



## Deposit Power Q&A for the Vendor

### **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. It is a guarantee to you, the vendor, by Vero Insurance Limited ABN 48 005 297 807. At settlement the purchaser 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 purchasers 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 size of a Guarantee is \$20,000 and costs the purchaser only \$240; saving expensive outlays in application fees and interest for bridging finance. Deposit Power Guarantees are legally effective throughout Australia.

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 Deposit Power Guarantee is issued prior to auction so that the purchaser 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 ) amends the Contract for Sale and enables the Guarantee to be used instead of a cash deposit. It also states that the purchaser 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.



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**DEPOSIT  
POWER**

Your deposit, guaranteed

Part of the Vero Group

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information?*

Deposit Power Helpline

**1800 678 979**

Fax 1800 678 914

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

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**Q. *What happens if the purchaser 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 in all States and Territories. The Guarantee was first introduced 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 are Vero?***

**A.** In Australia Vero is part of a group that can trace its origins back to 1833. Since then we have successfully protected our customers personal and business assets by operating with a depth of knowledge and a reputation for promises kept. Built on these solid foundations, Vero now provides dynamic and forward thinking solutions for all our customers. Vero is part of the Promina Group.

The Vero brand is based upon a simple premise - to provide our customers with certainty and peace of mind, through innovative, specialised and expert insurance offerings.

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POWER**

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