LIFETIME MORTGAGE

ALL YOU NEED TO KNOW.

EVERY DAY MATTERS.®

Legal & General

CONTENTS

1. INTRODUCTION.

This brochure explains what you need to know about lifetime mortgages from Legal & General.

It will tell you about lifetime mortgages, how they work and who they might help. It also describes the benefits as well as the risks of taking out a lifetime mortgage and what you should consider before you make a decision. You'll find information about how to apply, and how to pay back the loan. This includes details about the amount you will have to repay, how it's calculated, and the fees and charges you'll need to pay to set the loan up.

The brochure doesn't constitute advice under the Financial Services and Markets Act 2000. It shouldn't replace professional advice, and you should read it in conjunction with information provided by your financial adviser.

If you need any more information about these lifetime mortgages, please ask your financial adviser. There are other types of equity release products, including home reversions plans, but we only offer lifetime mortgages.

Before applying for a lifetime mortgage your financial adviser will give you a Key Facts Illustration (KFI), that will give you personalised information about the lifetime mortgage.

i **IMPORTANT INFORMATION**

THIS IS A LIFETIME MORTGAGE. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.

2. ABOUT LIFETIME MORTGAGES.

2.1. WHAT THEY ARE

Lifetime mortgages allow you to borrow a lump sum (or a series of lump sums depending on the type of loan you take out) against the value of your home. The amount you can borrow depends on how old you are and the value of your property. You'll still own your home, and you can stay in it for as long as you wish. It's only when you die or move into long-term care that your home is sold and the amount you owe is paid back from the proceeds of the sale. You won't have to make any repayments until then, when the loan and the interest that has been accumulated are due to be repaid.

2.2. WHO THEY'RE FOR

Lifetime mortgages can be a good option to take some of the equity in your home without having to move. The money can be used for whatever you want – from increasing your income in retirement to home improvements and modifications. The loan lasts for the rest of your life, or until you go into long-term care, so a lifetime mortgage is a significant commitment.

Taking a lifetime mortgage is a big decision, you must take financial advice, your family should be involved and you also need to take independent legal advice. Lifetime mortgages are generally designed for those over 60 years of age. Your financial adviser will help you decide whether a lifetime mortgage is right for you and how much you can borrow will depend upon your age, circumstances and the condition and value of your property.

Homeowners can only borrow against a property which is their main residence. Lifetime mortgages can be taken out in single or joint names, but joint borrowers don't need to be married and may be of the same sex.

2.3. HOW OUR LIFETIME MORTGAGES WORK

A lifetime mortgage is a long-term loan that you take out using your house as security. You remain the property owner, and you aren't required to make any regular repayments – the loan is only repaid either when you die, go into long-term care or the property ceases to be your main residence. You'll receive a cash lump sum combined with a lifetime fixed interest rate. This means that the interest rate charged won't change throughout the life of the loan, although any further lending may be at a different rate to your initial borrowing.

2.4. KINDS OF LIFETIME MORTGAGES WE OFFER

We offer two different kinds of lifetime mortgage:

2.4.1. LUMP SUM LIFETIME MORTGAGES

Our lump sum lifetime mortgage gives you a cash lump sum as the initial loan and doesn't include an option to drawdown more money in the future.

2.4.2. FLEXIBLE LIFETIME MORTGAGES

This option also gives you a cash lump sum as the initial loan, but if you take less than the maximum amount you're eligible for, you may have the flexibility to draw the difference down in the future if you need it.

The difference between the initial loan you take and the maximum amount you're eligible for is called your "drawdown facility". It may be available for you to draw additional amounts from in the future (conditions are described below). You can apply directly to us to drawdown this money, but we strongly suggest you take further financial advice before doing so. If you've a drawdown facility available to you, it will be detailed in your Key Facts Illustration (KFI) and the offer of loan.

2.4.3 DRAWDOWN FACILITIES

Your flexible lifetime mortgage offer will show both the amount of your drawdown facility at the start of your lifetime mortgage and the amount of the initial loan you have applied to receive straight away. It will also show you the minimum amount that you'd need to borrow in any future drawdown. You'll be able to apply to borrow any amount over the minimum and up to the maximum amount remaining in your outstanding drawdown facility limit.

Every time you want to borrow more money from your drawdown facility, you'll need to complete a drawdown request form that tells us how much you want to drawdown. We'll tell you the interest rate that will apply to that drawdown, as well as the effect it will have on your lifetime mortgage. We would also suggest that before taking any further borrowing you seek independent financial advice.

When you confirm that you want to continue, we'll send your drawdown to your nominated bank account. Once paid, your remaining drawdown facility will be reduced by the amount taken and the amount you owe will be increased by that amount.

You can apply to us directly for drawdowns from the drawdown facility provided:

1. the total of the initial cash lump sum, all drawdowns from the drawdown facility and any charges which have been added to the account (but ignoring interest which has been rolled up) do not exceed the maximum amount we would advance at the time you apply for the drawdown. A further valuation of the property may be required. We will exclude any Protected Percentage you may have from any valuation of the property (see section 3.2); and
2. the Drawdown Facility has not been withdrawn. Availability of the facility is not guaranteed and in addition to our right to decline an individual drawdown application as set out in 1. above, it may be withdrawn at any time. We'll have the right to remove the Drawdown Facility:
    a. where you wouldn't be able to make any drawdowns for the reasons outlined in 1. above;
    b. where there's been an Event of Default as described in Section 7 b. of your KFI or offer of loan;
    c. where we no longer offer new lifetime mortgages with drawdown facilities;
    d. where we no longer hold any regulatory authorisation required to provide drawdown facilities;
    e. where you're joint borrowers, the property is owned by you as tenants in common and one of you has died; and
    f. where we require you to take independent financial advice before you make the drawdown but such financial advice has not been received.

2.5. BENEFITS OF OUR LIFETIME MORTGAGES

2.5.1. CASH WHEN YOU NEED IT

A lifetime mortgage can be a way to raise cash that you need or improve the income you have in retirement, to use any way you wish (for example to make home improvements, help family, repay debt, or fund care in your home), whilst staying in your home.

2.5.2. YOU CAN STAY IN YOUR HOME

You won't have to leave your friends, family and neighbourhood for one you might not know so well, or that may not offer you all the facilities you need to have a comfortable retirement. You'll still own your property as well.

2.5.3. NO NEGATIVE EQUITY GUARANTEE

Even if the value of your property goes down, you and your family will never have to pay back more than the amount that your property is sold for, provided it is sold for the best price reasonably obtainable. If there's money left over once your loan and the interest on it is repaid then it will be handed over to you or to your estate.

2.5.4. YOU CAN MAKE EARLY REPAYMENTS

We offer an optional partial repayment feature so that you can pay part of your loan off early, reducing the amount of interest that will accumulate in the long-term.

2.5.5. A SAFE PRODUCT FOR YOU AND YOUR FAMILY

As members of the Equity Release Council we're committed to making our lifetime mortgage products safe for you and your family, and we work hard to provide you with the best support and service. Be sure that you're familiar with the Equity Release Council's Statement of Principles, which puts in place safeguards for consumers to ensure that they can have confidence in Equity Release Council members and their products and services, these appear on their website **www.equityreleasecouncil.com**.

We are also regulated by the Financial Conduct Authority, and we take steps to act in the best interests of our customers and to treat them fairly. An equity release product can be a positive way to make the most of your retirement, but should always be considered carefully in the context of your own personal circumstances.

2.6. RISKS OF OUR LIFETIME MORTGAGES

2.6.1. IT MIGHT AFFECT YOUR TAXATION AND BENEFITS

Taking a lifetime mortgage could affect your eligibility for State benefits, such as Council Tax benefits. Taxation laws can also change and additional taxes could be introduced in the future.

You must seek advice from your financial adviser, which will be specific to your individual circumstances. You can also seek free independent advice from agencies such as Citizens Advice Bureau on these issues.

2.6.2. THE VALUE OF PROPERTY MAY FALL

The value of your property might not increase over the term of the mortgage, and it could even fall. This could mean that the amount of equity remaining in your property (the difference between the property value and the outstanding mortgage balance) could be substantially less at the end of the mortgage than it was at the beginning. However, our no negative equity guarantee means that after sales costs you won't have to pay back more than the net sale proceeds of the property, even if it's less than the outstanding mortgage balance.

2.6.3. INTEREST WILL ACCUMULATE OVER TIME REDUCING YOUR EQUITY

Interest is added to the amount you borrow throughout the period that you have the loan and you need to be aware that we charge interest on the original loan amount, all further borrowing plus any interest that has accrued over the duration of your lifetime mortgage. This means that the total amount you owe grows over time and this will reduce the equity that is available to you or your estate. We'll provide you with an annual statement throughout the duration of your lifetime mortgage which sets out exactly the amount of the loan and the interest charged. Be sure that your financial adviser also explains how compound interest builds over time. We've included further information on the effect of compound interest in section 4 of this brochure.

Because this reduces the amount available to your estate, we recommend you consider writing a will and discuss your intentions to apply for a lifetime mortgage with your next of kin, immediate family or any other person having an interest in the property before applying.

2.6.4. YOU COULD DIE WITHIN A SHORT PERIOD OF TIME

The costs of taking this lifetime mortgage might be considered relatively high if you were to die within a short time of the loan being taken. There won't be any early repayment charges in this instance but you may have incurred other costs in taking out a lifetime mortgage.

2.6.5. YOU MAY WISH TO REPAY EARLY

A lifetime mortgage is a long term commitment. If you decide that you want to repay the loan early (outside of the terms of our optional partial repayment feature) then there could be a substantial early repayment charge. Further details are set out below and in your KFI and the offer of loan.

2.6.6. FAILURE TO MEET THE MORTGAGE TERMS AND CONDITIONS

Failure to adhere to the full mortgage terms and conditions could result in the forced sale of your property and the loss of the right to inheritance protection – if this has been chosen. The full mortgage terms and conditions (set out in the Offer of Loan, Mortgage Deed and Lifetime Mortgage Terms and Conditions) are sent to you and to your solicitor.

You need to make sure you understand these terms before you proceed, your solicitor will advise you on this.

i **IMPORTANT INFORMATION**

This is not an exhaustive list of risks. Your financial adviser, who must be authorised by the Financial Conduct Authority and hold suitable qualifications to advise on lifetime mortgages, will consider your preferences and individual circumstances and advise you on specific risks as part of the overall suitability of lifetime mortgages.

You should make sure that your financial adviser has provided you with a personalised Key Facts Illustration before applying for a lifetime mortgage.

3. FEATURES OF OUR LIFETIME MORTGAGES.

3.1. NO NEGATIVE EQUITY GUARANTEE

Our no negative equity guarantee is a very important safeguard for you, your family and any future beneficiaries of your estate. It means that there's no risk of you or your beneficiaries being left with an outstanding mortgage debt after your home is sold, for the best price reasonably obtainable and sale costs are taken into account.

If your home is sold for more than the amount that you owe on your lifetime mortgage you or your estate will of course receive the difference. But if your home is sold for less than the outstanding amount you owe after sale costs, you or your estate won't have to make up the difference.

If you've added inheritance protection to your lifetime mortgage the percentage you've set aside will also stay protected – see section 3.2.

3.2. INHERITANCE PROTECTION

You can decide to take out optional inheritance protection on either our flexible or lump sum lifetime mortgage products at no additional cost. Although this reduces the amount you can borrow, it is designed to let you leave an inheritance to your family (or anyone else that you may choose), as long as the reason for sale is the death or entry into long term care of the last surviving borrower, and as long as you aren't in breach of the full mortgage terms and conditions.

This option can only be selected when you first take out your lifetime mortgage, it can't be added to or increased at any time in the future, although it can be reduced in certain circumstances (as described below). Inheritance protection reduces the amount you can borrow by setting aside a certain percentage of the net sum that is received from the eventual sale of your property, to be left as part of your estate when you die.

If you want to take out inheritance protection, when you apply for your lifetime mortgage you'll need to let us know what percentage of the value of your property – after sale costs – that you want to leave as an inheritance (this is called the 'Protected Percentage').

The maximum amount you can then borrow will be reduced proportionately.

For example if your property is currently worth £200,000 and you want to protect 30% of the net sale proceeds (£60,000), then the maximum amount we would lend will be calculated on 70% of the property value – £140,000 instead of £200,000.

Unless your circumstances change and you need a reduction in the Protected Percentage this percentage won't alter. However, the actual amount that will be available for your beneficiaries to inherit will increase or decrease based on any changes in your property value.

You can choose to reduce or remove the Protected Percentage in certain circumstances, for example, if you were moving to a lower value property, or if you wanted someone to move into your property who is younger and is also to be added to the mortgage as a new joint borrower, or even if you want to borrow more money yourself.

3.2.1. HOW MUCH WILL YOU BE ABLE TO LEAVE TO YOUR FAMILY?

This depends on many factors, such as when the loan is repaid, the value of your house at that time and the total debt owed on your lifetime mortgage.

The example on the next page shows how much equity would be left to your estate in different house price inflation environments (assuming that you have not opted for inheritance protection).

This is an example only and gives no guarantees as to any future equity stake you may have in your property. It's very important that you understand that the value of your property may not increase over the term of the mortgage and could even fall. This may mean that the amount of equity remaining in your property (the difference between the property value and the outstanding mortgage balance) may be substantially less at the end of the mortgage than it was at the outset. However, the no negative equity guarantee detailed above means that, after sale costs, you won't have to pay back more than the net sale proceeds of the property even if this amount is less than the outstanding mortgage balance.

EXAMPLE: Lump Sum Lifetime Mortgage with a fixed interest rate for life of the loan of 5.60% – compound interest frequency is monthly. The overall cost of comparison is 5.75% APR.	
Property Value	200,000
Customer Age on loan completion	60 years
Loan to value example	25%
Initial Loan	£50,000
Interest Rate	5.60%

	YOUR PROPERTY VALUE		
AFTER 10 YEARS	**Increases by 1% p.a.**	**Stays the same**	**Decreases by 1% p.a.**
Property Value	£220,924	£200,000	£180,876
Compound Interest Payable	£37,420	£37,420	£37,420
Initial Loan	£50,000	£50,000	£50,000
Shortfall in property value covered by No Negative Equity Guarantee	£0	£0	£0
Balance of property value available to you or your estate	£133,504	£112,580	£93,456
Your equity has increased/ decreased by	-£66,496	-£87,420	-£106,544
AFTER 25 YEARS	**Increases by 1% p.a.**	**Stays the same**	**Decreases by 1% p.a.**
Property Value	£256,486	£200,000	£155,564
Compound Interest Payable	£152,101	£152,101	£152,101
Initial Loan	£50,000	£50,000	£50,000
Shortfall in property value covered by No Negative Equity Guarantee	£0	£2,101	£46,537
Balance of property value available to you or your estate	£54,385	£0	£0
Your equity has increased/ decreased by	-£145,615	-£200,000	-£200,000

The balance of the property value available to you or your estate, if any, is before expenses in connection with the sale, such as advertising costs and commissions, or our closing administration fee (currently £125 including VAT), which must be paid by you or your estate.

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3.3. PAYING YOUR LOAN OFF EARLY: OPTIONAL PARTIAL REPAYMENTS

Our lifetime mortgages are designed to last for your lifetime and to be repaid only when you die or go into long-term care (or the last of you when the mortgage is in joint names). Our optional partial repayment feature allows you to reduce the amount that you owe by making partial repayments (called 'optional partial repayments').

There's no obligation on you to make such repayments but should you wish to do so the following will apply:

1. You should have had your loan with us for at least 12 months.
2. You can repay up to 10% a year of the total amount(s) you've borrowed and there are no early repayment charges on partial repayments up to this amount.
3. The amount borrowed will include the initial advance, plus any subsequent drawings received from the drawdown facility, plus any further advances you've received. We don't include any interest accrued in this calculation.
4. You can make up to four payments a year, subject to a minimum of £500 each.
5. Please contact us before you make any optional partial repayment for confirmation of the amount you can repay and when. If we receive a repayment without having discussed it with you first, we may have to return this to you.
6. When you make an optional partial repayment it will be applied to your lifetime mortgage account on the day we receive the cleared funds and the amount on which we charge interest will reduce accordingly.

3.4. PORTABILITY

Our lifetime mortgages comply with the Equity Release Council's Statement of Principles, including portability of the loan. You can transfer your mortgage to your new property if you move, as long as you and your new home meet our lending criteria applicable at the time, but you must tell us in advance. See Section 8.1 Moving House, for further details.

4. BORROWING AGAINST THE EQUITY IN YOUR HOME.

4.1. HOW MUCH COULD YOU BORROW?

Your financial adviser will talk to you about the amount you can borrow with our lifetime mortgages. This will be dependent on your age(s) and the value of your property.

It will be detailed in your personalised Key Facts Illustration (KFI) that your financial adviser will prepare for you once you've discussed your circumstances. Because the value used in your KFI is usually based on the estimated value of your property, the actual amount you can borrow will be detailed in your offer of loan once your property has been valued on our behalf by an independent professional valuer.

4.2. WHO QUALIFIES?

Your financial adviser will confirm whether you meet our age requirements and which of our lifetime mortgage products is the most suitable for you. Joint borrowers don't need to be married and may be of the same sex. The maximum amount that you can borrow will be based upon whether the application is in single or joint names, the age of the younger of you and your property value. In order to confirm your age we may need to see your passport(s) or driving license(s) or birth certificate(s), and marriage certificate in the case of a name change.

4.3. KEEPING TRACK OF WHAT'S OUTSTANDING ON YOUR LOAN

You'll receive a statement each year showing the details of the transactions that have taken place on your mortgage account during the previous year and how much you'd need to pay in early repayment charges, if applicable.

You'll be asked to confirm receipt of the statement and also to answer a small number of simple questions just to ensure that your circumstances or living arrangements haven't changed since your last annual statement.

Of course you don't have to wait until you receive your annual statement before you make enquiries about your mortgage. For example, you can ask us at any time how much, if anything, you'd need to pay in early repayment charges if you were to repay your lifetime mortgage.

Please ask – we're here to help.

The interest rates on our lifetime mortgages are fixed for the term of the loan so you can accurately estimate the size of your future outstanding mortgage debt.

4.4. HOW MUCH YOU'LL REPAY

There are no monthly loan payments to make with our lifetime mortgages during the term of the loan. Instead, the interest accumulates and is added to the mortgage balance each month and will itself have interest charged on it. Eventually, the original loan, any drawdowns, further advances, unpaid fees, costs or charges and accrued interest must be paid back in full from the proceeds of the sale of your property.

If the sale proceeds aren't enough to cover the balance of your loan, as long as the property was sold for the best price reasonably obtainable, you and your family won't be required to make up the shortfall. Any surplus where the sale proceeds exceed the amount required to pay back the loan remains with you or your estate.

When you die your executors or your personal representatives will have up to twelve months to sell your property and settle the lifetime mortgage with us. Equally, should you move into long-term care you would have 12 months to repay the loan. However, interest will continue to be charged until the property is sold and the loan repaid.

It's essential to obtain our prior consent if you intend to sell your property for an amount that's less than the outstanding loan.

4.5. INTEREST

Although you don't have to make any monthly loan repayments, interest is charged on the amount you borrow throughout the period of the loan. Interest is calculated on a daily basis and added monthly to the total amount of money you owe which includes your original loan plus any interest that has been applied. This is called 'compound interest' and means the amount that you owe can increase quickly.

You should take the compounding of interest into account when you are considering a lifetime mortgage and your financial adviser will provide you with a personalised illustration of how your loan balance will grow over time.

HOW WE CALCULATE AND CHARGE COMPOUND INTEREST

Compound interest is commonly applied to all types of lifetime mortgages. The frequency at which interest is added to our lifetime mortgages is monthly and it works like this:

- At the end of the first month of your lifetime mortgage, we will calculate interest based on the original loan amount and any other fees or charges you have agreed to add to the loan.
- We will then add this interest to the original loan amount which increases the amount that you owe us accordingly.
- At the end of every subsequent month we will calculate interest based upon the total amount you owe us, including all interest rolled up from previous months.

Because of the effects of compound interest it is very important that you consider what you will owe and when, and how this impacts on the equity in your home. Be sure that your financial adviser explains your personalised illustration and how compound interest and any fees charged mount up over the months and years.

The table in section 3.2.1 also shows how interest and house price inflation can affect the equity value in your home and we will provide you with an annual statement that sets out exactly the amount you owe us, including accrued interest and charges as well as how much you would need to pay to settle the loan.

5. THE APPLICATION PROCESS.

To apply for a lifetime mortgage you need to go to a suitably qualified financial adviser who'll help you consider whether it's the right option for you and, if so, they'll be able to complete the application process with you.

There are no income requirements for our lifetime mortgages – you don't need to have an income to apply. However, if you've got a history of missed credit repayments you might not qualify.

Because of the nature of this type of loan it's essential that you (both of you in the case of a joint application) are able to understand and sign the application form and legal documents yourself. If you want an application to be signed under Power of Attorney, your financial adviser must refer this to us for our prior consent before the application is submitted.

5.1. THE FORMS YOU NEED TO COMPLETE

Once you've received your personalised Key Facts Illustration from your financial adviser, you should complete and sign our lifetime mortgage application form. To enable processing of your application please provide your financial adviser with evidence of your age, identity and your address.

5.2. YOUR PROPERTY

The property must be your main residence, in good condition and of conventional construction. Not all properties are acceptable please refer to your financial adviser for more information.

The property must be mortgage free, so if there is an existing mortgage then this must be repaid either before or at the time that your lifetime mortgage begins. You can use the funds released through the lifetime mortgage to do this, but no second or subsequent mortgages over the property will be allowed at any time.

An independent valuation will be needed to establish whether your property represents suitable security for a mortgage, and to allow us to calculate exactly how much you may be able to borrow.

We may revalue the property – this wouldn't normally be more often than every two years. If it's necessary to enter the property to conduct the valuation, we will give you reasonable notice. We may also require you to carry out any necessary repairs.

5.3. IF SOMEONE ELSE IS LIVING IN YOUR HOME

Any other occupier (aged 17 or over at the time the mortgage completes) may be required to sign an Occupant's Deed, waiving any right they have to occupy the property if you're no longer living there. It's a requirement that this person obtains independent legal advice on the transaction before they sign the form of consent. That person must pay any fees incurred in obtaining this advice.

5.4. INSURING YOUR PROPERTY

You should make arrangements to insure the property yourself for the amount required by our valuer and let us have a copy of the policy before completion. Your financial adviser may offer comprehensive insurance for your home, contents and possessions.

6. FEES AND CHARGES.

6.1. ARRANGEMENT FEES

We'll make a one-off charge, as specified in your Key Facts Illustration, in order to set up your lifetime mortgage. The arrangement fee is charged when the mortgage starts (upon mortgage completion) and this fee can be added to the mortgage account where interest will be charged at the prevailing rate. Alternatively, you can pay the fee separately either by deduction from the loan or by credit or debit card or by cheque made payable to Legal & General Home Finance.

6.2. VALUATION FEES

It's your responsibility to pay the valuation fee when you apply for your mortgage. The charging scale for the valuation fee will be provided by your financial adviser and this fee will be detailed in your Key Facts Illustration (KFI).

An independent, professional valuer will be instructed to carry out the valuation. You'll receive a copy of the report. Based on a limited inspection, the valuation determines the suitability of your property for a lifetime mortgage. If your property is suitable, the value placed on it by the independent, professional valuer is used to ascertain the amount you'll be offered.

This is not a detailed inspection of the condition of the property.

The valuation fee can't be refunded once the valuation has been carried out if the loan does not proceed but on certain products we may refund this fee at completion.
If such refund applies to you it will be detailed in your KFI provided by your financial adviser and your offer of loan.

6.3. LEGAL FEES

A firm of solicitors will act for us in completing your mortgage. You will not be charged for this as this cost is included in the arrangement fee charged on completion of your loan. You will however be responsible for disbursements and any additional charges when you are purchasing a property as well as any charges relating to unregistered land. You'll also be responsible for all of our legal costs if the loan doesn't proceed to completion. An independent firm of solicitors must act for you to complete your mortgage and, if required, to transfer the property into the ownership of both applicants.

Your solicitor will advise you about the charge that they will make for completing all necessary legal work. You'll be responsible for your own solicitor's fees.

6.4. OTHER CHARGES

You won't be asked to directly pay any further charges for the normal day to day management of your lifetime mortgage. However we may make a charge for additional services that you ask us to provide.

So that you are aware how much we charge for the most frequently requested services we've published a tariff of charges which covers our fees and charges. If you haven't got a copy please ask your adviser for one, it can also be viewed on our website. We'll give you 30 days' notice of any changes to our tariff of charges.

A telegraphic transfer fee will be deducted from all amounts transferred to you or your solicitor. Your financial adviser may charge you for advice relating to the lifetime mortgage. Your financial adviser will tell you about the services they're able to provide together with the fees charged, by way of an initial disclosure.

7. PAYING YOUR LOAN BACK.

7.1. WHEN REPAYMENT IS DUE

Unlike a conventional mortgage, lifetime mortgages don't have a set repayment date and there are no monthly loan payments to make. Instead, the loan will become repayable through the sale of your property in one of the following events:

- You move into long-term care
- You die, or
- The property ceases to be your main residence (this might incur an early repayment charge as described in section 7.2).

When you die or go into long-term care, the full amount of the loan has to be repaid. Remember – this full amount will be made up of the original amount borrowed, any further drawings, any unpaid costs or charges and the accrued interest.

The loan must be repaid within 12 months of the last surviving of you dying or moving into long-term care. This is usually through the sale of the property with the sale proceeds being used to repay your outstanding mortgage balance, subject to you or your estate retaining at least the protected percentage of the net sale proceeds when inheritance protection applies.

When your property is put up for sale, we must be notified of the proposed sale price. If the proposed sale price is lower than the outstanding mortgage balance, we may insist on an independent valuation and may also insist that the property is not sold for less than this amount. It's essential that you obtain our consent before you accept any offer to sell your property for an amount that's less than the outstanding loan. Please see our Lifetime Mortgage Terms and Conditions document for full details.

7.2. EARLY REPAYMENT CHARGES

You can usually pay back your loan and interest early, but there could be a substantial early repayment charge. These are set out below and in your Key Facts Illustration (KFI) and the offer of loan.

This section explains the circumstances under which you may be required to pay an early repayment charge if you wish to repay part or the entire amount of the loan. It's very important that you understand when an early repayment charge may apply and how much it will be.

Although these mortgages are intended to be lifelong and no mortgage payments are due, you can choose to repay all or any part of the loan earlier. Each year you can repay up to 10% of the amount borrowed without incurring early repayment charges.
Early repayment charges may be payable on any repayments over this amount. Where you have inheritance protection any reduction in the loan won't increase
the protected percentage.

When you take out your lifetime mortgage, it's on the understanding that we don't expect you to repay in full before you die or move into long-term care (or the last borrower if the mortgage is in joint names).

However, we understand your circumstances may change and you may wish to repay part or all of your loan early, in which case an early repayment charge may be payable.

7.2.1 AN EARLY REPAYMENT CHARGE IS NOT PAYABLE WHEN:

a. The loan is redeemed after you, or the youngest of you where you are joint borrowers, reaches age 88 (as long as this occurs more than 10 years after the loan was taken out). The period in which early repayment charges are payable is called the 'early repayment charge term'.

   For example, if the youngest of you is 65 when you take out the lifetime mortgage then there's no early repayment charge to pay from age 88 onwards. If the youngest of you is 80 when you take out the lifetime mortgage then there would be no early repayment charge to pay from when the youngest of you reaches age 90 (which would be 10 years after the loan has been taken out). Your early repayment charge term will be detailed in our KFI and the offer of loan; or

b. You repay up to 10% a year of the total amount you have borrowed (excluding accrued interest) which is permitted after the first twelve months of taking out the loan (see section 3.3 for details); or

c. The last surviving of you dies; or

d. The last surviving of you moves into long-term care; or

e. The last surviving of you wishes to repay in the first three years of your partner dying or moving into long-term care; or

f. You wish to downsize and transfer your lifetime mortgage to another acceptable property, as a result of which you have to repay some of the existing loan; or

g. If the loan is repaid in any of the above circumstance and the Index (UK FTSE Actuaries 15 Year Yield Index) at the date of repayment is higher than or equal to the benchmark rate as detailed in the offer of loan (see below).

7.2.2 AN EARLY REPAYMENT CHARGE WILL BE PAYABLE:

a. If you wish to repay all or any part of your loan in any circumstances other than those stated above.

b. If we repossess and sell the property due to a breach of the mortgage terms and conditions.

This is to recover costs that we incur when setting up your lifetime mortgage, in transaction costs incurred in reinvesting the money, or due to changes in long-term interest rates.

HOW WE CALCULATE AN EARLY REPAYMENT CHARGE

Any early repayment charge calculation is based on the movement in the level of long-term interest rates on government borrowing, known as Gilts – the UK FTSE Actuaries 15 Year Yield Index (called the "Index") as published daily in the Financial Times.

When repaying all or part of the loan the Index will be compared to the benchmark rate for your loan (this is detailed in your offer of loan). The benchmark rate will be 0.3% higher than the Index to cover mortgage set up and transaction costs incurred in reinvesting the money:

I. if the Index is higher than or equal to your benchmark rate then they'll be no early repayment charge payable;

II. if the Index is lower than your benchmark rate then an early repayment charge will be payable based upon the following calculation:

   a. the amount repaid including all interest and charges multiplied by

   b. the remainder of the early repayment charge term of your lifetime mortgage (as calculated above and as detailed in your offer of loan) multiplied by

   c. the difference between your benchmark rate and the Index at date of repayment

The above calculation is subject to a maximum of 25% of the total amount(s) borrowed, plus the amount of the closing administration fee (currently £125 including VAT), which is payable whenever the loan is repaid.

7.3. EARLY REPAYMENT CHARGE EXAMPLE:

A customer took out a joint life mortgage of £50,000 and nine years later wants to repay the loan. The age of the youngest borrower at the time the loan started is age 70 and the benchmark rate offered was 3.30%.

The early repayment charge will be worked out as follows:

(A) Loan balance on repayment date including interest and charges: (£90,011)

(B) Early repayment charge term remaining at the repayment date: nine years (youngest borrower was 70 at outset, now aged 79, and early repayment charge only applies until age 88)

(C) Difference between benchmark rate and Index is 0.72% (the Index has fallen to 2.58% and the benchmark Rate is 3.30%

THIS COMES TO: (A) (AMOUNT REPAID) £90,011 X (B) 9 X (C) 0.72% = £5,833

As this is less than 25% of the initial advance (that is £12,500) the early repayment charge will be £5,833 plus the closing administration fee of £125.

7.4. EARLY REPAYMENT CHARGES ON PARTIAL REPAYMENTS (IN EXCESS OF OPTIONAL PARTIAL REPAYMENT LIMIT)

The early repayment charge will apply to any partial repayments in excess of the 10% optional partial repayments you are allowed to make each year (as detailed in Section 3.3). If an early repayment charge is due on a partial repayment, it is worked out in exactly the same way as above but the cap is applied proportionately. So for example, if half of the balance is repaid (including interest and charges) then the cap is 25% of half of the initial advance.

7.5. EARLY REPAYMENT CHARGES ON DRAWDOWNS OR FURTHER ADVANCES

A new benchmark rate and early repayment charge term applies to each drawdown or further advance from your lifetime mortgage. For drawdowns from any drawdown facility, this will be detailed in writing to you when we notify you of the fixed interest rate. The new benchmark rate and early repayment charge term will be detailed in your offer of loan for the further advance.

Therefore the same considerations as above will apply to the calculation of any early repayment charge payable in connection with early repayment of such drawdown / further advance. This means you would have different early repayment charges on the new drawdowns and any further advances than on the initial advance.

Examples of the early repayment charges that could be payable are detailed in the personalised Key Facts Illustration provided to you by your financial adviser and in the offer of loan.

8. MAKING CHANGES TO YOUR LOAN.

8.1. MOVING HOME

Your ability to move home will depend on any equity left after the sale of your property, which you may need for the purchase of your new property. If there's insufficient equity because of the effect of falling house prices and/or accumulated interest you may not be able to move.

If you're able to move to another property you may be required to repay a proportion of the mortgage balance outstanding if the amount of the loan exceeds the amount that we would agree to lend to a new borrower (of equivalent age) in comparable circumstances. Any protected percentage where you have inheritance protection may also need to be reduced. This would be based on the criteria applying at the time the change of property is requested. You would not have to pay any early repayment charges on such amounts repaid.

Your new property will be valued by one of our independent valuers. You'll have to pay the valuation fee, property transfer fee, all legal fees and any moving expenses. You may also repay the loan in full at any time, but this may incur an early repayment charge.

8.2. INCREASING YOUR LOAN AMOUNT

Applications for further advances may be considered when there's no drawdown facility available or applicable, subject to the then-prevailing lending criteria and as detailed in your Key Facts Illustration and offer of loan issued at this time. Further advances will be at the prevailing rate on offer at the time of application and will incur further administration, legal and valuation fees.

Any further borrowing must be on the same basis as your existing lifetime mortgage, although the actual interest rate may be different – if you applied for a Flexible Lifetime Mortgage for example, then all further borrowing must also be on the Flexible Lifetime Mortgage product but at the then prevailing fixed interest rate or such other rate as we may offer at that time. A new property valuation will also be required. If we no longer offer the same product and interest rate option as your lifetime mortgage, consideration will be given to offering the nearest alternative.

As with the initial advance, you'll be required to take independent financial and legal advice.

9. NEXT STEPS.

Your retirement is an exciting phase of life, and you've worked hard to make the most of it.

Releasing some of the equity you've made in your home to provide a cash lump sum to increase your income in retirement can be a positive part of your planning, but it's a big decision that you should consider carefully.

STEP 1 – GATHER INFORMATION

To help your financial adviser give you advice that's right for your own personal circumstances you should take a little time to gather up a few documents and information before you meet with them. This includes details of your total income from all sources, (for example salary, pensions, benefits, investments), expenditure, and your proof of age, identity and address. Your financial adviser will also need to know how much you believe your property is worth, and don't be surprised if you're asked about your state of health. This all helps you get the best advice to suit your circumstances.

STEP 2 – TALK TO YOUR FAMILY

Involve your family from day one to make sure that you can manage their expectations and that there are no misunderstandings later on if you do decide to take out a lifetime mortgage. You might want them to attend meetings with you and to talk to them about why you think this may be a good idea. A lifetime mortgage is a long-term solution that can be expensive to cancel or replace so have you thought about alternatives? Have you considered moving to a cheaper property? Do you have access to other funds? Would family members be willing to help?. Are you eligible for any benefits and if the loan is for essential home improvements, perhaps you're eligible for a local authority grant?

All of these questions should be discussed and will help you decide your best course of action.

STEP 3 – SHARE YOUR WISHES

You should tell your financial adviser about any plans you'd like to make for leaving an inheritance, as this is something they'll take into account when giving you advice about a lifetime mortgage. You should also make sure you've written a will that makes all of your wishes about all parts of your estate very clear.

STEP 4 – GET EXPERT ADVICE

Only take advice from a suitability qualified financial adviser who is authorised and regulated by the Financial Conduct Authority, before you borrow money against the value of your home. They'll talk to you about your personal circumstances, explain the benefits, the risks and explain the application process to you. Before completing the loan you'll need to get legal advice from your solicitor, who'll be acting solely for you.

STEP 5 – RECEIVING YOUR MONEY

Once you've applied for a lifetime mortgage, your home will be valued by an independent valuer and, if your application qualifies, we'll send you an offer of loan. A copy of this offer will be sent to your solicitor too, who'll get in touch with you to explain the legal aspects of your lifetime mortgage and if you're happy to proceed ask you to complete the necessary documentation. When all the necessary paperwork is returned to us we'll be able to release your money to you.

STEP 6 – STAY IN TOUCH

Don't forget to stay in touch with us. You'll receive an annual statement and other information from time to time, and you can always visit our website at **www.landghomefinance.com**

10. OTHER IMPORTANT INFORMATION.

ABOUT LEGAL & GENERAL

The Legal & General Group, established in 1836, is one of the UK's leading financial services groups. As at 31 December 2014, the value of our assets under management across the group, based on current economic conditions, is £710 billion. We have over nine million customers in the UK for our life assurance, pensions, investments and general insurance plans.

Legal & General Home Finance is a trading style of New Life Mortgages Limited. New Life Mortgages Limited is authorised and regulated by the Financial Conduct Authority. The Financial Services Register number is 303418.

Registered office: One Coleman Street, London EC2R 5AA. Registered in England and Wales Number: 04896447.

We'll only accept applications for lifetime mortgages from introducers that are authorised and regulated by the Financial Conduct Authority.

The Money Advice Service provides useful information on lifetime mortgages and other ways of releasing equity from your home. You can get this by calling **0300 500 5000** or through the following website: **www.moneyadviceservice.org.uk**.

Your financial adviser will provide you with advice and a recommendation on the lifetime mortgage that is most suitable for you. This recommendation will be based on their understanding of your own circumstances and objectives and on the market conditions at the time.

New Life Mortgages Limited is a member of the Council of Mortgage Lenders (the 'CML'). An equity release guide entitled 'Unlocking the Value of Your Home' is published on the CML website. **visit: www.cml.org.uk/cml/consumers/equityrelease**.

We're a member of the Equity Release Council (formerly SHIP) a professional body dedicated to promoting safe equity release schemes. You can learn more about the Equity Release Council and the high standards of conduct it promotes in the interest of consumer protection at **www.equityreleasecouncil.com**.

All of our lifetime mortgages covered in this document comply with the Equity Release Council's Statement of Principles.

EASIER TO READ INFORMATION. **Please call us on the number below if you are visually impaired and would like this document in Braille, large print, audio tape or CD.**

For further information visit
www.landghomefinance.com
or telephone us on **03330 431111**
between 8.30am to 5.30pm Monday to Friday. Call charges will vary. Calls may be monitored and recorded.

Legal & General Home Finance is a trading style of New Life Mortgages Limited. New Life Mortgages Limited (Financial Services Register number: 303418) and New Life Mortgage Funding Limited (Financial Services Register number: 303346) are authorised and regulated by the Financial Conduct Authority.
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