

Legalquotes *News*

PROVIDED BY RANKIN NATHAN LAWYERS

REVERSE MORTGAGES AN INCREASING TREND

A relatively new loan product is being offered by several financial institutions in Australia, primarily to senior citizens. This product is known as a reverse mortgage. It is generally a condition of obtaining a reverse mortgage that the borrower seeks independent legal advice.

A reverse mortgage is a mortgage, secured over land owned by the borrower, that generally does not have to be repaid during the lifetime of the borrower or whilst the borrower remains in occupation of the land.

Reverse mortgages can assist those people who own their own property but do not have significant savings and are generally living, fortnight to fortnight, on a fixed income such as a CentreLink pension. Many people see reverse mortgages as a way of alleviating current financial constraints by borrowing monies against property they own so that they can have funds available to cover unforeseen expenditure or maintenance improvements on the property or for lifestyle reasons.



Considerable care should be exercised when reviewing the terms of a reverse mortgage as the different loan products in the market have terms that significantly vary. It is also prudent to consider alternatives to a reverse mortgage such as the sale of the existing property and “downsizing” to a smaller and perhaps more manageable property that costs less to purchase than the amount generated by the sale of the existing property.

Rankin Nathan Lawyers have gained considerable experience in this rapidly developing area and are available to assist clients with this transaction.



Rankin Nathan Lawyers

1300 727 813

NEWCASTLE • SYDNEY • PERTH • CANBERRA

