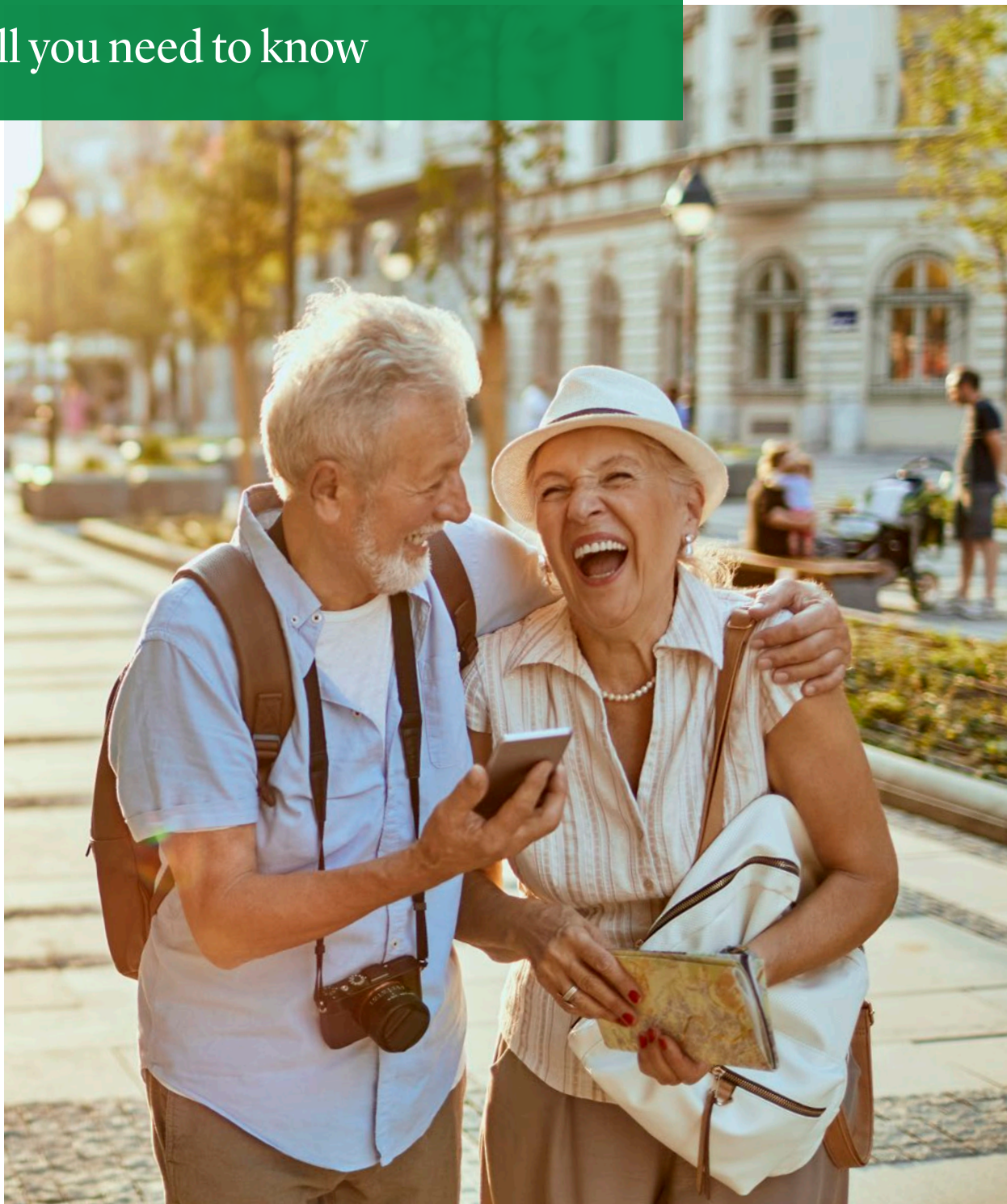


# Optional Payment Lifetime Mortgage

All you need to know





# Introduction

This document is a guide to the Legal & General Optional Payment Lifetime Mortgage. It'll help you to understand what an Optional Payment Lifetime Mortgage is, the benefits and risks, and what you should consider before making a decision.

Our Optional Payment Lifetime Mortgage allows you to pay some, or all, of the monthly interest and this could reduce the overall cost of the loan.

Throughout this guide we'll refer to our Optional Payment Lifetime Mortgage as a lifetime mortgage.

This guide will take you through the process of applying for a lifetime mortgage with us and what to expect once it's in place. It also explains what happens if you choose to stop making your monthly interest payments, or how to apply for more money. It also outlines what you can expect from us and how to keep in contact.

This document doesn't provide advice on whether a lifetime mortgage is right for you. This must be discussed with a financial adviser of your choice who's qualified to give advice on lifetime mortgages. Your adviser will take you through the decision making and application process and provide you with a Key Facts Illustration. This will give you personalised information about the lifetime mortgage.

After successfully applying for a lifetime mortgage you'll be provided with an Offer of Loan, Terms and Conditions, Tariff of Charges and your 'Guide to Early Repayment Charges'. These are referred to and should be read with this All You Need to Know document. If you need any further information at any stage, speak to your adviser.

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## Section 1

# All about our Lifetime Mortgages

For many people, the most significant asset they have is their home and they're relying on their pension as a major source of income in retirement. However, many people are continuing to borrow later in life, sometimes when approaching or already in retirement.

There are many reasons for this; perhaps they're hoping to make the most of their retirement years with travel plans, home improvements or lifestyle changes. Or, they may have credit commitments or an interest-only mortgage that's due for repayment.

They could have a regular income, which may not be enough, or they expect that their income will reduce or end. All this will make it difficult to get a mortgage or other credit, which can be frustrating. They could also be worried about being able to pay the mortgage into retirement with concerns over how long they can work for and what their pension income will be.

If this sounds familiar, then a lifetime mortgage from Legal & General could help.

### What is a lifetime mortgage?



A lifetime mortgage is a way of releasing money from your home without having to move. It's a loan that's secured against your home that can be used to repay your existing residential mortgage.

It can be taken as a tax free cash sum or in smaller amounts as and when you need it. With our Optional Payment Lifetime Mortgage you can choose to pay some, or all, of the monthly interest, but you can also stop making monthly interest payments at any time.

If you stop making monthly interest payments, the unpaid interest is added to the amount you owe each month. This means that interest is charged on the loan amount plus any interest already added. Making monthly interest payments will reduce the amount of interest that will accumulate over the life of your lifetime mortgage.

The lifetime mortgage is usually repaid from the sale of your home when you, or the remaining borrower (if the mortgage is in joint names) dies or moves out of your home into long term care. Of course, any money left from the sale of your home would be available to you or your beneficiaries.

## How does a lifetime mortgage compare to a residential mortgage?

	<b>Residential mortgage</b> A residential mortgage is a loan, usually used to help you buy your home.	<b>Lifetime mortgage</b> An Optional Payment lifetime mortgage is also a loan but works differently.
<b>Duration</b>	The duration of the mortgage is fixed for a set period of time. For example, 25 years. This is known as the mortgage or loan term.	The duration of the mortgage isn't fixed. The mortgage lasts until you (or if joint borrowers, both of you) die or move out of your home into long term care.
<b>Monthly payments</b>	You make a monthly payment for the duration of the mortgage.	No monthly payments are required. However, you can choose to pay some, or all, of the monthly interest for as long as you choose to.
<b>How interest is charged</b>	There are two types of residential mortgage: repayment (capital and interest) and interest only. Interest is charged on the mortgage monthly and the borrower makes monthly payments.	Any unpaid interest is added to the loan monthly. This is sometimes called compound interest or rolled up interest.
<b>Affordability</b>	Your income and expenditure is assessed to ensure you can afford the mortgage.	There are no affordability assessments. The amount you can borrow depends on your age, the value and suitability of your home and whether you're applying jointly or as an individual.
<b>Interest rates</b>	There are a variety of interest rates you can choose from. The most common are variable or fixed rate.	The interest rate is fixed for the duration of the lifetime mortgage.

## Are you aware of the following features?



### You can make monthly interest payments

You can choose to pay any amount between £25 and the full monthly interest each month. You must tell us how much of the interest you'd like to pay when you apply.

You can choose your preferred payment date from the 1st to the 28th of each month but you won't be able to change this date after your lifetime mortgage has completed.

You also won't be able to change the amount of your monthly interest payments, but you can choose to stop making your monthly interest payments at any time. If your monthly interest payment is less than the full monthly interest charged, or you stop making monthly interest payments, the unpaid interest is added to the loan monthly. This means that interest is charged on the loan amount plus any unpaid interest.



### You can make partial repayments

If you've stopped making monthly interest payments, the Optional Partial Repayment feature enables you to pay part of the mortgage off early with no Early Repayment Charge subject to our Terms and Conditions.

Making Optional Partial Repayments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage. Remember, you can only make Optional Partial Repayments once you have stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up.



### You can move home

Your lifetime mortgage can move with you, subject to our Terms and Conditions and the details of moving home set out in your Offer of Loan.

You must discuss moving home with us before committing to a purchase.



### Downsizing Protection

If you've had your lifetime mortgage for five years or more, you can choose to purchase and move to a new property or into sheltered accommodation and repay your lifetime mortgage in full without having to make any Early Repayment Charges.

This only applies when the new property isn't suitable for a lifetime mortgage.



### You may be able to borrow more in the future

If you choose to borrow less than the maximum amount you're eligible for, you may have the flexibility to borrow more in the future. This is called your Drawdown Facility and can be taken in one cash sum or a number of smaller amounts as and when you need them.



### You won't pay back more than the sale proceeds

Property values may change, and any fall in value will affect the equity available to you or the beneficiaries of your estate.

Our No Negative Equity Guarantee means you or your beneficiaries will never have to pay back more than the amount your property is sold for. This is provided it's sold for the best price reasonably obtainable and you've met your lifetime mortgage Terms & Conditions.



### You can protect part of the value of your home for inheritance

Inheritance Protection can help you secure a proportion of the net sale proceeds of your home for the beneficiaries of your estate when you die.

If leaving an inheritance is important to you, you could select this option. You'll need to decide on the percentage you'd like to protect (the Protected Percentage) when you apply for the lifetime mortgage. Inheritance Protection can't be added to the lifetime mortgage or the amount increased after completion of your lifetime mortgage.

If you decide to opt for Inheritance Protection the amount you can borrow will reduce proportionately.

You should consider discussing the impact of a lifetime mortgage on your inheritance with your family or beneficiaries before making a decision.

### Example

If your property is currently worth £200,000 and you want to protect 30% of the net sale proceeds for the beneficiaries of your estate, then the maximum amount we would lend will be calculated on 70% of the property value – £140,000 instead of £200,000.

Even if you don't select Inheritance Protection, any money left over after repayment of your lifetime mortgage will be paid to you or your estate.



## Is a lifetime mortgage right for you?

### To take this lifetime mortgage you'll need to be:

- aged 55 or over
- living in (or buying) your own home with a small or no mortgage
- borrowing a minimum of £10,000
- living in England, Wales or mainland Scotland
- living in a home worth at least £70,000 or £100,000 depending on your property type.

You'll need to discuss your personal circumstances with an adviser before making a decision. Your adviser must be authorised by the Financial Conduct Authority and hold a suitable qualification to advise on lifetime mortgages.



### These are some of the things you should discuss with an adviser when deciding if a lifetime mortgage is right for you. Have you considered?:

- Selling your property and downsizing?
- Using any savings or investments?
- Whether you qualify for a personal loan or residential mortgage?
- If you have sufficient long term income to afford monthly payments?
- If you could claim benefits that will supplement your income and if any benefits you currently claim will be affected by taking a lifetime mortgage?



## How is the interest calculated on a lifetime mortgage?


Our Lifetime Mortgage has a fixed interest rate for life, which means it won't change for the duration of your loan. Interest is calculated daily and any unpaid interest is added to the amount you owe monthly.

If you pay all the monthly interest on time and for the duration of your lifetime mortgage, the amount you owe won't increase.

If you choose to pay less than the full interest charged each month the unpaid interest is added to the amount you owe on a compounding basis, which means that interest is charged on the loan amount plus any unpaid interest added.

We've included a few examples on the next page to show how the amount you owe can increase and how this could affect the equity left in your property.


Your personalised Key Facts Illustration will show a detailed breakdown of the interest charged over time. You should consider discussing this with your family as the lifetime mortgage will affect how much inheritance you can leave.

 Remember, any unpaid interest is added to the amount you owe each month. This means the amount you owe increases quickly over time and reduces the equity left in your home, especially if the loan continues for a longer period than expected.

## What impact will a lifetime mortgage have on the equity in your home?

When your lifetime mortgage is repaid, the amount of equity available to you or your beneficiaries will depend on several factors including:

- How much of the interest you choose to pay with your monthly interest payments.
- The value of your home and how much it decreases or increases in value over time.
- Whether you've opted for Inheritance Protection.
- The amount you originally borrowed.
- How much more you choose to borrow from your Drawdown Facility, if you have one available.
- The duration of your lifetime mortgage.
- The fixed interest rate applied to your lifetime mortgage.
- How much interest has been added.
- Whether you make Optional Partial Repayments to reduce the interest charged.

 Our No Negative Equity Guarantee means that when your home is sold, even if it sells for less than the amount owed, you'll never have to pay back more than the sale amount. This is provided that your home is sold at the best price reasonably obtainable and subject to our Terms and Conditions.

It also means there's no equity left for your beneficiaries. Taking out Inheritance Protection ensures that a percentage is protected for your beneficiaries.

### Example

The graphs on the next page show how the amount you owe and the remaining equity you hold may change over time. This depends on how much of the monthly interest you choose to pay and for how long.

This example is based on a single borrower and illustrates an example lifetime mortgage that, at its outset, has the following variables.

- ✓ Property value: £500,000
- ✓ No Inheritance Protection
- ✓ Amount borrowed: £100,000
- ✓ Age: 70
- ✓ Female
- ✓ Estimated life expectancy of 16 years
- ✓ Interest rate: 6.74% (Legal & General Lifetime Mortgage rate as at 23rd June 2023)
- ✓ No Optional Partial Repayments
- ✓ Remaining equity: £400,000

In each of the scenarios, we haven't included the effect of changes to the value of your home, or what is often referred to as 'house price inflation'.

## What do these graphs show?

● Loan ● Unpaid interest ● Equity

### Outcome 1

You chose to pay all the interest each month on time and for the duration of your lifetime mortgage so there is no unpaid interest added to the loan.

You or your beneficiaries could receive approximately **£350,000** from the proceeds of the sale.

#### Monthly interest payment

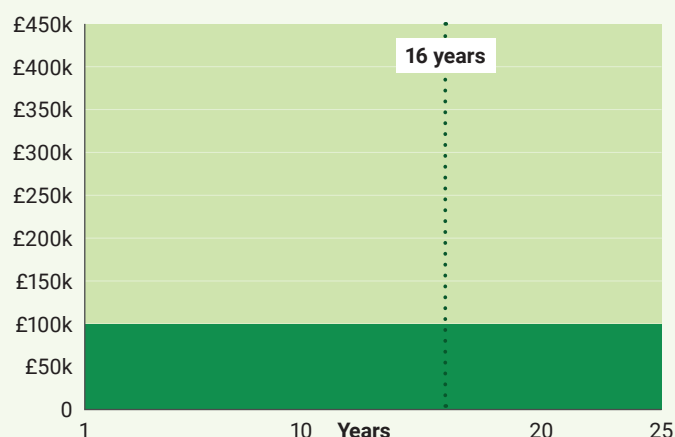
£425.00 for the duration of the mortgage.

#### After 16 years

House Value £450,000

Amount Owed £100,000

Equity £350,000



### Outcome 2

You choose to pay all the interest each month on time for 10 years and then stop making interest payments. When you stop making interest payments the unpaid interest is added to the loan each month.

This means that interest is charged on the loan amount plus any interest already added. Your equity will reduce for the remainder of the estimated term of 16 years.

You or your beneficiaries could receive approximately **£265,427** from the proceeds of the sale. If you lived for longer than 16 years your equity would continue to decrease.

#### Monthly interest payment

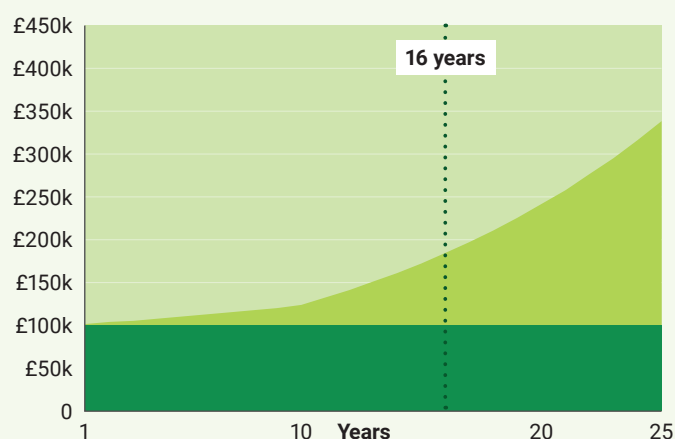
£425.00 for 10 years, £0 thereafter.

#### After 16 years

House Value £450,000

Amount Owed £184,573

Equity £265,427



### Outcome 3

You choose to pay half the interest each month on time and for the duration of your lifetime mortgage.

The unpaid interest is added to the loan each month. This means that interest is charged on the loan amount plus any interest already added. Your equity will reduce over the estimated term of 16 years.

You or your beneficiaries could receive approximately **£253,445** from the proceeds of the sale. If you lived longer than 16 years, your equity would continue to decrease.

#### Monthly interest payment

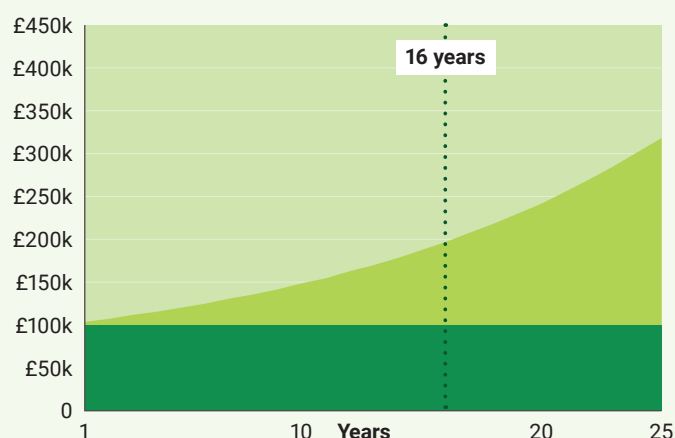
£212.50 for the duration of the mortgage.

#### After 16 years

House Value £450,000

Amount Owed £195,555

Equity £253,445



### What happens if the value of my property changes?

The value of your home can rise and fall and is not guaranteed. These examples don't show what happens if the property value changes over time. This is detailed in your Key Facts Illustration.



# What are the benefits and risks of a lifetime mortgage?

Before deciding whether to go ahead, your adviser will talk you through the benefits and risks of a lifetime mortgage as well as the other options available to you.

Below is a list of things to think about. This isn't a full list of benefits and risks. Your adviser will look at your personal circumstances, advise you on risks affecting you and whether a lifetime mortgage is suitable.

Benefits	Risks
<b>Repaying your residential mortgage</b> – You could release money from your home and use it to repay your existing residential mortgage, including an interest only mortgage that is due for repayment.	<b>There may be cheaper ways for you to borrow money</b> – The interest rate on your current mortgage, if you have one, may be lower than the interest rate for a lifetime mortgage and you should consider if your current lender will charge you for repaying your mortgage.
<b>Cash when you need it</b> – You could release money from your home tax-free and use it to increase your income in retirement. You can choose to release the full amount or you may be able to take a smaller initial amount with the option to release more money at a later date. This is known as a Drawdown Facility.	<b>Your taxation and benefits may be affected by how you spend or use the money</b> – Taking a lifetime mortgage could affect your eligibility for state benefits.
<b>You can stay in your home</b> – You don't need to leave your home and you'll still own your property.	<b>Failure to meet the Terms and Conditions</b> – For example failing to maintain the property, may mean that we have to put it right on your behalf. It could even result in the forced sale of your property and loss of Inheritance Protection (if you've taken it).
<b>You can choose to pay some, or all, of the monthly interest and stop making monthly interest payments at any time</b> – Making monthly interest payments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.	<b>The total amount you owe can increase quickly over time</b> – Any unpaid interest is added to the amount you owe, which means interest is charged both on the original loan amount and the interest that has already been added. This will reduce the equity left in your home and the value of any unprotected inheritance. You should consider if there are cheaper ways for you to borrow money.
<b>Ability to make Optional Partial Repayments</b> – If you have stopped making monthly interest payments the Optional Partial Repayment feature enables you to pay part of your lifetime mortgage off early with no Early Repayment Charge, provided it's within the limits and terms that apply. This will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.	<b>You may have to pay an Early Repayment Charge</b> – If you decide to repay more than you're allowed under Optional Partial Repayments, or decide to repay all your lifetime mortgage off early, you may have to pay a substantial Early Repayment Charge.
<b>No Negative Equity Guarantee</b> – Means that there is no risk of you or your beneficiaries being left with an outstanding mortgage after your home is sold. This is provided it's sold for the best price reasonably obtainable and you have met your lifetime mortgage Terms and Conditions.	<b>You'll need to pay upfront costs when taking out a lifetime mortgage</b> – Taking into account the upfront costs, if you were to die or move into long term care within a short time period, there may be cheaper ways for you to borrow money.
<b>It's possible to still leave an inheritance</b> – If you take out Inheritance Protection, you can protect a proportion of the value of your home for your beneficiaries.	<b>There may be no inheritance left for your beneficiaries</b> – Unless you've taken out Inheritance Protection. But remember this reduces the amount you can borrow.
<b>It's possible to move home</b> – You can move home and your lifetime mortgage can move with you, providing your new property is acceptable to us and meets our lending requirements at that time. If your new property isn't acceptable to us or you choose to move into sheltered accommodation, you may have the option to repay your lifetime mortgage in full with no Early Repayment Charge.	<b>You may need to repay part of your lifetime mortgage if you move</b> – If, for example, your new property is worth less than the original property. In this case, any amount required wouldn't be subject to an Early Repayment Charge.



## What could you do with the money?



### Help your family

Help your children or loved ones to get onto the property ladder or contribute to their education. The recipient may have to pay Inheritance Tax in the future.



### Provide additional income

Supplement your pension for additional funds as and when you need them.



### Lifestyle improvements

Have some extra money to help you enjoy your retirement and get the most out of it. This could be a new car, or by funding a new hobby. You may also be considering providing care in the home.



### Holidays and trips

Live out your dreams of travelling the world, or embarking on the holiday you've always wanted.



### Home improvements

Make vital improvements to your home as you grow older and carry out adaptations that make it possible for you to stay there for the longer term.

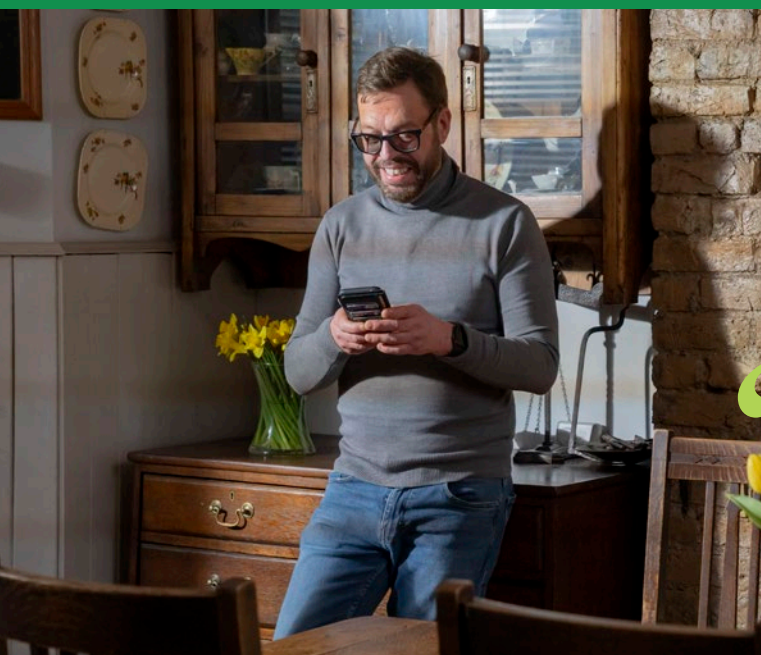


### Pay off outstanding debt

Repay your existing residential mortgage, including an interest-only mortgage that is due for repayment. You should consider if there are cheaper ways to pay off any debts you have. No matter what you borrow the money for, you'll have to pay off any existing mortgage first.

The amount you can borrow with a lifetime mortgage is based on your age, the value of your home and whether you are applying jointly or as an individual.

The easy to use calculator on our website [legalandgeneral.com/lifetimemortgages](https://legalandgeneral.com/lifetimemortgages) will estimate the amount you can expect to borrow. Your adviser will confirm this in a personalised Key Facts Illustration document.



### Robert's story

When it came to repaying his interest only mortgage, Robert thought he might have to leave the home he'd loved for over 25 years.

He decided to use a lifetime mortgage to pay off his existing interest only mortgage. This allowed him to focus on enjoying his passion for music.

"Three years ago, I started to think about what am I going to do when my interest only mortgage ends?... When I found out about lifetime mortgages, I thought this was very interesting because I can stay in the place that I love... It takes the pressure off and allows me to continue a great quality of life."

# How do you decide if a lifetime mortgage is right for you?

A lifetime mortgage is a long term financial commitment and it's important to understand all the benefits and risks.

That's why you can only get a lifetime mortgage through a specialist lifetime mortgage adviser. If you think a lifetime mortgage may be right for you, the next step is to talk to a specialist adviser, if you haven't already done so.

## 1 Check the details

### Alongside your adviser, check that you:

- Have identified your needs.
- Know how much you can borrow.
- Know how much interest you would like to pay each month.
- Are aware of the benefits and risks.
- Qualify for a lifetime mortgage.
- Have looked at other options.
- Have identified options within the the lifetime mortgage, such as Inheritance Protection, that best suit your needs.

## 2 Understand the facts

### The information that you discuss with your adviser will be given to you in a personalised Key Facts Illustration document. This will outline the following information:

- A description of the lifetime mortgage including the benefits and risks.
- The amount of money that you could release as cash.
- The costs and implications of a lifetime mortgage.
- The details you have given relating to your age, the estimated value of the property and whether you're applying as an individual or in joint names.

## 3 Make a decision

### You'll then be in a position to decide if a lifetime mortgage is right for you, and your adviser will help you to apply.

You must also appoint a solicitor to act on your behalf. Your adviser will be able to help you find a solicitor if you don't already have one.







## Section 2

# Applying for a lifetime mortgage

You can apply for a lifetime mortgage once you have:

- ✓ Met with your adviser and discussed the risks and benefits as well as your other options.
- ✓ Decided how much interest you'd like to pay each month.
- ✓ Spoken to your family about your plans, if you choose to.
- ✓ Received your personalised Key Facts Illustration from your adviser.
- ✓ Appointed your independent solicitor and given the solicitor's details to your adviser.

## What costs are involved in setting up a lifetime mortgage?

**There are some costs that you'll need to cover when applying for your lifetime mortgage. You should refer to your Key Facts Illustration to see what fees apply to you, but typically these include:**

### Arrangement Fee

This covers our costs for setting up the lifetime mortgage and is payable on completion.

If you wish, you can add this fee to your lifetime mortgage, but it will increase the amount you owe and interest will be charged on it.

### Valuation Fee

This is payable on application and the amount of the fee will depend on the value of your home.

### Funds Transfer Fee

This is charged to cover our costs in transferring your money to your solicitor on completion.

**There are fees that you may have to pay to others:**

### Legal Fees

You'll need to appoint your own solicitor to act on your behalf. You should agree a fee with them and you'll be responsible for paying your solicitor.

### Advice Fee

You may be required to pay a fee to your adviser for arranging the lifetime mortgage. You should agree a fee with them and you'll be responsible for paying your adviser.

Please refer to our Tariff of Charges for full information on fees and charges. If you haven't seen this document, please ask your adviser for a copy.

## Your application will follow this process



### Section 3

## What happens if your circumstances change?

Although a lifetime mortgage is designed to be a lifelong commitment, we understand your circumstances could change and you may need our help in the future. Anything from borrowing more money to moving home, this section helps to explain your options.

### What happens when you stop making monthly interest payments?

Making monthly interest payments will reduce the amount of interest that will accumulate over the life of your lifetime mortgage.

You can choose to stop making monthly interest payments at any time, but once you stop making monthly interest payments, you can't restart them.

If you miss more than six monthly interest payments in total you'll have to stop making monthly payments. A payment will be missed if you don't pay the monthly interest payment before the next payment is due.

When you stop making monthly interest payments we'll write to you to explain the effect on your lifetime mortgage and show you how the amount you owe will increase over time.

Please remember, if you stop making monthly interest payments, the unpaid interest is added each month to the amount you owe. This means that interest is charged on the loan amount plus any interest already added. The amount you owe will quickly increase over time, reducing the equity left in your home.





# What if you need more money?

## Drawdown Facility

Our Lifetime Mortgage offers you a cash sum as the initial loan. If you choose to take less than the maximum amount you're eligible for, you may have the flexibility to borrow more in the future. You may be able to borrow up to the maximum originally agreed. This could be in one cash sum or a number of smaller amounts.

The difference between your initial cash sum and the maximum amount you could take is called your Drawdown Facility and is a type of additional borrowing. If you have a Drawdown Facility available to you, it will be shown in both your personalised Key Facts Illustration and the Offer of Loan.

You can choose to pay some, or all, of the monthly interest on each drawdown you take from your Drawdown Facility.

Different interest rates may apply to each amount you take, depending on interest rates at the time. This means they could be higher or lower than when you first applied.

Please remember, availability of the Drawdown Facility is not guaranteed and there are limits to the minimum amount that you can take. When you apply for additional borrowing, if any of the circumstances listed below apply, we may withdraw your Drawdown Facility. We'll tell you if the Drawdown Facility is withdrawn.



## How to apply for a drawdown

- 1 Use our online drawdown form at [legalandgeneral.com/drawdownrequest](https://legalandgeneral.com/drawdownrequest). The online form will take about ten minutes to complete and you'll need to share your email address and other required information. If this is a joint account you'll need to complete it together.  
  
Alternatively, call our Customer Services Team on **03330 048 444**, making sure you have your paperwork to hand to be able to request your drawdown over the phone and follow the steps below.
- 2 Confirm how much you'd like to borrow. We'll let you know the current interest rate, the amount available and ask you a few questions to help process your request.
- 3 If we agree to the drawdown, and you'd like to proceed, we'll send you the relevant documents which will include the interest rate that we'll charge and the Early Repayment Charge terms that apply to this drawdown. This can be done by email if you'd prefer. If we need further details, we'll call you back within two working days to discuss your application.
- 4 When you receive the documentation it's important you read the information before signing and sending it back to us. If you've chosen to send the documents by email they can be signed online and emailed back to us.
- 5 Once we receive your signed Offer of Loan we'll send you a confirmation letter and pay the drawdown amount into your bank account.
- 6 You'll have access to the money and we'll keep you updated through your annual statement of any drawdowns taken and your remaining Drawdown Facility.

## We may withdraw your Drawdown Facility if:

- The total amount you've borrowed, including the cash sum, all additional borrowing, drawdowns, plus any charges due to us (but not including the interest due to us) exceeds the amount that we'd lend to a new borrower (of equivalent age) in comparable circumstances. A further valuation of the property may be required. We'll exclude any Protected Percentage you may have from the valuation of the property.
- An Event of Default has occurred, for example you become bankrupt, as described in section 7 of your personalised Key Facts Illustration and Offer of Loan.
- We no longer offer new lifetime mortgages with drawdown facilities.
- We no longer hold any regulatory authorisation required to provide drawdown facilities.
- You're joint borrowers and own the property as tenants in common and either one of you has died.
- We require you to take further financial and/or independent legal advice before you take the additional borrowing and either this advice has not been received, or you were advised against it.
- Another charge has been registered on the property.
- We have reason to believe the transaction is contrary to a law, regulation or code which applies to us.



## Further Advance

If you didn't take the full amount available when you first took out your lifetime mortgage, or if the value of your home has increased sufficiently since then, you may be eligible for a Further Advance.

A Further Advance is additional borrowing on top of your lifetime mortgage and a long term financial commitment, so you must talk to your financial adviser to be sure it's right for you. They'll find out if you're eligible for a Further Advance, outline the benefits, risks and costs involved and make the application for you.

It's important to be aware that any further borrowing will be on the same product terms as your existing lifetime mortgage so the interest rate may be different depending on interest rates at the time of your application.

You can only apply for a Further Advance when you've had your lifetime mortgage for 12 months and have taken all the money in your drawdown facility, if you had one.



## How to apply for a Further Advance

- 1 You must speak to your adviser who'll discuss the benefits and risks of taking a Further Advance, as well as the other options available to you.

If you'd like to know how much you could take as a Further Advance, you can call our Customer Services team on **03330 048 444**, or your adviser can make an enquiry for you.

- 2 If you're eligible, your adviser will provide us with all the information needed.

We'll provide them with a Key Facts Illustration, giving full details and how to proceed. They'll share this information with you and discuss if this is the right choice for you.

- 3 Your adviser will complete and send us your Further Advance application form. We'll contact you to make a payment for the cost of a new valuation. Our independent surveyors will arrange to visit your home to carry out the valuation.

- 4 Based on the valuation, our team will send you a Further Advance Offer of Loan and acceptance form. Copies will be sent to your adviser to keep them informed and if you have any questions, you should discuss them with your adviser.

- 5 When you're happy to proceed, simply sign and return the acceptance form to us. If you've chosen for your documents to be sent by email, this can be signed online.

- 6 Once we've received your signed acceptance form and all required paperwork, we'll transfer the money to your account and send you a completion letter.

At this point you don't need to do anything further and we'll keep you updated through your annual statement.

## What if you have stopped making your monthly interest payments, but have money available and want to repay part of your lifetime mortgage?

### Optional Partial Repayments (OPRs)

If you've stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up you can make Optional Partial Repayments.

Any Optional Partial Repayments you make will reduce the amount you owe and therefore the amount of interest added to your account. However, any Optional Partial Repayments you make won't reduce any Early Repayment Charges that you may pay if you repay your lifetime mortgage early. This is subject to our Terms and Conditions and the information in your Offer of Loan.

### How to make an Optional Partial Repayment

- 1 You can make OPRs on an adhoc basis or by Regular Standing Order. It's important you contact us before making any repayments or arranging and amending a Regular Standing Order payment with your bank or building society.

To discuss the payment details, call us on **03330 048 444**.

- 2 We'll send you an illustration showing the effect of making the OPRs or Regular Repayments on your lifetime mortgage.

If you wish to proceed, we'll tell you how to transfer the repayments or arrange the Regular Standing Order with your bank or building society.

**For Regular Standing Orders you must include the mortgage account number as the Standing Order payment reference, otherwise we may need to return the repayment to you.**

- 3 Upon receiving each repayment, we'll credit your account and send you a confirmation letter outlining the effect it has on your lifetime mortgage.

### There's no obligation on you to make such repayments, but should you wish to, and have stopped making your monthly interest payments, the following will apply:

- In any 12 month period starting on the completion of your lifetime mortgage and thereafter on each anniversary of the completion, you can repay up to 10% of the total amount(s) you've borrowed, which includes the cash lump sum, plus any additional borrowing received, for example a drawdown. We don't include any interest accrued in this calculation.
- You can make up to 12 Optional Partial Repayments in any 12 month period starting on the completion of your lifetime mortgage and thereafter on each anniversary of the completion, subject to a minimum of £50 each.
- You should contact us before you make any Optional Partial Repayments so that we can confirm the amount you can repay and when. If we receive a repayment without having discussed it with you first, we may have to return this to you.
- When you make an Optional Partial Repayment it will be applied to your lifetime mortgage on the day we received the cleared funds and the amount on which we charge interest will reduce accordingly.
- Where you've received additional borrowing, any Optional Partial Repayment will be allocated to the loan with the highest interest rate, up to 10% of that loan amount. Any additional repayment will then be applied to the loan with the next highest interest rate, and so on until all the repayment has been allocated. Any partial repayment you make to us will be shown on your annual statement.

**Partial repayments in excess of the annual 10% Optional Partial Repayment limit can be made 12 months after your lifetime mortgage completes\*.**

This will be treated in the same way as an Optional Partial Repayment, however you may incur an Early Repayment Charge. If this is the case, the information we send you will show this.

Remember, you can only make Optional Partial Repayments once you have stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up.

\* Any Optional Partial Repayments made by Regular Standing Order can't exceed the annual 10% limit.



## What if you want to fully repay your lifetime mortgage early?

Our Lifetime Mortgage is designed to last for your lifetime and to be repaid when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

However, we understand your circumstances may change and you may wish to repay your lifetime mortgage early, in which case an Early Repayment Charge may apply.

### Early Repayment Charges

You should think carefully before you decide to repay any of your lifetime mortgage early, as there could be a substantial Early Repayment Charge to pay. It's important to understand when an Early Repayment Charge may apply and how much it will be.

The Early Repayment Charge is calculated to recover costs that we or our funding providers incur when setting up the lifetime mortgage. The costs include, transaction costs incurred in re-investing the money, or due to changes in long term interest rates.

You'll never have to pay an Early Repayment Charge of more than the amount shown in the Offer of Loan for each amount we lend to you, plus the amount of the Closing Administration Fee which is payable whenever the lifetime mortgage is repaid in full. This fee is detailed in the Tariff of Charges.



### An Early Repayment Charge is not payable if any of the following apply:

- You repay after you (or if joint borrowers, the youngest of you) reach the age or term shown in your Offer of Loan.
- You move home and transfer your lifetime mortgage to a new property that's acceptable to us, and as a result of which you repay a part of the lifetime mortgage as required by us (for further information on moving home see page 19).
- On any Optional Partial Repayments you make within the permitted limits subject to our Terms and Conditions and the information in your Offer of Loan.
- If at any time after the fifth anniversary of the completion of this lifetime mortgage, you move to another property and we won't transfer your lifetime mortgage to your new property because it's not acceptable to us. This will be based on our lending criteria at the time.
- If at any time after the fifth anniversary of the completion of this lifetime mortgage, you sell your home and move into sheltered accommodation.
- You repay after you (or if joint borrowers, the last surviving of you) dies or goes into long term care.
- If joint borrowers and the last surviving of you repays in the first three years after the first of you dies or moves into long term care.

Additional information on when an Early Repayment Charge is not payable is included in 'Your Guide to Early Repayment Charges'.

## How do we calculate an Early Repayment Charge?

Our Lifetime Mortgage has fixed interest rates for the duration of the mortgage, which means the way we calculate the Early Repayment Charge is quite detailed. You will receive 'Your Guide to Early Repayment Charges' with this document that gives further information on this.

We also suggest you speak to your adviser or give us a call on **03330 048 444** and we'll be happy to help.



## What if you want to move home?

If you move home you may be able to transfer your lifetime mortgage to a new property, if that property is acceptable to us and meets our lending requirements at the time. The process of transferring your lifetime mortgage to a new home is known as 'Porting'.

**You must contact us as soon as you're considering moving home, to check that it's possible to transfer your lifetime mortgage.**



You'll need to ensure there's sufficient value left after the sale of your home to purchase your new property. You should include all the costs and taxes payable for the move.

Your new property will need to be valued by an independent valuer who we appoint. You'd be required to pay the Valuation Fee, Property Transfer Fee, all legal fees and any moving expenses.

If you're able to move we may also ask you to repay part of your lifetime mortgage, for example if you're moving to a lower value property. In this case you wouldn't have to pay an Early Repayment Charge on any amounts we require you to pay. We may also need to reduce the amount of your monthly interest payment so it does not exceed the new monthly interest amount.

If an Early Repayment Charge does apply, you'll never have to pay an Early Repayment Charge of more than the amount shown in the Offer of Loan for each amount we lend to you, plus the amount of the Closing Administration Fee. This fee is detailed in the Tariff of Charges and is payable when the lifetime mortgage is repaid in full.

The amount we lend to you will depend on our lending requirements at the time and is based on the value of your new property. If you have Inheritance Protection and have to repay part of your lifetime mortgage, you may choose to reduce or remove the Protected Percentage instead.

With the Downsizing Protection feature, if you've had your lifetime mortgage for five years or over and you purchase a property that's not suitable for a lifetime mortgage, you have the option to repay your lifetime mortgage in full with no Early Repayment Charge.

As soon as you decide you want to move, please call us on **03330 048 444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.

### Example

A customer decides to move to a property of lower value. This is an example of what they may be required to repay:

#### Customer's details

Customer age	72
Current property value	£500,000
Current lifetime mortgage balance	£100,000
New property value	£200,000
Maximum loan-to-value	30%
Maximum loan for new property	£60,000

#### Repayment calculation

Current lifetime mortgage balance	–	Maximum loan for new property	=	Required payment
£100,000		£60,000		<b>£40,000</b>





## What if you want to add or remove someone from your lifetime mortgage?

### Adding a new borrower

You may be able to add someone to the lifetime mortgage as a joint borrower, for example due to a marriage or registered civil partnership, subject to our lending requirements at the time.

You'd need to complete a new application form, giving details of the new borrower and you'd both need independent financial and legal advice.

We may require you to repay part of your lifetime mortgage if it exceeds the amount that we'd agree to lend to a new borrower (of equivalent age) in comparable circumstances. If you have Inheritance Protection and have to repay part of your lifetime mortgage, you may choose to reduce or remove the Protected Percentage instead. We may also need to reduce the amount of your monthly interest payment so it does not exceed the new monthly interest amount.

### Removing a borrower

If you have a joint mortgage and one of you decides to leave the property you must tell us as soon as possible. If you'd like us to consider removing this person from the lifetime mortgage you'd need to confirm that you're both in agreement and have both received independent legal advice.

Alternatively, you may have to repay your lifetime mortgage in full, in which case an Early Repayment Charge may apply.

If you decide that you want to add or remove a borrower from your lifetime mortgage, please call us on **03330 048 444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.



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## Section 4

# When do you have to repay your lifetime mortgage in full?

Unlike a residential mortgage, a lifetime mortgage doesn't have a set repayment date. The lifetime mortgage is repayable when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

We realise that this may be a difficult time and for this reason, we allow a 12 month period to enable you or your estate to repay the lifetime mortgage. With our compassionate repayment feature if the loan is repaid by the remaining borrower within 3 years of the first borrower dying or moving into long term care, there will be no Early Repayment Charge to pay.

The loan is usually repaid through the sale of your home with the proceeds being used to repay your lifetime mortgage. Where Inheritance Protection has been taken out, you or your estate will retain at least the Protected Percentage amount, providing you have adhered to our Terms and Conditions.

Our Terms and Conditions outline the other circumstances when the Lifetime Mortgage has to be repaid in full. Remember, this full amount will include the initial advance, all additional borrowing you've received, any unpaid costs or charges and any unpaid interest added to your lifetime mortgage.

If you want to repay your lifetime mortgage, you can request a redemption statement at [legalandgeneral.com/repayments](https://legalandgeneral.com/repayments) which will give you the information you need to make the repayment.

## Section 5

# Other important information

## When will you hear from us?

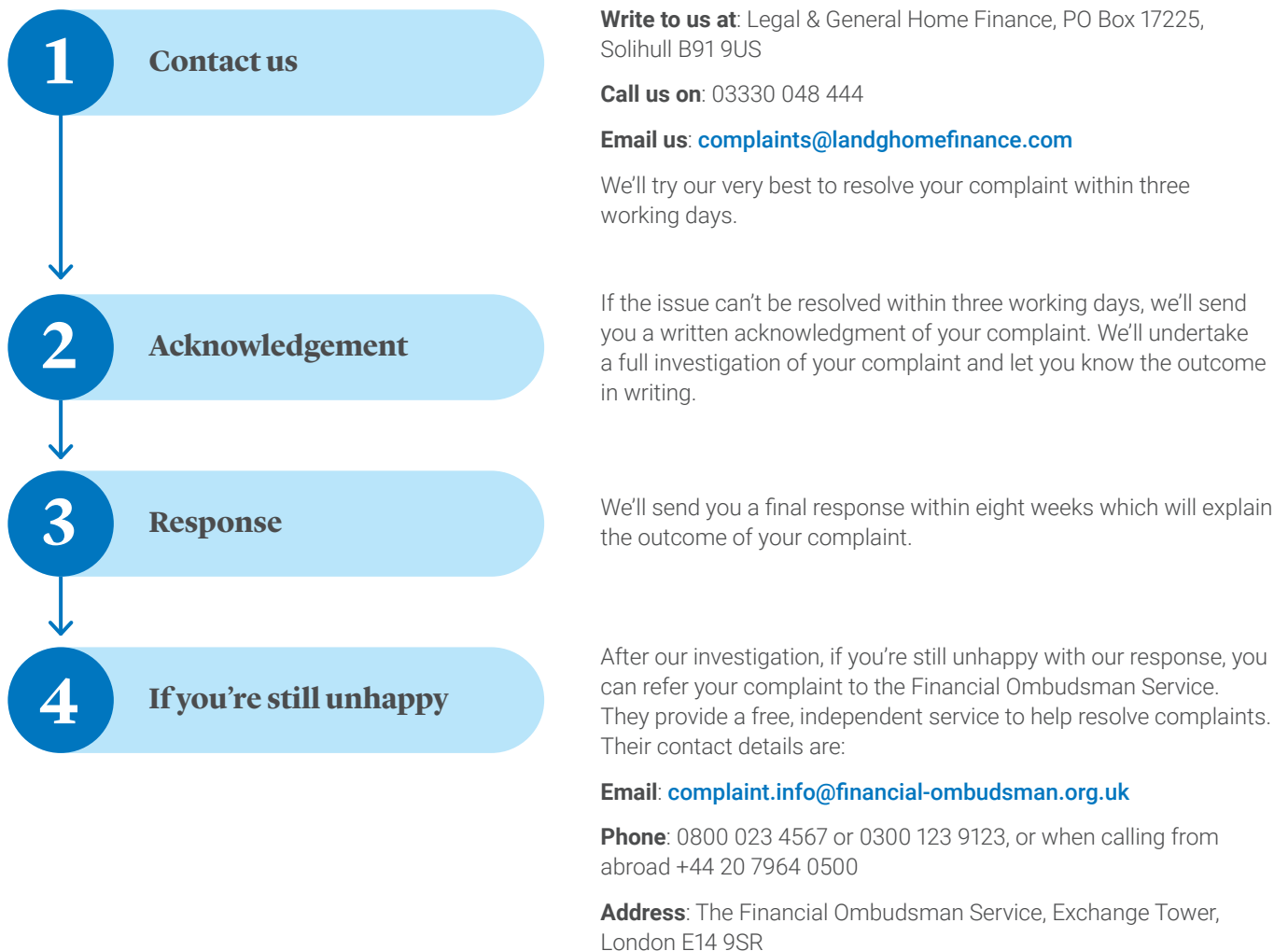
You'll receive a statement each year to help you keep track of how much you owe. This will show the details of the transactions that have taken place on your lifetime mortgage account during the year and includes an illustration of the total amount to be repaid.

You don't have to wait until you receive your annual statement before you make enquiries about your lifetime mortgage. You can call us on **03330 048 444** or visit our website at [legallandgeneral.com/existingltm](https://legallandgeneral.com/existingltm)

## How to make a complaint

We hope you'll always be satisfied with the service you receive from us. If this is not the case, we want you to tell us about it so we can work with you to understand what's happened and put it right as quickly as we can.

If you have a complaint about any aspect of our service you can contact our complaints team:



## About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with almost £1.2 trillion in total assets under management at 31st December 2022.

Legal & General Home Finance Limited is a wholly owned subsidiary of Legal & General Group plc and is registered in England and Wales under company number 04896447.

**Registered office:** One Coleman Street, London, EC2R 5AA.

Legal & General Home Finance Limited is authorised and regulated by the Financial Conduct Authority. We're entered on the Financial Services Register number 303418. You can check this at: [fca.org.uk/firms/systems-reporting/register](https://fca.org.uk/firms/systems-reporting/register) or you can call **0800 111 6768**.

We will only accept applications for lifetime mortgages from advisers that are authorised and regulated by the Financial Conduct Authority.

MoneyHelper provides useful information on lifetime mortgages and other ways of releasing equity from your home. You can get this by calling **0800 138 7777** (English), **0800 138 0555** (Welsh), **18001 0800 915 4622** (Typetalk), or on the MoneyHelper website at [moneyhelper.org.uk](https://moneyhelper.org.uk)

Legal & General Home Finance Limited is a member of UK Finance. We're also a member of the Equity Release Council (formerly SHIP), a professional body dedicated to promoting safe equity release schemes.



You can learn more about the Equity Release Council and the high standards of conduct it promotes in the interest of consumer protection at [equityreleasecouncil.com](https://equityreleasecouncil.com)

All of our Lifetime Mortgages covered in this document comply with the Equity Release Council's Statement of Principles.



## Keeping in touch

We're here to help. If you have a query about your lifetime mortgage, or you'd like to give us some feedback, there are a number of ways you can get in touch.

### Write to us at:

Customer Services, Legal & General Home Finance,  
PO Box 17225, Solihull, B91 9US

### Call our Customer Services team on:

**03330 048 444**

Lines are open 8.30am–5.30pm, Monday to Friday.  
Call charges will vary. Calls may be monitored and recorded.

### Email us at:

**[customerservices@landghomefinance.com](mailto:customerservices@landghomefinance.com)**

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

### For further information visit:

**[legallandgeneral.com/lifetimemortgages](https://legallandgeneral.com/lifetimemortgages)**





### Easier to read information

Please call us on **03330 048 444** if you are visually impaired and would like this document in Braille, large print, audio tape or CD.

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DA404 07/23

