

Heartland Reverse Mortgage Fact Sheet

Purpose of loan A Heartland Reverse Mortgage is designed to help you live a more comfortable retirement. You can use it to complete home improvements, consolidate debt, upgrade your motor vehicle, fund travel, pay medical expenses or just to take the pressure out of everyday expenses.

Customer criteria Borrower(s) aged over 60, with a maximum of two borrowers. One borrower aged between 55 and 59 may be permitted if another borrower is aged over 60.

Drawdown options We encourage customers to borrow only what they need as drawing all or most of the available funds at the start may reduce the equity in the property in the future. The following drawdown options are available:

Lump sum

An initial advance made on settlement. A minimum of \$5,000 must be drawn.

Monthly advance

Supplement your retirement income with a monthly advance for up to ten years. The minimum amount is \$300 per month.

Cash reserve facility

Set aside funds for future needs. You can apply to draw on the reserve at any time, however this is subject to approval. Interest is only charged on funds that are advanced.

Maximum loan The maximum amount you could borrow is estimated by multiplying the value of your home by a percentage (calculated as the age of the youngest borrower on your loan minus 40).

Age of youngest borrower	60	65	70	75	80	85	90+
Maximum % of home's value available	20%	25%	30%	35%	40%	45%	50%

Property criteria Your property must be a residential property of conventional construction, in good repair and be your primary place of residence (except for a Secondary Property Loan – refer below). The property must be mortgage free or be able to be repaid by your Reverse Mortgage. Minimum property value is \$250,000. Lending criteria, including location restrictions do apply.

Interest rate The current interest rate is 5.95% per annum. Interest is calculated on the balance outstanding and added to the loan monthly (compounded). The interest rate is variable which means it can change at any time, however you can repay the loan at any time with no penalty. You will be advised of any interest rate changes.

Repayments While there is no requirement to make regular repayments, repayments can be made at any time without penalty, subject to maintaining a minimum loan balance of \$5,000.

The total loan amount, including accumulated interest, is repayable when you move permanently from your home – usually when you sell your property, move into long-term care or pass away. The loan can be repaid from the sale proceeds of your home, and the balance is then retained by you or your estate. Heartland allows you 12 months from when you move from your property to repay your loan.

There are no early repayment charges, however a mortgage discharge fee will apply when you fully repay your loan.

Fees

Initial fees		
Valuation fee	\$600	Where rating value is below \$1m.
	\$855	Where rating value is above \$1m or a lifestyle property. If both apply, additional costs may be incurred.
This fee can be deducted from your initial drawdown. Additional mileage costs may apply for properties outside major towns but will be quoted and accepted prior to proceeding.		
Initial arrangement fee	\$995	Charged on the initial settlement date of your loan. This fee will be deducted from your initial drawdown.
Equity protection fee	\$80	Deducted from your initial drawdown if applicable. This feature is optional.
Legal costs		Check with your solicitor.
Cash reserve facility	\$75	Charged each time you draw down.
Further advance fee	\$475	Charged on the settlement date of a further advance to your loan. This fee will be deducted from the initial drawdown of any further advance.
Loan variation fee	\$375	Charged if the terms of your loan are varied. This fee will be added to the balance of your loan.
Mortgage discharge fee	\$300	Charged at the time your loan is fully repaid. This fee will be added the balance of your loan and will form part of the repayment required.
Monthly advance set-up	\$120	A one-time set-up fee which is charged at the time of initial drawdown if you request a monthly advance.
Administration fee	\$23	Charged each time we pay rates or insurance costs on your behalf. This fee will be added to the loan balance of your loan.
Agency fee	\$179	Charged if we have to send an agent to the property to obtain any documentation or information we require for the purposes of your loan agreement.

Secondary Property Loans

Heartland offers a Secondary Property Loan which allows you to take a reverse mortgage against a secondary property, such as an investment property or holiday home. Specific lending criteria applies for a Secondary Property Loan.

Increasing your loan

If you require additional funds, you can apply for a further advance. At this time, we will consider this application against the lending criteria applicable at the time of your application, the outstanding balance of your loan, any changes to the value of your property and your age.

Independent advice

It is important that you make sure the loan is right for you. You must obtain independent legal advice and we recommend you consider seeking independent financial advice. You may also want to discuss your options with family prior to applying.

Equity protection option

Under the equity protection option, you may choose to protect a percentage of the eventual net sale proceeds of your home (up to 50%). When your loan is repaid, you or your estate are guaranteed to receive your chosen equity protection percentage.

30 day cooling off period

If you change your mind within the first 30 days of taking out your loan, you can simply pay it off, including interest, and we will refund the arrangement fee in full.

This Fact Sheet, and fees are only a guide and are subject to change. **Lending** criteria, terms and conditions and fees may apply. Heartland Reverse Mortgages is a brand established and owned by Heartland Bank Limited. *Fees include GST