

Your guide to
**Variable Early
Repayment
Charges**

This document will explain what Variable Early Repayment Charges are and when they apply. Additional information can be found in your All You Need to Know and Offer of Loan documents. You can also speak to your adviser if there's anything you don't understand.

Keep this document in a safe place as it forms part of your mortgage with us.

What is a Variable Early Repayment Charge (ERC)?

An Early Repayment Charge is a fee that's charged when you repay your lifetime mortgage earlier than the agreed term.

Variable ERC's are calculated based on the movement of long-term interest rates on government borrowing (known as GILTs). These charges aren't fixed and so may change over time.

Usually a lifetime mortgage is repaid when you or the last surviving borrower dies or moves into long term care. However, you may need to repay your lifetime mortgage early if your circumstances change, so a Variable ERC may apply (as explained in your Offer of Loan).

Think carefully before you decide to repay your lifetime mortgage early as there could be a substantial Early Repayment Charge.

Speak to your financial adviser to understand when a Variable ERC applies and how much it will be.

Why do we apply an Early Repayment Charge?

We apply an ERC to recover any costs from setting up your lifetime mortgage, changes to interest rate or when reinvesting the money.

Variable ERCs don't have a fixed payment amount and may change with interest rates over time. You'll find more information about this in your Offer of Loan.

Will a Variable Early Repayment Charge always apply?

A Variable ERC is not payable if any of the following apply:

- The youngest borrower reaches age 88 or their birthday 10 years following the date of the Offer of Loan, whichever occurs later.
- If the Index at the time you repay is higher than or equal to the Benchmark Rate shown in your Offer of Loan. This is explained in the section 'How is a Variable Early Repayment Charge calculated?' on the following page.
- If you move home and transfer your lifetime mortgage to a new property that's acceptable to us, and we require you to repay a part of the lifetime mortgage as a result.
- You make Optional Partial Repayments within the permitted limits.
- If at any time after the fifth anniversary of completion of the lifetime mortgage, you move to another property and we can't transfer your lifetime mortgage because the new property isn't acceptable to us. This will be based on our lending criteria at the time.

- If at any time after the fifth anniversary of the completion of the lifetime mortgage, you sell your home and move into sheltered accommodation.
- If you repay after you (or if joint borrowers, the last surviving of you) die or go into long term care.
- If the last surviving borrower of joint borrowers repays in the first three years after the first borrower dies or moves into long term care.

Is there a maximum Variable Early Repayment Charge?

Each amount we lend to you has a maximum Variable ERC. An example of how this is calculated is shown overleaf.

Your Offer of Loan also provides details of this along with the Closing Administration Fee. You'll never have to pay more than the maximum amount shown in your Offer of Loan.

How do Variable Early Repayment Charges apply to additional borrowing?

Additional borrowing has its own Variable ERC and could be either a drawdown or a further advance on top of your initial loan.

The Benchmark Rate and the Early Repayment Charge terms that apply for each additional borrowing will be shown in your Offer of Loan.

How do Variable Early Repayment Charges apply to partial repayments on your lifetime mortgage?

Our Optional Partial Repayment feature allows you each year to:

- Repay up to 10% of the total amount borrowed (including additional borrowing)
- Make up to 12 repayments

However, an ERC will apply when making repayments above these limits.

Where you've taken additional borrowing and are paying a different interest rate for each loan, any Optional Partial Repayments up to the 10% limit will be allocated to the borrowing with the highest interest rate first.

If your Optional Partial Repayment limit is reached, any additional repayments you make will also be allocated to the borrowing with the highest interest rate.

Further information on Optional Partial Repayments can be found in your 'Offer of Loan' and 'All You Need to Know' documents.

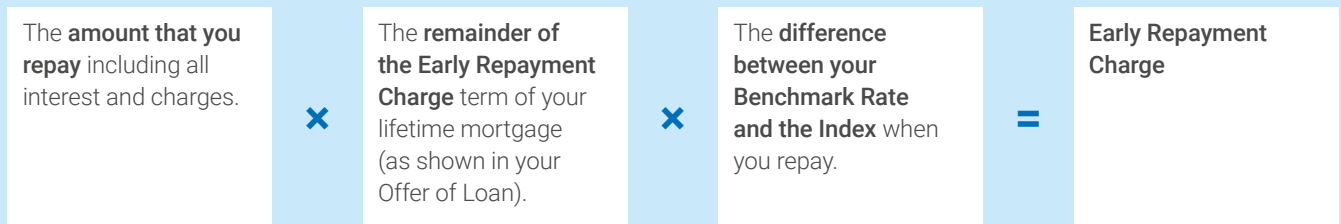
How is a Variable Early Repayment Charge calculated?

A Variable ERC is not a fixed payment amount and is based on the movement in the long term interest rates on government borrowing (known as Gilts). We use the UK FTSE Actuaries Gilts 15 Year Yield Index (called the 'Index') as published daily in the Financial Times. You can also call us to obtain the Gilt rate at any time.

When we make an offer to lend we set a 'Benchmark Rate' which is shown in your Offer of Loan. This will be the Index at the time, plus 0.3% to cover the lifetime mortgage set up and transaction costs incurred in reinvesting the money.

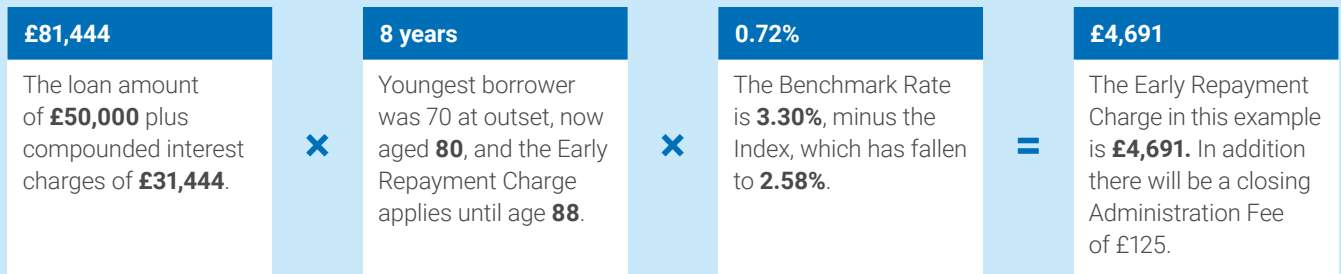
When you make a repayment, if the Index is higher than or equal to the Benchmark Rate a Variable Early Repayment Charge is not payable. If the Index is lower than your Benchmark Rate then a Variable Early Repayment Charge may be payable.

Your Variable Early Repayment Charge is calculated as shown below:



Example: How a Variable Early Repayment Charge is calculated*

- Jeremy and Helen take out a lifetime mortgage of £50,000 and ten years later want to repay the loan.
- Helen was the youngest borrower at age 70, at the time the loan was started, whilst the Benchmark Rate was 3.30%.
- Based on an interest rate of 5%, the Variable Early Repayment Charge will be worked out as follows:



* The example above is calculated using the whole years as the time remaining rather than days. Your Early Repayment Charge will be calculated using the days remaining of your lifetime mortgage, depending on when you choose to repay.

Where can I get further information on Variable Early Repayment Charges?

If you require any further assistance on how Early Repayment Charges affect your lifetime mortgage or how they're calculated, please speak to your adviser who will be able to help you.

How will you keep me informed about Early Repayment Charges?

Each year we'll send you a lifetime mortgage statement. This will tell you how much you would pay in Early Repayment Charges at that time, if you choose to repay your lifetime mortgage early. It also includes your initial loan and any additional borrowing that you have taken.



Easier to read information

Please call us on **03330 048 444** if you are visually impaired and would like this document in Braille, large print, audio tape or CD.

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

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DA400 07/23

We're here to help

If you have a lifetime mortgage and are considering repaying it, please contact us to find out the exact amount of your Early Repayment Charge and how to make this repayment.

There are a number of ways you can get in touch.

Write to us at:

**Customer Services, Legal & General Home Finance,
PO Box 17225, Solihull, B91 9US**

Call our Customer Services team on:

03330 048 444

Lines are open 8.30am to 5.30pm, Monday to Friday.
Call charges will vary. Calls may be monitored and recorded.

Email us at:

customerservices@landghomefinance.com

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

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