

Adviser FAQs

Flexi Payment Term Lifetime Mortgage



Can you explain what this new product is and who is it intended to help?

A Flexi Payment Term Lifetime Mortgage is a lifetime mortgage that requires a part-interest payment for a fixed payment term. Once the contractual payment term is complete, regular monthly payments become optional.

A Flexi Payment Term Lifetime Mortgage is designed to provide a better customer outcome for:

- Younger borrowers aged 55-62 who would like, or are only able to, service a smaller portion of the interest than would be required by a full-interest-served alternative, such as a RIO or interest-only mortgage
- Those who would like the flexibility to stop making regular monthly payments and secure guarantee of tenure sooner.

What's the maximum LTV?

This is a live pricing environment so LTVs and rates are calculated on an individual basis but we believe that this "top up" can get your customers up to 8% more than Flexi Choice lifetime mortgages dependent on age.

Is it based on the youngest or oldest borrower?

The LTV will be based on the youngest borrower, the payment term will be based on the oldest borrower.

What's the minimum and maximum age?

Minimum age is 55 whilst the maximum age at application is 62 (+364 days). Only the plans available will be displayed.

How do we source?

Sourcing will be directly on the fastpath portal. To identify what your client can achieve with our PTLM, you will need to enter into the fastpath portal, select Hybrid and then complete the fields on screen to obtain a KFI. The KFI doesn't include an affordability assessment so to check the client can apply for the borrowing amount they require, you will need to proceed to a Decision in Principal.

What's the maximum repayment period for the contractual mortgage term?

We are initially restricting the contractual payment term to end at age 66 so at 55 the maximum contractual payment term would be 11 years. If your customer's entry age was 60 then it would be 6 years.

What happens after the end of the contractual payment term?

The loan reverts to a standard lifetime mortgage on normal terms.

Does the product have the core4 features that Flexi Choice offers?

Yes, the plan includes all more2life's core4 features as standard.

Does the product meet Equity Release Council standards?

Yes, our Flexi Payment Term Lifetime Mortgage meets Equity Release Council standards, meaning your client is protected with guarantee of tenure for the life of their plan, providing they meet all payments during the payment term.

Can the customer make ERC free overpayments?

Yes, up to a maximum of 12 in the year totalling 10% of the initial balance.

How will you apply the overpayment?

When making a regular or ad-hoc overpayment during the repayment period, the default option is to keep the mandatory payment amount the same meaning the repayment period is shortened.

Can the customer reduce their contractual payments instead?

Yes, the customer will also have the option to reduce the mandatory payment amount and keep the repayment period the same.

How do I know if my customer will pass affordability?

You will need to perform a decision in principal on the fastpath portal. Once you have entered the income and expenditure, you will submit. If it passes, you will receive a DIP Accept return. If it fails, you will receive a DIP Refer or Decline. We're reviewing all cases in the initial stages of launch to make sure that there are no cases declined without us checking everything is right first.

In the event that the case fails the first death stress test and a life insurance policy is used to cover the shortfall, will the policy need to be assigned?

No.

Do you run a credit check at DIP stage? If so, will it leave a footprint on the applicant's credit file?

The system will automatically run a credit report. This is what is known as a "soft" footprint and will not be recorded on your customer's credit file. Should your customer wish to proceed, it will run a further credit report at application which will leave a hard footprint.

Do you use Experian or Equifax?

Experian.

Do you credit score?

No, but we do have specific adverse credit criteria. Please see packaging guide credit for more details.

What forms of income can be taken into account?

See our packaging guide for our training video on self employed.

Can the customer use their buy to let income?

No. Income from rental property, even if held in a Special Purpose Vehicle (SPV) cannot be taken into account. Portfolio landlords are unacceptable (3 buy to lets in their own name (s)) and those who have less than this can be accepted as borrowers but their rental income needs to be 125% of the contractual buy to let mortgage payments or the shortfall will be taken as an expenditure item.

Will you need to underwrite the income in full before the valuation is instructed?

Yes, the valuation will be instructed once the supporting documentation has been reviewed and the affordability assessment confirmed.

What happens if my customer cannot pay their contractual terms?

We have a forbearance policy and we will work with the borrowers to help find a solution so they can meet their contractual payments however, their home may be repossessed if they do not keep up their contractual payments.

For more information



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