

Provider Checklist

The following questions should be answered by your provider. Print out this checklist and ask them to complete it. Make sure they answer all the questions and that you understand their answers. Ask them to provide this information in writing as well as explaining it to you.

1. What will it cost me on an annual basis?

Complete the following table:

What do all the costs mean if expressed as an annual interest rate?			
A	Total amount I will receive	\$	A
	<p>If the equity released is a single amount, enter the amount actually paid into my bank account, after any fees.</p> <p>If it is an annual amount, multiply the annual amount by the number of years that it is likely to be paid (based on the average expectation of life if payable until my death, or until my partner's death, if later) and enter that total amount.</p>		
B	Total fees I will pay to take out equity release	\$	B
	<p>These fees should include the costs of valuing the property at the start of the scheme, legal fees and all other initial costs.</p>		
C	Total interest charged until equity release ends	\$	C
	<p>If the loan is repayable on my death (or on the death of the survivor, in the case of a couple), enter the total interest that is likely to be charged for the whole period. Use today's interest rate to calculate this.</p>		
D	Estimated amount owing under the equity release at end	\$	D
	<p>Enter the total of columns A, B and C.</p>		
E	Any fees on repayment of equity release at end	\$	E
	<p>Enter any final costs, including any regular valuation fees that might be payable to check the property's value during the equity release.</p>		
F	Dollar cost to you of the amount you will receive	\$	F
	<p>Add the total of amount received + fees + interest charged + fees on repayment of equity release. (D + E)</p> <p>Deduct the total you will actually receive (A above);</p> <p>The difference is the dollar cost to you.</p>		

	Column F is the dollar amount of all the costs involved, including interest - this doesn't include the capital you receive as either a lump sum or by instalments.		
G	All the expenses you pay converted to an equivalent annual interest cost on the amounts you receive	% p.a.	G
	The fees, interest and other costs might be paid on an irregular basis but they're all part of the cost of your loan. This number puts them all on to the same basis as the regular interest you will be charged. That way, you can see the real interest rate you will pay, not the "headline" rate. Column G converts Column F to an equivalent annual interest rate. Put in the true annual cost of the equity release expressed on a basis that is equivalent to a mortgage interest rate. Note to provider: this is a similar calculation to the one required by the Credit Contracts Act 2003 but is designed to include all associated costs over the full life of the transaction.		

Do not include any reference to increasing property values in the above calculations.

2. Can the fees for future services (such as draw downs or termination) change? If so, how?
3. Can the interest rate change - if so, how?
Complete the table to show how rates have changed recently. Note all recent changes.

Recent changes in interest rates	
Date changed	Interest rate

4. What are the minimum and maximum amounts I can borrow?
5. What happens when the loan hits the maximum?
6. Can I refinance the equity release if a better deal comes along?
7. Can I pay off some of the debt if I choose to?

8. If I sell the property on which the equity release scheme is secured, do I have to repay the debt or can it be transferred to another property?
9. Are there any circumstances in which I might lose my property or be required to sell it?
10. How (and how much) does the person selling me the equity release product get paid in total fees if I agree to take the equity release product?
11. How long has the equity release provider been in business and who owns it?