



Heartland Reverse Mortgages

Live a more comfortable retirement with a reverse mortgage

HEARTLAND
REVERSE MORTGAGES



Welcome to a more comfortable retirement

If you are looking for more peace of mind, or to free yourself from financial stress, a reverse mortgage may be able to help. We have helped more than 23,000 Australians aged 60 and over use their home to live a more comfortable retirement. Our Reverse Mortgage could help you release funds from your home without having to sell it. This brochure tells you how it all works.

What is a reverse mortgage?

A reverse mortgage is like a normal home loan that has been designed for people aged 60 and over. It allows home owners to borrow against the equity in their home to live a more comfortable retirement. Importantly, you continue to own and live in your home for as long as you choose.

The amount you can borrow depends on certain factors, such as your age and the value of your home. You are not required to make regular loan repayments. Instead, the total loan amount, including accumulated interest, is only repayable when you move permanently from your home – usually when you sell your property, move into long-term care or pass away.

How are Australians using their reverse mortgages?

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|  <p>Debt consolidation
Consolidate debt and enjoy more of what life has to offer.</p> |  <p>Home improvements
Future-proof and enhance your home for years to come.</p> |  <p>Support your family
Give your children or grandchildren a helping hand.</p> |
|  <p>Day-to-day expenses
Supplement your income and cover daily expenses with ease.</p> |  <p>Visit family and friends
Take a trip to see the grandkids.</p> |  <p>Car purchase
Maintain or upgrade your car.</p> |
|  <p>Medical and healthcare
Cover medical and healthcare costs.</p> |  <p>Travel and holidays
Tick off dream destinations from your bucket list.</p> |  <p>Aged care
Pay for residential aged care and home care costs.</p> |

Our promises to you

At Heartland, we take our duty of care seriously and have a range of safeguards in place so you can have peace of mind in taking out a loan with us. This includes the following promises, in return for meeting your loan obligations.

1. Lifetime occupancy

You can live in your home for as long as you choose.

2. No negative equity guarantee

The amount required to repay the loan will never exceed the net sale proceeds of the property.

3. Loan repayment

There is no requirement to make any loan repayment until the end of the loan, although you are free to do so at any time.

It is important that you are completely happy with your Heartland Reverse Mortgage. To ensure this, we require you to receive independent legal advice from a solicitor of your choice, who will represent your interests and make sure you understand every aspect of your loan. We strongly recommend that you talk to a financial adviser and your family when considering a Heartland Reverse Mortgage.

This brochure provides you with an overview of the Heartland Reverse Mortgage, how it works and how it could help you. For more information, terms and conditions, or any questions, visit our website or call one of our friendly team members.



What you need to know

Who can apply?

Homeowners, aged 60 and above.

Property criteria

Your property must be residential, of conventional construction and in good repair. It must also meet our minimum property criteria, including valuation, size and location. The property should be mortgage-free, or if there is a mortgage outstanding, it must be repaid with your Heartland Reverse Mortgage, as Heartland can be the only mortgagee on your Certificate of Title. Further, loans cannot be secured against properties in retirement villages.

Secondary Properties

A Heartland Reverse Mortgage is also available to be taken over an investment property or holiday home.

Aged Care Option

Heartland's Aged Care Option is available for those residing in or moving into permanent long-term care. It has a maximum term of 5 years. Any customers who currently reside in and intend to stay in their home are not able to select this option.

How much can you borrow?

The amount you can borrow depends on a number of factors, such as your age and the value of your home. We'll work with you so that you're comfortable with the arrangements you make. You don't have to take it all at once!

The following table shows the maximum percent of your home's value you can borrow at various ages.

Standard Reverse Mortgage*

Age of youngest borrower	Maximum % of home's value available
55*	15%
60	20%
65	25%
70	30%
75	35%
80	40%
85	45%
90	50%

Aged Care Option

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

*Standard Reverse Mortgage. 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.

Subject to lending criteria, property location, and change. If the security property is an investment property or holiday home, the maximum amount available is reduced by 25% (for a Standard Reverse Mortgage) or 10% (for the Aged Care Option).

Interest

Interest will be charged on your loan balance at the current Heartland Reverse Mortgage variable interest rate and will be added to your loan monthly. The interest rate is variable, which provides you with flexibility to make repayments at any time, without penalty.

The interest rate will change from time to time. This could be due to what is happening in the funding market and economy both in Australia and overseas, as well as changes to our own borrowing costs. Should the interest rate change, we will write to you, publish these changes on our website and detail the new interest rate on your next statement.

Flexible drawdown options

Heartland encourages you to only borrow what you need. Our reverse mortgage is designed to facilitate this by providing three flexible options to access the equity in your home when required, which can be used in combination:

- **Initial advance**
This is an initial, lump sum amount paid on settlement.
- **Regular advances**
Supplement your retirement income with a regular monthly, quarterly or annual ongoing payment for up to 10 years.
- **Cash reserve**
You can apply for a cash reserve which can be used for future needs or unexpected expenditure such as home repairs or healthcare. However, this is subject to approval and a loan agreement.

There is no interest charged on any amount that has not been drawn down. Interest will only be charged on what you use.

Fees and minimum drawdown amounts apply. Further information can be found in our product guide and fee schedule found at www.heartlandfinance.com.au

Repaying your loan

With a Heartland Reverse Mortgage you do not need to make regular repayments. 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.

You are welcome to repay all or part of your Heartland Reverse Mortgage at any time without penalty.

Legal advice

We want to ensure you make an informed decision. It is a requirement that you receive independent legal advice when you take out a Heartland Reverse Mortgage. Your lawyer will advise you about their fees for completing the necessary legal work. You are responsible for their fees.

Your obligations

When you take out a Heartland Reverse Mortgage you agree to maintain your property in good order, pay your rates, maintain any body corporate costs, and insure your property. If you do not meet your obligations under the loan, Heartland may be unable to honour our promises to you.



Looking out for you

In addition to our promises, we have put in place a number of other features and protections to help ensure you are comfortable with your decision to take out a Heartland Reverse Mortgage.

Heartland understands that each and every customer places their trust in us when we provide them with finance, and we take this duty of care seriously.

During our application process, Heartland asks customers to consider their future needs, requirements and objectives.

We also ensure that customers are making informed decisions and are encouraged to speak to family and advisers about finances. This is one of the reasons why independent legal advice is required.

Continue to own your own home

You remain the registered owner of the property. Your home is yours to live in for as long as you choose and you will benefit from any potential increase in your home's value.

30-day cooling-off period

If you take out a loan with us and have a change of heart, Heartland's 30 day cooling off period allows you to cancel your reverse mortgage within 30 days of settlement and repay your loan at no additional cost.

Heartland will refund the settlement fee, interest and the standard cost of a valuation. The only costs you may incur are any government charges and your independent legal advice on the loan agreement.

Independent legal advice

For your protection it is a requirement that you receive independent legal advice on your loan agreement from a solicitor of your choice.

Equity Protection Option

You may choose to protect a percentage of the value of your home (up to 50%). When your loan is repaid, you or your estate are guaranteed to receive at least the chosen Equity Protection Option percentage of the net sale proceeds.

By choosing the Equity Protection Option you will preserve a percentage of your home's value, however it will reduce the maximum amount you can borrow (refer to the example on the next page). There is also a small one time fee, which can be found on our fee schedule.

Financial and family advice

You should contact Centrelink to discuss any impact borrowing may have on your pension or other government entitlements.

We strongly recommend that you talk to a financial adviser and your family when considering a Heartland Reverse Mortgage.

Those living with you

If you have a spouse or partner, they need to be party to the loan. This ensures they benefit from the promises and protections our loan offers.

Additional occupiers, such as children, are permitted. However, they will be required to sign an acknowledgement confirming that they understand the lifetime occupancy promise will not apply to them.

Here's an example

We are often asked how a Heartland Reverse Mortgage adds up over time, and how much equity will remain in the property when the loan is due to be repaid. This depends on a number of factors including interest rate, house price growth and term of the loan. Therefore, we have prepared the following example for a fictitious couple, for illustrative purposes.

Let's use the example of Jo and John. Both are 70 years old and they own a home we value at \$500,000. The maximum amount available to them is \$150,000. Initially, they choose to draw down \$50,000 for home improvements, with the option to apply for a cash reserve in future. The cash reserve is never applied for.

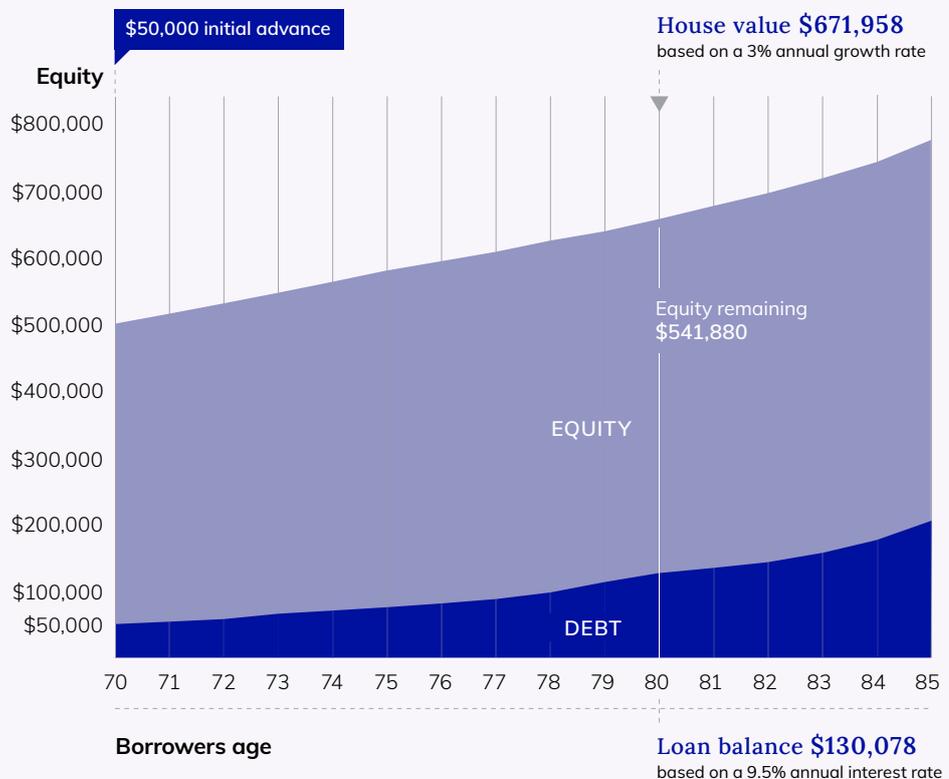
The graph below shows what happens to Jo and John's equity over time. As you can see, while the loan debt increases, so too does the value of the property and their corresponding equity. In addition, they have had the benefit of the funds being released via a reverse mortgage to live a more comfortable retirement.

How does the Equity Protection Option work?

If Jo and John want to protect 20% of the value of their home through an Equity Protection Option, the amount they can borrow is reduced by 20%. This means the maximum they can borrow will be \$120,000, but they will be guaranteed to receive at least 20% of the future value of their home when it is sold in the future.

In dollar terms, Jo and John will have more 'net equity' after 10 years than what they did before the loan, about \$541,880 of the home value. After 15 years, when they are both 85 years old, there would still be \$570,207 remaining.

Remember, this graph is simply an example. The Heartland Reverse Mortgage is designed to last as long as required, or until you move permanently from your home. A member of our team can prepare a tailored calculation for you.



The example given is for illustrative purposes only and assumes a 9.5% interest rate and 3% property growth for the term of the loan, with no voluntary repayments made or additional fees charged. Interest rates are variable and may change from time to time. Current interest rates and fees can be found in Heartland's fee schedule. There is no assurance that property values will increase over time, and property values may also decline.

Commonly asked questions

Will I still own my home?

Yes, you continue to own and live in your home for as long as you choose.

Can I rent or lease out my property?

If the loan is initially taken out over your investment property, you can rent out your property subject to the lease meeting our requirements.

If you wish to lease out your owner occupied property, please contact us to discuss your situation. This is not always possible and is based on your specific circumstances and loan conditions.

What if I move house?

If you move into another house, you can apply to transfer your Heartland Reverse Mortgage to your new home. This is subject to Heartland's lending criteria, and applicable fees.

How do you value my home?

To allow us to establish the value of your home, and therefore calculate how much you will be entitled to borrow, we will need to assess the value and condition of your home. We will arrange for a registered valuer to visit your home to assess its value. A copy of this report will be provided to you.

How often will I receive a statement?

We will send you a statement in the post every six months with details of your loan over the previous period, including interest.

Do I need to consider my future needs?

We want you to make an informed decision, taking into consideration your future objectives, as taking out a reverse mortgage may affect equity available later on. This includes aged care and other future expenses and how you intend to pay for these, along with your desire to leave an inheritance.

You should also consider any other available options, such as downsizing, to ensure a reverse mortgage is right for you. We will assist you to do this as part of our thorough application process.

Can I increase my loan amount?

When your cash reserve is fully drawn you can apply to increase your total loan amount via our further advance application. Further advances are based on the age of the youngest person, the current property value and the total loan balance, at the time of application. Fees will apply and a new valuation of your home will be required.

What are the settlement and other fees?

There will be fees associated with setting up your Heartland Reverse Mortgage. Details of these can be found on our fee schedule and website www.heartlandfinance.com.au.

Other costs involved include Government charges and your own solicitor's legal work.





Your reverse mortgage steps



Talk to our team

Get in touch. One of our Heartland Reverse Mortgage specialists will help you figure out if this is the right option for you and get your application started.



Application

To be eligible, you'll need to meet certain criteria, including your age, and the location, construction and value of your property.



Property valuation

The amount you can borrow depends on the value of your home. After your application is completed, we'll request a valuation to be undertaken and complete an initial review of the application.



Approval

After valuation, we review the report and your application. Once the loan structure is confirmed and we receive any outstanding items, a compliance call will be completed with you. If this all meets our responsible lending criteria we will approve your loan and make you a loan offer.



Settlement

Heartland sends your loan documents to you and your solicitor via eSign, email or post. Your solicitor will need to provide you with the necessary independent legal advice. Once your documents are signed and returned, we'll aim to have the settlement of your loan arranged within two business days of all requirements (including all items being received, and any outgoing finance provider bookings confirmed) being met.

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).



Additional information

At Heartland we see our duty of care as going beyond regulatory compliance. As part of this commitment, we have developed a number of helpful resources including information on elder abuse, financial tools, future planning, gifting and reverse mortgage protections.

Compliments and complaints

Heartland is proud to offer customers a high level of service, and your satisfaction is very important to us. If you wish to provide feedback, we encourage you to contact us.

In the first instance please get in touch with your usual point of contact.

What can you do if you have a complaint?

If you have a complaint, please contact our Customer Care Team on 1300 889 338 between 9am and 5pm Monday to Friday, email reversemortgages@heartlandfinance.com.au, or write to us at PO Box 18134, Collins Street East, Melbourne VIC 8003. Our team will either deal with the matter directly or refer the matter to the appropriate person.

Heartland aims to resolve most issues within five working days. However, depending on the complexity of the matter, your complaint may take longer to resolve. We will confirm receipt of the complaint and keep you informed of progress. If you would like a copy of Heartland's complaints procedure please contact us.

If, after receiving our response, you believe your complaint has not been dealt with satisfactorily, you may contact Heartland's Head of Operations, Risk and Compliance, at feedback@heartlandfinance.com.au

If you are not satisfied, you may also wish to contact the Australian Financial Complaints Authority (AFCA) who acts as our external dispute resolution scheme provider. AFCA is an impartial, independent and free dispute resolution service.

However, you must have first given us the opportunity to review your complaint. AFCA may be contacted as follows:

Australian Financial Complaints Authority
Postal: GPO Box 3, Melbourne VIC 3001
Phone: 1800 931 678 (free call)
Email: info@afca.org.au
Web: www.afca.org.au

Get in touch

Call us 1300 889 338
reversemortgages@heartlandfinance.com.au

Heartland Reverse Mortgages

PO Box 18134,
 Collins St East, VIC 8003

For more about Reverse Mortgages and Heartland, including articles, videos and news please visit our website
www.heartlandfinance.com.au

Additional resources on reverse mortgage products

Australian Securities and Investments Commission (ASIC)
www.moneysmart.gov.au 1300 300 630

Centrelink
www.servicesaustralia.gov.au 132 300

Aged Care
www.myagedcare.gov.au 1800 200 422

Important notice

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