

Lump Sum Roll-up with Voluntary Payment option 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. 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).

Repayment of the loan (and any accrued interest and charges) is repaid typically when your customer dies or moves into long-term care.

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 Roll-up with Voluntary Payment option loan 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
- Want to discharge outstanding debts carried into retirement but do not have the ability or do not wish to make any monthly interest payments

Lending Criteria	
Minimum loan amount	£20,000
Maximum loan amount	£1m nationwide
Minimum age	55 on completion of the advance – based on age of younger applicant
Maximum age	85 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 Heritable (Scotland)

Key Features								
Early Repayment Charges (ERCs)	Fixed for first eight years after completion							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	8%	7%	6%	5%	4%	3%	2%	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>Variable – calculated as follows:</p> <ul style="list-style-type: none">• The interest rate will be the product margin (2.30% - 2.70% MER) plus• Annual CPI (Consumer Price Index) calculated as 3.1% at September 2021 <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. 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>							

Voluntary Payments	
Voluntary payment amount	Up to 10% of the initial loan amount each year however a minimum balance of £10,000 must remain on the loan, ERC free (this includes the completion fee if added to 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 & 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>Is available but is not guaranteed in the future.</p> <p>Applications for additional borrowing can be submitted 6 months after completion of the initial loan.</p> <p>Lending criteria applies. Please see our 'Additional Borrowing' guide for further details.</p> <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



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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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