

# SENIORS' EQUITY ACCESS LOANS - OR Reverse Mortgages

Reverse Mortgages for seniors, which have been around in the U.S. for quite sometime, came back onto the Australian market in 2003 through both the Commonwealth Bank and St. George Bank.

Reverse mortgages are designed for borrowers over 65 years of age to tap into the equity in their homes to provide income to supplement their lifestyles. Both lenders' products are being offered at an interest rate of 7.57% (at the time of writing - Oct 03) and require no repayments until the borrowers either pass away, sell or move out of the property.

The Commonwealth's product is called the "Equity Unlock Loan for Seniors". It comprises an establishment fee of \$950 and a monthly service fee of \$12. Borrowers need to own their home outright, and the minimum loan is \$40K up to a maximum of \$225K. This can be drawn down either in a lump sum, or via periodical payments, or a combination of both.

Both the CBA and the St. George product, the latter known as the "Seniors Access Home Loan", allow all establishment and monthly fees, in addition to the interest costs, to be added to the loan balance, enabling seniors to get set without incurring any upfront costs.

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