

# Optional Payment Lifetime Mortgage

## What is it?

Our Optional Payment 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.

This product is a loan that's secured against your client's home to give them a tax-free cash sum or take smaller amounts when needed. 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 55 and are living in England, Wales or mainland Scotland.
- Need to borrow a minimum of £10,000.
- Can pay some, or all, of the monthly interest, but want to know that they can stop paying interest at any time.
- Are living in their own home and may have an interest only mortgage with no means to repay the loan.

### 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 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

<b>Amount available</b>	Actual loan amount determined by your clients' individual circumstances.
<b>Minimum loan amount</b>	£10,000 as Initial Advance.
<b>Maximum loan amount</b>	No maximum
<b>Minimum applicant age</b>	55 years.
<b>Maximum applicant age</b>	90 years at time of application and complete within 6 months of turning 91.
<b>Maximum Number of applicants</b>	2 applicants.
<b>Minimum property value</b>	£70,000. £100,000 for flats, maisonettes, ex-council, ex-housing association and ex-MOD.
<b>Maximum property value</b>	No maximum.
<b>Property location</b>	England, Wales or mainland Scotland.
<b>Tenure</b>	Freehold. Leasehold (remaining term plus the age of the youngest borrower at completion must be at least 175 years).
<b>Property age</b>	No restrictions

## Monthly interest payment criteria

<b>Minimum monthly interest payment amount</b>	£25.
<b>Maximum monthly interest payment amount</b>	Full monthly interest charged on the loan.
<b>Changes to monthly interest payment</b>	Your clients cannot change their monthly interest payment amount once their lifetime mortgage has completed. They can stop making monthly interest payments at any time, but once stopped, these cannot be restarted.
<b>Payment term</b>	Does not need to be selected at the outset. Payments can be made for the full duration of the mortgage but can be stopped at any time (see above).

## 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

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).

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.

### Drawdown facility

Limited to 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 the time of request.

### 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 calculated as a percentage of the amount your client owes when they decide to repay their mortgage early.

Number of years your client has had the loan	Percentage of initial loan to pay as an ERC
1 – 3	10%
4	9%
5	8%
6	7%
7	6%
8	5%
9	4%
10	2%
11	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** – 10 years since completion of the initial advance. For additional borrowing, 10 years from completion of that loan.

## Loan to value % - Optional Payment 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
	24.0%	24.0%	25.0%	25.0%	28.0%	29.0%	29.0%	31.0%	31.0%	33.0%	33.0%
	66	67	68	69	70	71	72	73	74	75	76
	35.0%	35.0%	38.0%	38.0%	40.0%	40.0%	43.0%	43.0%	45.0%	45.0%	48.0%
	77	78	79	80	81	82	83	84	85+		
	48.0%	50.0%	52.0%	52.0%	53.0%	53.0%	53.0%	53.0%	53.0%		

### Joint Lives

Age	55	56	57	58	59	60	61	62	63	64	65
	19.0%	20.0%	20.0%	20.0%	22.0%	22.0%	24.0%	24.0%	25.0%	25.0%	28.0%
	66	67	68	69	70	71	72	73	74	75	76
	29.0%	29.0%	31.0%	31.0%	33.0%	33.0%	35.0%	38.0%	38.0%	40.0%	40.0%
	77	78	79	80	81	82	83	84	85+		
	43.0%	45.0%	45.0%	48.0%	48.0%	50.0%	52.0%	52.0%	53.0%		

### For more information

Visit [legalandgeneral.com/lm-adviser](https://legalandgeneral.com/lm-adviser)

For more details of our products and the associated interest rates, please log in to our [Later Life Mortgages Portal](#).

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