

REVERSE HOME LOANS

Reverse Home Loans are available for people 60 years and over, against the equity in their home, holiday home or investment property Australia wide.

They are available for any purpose and do not require any repayments for the life of the loan. Basically this type of loan does not have to be repaid until you choose to sell your home or the last surviving borrower passes away.

The title of the home will stay in your name and you can receive your money in a variety of ways to suit your situation. Below are some of the advantages and disadvantages of this product -

ADVANTAGES	DISADVANTAGES
No monthly payments due during length of the loan. All costs, eg. interest and fees are due when the loan is paid off.	Once borrower/s passes away, loan must be repaid before the title can be transferred to the borrower's heirs.
Does not usually affect Social Security or Medicare.	Interest is compounded and can't be deducted from income taxes until repaid.
Income from a reverse mortgage is not taxable.	As equity decreases in your home with each payment to you, you may not have enough equity left for future needs.
The property value, not income is used to decide eligibility.	Reverse mortgages usually only offer variable rates.
You are able to receive payment in several different ways.	Interest rates and fees may be higher for reverse mortgages than regular mortgages.
If the property sells for less than the loan, Lenders cannot go to your heirs for repayment of your loan.	Property owners still have to pay property taxes, insurance & maintain the home otherwise the loan could be terminated.
Money can be used for any purpose.	When closing the loan, the mortgage must be paid off with your own money or from the the reverse mortgage loan.
As the owner's age increases and the home equity increases, the amount that can be borrowed increases.	

Talk to your trusted financial expert for more information about this product and seek independent legal advice prior to making any decisions on this type of loan.

