

Lump Sum Interest Payment Lifetime Mortgage 2-year Fixed Rate (until 30 November 2021)

This is not a consumer advertisement. It is intended for professional advisers only.

At a glance

What is it?

A Lifetime Mortgage which provides your customer with a one-off lump sum and allows them to pay up to 100% of the monthly interest on the loan, for the life of the mortgage.

The minimum amount of interest they can pay is £25 and the maximum is the whole of the interest. Your customer selects the amount of the payment at the outset, which cannot be varied during the repayment term, unless your customer has opted for the payment to change as a result of any rate change (this would take effect once the product reverts to a CPI linked variable rate and there has been a change in CPI as explained below).

The 2-year Fixed Rate product is a variable rate product that has an initial fixed rate of interest until 30 November 2021 and on 1 December 2021, will revert to a variable rate based on the Consumer Price Index (CPI).

Who could it be suitable for?

A 2-year Fixed Rate may be suitable for customers who:

- Fully understand and are comfortable that the product has a fixed rate of interest until 30 November 2021, and then on 1 December 2021 will revert to a variable rate based on the CPI for the remainder of the lifetime mortgage
- Are accustomed to index-linked products and are prepared to take the considered risk that a variable rate proposition may cost them less longer term
- Understand that the CPI rate can go up as well as down

An Interest Payment loan may be suitable for customers who:

- Have some concerns about the impact of interest roll-up and how this will reduce the equity in their property
- Have family with concerns about the impact of interest roll-up on their inheritance
- Are looking for the discipline of a regular monthly payment to pay some or all of the interest. These customers may have been used to making monthly payments on their mortgage in the past
- Want to continue borrowing into retirement and can't continue their current interest borrowing with their mainstream lender
- Are looking for an interest only loan for a house purchase, or to help their child with a deposit for a house purchase where the child would like to help make contributions to the interest being charged on the loan

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Lending criteria	
Minimum loan amount	£20,000
Maximum loan amount	£1m nationwide
Minimum age	55 on completion of the advance – Loan-to-Value (LTV) based on age of younger applicant
Maximum age	70 on completion
Minimum property value	£70,000
Maximum property value	Unlimited, with a referral for any property over £2m
Property location	England, Wales and Scotland
Tenure	Freehold Leasehold Heritable (Scotland)

Key features																				
Early repayment charges (ERCs)	<table border="1"> <thead> <tr> <th>Years</th> <th>ERC %</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>6%</td> </tr> <tr> <td>2</td> <td>6%</td> </tr> <tr> <td>3</td> <td>6%</td> </tr> <tr> <td>4</td> <td>5%</td> </tr> <tr> <td>5</td> <td>4%</td> </tr> <tr> <td>6</td> <td>3%</td> </tr> <tr> <td>7</td> <td>2%</td> </tr> <tr> <td>8</td> <td>1%</td> </tr> </tbody> </table>	Years	ERC %	1	6%	2	6%	3	6%	4	5%	5	4%	6	3%	7	2%	8	1%	Fixed for first eight years after completion of the advance as shown in the table
Years	ERC %																			
1	6%																			
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3	6%																			
4	5%																			
5	4%																			
6	3%																			
7	2%																			
8	1%																			
Downsizing protection	No ERC payable – if after five years your customer repays the loan as a result of selling their home and moving to a different property																			
Portable	Yes																			
No negative equity guarantee	Yes																			
Drawdown / cash reserve	Not available																			
Interest rate	<p>Fixed Rate:</p> <ul style="list-style-type: none"> • The interest rate is fixed until 30 November 2021. • Rates can be located later in this document. <p>Variable Rate:</p> <ul style="list-style-type: none"> • The variable interest rate will apply from 1 December 2021. • The variable rate is calculated on CPI, and will be based on CPI as at 30 September for that year. The variable rate is subject to change annually, and any changes will take place from 1 December. • The interest rate will be calculated as the product margin + annual CPI. • The product applies a maximum (cap) and minimum (collar) rate of interest. Cap and collar rates can be located later in this document. • CPI figures can be obtained from the website of the Office for National Statistics. 																			


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Interest payments	
Interest payment amount	Fixed at outset – from £25 up to 100% of the monthly interest
Interest payment term	Payment term is the lifetime of the loan.
Can the amount and duration of payments change?	<p>No – once the term and the amount has been set they cannot be changed.</p> <p>A customer may request to switch from Interest Payment to our Interest Roll-up with Voluntary Payment option products once their mortgage has commenced.</p> <p>However, if the payments are switched to our Lump Sum Interest Roll-up with Voluntary Payment option products, then the interest rate at switching will be the rate applying to the Interest Roll-up product at the time the original advance was made. As such the customer may be charged a higher rate of interest.</p>
Can contributors help with the payments?	Yes, however interest payments must come from an account in the name of the borrower
What happens if my customer misses payments?	If your client misses four payments (not sequential) they will be switched to our Lump Sum Interest Roll-up with Voluntary Payment option Lifetime Mortgage – please note that the interest rate at switching will be the rate applying to the Interest Roll-up product at the time the original advance was made
How are payments made?	By Direct Debit commencing in the month following completion of the advance

Borrower costs and fees	
Valuation fee	Currently free for properties up to £1m. Fees between £400 – £3,150 thereafter. Please refer to current version of Tariff of Charges
Completion fee	£950. Please refer to current version of Tariff of Charges
Legal fee	OneFamily's legal costs are included in the completion fee – your customer will be responsible for their own legal fees

Additional borrowing	
Is additional borrowing available?	<p>Your customer will need to have held their lifetime mortgage with us for at least 6 months (from the date of completion) before they can apply for a further advance.</p> <p>A further advance is not guaranteed and will depend on:</p> <ul style="list-style-type: none"> the further advance facility being available at the time the application is made for additional funds whether your client meets our lending criteria at the time <p>If you know that your customer will need more borrowing than they are planning to use initially, you should consider whether this product is suitable.</p>
Minimum amount	£4,000
Maximum amount	Up to the maximum LTV available on the product taken at outset – switching to a higher LTV product is not permitted
Can my customer pay the monthly interest on the additional borrowing?	Yes – immediately on completion of the additional borrowing – please see above
Fees	Please refer to current version of Tariff of Charges

To find out more about our **Interest Payment Lifetime Mortgage**

 0800 802 1645*

 onefamilyadviser.com/mortgages/lifetime-mortgages/

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* Lines open 9am - 5.30pm, Monday to Friday. We might record your call to help improve our training and for security purposes. Calls to 0800 or 0808 numbers are free from UK landlines and personal mobiles. With business mobiles the cost will depend on your phone provider. If you'd like to know more, please ask your provider.



www.onefamily.com

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