

# Payment Term Lifetime Mortgage

All you need to know



# Introduction

This document is a guide to the Legal & General Payment Term Lifetime Mortgage. It'll help you to understand what a Payment Term Lifetime Mortgage is, the benefits and risks, and what you should consider before making a decision.

Throughout this guide we'll refer to our Payment Term Lifetime Mortgage as a lifetime mortgage unless we need to use the full name for clarity.

This guide will take you through the process of applying for a lifetime mortgage with us and what to expect once the mortgage is in place. If your circumstances change, it includes details of how to apply for more money or how and when you can make Optional Partial Repayments. It also outlines what you can expect from us and how to keep in contact.

This document doesn't provide advice on whether a lifetime mortgage is right for you. This must be discussed with a Financial Adviser of your choice who's qualified to give advice on lifetime mortgages. Your adviser will take you through the decision making and application process and provide you with a Key Facts Illustration. This will give you personalised information about the lifetime mortgage.

After successfully applying for a lifetime mortgage you'll be provided with an Offer of Loan, Terms and Conditions, Tariff of Charges and your Guide to Early Repayment Charges. These are referred to and should be read with this All You Need to Know document. If you need any further information at any stage, please ask your adviser.

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## Section 1

# All about our Payment Term Lifetime Mortgage

Many people rely on their pension as a major source of income into retirement but, with their home being the most significant asset they own, many people are also continuing to borrow later in life sometimes when approaching retirement.

There are many reasons for this; perhaps they want to make home improvements, lifestyle changes or help their children get on the property ladder. Or, they may have credit commitments or an existing mortgage that is due for repayment and they need to find a way to do this.

They could have a regular income that they expect will reduce or end upon retirement, making it difficult to get a residential mortgage or other credit. They may also be worried about being able to pay the mortgage into retirement and have concerns over what their pension income will be.

If this sounds familiar, then a lifetime mortgage from Legal & General could help.

## What is a lifetime mortgage?



A lifetime mortgage is a way of releasing money from your home without having to move. It's a loan that's secured against your home that can be used to repay your existing residential mortgage.

Our Payment Term Lifetime Mortgage will provide you with a tax free cash sum. The amount that you can borrow is based on the value of your home and an affordability assessment to make sure you can keep up with the payments. Your adviser will explain the acceptable types of income.

When you apply you'll choose how long you'll make Monthly Interest Payments for. This is known as the Payment Term.

At the end of the Payment Term you'll stop making Monthly Interest Payments and instead, the unpaid interest will be added to the amount you owe each month. This means that interest is charged on the loan amount plus any interest already added.

Making Monthly Interest Payments will reduce the amount of interest that will accumulate over the life of your lifetime mortgage. As you're committing to pay monthly interest for a set Payment Term, we may be able to lend more to you than you'd be able to borrow with our other lifetime mortgages.

This lifetime mortgage is usually repaid in full from the sale of your home when you, or the remaining applicant (if the mortgage is in joint names) dies or moves out of your home into long term care. Any money left from the sale of your home would be available to you or your beneficiaries.

## How does a Payment Term Lifetime Mortgage compare to a residential mortgage?

You may have, or be familiar with, a residential mortgage. This table is designed to help you understand the key differences between a residential mortgage and our Payment Term Lifetime Mortgage.

	<b>Residential mortgage</b> A residential mortgage is a loan, which may be repayment (capital and interest) or interest only, usually used to help you buy your home.	<b>Payment Term Lifetime Mortgage</b> A Payment Term Lifetime Mortgage is also a loan but works differently.
<b>Duration</b>	The duration of the mortgage is fixed for a set period of time.	The duration of the mortgage isn't fixed. The mortgage lasts until you (or if joint borrowers, both of you) die or move out of your home into long term care.
<b>Monthly payments</b>	You make a monthly payment for the duration of the mortgage.	You make Monthly Interest Payments until the end of your chosen Payment Term.
<b>How interest is charged</b>	There are two types of residential mortgage: repayment (capital and interest) and interest only. Interest is charged on the mortgage monthly and the borrower makes monthly payments.	You pay the monthly interest throughout your chosen Payment Term. At the end of the Payment Term, the interest is then added to the loan monthly. This is sometimes called compound interest or rolled-up interest.
<b>Affordability</b>	Your income and expenditure are assessed to ensure you can afford the mortgage.	Your income and expenditure are assessed to ensure you can afford the mortgage throughout your Payment Term. The amount you can borrow also depends on your age, the value and suitability of your home and whether you're applying jointly or as an individual.
<b>Interest rates</b>	There are a variety of interest rates you can choose from. The most common are variable or fixed rate.	The interest rate is fixed for the duration of the lifetime mortgage.

## Are you aware of the following features?



### Monthly Interest Payments

You must make Monthly Interest Payments for your chosen Payment Term, which can end no later than your planned full retirement date, or your 75th birthday (whichever comes first). When you apply, you'll choose how long you want to make Monthly Interest Payments for.

**You won't be able to change your Payment Term after your loan completes so you should discuss your retirement plans, and your ability to make your Monthly Interest Payments, with your adviser.**



Your Monthly Interest Payment amount is the same as the interest charged each month, so if you make all your payments on time your balance will stay the same. You must make all Monthly Interest Payments on time and in full for the Payment Term you've chosen in order to meet the Terms and Conditions of the loan.



### You can make partial repayments

At the end of your chosen Payment Term, when you've stopped making Monthly Interest Payments, the Optional Partial Repayment feature enables you to pay part of the lifetime mortgage off early with no Early Repayment Charge subject to our Terms and Conditions.

Making Optional Partial Repayments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage. Remember, you can only make Optional Partial Repayments once your chosen Payment Term has ended and the lifetime mortgage converts to full interest roll up.



### You can move home

Your lifetime mortgage can move with you, subject to our Terms and Conditions and the details of moving home set out in your Offer of Loan. You must discuss moving home with us before committing to a purchase.



### Downsizing Protection

If you've had your lifetime mortgage for five years or more, you can choose to purchase and move to a new property or sheltered accommodation and repay your mortgage in full without making any Early Repayment Charges. This only applies when the new property isn't suitable for a lifetime mortgage.



### You may be able to borrow more in the future

You can apply for additional borrowing 12 months after the lifetime mortgage completes. Additional borrowing isn't guaranteed and is subject to our lending criteria at the time you apply. You may also be subject to an affordability assessment. See page 15 for further details.



### You won't pay back more than the sale proceeds

Property values may change, and any fall in value will affect the equity available. Our No Negative Equity Guarantee means you or your beneficiaries will never 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.

**The No Negative Equity Guarantee won't apply to any Monthly Interest Payments you fail to make in full, and on time, throughout the Payment Term. This includes any interest which has accrued on any Monthly Interest Payments you fail to make.**



### You can protect part of the value of your home for inheritance

Inheritance Protection can help you secure a proportion of the net sale proceeds of your home for the beneficiaries of your estate when you die.

If leaving an inheritance is important to you, you could select this option. You'll need to decide on the percentage you'd like to protect (the Protected Percentage) when you apply for the lifetime mortgage. Inheritance Protection can't be added to the mortgage or the amount increased after completion of your mortgage.

If you decide to opt for Inheritance Protection the amount you can borrow will reduce proportionately.

You should consider discussing the impact of a lifetime mortgage on your inheritance with your family or beneficiaries before making a decision.

#### Example

**If your property is currently worth £200,000 and you want to protect 30% of the net sale proceeds for the beneficiaries of your estate, then the maximum amount we would lend will be calculated on 70% of the property value – £140,000 instead of £200,000.**

**Of course, even if you don't select Inheritance Protection, any money left over after repayment of your lifetime mortgage will be paid to you or your estate.**

## Is a lifetime mortgage right for you?

### To take this lifetime mortgage you'll need to be:

- Aged 50 or over
- Living in, or buying your own home located in England, Wales or mainland Scotland
- Able to afford Monthly Interest Payments for the duration of your Payment Term
- Borrowing a minimum of £10,000
- Living in a home worth at least £70,000 or £100,000 depending on your property type.

**You'll need to discuss your personal circumstances with an adviser before making a decision. Your adviser must be authorised by the Financial Conduct Authority and hold a suitable qualification to advise on lifetime mortgages.**



### These are some of the things you should discuss with your adviser when deciding if a lifetime mortgage is right for you. Have you considered:

- Selling your property and downsizing?
- Using any savings or investments?
- Whether you qualify for a personal loan or residential mortgage?
- If you could claim benefits that will supplement your income and if any benefits you currently claim will be affected by taking a lifetime mortgage?
- If you have sufficient income to afford Monthly Interest Payments for the Payment Term of this lifetime mortgage?



## How is the interest calculated on a lifetime mortgage?

Our lifetime mortgage has a fixed interest rate for life, which means it won't change for the duration of your loan. If you pay all the monthly interest on time throughout the Payment Term, the amount you owe won't increase.

At the end of your chosen Payment Term, you must stop making Monthly Interest Payments. The unpaid interest is then added to the amount you owe each month. This means we charge interest on the loan plus any interest already added. For the purpose of calculating interest, each month shall be treated as 1/12th of a year and therefore the interest charged each month is the same.

We've included an example opposite to show how the amount you owe can increase and how this could affect the equity left in your property.

Your personalised Key Facts Illustration will show a detailed breakdown of the interest charged over time. You should consider discussing this with your family as the lifetime mortgage will affect how much inheritance you can leave.

**It's important to remember that after the Payment Term has ended, any unpaid interest is added to the amount you owe each month. This means the amount you owe will increase over time and reduce the equity left in your home, especially if the loan continues for a longer period than expected.**



## What impact will a lifetime mortgage have on the equity in your home?

When your lifetime mortgage is repaid, the amount of equity available to you or your beneficiaries will depend on several factors including:

- The value of your home and how much it decreases or increases over time.
- Whether you've opted for Inheritance Protection.
- The amount you originally borrowed.
- The duration of your mortgage.
- The fixed interest rate applied to your lifetime mortgage.
- The duration of your Payment Term and how much interest has been added.
- Whether you make Optional Partial Repayments to reduce the interest charged.

**Our No Negative Equity Guarantee means that if your home is sold for less than the amount owed you'll never have to pay back more than the sale amount. This is provided your home is sold at the best price reasonably obtainable and is subject to our Terms and Conditions. Taking out Inheritance Protection will ensure that a percentage is protected for your beneficiaries.**

**Remember, the No Negative Equity Guarantee won't apply to any Monthly Interest Payments you fail to make in full and on time throughout the Payment Term. This includes any interest which has accrued on any Monthly Interest Payments you fail to make.**



## What happens if the value of my property changes?



The value of your home can rise and fall and isn't guaranteed. This example assumes house price growth of 2% per year.

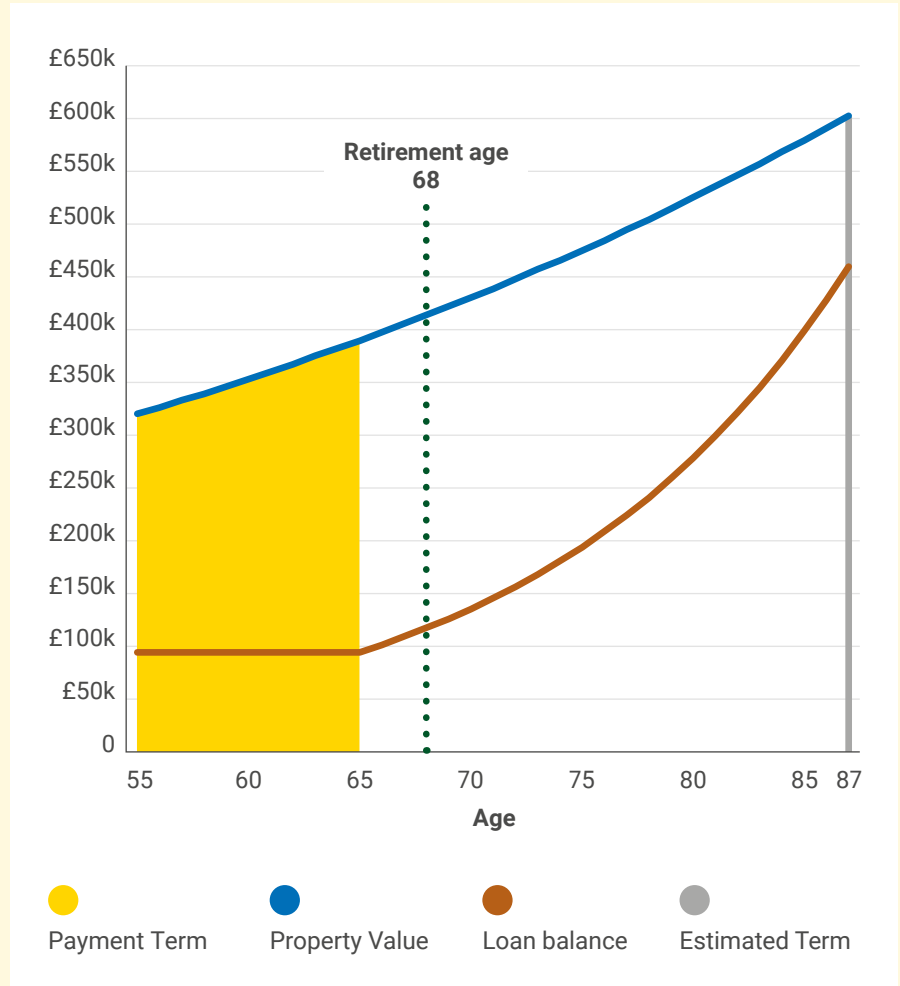
### Example

The graph shows how the amount you owe and the remaining equity you hold may change over time.

This example is based on a single borrower and illustrates an example lifetime mortgage that, at its outset, has the following variables.

- ✓ Property value: £320,000
- ✓ No Inheritance Protection
- ✓ Amount borrowed: £94,720
- ✓ Age: 55
- ✓ Female
- ✓ Estimated life expectancy of 32 years
- ✓ Interest rate: 7.45% (Legal & General lifetime mortgage rate as of 5 June 2023)
- ✓ Payment Term: 10 years
- ✓ Retirement age: 68
- ✓ No Optional Partial Repayments
- ✓ Remaining equity: £225,280

In the scenario, we've assumed the value of your home increases by 2% each year, this is often referred to as 'house price inflation'.



### Example outcome

After reviewing your retirement plans you decide to make Monthly Interest Payments for 10 years.

When you reach the end of your Payment Term, you stop making interest payments and the unpaid interest is added to the loan each month.

This means that interest is charged on the loan amount plus any interest already added. Your equity will reduce for the remainder of the estimated term of 32 years.

You or your beneficiaries could receive approximately **£108,526** from the proceeds of the sale. If you lived for longer than 32 years your equity would continue to decrease.

#### Monthly Interest Payment

£588.05 for the duration of the Payment Term.

#### After 32 years

House Value	£603,052
Amount Owed	£494,526
Equity	£108,526

## What are the benefits and risks of a lifetime mortgage?

Your adviser must talk you through the benefits and risks of a lifetime mortgage as well as the other options available to you.

Below is a list of things to think about. This isn't a full list of benefits and risks. Your adviser will check your personal circumstances, advise on risks affecting you and whether a lifetime mortgage is suitable.

### Benefits

#### Repaying your residential mortgage

You could release money from your home and use it to repay your existing residential mortgage, including an existing interest only mortgage that's due for repayment.

#### Tax free cash

You could release money from your home tax-free.

#### You can stay in your home

You don't need to leave your home and you will still own your property.

#### You pay all of the monthly interest for your Payment Term

Making Monthly Interest Payments will reduce the amount of interest that will accumulate on your lifetime mortgage.

#### The last mortgage you'll ever need

A lifetime mortgage is designed to last your whole life and the interest rate is fixed. This means you won't ever need to remortgage.

### Risks

#### There may be cheaper ways for you to borrow money

The interest rate on your current mortgage, if you have one, may be lower than the interest rate for a lifetime mortgage. You should also consider if your current lender will charge you for repaying your mortgage.

#### Your taxation and benefits may be affected by how you spend or use the money

Taking a lifetime mortgage could affect your eligibility for state benefits.

#### Your home could be repossessed

This could happen if you fail to make your Monthly Interest Payments in full and on time and/or you could lose your Inheritance Protection (if you've taken it).

#### The total amount you owe can increase over time once your Payment Term has ended

Any unpaid interest is added to the amount you owe, which means interest is charged both on the original loan amount and the interest that has already been added. This will reduce the equity left in your home and the value of any unprotected inheritance. You should consider if there are cheaper ways for you to borrow money.

#### Less equity to pass on as an inheritance

The full amount owed isn't repaid until the last borrower has died or moved into long term care. When your Payment Term ends, the monthly interest is added to the amount you owe, meaning there will be less equity to pass onto your loved ones.



## Benefits

### Ability to make Optional Partial Repayments

When your Payment Term ends the Optional Partial Repayment feature enables you to pay part of your lifetime mortgage off early with no Early Repayment Charge, provided it's within the limits and terms that apply. This will reduce the amount of interest that will accumulate on your lifetime mortgage.

### No Negative Equity Guarantee

Means that there is no risk of you or your beneficiaries being left with an outstanding mortgage after your home is sold. This is provided it's sold for the best price reasonably obtainable and you've met the Terms and Conditions of your lifetime mortgage.

### It's possible to still leave an inheritance

If you take out Inheritance Protection, you can protect a proportion of the value of your home for your beneficiaries.

### It's possible to move home

You can move home and your lifetime mortgage can move with you, providing your new property is acceptable to us and meets our lending requirements at that time. If your new property isn't acceptable to us or you choose to move into sheltered accommodation, you may have the option to repay your mortgage in full with no Early Repayment Charge.

## Risks

### You may have to pay a charge for early repayment

If you decide to repay more than you're allowed under Optional Partial Repayments, or decide to repay all your lifetime mortgage off early, you may have to pay a substantial Early Repayment Charge.

### You need to pay your Monthly Interest Payments in full and on time

Our No Negative Equity Guarantee won't apply to any Monthly Interest Payments you fail to make in full and on time throughout the Payment Term. This includes any interest which has accrued on any Monthly Interest Payments you fail to make.

### There may be no inheritance left for your beneficiaries

Unless you've taken out Inheritance Protection. But remember this reduces the amount you can borrow.

### You may need to repay part of your lifetime mortgage if you move

If, for example, your new property is worth less than the original property. In this case, any amount that we ask you to repay wouldn't be subject to an Early Repayment Charge.

**As a last resort, your home may be repossessed if you don't keep up payments.**



## What could you do with the money?



### Help your family

Help your children or loved ones to get onto the property ladder or contribute to their education. The recipient may have to pay Inheritance Tax in the future.



### Home improvements

Make improvements to your house so that you can enjoy it now and in the future, including any adaptations that might make it possible for you to stay there for the longer term.



### Pay off outstanding debt

Repay your existing residential mortgage, including an existing interest-only mortgage that's due for repayment. You should consider if there are cheaper ways to pay off any debts you have. No matter what you borrow the money for, you'll have to pay off any existing mortgage first.



### Lifestyle improvements

Have some extra money to help you before you retire and get the most out of it in the form of a new car, or by funding a new hobby.



### Holidays and trips

Live out your dreams of travelling the world, or embarking on the holiday you've always wanted.

The amount you can borrow with a lifetime mortgage is based on your age, the Payment Term you choose, your current income, the value of your home and whether you're applying jointly or as an individual.

The easy to use calculator on our website [legalandgeneral.com/lifetimemortgages](https://legalandgeneral.com/lifetimemortgages) will estimate the amount you can expect to borrow. Your adviser will confirm this in a personalised Key Facts Illustration document.



## Jean and Graham's story

Case study for illustration purposes only. Not a real customer example.

Jean and Graham are 50 and 54 and currently both working as teachers. They've lived in their property for 20 years and have built a great life surrounded by friends. Their major financial concern is their outstanding interest only mortgage on the property they bought 20 years ago, that's due to mature in 9 months' time.

They wish to raise enough funds to pay their mortgage in full and remain in their home into retirement. They're aware their home has increased in value and have the option to move out, downsize or move somewhere a little further out. However, they're keen to remain in the home they've lived in for many years to enjoy retirement and be close to friends.

They have good teachers' pensions but would prefer not to take a lump sum from this because they want to maximise their income in retirement. The certainty of having a long-term fixed rate to manage monthly payments appeals to them.

Jean and Graham have the means to pay the interest on their mortgage but not the outstanding debt. They also don't want to commit to paying their mortgage for the rest of their lives.



### Payment Term Lifetime Mortgage benefits for Jean and Graham

- They have the certainty of a fixed interest rate for life.
- Using their employed income would mean they'd be able to afford a Payment Term Lifetime Mortgage and pass an affordability test.
- Making their Monthly Interest Payments for 10 years would allow them to borrow what they need to repay their existing mortgage and stay in their current home.
- If they want to continue to service their interest, after 10 years they can make Optional Partial Repayments.
- This is likely to be the last mortgage they'll ever need.

# How do you decide if a lifetime mortgage is right for you?

A lifetime mortgage is a long term financial commitment so it's important to understand all the benefits and risks.

That's why you can only get a lifetime mortgage through a specialist lifetime mortgage adviser. If you think a lifetime mortgage may be right for you, the next step is to talk to a specialist adviser, if you haven't already done so.

## 1 Check the details

### Alongside your adviser, check that you:

- Have identified your needs.
- Know how much you can borrow.
- Can pay the monthly interest throughout your chosen Payment Term.
- Are aware of the benefits and risks.
- Qualify for a lifetime mortgage.
- Have looked at other options.
- Have identified options within the lifetime mortgage, such as Inheritance Protection, that best suit your needs.

## 2 Understand the facts

### The information that you discuss with your adviser will be given to you in a personalised Key Facts Illustration document outlining the following information:

- A description of the lifetime mortgage including the benefits and risks.
- The amount of money that you could release as cash.
- The costs and implications of a lifetime mortgage.
- The details you've given relating to your age, your retirement plans, the estimated value of the property and whether you're applying as an individual or in joint names.

## 3 Make a decision

### You'll then be in a position to decide if a lifetime mortgage is right for you, and your adviser will help you to apply.

You must also appoint a solicitor to act on your behalf. Your adviser will be able to help you find a solicitor if you don't already have one.

## Section 2

# Applying for a lifetime mortgage

You can apply for a lifetime mortgage once you have:

- ✓ Met with your adviser and discussed the risks and benefits as well as your other options.
- ✓ Reviewed your retirement plans and decided how long you want to make Monthly Interest Payments for.
- ✓ Spoken to your family about your plans if you choose to.
- ✓ Received your personalised Key Facts Illustration from your adviser.
- ✓ Appointed your independent solicitor and given the solicitor's details to your adviser.

## What costs are involved in setting up a lifetime mortgage?

**There are some costs that you'll need to cover when applying for your lifetime mortgage. Refer to your Key Facts Illustration to see what fees apply to you, typically these include:**

### Arrangement Fee

This covers our costs for setting up the lifetime mortgage and is payable on completion.

If you wish, you can add this fee to your lifetime mortgage, but it will increase the amount you owe and interest will be charged on it.

### Valuation Fee

This is payable on application and the amount of the fee will depend on the value of your home.

### Funds Transfer Fee

This is charged to cover our costs in transferring your money to your solicitor on completion.

**There are fees that you may have to pay to others:**

### Legal Fees

You'll need to appoint your own solicitor to act on your behalf. You should agree a fee with them and you'll be responsible for paying your solicitor.

### Advice Fee

You may be required to pay a fee to your adviser for arranging the lifetime mortgage. You should agree a fee with them which you'll be responsible for paying.

Please refer to our Tariff of Charges for full information on fees and charges. If you haven't seen this document, please ask your adviser for a copy.

## Your application will follow this process



If you and your adviser have decided that a lifetime mortgage is right for you, your adviser can start your application.

It's important that you consider your ability to make your Monthly Interest Payments throughout the Payment Term, because your Payment Term can't be changed once your lifetime mortgage completes.

We may ask you for additional information to support your application and you'll also need to provide your bank details so we can collect your Monthly Interest Payments by Direct Debit.

You must appoint a solicitor to act on your behalf if you don't already have one. Your adviser will be able to help you find a solicitor if you don't already have one.

Once you've applied for a lifetime mortgage, and we've carried out an affordability assessment, your home will be valued by an independent valuer. They'll be in touch after your application to book an appointment at a time suitable for you.

When your valuation is complete and the application is approved we'll send you an Offer of Loan, Tariff of Charges, our Terms and Conditions, your Guide to Early Repayment Charges and a copy of this All You Need To Know document. Your solicitor will also receive copies of relevant documentation.

If you haven't already done so, you must make arrangements to insure your property for at least the amount set out in your Offer of Loan. This should be sufficient to cover the cost of rebuilding the property.

Before completing the loan you'll need to obtain legal advice from the solicitor you've appointed. Your solicitor is independent and acts solely for you.

When all the necessary paperwork has been received and accepted, we'll be able to release your money to the solicitors. They'll repay any existing mortgage or other debt secured on your home, deduct any fees and costs, and pay the remainder to you.

Don't forget to let us know if your circumstances change or you require any further information. You'll receive an annual statement and other information from time to time. You can also visit our website at [legalandgeneral.com/existingltm](https://legalandgeneral.com/existingltm) or call our Customer Services team on **03330 048 444** if you have any questions.

### Section 3

# What happens if your circumstances change?

Although a lifetime mortgage is designed to be a lifelong commitment, we understand your circumstances could change and you may need our help in the future. Anything from borrowing more money, to moving home, this section helps to explain your options.

## What if you're having problems making Monthly Interest Payments?

If you think you'll be unable to make your Monthly Interest Payment, it's important you let us know as we'll always try to help you. Whether it's a short-term concern or a long-term change in your circumstances you should let us know as early as possible.

Please contact us on **03330 048 444** if you've got any concerns and we'll be able to discuss your options. However, remember that if you are unable to keep up with your Monthly Interest Payments during your Payment Term, your home may be repossessed as a last resort.



## What if you need more money?

### Further Advance

If you didn't take the full amount available to you when you took out your lifetime mortgage, or if the value of your home has increased sufficiently since then, you may be eligible for a Further Advance.

A Further Advance is additional borrowing on top of your lifetime mortgage and a long term financial commitment. You must talk to your financial adviser to be sure it's right for you. They'll find out if you're eligible and explain the benefits, risks and costs. They'll also carry out an affordability assessment and make the application for you.

It's important to be aware that any further borrowing will be on the same product terms as your existing lifetime mortgage, so the interest rate may be different depending on interest rates at the time of your application. The existing Payment Term will remain the same.

You can only apply for a Further Advance when you've had your lifetime mortgage for 12 months or more.



### How to apply for a Further Advance

- 1** You must speak to your adviser who'll discuss the benefits and risks of taking a Further Advance, as well as the other options available to you.  
If you'd like to know how much you may be able to take as a Further Advance, you can call our Customer Services team on **03330 048 444**, or your adviser can make an enquiry for you.
- 2** If you're eligible, your adviser will provide us with all the information needed.  
We'll provide them with a Key Facts Illustration, giving full details and how to proceed. They'll share this with you and discuss if this is the right choice for you.
- 3** Your adviser will complete and send us your Further Advance application form. We'll contact you to make a payment for the cost of a new valuation.  
Our independent surveyors will arrange to visit your home to carry out the valuation.
- 4** Based on the valuation, our team will send you a Further Advance Offer of Loan and acceptance form. Copies will be sent to your adviser to keep them informed and if you've got any questions, you should discuss them with your adviser.
- 5** When you're happy to proceed, simply sign and return the acceptance form to us. If you've chosen for your documents to be sent by email, this can be signed online.
- 6** Once we've received your signed acceptance form and all required paperwork, we'll transfer the money to your account and send you a completion letter.  
At this point, if you're still within your Payment Term, your Monthly Interest Payments will increase, but you don't need to do anything further and we'll keep you updated through your annual statement.

## What if you've come to the end of your Payment Term, but have money available and want to repay part of your lifetime mortgage?

If you've stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up you can make Optional Partial Repayments.

Any Optional Partial Repayments you make will reduce the amount you owe and therefore the amount of interest added to your account. However, any Optional Partial Repayments you make won't reduce any Early Repayment Charges that you may pay if you repay your lifetime mortgage early. This is subject to our Terms and Conditions and the information in your Offer of Loan.

## How to make an Optional Partial Repayment

**1** You can make OPRs on an adhoc basis or by Regular Standing Order. It's important you contact us before making any repayments or arranging and amending a Regular Standing Order payment with your bank or building society.

To discuss the payment details, call us on **03330 048 444**.

**2** We'll send you an illustration showing the effect of making the OPRs or Regular Repayments on your lifetime mortgage.

If you wish to proceed, we'll tell you how to transfer the repayments or arrange the Regular Standing Order with your bank or building society.

For Regular Standing Orders you must include the mortgage account number as the Standing Order payment reference, otherwise we may need to return the repayment to you.

**3** Upon receiving each repayment, we'll credit your account and send you a confirmation letter outlining the effect it has on your lifetime mortgage.

## There's no obligation on you to make such repayments, but should you wish to, and have come to the end of your Payment Term, the following will apply:

- Once your Payment Term has ended, in any 12 month period starting on each anniversary of the completion, you can repay up to 10% of the total amount(s) you've borrowed, which includes the cash lump sum, plus any additional borrowing you've received. We don't include any interest accrued in this calculation.
- Once your Payment Term has ended, you can make up to 12 Optional Partial Repayments in any 12 month period starting on each anniversary of the completion of your lifetime mortgage, subject to a minimum of £50 each.
- You should contact us before you make any Optional Partial Repayments so that we can confirm the amount you can repay and when. If we receive a repayment without having discussed it with you first, we may have to return this to you.
- When you make an Optional Partial Repayment it will be applied to your lifetime mortgage on the day we received the cleared funds and the amount we charge interest on will reduce accordingly.
- Where you've received additional borrowing, any Optional Partial Repayment will be allocated to the loan with the highest interest rate, up to 10% of that loan amount. Any additional repayment will then be applied to the loan with the next highest interest rate, and so on until all the repayment has been allocated. Any partial repayment you make to us will be shown on your annual statement.

Partial repayments in excess of the annual 10% Optional Partial Repayment limit can be made 12 months after your lifetime mortgage completes\*.

This will be treated in the same way as an Optional Partial Repayment, however you may incur an Early Repayment Charge. If this is the case, the information we send you will show this.

Remember, you can only make Optional Partial Repayments once you have stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up.

**\* Any Optional Partial Repayments made by Regular Standing Order can't exceed the 10% limit**





## What if you want to fully repay your lifetime mortgage early?

Our lifetime mortgage is designed to last for your lifetime and be repaid when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

However, your circumstances may change and you may wish to repay your mortgage early, in which case an Early Repayment Charge may apply.

### Early Repayment Charges

Think carefully before you decide to repay any of your lifetime mortgage early, as there could be a substantial Early Repayment Charge. It's important to understand when an Early Repayment Charge applies and how much it will be.

The Early Repayment Charge is calculated to recover costs that we or our funding providers incur when setting up the lifetime mortgage. The costs include transaction costs incurred in re-investing the money, or due to changes in long term interest rates.

You'll never have to pay an Early Repayment Charge of more than the amount shown in the Offer of Loan for each amount we lend to you, plus the amount of the Closing Administration Fee which is payable whenever the lifetime mortgage is repaid in full. This fee is detailed in the Tariff of Charges.



### An Early Repayment Charge isn't payable if any of the following apply:

- You repay after you (or if joint borrowers, the youngest of you) reach the age or term shown in your Offer of Loan.
- You move home and transfer your lifetime mortgage to a new property that is acceptable to us, and as a result of which you repay a part of the mortgage as required by us (for further information on moving home see page 19).
- On any Optional Partial Repayments you make within the permitted limits subject to our Terms and Conditions and the information in your Offer of Loan.
- If at any time after the fifth anniversary of the completion of this lifetime mortgage, you move to another property and we won't transfer your mortgage to your new property because it's not acceptable to us. This will be based on our lending criteria at the time.
- If at any time after the fifth anniversary of the completion of the lifetime mortgage, you sell your home and move into sheltered accommodation.
- You repay after you (or if joint borrowers, the last surviving of you) dies or goes into long term care.
- If joint borrowers and the last surviving of you repays in the first three years after the first of you dies or moves into long term care.

Additional information on when an Early Repayment Charge isn't payable is included in your Guide to Early Repayment Charges.

## How do we calculate an Early Repayment Charge?

Our lifetime mortgage has fixed interest rates for the duration of the mortgage, which means the way we calculate the Early Repayment Charge is quite detailed. You can find more information in the Guide to Early Repayment Charges that you'll receive with your Offer of Loan.

We also suggest you speak to your adviser or give us a call on **03330 048 444** and we'll be happy to help.



## What if you want to move home?

If you move home you may be able to transfer your lifetime mortgage to a new property, if that property is acceptable to us and meets our lending requirements at the time. The process of transferring your mortgage to a new home is known as 'Porting'.

You must contact us as soon as you're considering moving home to check that it's possible to transfer your lifetime mortgage.



You'll need to ensure there's sufficient value left after the sale of your home to purchase your new property. You should include all the costs and taxes payable for the move.

Your new property will need to be valued by an independent valuer. You'll be required to pay the Valuation Fee, Property Transfer Fee, all legal fees and any moving expenses.

If you're able to move we may ask you to repay part of your mortgage, for example if you're moving to a lower value property. In this case you wouldn't have to pay an Early Repayment Charge on any amounts we require you to pay. We may also need to reduce the amount of your monthly interest payment so it doesn't exceed the new monthly interest amount.

If an Early Repayment Charge does apply, you'll never have to pay an Early Repayment Charge of more than the amount shown in the Offer of Loan for each amount we lend to you, plus the amount of the Closing Administration Fee. This fee is detailed in the Tariff of Charges and is payable when the mortgage is repaid in full.

The amount we lend to you depends on our lending requirements at the time and is based on the value of your new property. If you have Inheritance Protection and have to repay part of your mortgage, you may choose to reduce or remove the Protected Percentage instead.

With the Downsizing Protection feature, if you've had your lifetime mortgage for five years or over and you purchase a property that isn't suitable for a lifetime mortgage, you have the option to repay your lifetime mortgage in full with no Early Repayment Charge.

As soon as you decide you want to move, please call us on **03330 048 444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.

### Example

A customer decides to move to a property of lower value. This is an example of what they may be required to repay:

#### Customer's details

Customer age	72
Current property value	£500,000
Current lifetime mortgage balance	£100,000
New property value	£200,000
Maximum loan-to-value	30%
Maximum loan for new property	£60,000

#### Repayment calculation

Current lifetime mortgage balance	-	Maximum loan for new property	=	Required payment
£100,000		£60,000		<b>£40,000</b>



## What if you want to add or remove someone from your lifetime mortgage?

### Adding a new borrower

You may be able to add someone to your lifetime mortgage as a joint borrower. This could be due to a marriage or registered civil partnership but is subject to our lending requirements at the time.

If you want to add a new borrower, please get in touch with us to apply and we'll explain the process. You'd both need independent financial and legal advice.

You may need to repay part of your lifetime mortgage if it exceeds the amount that we'd agree to lend to a new borrower (of equal age) in comparable circumstances. If you have Inheritance Protection, you can choose to reduce or remove the Protected Percentage instead. We may also need to reduce the amount of your Monthly Interest Payment so it doesn't exceed the new monthly interest amount.

### Removing a borrower

If you've got a joint lifetime mortgage and one of you decides to leave the property, you must tell us as soon as possible. For us to remove someone from the lifetime mortgage, you'd need to confirm that you're both in agreement and have both received independent legal advice. If you're still within your Payment Term, we'll need to check that the remaining borrower is able to afford the payments on their own.

Alternatively, you may have to repay your lifetime mortgage in full, in which case an Early Repayment Charge may apply.

If you decide that you want to add or remove a borrower from your lifetime mortgage, please call us on **03330 048 444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.



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## Section 4

# When do you have to repay your lifetime mortgage in full?

Unlike a residential mortgage, a lifetime mortgage doesn't have a set repayment date. The lifetime mortgage is repayable when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

This may be a difficult time so we allow a 12 month period to enable you or your estate to repay the lifetime mortgage. With our compassionate repayment feature, if the loan is repaid by the remaining borrower within 3 years of the first borrower dying or moving into long term care, there will be no Early Repayment Charge.

The loan is usually repaid through the sale of your home with the proceeds repaying your lifetime mortgage. With Inheritance Protection, you or your estate will keep at least the Protected Percentage amount, providing you've adhered to our Terms and Conditions.

Our Terms and Conditions outline the other circumstances when the lifetime mortgage has to be repaid in full. Remember, this full amount will include the initial advance and all additional borrowing. Unpaid costs, charges or unpaid interest added to your lifetime mortgage are also included.

To repay your lifetime mortgage, you can request a redemption statement at [legalandgeneral.com/repayments](https://legalandgeneral.com/repayments) which will give you the information you need to make the repayment.

## Section 5

# Other important information

## When will you hear from us?

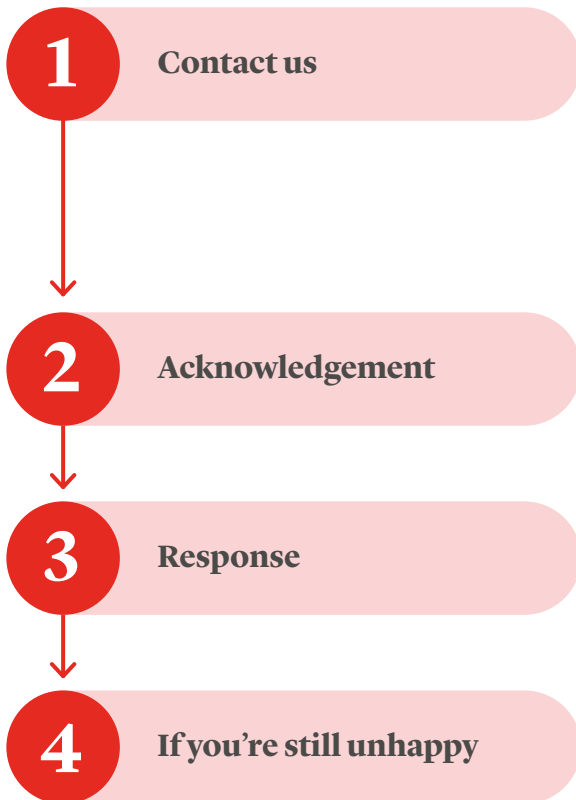
You'll receive a statement each year to help you keep track of how much you owe. This shows details of the transactions that have taken place on your lifetime mortgage account during the year and includes an illustration of the total amount to be repaid.

You don't have to wait until you receive your annual statement before you make enquiries about your lifetime mortgage. You can call us on **03330 048 444** or visit our website at [legalandgeneral.com/existingltm](https://www.legalandgeneral.com/existingltm)

## How to make a complaint

We hope you'll always be satisfied with the service you receive from us. If this isn't the case, we want you to tell us about it so we can work with you to understand what's happened and put it right as quickly as we can.

If you have a complaint about any aspect of our service you can contact our complaints team:



**Write to us at:** Legal & General Home Finance, PO Box 17225, Solihull B91 9US

**Call us on:** 03330 048 444

**Email us:** [complaints@landghomefinance.com](mailto:complaints@landghomefinance.com)

We'll try our very best to resolve your complaint within three working days.

If the issue can't be resolved within three working days, we'll send you a written acknowledgment of your complaint. We'll undertake a full investigation of your complaint and let you know the outcome in writing.

We'll send you a final response within eight weeks which will explain the outcome of your complaint.

After our investigation, if you're still unhappy with our response, you can refer your complaint to the Financial Ombudsman Service. They provide a free, independent service to help resolve complaints. Their contact details are:

**Email:** [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

**Phone:** 0800 023 4567 or 0300 123 9123, or when calling from abroad +44 20 7964 0500

**Address:** The Financial Ombudsman Service, Exchange Tower, London E14 9SR

## About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management at 31 December 2022, of which a third is international.

Legal & General Home Finance Limited is a wholly owned subsidiary of Legal & General Group plc and is registered in England and Wales under company number 04896447.

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

Legal & General Home Finance Limited is authorised and regulated by the Financial Conduct Authority. We're entered on the Financial Services Register number 303418. You can check this at: [fca.org.uk/firms/systems-reporting/register](https://www.fca.org.uk/firms/systems-reporting/register) or you can call **0800 111 6768**.

We'll only accept applications for lifetime mortgages from advisers that are authorised and regulated by the Financial Conduct Authority.

MoneyHelper provides useful information on lifetime mortgages and other ways of releasing equity from your home. You can get this by calling **0800 138 7777** (English), **0800 138 0555** (Welsh), **18001 0800 915 4622** (Typetalk), or on the MoneyHelper website at [moneyhelper.org.uk](https://www.moneyhelper.org.uk)

Legal & General Home Finance Limited is a member of UK Finance. We're also a member of the Equity Release Council (formerly SHIP), a professional body dedicated to promoting safe equity release schemes.

You can learn more about the Equity Release Council and the high standards of conduct it promotes in the interest of consumer protection at [equityreleasecouncil.com](https://www.equityreleasecouncil.com)

All of our Lifetime Mortgages covered in this document comply with the Equity Release Council's Statement of Principles.



## 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.

### 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–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 isn't a secure method of communication.

### For further information visit:

**[legalandgeneral.com/lifetimemortgages](https://www.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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