

# REVERSE MORTGAGE

## Aged Care Product Guide

Aged care is provided either in the home or outside the home in a residential aged care facility.

### Standard Reverse Mortgage

If any borrower(s) currently reside and intend to stay in their home, only a Standard Reverse Mortgage can be selected. There is no set term.

### Aged Care Option

The Aged Care Option is available if all customers are residing in or moving to permanent long-term care. It has a maximum term of 5 years.

### Customer Criteria

Customers must be aged 60 or over with a maximum of two customers being able to apply under one loan.

### Purpose of loan

Any purpose, such as to assist with payment of the Refundable Accommodation Deposit (RAD) or Daily Accommodation Payment (DAP), in-home care, home improvements, debt consolidation, or simply to ease the pressure of day-to-day living expenses.

### Property criteria

Residential property must be of conventional construction and in good repair. It may be tenanted subject to lender criteria being met. It must be mortgage free unless the loan is used to repay any outstanding mortgage. The minimum property value we will consider is \$200,000 and is also dependent on location and valuation. Loans cannot be secured against properties in Retirement Villages.

### Power of Attorney

The loan may be applied for under Power of Attorney subject to lender criteria.

### Settlement

Loan application process generally takes between 4-6 weeks from application to settlement.

### LVR

The maximum amount available to borrow is calculated by applying a Loan to Value Ratio (LVR) which is based on the age of the youngest customer applying for the loan. The LVR is applied to the valuation of the property. An example of the LVR's applied are detailed below:

#### Standard Reverse Mortgage\*

Age	60	65	70	75	80	85	90+
LVR	15%	20%	25%	30%	35%	40%	45%

#### Aged Care Option\*

Age	60	65	70	75	80	85	90
LVR	20%	25%	30%	35%	40%	45%	50%

*\*If the security property is an Investment Property or Holiday Home, the maximum amount available is reduced by 25% for a Standard Reverse Mortgage, and 10% for an Aged Care Option.*

### Loan repayment

Provided the customer is not in default, the only time the loan will need to be repaid is when the security property is sold, or:

**Standard Reverse Mortgage** - The date on which the last Nominated Borrower has been absent from the Home for 12 months (including by passing away).

**Aged Care Option** - 5 years after the Commencement Date or, if earlier, 12 months after the passing of the last Nominated Borrower.

### You don't need to sell the home

Often people feel they need to sell their property to pay for their Aged Care fees, especially if the payment is a lump sum. Our Aged Care Option provides the ability to borrow against a residential property to fund these costs, either in the short or long term, which can result in a number of potential financial and emotional benefits, including being able to return home, making care decisions less stressful. It can also help families when trying to determine how care will be funded. Financially, it allows homeowners to sell the home when they are ready, which does not necessarily coincide with when Aged Care is required.

Every situation is different - this information has been prepared without taking into account your needs, objectives, or financial situation. If you are considering a reverse mortgage, we encourage you to understand how it may affect your personal circumstances - talk to friends and family, speak to professionals, and use the resources and tools Heartland has available.

Loans are subject to loan approval criteria. Terms, conditions, fees and charges apply. Credit provided by ASF Custodians Pty Ltd (ACN 106 822 780 / Australian Credit Licence No. 386781). Information provided is accurate as of 22 October 2020 and may change from time to time.