

## At a Glance



### Second Home Options

#### What is it?

Unlike traditional lifetime mortgages where the loan is secured on the main residence, our Second Home Options are secured on a second home. There are a range of options, allowing your customer to choose whether they service the interest and capital, or let the interest roll-up.

#### How do we define a second home?

A second home is a property that:

- Must be available for the sole occupancy of the owner
- If let-out, must be let-out for only a maximum of 4 weeks at a time
- Must be used by the homeowner for a minimum of 4 weeks every year

#### Who is this product likely to appeal to?

- Customers who want a cash lump sum
- Customers who own more than one home
- Customers who want the freedom to choose whether they pay off any of their lifetime mortgage balance

#### How the lifetime mortgage works

There are two product options available for customers who want to take out a lifetime mortgage on their second home.

Second Home Lifestyle Options		Second Home Voluntary Select Options
Your customer will receive a one-off lump sum and no payments are due. The interest is added to the loan each month for the life of the loan.		Your customer can make a contribution of up to 10% of the initial loan amount each year, without facing an early repayment charge (ERC).
Criteria		
Minimum loan amount	£10,000.	
Maximum loan amount	£750,000, nationwide.	
Minimum age of youngest borrower	55.	
Maximum age of youngest borrower	90 (at the date of completion).	
Minimum property value	£70,000.	
Maximum property value	£6 million, nationwide. Properties above £6 million are reviewed on a case by case basis.	
Property location	England, Scotland and Wales.	
Minimum occupancy by owner	Your customer must use their second home for a minimum of 4 weeks per year.	
Maximum occupancy by others	The property must not be let out for more than four weeks at a time.	
Formal tenancy agreements	No formal agreements or Assured Shorthold Tenancies can be in place.	
Advertising	The property cannot be advertised, for example through an agency or online.	



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### Product features

Early repayment charges (ERCs)	Fixed for the first 8 years after the completion of the initial loan, cash reserve facility withdrawal or further advance. Not applicable thereafter.  Please refer to our Guide to Fixed ERCs.
Ability to port the mortgage?	Yes, subject to the property meeting our lending criteria at the time.
Covered by Equity Release Council product standards?	This product does not meet all of the product standards as it is not secured on the borrowers' main residence. The following product standard does not apply: <ul style="list-style-type: none"><li>• The right to remain in the property</li></ul> However, the remaining product standards do apply: <ul style="list-style-type: none"><li>• No Negative Equity Guarantee</li><li>• fixed interest rates</li><li>• the right to move the loan to another property</li></ul>
Keeping your customers informed	They will receive an Annual Statement detailing their account.

### Further advances

Are further advances available?	Yes, subject to lending criteria at the time of application.
Is further financial advice required?	Yes
Which product can it be taken on?	Your customer must stay within their original product LTV range, and they cannot switch to a new product. For example, if they originally took Second Home Lifestyle, they can only apply for the maximum available within that LTV range.
Minimum amount?	£4,000.
Maximum amount?	The maximum amount available within the product range.
What fees are payable?	Completion fee = £0, free of charge. Your customer may need to pay a valuation fee and/or a financial advice fee.
What interest rate will be charged?	A fixed interest rate will be applied to each additional loan amount, based on the prevailing further advance interest rate on the product at the time when your customer applies. This interest rate may be higher or lower than the interest rate which is applied to their initial advance.  Our current additional borrowing interest rates can be found on our website.
Are further advances guaranteed?	Further advances are subject to Terms & Conditions and lending criteria at the time. This option is not guaranteed.

### Fees

Is a full tariff of charges available?	Yes, our full tariff of charges can be found on our website.	
What fees are associated with setting up a Canada Life mortgage?	Valuation fee	Free of charge, uncapped
	Completion fee	Free of charge
	Advice fee	Your customer is responsible for paying any advice fees
	Legal fee	Your customer is responsible for paying their legal fees



## Second Home Options

### Second Home Lifestyle Options

<b>Can your customer make any payments?</b>	No. The interest is rolled-up and added to the outstanding loan balance. Your customer can opt to make a partial redemption, but may incur an ERC.
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### Second Home Voluntary Select Options

<b>Voluntary contribution amount</b>	Up to 10% of the initial loan amount each year, without an early repayment charge (ERC). If the completion fee is added to the loan balance (rather than paid at completion), it is included in the 10% allowance.
<b>Annual allowance</b>	The annual allowance is renewed on the anniversary of the date the mortgage completes. Any unused allowance does not roll over into the following year.
<b>What is the minimum contribution amount?</b>	The minimum payment amount is £50.
<b>What is the maximum contribution amount?</b>	The maximum payment amount is the full 10% allowance, as stated in your customer's Offer Letter.
<b>How soon can they make their first contribution?</b>	The first payment can be made on the day following completion.
<b>How frequently can a contribution be made?</b>	Unlimited payments can be made each year.
<b>How can a contribution be made?</b>	Payments can be made by debit card (via telephone only), cheque, bank transfer or standing order. We always enclose a Standing Order form with your customer's Welcome Letter.
<b>Penalty for not making a contribution</b>	Customers are not penalised if they do not use their annual payment allowance.



## Second Home Options

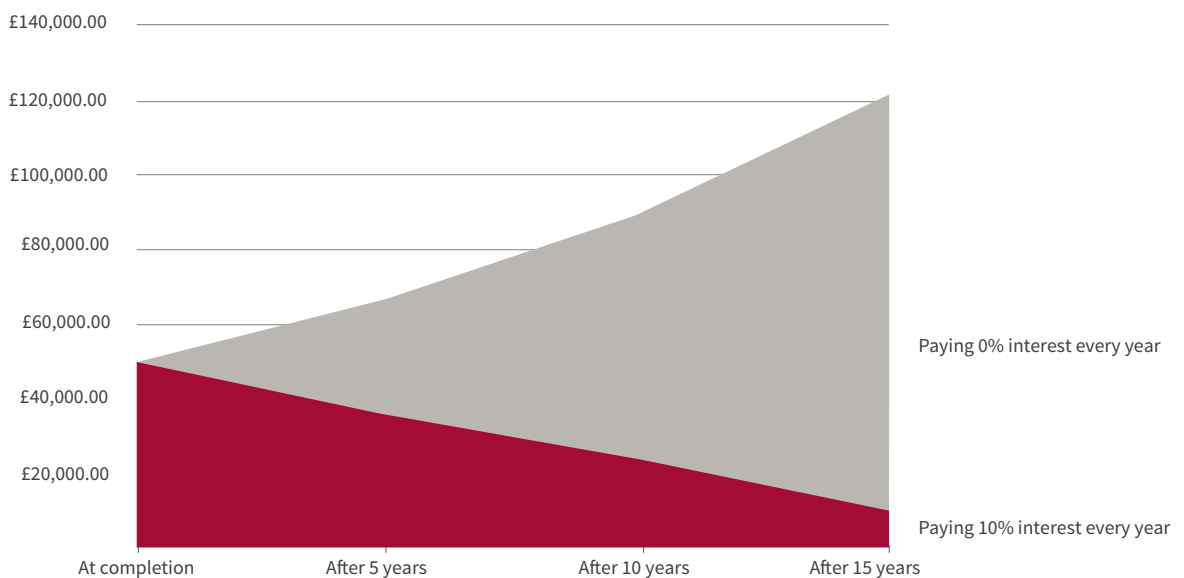
### Impact of making voluntary contributions

This illustrates the impact of making voluntary contributions.

**Case study:** 73 year old male borrower, who has borrowed £50,000 (on a property valued at £250,000). He paid the completion fee at the point of completion, and is making 10% voluntary contributions.

	Remaining balance after 5 years	Remaining balance after 10 years	Remaining balance after 15 years	Overall cost of the lifetime mortgage
<b>Second Home Voluntary Select</b> Assuming no payments made	£66,841	£89,355	£119,452	£119,452
<b>Second Home Voluntary Select</b> Paying 10% of initial loan every year	£38,668	£23,520	£10,000*	£78,269

\*Minimum loan balance of £10,000 required, unless the lifetime mortgage is fully redeemed.





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### Interest Rates and LTVs

	Second Home Lifestyle	Second Home Voluntary Select
Monthly interest rate (MER)	5.63%	5.82%
Annualised interest rate (AER)	5.78%	5.98%

Age	LTV %	LTV %
55	19%	19%
56	20%	20%
57	21%	21%
58	22%	22%
59	23%	23%
60	24%	24%
61	25%	25%
62	26%	26%
63	27%	27%
64	28%	28%
65	29%	29%
66	30%	30%
67	31%	31%
68	32%	32%
69	33%	33%
70	34%	34%
71	35%	35%
72	36%	36%
73	37%	37%
74	38%	38%
75	39%	39%
76	40%	40%
77	41%	41%
78	42%	42%
79	43%	43%
80 - 90	44%	44%

- The LTVs may be adjusted in certain circumstances, such as non-standard construction types. Please speak to our Underwriting team for further information.

## Contact us

To discuss our Home Finance products,  
please contact:

Email: [hf-support@canadalife.co.uk](mailto:hf-support@canadalife.co.uk)



Phone: 0800 068 0212



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To talk a case through with our underwriters

Email: [hf-underwriting@canadalife.co.uk](mailto:hf-underwriting@canadalife.co.uk)



Phone: 0800 068 0212



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To submit an application

You can submit application forms to us:

Online: [https://kfi.canadalife.co.uk/advisers/sign\\_in](https://kfi.canadalife.co.uk/advisers/sign_in)



By email: [hf-applications@canadalife.co.uk](mailto:hf-applications@canadalife.co.uk)



By post: Canada Life Home Finance,  
110 Cannon Street, London, EC4N 6EU



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Visit our website for more information:  
[www.canadalife.co.uk](http://www.canadalife.co.uk)

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