Heartland Reverse Mortgage Fact Sheet

Key Product Features
Effective: 19 April 2017

Purpose of Loan
Any purpose such as home improvements, motor vehicle needs, in-home care, debt consolidation or simply to ease the pressure of day to day living expenses.

Availability
Borrower(s) and/or Nominated Resident(s) aged 60 or over (maximum of two).

Interest Rate
A variable rate, currently 7.80% per annum, compounded and added to your loan.

Heartland Seniors Finance aims to maintain the variable rate at approximately 1.5% - 2% above the major banks’ variable mortgage lending rates. This rate is subject to change at any time and will be on the next statement. If there is any change to the rate we will publish it on our website and in national daily newspapers.

Guarantee
Heartland Seniors Finance offers the following guarantees provided you meet your obligations under your loan.

- **Lifetime Occupancy guarantee** – Your home will remain the place you live in for as long as you choose.
- **No Negative Equity guarantee** – The amount required to repay your loan will never exceed the net sale proceeds of the property.
- **Loan Repayment guarantee** – There is no requirement to make any loan repayment until the end of your loan.

30 Day Cooling Off Period
If you change your mind within the first 30 calendar days of taking out your loan, you can simply pay it off, including interest, and we will refund the Arrangement Fee in full.

Minimum Loan
- Initial draw down $10,000
- Express Top Up draw downs $5,000
- Further advance draw downs $10,000
- Minimum month advance $300

Maximum Loan
- Maximum Loan Amount $500,000, subject to the Loan Entitlement below

Minimum Property Value
- Auckland $350,000
- Christchurch and Wellington $300,000
- Hamilton and Tauranga $280,000
- Rest of New Zealand $250,000

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

Early Repayment
You can make repayments on your loan at any time. This includes fully repaying your loan. There are no early repayment charges with your loan. However, the Mortgage Discharge Fee will apply when you fully repay your loan.

Loan Entitlement
Your maximum loan entitlement can be estimated by multiplying the value of your home by a percentage (calculated as the age of the youngest borrower on your loan minus 45). The following table illustrates examples of this percentage at various ages. The percentage is based on the age of the youngest borrower minus 45, and the ages below are shown as examples.

<table>
<thead>
<tr>
<th>Age of Youngest Borrower</th>
<th>60</th>
<th>65</th>
<th>70</th>
<th>75</th>
<th>80</th>
<th>85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum % of Home’s Value Available</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

(home value minus chattels)

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Payment Options

Drawing all or substantially all of the entitlement from the outset may reduce the equity in the property in the years ahead. 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.

- On application you can establish an Express Top Up Facility (if available) that will allow you to request further drawdowns up to the approved facility limit.
- On application you can establish a regular monthly advance. Minimum monthly advance amount is $300 and as available funds allow.
- All of the above can be used in combination.

Loan increases

If you have not established an Express Top Up Facility, or your loan is fully drawn you can apply for a Further Advance. At this time we will consider this application against the lending criteria applicable at the time of your application, the outstanding balance of your loan, any changes to the value of your property and your age.

Fees

There are certain fees charged in association with the loan. The Fees listed below are all correct as at the Effective Date of this Fact Sheet but are subject to change.

**Initial fees**

- Valuation Fee $550 where property value is below $1m.
- Valuation Fee $805 where property value is above $1m or a Lifestyle property. If both apply additional costs may be incurred.
- Additional mileage costs may apply for properties outside major towns but will be quoted and accepted prior to proceeding.
- Initial Arrangement Fee $895 deducted from your initial drawdown
- Equity Protection Option Fee $295 deducted from your initial drawdown if applicable
- Your Legal Costs Check with your solicitor

**Other fees**

- Express Top Up Fee $125 deducted from each amount drawn under your Express Top Up Facility
- Further Advance Fee $295 deducted from your drawdown amount if you apply for a Further Advance
- Loan Variation Fee $295 added to your loan balance if you choose to vary your loan
- Substitution Fee $690 charged if we approve the transfer of your loan to a new property. This fee will be added to the loan balance of the loan plus applicable valuation fee
- Mortgage Discharge Fee $395 charged on full repayment of your loan
- Monthly Advance Set-up $125 one time set-up fee if you choose to take a Monthly Advance

**Property Criteria**

Your property must be of conventional construction and in good repair, mortgage free (or be mortgage free at or before your initial drawdown, at which point you can use part of this drawdown to repay any outstanding mortgage) and be your primary place of residence. Additional requirements for monolithic plaster cladding systems will apply. Further lending criteria may apply, and lending is subject to a satisfactory title search of your property.

**Substitution**

You may be able to transfer your loan to a new property. We will consider any such requests against our lending criteria, the outstanding balance of your loan, the value of your new property, and your age. Please speak to a member of the Heartland Bank team for further details.

**Independent Advice**

It is important that you make sure the loan is right for you. You must obtain independent legal advice and we recommend you consider seeking independent financial advice. You may also want to discuss your options with your solicitor and family prior to application.

This Fact Sheet is a guide only and is subject to change. Additional lending criteria may apply and each loan is subject to Heartland Bank Limited approval.