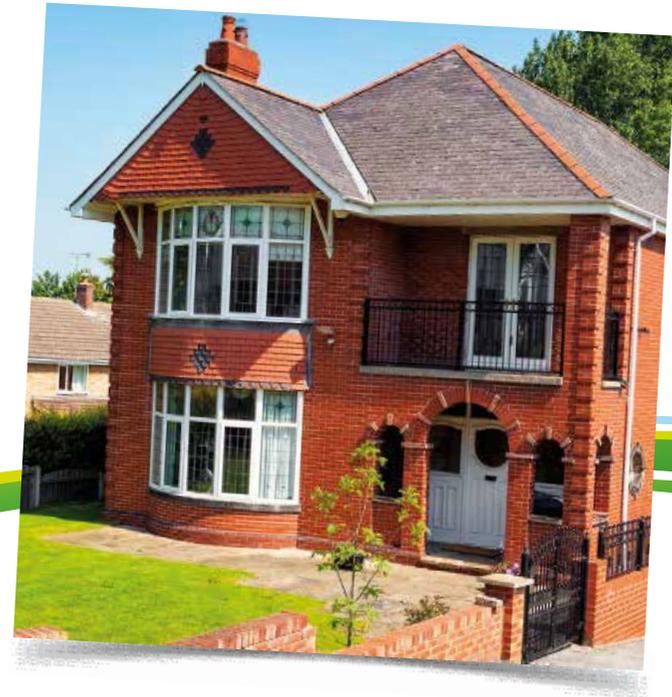


# Equity Release

Lending Policy



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## **Contacts**

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## **Note**

If you would like to make sure that you have the latest version of this policy, please visit [www.lv.com/adviser/literature](http://www.lv.com/adviser/literature)



### Applicant & Property

Certain applicants are categorised as ‘standard’. These cases don’t require pre-application underwriting as the applicant and property are considered to be less-risk than a non-standard case. The usual checks of the application will still take place and the property will be underwritten after the valuation.

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#### ■ Applicant

- Aged between 60 and 95.
- UK resident (we classify this as a UK tax payer) that is able to prove their identity.
- Sole owner of the property or standard joint owners if married/civil partnership/cohabiting couple and siblings, currently residing in the property (see section 7).
- Low or Medium risk on Experian Credit Report.

#### ■ Property

- Situated in mainland England (inc. Isle of Wight), Scotland & Wales (inc. Anglesey). [Note - certain isles around the mainland UK are classified as ‘mainland’ however we usually can’t accept these cases due to them falling outside our criteria on remoteness (section 5.1)]. We are unable to accept Scottish Isles and the Isle of Man.
- Property valued between £70k and £1.5m (properties valued over £1.5m will require individual underwriting).
- Freehold house or leasehold house/flat/maisonette (within minimum lease terms as seen in section 4.2).
- Standard construction (e.g. conventional brick, stone or timber frame [note - timber frames need to be referred to LV= Equity Release Underwriting if built before 1960]).
- Standard utilities (e.g. mains gas, water and electricity connected to the National Electricity Grid).

# Construction

# Wall Structure, Roof Structure & Essential Repairs

For properties that are non-standard construction we generally look at whether the structure is generally easy to obtain a mortgage on, has evidence of being historically sound and how common the property type is in the area.

For properties that need essential repairs or works completed in order for them to be acceptable for us to lend on, the maximum cost of works is £5,000.

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### What do LV= Equity Release Underwriting need?



- The valuation with any required works
- Reports (i.e. Damp & Timber or Electrical) and quotes for work required

■ **Wall & Roof Structures** - for properties that have non-standard constructions we generally review the property to judge:

- the potential lifespan of the material;
- the amount and regularity of maintenance that may be required;
- whether it has historic evidence of being a sound structure; and
- how common it is in the general area of the subject property.

Subject to a favourable valuation report, examples of non-standard construction we would consider are Laing Easiform properties built post-1945 and Wimpey No-Fines properties.

**Flat roof** properties may be acceptable depending on the percentage of flat roof and the construction material used. We can generally accept up to 30% for felt flat roofs (as a percentage of the total roof area).

We may accept a higher percentage (up to 50%) if the flat roof is not constructed of felt and has valid guarantees.



If the property has over 50% flat roof, we may also be able to accept if the property is exceptional and this construction is common to the area. Please refer to LV= Equity Release Underwriting for consideration in both instances.

■ **Spray Foam** - We are unable to accept properties with spray foam insulation in the roof space.

■ **Essential Repairs** - should a property require essential repairs, quotes are required for the work and we will consider up to a maximum of £5,000 of works required. The work would need to be completed on a Schedule of Works.

# Property Tenure

# Freehold

We have provided detail on the freehold properties that we can accept and the freehold properties we can't accept.

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### ■ Acceptable Freehold Properties:

- **Houses** - we are happy to accept freehold houses.
- **Ex-Local Authority** - we are happy to review a freehold ex-local authority house at pre-application: please refer to LV= Equity Release Underwriting for review.
- **Sheltered-Accommodation** - if the property is a freehold sheltered-accommodation case then LV= Equity Release Underwriting will need to review the Freehold document at pre-application.

### ■ Unacceptable Freehold Properties:

- **Flats** - we do not accept freehold flats however we can usually accept a case if the freehold is held in a separate management company, the applicant has an acceptable lease with an unexpired lease term within our scale and there is a maintenance agreement in place to upkeep the common areas of the building / development. Please see section 4.2 for further detail.
- **Freehold held by Local Authority** - we are unable to accept properties that have the local authority as the freeholder.
- **Freeholder owns whole property but only wants loan on one flat** - it is quite common for the freeholder to own the whole property that has then been converted into flats. As long as this is a small development it is acceptable for the freeholder to be the applicant provided a lease is granted for the subject flat.
- **Flying Freeholds** - we can sometimes accept a property with a flying freehold of 10% or less (this includes ginnels and snickets).

# Leasehold

We have provided detail on the leasehold properties that we can accept and the leasehold properties we can't accept. Acceptability assumes that our other criteria has been fulfilled in regards to lease term and service charges.

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### ■ Acceptable Leasehold Properties:

- **Houses** - we are happy to accept leasehold houses.
- **Flats** - we are happy to accept leasehold flats providing our other criteria are fulfilled. Please see section 4.2 for further detail.
- **Sheltered-Accommodation** - if the property is a leasehold sheltered-accommodation case then we will need to review the lease and management accounts at pre-application.

### ■ Unacceptable Leasehold Properties:

- **Ex-Local Authority** - we are unable to accept a leasehold ex-local authority property.

## Absolute Ownership & Other Scottish Tenures

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We have provided detail on Absolute Ownership properties and some further detail regarding other Scottish tenures that are most common.

- **Absolute Ownership** - this form of tenure is most similar to the England & Wales definition of freehold, although we treat Absolute Ownership cases somewhat differently to Freehold cases. If the subject property is a flat then LV= Equity Release Underwriting will need to see the Deed of Conditions at pre-application and also review detail of an independent management company being in place to manage the service fees. If there are no Deed of Conditions, or these are unavailable, please refer the case to LV= Equity Release Underwriting for consideration. If the subject property is an Absolute Ownership house then we are fine to proceed with the case.
- **Ex-Local Authority Absolute Ownership** - we are unable to accept an ex-local authority Absolute Ownership flat if there is not 100% private ownership in the development.
- **Absolute Ownership owner owns the whole property but only wants the loan on one flat** - we are unable to accept this scenario as the Absolute Ownership does not allow the owner to transfer one property out of a development to the same owner as they already own the Absolute Ownership.
- **Feudal Tenure** - the vast majority of property in Scotland is held as feudal. This was abolished in 2008 to be replaced with Absolute Ownership.
- **Crofting Tenure** - we are unable to accept a property with crofting tenure, either full or partial.

**Property Type**



# Houses

When we review an applicant's house we're looking to accept properties that fit within our lending criteria. We do this by reviewing the location of the property, the construction type and the house-price trends in the area. We've provided further detail on the factors that are key when appraising an applicant's property.

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- The property should be in keeping with other dwellings in the area and have positive resale potential. Market data and historic sales trends in the area will also be used to assess the property market in a specific location.
- We take into account the proximity of commercial or environmental factors that may impact the property in its location. If the subject property is close to these factors, please refer to LV= Equity Release Underwriting for a pre-application decision. For further information on properties close to or containing commercial aspects see section 5.2.
- We assess the proximity of amenities in the location: this is of particular concern for remote/rural properties. See section 5.1 for further detail.
- We consider the construction type and any repairs that may have been undertaken to the property, comparing the subject property with other properties in the area of the similar build type. This may take into account subsidence defects, soil types and issues with construction, for example.
- If the property is Ex-Local Authority then please refer to section 4.3.

# Flats & Maisonettes

When we review an applicant's flat we're looking at a few key aspects, on top of the usual location and construction review, in order to mitigate against certain risks.

The lease terms provide a safeguard to LV= Equity Release and the client whilst the service charge criteria means that the property will be maintained to a certain standard by having a fund for the upkeep of common areas while providing a maximum limit we minimise the chances of excessive charges affecting resale.



■ **Storeys** - the maximum number of storeys we accept without a lift is 4 unless the property is situated on the basement or entrance floor. The maximum we accept with a lift is 7.



■ **Lease Term** - Leasehold flats are acceptable if the lease term is within our scaled criteria below:

- Aged 60 to 70 = 90 years minimum term remaining.
- Aged 71 to 80 = 80 years minimum term remaining.
- Aged 81 to 90+ = 70 years minimum term remaining.

■ **Tenure** - we accept leasehold flats in England and Wales with an acceptable remaining lease term. We do not accept freehold flats. We can however consider share of freehold properties with appropriate service charges. Absolute Title flats (Scotland) are acceptable if service charges are in place or if there is a relevant maintenance agreement. We do not accept ex-local authority flats, flats where the freehold is held by the local authority or Housing Association flats (including 'supported housing'). See section 3 for more details.



■ **Service Charges & Ground Rent** - we can accept properties where the combined annual service charge and ground rent costs are 1.5% or less of the property value. We may consider exceptional properties with a greater charge than 1.5%. Please refer to LV= Equity Release Underwriting for consideration. Note, sheltered accommodation properties have a different scale in relation to ground rent and service charge acceptance. Please see section 4.4 for these.

■ **Studio Flats** - we are unable to accept studio flats.

### What do LV= Equity Release Underwriting need?



Confirmation of the lease-term. Confirmation of an independent Management Company managing the Freehold Confirmation of the service charges. The lease may be requested.

### Ex-Local Authority

When we review an ex-local authority case we're especially careful to check the construction type and location of the subject property. We've provided further details on these types of property as they can cause potential issues if we do not perform certain pre-application reviews.

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#### What do LV= Equity Release Underwriting need?



Subject property number and postcode at pre-application.

- **LV= Equity Release Underwriting** require the postcode of the subject property at pre-application so that we assess the location of the property and review certain factors, such as house-price trends in the area. If properties move to valuation without pre-application approval then they may be declined.
- **Flats** - we do not accept ex-local authority flats.
- **Leasehold Houses** - we do not accept ex-local authority leasehold houses. This is due to these types of properties' values historically suffering during economic downturns.
- **Freehold Houses** - we will assess these at pre-application and LV= Equity Release Underwriting approval is required for the case to proceed.
- **Housing Association** - please be aware that do not accept housing association or social housing associated management companies.
- **Ex-Local Authority with Restriction (section 20, repurchase order etc.)** - please be aware that we don't accept ex-local authority properties that have a restriction on the property. This includes age restrictions and local authority repurchase orders.

# Sheltered Accommodation

Due to our increased knowledge in this area of the market, we underwrite the individual development and not just the provider of the accommodation.

The specific lease for the property and management accounts will be required at pre-application stage, unless the development has been previously approved by an LV= Equity Release Underwriter.

- All sheltered-accommodation cases must be pre-approved by LV= Equity Release Underwriting before proceeding to valuation.
  - We require sight of the specific lease for the property so that we can assess if the property is suitable security and to limit our risk exposure.
  - We are unable to lend on sheltered-accommodation properties in developments that have been built within the past 3 years. Ex-local authority sheltered accommodation is also unacceptable
  - We require sight of the management accounts to review whether the fees payable are suitable for the subject property. For example, we need to make sure that the fees will cover any future potential works that the development may require whilst also making sure that the fees are not too high to create difficulty at resale. This is the scale for combined annual service charges and ground rent in sheltered-accommodation cases:
    - Value up to £100,000 = £2,000 p.a.
    - Value £101,000 to £200,000 = £2,500 p.a.
    - Value £201,000 to £300,000 = £3,000 p.a.
    - Value £301,000 and above = £3,500 p.a.
- **Resale Fee** - we will accept a maximum of 3% resale fee to the Landlord, however we will not accept anything above this. Also any fees must be detailed and we will not accept sliding scale charges without a cap as this may impact resale.
  - **Leasehold** - sheltered-accommodation leasehold flats are acceptable if the lease term is within our scaled criteria below:
    - Aged 60 to 70 = 90 years minimum term remaining.
    - Aged 71 to 80 = 80 years minimum term remaining.
    - Aged 81 to 90+ = 70 years minimum term remaining.
  - **Freehold** - we require sight of the Freehold document for the subject property.
  - **Scotland** - we require sight of the Deed of Conditions and management accounts for the development.

### What do LV= Equity Release Underwriting need?

- Property Lease
- Management Accounts
- Deed of Conditions if in Scotland

### High-Value (over £1.5m)

High-Value Properties are properties over £1.5m. We review these cases thoroughly so we require a High-Value Property Enquiry Form to be completed at pre-application so we can assess whether to proceed with the case.

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#### What do LV= Equity Release Underwriting need?



The completed High-Value Property Enquiry Form.



- For all properties estimated to be valued over £1.5m pre-application approval is required by the Underwriters.
- A completed High-Value Property Enquiry Form is necessary to provide full property information.
- Some high-value cases will be in an exceptional condition or in a desirable location. Due to this we are able to sometimes make exceptions for these cases that may not meet our usual criteria. Please refer the case to LV= Equity Release Underwriting for a decision.
- **Loan Approval** - due to the size of the loan and / or LTV required sometimes a case will require further approval.

### Second Homes & Holiday Homes

We can sometimes accept a second home or a holiday home if the applicant can fulfil our criteria. We require full details at pre-application stage in order to assess these cases. Note – if the case is accepted then an LTV reduction will apply.

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- **Second Homes and Holiday Homes** - the property must be available for the sole occupancy of the applicant or let out for no more than four weeks at a time. The property must be used by the applicant for a minimum of four weeks per year. Whilst the property should not have any prominent signage, we may consider some advertisement on a site such as AirBnB or similar.

#### Note

If the above criteria are fulfilled then a 10 percentage point reduction will apply to the maximum LTV. Please be aware that if the second home or holiday home is within close proximity to the applicant's main residence (for example, within the same postcode district) then we may not be able to accept the case as the property would not be considered to be a second home or holiday home.

# Extensions, Annexes & Outbuildings

It is quite common for a subject property to have an extension or other accommodation included on the title deeds to the property. We have provided detail here for cases involving extensions, annexes and outbuildings: please refer the case to LV= Equity Release Underwriting if further investigation is required.

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- **Extensions** - we are unable to accept properties with extensions greater than 50% of the overall property (total floor space including extension). Extensions should be in keeping with the surrounding area.
- **Annexes** - if a property has a self-contained annexe, or granny flat, then we would usually decline the case. We cannot accept an annexe if more than 50% of the overall property. We define a self-contained annexe as additional accommodation which forms part of the subject property and has its own toilet, personal washing facilities and cooking facilities for the exclusive use of its occupants. We are unable to accept any annexe that has separate utility bills or council tax to the subject property. We will also not accept if the annexe is used for anything but short stays by friends and family. If the property has an annexe that is not self-contained, please refer to LV= Equity Release Underwriting for consideration.
- **Outbuildings** - it is common to find a rural property or an agricultural property with outbuildings. Assuming there is no commercial or agricultural tie to the outbuildings we are usually fine to proceed with these. On some occasions we will request that a title deed is split to remove certain outbuildings that we think may cause a barrier but these will be reviewed individually.

# Non-Standard Utilities (inc. Septic Tanks)

Our preference is for a property to have standard utilities: detail can be found in section 1.1. If the property has non-standard utilities then we can sometimes make an exception so please refer the case to LV= Equity Release Underwriting. Further details on specific non-standard utilities can be found detailed in this section.

### What do Underwriting need?



- Solar Panel Airspace Lease
- Solar Panel firm's agreement to Council of Mortgage Lenders (CML) guidelines
- Solar Panel firm's Microgeneration Certification Scheme (MCS) compliance



■ **Non-Standard Utilities** - if the subject property has, for example solid-fuel heating instead of mains central heating, then we may not be able to accept the property. This also includes certain environmental developments such as wind-turbines for producing non-mains electricity and solar panels on the subject property (see below). If the subject property has non-standard utilities then please refer to LV= Equity Release Underwriting at pre-application.

■ **Septic Tanks** - we will accept a septic tank as long as it is maintained to a high standard and is not shared with another property in location or maintenance responsibility.



■ **Solar Panels are sometimes present on the subject property** - LV= Equity Release Underwriting first need to know if these have been purchased or whether the applicant has entered into an airspace lease. If the solar panels have been purchased then the valuer will assess the potential impact on the value. If the applicant has entered into an airspace lease then we will need to review the lease prior to application: we also require sight of the solar panel firm's agreement to the CML guidelines and also evidence that the firm is Microgeneration Certification Scheme (MCS) compliant. Some leases do not have the relevant Mortgage in Possession clause and are therefore unacceptable. Some leases do not provide adequate termination clauses for the applicant and are therefore unacceptable.

### Note

Please be aware that there should only be one set of utility bills at the subject address. Evidence of further sets of utilities could mean the property has a self-contained annex or separate accommodation. Please see section 4.7 for further detail.

# Listed Properties

If a property has been listed then it has been identified as being of special architectural or historic interest. Listed factors can vary between properties and we've provided some further detail here.

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■ **England & Wales** - we are unable to accept Grade 1 and Grade 2\* (and some Grade 2) Listed properties due to the potential for increased maintenance and repairs that may be required for these types of property. Additional permissions from local planning authorities and in some instances sanctions from English Heritage can be detrimental to resale. It is recommended that work is undertaken by an expert in the field of Listed Buildings which can be more expensive.

- **Grade 2 Listing** - we can accept most Grade 2 listed properties. Generally they are buildings of National importance and of special interest.

- **Grade 1 & 2\* Listings** - We are unable to accept these buildings as they are of exceptional interest and are sometimes considered to be internationally important.



■ **Scotland** - we are unable to accept Category A & Category B properties for the same reasons listed above. We can accept most Category C(S) buildings.

- **Category A & B Listings** - We are unable to accept these properties as they are of National, International and Regional importance. They can be architectural, historic or fine little-altered examples of some particular period, style or build type. They may also be major examples of some particular period, style or building type which have been altered.

- **Category C (S) Listing** - we can accept most Category C(S) Buildings, that are of local importance, lesser examples of any period, style or building type. Originally constructed or moderately altered simple traditional buildings.



## Property Location

# Rural & Agricultural

When we review a rural or agricultural property we are assessing the location of the property, the market trends in the area and the common property usage in the area. This means that we are sometimes unable to lend on a property due to it having commercial agricultural ties or because the property is too rural.

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- **Location** - many rural and agricultural properties fall outside of our remoteness criterion as local amenities and services are further than 10 km from the subject property.
- **Acreage** - we allow a maximum of 15 acres on the subject property and may request that the title deeds are split if the acreage is over this maximum. On some occasions it is not possible to split the title as shared access issues are caused. LV= Equity Release Underwriting will assess this individually.
- **Commercial & Agricultural Ties** - we do not accept commercially operated farms or small-holdings. We also do not accept properties with agricultural ties or restrictive covenants relating to the property or land. Please refer the case to LV= Equity Release Underwriting for individual consideration.
- **Historic Ties** - we are unable to accept properties that have historic restrictive ties (for example, Church of England or National Trust ties).

### Note

We do not consider properties on an island apart from the Isle of Wight and Anglesey.

### Commercial

Some subject properties are either in close proximity to a commercial property or have a commercial aspect themselves. Further detail has been provided for cases that fall within these categories.

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- **Proximity to a Commercial Property** - generally we're quite flexible when we review cases that are close in proximity to a commercial property. We take into account the location of the subject property and the context of where the commercial property is located. We've provided a list of examples that we are unable to accept but please refer the case to LV= Equity Release Underwriting for review:
  - Oil Refineries
  - Prisons
  - Recycling Units
  - Licensed Premises
  - Commercial Factories
  - Food Prepared and/or sold on a commercial scale
  - Industrial Parks
- **Commercial Venture Operated from Subject Property** - we are unable to accept a case if there is a business registered to the property; we will request that the business is deregistered before we can proceed with the case. We are also unable to accept properties used in part or wholly for commercial purposes, even if the business is registered elsewhere.
- **Properties situated above a commercial premises** - we may not be able to accept a property if it is situated above a commercial premises. Properties situated on the floor directly above a commercial premises are not acceptable. Please refer the case to LV= Equity Release Underwriting for review.

### Coastal

Some subject properties are in close proximity to the coast. These can pose an increased risk due to flooding or erosion and therefore we may not be able to accept the case. Further detail has been provided for cases that may be at risk due to their coastal location.

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- **Flood Risk** - all properties must fulfil our flood risk criteria (please see 6.1 for further details)
- **Coastal Erosion** - properties currently suffering from, or perceived to be at risk of, coastal erosion will be declined.
- **Construction** - the construction type of properties in close proximity to the coast may be considered non-standard due to the materials used to mitigate the environmental impact of such a location.

# Environmental

### Flood

Due to a combination of climate factors and reduced flood-defence fund allocation, flood risk has increased significantly over the past few years in the UK. We need to be especially prudent with properties that have flooded in the past 15 years but we will assess all properties for their flood risk based on the Environment Agency flood mapping tools.

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#### What do LV= Equity Release Underwriting need?



We may request sight of the insurance schedule, premiums and excess in the event of a flood if the property has previously flooded.

- Properties that have flooded through an environmental cause (e.g. river flood, increased groundwater levels) in the past 15 years will be declined irrespective of whether an insurance claim was made.
- 🔍 ■ If the subject property has not flooded in the past 15 years or has flooded through non-environmental causes (e.g. burst water mains, overflowing bath) then the following criteria from the Environment Agency will apply:
  - **Significant Risk of Flooding** - the property will be declined.
  - **Moderate Risk of Flooding** - if property has never flooded request sight of the insurance schedule that must include flood cover, premiums and excess in the event of a flood: if less than one month until insurance renewal, request sight of updated annual policy or letter from insurer agreeing to continue insuring the property. Decline if the property has flooded in the past 15 years.
  - **Be prepared** - if property has flooded in the past 15 years, case referred to LV= Equity Release Underwriting for individual review; if property has not flooded then sight of up-to-date buildings insurance is required.
  - **Low risk rating** - sight of up-to-date buildings insurance.

# Subsidence

Subsidence and the future risk of subsidence is a significant risk that we must identify. We have provided further details on the three categories of subsidence that a subject property may fall under.

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### What do LV= Equity Release Underwriting need?



We may request sight of a previous or current subsidence report.

- **We do not accept any properties that have been underpinned in the last three years since date of application.**
- **Historic or Longstanding Subsidence** - if the valuer states that the property has undergone historic or longstanding movement then we are generally fine to proceed with the case.
- 🔍 ■ **Previous Subsidence Insurance Claim** - if the subject property has previously had an insurance claim made due to subsidence, either by the applicant or a previous occupant, we will need to investigate the case further. We will usually request to see the Certificate of Completion by the industry approved firm that dealt with the subsidence works. We will request details of the insurance claim made and also request sight of the current buildings insurance policy so that we can evidence that the property has current subsidence cover. If the applicant is unable to provide all or some of this information then a decision will be made by LV= Equity Release Underwriting on whether the case can proceed.
- 🔍 ■ **Subsidence Currently Ongoing** - if the subject property has current issues relating to subsidence then we may not be able to proceed with the case. We will request sight of the subsidence report and also a quote for the works so that LV= Equity Release Underwriting can assess if the property is acceptable.

# Mining, Radon & Horticulture

When we review a valuation of a subject property it is quite common to find that the property is in an historic mining area, or an area with high-levels of radon gas, or is impacted by particular horticulture. Further detail has been provided on each of these factors.

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### What do LV= Equity Release Underwriting need?

We may request certain specialist reports and quotes for work required, depending on the nature of the environmental concern.

- **Mining** - if a property has been indicated by the valuer to be in an area of historic mining activity then we may not need to investigate further. If the valuer indicates that the property is impacted by historic mining activity then we will need to request a Mining Report for the property. If the subject property is in an area of current mining activity then please refer to LV= Equity Release Underwriting as the case may fall outside our proximity to commercial property's criteria.
- **Radon Gas** - it is quite common for a property to be in an area with high levels of radon gas.
- **Horticulture** - if the subject property is potentially impacted by trees close to the property then we may need a tree-surgeon's report as subsidence and other risks may lead to the property being declined. If the subject property contains an invasive species Japanese Knotweed, Himalayan Balsam and similar or it is indicated that a neighbour's property contains an invasive species then we may not be able to proceed: please refer to LV= Equity Release Underwriting for a decision.
- **Unstable Soil** - if the subject property has been built on unstable soil, for example an historic landfill site, or has had specific foundations installed to overcome the unstable soil then the case may be declined. Please refer the case to LV= Equity Release Underwriting for individual consideration.
- **Fracking** - if the subject property is potentially impacted by current or future fracking proposals then the case may be declined.

# Property Ownership

# Single Occupancy

Standard property ownership is single or joint occupancy of the property (if married/civil partnership/cohabiting couple and siblings) with the applicant(s) named on the title deeds. There are a wide range of non-standard ownership which we have detailed however please refer to LV= Equity Release Underwriting if there is any doubt that the case may not be acceptable.

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- **Single occupant** - if an applicant is the sole owner-occupier then they must be the sole name on the title deeds.
- **Divorced or separated couples** - if an applicant has previously been married/civil partnership but they now live in the property by themselves and are the only name on the title deeds then we need a document that legally confirms the separation from their partner: we accept either a Decree Absolute or Deed of Separation.
- 🔍 ■ **Spouse is living separately due to care needs** - if a standard joint occupancy or siblings are separated through location (e.g. Mrs is in a nursing home and Mr remains at home), then we will be able to proceed if both of the couple are appropriately catered for. We may request a doctor's assurance that the applicant in care is not able to return to the subject property and is being suitably cared for. Note - the loan must be repaid on death or moving into long-term care of the applicant that resides in the subject property. We don't accept cases where neither of the applicants live in the property due to them being in long-term care.

### What do LV= Equity Release Underwriting need?



A doctor's note confirming either of the 'Long Term Care' conditions as defined in section Spouse is living separately due to care needs.

### Note - we define 'Long Term Care' as:

- Care the applicant resides away from their property permanently due to a physical or mental condition which results in them being: **either**
- Unable to safely make a decision on their 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 chair) **and**
- It's very likely they won't be able to return to their property to live in on a permanent basis. We may require a letter from the applicant's doctor to confirm that the above conditions have been met.

### Joint Occupancy

Standard property ownership is single or joint occupancy of the property (if married/civil partnership/cohabiting couple and siblings) with the applicant(s) named on the title deeds. There are a wide range of non-standard ownership which we have detailed however please refer to LV= Equity Release Underwriting if there is any doubt that the case may not be acceptable.

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- **Standard joint occupancy** (Section 1.1) requires both borrowers to be on the deeds of the property at completion.
- **Tenants in Common** - We are unable to accept properties held Tenants in Common (form A restriction on the property Title).

# Power of Attorney

Where an applicant (Donor) is the subject of an Enduring Power of Attorney (EPA) or Lasting Power of Attorney (LPA), we need a copy of the EPA/LPA which has been certified by a solicitor on each page.

Before we will lend these must be either stamped by the Court of Protection, or registered by the Public Guardian Office. We will require evidence of identity for the attorney. Power of Attorney is not valid if the person(s) acting in the interest of the applicant is connected with the property, has any interests in the property or is living in the property.



### For properties in England & Wales we can consider:

- **General Power of Attorney** - attorney can act as the donor would lawfully do. This document can be revoked by the donor at any time and cannot be used to give the donor's money away as this contradicts the strict financial guidelines around power of attorney.
- **Enduring Power of Attorney (EPA)** - no longer available but still valid if set up before October 2007. Donor can request the document only comes into force once they become mentally incapable but can be used immediately. If donor becomes mentally incapable, attorney must register the EPA. Has to be registered with COP and once registered, cannot be revoked without COP permission. EPA is automatically revoked on death of donor or bankruptcy.
- **Lasting Power of Attorney (LPA)** - for property and financial affairs. Can appoint at any time and include specific instructions for when donor loses capacity. Cannot be used until the LPA has been registered with Office of Public Guardian (OPG). Donor can revoke if they still have mental capacity and will be automatically revoked if donor or attorney is made bankrupt or dies, through divorce or attorney loses mental capacity.

### For properties in Scotland we can consider:

- **Continuing Power of Attorney** - if appointed between Jan 1991 & Apr 2001 this document will continue after donor incapacity unless stipulated in document. If set up before Jan 1991, POA becomes invalid on donor loss of mental capacity but attorney can still act under negotiorum gestio (informal agreement to act like they would had they been given authority). If appointed after Apr 2001 POA has to be registered with OPG in Scotland.
- **Guardianship** - court order from Sheriff to appoint a guardian to look after the affairs of someone who lacks capacity and specifically states what guardian can do. Requires an indemnity insurance to safeguard adult from fraudulent actions of guardian.
- **Intervention Order** - one off order from court specific to one task.

### What do LV= Equity Release Underwriting need?



A copy of the EPA / LPA certified by a solicitor on each page and either stamped by the Court of Protection, or registered by the Public Guardian Office.

# Tenants, Lodgers & Other Occupants

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We are happy to consider properties with lodgers, however, we will need to consider these cases individually. Please refer to LV= Equity Release Underwriting for review.

### What do LV= Equity Release Underwriting need?



- We will need any lodgers to sign an occupancy waiver.
- We may need to see a carers contract for terms of accommodation



- **Lodgers** may be acceptable providing no formal agreement is in place and that there are no more than two in the property. Lodgers must sign an occupancy waiver to confirm they will leave the property should the applicant move into long term care or pass away. The applicant must have contacted their insurance provider to let them know there are lodgers in their property. If the client's property is leasehold, the lease must be checked to ensure it does not prohibit lodgers. We are unable to accept properties that are being let out and not resided in by the applicant. Please refer any property with lodgers to LV= Equity Release Underwriting for consideration.
- **Individuals 17 or over** will need to sign an occupancy waiver, this includes permanent live-in carers. Dependants/Disabled and those who are mentally incapable will not need to sign a waiver, although appropriate evidence may be requested. The applicant(s) solicitor must confirm that there are adequate arrangements in place for dependants, if the applicant(s) die or go into long-term care.
- **Individuals under 17** do not need to sign a waiver of occupancy.

### Note -

Anybody signing an occupancy waiver must seek independent legal advice

### Trusts & Second Charges

Applications that are made when the property is held completely or partially in Trust will not be accepted. Applications made with properties that have second charges against the title are unacceptable. In exceptional circumstances we are able to make an allowance for the case to proceed however this is unusual.

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- **Trusts** - we are unable to accept cases that are held in Trust.
- **Second Charges** - we don't accept properties that have second charges on the title.

## Reason for Loan

# Responsible Lending

As part of our responsibilities as a product provider, we may on occasion require more information in regards to the reason for loan.

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### Responsible Lending

- Reason for loan – We will always request a reason for loan to ensure that we are fulfilling our obligations as a responsible lender.
- **Responsible Lending** – Although this is not an exhaustive list, we have provided some examples below of reasons where we may request some more information about the specific circumstances:
  - Giving money to friends or family
  - Releasing money to consolidate unsecured debt
  - Investment
  - IHT planning

# Home Improvements

We understand that funding home improvements is a popular use of equity release. Whilst this often enhances the property, we need to ensure that any works will be carried out to an acceptable standard and be adequately completed. To do this, we may request further information.

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### What do LV= Equity Release Underwriting need?



- Quotes for works
- Sight of any planning permission and building regulations required

Where home improvements are structural i.e. anything non-decorative, we will check that the case meets certain parameters. We ask that:

- Any works do not exceed 25% of the property value.
- There is a 10% contingency available within the permitted total loan to value, based on the cost of the works e.g. if structural works are costing £20,000, we would require an unused amount of £2,000 to be available within the LTV.
- The property remains habitable throughout works.
- Any extension is within limits – See section 4.7.
- Any flat roof areas fall within our limits – See section 2.1.
- The property layout isn't being altered significantly. This should still be a standard residential layout.

If parameters above are met, in order to proceed we will require:

- A breakdown of the works with quotes included.
- A timescale for the works.
- Sight of planning permission and any building regulations required.
- Confirmation any build materials meet our lending criteria.

Please note, any home improvements of the described nature should be referred to LV= Equity Release Underwriting for review. Depending on the works taking place, further information may be required.

## Forms LV= Equity Release Underwriting may need:

- Certified copy of client's passport.
- Certified copy of client's birth certificate.
- Certified copy of marriage certificate - if married (or previously married).
- Certified copy of driving license – counter-part and photo ID.
- Decree of Separation or Decree Absolute if the couple are separated.
- Occupancy waivers - individuals 17 or over will need to sign an occupancy waiver, including permanent live-in carers. Spouses and partners will need to submit a joint application as joint owners.
- Power of Attorney - where an applicant is the subject of an Enduring Power of Attorney (EPA) or Lasting Power of Attorney (LPA), we need a copy of the EPA/ LPA which has been certified by a solicitor on each page. Before we will lend these must be either stamped by the Court of Protection, or registered by the Public Guardian Office. The adviser will also need to complete a certificate of verification form to confirm the identity and address of the power of attorney. The attorney must be independent and not party to the mortgage.

## LV= Equity Release may not accept applications if an applicant:

- Has arrears on a previous (or current) mortgage or other secured loan within the last two years, where the cumulative amount overdue at any point reached three or more monthly payments.
- Has arrears on a previous (or current) unsecured loan within the last two years, where the cumulative amount overdue at any point reached three or more monthly payments.
- Has an adverse credit rating as measured by Experian.
- Is bankrupt or has had bankruptcy discharged in the last three years.
- Has entered an IVA with their creditors in the last three years.
- Has County Court Judgements (CCJ) of more than £500 in the last three years.
- Has entered a debt management plan and the proceeds of the equity release will not pay off all outstanding creditors.

**To get a quote call the LV= Equity Release Desk on 0800 028 8974**

**This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration, or email us at:**

Pre-application enquiries - [equityrelease.sales@lv.com](mailto:equityrelease.sales@lv.com)

Post-completion case enquiries - [equityreleaseservicing@lv.com](mailto:equityreleaseservicing@lv.com)

New business application enquiries - [newbusiness.equityrelease@lv.com](mailto:newbusiness.equityrelease@lv.com)

Underwriting enquiries - [ERUnderwriting@lv.com](mailto:ERUnderwriting@lv.com)



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