

Equity Unlock Loan for Seniors Fact Sheet

From 1 January 2019, Equity Unlock Loan for Seniors will no longer be offered. Limit increases for existing Equity Unlock Loan for Seniors will also be unavailable from this date.

Equity Unlock Loan for Seniors, the Commonwealth Bank's Reverse Mortgage, is a flexible financing solution for homeowners aged 65 and over. It lets you use the equity in your home to supplement your income without limiting your lifestyle or selling your home. This is designed to help with personal expenses such as buying a car, home improvements, paying for a medical bill or supplementing a pension payment.

<p>How it works</p>	<ul style="list-style-type: none"> You can choose to access your funds as one lump sum or as a regular income stream Repayments are not required while you are living in the home and there is no set term All interest, fees and charges are added to the loan for the duration of the loan This means you will pay interest on your interest, plus any fees and charges added to the loan, this is called compounding Over time the debt to the Bank will increase and the equity in your property will decrease Repayments of any amount are allowed at any time to reduce the debt, without penalty The loan must be repaid in full if the home is sold, you leave the home for more than 12 months (for example move into aged care), or you pass away.
<p>No negative equity guarantee</p>	<ul style="list-style-type: none"> The no negative equity guarantee ensures you shall never owe more than the value of your home provided you have complied with the terms of the contract If the balance of the loan exceeds the sale of your home, no claim for this excess will be made against you or your estate. This means you will not leave any debt for your family Where your home sells for more than the outstanding loan amount you or your estate will receive the additional funds It is important to know the Commonwealth Bank does not guarantee or protect any amount of equity.
<p>Independent advice</p>	<ul style="list-style-type: none"> It is mandatory to engage an independent financial advisor to receive an explanation about the loan and sign the Reverse Mortgage Independent Financial Information Certificate. The advisor must also sign the certificate. It is mandatory to obtain independent legal advice and provide a Statutory Declaration confirming this. The solicitor providing the advice must also sign the Statutory Declaration.
<p>Important considerations</p>	<p>Other alternatives: You should consider other alternatives such as downsizing, making arrangements with other family members, selling other assets, restructuring income streams or accessing government benefits.</p> <p>The effect of compound interest: If repayments are not made the debt can rise quickly as the interest compounds monthly over the term of the loan. This means interest is charged not only on the amount borrowed but also on previous interest amounts and other fees and charges. This can decrease the amount of equity available to you or your estate when the house is sold.</p> <p>Your future needs: If your equity decreases you may not have enough money left for aged care or other future needs such as medical expenses or essential home maintenance.</p> <p>Your pension: The loan may affect your entitlements. For example, if the loan is used to purchase an asset, it could affect your pension. We recommend you discuss your situation with Centrelink or the Department of Veteran Affairs to understand any impacts on entitlements and to discuss alternatives.</p> <p>Others living in the property: Other people living in the property who are not borrowers (including your spouse, partner or other family members) will need to move out and live somewhere else if the the loan needs to be repaid from the sale of the property.</p> <p>Your family:</p> <ul style="list-style-type: none"> The amount of any inheritance you leave may decrease as a reverse mortgage will reduce the amount of equity in the home You may also not be able to pass your home onto your beneficiaries We highly recommend you discuss the loan with family members, beneficiaries or other people you live with who may be impacted by your decision to take out this loan.

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. It shows the possible impact of debt, interest rates and house prices on your future equity.																								
Who can apply?	<ul style="list-style-type: none"> • Australian residents aged 65 years or older who own and reside in the residential property being offered as security • Individuals (company and family trust customers aren't eligible) • Borrowers and security owners must be identical • Where there are 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. 																								
Prime Security, Valuation and Insurance Requirements	<ul style="list-style-type: none"> • Borrowings must be secured by a residential property within Australia • A valuation of the property offered as security is required to be conducted at the time of application. Subsequent valuations are optional every 2 years • Evidence of building insurance cover over the security property is required in all instances. The insurance 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). 																								
Loan purpose	<p>Included purposes:</p> <p>Any personal purpose; for example to fund your retirement, travel, buying a car, home improvements, paying a medical bill or to refinance of an existing loan where the original purpose was for personal use.</p> <p>Excluded purposes:</p> <p>Any business purpose; refinance of any existing loan where the original purpose was for business, bridging or investment; personal investments such as buying an investment property or shares; building or construction; or land loan.</p>																								
Interest rate	<ul style="list-style-type: none"> • A variable rate that generally moves in line with market conditions. This rate can change at any time • Introductory interest rates and package discounts are not available. 																								
Loan amounts and lending margins	<table border="1"> <thead> <tr> <th>Customers Aged</th> <th>Minimum Limit</th> <th>Maximum Limit</th> <th>Maximum Loan to Valuation Ratio</th> </tr> </thead> <tbody> <tr> <td>65 – 69</td> <td>\$20,000</td> <td>\$275,000</td> <td>20%</td> </tr> <tr> <td>70 – 74</td> <td>\$20,000</td> <td>\$325,000</td> <td>25%</td> </tr> <tr> <td>75 – 79</td> <td>\$20,000</td> <td>\$375,000</td> <td>30%</td> </tr> <tr> <td>80 – 84</td> <td>\$20,000</td> <td>\$400,000</td> <td>35%</td> </tr> <tr> <td>85+</td> <td>\$20,000</td> <td>\$425,000</td> <td>40%</td> </tr> </tbody> </table>	Customers Aged	Minimum Limit	Maximum Limit	Maximum Loan to Valuation Ratio	65 – 69	\$20,000	\$275,000	20%	70 – 74	\$20,000	\$325,000	25%	75 – 79	\$20,000	\$375,000	30%	80 – 84	\$20,000	\$400,000	35%	85+	\$20,000	\$425,000	40%
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Loan term	There is no minimum or maximum loan term.																								
Top Up allowed	No.																								
Drawings	<ul style="list-style-type: none"> • You may choose to draw down the funds in one lump sum or periodically e.g. via Automatic Funds Transfer (AFT) or both • Drawings can be made at any time and for any amount subject to available credit and subject to daily card limits where applicable • Should you choose to draw down the loan on a periodic basis, the full amount of the loan limit may not be available due to the compound effect of interest and fees. 																								
Repayments	<ul style="list-style-type: none"> • There is no contracted minimum repayment and regular loan repayments are not required. However, interest, fees and charges will compound over the duration of the loan • You can make repayments of any amount (and redraw these amounts) or repay the loan via lump sum repayments at any time without penalty • Repayment of the loan will occur on the: <ul style="list-style-type: none"> – Death of the last surviving borrower (the loan will be repaid from the 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. 																								

Fees and charges	Refer to current schedule of fees and charges.
Statement frequency	Quarterly or on request (a fee applies for requested statements).
Access options	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®. ®Registered to BPAY Pty Ltd ABN 69 079 137 518.

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

ASIC – Australian Securities and Investments Commission

Website: www.moneysmart.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

Centrelink

Website: www.humanservices.gov.au

Phone: 13 23 00

Things you need to know

- It is important that you select the most suitable loan for your current and future needs and that you understand the features, costs and risks associated with the credit contract.
- Applications for finance are subject to the Bank's normal credit approval.
- Full terms and conditions will be included in our loan offer.
- Fees and charges are payable, refer to our fees and charges brochure.
- This fact sheet is subject to change without notice.

