



## Deposit Power **Q&A** for the **Purchaser**

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

**A.** Deposit Power Guarantee is a guarantee also known as a 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 the vendor by Vero Insurance Limited  
ABN 48 005 297 807.

At settlement you, the purchaser, 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 vendor can claim the Guarantee amount from Vero.

Vero will then recover the money from you.

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

**A.** 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 Purchasers like Deposit Power Guarantee?*

**A.** Like many of today's purchasers, 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. This can mean either expensive bridging finance or borrowing from a finance company at high interest rates. Regardless of where the finance is obtained, interest charges, establishment fees and other up-front costs connected with the loan can be expensive and time-consuming to arrange.

Deposit Power offers an efficient, secure alternative that saves you time and money.

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

**A.** If you purchase a 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.



purchaser

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**DEPOSIT  
POWER**

Your deposit, guaranteed

Part of the Vero Group

*Need more  
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. Can I use the Guarantee at auctions?**

**A.** Yes. A 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 vendor and property details on the Guarantee Certificate when you are the successful bidder.

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

**A.** The Guarantee is legal and available in all states and it is at the sole discretion of the vendor to accept it. However, the vendor 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) 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 vendor 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 vendor 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 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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Guarantor: Vero Insurance Limited  
ABN 48 005 297 807  
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