

How do interest rates affect the amount you owe?

Since you took out your lifetime mortgage things have changed, and interest rates may have increased.

This leaflet explains how they affect the amount you will owe and should be considered before taking a drawdown.

How is interest applied to my lifetime mortgage?

Interest will be added to your lifetime mortgage each month and 'rolled up'. This means that interest is charged on your loan amount and on any interest already added. This is also known as 'roll up interest' or 'compound interest'.

How do interest rates affect the amount you owe?

The amount you owe can increase quickly over time. The higher the interest rate, the faster this will happen.

The interest rate on your initial loan is fixed for life meaning it won't change. Drawdown interest rates are fixed on the interest rate at the time you apply. They will vary for each drawdown taken and may be higher or lower than those of any previous borrowing.

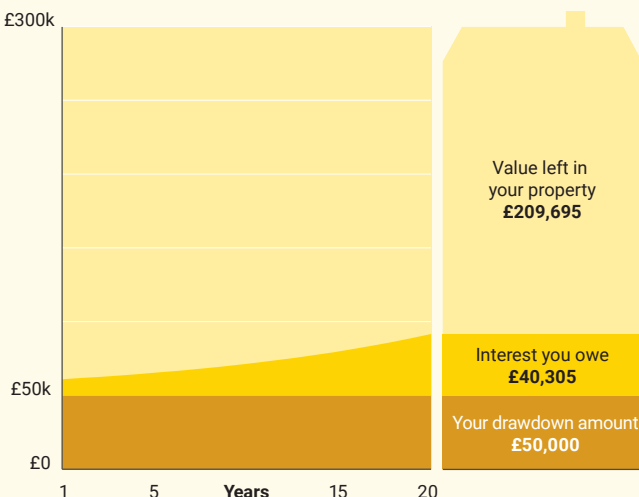
Your drawdown

The amount you owe on your drawdown depends on the amount you borrow, the interest rate at the time you applied and the number of years you borrow the money for. The graphs below are an example of how different interest rates affect the amount owed and the remaining equity. This is based on a property value of £300k and a loan amount of £50k over a period of 20 years.

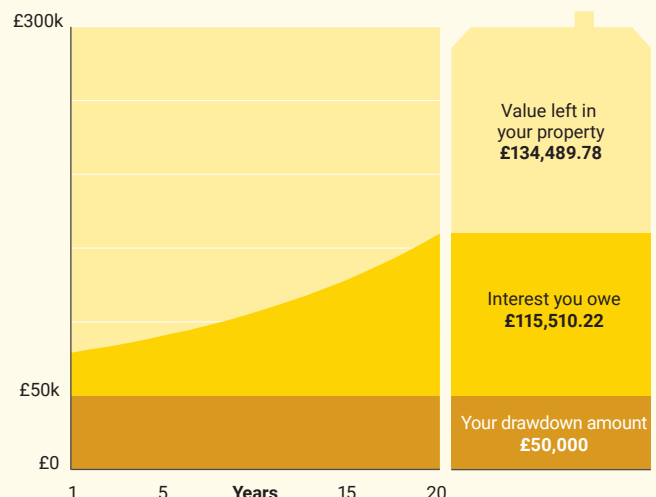
These graphs are a guide. They don't include any previous borrowing and assume that house prices won't change over the next 20 years. The number of years that apply to you may vary according to your individual life expectancy.



Interest rate: 3%



Interest rate: 6%



Remember, the higher the interest rate, the greater the affect of roll up interest over time.

What happens if I owe more than my property is worth

Our No Negative Equity Guarantee means you won't 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 and conditions. For more information, refer to your Terms and Conditions and All You Need to Know documents.

How do property prices affect the amount I can leave as an inheritance?

If your property falls in value, there could be little, or no money left for you to leave as an inheritance. However, if it increases the amount may be greater. If you've taken Inheritance Protection, a proportion of the net sale proceeds of your home will be secured for your beneficiaries when you die.

Remember to read your Offer of Loan

The examples in this leaflet are designed to help explain how interest is applied to your lifetime mortgage. Your Offer of Loan will provide you with personalised information on your lifetime mortgage drawdown. Section 8 of the document will provide you with details of what you'll owe and when.

Things to consider.

Taking on more debt is an important decision, so before you take a drawdown you should ask yourself:

- Would you benefit from financial advice? In some situations, we'll ask that you receive advice before we can lend you more money.
- Why are you borrowing and are there any other alternatives?
- Is it important to meet your borrowing needs now?
- Can you borrow smaller amounts as and when needed?

If you have any concerns, you should speak to your financial adviser to understand all the benefits and risks before you make any decisions that may affect your lifetime mortgage.



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.

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

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