

Premier Optional Payment Lifetime Mortgage

What is it?

Our Premier 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.

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 Premier Optional Payment Lifetime Mortgage is designed for clients who:

- Are over the age of 55 and are living in England, Wales or mainland Scotland.
- Have a property valued at over £1,000,000.
- Need to borrow a minimum of £50,000.
- 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:

- 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. 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	£50,000 as Initial Advance.
Maximum loan amount	Unlimited.
Large loan rate reduction	If your client borrows an initial advance of £700,000 or more we will reduce the Monthly Equivalent Rate (MER) for the initial loan only. Details of this are in the 'Interest Rates' section at the end of this document.
Minimum applicant age	55 years.
Maximum applicant age	90 years at time of application and complete within 6 months of turning 91.
Minimum property value	£1,000,000. For flats or maisonettes, 85% of the property value will be used.
Maximum property value	Unlimited. 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 175 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	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	<p>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.</p> <p>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).</p> <p>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.</p>
Drawdown facility	<p>Limited to the maximum LTV less initial advance.</p> <p>Drawdowns can be requested at any time, minimum £2,000.</p> <p>Interest on drawdowns will be charged at the prevailing fixed rate at the time of drawdown.</p>
Additional borrowing (once the Drawdown facility has been used)	Additional borrowing requests will be considered after 12 months of the loan completing.
Portability	<p>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.</p> <p>No ERC will be payable on such partial repayments.</p>
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
Valuation fee	Currently free.
Legal fees	Your clients will pay their own solicitor's costs and all disbursements.
Early Repayment Charges	ERC's 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 mortgage as required by us; or
- 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, 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

Loan to value % - Premier Optional Payment Lifetime Mortgage

Premier Black (PB) and Premier Yellow (PY)

Age	55	56	57	58	59	60	61	62	63	64	65
PB	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0
PY	17.2	18.2	19.2	20.2	21.2	22.2	23.2	24.2	25.2	26.2	27.2
	66	67	68	69	70	71	72	73	74	75	76
PB	22.0	23.0	24.0	25.0	26.0	27.0	28.0	29.0	30.0	31.0	32.0
PY	28.2	29.2	30.2	31.2	32.7	33.7	34.7	35.2	36.2	37.2	38.2
	77	78	79	80	81	82	83	84	85+		
PB	33.0	34.0	35.0	36.0	36.7	37.4	38.1	38.8	39.5		
PY	39.2	40.2	41.2	42.2	42.9	43.6	44.3	45.0	45.7		

Interest rates % - Premier Optional Payment Lifetime Mortgage

		Premier Black	Premier Yellow
£599 Arrangement fee	MER	2.86%	3.06%
	AER	2.90%	3.10%

Large loan rate reduction

If your client borrows an initial advance of between **£700,000 and £1,199,999** we will reduce the MER by **0.04%**.

If your client borrows an initial advance of **£1,200,000 or more**, we will reduce the MER by **0.09%**.

Please note, the interest rate reduction will only apply to your clients initial loan amount and will not be applied on any drawdown or further advance they take.

For more information

Visit legalandgeneral.com/lm-adviser

Call us on **03330 048 444**

8.30am to 5.30pm, Monday to Friday.

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Registered in England and Wales number 04896447.

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

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DA952 12/21

