

RAMS Substitution of Security Fact Sheet.



Substitution overview

RAMS will consider an application to vary the original loan approval to substitute the current security property with another property, subject to the incoming property satisfying RAMS' security requirements. This allows the current loan to remain open and any established mortgage insurance policy to remain in force.

Documentation

RAMS requires an *Application to Vary Your Loan* form completed and signed by all borrowers and guarantors on the loan, together with the privacy consent and disclosure statement. RAMS also requires a copy of contract of sale once unconditional exchange has occurred (if applicable). If the new property is already owned, title details are required.

Timeframe

Within approximately 10 business days, RAMS will:

- Validate your variation application
- Order and receive valuation on the new property
- Seek credit and mortgage insurance approval (if applicable)
- Instruct RAMS Panel Solicitor

Additional time may be required to:

- Book settlement (if applicable) and provide final payout figure (if loan reduction is required)
- Complete Settlement (if applicable)

Fees

The following fees are payable on finalisation of the substitution.

Fees charged by RAMS on finalisation of the variation:

- \$295 substitution fee (However if your loan is currently under a RAMS Value Advantage Package, the substitution fee is nil)
- A valuation fee of up to \$220 per security property
- \$150 fixed rate break fee (if applicable)
- Fixed rate unwind adjustment fee (if applicable)
- Mortgage insurance premium (if applicable)

Fees charged by the instructed Solicitor:

- Legal costs will be disclosed at the time
- Land Titles fees applicable in the relevant State or Territory to register the mortgage on title

Fees will be charged to the loan account. Other legal costs may be charged by the borrower's solicitor, if applicable.

Credit Assessment

The RAMS team will validate that the incoming property satisfies security requirements and is of equivalent or higher value than the property being released. If there is an increase in either the loan to value ratio or the loan amount, the standard loan increase process will apply.

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.

Can I settle the purchase and sale on different days?

RAMS require both settlements to occur on the same day, as the loan is not being paid out.

Does the new property have to be of equal value?

RAMS will accept a property of lesser value subject to a satisfactory valuation. The borrowers may be required to make a corresponding loan reduction prior to, or at settlement, depending on the loan to value ratio.

How can I increase my loan during a substitution?

RAMS requires a completed variation application form from all borrowers and any guarantors on the loan, together with the privacy consent and disclosure statement, signed by all borrowers and guarantors on the loan.

Can I substitute using a property owned by a person not a party to the loan?

RAMS is unable to accept a property as security owned by a third party. We can consider an application for a new loan to internally refinance the existing loan.

Can I obtain a pre-approval prior to exchanging contracts?

RAMS recommends that an application be submitted prior to contracts of sale for the purchase being exchanged so that we may approve the substitution in principle, however unconditional approval cannot be given until copies of the exchanged contracts are provided.

What happens to my repayments?

After settlement, if a reduction to the loan is required, the payout amount will be deposited to the loan. A settlement letter will be mailed to you confirming the new approved loan amount, the new security property and the new loan repayments. If there is no reduction of the approved loan amount, repayments remain unchanged.

Who can I call for further information?

RAMS offers a direct line to the Client Services team from 8:30am to 5:30pm AEST, Monday to Friday, on (02) 9647 6953. The Contact Centre can be contacted on 13 RAMS, that's 13 7267 between 8.00 am to 8.00 pm (Mon-Fri) & 9am – 5pm Saturday (AEST).