

Interest Roll Up Lifetime Mortgage

What is it?

Our Interest Roll Up Lifetime Mortgage allows your clients to release the money tied up in their property without having to move home or make monthly payments, although voluntary payments can be made (see page 2 for more details). This product is a loan that is secured against your clients' home, to give them a tax-free cash sum or smaller amounts that they could take as and when they need.

The interest is added to the amount your clients owe each month, meaning that we charge interest on the loan plus any interest already added.

The lifetime mortgage is usually repaid from the sale of the property when your clients die or move into long term care.

Who is it for?

Our Interest Roll Up Lifetime Mortgage is designed for clients who:

- Are over the age of 55 and are living in England, Wales or mainland Scotland.
- Need to borrow a minimum of £10,000.
- Can't commit to regular payments but want to ability to make Optional Partial repayments to reduce interest roll up.
- Are living in their own home with a small or no mortgage.

It may not be suitable for clients who:

- Would like to sell their property and downsize.
- Have savings or investments that they can consider using instead.
- Have sufficient long-term income which would mean that they could afford monthly payments or may qualify for a personal loan or residential mortgage.
- Claim benefits that supplement their income and may be affected by taking a lifetime mortgage.

Criteria

Amount available	Actual loan amount determined by your clients' individual circumstances When we are undertaking desktop valuations, we will use 95% of the desktop valuation when we calculate the amount we can lend to your client. For physical valuations we use 100%.
Minimum loan amount	£10,000 as Initial Advance.
Maximum loan amount	No maximum
Minimum applicant age	55 years.
Maximum applicant age	90 years at time of application and complete within 6 months of turning 91.
Maximum number of applicants	2 applicants.
Minimum property value	£70,000. £100,000 for flats, maisonettes, ex-council, ex-housing association and ex-MOD.
Maximum property value	No maximum.
Property location	England, Wales or mainland Scotland.
Tenure	Freehold. Leasehold (remaining term plus the age of the youngest borrower at completion must be at least 175 years).
Property age	No restrictions.

Product features

No Negative Equity Guarantee	Your clients, or their beneficiaries, will never have to pay back more than the amount their property is sold for, provided it's sold for the best price reasonably obtainable, and they've met the terms and conditions of the loan.
Inheritance Protection at no extra cost	Your clients can protect a percentage of their property value at the outset.
Optional Partial Repayments	In any 12-month period, starting on completion and thereafter on each anniversary of completion, your clients can repay up to 10% of the amount(s) drawn with no Early Repayment Charges (ERC). Up to 12 repayments a year can be made by adhoc payment or Regular Standing Order at a minimum of £50 each. Such payments don't restrict access to the drawdown facility.

Product features

Drawdown facility

Limited to the the amount specified at the outset (as detailed in the KFI/Offer of Loan)
Drawdowns can be requested at any time, minimum £1,000. Interest on drawdowns will be charged at the prevailing fixed rate at time of drawdown.

Additional borrowing (once the Drawdown facility has been used)

Additional borrowing requests will be considered after 12 months of the loan completing.

Portability

Your clients can move to another property subject to your clients and the property meeting our criteria at the time. Partial repayment may be required if they are moving to a lower value property.

No ERC will be payable on such partial repayments.

Interest rate

Fixed for life of loan.

Borrower costs and fees

Arrangement fee £599 on selected products. This fee can be added to the loan in excess of maximum LTVs. No fee on all other products.

Valuation fee Currently free.

Legal fees Your clients will pay their own solicitor's costs and all disbursements.

Early Repayment Charges Your client has the option of Variable or Fixed Early Repayment Charges.

Variable ERCs are capped at 25% of the amount(s) drawn and linked to movement in UK FTSE Actuaries 15 Year Yield (the Index).

Fixed ERCs are based on a percentage of the initial loan and the length of time that your client has had the loan.

Number of years your client has had the loan	Percentage of initial loan to pay as an ERC
1 – 5	9%
6 – 8	8%
9	7%
10	6%
11	5%
12	4%
13	3%
14	2%
15	1%
16 and over	0%

An Early Repayment Charge is not payable if the loan is repaid:

- After the borrower (or if joint borrowers, the last surviving borrower) dies or goes into long term care.
- On any Optional Partial Repayments which are made within the permitted limits.
- If your clients move home and transfer their lifetime mortgage to a new property that is acceptable to us and, as a result of which, need to repay part of the lifetime mortgage as required by us.
- For joint borrowers, in the first three years after the first borrower dies or moves into long term care.
- If 5 years after completion the borrower(s) move to another property, either in the UK or abroad which isn't acceptable to us based on our lending criteria at the time. If 5 years after completion the borrower(s) sell their home and move into sheltered accommodation.
- **For variable ERCs** – after the borrower (or if joint borrowers, the youngest borrower) reaches the age shown in section 13 of the KFI and Offer of Loan or if the Index at the time is higher than or equal to the Benchmark Rate shown in the Offer of Loan.
- **For Fixed ERCs** – 15 years since completion of the initial advance. For additional borrowing, 15 years from completion of that loan.

Loan to value % – Interest Roll Up Lifetime Mortgage

Customers will receive a rate tailored towards their individual circumstances. The below table shows the absolute maximum LTV that a customer may borrow, split by Joint and Single applicants.

Single Lives

Age	55	56	57	58	59	60	61	62	63	64	65
	24.5%	26.0%	26.0%	27.0%	27.0%	28.0%	28.0%	30.5%	30.5%	32.5%	34.5%
	66	67	68	69	70	71	72	73	74	75	76
	34.5%	35.5%	35.5%	37.0%	37.0%	40.5%	40.5%	42.0%	42.0%	44.0%	44.0%
	77	78	79	80	81	82	83	84	85+		
	47.0%	49.0%	49.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%		

Joint Lives

Age	55	56	57	58	59	60	61	62	63	64	65
	21.0%	22.0%	22.0%	23.5%	23.5%	24.5%	24.5%	26.0%	26.0%	27.0%	28.0%
	66	67	68	69	70	71	72	73	74	75	76
	28.0%	30.5%	30.5%	32.5%	32.5%	34.5%	35.5%	35.5%	37.0%	37.0%	40.5%
	77	78	79	80	81	82	83	84	85+		
	40.5%	42.0%	44.0%	44.0%	47.0%	47.0%	49.0%	51.0%	51.0%		

For more information

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