

The page features a decorative design with three blue circles of varying sizes and two thin blue lines that intersect to form a large triangular shape on the right side of the page. The largest circle is at the top right, a medium one is in the center, and a large one is at the bottom right. The lines are thin and light blue.

Caesar & Howie
The Central Scotland Law Group

Guide to Equity Release

www.caesar-howie.co.uk

For more information or to speak to one of our trained advisers please telephone our Senior Issues team on 0800 005 1855.

The Caesar& Howie Group
14/08/17

Caesar and Howie are members of the Equity Release Council and adhere to the rules and standard of that body. We are also members of The Equity Release Solicitors Alliance. This is a group of solicitors throughout the UK providing specialist legal service to clients taking out equity release products. Many people today are reaching retirement with a smaller nest egg than they had hoped, mainly due to a level of pension being less than anticipated. Additionally people are living longer and many retired people are concerned that their savings will not be sufficient to allow a standard of living they were hoping for. It is worth knowing that extra money can be raised from an Equity Release Plan.

With the price of houses soaring over the past 30 years or so home owners of mature years can have a large asset invested in their homes. Some decide to down-size to a smaller home when the family grow up and fly the nest thus releasing equity for them to enjoy in their sunset years. For others this may not be an option if they wish to remain in the family home. However, there is another option available to them.

Lenders are now offering equity release products which allow the homeowner to release some equity from their property but at the same time, remain living in their own home. There are two types of products on offer, being the Lifetime Mortgage and The Home Reversion Scheme.

With a Lifetime Mortgage a borrower will be able to receive in cash a percentage of the market value of their home. It differs from a normal mortgage, however, as unlike in a conventional mortgage a borrower will not have to make monthly repayments. Nothing will be repaid to the lender until the death of the homeowner/s. If the mortgage is taken out by more than one person nothing need be repaid to the lender until the death of the second borrower. The lender recoups its money, plus accrued interest, on the death of the surviving partner, or when the surviving partner has to go into care.

The initial equity release advance is decided by the lender. One of the main considerations taken into account is the borrower/s life expectancy. This will be explained in more detail by the borrower/s financial advisor. These lifetime mortgages are very flexible and money can be taken as a one off capital payment or income over time. It is always tax free.

As you can see with a Lifetime Mortgage a borrower still remains owner of all the property. This is not the same as a Home Reversion Scheme where in return for the equity the borrower enters into joint ownership with a finance provider who will purchase a percentage share of the property at a discounted price. The proportion of the property which can be transferred depends on the age of the owners and of course the amount of equity they wish to realise. An independent valuation of the house is required to work out figures. . In effect the owner sells a share of his property to the finance provider but the lender does not receive the price until the death of the second house holder. Again, because it is a 'joint ownership' the parties taking out the reversion plan are entitled to live in the house until their deaths or being taken into care.

Please note there are many variations to the Lifetime Mortgages and Home Reversion Schemes on the market, which our financial consultants will gladly explain to you.

These products have become very popular by our clients in the last few years. Caesar & Howie have therefore set up our own highly specialised team to advise clients in this area. To put our clients' minds at rest Caesar & Howie will only deal with financial bodies, consultants and brokers who are registered with the Financial Conduct Authority (FCA) to ensure our client's best interests are being met. All financial consultants that we deal with are highly knowledgeable on the financial products available and will be able to help the client decide which product will be the best for them.

If you go ahead with any of the equity release products our team are there to help and advise you every step of the way. Our team will obtain the title deeds over your property to check that everything is in order. They will then be able to draw up all the necessary legal documentation which will require to be signed. They will also ensure that all relevant searches are obtained. Once the title deeds and lender's instructions have been received the whole legal process would normally around 28 days from that point, but it can be more if legal issues come up which need solving.

You should also note that clients do not have to live locally to be able to utilise our efficient service. Instructions can be received long distance and there will be no requirement to visit our offices. We can arrange for a local solicitor to see clients to sign the important documents involved.

More information on these products can be found here:-

<http://www.equityreleasecouncil.com/consumer-information/what-is-equity-release/equity-release-plans/>

and here

<https://www.moneyadviceservice.org.uk/en/search?query=equity+release>

We would be happy to complete the legal process for any clients having a loan offer, and if you have not yet reached that stage we can direct you to a qualified financial advisor to get the whole process underway.