



Lifetime Mortgages Fixed Early Repayment Charges (ERCs)

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

A lifetime mortgage is a long term commitment and is not intended to be repaid early.

If your client decides to repay the money early, OneFamily will incur costs and these may be passed on to your client in the form of an early repayment charge.

We recognise that your client is looking for certainty and peace of mind when they take out a lifetime mortgage and, with this in mind, we have designed our ERCs to be fixed, simple and easy to understand.

Repaying Early

The loan may be repaid in full at any time however an ERC may apply.

Partial repayments may also be made, providing the minimum amount being repaid is £1,000 and there is a minimum loan balance of £10,000 remaining. However ERCs may apply.

ERCs will not be payable where:

- Your client sells the property and transfers the lifetime mortgage to another property **which we deem to be** suitable security for the mortgage advance. A part redemption of the loan may be required if the value of the new property is less than the original.
- Your client (or the last surviving client) dies or moves into long-term care.
- The early repayment term of the mortgage has expired (our ERC terms may differ across products - please refer to the latest At a Glance guides for further details).
- **N.B ERCs are not payable on the Lump Sum Interest Roll-up with Voluntary Payment option Lifetime Mortgage where the amount repaid is within the 10% annual repayment allowance, and the loan balance does not go below £10,000.**
- If after five years your client sells the property and moves to another property – ERC free downsizing protection.

How the fixed ERC works

OneFamily Lifetime Mortgage products have ERCs based on the initial loan amount plus a fixed completion fee.

The ERC payable is dependent on the length of time the mortgage has been held for. The ERC profile applicable is stated in the Offer letter.

For our current products, the following ERC profile is applied:

Fixed Rate		2-year Fixed Rate		Variable Rate	
Years	ERC %	Years	ERC %	Years	ERC %
1	8%	1	8%	1	8%
2	8%	2	7%	2	7%
3	8%	3	6%	3	6%
4	7%	4	5%	4	5%
5	6%	5	4%	5	4%
6	5%	6	3%	6	3%
7	4%	7	2%	7	2%
8	3%	8	1%	8	1%
9	2%				
10	1%				

Our current redemption fee would also be added to the amount due.

For partial repayments the amount will be calculated on the balance being repaid, plus our partial redemption fee.

The same rules will apply to a further advance with the start date taken as the day the funds are released.

Early repayment charges illustration - Fixed Rate Lifetime Mortgage (Lite and Standard LTVs).

Loan amount	Completion fee	Balance	Charge year 1-3 8% + redemption fee (£200)	Charge year 6-8 3% + redemption fee (£200)
£30,000	£950 (added to loan)	£30,950	£2,676	£1,128.50
£30,000	£950 (deducted from loan)	£30,000	£2,600	£1,100

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