

Lump Sum Interest Payment Lifetime Mortgage Variable Interest Rate

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 outset, which cannot be varied during the repayment term, unless your customer has opted for the payment to increase as a result of any rate change.

Who is it suitable for?

A variable rate may be suitable for customers who:

- Understand that the product rate is linked to the Consumer Price Index (CPI)
- Are accustomed to index linked products and are prepared to take the risk that other types of interest rates could cost them less in the 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.

Lending criteria	
Minimum loan amount	£20,000
Maximum loan amount	£1m nationwide
Minimum age	55 on completion of the advance – LTV based on age of younger applicant
Maximum age	100 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)

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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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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>Variable – calculated as follows:</p> <p>The interest rate applying to the loan will be the collar rate (2.30% - 2.70% MER) + Annual CPI (Consumer Price Index) calculated as 2.4% at September 2018</p> <p>The rate will be reviewed annually – the rate change will be in December and will be the change for the preceding period October - September</p> <p>If CPI is below zero, the collar rate of the product will apply</p> <p>The interest rate will be capped at 7.30% - 7.70% (MER)</p> <p>The CPI figure can be obtained from the website of the Office for National Statistics</p>																			


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. 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 customer 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

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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 customer 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.



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