



Dear Client

Coronavirus (COVID-19), & your Lifetime Mortgage Equity Release (issued 25/03/20)

As you may expect, we have started receiving calls and emails from our clients both past and present, worrying about how the Coronavirus pandemic might impact on their Lifetime Mortgage Equity Release, due to the uncertainty caused by the outbreak.

I want to reassure you, by briefly informing you of the current position, with a Q&A below. If you have any concerns not answered here, your contact will always be most welcome;

- **Tel: 01246 202 571**
- **email: simon@laterlivingnow.com**

I'm interested in considering Equity Release. Can you advise me without coming to my home?

Yes, we are fully able to handle things remotely. We are happy to consult with you by phone, email, or if you like to see a friendly face; video-conferencing (*using popular applications, like WhatsApp, FaceTime, Skype, or Zoom*).

We will send you our report and quotations by post, email, or both; whichever method suits you best.

I already have Equity Release – can the lender make me repay early?

If you have an existing Lifetime Mortgage, the lender **CANNOT** make you repay early. Your plan is **only** repayable, following your death, or permanent move into Long Term Care. If you borrowed as a couple, then this rule applies when the **last** of you dies, or moves into Long Term Care.

- We absolutely do **not** expect **any** Lifetime Mortgage lender to go bust, as they are very well capitalised and extremely well regulated, since the credit crisis. Even in the highly unlikely event of them doing so; ***your home is safe, as it legally belongs to you; not the lender!***

What if I need extra money?

Drawdown Plans: If you have a 'drawdown' type of Lifetime Mortgage, you can still request releases of money from the **Cash Reserve Facility**, *without* the need and expense of financial or legal advice.

- ***However, we strongly believe that it is in your best interests to call us first to discuss your needs. After all, there may be better ways of getting the money you need. We do NOT charge for discussing these matters with you, so please do call us.***

Although lenders *don't* guarantee that money will *always* remain available, they are well-funded, and currently we are enjoying **record low interest rates**, fixed for life.

Single Lump Sum plans: If your existing Equity Release plan was for a **single lump sum** (i.e. **without** a 'drawdown' facility), your lender *may* consider an application for a 'further advance'.

You could have fees to pay for a new valuation, legal advice (*at the lender's discretion*), and financial advice - *a requirement of any lender for further advance applications*.

- ***Should you wish to make an application to your current lender for a further advance, as a loyal existing client we can advise you, and help by offering a 50% reduction in our Advice Fee.***
- ***Call us to discuss your needs 01246 202 571***

Can I help struggling family or friends, by releasing equity?

Yes. Lenders are more than happy to release money for you to gift to others.

However, they want to be comfortable that you are *not* being forced into doing this, or are at risk of being scammed by fraudsters - preying on people at this difficult time.

So, you can expect a few brief questions when calling your lender; *to give them peace of mind that your request is genuine, and that you will be safe. Have your Lifetime Mortgages papers to hand on calling them – if you can't find them, just give us a call and we'll be pleased to help.*

- *There may be issues surrounding inheritance, that you would be best to discuss with us before releasing any money.*
- *If you are eligible for certain means-tested benefits, such as Pension Credit, or Council Tax Support, you **MUST** discuss taking Equity Release sums with us first, so that you don't risk losing these valuable benefits.*

I have an Equity Release application going through at present...

a) Will it be cancelled?

We are **not** expecting this to happen at all. Lenders organise their funding months and months in advance of actually releasing money. They all have targets to meet, profits to make, and shareholders or mutual customers to keep happy. There won't be any Government bail-outs this time, so its business as near to normal.

b) Will it take longer to complete?

I'm afraid that it *will* inevitably take longer than usual to complete your Equity Release, with lenders, valuers, and solicitors, all adjusting to the new way of working remotely from home. An additional 2-4 weeks is our best estimate at present, so perhaps 6-10 weeks overall for straightforward cases.

However, technology is brilliant at enabling modern working practices, so we hope that any delays will be short-lived, and that once the current pandemic is over, we can all quickly get back to business as usual.

c) How will the lender value my home, now that the surveyor cannot enter my home?

This is a fast-changing situation, during which we await clear guidance from lenders. Some have said they are suspending valuations whilst they work on alternatives, but will still accept applications so our clients don't miss out on the excellent value that currently Lifetime Mortgages offer.

We expect that some lenders *may* shortly switch to running ‘desktop’ (*i.e. computer-based estimates*), or perhaps ‘drive-by’ valuations, so that the Valuer won’t need to physically enter your property. If they *do* make this change, we expect that lenders may *slightly reduce* the amount they are prepared to offer, as they may have to factor-in a margin of error.

A Valuer once said to me, that they do their job only with their eyes, ears, and nose – not their hands! So, if they can ‘see’ your home on a screen, that will simply have to suffice for the time being, but that’s just my opinion. Let’s see if lenders agree...

d) Must I still meet with my Solicitor face-to-face?

When I served on the **Standards Board** of the **Equity Release Council**, I helped force through a change in how clients were served by their solicitor, so that a **face-to-face** meeting became **mandatory**.

Myself and many other leading experts in this sector, passionately believe that this is the best way of ensuring people fully understand the decisions they are making, reduce the risk of them being victim of fraud, and aren’t coerced into releasing equity by others with bad intentions.

We are in unprecedented times, so I believe that it is now appropriate to *temporarily* suspend this rule, enabling solicitors to handle the meeting by electronic means; *i.e.* over the phone, or by video-conferencing (*such as Skype, FaceTime, or Zoom*). In fact, I issued a press release (*Google it - issued before Boris Johnson instructed everyone to stay at home*), warning that everyone involved in Equity Release **must stop** making home visits for now.

I was thinking about taking Equity Release at a later time. Should I bring forward my plans to do so?

We don’t believe that you should **ever** rush into taking Equity Release, as it **must** be carefully considered and properly advised upon. It is *not* right for everyone, so please **don’t** be panicked into doing something that you may later come to regret!

Lenders have ample funds available, at record low interest rates, and they make decent profits in providing Lifetime Mortgages. We *don’t* see their appetite for offering competitive, good-value Equity Release plans changing anytime soon.

- *We ask that if you are considering bringing forward your Equity Release application, to please speak with us first. If we think you are better off waiting, we will tell you so.*

I want to finish with one of my favourite quotations, from the great American author and journalist – Napoleon Hill;

“Every adversity, every failure, every heartache, carries with it the seed of an equal or greater benefit.”

Be positive – this horrible event **will** pass, as nothing lasts for ever. Keep safe, and please do contact me if you wish to discuss your Equity Release!

Best wishes

Simon



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Member of the Advisory Board — Society of Later Life Advisers (SOLLA)

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