EQUITYSELECT

Lifetime Fixed Rates
Fact Sheet

Lifetime Fixed Interest Rates are one of the hottest topics in the Lifetime mortgage market. One of reasons for this, is the fact that you can see before entering into a Lifetime mortgage agreement, what effect the interest charged will have on the remaining equity in your property over a long period of time.

As with traditional mortgages, the lender will let you borrow a sum of money and charge you interest calculated on the borrowed amount. Traditional residential and buy to let mortgages tend to offer different interest rate products. Variable rates, Offset rates, Tracker rates, Discounted rates and Capped rates.

One of the features that most Lifetime mortgage lenders offer is Lifetime Fixed Rates.

This means that the rate of interest you are charged on your Lifetime mortgage is fixed at the same rate for the duration of the loan. This gives significant reassurance that no matter what happens in the economy, the interest rate that you are paying is not affected.

With traditional mortgages the banks and building societies work out how much you can borrow based on an affordability calculation. This looks at how much you earn vs how much you spend each month. There are no affordability calculation with Lifetime mortgages, as a result if you would like a traditional mortgage, but do not have the required level of income to pass an affordability calculation, you can look at a Lifetime mortgage that has the option to still make monthly payments should you wish to. Unlike traditional mortgages that tend to have Fixed Interest Rate periods for 2, 3 and 5 years. Lifetime mortgages have Fixed Interest Rates for life.

If you decide that you would like to pay all or some of the interest associated with your Lifetime mortgage, you are able to budget effectively each month as the payments are calculated before your plan starts. If you decide not to pay the interest or at a later date switch from paying the interest in full to not at all, you will be able to see what effect this will have on the remaining equity in your property.

There are also Lifetime mortgages that allow you to repay a percentage of the money borrowed as well as the interest charged each year. This is typically capped at 10% of the outstanding balance without incurring a penalty charge. Whilst equity release is not designed to be repaid until moving into long term care or passing away, lenders are fully aware that some families would like to make payments towards the loan. This allows you to keep more equity in your property to pass onto future generations.

This modern feature was only recently made available and shows another way that the equity release market has changed and adapted to become more flexible for clients.

Tel: 0330 320 2471 Mobile: 0797 068 7062 Email: hello@equityselect.co.uk