THIS IS FOR USE BY MORTGAGE INTERMEDIARIES ONLY IN CONJUNCTION WITH APPLICANTS FOR RETIREMENT INTEREST ONLY MORTGAGES - IT MUST NOT BE DISTRIBUTED TO POTENTIAL BORROWERS

Saffron For Intermediaries

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Retirement Interest Only (RIO) Mortgage Guidance Notes

These are for guidance purposes only to support you during the application process and you should consult the FCA rules for full requirements relating to Retirement Interest Only Mortgages and/or your Network if you are an AR.

This information is important so we will supply a copy of this to your client on receipt of the full mortgage application.

Key regulatory points

- Before applying for this loan your client should consider taking advice with regards to the potential implications on their tax position and entitlement to any benefits if they are borrowing additional funds to release capital from their home. Further information about this can be found from HM Revenue & Customs, the Pension Service and / or the Citizens Advice Bureau.

- A lifetime mortgage may be available and more appropriate for their personal circumstances.

Additional points

- Your client will require to have independent legal advice before entering into the mortgage contract, to make sure they fully understand the terms of this mortgage and any possible future implications, including those described below.

- Your client's ability to keep up with the mortgage payments may be affected if their income reduces, their outgoings increase or interest rates rise.

- As a retirement interest only mortgage is a long term commitment, your client should consider how this mortgage may impact their ability to afford any potential future needs, for example any additional care in their lifetime.

- Whilst we offer a product that does not require a Power of Attorney we strongly recommend that your client considers putting in place a Property and Financial Affairs Lasting Power of Attorney which would then allow them to apply for the PofA product.

- The mortgage must be repaid upon death or vacating the property. If your client does not have sufficient other assets to do this, the proceeds from the sale of their home will be used to repay their mortgage. This may reduce the value of their estate and the amount which their beneficiaries may inherit. Your client may wish to talk to their family, or others, who may benefit from their estate in their decision to take out this mortgage.

- The value of their home may fall and if the value of their home is less than the amount of the loan outstanding when it is due to be repaid; the difference will still need to be repaid by them or their estate

- In the case of joint borrowers, your client must inform us when the first borrower dies in order for us to update our records. If they become separated or divorced they must inform us. This event may require them to repay the loan.

- If your client wishes to add someone else to their loan in future (for example if they marry or re-marry), they you may be able to do this provided that the other person is eligible and our lending criteria is still met. If the other person is younger, this may require them to repay the loan. We will not charge any early repayment charges if this is the case. Until the terms of their loan are amended, the other person will not have a right of occupation of their property in the event of their death.

- If they want someone else to reside in their property, but do not want to add them to the loan, they must first obtain our consent before doing so. This includes any persons who may reside in the property from time to time on a continuous or frequent basis (and including where they do so without paying any amount to your client), including family members, children or other relatives and anyone else who would be eligible to use your client's property for the purposes of their name being recorded on the electoral roll. They will be required to sign an agreement prepared by us to move out should your client cease to be resident in your property.

- Your client will be responsible for any costs involved in amending the terms of their loan to reflect a change in their circumstances.