Flexible Lifetime Mortgage

Terms and Conditions (version 8)

This is an important document. Please keep it in a safe place.

Flexible Lifetime Mortgage

Terms and Conditions

Welcome to LV=, and thank you for choosing our Flexible Lifetime Mortgage.

These conditions, your mortgage offer and mortgage deed (or standard security in Scotland), together with your application, any declarations you have made and any documents we send you confirming changes to your mortgage form a contract between you and LV Equity Release Limited. The contract starts on the date stated in your mortgage offer.

These are important documents so please keep them in a safe place.

You can get this and other documents in Braille, large print or on audio, by contacting us.

Find out how we use your personal information, and what rights you have by visiting LV.com/dataprotectionlife. Please let us know if you'd like us to send you a copy, or have any questions. This includes who we are, how long we hold your information, what we do with it and who we share it with.

Contents

Definitions

This section explains what we mean when we use the words listed below in the **mortgage** offer, these terms and conditions, and any documents we send you to confirm any changes to the **mortgage**.

We explain them because this is a legal document. In some cases they may have other meanings in every day use. We have highlighted these words in bold so you know when they apply (other than personal terms such as 'you' and 'we').

'**you**' and '**your**' – means the person named as the borrower in the mortgage offer and the mortgage deed. If the **mortgage** is taken out in joint names this is either or both of you.

'**we**', '**us**' and '**our**' – means LV Equity Release Limited. This includes any company to which we transfer the **mortgage** or any rights under the **mortgage**.

'**early repayment charge**' – means a charge you must pay if you decide to repay the **starting loan** or any further **withdrawals** you make. The charge only applies if you repay some or all of your **starting loan** or further **withdrawal** in the first 10 years. For further **withdrawals** the 10 years will start from the date of each **withdrawal**. This is explained in more detail on page 6.

'**loan**' – means the amount we've lent you stated in your mortgage offer, which includes your **starting loan** and any further **withdrawals** you make plus any interest of such amounts.

'**mortgage**' – means, the agreement between you and us set out in the mortgage deed, these conditions, the mortgage offer and any other documents agreed by you and us to be part of the agreement.

'**long term care**' – means care you receive away from your **property** permanently due to a physical or mental condition which results in you being either

- unable to safely make decisions on your own, or suffering from memory loss, or confusion

or

- unable to independently carry out two or more of the following everyday activities – bathing, dressing, eating, toilet use and walking or transferring (for example getting out of bed or a chair)

and

- it's very likely you won't be able to return to your **property** to live in on a permanent basis

If you do go into **long term care**, we may require a certificate signed by an appropriately qualified doctor to confirm that these conditions have been met. If we require a certificate we'll let you know.

'**personal representatives**' – This is a legal term given to the person or people who are legally responsible for dealing with your affairs after you've died. If you have a will, this will be the person who you have named in your will to manage your affairs when you die.
This person is called the 'executor'. If you don't have a will the courts will appoint someone, usually a family member, to manage your affairs. This person is called an 'administrator'.

'**property**' – means your property described in the mortgage deed and any rights or interest in it.

'**starting loan**' – means the first amount we lend to you under this **mortgage**.

'**total debt**' – means the **loan**, plus interest, plus any **early repayment charges** and other amounts which you owe now or in the future under the **mortgage**.

'**withdrawal**' – means any additional amount we lend you after the **starting loan**.

Why choose the Flexible Lifetime Mortgage?

The Flexible Lifetime Mortgage is designed to let you release some money from your home now in the form of a **loan**, with guaranteed access to **withdrawals** later on, if you need them.

Interest on the **mortgage** is calculated from the date your **mortgage** starts, using the fixed interest rate detailed in your mortgage offer. It's added to the amount you owe daily and is compounded yearly from the date your **mortgage** starts until the **loan** is repaid. However, you don't actually pay any of this interest until the **loan** is repaid which normally happens when you die or go into **long term care**.

You can borrow an amount now, and at the same time set up a maximum **loan** to draw from in the future. We'll guarantee the maximum **loan** for 15 years. This way you'll only be paying interest on the amount you actually want now.

What happens if you die or go into long term care?

The **mortgage** allows you to release money from your **property** now with the amount you've borrowed including interest, to be repaid when you die or go into **long term care**. Usually this **total debt** is repaid from the money received from the sale of your **property**. But you or your **personal representatives** may decide you don't want to sell your **property** and repay the **total debt** with other money.

We understand this will be a difficult time. So to give everyone involved time to decide how best to repay the **total debt** and sell your **property** if necessary, we allow 12 months for the **total debt** to be repaid.

We've explained below in more detail when you or your **personal representatives** will need to repay the **total debt**.

If you die:

If you die and the **total debt** hasn't been repaid, your **personal representative** will be responsible for repaying the **total debt** within 12 months. We won't apply an **early repayment charge**.

If this is a joint **mortgage** the **total debt** will only need to be repaid 12 months after the last surviving borrower has died. We won't apply an **early repayment charge** when the **total debt** is paid after the last surviving borrower has died.

We also won't apply an **early repayment charge** on a joint **mortgage** where one of you has passed away and a repayment is made within 3 years of the date of death.

After 12 months, if your **property** hasn't been sold by your **personal representatives** we can sell your **property** as explained in section B2.

If you go into long term care:

If you have to leave your **property** to go into **long term care** you'll have 12 months to repay the **total debt**. You'll only have to do this if it's unlikely that you'll be able to return to your **property**. We won't apply an **early repayment charge**.

Once again, if this is a joint **mortgage** the **total debt** will only need to be repaid 12 months after the last borrower has gone into **long term care**.

We also won't apply an **early repayment charge** on a joint **mortgage** where one of you has moved into **long term care** and a repayment is made within 3 years of the date of the move.

After 12 months, if your **property** hasn't been sold by you (or if you've died, by your **personal representatives**) we can sell your **property** as explained in section B2.

If the total debt is greater than the amount your property is sold for:

We guarantee that if the **total debt** is greater than the amount your **property** is sold for when the **total debt** is repaid, neither you, nor your **personal representative** will be asked to make up the difference. We call this a 'no negative equity guarantee'.

The no negative equity guarantee applies whenever the **total debt** is repaid from the sale of your **property**, for example it will apply if your **property** is sold when you die or go into **long term care**. If the guarantee is used, we'll pay for a professional valuation to be carried out so we can value your **property** before it's sold. We'll also need to agree the sale price is in line with market conditions at the time, before we'll honour the guarantee.

What happens if you want to repay all or part of your lifetime mortgage?

If you repay all of the total debt

You can repay the **total debt** at any time. If you do, depending on when you repay your **starting loan** and any further **withdrawals**, **early repayment charges** might apply. We explain how these are calculated on the next page.

You can also find more detail in your mortgage offer in the section called 'what happens if I don't want this mortgage any more?'

If you repay part of the total debt

You may decide that you only want to pay off part of the **total debt**. You can do this at any time. The only limitation we apply is that the part of the **total debt** you're repaying is at least £5,000, and the remaining **total debt** is no less than £10,000.

If you want to repay part of your **starting loan** or further **withdrawals**:

- we'll first use the money to reduce whichever of the **starting loan** or each further **withdrawal** attracts the highest interest rate (and so on if there is more than one **withdrawal**); and
- if more than one **withdrawal** has the same interest rate, we'll reduce the outstanding amount of the most recent **withdrawal** first.

It's important to be aware that if you do decide to repay part of the **total debt** early, an **early repayment charge** could apply. We explain this in more detail in the next section.

What early repayment charges will apply if you repay all or part of the total debt

If you do decide to repay all or part of the **total debt** we'll make the following **early repayment charges**:

- If the repayment is used to repay a **withdrawal** or the **starting loan** within five years of the date the money was sent to you, we'll charge you 5% of the **loan** amount you repay.
- If the repayment is used to repay a **withdrawal** or the **starting loan** between five and ten years of the date the money was sent to you, we'll charge you 3% of the **loan** amount you repay.

If the repayment is used to repay a **withdrawal** or the **starting loan** after ten years of the date the money was sent to you, we won't apply an **early repayment charge**.

When we work out **early repayment charges**, each year is calculated at the anniversary from when you received your **starting loan** or made a **withdrawal**. For example, if you received your **starting loan** on the 3 November 2018, the anniversary would be on 3 November the following year. So if the **starting loan** was taken out on 3 November 2018 and no other **withdrawals** are made, the **total debt** could be repaid early from 4 November 2028 with no **early repayment charge**.

To help you understand how we work out the **early repayment charges**, we've used two examples below.

Example – when part of the total debt is repaid

Mary releases £100,000 from her property via the LV= Lifetime Mortgage. She lends some of this to her son. The interest rate on her lifetime mortgage is 6.5%, fixed for the life of the loan. Six years later, her son pays her back £20,000 and she decides to repay part of her lifetime mortgage with the money.

To work out how much of the total debt Mary will be paying back, we first have to work out how much she'd owe if she was to repay the total debt. We do this as we treat part repayments as a percentage of the total debt being repaid.

First we work out what the Early Repayment Charge (ERC) would be if Mary repaid the £100,000 loan in full:

ERC on total debt = £100,000 x 3% = £3,000

Interest on total debt = £45,914

Total full repayment = £148,914

£20,000 / £148,914 = 13.43%

These calculations show us that Mary will repay 13.43% of the total full repayment.
We apply this to Mary's £20,000 repayment as follows:

Loan amount to be repaid = £100,000 x 13.43% = £13,431

As Mary's repaying the loan 6 years after it started, she'll pay a 3% early repayment charge on the part of the loan she's repaying.

ERC on loan amount to be repaid = £13,431 x 3% = £403

Mary must repay all the interest owed on the part of the loan she's repaying, (which is compounded over the time she's had it for).

Interest on loan amount to be repaid = £45,914 x 13.43% = £6,166

So Mary's repayment of £20,000 is broken down as follows:

Total amount repaid = £13,431 loan amount + £403 early repayment charge + £6,166 interest = £20,000

Example – when the total debt is repaid

Brian releases £20,000 from his property via the LV= Lifetime Mortgage. The interest rate on his lifetime mortgage is 6.5%, fixed for the life of the loan. Three years later, Brian receives an inheritance, and decides to repay his loan in full.

As Brian repays his loan after three years, a 5% Early Repayment Charge (ERC) will apply.

ERC = £20,000 x 5% = £1,000

As well as having to pay an early repayment charge, he'll also need to repay the interest that has accrued for having the loan for three years. This is calculated using compounding interest over three years.

Interest on the loan = £4,159

When he repays the loan he will have repaid the loan amount he borrowed, the accrued interest for the time of having the mortgage and an early repayment charge.

Total amount repayable = £20,000 + £1,000 + £4,159 = £25,159

When early repayment charges won't apply

There are also some circumstances which will mean you won't have to pay an **early repayment charge**. These are if the **total debt** is repaid because one of the following happening;

- you die - if this happens, your **personal representatives** are responsible for making sure the **total debt** is repaid within 12 months of you dying.

or

- you go into **long term care** – if this happens the **total debt** will also need to be repaid by you (or if you've died after going into **long term care** your **personal representative**) within 12 months of you moving into **long term care**.

or

- when one borrower (on a joint **mortgage**) passes away or moves into **long term care** and a repayment is made within 3 years of the date of death or move.

or

- you move from your **property** to a different property. If you do move, we'll have to agree a new **mortgage** for the different property. We'll then agree the loan amount and if it's less than the amount lent under this **mortgage**, no **early repayment charge** will apply.

or

- the **total debt** is reduced or fully repaid using the money from an insurance company following damage to your **property**. We explain this in more detail in section A7.

Section A – What you need to do during the term of the mortgage

We know that most people are very proud of their property and will make every effort to keep it insured and in good repair. However you'll appreciate that not everyone looks after their property as they should. To protect our interest in your **property** we include all of the things you must do as part of these conditions.

You'll see a lot of what we've included are things you already do but there are also things specific to the **mortgage**.

It's important you understand this section, because if you don't do something you're expected to as part of the **mortgage**, it could mean you having to repay the **total debt** before you're ready to.

If you're unsure about anything in this section speak to your solicitor.

A1 – Maintaining your property

As we've based your **mortgage** on the value and condition of your **property**, we need to make sure you maintain and look after it. This is so the value of your **property** is maintained.

We ask that you keep your **property** in good order and carry out any necessary repairs which you've agreed to do as part of the **mortgage**. So, for example if a valuer has recommended work to remove damp from your **property**, you will need to carry this work out.

In addition to what we've asked, you may also find in the future you need to carry out additional maintenance from time to time which we don't yet know about. There are also certain legal obligations which apply to all property owners. If these arise you'll still need to make sure the work is carried out.

Important
Because we want to make sure the value of your **property** is maintained, if you don't do any of the things you've agreed to do, we may have to do them for you.

A2 – Pay costs relating to your property

As part of these conditions, you agree to pay any costs you would normally be expected to pay for your **property** to maintain it. An example of this is your council tax bill, which you have to pay as part of owning your **property**.

A3 – Making changes to your property

If you want to make any change to your **property** you'll need to check with us first. This is to make sure we're happy with the changes and they don't affect the value of your **property** being sold in the future.

Any changes we allow you to make must be kept to any conditions we've set and you'll also have to pay for all costs which we've had to pay, when considering each change. An example would be surveyor costs or the cost of taking advice from a solicitor.

Changes that you may want to make to your **property** could be to:

- create, release or change any rights affecting or benefiting your **property**. This could include selling all or part of your garden or allowing another property access through your **property**.

or

- change or build an extension to your **property** whether planning permission is needed or not

or

- start up a business from your **property**.

Changes that would impact our mortgage

Although any changes you may decide to make in the future may not be specifically to your **property**, they may still impact the interest we have in your **property**. So before you do any of the following you'll need to check with us first.

- If you let your **property**

or

- If you give your **property** away – for example you could decide to change the ownership of your **property** to someone in the family

or

- If you get a mortgage, charge, restriction or other form of security over your **property** in favour of any other person such as taking a second mortgage or a loan secured on your **property**

Changes to those living in your property

When you take out this **mortgage** we'll ask you to confirm who lives in your **property**. If anyone else who is 17 or over moves into your **property** after you take out this **mortgage**, you must tell us. They'll need to sign an occupancy waiver releasing any rights they might have to your **property**.

Buying any land or developing your property

You may in the future decide that you want to buy additional land attached to your **property**. If you do want to do this, you'll need to let us know as we'll want to make sure this doesn't affect the interest we have in your **property**. To illustrate when our interest could be affected we've used two examples below.

Increasing your garden size

You may be able to extend your garden in the future by buying some land from your next door neighbour. It's very unlikely that making a garden bigger would be a problem as this doesn't usually reduce the value nor have an affect on your **property**.

Buying land to build a development

You could find yourself in the future being in a position to buy some more land to use together with some of your land to build something like a block of flats. Clearly this is very different to extending your garden and could have a serious impact to your **property**. If this were to happen, we would need to consider the impact on the value of your **property**. Generally a detached house with a large garden would have a higher value than a property with a small garden that is now part of a development.

These examples are designed to illustrate what changes we may or may not consider seriously affect our interest in your **property**. It's not always easy to know what will affect our interest in your **property**. So, if you are thinking of making any changes to the land which is connected to, or will become part of your **property**, please contact us first.

A4 – Living in your property

As part of these conditions, your **property** can only be used for living in. This means that nobody living in your **property** can run a business from it, and you can't let out its rooms, unless we've agreed to it.

A5 – Leaving your property

Leaving your property for more than 30 days

If you're planning on leaving your **property** for more than 30 days you'll need to contact us, letting us know when you're leaving and when you plan to return. This will also allow us to understand what arrangements you have put in place for someone to check up on your **property** regularly while you're away.

It's important to remember if you're planning on leaving your **property** for more than 30 days, you should check you have the correct home insurance. Most insurers won't cover you if you leave your **property** empty for longer than this. If you're planning on leaving it empty, with no one living in it while you're away, you may need to change your home insurance to cover your **property**.

Leaving your property permanently

If you leave your **property** permanently you'll need to let us know before you leave, giving us at least 30 days notice in writing. As part of this **mortgage** we require you to live in your **property** and maintain it. If you leave your **property** permanently you'll have to repay the **total debt**.

We'll give you 30 days to repay the **total debt** from when you left your **property**. If, after this time the **total debt** hasn't been repaid by you we have the right to sell your **property**. Of course, if the reason for leaving your **property** is because you're going into **long term care**, then you have 12 months to repay the **total debt**. We explain this in more detail in section 'What happens if you die or go into long term care?' on page 5.

A6 – Selling your property

You or your **personal representatives** may decide in the future to sell your **property**. In some circumstances you may have to get our permission before your **property** is sold. For example if your **property** is worth less than the **total debt**.

It's important to remember if the **total debt** is repaid before you die or go into **long term care** an **early repayment charge** could apply. See 'what do you need to do if you want to repay all or part of your lifetime mortgage?' on page 5 for further details.

The value of your property is worth less than the total debt

In section 'what happens if you die or go into long term care?' on page 5 we explain that under the **mortgage** we offer a no negative equity guarantee. This means that if your **property** is worth less than the **total debt** when it's repaid, you or your **personal representatives** won't be expected to pay the difference. If for example you decide to sell your **property** to repay the **total debt**, you won't have to pay the difference if the sale price is lower than the **total debt**. However, before we can honour the guarantee we'll want to make sure the sale is in line with market conditions. So, we'll pay for a valuation to be carried out so we can value your **property** before it's sold.

A7 – Insuring your property

You must insure your **property** against loss or damage and pay all premiums when due. This is to make sure our interest in your **property** is protected against the risks associated with owning a property.

When we can ask for changes to your home insurance policy

- **Changes needed to the policy**

We'll need to be named on the policy as well as you. If your **property** is leasehold (or the equivalent in Scotland), where the lease states the landlord will insure your **property**, our interest in your **property** will need to be added to your landlord's insurance policy as well.

- **Check the amount of cover**

We'll need to check that the amount your **property** is insured for covers the rebuild cost as detailed in the latest valuation. You'll need to make sure the cover also increases each year with the cost of living. If the insurance is insufficient you will need to arrange additional insurance cover.

- **Check the excess**

We'll need to check the excess on your policy to make sure it's a reasonable market amount.

If the excess is too high you may need to change the terms of your insurance policy.

What you'll have to do

- **Pay all the premiums**

As with all home insurance policies, if you stop paying the premiums the cover will stop. You must pay the premiums for your policy to make sure your **property** is insured.

- **Send us a copy of your home insurance each year**

You'll need to send us a copy of your insurance policy so that we can check you have arranged the necessary insurance. Don't worry if you do forget, we'll send you a reminder.

- **Not do anything which will invalidate the insurance**

You must not do anything or allow anything to happen to your **property** which results in the home insurance being invalid. An example of this is if you were fraudulent about the information you gave the insurance company when applying for or renewing the insurance, or when making a claim.

- **Contact us if the property is damaged**

You must contact us as soon as you reasonably can if your **property** is damaged.

What will happen if you don't insure your home

If you don't insure your **property** or make any changes we have requested to the insurance, we will have the right to insure it for you at your expense. However, we have no obligation to do this for you as it's your responsibility.

We might need to insure your **property** to make sure our interest is protected against the risks associated with owning a property. We'll only take out a policy that is necessary to insure your **property** and no more. This will mean it will only be buildings insurance and won't include contents insurance.

If we have to insure your **property** we'll choose the new insurer and the type of cover. We'll charge you a £250 administration fee for having to arrange the insurance. We'll also charge you all of the premiums we've had to pay. You must pay these charges within 30 days of us letting you know the total amount.

What happens if you make a claim on your home insurance

Sadly, something may happen to your **property**, which will mean you'll have to claim on your buildings insurance. If this happens the following will apply:

- We may bring and settle any insurance claims relating to your **property**. If we do, this means you don't have to negotiate settling the claim as we'll do it for you.
- If the insurer pays out after you've made a claim, you must hold any money paid out relating to your **property** on trust for us. This is a legal term and means you hold it on our behalf and can't spend the money on your **property** until we've agreed you can. We do this to make sure the payment is enough to cover any work or rebuilding of your **property**.

In all cases, we won't take any longer than 21 days before we agree you can spend the money. Of course we'll always aim to be quicker than this.

If you receive a payment from the insurer for your **property**, once we agree you can spend the money you can decide to use the money if you want to repair or rebuild your **property** if it's needed. Alternatively you can choose to repay all or part of the **total debt**.

If you decide to repay all or part of the **total debt** we won't charge you an **early repayment charge**, when one would normally apply. We explain more around repayments in section 'What do you need to do if you want to repay all or part of your lifetime mortgage?' on page 6.

A8 – Owning shares in a management company

If you own any shares in a management company which has responsibility for any part of your **property**, these will also secure the repayment of the **total debt**. We will ask you to sign a separate document which gives us a charge over these shares which will allow us to transfer the shares to the new purchaser of your **property**, if we ever have to sell it.

A9 – Planning notices for other properties

If you receive a notice, an order or a proposal from a public authority such as your local council for planning permission relating to another property, you'll need to let us know. An example would be if a neighbour is proposing to extend their property which could affect the privacy of your **property** and affect the resale of your **property**.

All we ask is you take a copy of this and send it to us within 14 days of receiving it. The reason is so we're aware of new building work in the area. We may object to the proposal if we think it will affect your **property** or its value.

Section B – What happens if you don't follow the terms of the mortgage

In this section we explain all of the things we can do as part of these conditions. It's important you understand this, as it could mean you having to repay the **total debt** before you're ready to or paying additional costs if you don't meet these conditions.

As long as you do everything we've asked you to do in section A, it's unlikely that this section will ever apply to you. But we do have to include the conditions in this section to protect our interest in your **property** against people who aren't honest, or who don't look after their property as they should.

Remember the **mortgage** will remain secured against your **property** as long as the **total debt** remains. This means if the **total debt** isn't repaid as part of these conditions we can sell your **property**.

If you're unsure about anything in this section or section A, please speak to your solicitor who will be able to help explain.

B1 – Our legal powers

The Law of Property Act 1925 ('Property Act') gives us certain powers being a mortgage lender if you don't follow the terms of the **mortgage**. It can be complicated, so we've explained the key parts below.

We explain in section B2 when we can sell your **property**. The Property Act gives us the power to sell your **property** only if you breach these conditions. This means that as long as you meet these conditions, we can't sell your **property** to repay the **total debt**.

If we do have to sell your **property** the Property Act allows us to appoint someone known as a 'receiver' to sell your **property** on our behalf. The role of this person will be to recover as much of the **total debt** remaining if we have to sell your **property**. We explain this in more detail in section B7.

If we or any receiver we appoint have to sell or enter your **property** we won't be classed under the Property Act as being a 'mortgagee in possession'. This means you're still responsible for things related to your **property** such as environmental issues, insurance or completing any unfinished building work when it comes to selling your **property**. By us appointing a receiver to sell your **property** on our behalf we won't have this responsibility.

B2 – When we can sell your property or ask you to repay your mortgage

We use your **property** as security to make sure the **total debt** can be repaid. This means if the **total debt** isn't repaid, or can't be repaid when we ask, we can sell your **property** to repay the **total debt**.

It's important you read these conditions with your solicitor, so they can explain to you the circumstances when we may have to sell your **property**.

The total debt hasn't been repaid within 12 months of you dying or going into long term care

Part of the conditions of the **mortgage** is that the **total debt** is repaid within 12 months of you dying or going into **long term care**. If the **total debt** hasn't been repaid within this time by you (or if you've died your **personal representatives**) we can sell your **property**.

If this is a joint **mortgage** the **total debt** will only need to be repaid when the last surviving borrower has died or gone into **long term care**.

We understand sometimes properties can take longer to sell than 12 months. If your **property** is still up for sale after this time, we'll contact you or your **personal representative** to discuss why there is a delay. If there is reason to think your **property** isn't being sold in a reasonable time, we can sell your **property**.

We won't usually sell your **property** for you as long as we believe that:

- You (or your **personal representative**) are actively marketing the **property**, and
- It is being marketed at a fair market value, and
- Our interest in the **property** is protected. (One example of when our interest may not be protected is if a large housing development is due to be built near your **property**, reducing its value).

We will usually take over the sale of your **property**, if we believe that:

- you (or your **personal representatives**) are not trying to sell your **property**, or
- the **property** is not actively being marketed, or the value it's being marketed at is out of line with the market value at that time, or
- our interest in the **property** is at risk (for example, if we think the value of your **property** could go down in the future).

This isn't a complete list of all the circumstances in which we would sell your **property**, but it helps you understand when this is most likely to happen.

We will always sell your property for you if it hasn't sold within 12 months and the amount outstanding is greater that the market value of the property (at which point, because we offer a No Negative Equity Guarantee, a quick sale would be in our interest and at no financial loss to your estate).

Remember that we'll continue to charge interest on the **loan** until it is repaid.

If you don't follow these conditions

You're required as part of this **mortgage** to carry out what we've asked you to do, in both section A and section B. This includes things like maintaining and looking after your **property**. However if you don't do something you're required to do, we can after 30 days of notifying you to put this right, ask you to repay the **total debt**.

An example of this would be if we discover that you're not looking after your **property** and maintaining it. In the unlikely event of this happening we will contact you to ask you to improve the condition of your **property**. If after contacting you, you don't agree to improve the condition of your **property**, we can, if we believe the market value of your **property** has been significantly affected, ask you to repay the **total debt**.

We also explain in section A and section B things you shouldn't do as part of the **mortgage** relating to your **property**. This includes leaving your **property** permanently without notifying us first or allowing people to live in your **property** without our permission. If this happens, we can after 30 days of notifying you to put this right, ask you to repay the **total debt**.

For example, if we discover you have left your **property** permanently without notifying us we may ask for the **total debt** to be repaid. This could happen if after discovering this we believe your **property** has become run down and is in a bad condition.

We accept these are very extreme examples and we hope this doesn't happen, but we do have to make sure our interest is protected against those who don't follow the conditions of the **mortgage**.

If you have a court order against you

If you have a court order against you, the **total debt** will need to be repaid if we believe it could harm the rights we have under this **mortgage** or the value of your **property**. It's unlikely this would happen, but we need to make sure our interest is protected if this were to.

If you've been dishonest

If you've been dishonest with the information you've given us in your application, which we've based your mortgage offer on, that would have meant we would have altered the terms of your **mortgage**, then the **total debt** will have to be repaid.

An example would be if you tell us that you have no tenants/lodgers living in your **property** and then we discover after sending you the **starting loan**, including any future **withdrawals**, that, there are tenants/lodgers in your **property**. Had we known about the tenants/lodgers, we may have declined the **mortgage** or we may have asked for an agreement or waiver before agreeing to the **mortgage**.

If your property is subject to a compulsory purchase order

Your **property** may be subject to a compulsory purchase order in the future. If this happens the **total debt** will have to be repaid. An example of a compulsory purchase would be if a motorway is being built and the proposed route is through your **property**. The local authority, can if there is good reason, force a compulsory purchase and sell your **property** so the motorway can be built.

What we can do before or instead of selling your property

If we have to sell your **property** we can, instead of selling your **property** or before we sell it, make you leave your **property** so we can then take possession or develop it. An example of when we may do this is if we have to make improvements to your **property** before we sell it.

Before we sell your **property**, or as an alternative to selling your **property**, we can let your **property**. We can do this even if we haven't taken possession of your **property**. For example we may decide to let your **property** if it becomes difficult to sell it. If we do let your **property**, we'll make sure the let is for no more than six months, and the amount we receive is in-line with market conditions at the time. The money we receive will be used towards;

- firstly, paying off the outgoings of your **property**, for example insurance, then
- repairs and maintenance, then
- interest on the **loan**, and then
- any remaining money towards the **total debt.**

If the total debt is greater than the amount your property is sold for

We guarantee that if we sell your **property**, or your **property** is sold by you to repay the **total debt**, and the **total debt** is greater than the amount your **property** is sold for, neither you, nor your **personal representative** will be asked to make up the difference. We call this a 'no negative equity guarantee'.

The no negative equity guarantee applies whenever the **total debt** is repaid from the sale of your **property**, for example it will still apply if your **property** is sold after 12 months of you dying or going into **long term care**. If the guarantee is used, we'll pay for a professional valuation to be carried out so we can value your **property** before it's sold. We'll also need to agree the sale price is in line with market conditions at the time, before we'll honour the guarantee.

B3 – We can enter your property

If, as a condition of the **mortgage**, we've asked you to carry out work on your **property**, we may need to inspect the work which has been done. Before we do this we'll contact you to arrange this. However, in most cases, copies of invoices showing what work has been done will be fine.

There may however be an emergency which means that we'll have to enter your **property**. For example if we're told that a water main has burst in your **property** and we can't contact you to get into your **property**.

Normally, the only reason why we'll ask to enter and inspect your **property** is if we believe your **property** is not being kept in a reasonable state of repair. If we have to carry out any repairs, you'll have to pay for the cost of this. We explain examples of these types of cost in section B4.

If we have to inspect your **property**, we'll make sure we contact you beforehand.

B4 – We can charge you costs relating to your property

We may, in the future have to do certain things to your **property** which will come at a cost. If we're not responsible for these costs, we'll charge these costs or expenses to you. In most cases we'll claim any Value Added Tax back from HM Revenue and Customs. If we're not able to, we'll also include this.

To help you understand when you'll need to pay our costs and expenses, we've included some common examples.

- Any costs relating to repairs or building work needed to your **property** if it hasn't been maintained, and prevents us being able to sell your **property** or could pose a health and safety risk.
- Any work that we've instructed must be carried out when we grant you the **mortgage** and you haven't done this work within a reasonable time.
- Any costs incurred by you leaving your **property** empty for a long time without letting us know, causing your **property** to become run down and in a bad condition. This would mean we would need to carry out repair work.
- The cost of insuring your **property** if you don't pay the insurance.
- Any inspection costs that are required as a result of you not keeping your property in a satisfactory condition which would mean that an inspection is needed. For example building surveyors' fees or a builder's repair quote.
- Any costs we have to pay in any legal proceedings relating to the **mortgage** or your **property**.
- Any costs and expenses we have to pay to recover any money you owe us or to exercise the rights we have under the **mortgage** or in relation to your **property**.
- Any costs we have to pay where we do anything you've agreed to in section A, which you haven't done.
- Any administration costs for arranging and managing any work we do in connection with the **mortgage**.

If we do charge you for our costs and expenses we'll send you the detail of these costs, giving you 30 days to pay them. If you're unable to pay these after the 30 days, we'll charge you interest until the costs are repaid. We'll use the interest rate that applies to your **starting loan** or if you've made **withdrawals**, we'll use the most recent interest rate. We'll then calculate the interest by compounding it yearly.

B5 – We can appoint a power of attorney

So that we can protect our interest over your **property**, you appoint us as your attorney. This only gives us certain rights over your **property**, which we detail below.

In section B7 we explain what rights a receiver has in relation to selling your **property**.

While they are acting in our interest, they too will become your attorney.

By appointing us or any receiver as your attorney we can do the following things in your name and on your behalf:

- receive any money due to you in connection with your **property** or any insurance on it. An example of this is if we have to sell your **property**, we have the right to receive that money to pay off the **total debt**.

or

- to sell or grant a lease on your **property**

or

- to sell any shares you own in any management company which has responsibility for any part of your **property**

or

- to do anything which we or the receiver needs to do to exercise our rights under the **mortgage**. An example of this would be if we or the receiver have to make improvements to your **property** before we sell your **property**.

This doesn't mean however, that we'll become involved in your personal affairs or your well being. That type of attorney is different and is usually referred to a lasting power of attorney or enduring power of attorney depending on the circumstances.

What you'll need to do

We'll also need you to do certain things that we're not able to do being your attorney. This includes getting you to execute any appropriate documents connected to your **property**. An example of this is if we need you (or if you've died your **personal representatives**) to sign the transfer deed so your **property** can be transferred to the new owners when it's sold.

This also includes anything which we reasonably think is needed for any of the purposes we've listed in this section or to assist us in exercising any of our powers under the **mortgage**.

When this will end

As we've explained, the reason we're appointed as your attorney is so our interest can be protected. This means that until the **total debt** has been repaid, this right will remain.

Of course, once the **total debt** has been repaid we no longer have an interest in your **property** which means we will no longer be your attorney.

If you're concerned about us being your attorney for as long as the **total debt** remains, please speak to your solicitor.

B6 – What will happen if we sell or take possession of your property

What will happen if we sell your property

If we have to sell your **property** we'll want to sell within a reasonable period of time because the last thing we want is for interest to keep accruing on the **total debt**. We also don't want to sell it below the market value, so we'll make sure your **property** is sold for the best price we are reasonably able to obtain.

There could be circumstances which mean we have to delay putting your **property** up for sale. An example of this is if there are problems with the legal title which need to be resolved before your **property** can be put on the market or if your **property** needs improvements made, so we can receive the best possible price.

What will happen if we take possession of your property

If we end up having to sell and take possession of your **property** we may remove, store, sell or dispose of anything you leave at your **property**. We'll contact you before we do this. We'll give you 30 days notice to give you the time to remove your possessions from your **property**.

As you'll expect, there are costs involved with moving. Sadly we can't cover these costs so we'll have to charge this to you. All reasonable costs in removing, storing, selling or disposing of anything which is left at your **property** will have to be paid by you.

What will happen if you or your personal representative asks us to sell your property

You or your **personal representatives** may ask for us to sell your **property**. An example of when this might happen is if you go into **long term care** and don't want to spend your time selling the **property** yourself.

When your **property** is sold the money received will be paid to you or your **personal representatives** after the **total debt** and other costs have been taken off.

What will happen once your property is sold

Once your **property** is sold, the money received will be used to pay off the **total debt**, including any unpaid expenses as a result of selling your **property**. Any money remaining will then be paid to anyone else who is secured on your **property**. Once they have been paid, any remaining money will be paid to you, (or if you've died your **personal representatives**).

B7 – We can appoint a receiver

When we can appoint a receiver

If we have to sell your **property** for the reasons explained in section B2, we have the power under the Property Act as a mortgage lender to appoint a receiver. A receiver is a type of manager, whose job is to recover as much of the money that you owe us as they can. We can only appoint a receiver when we have to sell your **property**, (as explained in section B2) and at no other time.

When we can remove a receiver

Once a receiver has been appointed, we can, if we decide, to remove them or appoint another one in their place.

What a receiver can do

The Property Act says that any such receiver acts as your agent and not ours. This means if they do anything to damage or reduce the value of your **property**, you can't recover that loss against them.

The receiver appointed by us can do everything we can do under the conditions of this **mortgage**. The following are examples of the main things they can do:

- they can take possession of, manage and sell your **property**,

or

- they can employ other people or appoint contractors to carry out work on your **property**, including repairs or rebuilding of your **property**,

or

- they can enter into any agreements or arrangements to do with your **property**,

or

- they can do anything they believe to be necessary to help us to recover the money you owe us.

The receiver may need to borrow money, for example, in order to carry out repairs or improvements to your **property**. If they do, you or your **personal representative** will have to repay this before the **total debt** is repaid.

Who will pay the receiver

The receiver will be entitled to be paid professional fees for their services, at normal commercial rates. We'll fix this rate, and the amount they'll receive will be a reasonable market rate. The amount will have to be paid by you, or if you've died your **personal representatives**.

Section C – If your property is in Scotland

If your **property** is in Scotland it's important you read this section because there are differences between Scottish and English law, so some of the terms and parts of section B may be different.

Where any of the terms and conditions contained in the **mortgage** are inconsistent with Scottish law and your **property** is in Scotland, Scottish law will prevail.

If you're unsure about this section or any other section, speak to your solicitor.

C1 – Our legal powers in Scotland

If your **property** is in Scotland we will ask you to sign a separate document called a 'standard security'. By signing this document it means in the unlikely event of you breaching these conditions we can enforce certain powers through the 'standard security'.

The use of the 'standard security' is to secure the **total debt**, these conditions and other conditions set by statute under Scottish law when you take out of this **mortgage**.

We will register the 'standard security' in the Land Register of Scotland in order to establish our legal interest as lender against the title to your **property**. This means if in the unlikely event you do breach the conditions, such as not maintaining your **property**, we can use the rights we have under Scottish law to put the matter right or sell your **property**.

Before we can do this, we'll of course contact you first and work with you and do what we can to make sure the matter is put right.

If, after contacting you and giving you time to put this right, you're still not able to, we can under Scottish law, issue you with a 'notice'.
This will either:

- require the **total debt** to be repaid within two months;

or

- entitle us to enforce the conditions of the **mortgage** because you breached the terms and conditions

The relevant notice will, along with any other information, detail the **total debt** you'll need to repay or what part of the conditions you have breached.

If you don't carry out what is detailed in the notice then we can apply to the Court in Scotland to enter into possession of your **property**, sell your **property** or force repairs to be carried out to your **property**.

We accept that in most cases this situation will never happen, but it's important we explain what will happen if the terms of these conditions aren't met in Scotland. If you do have any concerns please speak to your solicitor.

C2 – Selling your property

If we do sell your **property**, we'll follow the same standard expected of us under English law along with meeting Scottish law. We'll make every effort to sell your **property** within a reasonable period of time because the last thing we want is for interest to keep accruing on the **total debt**. We have a legal duty to advertise the sale and take all reasonable steps to make sure the price we obtain for your **property** is the best that we can reasonably obtain.

C3 – Money received from the sale of your property

If after working with you to try to put the matter right as explained in section C1 and you haven't done what we've asked, we can then sell your **property**. The money we receive is then used in the following way:

- firstly, to pay all of our expenses relating to the sale or attempted sale of your **property**, then
- the payment of any prior standard security, then
- the payment of the **total debt**, then
- the payment of any other standard securities.

After all of the above have been paid, then any balance of the proceeds from the sale of your **property** shall be paid to the person entitled to your **property**.

Section D - General conditions

D1 – When we can transfer your mortgage

When we can transfer your mortgage

We can transfer all of our rights under the **mortgage** or part of it to another person at any time. An example of when we could do this is if we decide we no longer want to offer lifetime mortgages.

If we were to transfer the **mortgage** we would make sure that you would still have the right to future **withdrawals** allowed under this **mortgage**.

Before we transfer your **mortgage**, we'll of course write to let you know and explain exactly how it will affect you.

What else we can transfer

We can also transfer all or part of the administration of this **mortgage**. This might mean, for example the person who you send your insurance renewal to will change.

Will my mortgage be affected by any transfer?

No. Your existing **mortgage** won't be affected. The interest rate and the terms of your **mortgage** will stay the same.

D2 – How we'll contact you

If you ask us for permission to do something to your **property** we'll confirm this in writing to you. The same applies for any notice that we may issue you. Of course, if we need to send this to your **personal representative** we'll send it to them, so it's important they let us know if their address changes.

D3 – The rights of anyone else under the terms of the mortgage

The **mortgage** is agreed between you and us. If this is a joint **mortgage** you are both responsible together and individually for the obligations and benefit from the rights under the **mortgage**. We may ask either one of you or both of you to perform such obligations.

Under the Contract (Rights of Third Parties) Act 1999, a third party can sometimes gain rights under a contract. So in order to make sure that the rights under the **mortgage** are not given to third parties without us knowing or intending to, this is excluded under this **mortgage**.

D4 – The law that applies to this mortgage

This **mortgage** (other than any document creating security over a property in Scotland) and any matters relating to it are governed by the laws of England. Documents which create security over property in Scotland will be governed by Scottish Law. We will always communicate in English.

Also, if any part of the **mortgage** is found to be legally unenforceable, the other parts will be unaffected and will remain in force. If we choose not to, or can't enforce any of our rights under the **mortgage**, we will still be able to enforce all of our other rights. If we don't immediately exercise any right that we have under this **mortgage** this won't stop us from exercising that right or any other right under the **mortgage** in the future.

Section E – How to contact us

E1 – Write to us

If you need to write to us about your **mortgage**, our address is: LV= Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts, SG5 2DX

E2 – How to make a complaint

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right.

You can let us know by calling us on **0800 783 7533** (for textphone, dial 18001 first). Or, you can write to us at: LV=, Retirement Solutions, Pease House, Tilehouse Street, Hitchin, Herts. SG5 2DX. Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us, or visit **www.LV.com/complaints**.

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge, but you'll need to contact them within six months of receiving our final response letter.

Their website is **www.financial-ombudsman.org.uk** which includes more information about the service, including details of the various ways they can be contacted. If you make a complaint it won't affect your right to take legal action.

You can get this and other documents from us in Braille or large print by contacting us.

LV Equity Release Limited, Pease House, Tilehouse Street, Hitchin, Herts SG5 2DX.

21696-2018 05/18