



Handy Hints

How to substitute security properties?

What is a Substitution of Security?

Is when you wish to change the property we hold as security for your home loan for an alternate one. This usually occurs when you sell your current home and buy a new one. Instead of starting a whole new loan we can switch the security property we hold.

If you are planning to sell and then buy, there are two ways you can do this:

Sale and purchase to occur on the same day

This is called a "simultaneous settlement", which means that you or your solicitor have arranged for the sale of your existing property to occur on the exact same day as the purchase of the new property.

If this is to occur, please complete the *Residential Loan Variation Form* and provide us with a copy of the Contract of Sale for each property. Please note, in most cases a valuation on the new property will be required and acceptance of the proposed new security property is subject to our standard credit approval process.

Following our assessment, it *may* be necessary to reduce your loan amount to align with the new property being offered as security. Once we assess your request and have your property valued, we will let you know if this is required. Once approved, new Loan Offers will be sent to all borrowers and settlement can be booked in as soon as these documents are returned and checked.

Important Note: Once your request is approved as a simultaneous settlement, any changes to the settlement date may result in a full re-assessment and re-documentation. Please consider this, as it may lead to a delay in settlement.

Sale and purchase dates differ

This may be the case if you have not yet located a new home to purchase or you are not able to negotiate for the settlement of your sale and purchase to occur at the same time. In this instance we can accept a cash deposit, also known as a Deed of Charge, to substitute the security property being released until the purchase of the new property can occur. Please note, conditions apply.

At settlement we will release the security property being sold in exchange for the Deed of Charge deposit. These funds will be deposited into an ING DIRECT Security Deposit account and you will earn interest on these funds. The interest rate will be disclosed to you when the Security Deposit account is opened. Your existing home loan will function as normal and you will be required to continue to make your minimum repayments. The option of a Security Deposit account is only offered for a period of up to 90 days, giving you time to find a new home and propose it to ING DIRECT as security.

Please note that unlike regular savings accounts, whilst you are earning interest on the funds held in your Security Deposit account, the funds are not accessible during the time period the funds are being used as security for your ING DIRECT Home Loan.

How much of the sale proceeds will ING DIRECT need for the Deed of Charge?

We will require the Deed of Charge deposit to be greater than the loan limit you have (please note your loan limit may differ to your current balance). The loan limit will need to be no more than 95% of the Deed of Charge amount.

For example, if your loan limit is \$200,000, ING DIRECT will take a Deed of Charge of no less than \$210,527.

What happens when I find a home?

You will need to complete the *Residential Loan Variation form* once you have located a new property and provide us with a copy of the Contract of Sale. Please note, in most cases, a valuation on the new property will be required and the acceptance of the proposed new security property is subject to our standard assessment and credit approval process. Following our assessment, it *may* be necessary to align your loan balance to the value of the new home. This will be advised to you following our assessment. Once approved, new Loan Offers will be sent to all borrowers and settlement will be arranged. On settlement we will release the Deed of Charge and any funds that are not required for settlement will be returned to you.

How long will this all take?

For both scenarios, assessment & valuations are required and new Loan Offers will need to be issued. You should allow approximately 3 weeks for us to assess and process your request. This will ensure that everything happens on time. Of course, if you know about the change earlier we are happy to get the ball rolling, simply provide us with your completed *Residential Loan Variation form* and we will work towards your proposed settlement date.

What if I need an increase to my lending to finalise the new purchase?

Ensure that when you apply to substitute your security, you also complete the sections in the form relevant to increasing your loan.

For more information on how to apply for an increase, check out our "How to increase your loan" handy hints.

To obtain a *Residential Loan Variation form* simply visit [ingdirect.com.au](https://www.ingdirect.com.au) or phone our Contact Centre on **133 464**, our Direct Associates are available 24 hours a day, 7 days a week.

All applications for credit are subject to ING DIRECT's credit approval criteria. Fees and charges apply. Details of these and the terms and conditions are available on request.