

Optional Payment Violet Lifetime Mortgage

Limited Edition

Our Optional Payment Violet Lifetime Mortgage provides your client with the highest LTVs available from Legal & General Home Finance. It's available for clients aged 60 and over **for a limited time only.**

To qualify for a Optional Payment Violet Lifetime Mortgage, your client must take 80% of the maximum available to them as an initial advance. Any undrawn facility will be available to your client as and when they need it.

What is it?

Our Optional Payment Violet Lifetime Mortgage is a lifetime mortgage that allows your clients to choose to pay some or all of the monthly interest. They can also stop making monthly payments at any time. When they stop making monthly interest payments, the unpaid interest is added each month to the amount that they owe.

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

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 Optional Payment Lifetime Mortgage is designed for clients who:

- Are over the age of 60 and are living in England, Wales or mainland Scotland.
- Need to borrow a minimum of £10,000 and take 80% of the available facility as a lump sum.
- Can pay some, or all, of the monthly interest, but want to know that they can stop paying interest at any time.
- Living in their own home and may have an interest only mortgage with no means to repay the loan.

It is not 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 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' age and property value.
Minimum loan amount	80% of total facility available.
Maximum loan amount	£750,000 refer cases over this.
Minimum applicant age	60 years.
Maximum applicant age	90 years (refer cases over this).
Minimum property value	£100,000 (£150,000 for ex-council, ex-housing association and ex-MOD). For flats or maisonettes, 85% of the property value will be used.
Maximum property value	£4,000,000 (refer cases over this). For flats or maisonettes, 85% of the property value will be used.
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 185 years).

Monthly interest payment criteria

Minimum monthly interest payment amount	£25.
Maximum monthly interest payment amount	Full monthly interest charged on the loan.
Minimum payment term	1 year.
Maximum payment term	For the full duration of the lifetime mortgage.
Changes to monthly interest payment and payment term	Your clients cannot change their monthly interest payment amount or payment term once their lifetime mortgage has completed. They can stop making monthly interest payments at any time, but once stopped, these cannot be restarted.

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

Your clients can only make Optional Partial Repayments after they have stopped making monthly interest payments and the lifetime mortgage has converted to full interest roll up.

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).

They can make up to four repayments a year at a minimum of £500 each.

Such payments do not restrict access to the drawdown facility.

Drawdown facility

Limited to the maximum LTV less initial advance.

Drawdowns can be requested at any time, minimum £2,000.

Interest on drawdowns will be charged at the prevailing fixed rate at the 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.

Commission rebate

Commissions/Rebates are capped at £10,000. Any commission above this amount will be automatically rebated directly to your clients.

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

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

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; or
 - After the borrower (or if joint borrowers, the youngest borrower) reaches the age shown in section 13 of the KFI or 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; or
 - On any Optional Partial Repayments which are made within the permitted limits; or
 - 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 mortgageas required by us; or
 - For joint borrowers, in the first three years after the first borrower dies or moves into long term care.
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Violet Loan to value

Age	60	61	62	63	64	65	66	67	68	69	70	71	72
	32.0%	33.0%	34.0%	35.0%	36.0%	38.0%	39.0%	40.0%	41.0%	42.0%	43.5%	44.5%	45.5%

Age	73	74	75	76	77	78	79	80	81	82	83	84	85+
	46.5%	47.5%	48.5%	49.5%	50.5%	51.5%	52.5%	53.5%	54.5%	55.5%	56.0%	56.0%	56.0%

Interest rates

Product Variant	Flexible Violet
Standard	5.21% MER
	5.34% AER
£599 Fee	5.18% MER
	5.30% AER

For further information visit legalandgeneral.com/itm-adviser

Call us on **03330 048444**

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

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