Territory 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 borrowers and guarantors agree to the release of the party.

FAQs

What supporting documentation do I need to provide to RAMS?

Please refer to the RAMS Preparing for your Loan Appointment Checklist. You can also refer to your RAMS Home Loan Manager for further information.

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 Loan to Value Ratio (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.