

EQUITY *tap*TM



For when you
want more out
of life after 60



BLUESTONE.
EQUITY RELEASE

There is **great pride in owning and living in a home** that over the years you have worked hard for.



With a history of dependable property price growth in Australia, it is likely your home has grown significantly in value to become **your greatest asset.**

However, you may find the investments you relied on to support you in retirement are not covering the ever-increasing cost of living, let alone life's luxuries. If so, you're not alone. For many people it's time to consider selling the family home and moving to a less expensive property in order to raise some funds – it's a solution, but hardly ideal.

Have you considered that the equity in your home could help provide for your future finances without having to move?

Our EQUITY*tap* allows you to tap into the equity in your home (or an investment property), without having to sell it, providing funds for you to continue enjoying your quality of life.

You can use the funds for anything you wish – supplementing your income, paying for medical expenses, assisting your family financially or renovating your property – the choice is yours.

This booklet is produced as a guide only. For full details of the EQUITY*tap*, please refer to the Terms and Conditions that will be provided to you at the time of your application. Whilst every effort has been made to ensure the information contained is accurate as at April 2004, the information contained should not be relied upon for any purpose, or used as a substitute for independent professional advice. As such, you should consider the appropriateness of this information having regard to your own financial situation, objectives and needs. We strongly recommend you seek independent professional advice specific to your individual circumstances.

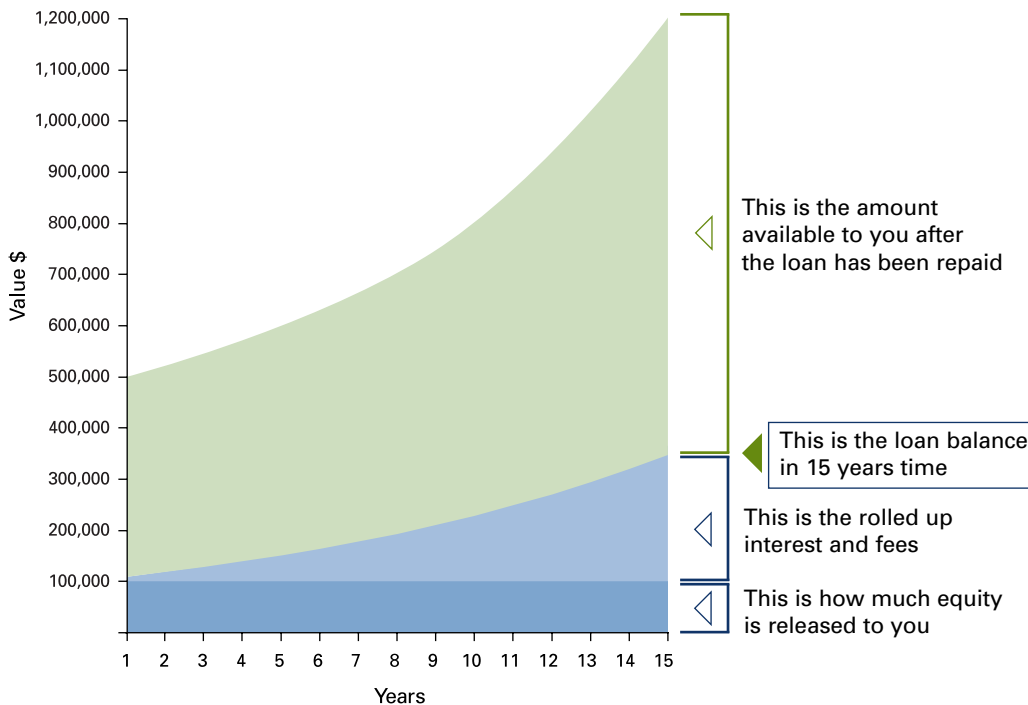
How does an EQUITYtap work?

An EQUITYtap is a lifetime mortgage available to residential property owners over sixty living in their own home. It is a loan secured on your home or investment property and provides a source of funds by releasing some of the equity tied up in the property. You are not required to make any repayments whilst you are still living in your own home, as all interest and fees are 'rolled up' into the loan balance. You can also stay in your home for as long as you choose.

How much equity you can release depends upon your age and the value of your property. In general, the older you are the more we can advance you. The funds advanced are likely to be between 11% and 45% of the value of your property. You will receive the funds in a single lump sum and you will not be required to produce any bank statements or proof of income.

Each month interest on the loan will be added to the EQUITYtap balance. Every six months you will receive a statement that will show your EQUITYtap balance along with the interest and fees added over that period.

The graph below illustrates how an EQUITYtap works



Note: Example shown is a \$500,000 property, a loan advance of (20%) \$100,000 and a fixed interest rate of 8.95% APR. Nominal house price growth is assumed to be 6.0% p.a. and the illustration is shown over 15 years. This is an illustrative example only and no assurance can be given on the assumptions used.

Q

“What if I don’t have an income?”

A

“Unlike a traditional mortgage, you don’t need an income to apply and there are no monthly repayments to make.”

EQUITYtap™



“Do I still own my home?”

Q

How is an EQUITYtap repaid?

Unlike traditional home loans there is no fixed repayment date, nor do you need to make any repayments whilst you are still living in your own home. The loan only becomes repayable when one of the following occurs:

1. You sell your home or investment property; or
2. You have both permanently vacated your own home or moved into long-term aged care; or
3. You have both passed away.

In the event of you both moving into long-term aged care or passing away, we will work with you or your Executor to sell your property. The amount owing at the time the EQUITYtap is repaid will include the funds initially released to you plus the interest and fees that accrue during the life of the loan. For your peace of mind, if the sale value of your property does not cover the loan balance repayable, our **‘No Negative Equity Guarantee’** means that we will not ask you or your estate to make up the difference (provided the Terms and Conditions of the EQUITYtap have been met). All money available after the sale of your property and the repayment of the loan naturally goes to you or your estate.

A

“Yes, you retain full ownership and any increase in its value until it is sold.”

What happens if interest rates change?

The interest rate is fixed for the life of the loan regardless of interest rate movements. You can therefore be certain of the interest rate charged to the loan, even if interest rates increase in the future. You should be aware that as with most fixed rate loans in Australia, if you decide to repay the loan early you may have to pay a ‘break fee’. This ‘break fee’ is not payable if the loan is repaid as a result of you moving into long-term aged care or passing away.

Please refer to the EQUITYtap Terms and Conditions for full details.

Help your parents enjoy their retirement

Having worked hard all their lives, is your parents’ quality of life now a concern due to financial constraints? If so, an EQUITYtap could release funds from their home and they don’t need to sell up and move.

If you’d like more information to discuss this with your parents call 13 BLUE (2583).



EQUITYtap[™]

Benefits of an EQUITYtap:

- You can use the funds from an EQUITYtap for any worthwhile purpose.
- The interest rate is fixed for the life of the loan so you don't have to worry about interest rates fluctuating.
- You don't have to make regular repayments.
- All proceeds after the sale of your property and the repayment of the EQUITYtap go to you or your estate.
- You don't need a regular income to apply.
- You retain full ownership of the property until it is sold and retain all the benefits of any growth in the value of your property.
- Our '**No Negative Equity Guarantee**' means that provided the Terms and Conditions of the EQUITYtap have been met, you will never owe more than the value of your property and you can stay in your own home for as long as you choose.
- You can use the equity from either your own home or your investment property.

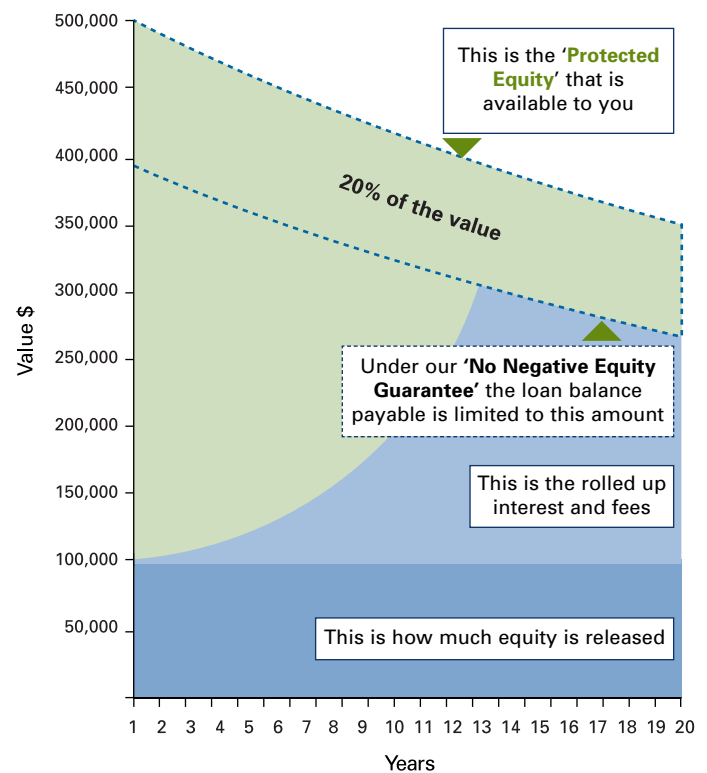
How can I ensure there will be an inheritance for my beneficiaries?

Through our '**Protected Equity Option**' you can choose to protect a portion of your property's future value. That way, you have a guaranteed portion of the sale proceeds set aside for you or your beneficiaries, no matter what the final loan balance is, or the subsequent movement in the value of your property.

Note: A 20% '**Protected Equity Option**' must be taken when an investment property is used as security.

The graph to the right, shows an example of how a loan balance due for repayment after 20 years is capped by the '**Protected Equity Option**' regardless of movements in the property's value at that time.

Note: Example shown is a \$500,000 property, with a '**Protected Equity Option**' of 20%, a \$100,000 loan advance and a fixed interest rate of 8.95% APR. Nominal house price growth is assumed to decline by 2% p.a. and the illustration is shown over 20 years. This is an illustrative example only and no assurance can be given on the assumptions used.



Let your home provide the funds for the lifestyle you want and deserve.

“Can I stay in my home as long as I want?”

“Yes, you can live in your home for as long as you choose.”

Q

How do I know the future value of my home?

We both rely on the proceeds of the sale of your property to repay the EQUITYtap. Therefore, we will instruct an independent valuer to assess the condition and value of your property when you take out your loan and every three years thereafter. You will be provided with a copy of this valuation report.

Here are three EQUITYtap scenarios:

Scenario **Tom is in his sixties and now lives on his own. He has lived in his home for over twenty years and raised three children in it.**

1

Tom’s home is now worth over \$400,000. His children have grown up and he now has more time to devote to his hobbies and would like to make some renovations to his home to suit his needs. It is also important to him that he leaves an inheritance for his children.

By taking advantage of the ‘**Protected Equity Option**’ Tom uses an EQUITYtap to release \$60,000 for the renovations, whilst keeping a healthy proportion of the home’s value protected for his children.

Scenario **Meg and Philip are in their seventies and have no children. Their home is in the city and they have assets including an investment property now worth \$900,000.**

2

Having reviewed their investments they realise that these are no longer sufficient to enable them to do all they had hoped for in retirement.

Using an EQUITYtap they release 20% of the value of their investment property (\$180,000) and, with the help of their financial planner, they invest the funds to supplement their retirement income.

Scenario **Margaret is now 80 and widowed. She owns her home which is worth \$550,000.** Margaret is concerned that her savings will

3

not cover her growing medical costs and feels strongly about maintaining her independence.

Using an EQUITYtap Margaret releases 30% (\$165,000) of the property’s value to assist her in covering her medical costs and staying in her home.

Is an EQUITYtap right for you?

If you answer yes to the following questions then an EQUITYtap may be appropriate for you.

- ✓ Are you and your spouse over 60?
- ✓ Do you own your own home?
- ✓ Are you an Australian resident?



EQUITYtap[™]

Bluestone and its Customer Charter

Bluestone is an Australasian company that specialises in providing residential property mortgages.

Bluestone has provided over \$1 billion of home loans to Australians and New Zealanders and has focused its expertise on developing EQUITYtap. The EQUITYtap is available through Bluestone Equity Release, a member of the Bluestone Group, and is funded by one of the world's largest banks, Barclays Bank Plc.

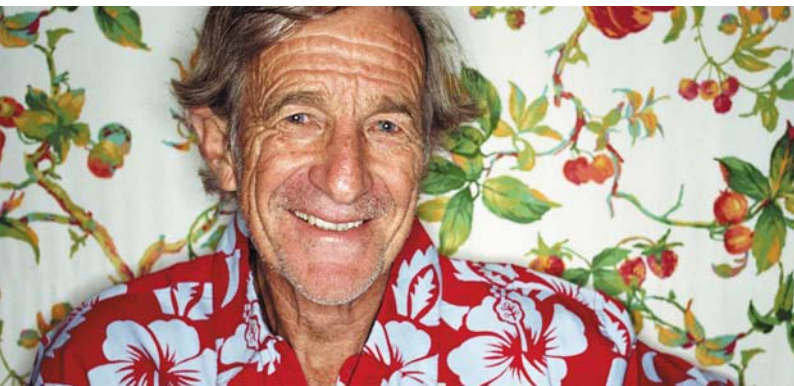
As a mark of Bluestone's commitment to our customers we have developed and operate a Customer Charter, which includes the following commitments:

1. We will ensure you are presented with a fair, simple and complete presentation of the EQUITYtap.
2. Our literature will include the key benefits, obligations and issues you should consider when taking out an EQUITYtap.
3. Your legal work will be carried out by a solicitor of your choice. Your solicitor will be provided with full details of the EQUITYtap including its benefits and obligations. Consequently, they will be able to provide you with independent legal advice on the EQUITYtap before you sign a contract.
4. Bluestone will only work with Introducers who have been accredited by Bluestone to introduce the EQUITYtap. This ensures that all our Accredited Introducers are able to

explain the features of an EQUITYtap, and are required to follow our Charter. A Bluestone representative will call you before any loan offer is issued to ensure you are satisfied that this has been the case.

Important issues to consider before proceeding:

- If you are receiving any Government Income Support, we strongly recommend you contact a Centrelink Financial Information Services (FIS) Officer to assess any impact an EQUITYtap may have on your entitlements. A FIS officer can be contacted on 13 23 00.
- The balance of your loan increases as interest and fees are 'rolled up' into the loan over its life. Depending on the future value of your property, it is possible that there will be no equity left in your property when the loan is repaid.
- If you require advice regarding your individual financial circumstances, we strongly recommend you seek independent financial advice.
- We suggest you speak with your family or beneficiaries to ensure they understand the benefits and implications of an EQUITYtap, including the impact on the value of the estate you may want to leave.
- As an EQUITYtap has a lifetime fixed interest rate there may be a 'break fee' payable should you decide to repay the loan early.
- For a full explanation of the fees and charges the Terms and Conditions should be reviewed and are available from your Accredited Introducer.



Next steps

If you feel an EQUITYtap could help you, speak to your Bluestone Accredited Introducer **OR** call 13 BLUE (2583) or visit www.bluestone.com.au to find your nearest Accredited Introducer.

Your peace of mind is important to us.

13 BLUE (13 2583)
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