



YOUR GUIDE TO  
**SECURITY SWAPS**

KEEPING YOUR LOAN  
WHEN SWAPPING HOMES

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# WHAT IS A SECURITY SWAP?

A Security Swap is when you keep your current home loan and 'swap' the property being used as security for the loan from your current home to your new home.

If you want to keep your current home loan rate and terms, this could be an option worth considering.

If you are eligible for a Security Swap (sometimes referred to as a substitution of security or loan portability), it means you don't have to go through the whole home loan application process again. The benefits can include:

1

## **You can keep your current home loan**

A Security Swap is a great way to hang onto a home loan you're happy with, as all the terms stay the same. It's just the security attached to the loan (the home) that changes. Your current loan details will carry over when you move.

2

## **There's less paperwork, more convenience**

Because you're just swapping security, there's no need to apply for a new home loan. This means less paperwork, less time and less hassle.

3

## **You can avoid Fixed Rate early repayment costs**

If you're part-way through a Fixed Rate term and the terms of your loan will otherwise remain the same, a Security Swap could save you from paying early release fees also known as early repayment costs.\*

4

## **Your situation might change, but your loan doesn't need to**

Sometimes situations can change temporarily – perhaps you're having a baby, working part-time, or transitioning to retirement. If you're able to make your repayments, you may prefer to keep your current loan when you buy a new home.

\*In some circumstances we may require a reduction of debt for a Security Swap to occur. In this scenario, you may need to pay an Early Release Charge if you're on a Fixed Rate loan.

# COULD A SECURITY SWAP WORK FOR YOU?



## **Your new home will need to be of similar value to your current home**

Because you're not changing your current loan, the value of your new home needs to be of similar or lesser value.<sup>1</sup> Your bank will arrange a valuation of your new home before your swap, to make sure it's comparable to the home you're selling. If your new home is of higher value, you could consider adding more funds from savings or taking out an additional home loan to cover the difference. It's best to talk to your lender or broker to discuss options.



## **Settlement for both homes will need to occur within 6 months of each other (ideally same day)**

If you're able to arrange settlement for both properties on the same date, you could consider a simultaneous settlement. If you need a little more time, you could apply to sell first then buy. In this scenario, your bank will hold the proceeds from your home sale in a temporary term deposit for up to 6 months.<sup>2</sup> If your existing loan has Lenders Mortgage Insurance (LMI), you'll need to have a Contract of Sale for your new home to be considered for a Security Swap.



## **You'll need to swap like-for-like properties and loan details**

For example, if your current home loan is for the home you're living in now, you won't be able to swap it for a commercial property. All details for the loan must stay the same, things like names, loan amount and guarantors can't be changed.



## **You'll need to arrange the deposit on your new home**

You could pay for the deposit using cash from your savings, your redraw facility, an early release from the sale property, equity from your sale and purchase property, or by a Deposit Bond.<sup>3</sup>

1 In some circumstances we may require a reduction of debt for a Security Swap to occur.

2 Subject to approval. Conditions apply.

3 A Deposit Bond is a certificate that represents your deposit without the need for the exchange of cash and are normally issued by Insurers. Talk to your lender to find out more and discuss your options.

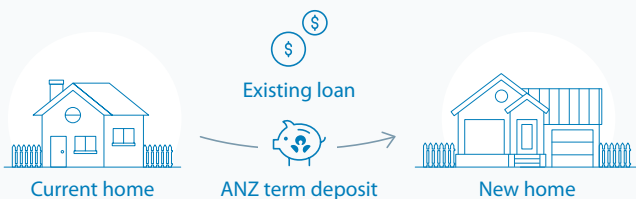
## THERE ARE TYPICALLY TWO TYPES OF SECURITY SWAP SCENARIOS



1

### Sell and settle at the same time (simultaneous settlement)

The ideal Security Swap all occurs on the same day. In this scenario, your current home settles and is released as security for your current home loan, and your new home is added. Nothing else changes on your loan – you keep paying off your home loan as usual and your new home is swapped as security for your loan.



2

### Sell and settle within 6 months\*

If you need a little more time, using a term deposit as temporary security could be an option to consider. In this scenario, you sell your current home first. Then, you've got up to 6 months\* to buy and settle on your new home (Non LMI loans). The funds from the sale of your current property are held in a term deposit until you're ready to use them to pay for your new home.

Remember, in this scenario you still need to make repayments on your home loan while the funds from the sale of your current home are held in a term deposit.

\*Subject to approval. Conditions apply. Loans with LMI require a Contract of Sale for the new home to be considered for a Security Swap.





## HOW DOES IT WORK? MEET KATELYN\*

\*Not a real customer

Katelyn has a home loan with ANZ. She wants to sell her home, but doesn't like the idea of losing her current fixed rate or having to pay early repayment costs.

Before she puts her house on the market she speaks to an ANZ lender, who explains to her a Security Swap may be an option worth considering. By using a Security Swap to keep her current loan exactly the same, she can avoid any break fees on her current fixed interest rate loan. All the bank needs to do is swap the properties used as security on her current loan.

Confident with her decisions and options, she lists her home for sale. It's not long before she receives an offer and agrees on a contract to sell. At the same time, she finds a house she wants to buy for a similar price to the sale price of her current home and puts in an offer.

She negotiates a same day settlement for her current home and new home, so the loan can be transferred across on the same day.

Katelyn's ANZ lender helps her request a Security Swap by completing the Discharge and Variation Authority (DAVA) form. She also provides the Contract of Sale for both her current and new homes.

ANZ reviews her eligibility and arranges a valuation of the new property before confirming her request is successful. ANZ emailed Katelyn's documents to her closest ANZ branch for her to go in and sign to prepare for settlement.

She keeps her current fixed interest rate, avoids any break fees, and removes the hassle of starting from scratch with a new home loan application. Too easy.

# FREQUENTLY ASKED QUESTIONS

1

## **How do I request a Security Swap?**

Your lender, broker or solicitor can help you fill out the Discharge and Variation Authority (DAVA) form - you'll need to state you want a Security Swap when completing it. You will need to submit this along with your Contract of Sale for both homes. Your lender can help with any other information that's required to assess your eligibility, such as a valuation on your new home.

2

## **I don't want to break my fixed rate loan. Can I use a Security Swap to keep it?**

If the Security Swap passes eligibility criteria, yes. The terms of your current loan will swap across to your new home. This includes your current interest rate. All other details in your current home loan will also transfer across.

3

## **Will I need a valuation of the new property?**

Yes, but only on your new home. We'll arrange a valuation on the property you're purchasing to see if it's eligible.

4

## **Are there any fees for a Security Swap loan?**

There are certain fees to consider, including discharge fees and the normal mortgage registration fees (unless ANZ already holds the title for the new property). Your lender or broker can provide further information about what may apply to your situation. Remember to factor other costs, such as conveyancing, removalists, and stamp duty.

5

## **Can I swap any type of property?**

Not necessarily. The swap must be for a similar type of property to be eligible for a Security Swap. If you're not sure whether your new home qualifies, speak to your lender or broker.

**6****If my funds are held in a term deposit for my Security Swap, can I access these funds?**

Because the funds from the sale of your current home will be held in a temporary term deposit as security for up to 6 months,\* you won't be able to access these funds early. The funds in the term deposit will need to match 100% of your loan balance and won't be released until you settle on your new home.

**7****I have Lenders Mortgage Insurance (LMI) on my current loan. Am I still eligible?**

If you have LMI on your current loan, you may be eligible depending on your circumstances. Talk to your lender or broker.

**8****Do I need to be an ANZ customer to apply for an ANZ Security Swap?**

An ANZ Security Swap is available for ANZ customers with any existing Home Loan product. We can't transfer a home loan from another lender over to ANZ as part of a Security Swap.

**9****What do I do with any surplus funds following a Security Swap?**

If the value of your new home is lower than the value of your current home, you may have surplus funds available. You can use any excess funds for other purposes. You might use your surplus funds to pay your loan down further, keep the funds in redraw or set up an offset account if you're eligible or keep the funds aside for a rainy day.



## WE'RE HERE TO HELP.

Whatever your plans, we can help you take care of the money side of things so you can focus on your new home.

### Find out more



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Call us on 1800 035 500, Monday to Friday, 8am to 9.30pm (AEST)  
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#### Important Information:

1. Terms and Conditions and eligibility criteria apply to ANZ Redraw. Before you can redraw, you'll need to:

- Have an eligible loan account.
- Be registered for ANZ Redraw.
- Satisfy all the conditions for ANZ Redraw, including:
  - your loan must be fully drawn
  - your loan must not be paid out
  - if your loan is guaranteed, the guarantors have consented in writing to ANZ Redraw (applicable to Letters of Offer issued prior to 9 February 2008)
  - there has not been any event of default during your loan term.

For more details on ANZ Redraw please refer to the [ANZ Consumer Lending Terms and Conditions \(PDF 412kB\)](#).

The information provided is a guide only and intended as a tool to help you with your Security Swap plans. It is provided for illustrative and educational purposes only. This guide is not personal advice and ANZ takes no responsibility for any error or omission. The information in this guide does not take into account your personal needs and financial circumstances and you should consider whether it is appropriate for you and read the relevant terms and conditions, Product Disclosure Statement and the ANZ Financial Services Guide (PDF) before acquiring any product. Applications for credit are subject to ANZ's credit approval criteria. Terms and conditions, and fees and charges apply. Australian credit licence number 234527. Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.