

# REVERSE MORTGAGE

## Product Guide

The Heartland Reverse Mortgage is designed to provide customers with the financial freedom to enjoy their retirement.

Applying for this loan is an important decision, and it is recommend that customers obtain independent financial advice, discuss their intentions with their family and investigate if the loan may impact on any Government income support payments, entitlements or other benefits.

The *Aged Care Option* is available for those residing in or moving to permanent long-term care. It has a maximum term of 5 years. Any customers who currently reside and intend to stay in their home should not consider or select this option.

The *Secondary Property Loan* allows customers to access the equity in their non-owner occupied property (holiday home or investment property). They key distinction is waiving the requirement for the borrower to reside in the security property.

**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 home improvements, motor vehicle needs, in-home care, debt consolidation, medical expenses, mortgage refinance, permanent long-term care or simply to ease the pressure of day-to-day living expenses.

**Property criteria** Residential property of conventional construction and in good repair. 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. 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 approval.

**Minimum loan**

Minimum initial advance	\$5,000
Minimum regular advance	\$2,500 per annum (quarterly or annual options) \$300 per month
Minimum cash reserve drawdown	\$2,500
Minimum redraw	\$2,500
Minimum further advance	\$5,000

**Maximum loan** 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. The maximum LVR available at each age is detailed below:

### Standard Reverse Mortgage\*

Age	LVR	Age	LVR	Age	LVR	Age	LVR	Age	LVR	Age	LVR
60	15%	65	20%	70	25%	75	30%	80	35%	85	40%
61	16%	66	21%	71	26%	76	31%	81	36%	86	41%
62	17%	67	22%	72	27%	77	32%	82	37%	87	42%
63	18%	68	23%	73	28%	78	33%	83	38%	88	43%
64	19%	69	24%	74	29%	79	34%	84	39%	89	44%
										90+	45%

### Aged Care Option\*

Age	LVR	Age	LVR	Age	LVR	Age	LVR	Age	LVR	Age	LVR
60	20%	65	25%	70	30%	75	35%	80	40%	85	45%
61	21%	66	26%	71	31%	76	36%	81	41%	86	46%
62	22%	67	27%	72	32%	77	37%	82	42%	87	47%
63	23%	68	28%	73	33%	78	38%	83	43%	88	48%
64	24%	69	29%	74	34%	79	39%	84	44%	89	49%
										90+	50%

\*If the security property is an Investment Property or Holiday Home, the maximum amount available is reduced by 25%. Maximum available LVR is subject to loan approval criteria, which include property size, location, and acceptable valuation.

<i>Payment options</i>	<p>Drawing all or substantially all of the entitlement from the outset may reduce the equity in the property in the years ahead. Customers are not required to take the whole entitlement immediately, however a minimum lump sum must be drawn.</p> <p>In addition, the following options are available:</p> <ul style="list-style-type: none"> <li>• Regular Advances paid either monthly, quarterly or annually over 5 or 10 years.</li> <li>• Cash Reserve component which enables the customers to “reserve” an amount up to the difference between the funds initially taken and the maximum loan entitlement.</li> </ul> <p><i>Customers can apply to draw on this "Reserve" at any time. It is not however guaranteed that we will approve this application, as we may reduce or cancel this "Reserve".</i></p> <p>All of the above can be used in combination.</p>
<i>Equity protection option</i>	<p>Customers can choose to protect 10%, 20% or 50% of the net proceeds from the sale of the property. This means that at all times the percentage protected is theirs, irrespective of the loan balance on discharge. However, please be aware that choosing the Equity Protection Option will reduce the loan amount available by the percentage selected.</p>
<i>Early repayment</i>	<p>There are no early repayment fees.</p> <p>Loan repayments are optional and can be made at any time.</p>
<i>Loan repayment</i>	<p>Provided the loan is not in default, and unless the Aged Care Option applies (which has a 5 year maximum term), the total loan amount, including accumulated interest, is usually repayable when the last customer moves permanently from their home; this could occur when property is sold, a move to long-term care, or they pass away.</p> <p>There are no penalty fees applied on discharge of the loan. However, a Mortgage Discharge Fee will be added to the loan balance on discharge.</p> <p>In the case of a <b>Secondary Property Loan</b>, given the customer(s) are not residing in the security, repayment is due when the last customer moves from their home (primary residence) or sells the property.</p>
<i>Portability</i>	<p>The loan may be able to be transferred to a new property, provided it meets Heartland's current Terms and Conditions.</p> <p>It is recommended that Heartland is contacted well in advance to discuss the proposed transfer.</p>
<i>Loan increases</i>	<p>Once the loan (including any Cash Reserve and/or Redraw) is drawn in full, customers may request an additional loan.</p> <p>Applications for an additional loan requires a new valuation to be conducted on the property, the current LVR at time of request applied, and the loan balance outstanding factored into the calculation to ascertain if additional funding is possible.</p>
<i>Interest Rate and Fees</i>	<p>Interest rate is variable and subject to change. Please refer to the Heartland Fee Schedule for the current rate and fees.</p> <p>Interest is compounding (calculated daily and debited monthly).</p> <p>Fees may be applicable for settlement, valuation and for other product options.</p>
<i>Loan Statements</i>	<p>Statements are issued every six months in January and July to confirm current loan balance.</p>

**IMPORTANT NOTICE:** 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 at 24 April 2019 and may change from time to time.