



Your guide to

# Variable Early Repayment Charges

Keep this document in a safe place as it forms part of your mortgage with us.



## What is a Variable Early Repayment Charge?

An Early Repayment Charge (ERC) is a fee that's charged when you repay your lifetime mortgage earlier than the agreed term.

We apply an ERC to recover any costs from setting up your lifetime mortgage, changes to interest rate or when reinvesting the money.

Variable ERC's are calculated based on the movement of long-term interest rates on government borrowing (known as GILTs). These charges aren't fixed and so may change over time.

Usually a lifetime mortgage is repaid when you or the last surviving borrower dies or moves into long term care. However, you may need to repay your lifetime mortgage early if your circumstances change.

Think carefully before you decide to repay your lifetime mortgage early as there could be a substantial Early Repayment Charge (as explained in your Offer of Loan).

Each year we'll send you a lifetime mortgage statement which will tell you how much your ERC would be at that time. It includes your initial loan and any additional borrowing that you have taken.

Variable ERCs don't have a fixed payment amount and may change over time. You'll find more information about this in your Offer of Loan.



## Will a Variable Early Repayment Charge always apply?

A Variable ERC is **not** payable if any of the following apply.

### When choosing to make a repayment:

- The index at the time your repay is higher than or equal to the Benchmark Rate shown in your Offer of Loan.
- The youngest borrower is age 88 or has reached their 10th birthday following the date of your Offer of Loan, whichever occurs later.
- You're making an Optional Partial Repayment within the limits detailed in your Offer of Loan.

### When moving home:

- If you transfer your lifetime mortgage to a new property that's acceptable to us but need to repay part of your lifetime mortgage.
- It's five years since you took out your lifetime mortgage and we aren't able to transfer it to your new property.
- It's five years since you took out your lifetime mortgage and you're selling your home to move into sheltered accommodation.

### Bereavement or Long Term Care:

- If you, or both of you (for joint accounts) have died or moved into long term care.
- Where there's a joint account and one of you has died or moved into long term care and the other repays the lifetime mortgage within three years.

Speak to your financial adviser to understand when a Variable ERC applies and how much it will be.



## Is there a maximum Variable Early Repayment Charge?

Each amount we lend to you has a maximum Variable ERC.

Your Offer of Loan also provides details of this and the Closing Administration Fee. You'll never have to pay more than the maximum amount shown in your Offer of Loan.

## How do Variable Early Repayment Charges apply to additional borrowing?

Any additional borrowing has its own Variable ERC. This could be either a Drawdown or a Further Advance on top of your initial loan.

The Benchmark Rate and the Early Repayment Charge terms that apply for each additional borrowing will be shown in your Offer of Loan.

## How do Variable Early Repayment Charges apply to partial repayments on your lifetime mortgage?

Our Optional Partial Repayment feature allows you each year to:

- Repay up to 10% of the total amount borrowed (including additional borrowing)
- Make up to 12 repayments

However, an ERC will apply when making repayments above these limits.

Where you've taken additional borrowing and are paying a different interest rate for each loan, any Optional Partial Repayments up to the 10% limit will be allocated to the borrowing with the highest interest rates first.

If your Optional Partial Repayment limit is reached, any additional repayments you make will also be allocated to the borrowing with the highest interest rates first.

Further information on Optional Partial Repayments can be found in your Offer of Loan and All You Need to Know documents.



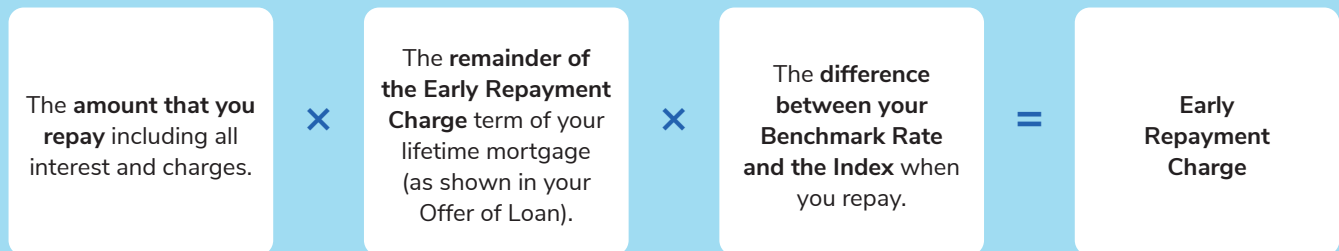
## How is a Variable Early Repayment Charge calculated?

A Variable ERC is not a fixed payment amount and is based on the movement in the long term interest rates on government borrowing (known as Gilts). We use the UK FTSE Actuaries Gilts 15 Year Yield Index (called the 'Index') as published daily in the Financial Times. You can also call us to obtain the Gilt rate at any time.

When we make an offer to lend we set a 'Benchmark Rate' which is shown in your Offer of Loan. This will be the Index at the time, plus 0.3% to cover the lifetime mortgage set up and transaction costs incurred in reinvesting the money.

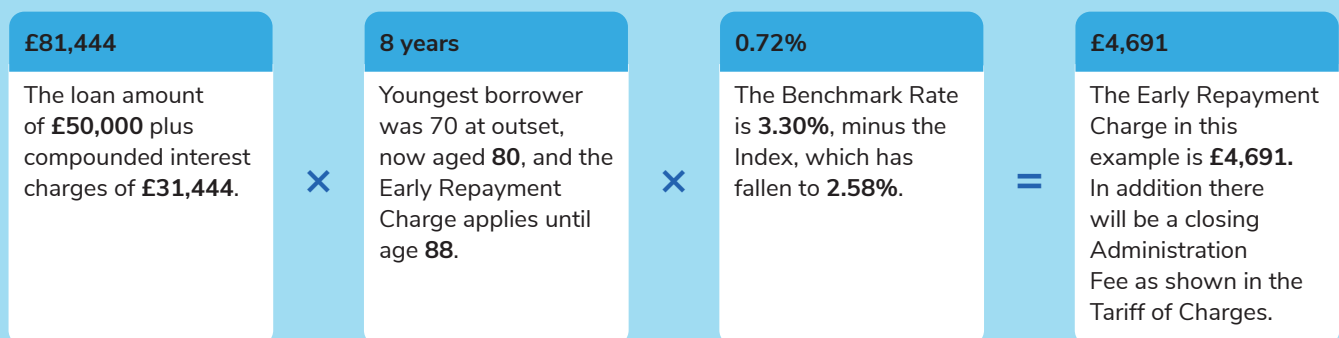
When you make a repayment, if the Index is higher than or equal to the Benchmark Rate a Variable Early Repayment Charge is not payable. If the Index is lower than your Benchmark Rate then a Variable Early Repayment Charge may be payable.

Your Variable Early Repayment Charge is calculated as shown below:



### Example: How a Variable Early Repayment Charge is calculated\*

- Jeremy and Helen take out a lifetime mortgage of £50,000 and ten years later want to repay the loan.
- Helen was the youngest borrower at age 70, at the time the loan was started, whilst the Benchmark Rate was 3.30%.
- Based on an interest rate of 5%, the Variable Early Repayment Charge will be worked out as follows:



\* The example above is calculated using the whole years as the time remaining rather than days. Your Early Repayment Charge will be calculated using the days remaining of your lifetime mortgage, depending on when you choose to repay.

## We're here to help

If you have a lifetime mortgage and are considering repaying it, please contact us to find out the exact amount of your Early Repayment Charge and how to make this repayment.

### 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 to 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:

[legalandgeneral.com/lifetimemortgages](http://legalandgeneral.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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