

Intelligent portfolio financing for older customers: Property Portfolio Mortgage

The Octopus Lifestyles Property Portfolio Mortgage is a mortgage secured against a property which you rent out, providing cash for you to use as you choose. Interest rolls up and you will not typically need to repay the loan during your lifetime.

Perhaps it's a rental property or a portfolio of rental properties which provide some income in your retirement. Perhaps it's been a business asset for many years.

Either way it can be hard for older customers to find conventional mortgages for such properties.

And if you gift or sell a property, which is not your main residence, the capital gains tax bill can be high – particularly if you have owned the property for many years.

This is where the Octopus Lifestyles Property Portfolio Mortgage may come in useful: it may mean you can release a bit more cash from your rental properties.

The interest on the loan rolls up, and will be deducted from your taxable estate when you pass away. That way, instead of paying cash interest each year from your post-tax income, you can roll it up.

And, if you are fortunate enough to have sufficient wealth to make your estate liable for inheritance tax, the loan and the rolled-up interest will be deductible from your taxable estate.

At a glance

- ✓ **A lump-sum mortgage**
After valuing your property and taking a few details, we'll tell you how much we can lend you. We'll loan you a single lump sum.
- ✓ **You'll typically not have to pay a thing in your lifetime**
This mortgage is designed to be repaid only once you pass away and until then you won't typically have to repay anything at all, as long as you keep the relevant property in good repair.*
- ✓ **A "No-Negative-Equity-Guarantee"**
Providing you don't sell the property before you die, your family will not typically have to pay back any more than the property can reasonably be sold for.
- ✓ **You keep control**
You are still the legal title-owner to the property; we have a charge only, but the property remains yours. You will not typically have to repay the loan before you die – providing there is always an agreed maintenance plan in place.
- ✓ **Fair and free of surprises**
Our interest rates are fixed for life when you take out a loan- ask your adviser for our latest rate. If you choose, you can repay up to 10% of the initial balance of the loan once each year without penalty. This is subject to a minimum repayment of the lower of £10,000 or the interest charged in the previous year.

*See frequently asked questions note

Everything you need to know

Product details

Financial Advice

You will need to seek financial advice for the Property Portfolio Mortgage. Your adviser will determine if the product suits your financial needs.

Age criteria

Customers over 70 are eligible to apply for the Property Portfolio Mortgage.

Minimum property value

We will lend on properties of £250,000 and over.

Interest rate

Once drawn, Octopus Lifestyles mortgages carry fixed rates for life. Because the interest rates are fixed, you can be sure exactly how much will be owed at any time in the future. Please ask your adviser for our latest rate.

Starting loan

We can lend sums of £50,000 upwards, as long as the loan is within our loan-to-value ratios.

Future borrowing

Although it's not guaranteed, you may be able to increase the size of the loan against your property/ies in the future, if your portfolio value increases significantly.

Other borrowers

If you have a spouse or partner, you can be named as joint borrowers. In this case, the loan will typically be repayable only once you have both passed away.

No-Negative-Equity-Guarantee

We guarantee that if the total debt is greater than the value of the property it is secured against at the time of your passing away, your family will not have to pay the difference.

Please note that this guarantee only applies if you retain the relevant property for the rest of your life.

Legal and conveyancing fees

You will need to instruct your own solicitors to act on your behalf. The legal costs for Octopus Lifestyles will not be passed on to you, but you will need to cover your own legal expenses which will include any disbursements such as local searches. Please confirm all costs with your solicitor prior to commencement.

Transfers to other properties

You can transfer the lifetime mortgage to other properties providing those other properties meet our lending criteria. You would be required to cover both your costs and Octopus' costs if you do choose to port your mortgage.

Partial repayment

We will allow you to repay up to 10% of the initial balance of the loan once each year without penalty. This is subject to a minimum repayment of the lower of £10,000 or the interest charged in the previous year.

Maintenance Plan

As the property is not your primary residence we require there to be an agreed maintenance plan in place for the property. We will work with you on this and can provide a template maintenance plan for you to use.



Talk to us to find out more

We understand that no two customers are the same. The amount you may be able to borrow, and the rate at which you do, will depend on your personal circumstances. Please ask your adviser to call us on **0800 294 6825** or email us at **customer@octopuslifestyles.com**.

If you don't have a financial adviser you can find one through www.unbiased.co.uk or we can suggest a panel of advisers from which to choose.

Loan-to-value (LTV)

The amount we can lend against your property will depend on how old you are. At the moment, this is how we calculate it:

Age	Maximum Loan to value (%)
70	20%
71	21%
72	22%
73	23%
74	24%
75	25%
76	26%
77	27%
78	28%
79	29%
80	30%
81	31%
82	32%
83	33%
84	34%
85	35%
86	36%
87	37%
88	38%
89	39%
90+	40%

Costs

Application fee

The application fee is £2,000 for each application plus £1,000 per additional property, and will be deducted from the lifetime mortgage on completion.

Valuation

We need a valuation of your property before we can proceed with a lifetime mortgage. The valuation will typically cost roughly 0.1% of the property value. If you choose not to proceed with the lifetime mortgage after requesting a valuation you will still be required to pay this fee.

Early repayment charge

If you choose to repay the lifetime mortgage before you pass away, you will be liable to pay an early repayment charge. This charge is 10% of the initial balance for the first 5 years, 5% for the next 5 years, 3% from 11 to 15 years and 0% thereafter.

Adviser & solicitor fees

You will need to agree the fees you are willing to pay to your adviser and solicitor, and meet those costs directly.

Understanding the key risks

It's important that you understand and are comfortable with the key risks involved with the Property Portfolio Mortgage and discuss them with your financial adviser before choosing to begin.

You need to seek financial advice

You will need to seek financial advice to determine if this product is suitable for you.

The size of your loan increases over time

The money you release from your property will come from a mortgage secured against your property.

Neither the loan nor the interest will typically need to be repaid in your lifetime. But because of this, the amount your family will have to pay will increase year-on-year. As a result, they may not be able to inherit your property or receive its full sale value. However, they'll never have to pay back any more than what your property can reasonably be sold for when you pass away.

It is important to keep your will up to date

This is particularly relevant after you've made significant changes to your financial affairs. We recommend that you seek legal advice to ensure that your will is drafted in a way that reflects your intentions.

It may be costly to repay early

The Property Portfolio Mortgage is designed to be repaid when you pass away. If you choose to repay early there are some important things you need to bear in mind:

- You will need to pay an early repayment charge of 10% of the initial balance for the first 5 years, 5% for the next 5 years, 3% from 11 to 15 years and 0% thereafter.
- If your property has increased in value since purchase, you may be liable to pay capital gains tax on sale.
- If this is so, you will need to pay this in addition to the outstanding balance and early repayment charges on the Property Portfolio Mortgage.

Important Information

The Octopus Lifestyles Property Portfolio Mortgage involves taking out a mortgage for the duration of your life secured on your property. For customers living in England & Wales only. You must seek professional financial advice to use this product. We do not offer investment or tax advice. Please ensure you are familiar with the key risks set out above. Tax treatment depends on your personal circumstances and may change in the future. Document dated 22/11/2017.

Octopus Lifestyles is a trading name. Mortgages are issued by Octopus Property Lending Limited. Registered office: 33 Holborn, London, EC1N 2HT. Registered in England and Wales No. 07531926. We record telephone calls.



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