

RIO Mortgages

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For Intermediary use only

L&G EXCLUSIVE

FOR NEW ENQUIRIES CALL



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RETIREMENT INTEREST ONLY MORTGAGE

L&G EXCLUSIVE

This product allows flexibility for borrowers in later life. Only available to retired borrowers on an interest only basis, with the loan being repaid by sale of the property on a set life event. They are for an open ended term.

RETIREMENT INTEREST ONLY MORTGAGE - POA

Initial Rate	Product Term	Revert Rate	Arrangement Fee		LTV
3.34% (SVR -2.3%)	3 Years	SVR	£999		50%
Purpose	Portable	ERC	APRC	Procuration Fee	SBS Code
Purchase or remortgage	Yes	3% for three years* The ERC term is from completion	5.5%	0.35%	DR0682

RETIREMENT INTEREST ONLY MORTGAGE

Initial Rate	Product Term	Revert Rate	Arrangement Fee		LTV
3.64% (SVR -2.0%)	3 Years	SVR	£999		50%
Purpose	Portable	ERC	APRC	Procuration Fee	SBS Code
Purchase or remortgage	Yes	3% for three years* The ERC term is from completion	5.5%	0.35%	DR0683

The interest rate charged will not fall below 2.00% (the minimum interest rate) at any point during the mortgage.

Product Details

- Maximum No of Applicants: 2
- Minimum age (all applicants): 55 and in retirement
- Minimum Loan: £30,000
- Maximum Loan: £1,000,000 (Loans over this are priced on a bespoke basis and have restricted LTV's)
- Minimum Term: 5 years
- Maximum Term: no maximum
- Repayment: Interest Only repayable from sale of property upon vacating (by latest occupant) i.e. death or moving into residential care facility

**Overpayments of up to 20% per annum are allowed without penalty.*

Specific Product Criteria

N.B. The POA product requires a Power Of Attorney to be in place for contact reasons.

- Affordability (Joint Applicants):**
For joint applications, affordability must be proven against each applicant individually (to ensure the loan remains affordable in the event of death of the other applicant)
- Couples living together** in the property (whatever relationship) must both be named on the mortgage and the Title
- Independent legal advice** is required before entering into the mortgage contract
- Adult Occupiers** are acceptable provided they have the capability to execute a consent form waiving their rights to the property (excluding employed carers).
- Please note **Retirement Properties** (with restricted occupancy clauses) are not within policy.
- Mortgage Exit Fee** – Retirement Interest Only Mortgage Product.
You will have to pay this if:
 - Your mortgage is repaid in full,
 - You transfer the mortgage to another lender, or
 - Transfer borrowing from one property to another

PLEASE READ THE GUIDANCE NOTES BEFORE SUBMITTING A CASE. THESE ARE AVAILABLE WITHIN THIS GUIDE AND UNDER THE OTHER DOCUMENTS SECTION OF OUR WEBSITE.



Retirement Interest Only (RIO) 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.

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.
- 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 may be able to do this provided that the other person is eligible and

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 to the right.

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

For more details on our Retirement Interest Only product options and criteria please speak to:

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This is an example addendum,
please print off a version for your customer from our Other Document section of our website.



Supplementary Information to your Retirement Interest Only Mortgage Illustration

This document provides additional information about a retirement interest only mortgage and should be read carefully in conjunction with the applicable sections of your mortgage illustration. If you have any queries please discuss these with your mortgage adviser.

The 'Repayment Period' referred to throughout the mortgage illustration is an Assumed Repayment Period and the payments are based on this. The Assumed Repayment Period is based on when you have told us you expect to repay the mortgage in full, or otherwise assumed by us, based on a reasonable estimate of when you will repay the mortgage in full.

Section 3 – Main Features of the Loan

The mortgage term will end, and the mortgage shall be repayable, on the occurrence of the earlier of the following events:

- your death, or where there are joint borrowers, the death of the last surviving Borrower; or
- you, or where there are joint borrowers the last surviving Borrower, leave(s) the Property to move into sheltered accommodation or long-term care and the Property is no longer your main residence. (You will be required to provide evidence from an independent source of your move into sheltered accommodation or long term care);
- you, or where there are joint borrowers the last surviving Borrower, acquire(s) another property for use as your main residence and/or no longer use(s) the Property as your main residence;

- you sell the Property and do not transfer this loan to your new property.

For the purposes of section 3 the sale of your property will be the repayment strategy and the proceeds of sale will be used to repay the mortgage balance and any accrued interest when the mortgage ends.

You can choose to repay the mortgage at any time but this will be subject to any applicable early repayment charges and/or mortgage exit fee.

This product is only available to applicant(s) aged 55 and above and is subject to our lending criteria at the time of application.

Section 4 – Interest Rate and Other Costs

The Mortgage Exit Fee is payable on full repayment of the Loan on or before the occurrence of one of the events stated above (Section 3 – main Features of the Loan)

Section 6 – Amount of Each Instalment

The following risks should also be considered in relation to the retirement interest only product: What if your income goes down? You will still have to pay your mortgage if your pension income falls because, for example, you

fail to keep up your pension contributions, the performance of your pension investments falls or you take out large cash lump sums which reduces your pension income. You should also consider potential increase in costs eg care in your lifetime. Think about whether you could make your mortgage payments in these situations.

Section 8 – Early Repayment

Early Repayment Charges are waived on the following:

- your death, or where there are joint borrowers, the death of the last surviving Borrower; or
- you, or where there are joint borrowers the last surviving Borrower, leave(s) the Property to move into sheltered accommodation or long-term care and the Property is no longer your main residence. (You will be required to provide evidence from an independent source of your move into sheltered accommodation or long term care).

Explanations about your proposed mortgage

For the purposes of the explanations provided with your illustration, the repayment method of this product is interest only, the mortgage term will end on the occurrence of one of the Events stated above (Section 3 - What you have told us) and the proceeds from the sale of your Property will be used to repay the mortgage balance and any accrued interest when the mortgage ends.

Important things to consider

Before applying for this loan you should consider taking advice on the impact of taking out this loan on your tax position and entitlement to any benefits, if you are borrowing additional funds to release capital from your home.

You can find further information about this from HM Revenue & Customs, the Pension Service and / or the Citizens Advice Bureau.

We are required to inform you that a lifetime mortgage may be available and more appropriate for your financial circumstances.