

# Early Repayment Charges Guide

## Classic Lifetime Mortgages



It is important to us that you fully understand the cost of releasing equity from your home and when Early Repayment Charges (ERCs) might be payable.

### 1. Making an early repayment

The loan can be repaid in full at any time. Partial repayments can also be made, providing there is a minimum loan balance of £50 remaining after the partial repayment has been applied to your account(s).

The loan is designed to be repaid when the borrower(s) die or move into long-term residential care. If the mortgage is repaid at any time prior to either of these events taking place, an Early Repayment Charge (ERC) may be payable.

#### When won't we charge ERCs?

- When a borrower sells their property and transfers their mortgage to another property acceptable to Pure Retirement at the time of applying for the transfer.
- You may make a partial repayment without incurring ERCs provided that:
  - The total amount of partial repayments received in a 12 month period (starting from the date that the initial advance completes) is no more than 10% of all advances (initial advance and additional borrowings).
  - No more than 12 partial repayments have been received within the past 12 months.
  - Each partial repayment must be £50 or more.
  - The partial repayment does not result in the amount owed (excluding any Early Repayment Charges payable) becoming less than £50.
- Repayment on the death or movement into long-term care for a single borrower.
- For a joint life account, where one borrower dies or moves into long term-care. The remaining borrower may repay the lifetime mortgage within 3 years with no ERCs.
- For a joint life account upon death or entry into long-term care of the remaining borrower.

All of the above are subject to terms and conditions.

#### When will we charge ERCs?

- When a mortgage is repaid at any time for any other reason than those stated above.

## 2. Why do we charge an ERC?

The Early Repayment Charge is calculated to recover costs that we incur when setting up the lifetime mortgage. The longer you have your lifetime mortgage account, the lesser the early repayment charges.

## 3. How the ERC is calculated and example ERCs

The Early Repayment Charge payable is calculated as a fixed percentage of the outstanding balance.

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11+
10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

The above Early Repayment Charge applies to new initial and further advance lending.

For existing customers, including those applying for a cash release, it will be based upon the terms of their original Offer. Please refer to the Offer for confirmation of the Early Repayment Charges that may apply.

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