

Equity release

ER1: 2017–18 edition

Web update 2: 18 September 2017

Please note the following update to your 2017–18 edition of the **ER1** study text.

Chapter 4, section A2, page 4/3

Delete the fourth paragraph and final sentence; amend the third paragraph as follows (change in **bold**):

The building societies have not diversified into home reversion plans. One reason for this is that at least 75% of the commercial assets of a building society must be advances secured on land for residential use. Although home reversion plans involve residential land, they are not advances and therefore fall outside this definition. **Bridgewater Equity Release is currently the only home reversion plan provider in the market.**

Chapter 5, section E, example 5.3, page 5/7

Replace the fourth paragraph with the following (changes in **bold**):

If John borrows the whole **£25,000** at the outset, the debt will increase to **£26,500** by the end of year one and **£28,090** by the end of year two. However, if he draws down only £12,000 now, the rolling debt increases to £12,720 by the end of year one and £13,483 by the end of year two. This reduces the impact of the lifetime mortgage on the estate by £1,123 over the two years.

Chapter 5, question answer 5.5, page 5/15

Replace with the following text (changes in **bold**):

Opening balance	£31,907
Balance end year 6	£33,502
Balance end year 7	£35,178
Balance end year 8	£36,936
Balance end year 9	£38,783
Closing balance year 10	£40,722

Chapter 7, section B11, page 7/13

Add the following paragraph below the table:

If the claimants' or claimant's income goes above this amount, housing benefit or universal credit is reduced until that income falls below the limit.

Multiple choice question answers, page i

The answer to chapter 5, question 4 should be **c**.