

A guide to repaying for the **borrower's representative**

If you're acting on behalf of an Aviva Lifetime Mortgage holder, this guide is to help you understand what a Lifetime Mortgage is, and the steps involved in repaying. An Aviva Lifetime Mortgage becomes repayable when the borrower (or second borrower if taken out jointly) passes away or leaves the property permanently for long-term care.

We understand it can be a difficult time when somebody goes into care, or you lose someone close to you. We'll work together to make the process as easy as possible. If you have any questions about the information in this guide, call us on 0800 158 4177 (Monday to Friday 9:00am - 5:00pm).

What's a lifetime mortgage?

A lifetime mortgage is sometimes referred to as equity release. It's a loan secured against the value of the borrower's home. If the property is jointly owned, the lifetime mortgage will be in joint names. Customers can use equity release for many reasons including home improvements, topping up their income or pension, daily living expenses, holidays, a new car and care fees.

Unlike a normal residential mortgage, there are no mandated regular payments. Interest builds up for the length of the mortgage until it's repaid in full, and is charged on the total amount borrowed combined with the interest already added. This is called compound interest and it quickly increases the amount owed. It becomes repayable when the borrower (or joint borrowers) either pass away or leaves the property permanently for long-term care.

The contract requires that the property must be kept insured and in good condition. If leasehold, you must continue to pay any ground rent and service charges and abide by the terms of the lease.

If the lifetime mortgage customers leave the property due to care needs then the property must not be rented or subjected to any other occupation or tenancy. Please see the terms and conditions for a full list of contractual requirements for the things you must and must not do.

Why were we not made aware of the lifetime mortgage?

Taking out a lifetime mortgage is a big decision which will reduce the amount of inheritance left. Whilst we encourage involvement of family in making this decision, there is no legal obligation on the borrower to make their family aware. Aviva has no legal right to pass on details of the lifetime mortgage to family members against their wishes. It is the borrower's final decision on whether to involve their family or make them aware.

Who's responsible for repaying the lifetime mortgage?

When the time comes, it's the borrower's representatives that will arrange repayment of the lifetime mortgage, usually by selling the property. If the borrower is in care, their representative could be a Power of Attorney. If the borrower passed away, this could be the executor of their estate. Ownership of the debt doesn't transfer to anyone else that wasn't named on the mortgage, so you won't ever be personally liable to make any repayment as a representative.

What if there's nobody who wants the responsibility of repaying the lifetime mortgage?

Sometimes there isn't anyone who wants to act on behalf of the deceased. If this happens, please get in touch with us to discuss alternative options.

Can we simply give you the keys and you sell the property?

In some circumstances, we can accept the keys. We'd use the powers granted by the mortgage to market the property for sale to repay the outstanding loan amount without involvement from the family or executors.

We encourage you to take legal advice before considering this option. Please let us know if you'd like to explore this further.

What are the first steps of repaying the Lifetime Mortgage?

We understand it may be a difficult and stressful time for you. There's often lots going on and plenty of other priorities, so we ask that you tell us what has happened as soon as possible. We'll then talk through the next steps and provide the information needed to repay the lifetime mortgage.

Arrange a call back by giving us a ring on - **0800 158 4177** (Monday to Friday 9:00am - 5:00pm)

Email us at - ercicdirect@aviva.com

Write to us at - **Aviva, PO Box 520, Norwich, NR1 3WG**

What should we do when somebody goes into care?

We may require a long-term care assessment to understand if the customer meets our long-term care criteria. If they meet the criteria then there will be no early repayment charges applied when the loan repays. Please contact us to discuss this.

Do we have to sell the property?

For most people, the property will need selling to repay the loan and interest. If you can raise the funds by other means, we can usually accept this instead, which allows the property to remain in your ownership.

The terms and conditions of the lifetime mortgage allow 12 months for full repayment starting from the date the person passed away or left the property permanently for long-term care.

There may be circumstances where you can't repay the loan within 12 months, so we ask that you provide us with regular updates on the repayment progress. If you give us satisfactory evidence of your plans for repayment, we may give you more time.

Can we transfer the lifetime mortgage to ourselves?

Once the loan becomes repayable, it's not possible to transfer an existing lifetime mortgage to somebody else. If you'd like to explore how you could raise funds with a mortgage, we recommend seeking financial advice to learn about alternative options.

What happens if the house sells for less than the amount owed?

If the house sells for less than the amount owed, the estate won't have to repay more than the amount received from the sale.

The lifetime mortgage comes with a 'no negative equity guarantee'. This is on the basis that you sell the house at the best price possible. Please contact us if you think that you might need to claim under this guarantee.

What happens if I have an occupant?

If the property is to be sold to raise the funds needed to repay the lifetime mortgage then any occupants will need to find alternative accommodation to allow the sale to complete and the loan repaid within the 12 months allowed under the terms and conditions.

When someone dies, there are lots of things to sort out and it can be overwhelming. Here are some steps to help you:

- 1 Get a medical certificate of cause of death** - You can get this from the hospital, GP or coroner involved. It's needed to register the death.
- 2 Register the death** - You must do this within five days of the death at the local registry office. They will issue an official death certificate.
- 3 Arrange the funeral**
- 4 Find the will** - If the deceased has written a will, it will name the executors. The will is sometimes held by a solicitor or a bank.
- 5 Apply for probate** - The named executor should apply for probate. We cover this later in this guide.
- 6 Remove occupants** - Any occupants will need to find alternative accommodation so the sale can begin.
- 7 Market and sell the property**
- 8 Repay the lifetime mortgage** - When the property sale completes, the loan will need to be repaid before we release our legal charge from the title deed.

What is probate?

Probate is the legal document required to administer the estate of a dead person. This includes their property, money and possessions.

Probate isn't always required to settle the estate. However, for the purposes of repaying the lifetime mortgage, it's necessary to market and sell the property. You may also need it to access other assets such as investments or bank accounts.

Who can apply for probate?

If there's a will, the executors named in the will can apply for probate. They can do this on the government website or by speaking to a solicitor. If there isn't a will, the closest living relative can apply for something similar called 'Letters of Administration'. They are then known as the administrator.

Important points to remember:

- Compound interest continues to build up until the loan has been fully repaid
- The property must remain insured until the loan has been fully repaid
- If the property is subject to any ground rent or service charges, you must continue to pay these to avoid breaching the terms of the lease
- If leasehold, you must respect the terms of the lease
- Under no circumstances should you rent or lease the property
- The terms and conditions allow 12 months for the loan to be repaid

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Please get in touch if you'd prefer this document (PF011882) in large print, braille or as audio.

How to contact us

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