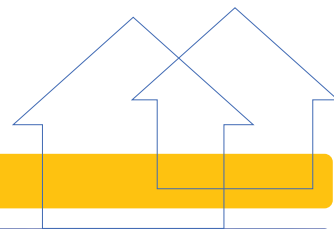


Deposit Power Q & A for the Seller



Q. What is a Deposit Power Guarantee?

A. Deposit Power Guarantee is a guarantee or bond that substitutes for a cash deposit between signing contracts and settlement.

The Guarantee can be used for all or part of the deposit required up to a maximum of 10% of the purchase price. Deposit Power Guarantee is a guarantee to you, the seller, by Vero Insurance Limited ABN 48 005 297 807. At settlement the buyer is required to pay the full purchase price including the deposit.

Q. How can a Guarantee help you sell your property?

A. The convenience of using a Deposit Power Guarantee will attract some buyers who have difficulty accessing the full cash deposit.

Sometimes people looking to sell their home and buy another have trouble raising the deposit when they have funds tied up in their home or investments. Bridging finance can be costly and time consuming whereas the Guarantee is usually less expensive and can be organised easily and quickly.

The average amount of a Standard 6 month Guarantee is \$20,000 and costs the buyer only \$240; saving expensive outlays in application fees and interest for bridging finance. Deposit Power Guarantees are legally effective throughout Australia and New Zealand.

In situations where a full 10% deposit is not available (95% finance) a full 10% deposit commitment can be obtained to protect you.

Q. Can the Guarantee be used at auctions?

A. Yes. The flexibility of the Guarantee at auctions is one of its key features. A Standard 6 month Deposit Power Guarantee can be issued prior to auction so that the buyer can be assured of acceptance of the Guarantee beforehand.

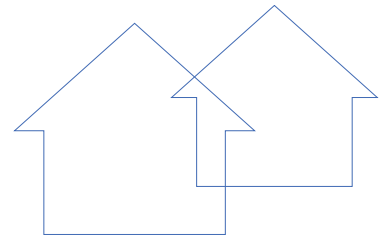
Q. Does the Contract of Sale need amending for the Deposit Power Guarantee?

A. Yes, in all states except New South Wales. Since 1996, the Standard Contract for Sale of Land in NSW carries a clause recognising the Deposit Power Guarantee as a legitimate deposit transaction.

In other States, the *Suggested Special Condition* (found on the back of the Guarantee Certificate and is available to download from the Deposit Power website) amends the Contract for Sale and enables the Guarantee to be used instead of a cash deposit. It also states that the buyer must pay all monies owing to you at settlement, under the Contract of Sale including the Guarantee amount.

Check with your representative to ensure that this *Suggested Special Condition* is inserted or annexed to the Contract of Sale.





Q & As continued



Q. What happens if the buyer defaults under the Contract of Sale?

A. If you are entitled to retain the deposit you can claim the amount from Vero. This amount will be paid to you or the stakeholder nominated in the contract within two clear days of Vero being provided with the necessary documents.

The Guarantee cannot be cancelled where it has been relied upon to sign a contract.

Q. Do I have to accept the Guarantee?

A. You have the sole authority to accept or deny a request by the purchaser to use a Deposit Power Guarantee in a property transaction.

Q. Where can the Deposit Power Guarantee be used?

A. The Deposit Power Guarantee is legally effective and accepted by vendors throughout Australia and New Zealand. The Deposit Power Guarantee was first introduced in Australia in 1989, since then it has grown in popularity throughout Australia. Traditionally, Deposit Power Guarantees have performed best in New South Wales with approximately one in four residential property transactions involving the Guarantee.

The rapid growth in NSW was aided by the Law Society of NSW and the Real Estate Institute of NSW acknowledging the use of guarantees or bonds.

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