Other Loan Products

Line of Credit

A Line of Credit provides a borrower with access to the equity in their home or investment properties whenever they wish for any worthwhile purpose. It is similar to an overdraft facility in that funds can be withdrawn up to the original loan approved amount at anytime. The interest rate on a Line of Credit facility is usually a variable rate that fluctuates with the market. A borrower can generally access their Line of Credit via a Cheque Book, Credit Card, ATM, Phone and Internet. A Line of Credit provides a borrower with easy access to funds ensuring peace of mind in times of need.

Reverse Mortgages

Unlike conventional mortgage products reverse mortgages (also known as equity release), focus exclusively on a specific segment of the population: retirees. They allow retiring homeowners to access a largely untapped asset to fund a standard of living that for many would otherwise be out of reach.

Reverse mortgages are similar to conventional residential mortgages in that the borrower raises funds against the security of the home. However, reverse mortgages are very different to conventional mortgages when it comes to drawdown, cash flow, and repayments.

In a normal mortgage, the principal amount of the loan is generally advanced as a lump sum to the borrower in order to a purchase a property. The borrower must then make regular principal and interest payments during the term of the loan. If the borrower defaults on the loan, the lender may recover the outstanding balance of the loan (including any unpaid interest) by enforcing its mortgage and selling the mortgaged home.

That is not the case with a reverse mortgage. In addition to having the option of receiving the principal in an upfront lump sum payment, the retiree can also choose to receive the principal in the form of regular part-payments from the lender during the term of the loan.

The retiree is not required to make any repayments (whether of principal or interest) to the lender during the term of the loan, however in some cases may have the option to do so. Instead, the entire loan (including accrued interest) falls due on the death of the retiree, or when the retiree moves out of the mortgaged home permanently, for example into a nursing home or if the property is sold.

The lender then recovers the loan by either having the beneficiaries of the retiree's estate pay the debt, or by enforcing its mortgage and selling the mortgaged home. In most cases, the lender will give the retiree's beneficiaries up to six months to finalise the debt. If the lender sells the property, they will give any funds left over to the estate of the retiree.

Contact Us

Govind Sami
Director

Ph: 02 9822 5333
Fax: 02 9824 1922
Mobile: 0419 242 305
Email: govind@phls.com.au

www.phls.com.au