

# Why can't I borrow against my land lease, retirement, or lifestyle village property?

YOUR

home

EQUITY

## FACT SHEET

### Why is my property not eligible?

If you live in a **land lease community, lifestyle village, or retirement village**, you may be considering a reverse mortgage to access the equity in your home.

However, these types of properties are generally **ineligible for reverse mortgages**—and you might be wondering why.

The key reason is that lenders require **real property ownership** (ownership of both the home [improvements] and the land) to secure a loan.

Since land lease and lifestyle village properties don't meet this requirement, they are considered a **higher risk** and therefore, ineligible for borrowing.

**Here's a breakdown of why:**

### 1. Ownership structure

- In **traditional homeownership**, you own both the **land and the dwelling (improvements)**, allowing lenders to use the property as collateral.
- In a **land lease or lifestyle village**, you own the home (improvements) but **lease the land** from the community operator.
- Because the lender **cannot secure the loan against the land**, they are unable to approve a reverse mortgage.
- Without land ownership, lenders have **no legal claim** to the property if the loan needs to be recovered.



### 2. Lender Risk

- **Lenders rely on land ownership (real property)** to secure their loans.
- In a traditional reverse mortgage, the **home and land** can be sold if the loan needs to be repaid.
- In a land lease arrangement, the **only asset is the home**, making it **harder to resell** and less secure for the lender.

- Since the resale market for land lease homes is more limited, lenders classify these properties as **high risk** and won't approve them for reverse mortgages.

### 3. Lifestyle villages and land lease models

- Lifestyle villages cater to **over-55s and retirees**, offering **affordable housing** and community amenities.
- Like land lease communities, residents own their homes but **lease the land**, making them ineligible for reverse mortgages.
- Even in some cases where ownership structures vary (e.g., **green title ownership**), lenders still classify these as **unsuitable for loan security due to the land lease arrangement**.

### 4. Legal and financial complexities

- **Retirement villages** typically operate on a **leasehold model** where residents pay an upfront fee for a **lifetime lease** rather than owning the land.
- These lease arrangements do not provide the **real property security** that lenders require for a loan.
- **Deferred Management Fees (DMFs)** and other financial complexities further deter lenders from offering reverse mortgages in these communities.

### 5. Not eligible for the Home Equity Access Scheme (HEAS)

- The **Australian Government's Home Equity Access Scheme (HEAS)** (formerly the Pension Loans Scheme) allows eligible homeowners to **borrow against their home equity**.
- To qualify, applicants must have **full ownership of both the land and the property**.
- Since land lease and lifestyle village residents do not own the land, they **cannot offer real property as security**, making them ineligible for HEAS.

## Summary

If you own a **land lease, retirement, or lifestyle village home**, you cannot borrow against your property with a **reverse mortgage or HEAS** because you **do not own the land**. Lenders require **land ownership as security**, making these properties ineligible for borrowing.

## How reverse mortgages work

A reverse mortgage is a unique type of loan designed specifically for Australians aged 55 and above, enabling you to access the equity in your home without the need to sell or make regular repayments. The loan is typically repaid when you sell your home, move into aged care, or when the last surviving borrower passes away.

### With a reverse mortgage:

- **You retain ownership of your home.** There are no monthly repayments required, meaning you can free up cash flow to cover living expenses, healthcare, and do more in your retirement.
- **The amount you can borrow** depends on your age, the value of your home, and how much equity you have. The older you are, the more you can borrow with borrowing capped at 55% by age 90.
- **You can access funds** in a way that suits you—either as a lump sum, a regular income, a line of credit, or a combination of these options.

Interest is added to the loan over time and compounds, meaning the total loan balance increases as time goes on. However, you are not required to make any repayments unless you choose to, and you can remain in your home for as long as you wish.





## Protections for borrowers

Reverse mortgages in Australia are strictly regulated by the government to protect borrowers and ensure transparency. Some key protections include:

- **No Negative Equity Guarantee (NNEG):** This legal safeguard ensures that you can never owe more than the value of your home. Even if property prices fall, you or your estate will not be liable for any shortfall when the home is sold.
- **Ownership rights:** You retain full ownership of your home. The lender does not take over the property, and the title deed remains in your name. You are free to sell your home at any time and repay the loan without penalties (though settlement and mortgage discharge fees may apply).
- **Clear terms and conditions:** All reverse mortgages come with clear terms, including transparency around interest rates, fees, and potential risks, so you know exactly what you're agreeing to.

These protections are designed to ensure that reverse mortgages are a safe and viable option for older Australians looking to access their home equity.

## Independent legal advice

Before taking out a reverse mortgage, it's essential to seek **independent legal advice**. This is a mandatory requirement for all reverse mortgage lenders, and helps ensure that you fully understand the terms and conditions of the loan.

A solicitor will review the loan agreement, explain how the reverse mortgage contact works, and discuss any potential implications, such as how it may affect your inheritance or future financial plans.

At Your Home Equity, we always encourage clients to take their time with this decision and to seek comprehensive legal and professional advice.

We believe in empowering our clients with the knowledge they need to make the best choice for their financial future.

## Your Home Equity – Reverse Mortgage Brokers

**At Your Home Equity**, we specialise in reverse mortgage broking for Australians over 55.

This is our sole focus, and we have more than 14 years of combined experience helping clients navigate their financial options in retirement.

### What sets us apart:

- **We work for you, not the lenders:** As specialist brokers, our role is to find the best reverse mortgage product for your unique situation. We're accredited with Australia's leading reverse mortgage lenders, which gives us access to a wide range of options tailored to your needs.
- **Expertise and compassion:** We understand that the decision to take out a reverse mortgage is a significant one, and we're here to provide guidance without pressure. Our process is client-focused, ensuring that you feel comfortable, informed, and supported every step of the way.
- **No obligation consultations:** We offer no-obligation consultations, so you can explore your options and ask questions without feeling pressured to commit.

We're here to make sure you have all the information you need to make a confident, informed decision.

Our mission is simple: to help older Australians live well in their retirement by accessing the wealth they've built in their homes.

Whether you're looking to refinance, consolidate debt, top up your income, or fund home improvements, we're here to guide you through the process.

## General Disclaimer

The information provided is correct to the best of our knowledge, but no warranty as to accuracy is given and each person or organisation should not act on the basis of its contents without taking appropriate advice.

The information in this guide is general in nature and has been prepared without taking into account the needs, objectives, or financial situation of any particular individual. Individuals should consider their own circumstances and, if necessary, seek professional advice.

All reverse mortgage products are subject to the terms, conditions and approval of the providers and fees and charges apply.

Please note that while the information set out in this guide is considered to be true and correct at the date of publication (08/02/2025), changes in circumstances after the time of publication may impact on the accuracy of information.

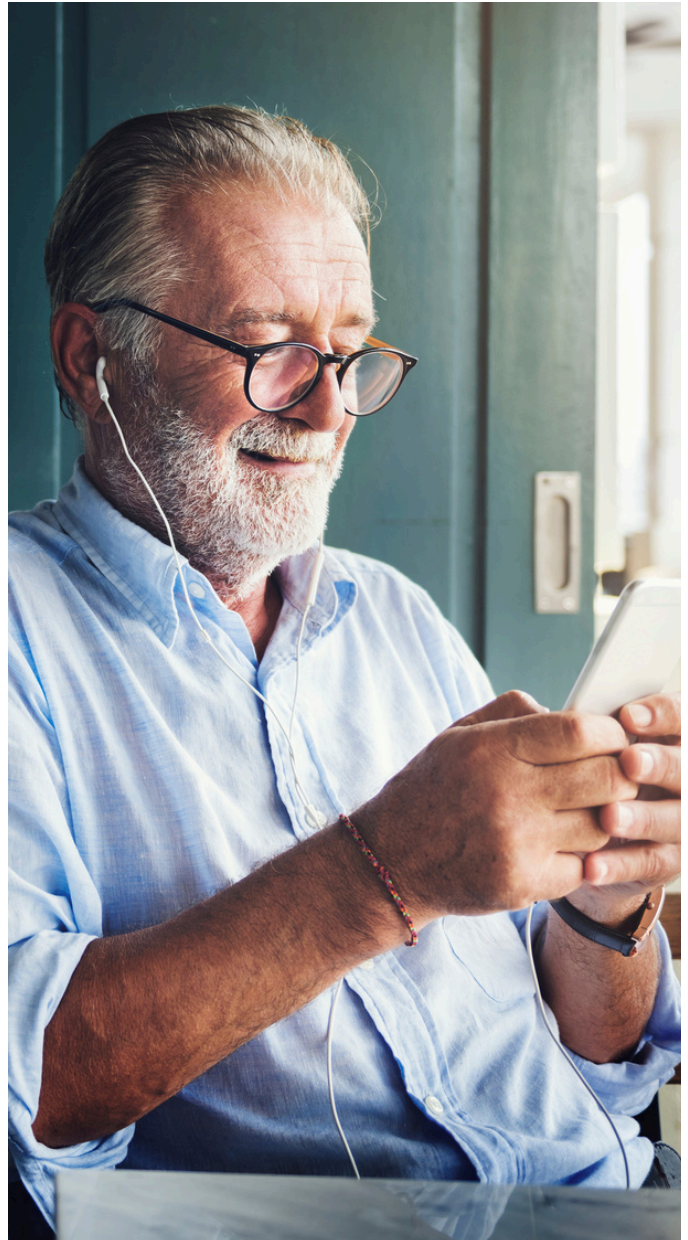
## Contact Us

If you like any further information, or would like to discuss your situation, we'd be delighted to help.

**E: [hello@yourhomeequity.com.au](mailto:hello@yourhomeequity.com.au)**

**P: 08 6285 9815**

Alternatively, you can check your eligibility in minutes using our [online reverse mortgage calculator](#).



Equity Mortgage Specialists Pty Ltd trading as Your Home Equity / ABN 57 649 344 212  
Suite 14, 151 James Street, Guildford WA 6055 | E: [hello@yourhomeequity.com.au](mailto:hello@yourhomeequity.com.au) | P: 08 6285 9815  
Corporate Credit Representative (No. 530659) of QED Services Pty Ltd trading as Pursuit Broker Services  
Australian Credit Licence 387856 / ACN 147 272 295  
Scott Phillips, Authorised Credit Representative (No. 547787) of QED Services Pty Ltd trading as Pursuit Broker Services  
Australian Credit Licence 387856 / ACN 147 272 296

E [hello@yourhomeequity.com.au](mailto:hello@yourhomeequity.com.au)  
[yourhomeequity.com.au](http://yourhomeequity.com.au)

