

Retirement Interest Only Mortgage

What is it?

Our Retirement Interest Only Mortgage (RIO) is an interest-only mortgage for clients aged 55 and over.

It enables them to take out a new mortgage or replace their current interest-only mortgage with one that allows them to continue making interest-only payments for the remaining time that they live in their home. They may also choose to take a larger mortgage than they currently have, subject to affordability checks, to use for things that they need or want.

Who is it for?

Our Retirement Interest Only Mortgage is designed for clients who:

- Are aged 55 or over.
- Are living in, or buying their home which is located in England, Wales or mainland Scotland.
- Can afford to make monthly interest payments now and when they are no longer working.
- Want to borrow a minimum of £10,000.

It may not be suitable for clients who:

- Would like to sell their property and not have an outstanding mortgage.
- Have savings or investments that they can consider using instead.
- Can claim benefits that will supplement their income and may be affected by taking a RIO.

Criteria	
Repayment frequency	Mortgage payments will be paid monthly by your client via Direct Debit. This will be the full interest due each month.
Amount available	Actual loan amount is determined by an affordability assessment up to a maximum of 60% LTV. Based on employed and/or retirement income (including retirement income yet to be earned) of lowest earner.
Minimum loan amount	£10,000.
Maximum loan amount	£2,000,000 (anything over can be referred).
Minimum applicant age	55 years.
Maximum applicant age	90 years at time of application and complete within 6 months of turning 91.
Minimum property value	£70,000. £100,000 for flats, maisonettes, ex-council, ex-housing association and ex-MOD. For flats or maisonettes, 85% of the property value will be used.
Maximum property value	£7,000,000 (refer cases over that). For flats or maisonettes, 85% of the property value will be used.
Property location	England, Wales or mainland Scotland.
Tenure	Freehold. Leasehold (remaining term plus the age of the youngest borrower at completion must be at least 175 years). Properties where service charge and ground rent combined exceeds 1.5% of property value are not allowed.

Product features	
Interest rate	The interest rate is fixed for the duration of the mortgage.
Overpayments	Your client can reduce the amount they owe by making overpayments of up to 10% of the mortgage balance, in addition to the monthly payment, in any 12 month period starting on the completion of the mortgage and thereafter on each anniversary of the completion of the mortgage without having to pay an Early Repayment Charge. The overpayment must be a minimum value of £50.
Portability	Your clients can move to another property subject to your clients and the property meeting our criteria at the time. Partial repayment may be required if they are moving to a lower value property. No Early Repayment Charge (ERC) will be payable on such partial repayments.

Product features continued

Downsizing Protection If after 5 years your client chooses to move to a property that does not meet our lending criteria at the time, they can repay their mortgage in full without having to make an ERC.

Additional Borrowing Additional borrowing requests will be considered after 6 months of the mortgage completing subject to an affordability assessment and our lending policy.

Borrower costs and fees

Product Fee £599. This fee can be added to the loan in excess of maximum LTV's.

Valuation Fee Currently free.

Legal Fees Your clients will pay their own solicitor's costs and all disbursements.

Early Repayment Charge The Early Repayment Charge on RIO is a fixed, stepped percentage which reduces depending on how long your client has had the mortgage. If your client repays their mortgage in full or makes overpayments above 10% of their mortgage balance each year they will be charged as below.

Time since start of mortgage	Early Repayment Charge % of outstanding balance
0–5 years	9%
6th year	8%
7th year	7%
8th year	6%
9th year	5%
10th year	4%
11th year	3%
12th year	2%
13th–15th year	1%

Notes

An Early Repayment Charge is not payable if any of the following apply to your client:

- On any overpayment they make within the permitted limits.
- If they move home and transfer their RIO to a new property that is acceptable to us and as a result of which they repay a part of the mortgage as required by us.
- If they have had the mortgage for over 5 years and are moving to a property that does not meet our lending criteria at that time.
- If they repay after they (or if joint borrowers, the last surviving of them) dies or goes into long term care.
- If joint borrowers and the last surviving of them repays in the first three years after the first of them dies or moves into long term care.

Product variants			
	Purchase	Remortgage	Remortgage with Cashback
Product Fee	£599	£599	£599
Valuation Fee	Free standard valuation	Free standard valuation	Free standard valuation
Legal Fee	Customer to pay	Assisted Legal Fees	Customer to pay
Cashback	N/A	N/A	£250

Interest Rates			
Product variant	Purchase	Remortgage	Remortgage with Cashback
Annual interest rate	5.29%	5.29%	5.29%

For more information

Visit legalandgeneral.com/adviser/rio

Call us on **03330 048 444**
8.30am to 5.30pm, Monday to Friday.

Call charges will vary. Calls may be monitored and recorded.

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