HEARTLAND BANK

Equity Access Loan (Reverse Mortgage) Guide

The Heartland Bank Equity Access Loan (Reverse Mortgage) allows eligible customers to access equity in their property to support their financial needs in retirement. We know this is an important decision. We recommend you speak with a financial adviser, talk it through with your family, and check whether the loan may affect any government income support payments, entitlements, or other benefits.

The **Aged Care Option** is available for people residing in, or moving to, permanent long-term care. It has a maximum term of five years (extensions may be approved on a case-by-case basis). If you currently live in your home and plan to stay, this option is not the right fit for you.

The **Investment Property Option** allows you to access the equity in a non-owner-occupied property, such as a holiday home or investment property. The key distinction is that you are not required to reside in the property used as security.

Product Details

Customer criteria	At least one applicant must be aged 55 or over. A maximum of two people can apply under one loan. Where the Aged Care Option is selected, the minimum age is 60.
Purpose of loan	Your loan may be used for a range of purposes including home improvements, a new vehicle, in-home care, debt consolidation, medical expenses, mortgage refinance, aged care costs and other personal expenses.
Property criteria	Residential property of conventional construction and in good repair. Your home needs to be mortgage-free, unless you are using the reverse mortgage to pay it off. 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.
Legal Representative	The loan may be applied for under **Enduring Power of Attorney**, Power of Attorney or Administrator or Financial Manager (by Court Order) subject to lender approval and within the parameters of the underlying legal agreement.

Minimum loan	Minimum initial advance: $5,000* Minimum regular advance: $2,500 per annum (quarterly or annual options), $300 per month. Minimum further advance: $5,000 **The minimum initial advance of $5,000 is waived where the purpose of the loan is to fund in-home care support and a regular advance is also requested.*

Maximum Loan

The maximum amount available to borrow is calculated by applying a loan to value ratio (LVR) based on the age of the youngest applicant. The LVR is applied to the valuation of the property. The maximum LVR available at each age is detailed below. The maximum loan amount increases with age because the loan is generally repaid when the last borrower permanently leaves the property or passes away.

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%

Maximum available LVR is subject to loan approval criteria, including property size, location, and acceptable valuation.

^Where the borrower will be residing in Aged Care, the minimum age is 60.

Payment Options

Drawing larger amounts earlier will generally result in more interest being charged over the life of the loan and may reduce and may reduce the equity remaining in the property more quickly. Customers are not required to take the whole entitlement immediately; however, a minimum lump sum must be drawn.

In addition, the following options are available:

- Regular advances paid monthly, quarterly, or annually over five or ten years.
- Future access fund, which is a pre-approved amount that may be available to draw in the future, subject to the terms and conditions of the loan.

Each of the above can be used in combination.

Early Repayment

Repayments are entirely optional. You can make them whenever it suits you, with no early repayment fees. Any repayments you make will reduce the amount owning in the facility and will be made available as redraw.

Loan Repayment

Provided the loan is not in default (as per the product General Terms and Conditions), and unless the Aged Care Option applies (which has a maximum term of five years), 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. An extension of the term of the loan may be approved on a case by case basis.

There are no penalty fees for paying off the loan; however, a mortgage discharge fee will be added to the loan balance on discharge.
Other government and legal fees may apply.

In the case of an **Investment Property Option**, 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.

You will never owe more than the value of your property when it is sold, provided the loan conditions are met.

Portability

The loan can only be transferred to a new property if Heartland approves the replacement security and all lending requirements are met. We recommend contacting Heartland Bank well in advance to discuss.

Loan increases

Once your loan, including any cash reserve and redraw, is fully drawn, you can ask us about increasing your borrowing. The current LVR at the time of request and the outstanding loan balance will be factored into the calculation to determine whether additional funding is possible. A new valuation of the property may be required.

Interest rates and fees

The interest rate is variable and subject to change. Please refer to our website for the latest interest rates, fees, and charges. Interest is calculated daily and added to your loan balance each month. This means interest is charged on both the original loan amount and previously charged interest.

Fees may apply for settlement, valuation, and other product options.

Loan statements

Statements are issued at least every six months in January and July and show your current loan balance, interest charged and any transactions.

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. Credit provided by Heartland Bank Australia Limited ABN 54 087 651 750 (Australian Credit Licence 245606) or ASF Custodians Pty Ltd ABN 49 106 822 780 (Australian Credit Licence 386781).