

Equity Unlock Loan for Seniors Fact Sheet

Description

Equity Unlock Loan for Seniors is a flexible financing solution for people aged 65 and over. If your clients own their own home, they may be able to supplement their income without limiting their lifestyle or selling their home. The Equity Unlock Loan allows them to access the equity in their home for personal purposes.

Introductory interest rate	Not available.			
Interest rate	A variable rate that generally moves in line with market conditions. Therefore this rate can change at any time.			
Loan purpose	<ul style="list-style-type: none"> Any personal purpose. Refinance any existing loan where the original purpose was for personal use only. 			
Excluded loan purpose	<ul style="list-style-type: none"> Any business purpose. Refinance of any existing loan where the original funds were acquired for business, bridging or investment purposes. Personal investments e.g. purchase of an investment property or shares. Building/construction purpose. 			
Increase to loan allowed	Yes.			
Borrowing entity	Personal.			
Eligibility criteria	<ul style="list-style-type: none"> An eligible applicant must be 65 years of age or older, and is the owner of and resides in the residential property being offered as security. In the case of multiple applicants, all applicants must be 65 years of age or older and hold title to the property as either joint tenants or tenants in common. At least one of the applicants must reside in the property. It is mandatory that independent legal advice is obtained and a Statutory Declaration is signed. It is highly recommended that independent financial advice is obtained and the Estate Planning and Financial Advice Certificate is signed. 			
Prime security	A registered first mortgage over residential property*.			
Collateral security	No collateral security is required.			
Excluded loan options	Equity Unlock Loan for Seniors is not available with Packages, Property Share, Guarantor Support or Low Documentation.			
Package discounts	Not applicable.			
Minimum/Maximum Amount and Lending Margins	Customers Aged	Minimum Limit	Maximum Limit	Maximum Loan to Valuation Ratio
The Equity Unlock Loan for Seniors facility limit is assessed on the age of the youngest applicant and the loan to value ratio. The limit available must fall between the acceptable limit range.	65 – 69	\$20,000	\$275,000	20%
	70 – 74	\$20,000	\$325,000	25%
	75 – 79	\$20,000	\$375,000	35%
	80 – 84	\$20,000	\$400,000	40%
	85+	\$20,000	\$425,000	45%
Drawings	The borrower/s may choose to draw down the funds in one lump sum or periodically e.g. via Automatic Funds Transfer (AFT) or both**. Should the borrower/s choose to draw down the facility on a periodic basis, the full amount of the facility limit may not be available due to the capitalised effect of interest and fees.			
Interest structure options	There is no contracted minimum repayment. Interest, fees and charges will capitalise over the duration of the facility.			



Repayment frequency	Regular loan repayments are not required. Customer can make repayments of any amount (and redraw these amounts) or repay the loan via lump sum repayments at any time without penalty.
Loan repayment	Repayment of the loan will occur on the: <ul style="list-style-type: none"> • Death of the last surviving borrower (loan will be repaid from the borrower's estate). • Sale or transfer of the property (except under Loan Portability). • Failure to reside in the security property by the borrower/s for a continuous period of 12 months without prior written consent. • Material diminution in the value of the security property which is a result of the borrower's act or omission.
No negative equity guarantee	The no negative equity guarantee ensures that the borrower shall never owe more than the value of the property provided they comply with the terms of the contract. This means that if the balance of the loan exceeds the proceeds of sale of the security property, no claim for this excess will be made against the borrower or their estate.
Statement frequency	Quarterly or on request (a fee applies for requested statements).
Rollover	Not applicable.
Access	Funds can be accessed via cheque, over the counter withdrawal, ATM/transaction card, EFTPOS, EFTPOB and Maestro/Cirrus. Funds can also be transferred using NetBank, telephone and BPAY [®] ***.
Fees and charges	Refer to current schedule of fees and charges.
Calculators	The Australian Securities and Investment Commission provides a Reverse mortgage calculator on its consumer website www.moneysmart.gov.au which can be helpful in understanding the effect of compound interest and the impact on your equity in your home.
The effect of compound interest	Unless repayments are made, interest and fees and charges are added to the loan account. Interest is charged on the total balance of the loan account which includes not only on the amount borrowed, but also on the previous interest amounts and other fees and charges. Consequently the loan amount can grow much more rapidly than if interest was only charged on the amount you borrowed or you made payments to the loan account. You are free to make repayments at any time but you are not obliged to do so.
The Equity in your home	The amount you borrow from your Equity Unlock Loan for Seniors, and compound interest charged to the loan, will affect the amount you would receive from a sale of your home (known as your equity in your home) should you ever need to sell it. This may limit your options if you later need to move into aged care accommodation or pay medical expenses. Your equity in your home is likely to vary over time as both the market value of your home varies and the balance of the loan account increases.
Your pension	We recommend that you discuss your situation and potential Equity Unlock Loan for Seniors transactions with Centrelink or the Dept of Veteran Affairs to understand any impacts on entitlements. For example, if you borrow to acquire an asset such as a car or deposit funds in an account it could affect your pension. You should also discuss alternatives with them.
Other occupiers of your property	If you are living with someone who is not a borrower and the loan becomes repayable because you die or cease to permanently reside in the property, they will have to move out and live somewhere else.
Your family	The loan may affect your capacity to leave an inheritance to your children or other family members. You may wish to discuss this with your family.

Things You Need to Know

- * Valuation and Insurance Requirements:
- ** Drawings can be made at any time and for any amount subject to available credit and subject to daily card limits where applicable.
- *** [®]Registered to BPAY Pty Ltd. ABN 69 079 137 518.
- A valuation of the property offered as security is required to be conducted at the time of application. Subsequent valuations are optional every two years. Evidence of building insurance cover over the security property is required in all instances. The insurance policy must be assigned to the Bank (the only exception is where the freehold is registered under a Strata Title Plan as it is the responsibility of the Strata Body to ensure replacement insurance is held).

Resources for more information on Equity Release/Reverse Mortgage products:

- SEQUAL – Senior Australians Equity Release Association of Lenders
Website: www.SEQUAL.com.au
Phone: **02 9858 1179**
- ERRMIS – Equity Release/Reverse Mortgage Information Service
Website: www.nicri.org.au
Phone: **1800 615 676**
- ASIC – Australian Securities and Investments Commission
Website: www.fido.gov.au
Phone: **1300 300 630**
- The Department of Veteran Affairs
Website: www.dva.gov.au
Phone: **13 32 54**
- Australian Taxation Office
Website: www.ATO.gov.au
Phone: **13 28 61**

