

# Citibank Family Law Guidelines

There are often difficulties associated with marital breakdowns where the parties have joint debts and financial obligations. These guidelines are designed to help our customers (and their legal representatives) deal with:

- applications for the transfers of mortgage which are held by us;
- consents to transfer of title based on family court orders; and/or
- debts that are the subject of family law property proceedings.

The guidelines are for general information and should not be taken as legal or financial advice. If you are involved in or considering family law proceedings or a family law agreement, please ensure that you obtain legal and financial advice.

## Liabilities

Liability to Citibank can include being a borrower or a guarantor of another person's borrowing from us. In these guidelines, a reference to a liability includes both borrowing and guarantee liabilities. Where joint accounts are held, the account holders will have joint and several liability to us.

If you are a co-borrower or a joint account holder with one or more parties, where any one (1) party is authorised to transact (including withdrawals) and give any other account instructions, and you wish to revoke the joint authorisation, you will need to notify us in writing that you want all co-borrowers or joint account holders to be required to make these authorisations. If you are a joint account holder and revoke joint authorisation and have a transaction account with a Citibank card (including a revolving line of credit mortgage account), this will mean that neither you nor anyone else will be able to transact with the Citibank card. Similarly it will mean that neither you nor anyone else will be able to effect transactions using internet banking.

## The Guidelines:

1. Family Court Orders do not bind third parties (such as us), unless they are stated to do so. Privately arranged agreements do not bind third parties, unless those third parties have agreed to be bound.

We will, therefore, not ordinarily be bound by an order of the court or a private agreement between parties to permit the transfer of property mortgaged to us, or the re-allocation between the parties of debts (secured or unsecured) owned by them to us. We will, however, obey any order of the court, with which we must comply.

2. If the debt is unsecured, in the majority of cases, we will not release joint debtors from their joint obligation to us.
3. We will attempt to accommodate any new arrangements, if we are satisfied with the ability of the transferee of property or the party who has assumed liability for joint debts owed to us to fulfill the financial commitment to us.
4. We may agree to transfer property and any mortgage and release a party from further liability or retain our rights under the personal covenants in the mortgage against that other party.
5. Applicants must consider the following, where a transfer of property subject to a mortgage to us is contemplated:
  - a. Contact us immediately if there is a likelihood of a settlement or court order altering the interests of the parties in mortgaged property will arise, to allow sufficient time for us to make an assessment of the proposal;

- b. Don't enter into the agreement or seek the court order until you know that we will agree to the transfer;
  - c. This will be treated as a new loan application. We will, therefore, make a fresh assessment of the party who is to assume responsibility for the mortgage debt;
  - d. Where the court intends making an order requiring one of the parties ("A") to pay a lump sum or an amount by installments in settlement of the other party's ("B") interest in property, if A is to borrow that amount we will take that amount into account when assessing A's ability to service the existing loan facility. Depending on A's financial circumstances, we might not be satisfied that the existing facility, together with the new obligation to B, can be serviced by A without undue hardship. In this case, we may decline the application;
  - e. Full financial information, including the terms of the proposed orders or agreement, must be provided to us;
  - f. If there are continuing credit facilities, for example redraw on joint (and several) accounts that are secured by a mortgage, we may halt further drawings on the accounts until the matter is resolved or both parties expressly agree to further drawings;
  - g. We are not able to provide information about one of the parties to the other party, or to their representatives without that party's consent (or an order of the Court);
  - h. If there are other co-owners their consent will be required to any dealing with the property;
  - i. If other persons have guaranteed the parties' obligations to us, the consent of those guarantors shall be needed before any re-arrangement of the facility can be approved;
  - j. There may be bank and other fees and costs payable for obtaining our consent to, and in connection with, the re-arrangement of debts and securities;
  - k. Each application for our consent will be assessed on a case-by-case basis.
6. Where unsecured joint and several liabilities of the parties or a liability of one the parties are proposed to be assumed by one of the parties, either in whole or part, an application for consent to recognise the change in liability should be made and points a) to k) above apply. As soon as possible after it becomes apparent that an agreement or court order is likely to provide for a reallocation of liabilities, contact us to ascertain our likely attitude to releasing one of the parties.
7. If we decline a request to transfer or to release a party from further liability, the parties will still be required to meet their existing obligations owed to us. In the future, in the event of a default, we may take action under a credit contract or security to recover amounts owed.