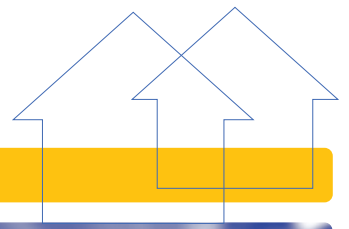


# Deposit Power Q & A for the Buyer



## **Q. What is a Deposit Power Guarantee?**

**A.** Deposit Power Guarantee substitutes the cash deposit on residential property purchases between signing contracts and settlement.

The Guarantee is a fast and cost effective alternative to short term finance and can be used for all or part of the deposit required up to a maximum of 10% of the purchase price. It is a guarantee to the seller by Vero Insurance Limited ABN 48 005 297 807.

At settlement you, the buyer, are required to pay the full purchase price including the deposit. The use of a Guarantee does not remove your obligation to pay the full deposit upon settlement. If you default under the Contract of Sale for the purchase but are still required to pay the deposit, the seller can claim the Guarantee amount from Vero.

Vero will then recover the money from you.

## **Q. Who can apply for a Guarantee?**

**A.** Anyone who is planning to purchase residential property. Guarantee users include existing property owners who wish to purchase property, investors who wish to expand their property portfolio and first home buyers.

## **Q. Why do Buyers like Deposit Power Guarantee?**

**A.** Deposit Power is fast and easy to arrange. Like many of today's buyers, cash for the 10%, or even 5%, deposit required to enter into a contract on another property is often tied up in the current home or other investments.

Deposit Power offers an efficient, secure alternative to short term finance that saves you time and money.

## **Q. How do I apply for a Deposit Power Guarantee?**

**A.** The Guarantee can be arranged online using the Deposit Power website or through selected financial institutions. Alternatively applications can be downloaded, completed and faxed directly to Deposit Power and the Guarantee will normally be issued within 24 hours.

## **Q. Does the Guarantee cost less than other deposit options?**

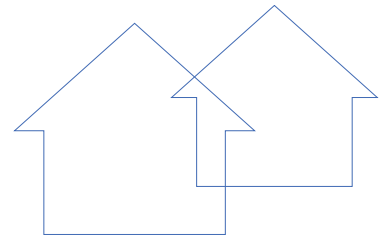
**A.** If you purchase a Standard 6 month Deposit Power Guarantee representing \$20,000 deposit, the fee including stamp duty is \$240. Alternative bridging finance for the same amount could cost you an application fee of often 1.5%, totalling \$300; plus interest payable over eight weeks (calculated at an interest rate of 6%) of \$185. The total cost of bridging finance in this example is \$485.

As well as being less expensive, a Deposit Power Guarantee is usually approved and issued within 24 hours of your application.

## **Q. Can I use the Guarantee at auctions?**

**A.** Yes. A Standard 6 month Guarantee can be issued prior to you attending an auction. The Guarantee amount is fixed, but not the property details, so you can attend a number of auctions. You simply complete the seller and property details on the Guarantee Certificate when you are the successful bidder.





## Q & As continued



**Q. Will the seller accept the Guarantee?**

**A.** The Guarantee is legal and available throughout Australia and New Zealand and it is at the sole discretion of the seller to accept it. However, the seller is often anxious to obtain a contract of sale on the property and secure a deposit commitment from the purchaser. The Guarantee can usually be organised within 24 hours, contracts are signed and the property is sold.

It is recommended that a *Suggested Special Condition* (found on the back of the Guarantee Certificate and available from the Deposit Power website) is inserted or annexed to the Contract of Sale. This condition will amend the deposit provisions and allow the Guarantee to be used.

**Q. What is the Counter Indemnity?**

**A.** Vero gives the Guarantee on the understanding that you will pay the seller the Guarantee amount on the settlement date of the contract. The Counter Indemnity is the legally binding right you give to Vero to pursue recovery against you for any part of the Guarantee amount we must pay to the seller if you default under the Contract of Sale.

**Q. When does the Guarantee expire or terminate?**

**A.** The Guarantee ceases when the Contract of Sale is completed, terminated, rescinded or the expiry date occurs, whichever happens first. The Guarantee also terminates when a claim is paid by Vero, the guarantor.

**Q. Can I obtain a refund if I don't use the Guarantee?**

**A.** Yes. If you return the unused, original Guarantee Certificate within 30 days of issue the fee will be partially refunded. An administration fee will be deducted and the balance will be mailed to you.

**Q. Who is Vero?**

**A.** Vero Insurance Limited is a leading Australian insurer with origins in Australia dating back over 170 years. It provides highly specialised solutions through agents and business partners.

Vero is renowned for specialist underwriting, insurance solutions and specialist claims management backed by size and stability.

## Need more information?

Deposit Power Helpline **1800 678 979**

Fax 1800 678 914

[www.depositpower.com.au](http://www.depositpower.com.au)