



Lump Sum Interest Roll-up with Voluntary Payment option 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. No payments are due, and instead, the interest is added to the loan each month, for the life of the loan. While no payments are due, the product does allow your customer to make voluntary payments should they wish to. They are able to repay up to 10% of the initial loan amount each year, without incurring an early repayment charge (ERC).

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
- Understand the concept of CPI and moving to a new loan after two years will incur an early redemption charge

An Interest Roll-Up loan with Voluntary Payment option may be suitable for customers who:

- Want to take a set lump sum
- Are not concerned about the impact of interest roll-up
- Are looking for flexibility in managing their finances in retirement
- Have no family with concerns about their inheritance
- Like the idea of paying something off the debt but cannot commit to regular payments
- May be looking to mitigate Inheritance Tax (IHT)
- Want to discharge outstanding debts carried into retirement

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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>8%</td></tr> <tr><td>2</td><td>7%</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	8%	2	7%	3	6%	4	5%	5	4%	6	3%	7	2%	8	1%	Fixed for the first eight years after completion
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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>Fixed Rate:</p> <ul style="list-style-type: none"> The interest rate is fixed until 30 November 2021. <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 the 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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Voluntary Payments	
Voluntary payment amount	Up to 10% of the initial loan amount each year ERC free (this includes the completion fee if added to the loan). However a minimum balance of £10,000 must remain on the loan
Annual allowance	The allowance is renewed annually on the anniversary of the loan – the allowance cannot be carried forward
When can payments start	Immediately on completion of the loan
Payment frequency / amount	Any number of payments can be made throughout the year – minimum amount £25
How can payments be made	By bank transfer, debit card, standing order and cheque.

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
Fees	Please refer to current version of Tariff of Charges

To find out more

 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.