

# Co-Borrower / Substantial Benefit questionnaire

A co-borrower is any borrower on a loan that has more than one borrower. Co-borrowers are jointly and severally liable to repay the loan amount in full. Being a co-borrower carries risks including potentially having to repay the entire loan yourself and being requested to do so before any other co-borrower on the loan.

The Banking Code of Practice requires that we consider if a co-borrower will receive substantial benefit from a loan.

A 'substantial benefit' is determined by either the applicant obtains a minimum 30% interest in the assets purchased with the loan funds; or a minimum 30% interest of the loan funds are used to repay debts or obligations on behalf of the applicant. If there are 4 borrowers, then minimum interest is 20% and if more than 4 borrowers there needs to be equal shares with all other property owners.

Please note there is no minimum ownership applicable for Spouses (including de facto) borrowing for the purchase of owner occupied property; purchase of assets for joint use (e.g. car, furniture, renovations, etc.); payment of joint expenses; or Refinancing/consolidation of debt originally used to finance any of the previously noted purposes.

When a customer doesn't meet the substantial benefit test they must be a guarantor. A guarantor is usually only liable for repaying the loan when the borrower does not.

**This questionnaire is to be completed if one of the co-borrowers doesn't meet the substantial benefit definition above BUT is in a married or de facto relationship with the other co-borrower and wishes to still be considered as a co-borrower. All sections and applicable questions must be answered.**

Customer Name/s:

Loan/Application Number:

Name of co-borrower who does not meet the substantial benefit test:

Broker/Lender Name:

Broker/Lender Email:

Date of appointment:

## Section 1 – Broker/Lender Confirmation

**NB: These questions relate to the conversation you (the Broker/Lender) had with the co-borrower that didn't meet the substantial benefit requirements. Please answer all questions.**

1. You confirm the applicants are in a married or a de facto relationship.  Yes  No
2. You explained to the applicant not receiving the substantial benefit, the risks associated with entering into the loan, and confirmed that they understood the difference between being a co-borrower and a guarantor.  Yes  No
3. The reason why the applicant that doesn't meet the substantial benefit test still wants to be a co-borrower is:

4. You advised the co-borrower that they should obtain independent legal advice and independent financial advice?  Yes  No  
AND (select a or b)
  - a) They opted not to take up this recommendation but still wanted to continue as a co-borrower.  Yes
  - b) They opted to take the recommendation of obtaining advice and upon receiving that advice they still wanted to continue as a co-borrower.  Yes

## Section 2 – Behaviour of the co-borrower not receiving the substantial benefit

These questions will help the Bank make an assessment with regard to **financial abuse**.

**Financial abuse** occurs when one person manipulates another to control their finances and property without their consent.

### **Application conducted face to face with co-borrower**

- Was the co-borrower present at appointments?  Yes  No
- Was the co-borrower withdrawn or silent during appointments?  Yes  No
- Did the co-borrower appear fearful of the other person?  Yes  No
- Was the co-borrower confused with regard to the purpose of the loan?  Yes  No
- Does the co-borrower have access to their account information?  Yes  No
- Did the co-borrower express concerns about Privacy?  Yes  No
- Did the co-borrower mention that an intervention order was in place?  Yes  No
- Was the co-borrower unaware of other loans or products in their name?  Yes  No

**Application conducted over the phone (includes when application started online)**

- Did you speak to the co-borrower once the application was flagged as coborrower not meeting the substantial benefit test?  Yes  No
- Was the co-borrower engaged in your conversation and understood why you were calling?  Yes  No
- Did the co-borrower sound or indicate they were fearful of the other person?  Yes  No
- Was the co-borrower confused with regard to the purpose of the loan?  Yes  No
- Does the co-borrower have access to their account information?  Yes  No
- Did the co-borrower express concerns about Privacy?  Yes  No
- Did the co-borrower mention that an intervention order was in place?  Yes  No
- Was the co-borrower unaware of other loans or products in their name?  Yes  No