

## Standard 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 recommended 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). The key distinction is waiving the requirement for the borrower to reside in the security property.

**Customer criteria** At least one customer 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 application	\$2,500
Minimum redraw	\$2,500
Minimum further advance	\$5,000

*\*The minimum initial advance requirement of \$5,000 will be waived if a purpose of the reverse mortgage application is to pay for in home care support, and a regular advance is requested.*

**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	Age	LVR
55^	15%	60	20%	65	25%	70	30%	75	35%	80	40%	85	45%
56^	16%	61	21%	66	26%	71	31%	76	36%	81	41%	86	46%
57^	17%	62	22%	67	27%	72	32%	77	37%	82	42%	87	47%
58^	18%	63	23%	68	28%	73	33%	78	38%	83	43%	88	48%
59^	19%	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 10% for a Standard Reverse Mortgage and the Aged Care Option. Maximum available LVR is subject to loan approval criteria, which include property size, location, and acceptable valuation.

^Where one borrower is aged 60 or over and has a partner between the ages of 55 and 59 you may be able to access a loan on your owner-occupied home. Not available for the Aged Care Option.

<b>Payment options</b>	<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 allows the customer to make a future application for funds in case of an emergency or for unexpected expenses.</li> </ul> <p><b>Cash reserve applications are subject to approval and a loan agreement. It is not however guaranteed that we will approve this application, as we may reduce or cancel this "reserve".</b></p> <p>All of the above can be used in combination.</p>
<b>Equity Protection option</b>	<p>Customers can choose to protect up to 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>
<b>Early repayment</b>	<p>There are no early repayment fees.</p> <p>Loan repayments are optional and can be made at any time.</p>
<b>Loan repayment</b>	<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>
<b>Portability</b>	<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>
<b>Loan increases</b>	<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>
<b>Interest rate and fees</b>	<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>
<b>Loan statements</b>	<p>Statements are issued every six months in January and July to confirm current loan balance.</p>

**Applications for credit are subject to eligibility and assessment criteria. Terms, conditions, fees, and charges apply. Any advice is general and doesn't take into account your personal situation. Please take the time to make sure it's right for you.**