

Retirement Interest Only (RIO) Fact Sheet

This fact sheet is to provide you with a summary of important information your mortgage adviser will have talked to you about when you discussed your mortgage requirements. If you are unclear about anything listed within this fact sheet, please speak to your mortgage adviser or your advocate.

Loan Purpose	
Debt consolidation	If you have applied to take out a mortgage and use some of the advance to repay existing debts, you may well reduce your monthly outgoings initially but it may cost you more in the long term. If you have had payment difficulties with existing creditors it may be more appropriate to speak to them and come to an arrangement than take out a new mortgage. The Society will only allow one application for debt consolidation and any future request will be declined.
Capital raising	A mortgage is a long-term commitment, if you have applied for a loan to release capital for personal use, you will be required to make monthly mortgage repayments for the term of the loan.
Letting your property	The Society will not consent to your property being let.

Loan Repayment	
Interest only	A RIO mortgage is set up on an interest only basis. Interest only means your mortgage payments only go towards the interest charged – you don't actually repay any of the money you originally borrowed (the capital). You will be required to repay the mortgage on the occurrence of the earlier of the following life events: <ul style="list-style-type: none"> • Death; • Leaving the property with no reasonable prospect of returning (e.g. moving into residential care); • Acquiring another property to use as your main residence; • Selling the property without transferring the loan to a new property. For joint borrowers the life event is triggered by the surviving borrower.
Negative equity	When taking out a mortgage, there is a possibility that you may experience negative equity. Negative equity can occur following a severe and prolonged drop in house prices and a borrower being unable to meet their mortgage repayments. Should the loan exceed the sale value of the house, the balance of the remaining loan will still need to be paid, for example, from savings or your estate, to repay the mortgage.
Repayments	Your ability to keep up with your mortgage payments may be affected if your income reduces, your outgoings increase or interest rates rise. As a RIO mortgage is a long-term commitment, you should consider how this mortgage may impact your ability to afford any potential future needs, for example, any additional care in your lifetime.
Sale of property	The proceeds from the sale of your home will be used to repay your mortgage. This will reduce the value of your estate and the amount which your beneficiaries may inherit. We would recommend that you talk to your family, or others, who may benefit from your estate about your decision to take out this mortgage.

Changes to Your Personal Circumstances	
Residential care/sheltered accommodation	This mortgage becomes repayable when you (or for joint applications, the surviving borrower) leaves the property with no reasonable prospect of returning (i.e. moving into residential care). The Society would anticipate that the mortgage be repaid within 12 months of leaving the property.
Death	This mortgage becomes repayable when you (or for joint applications, the surviving borrower) dies. The Society would anticipate that the mortgage be repaid within 12 months of obtaining the Grant of Probate/ Letters of Administration.
Acquiring another property	This mortgage becomes repayable should you acquire or move into another property to be used as your main residence. The Society would anticipate that the mortgage be repaid within 6 months of moving into another property.
Portability	If you wish to move to another property, we may consider transferring the product to the new house. The decision to do this will depend upon such factors as affordability, the loan to value ratio and whether we have such products available at that time.
Adult occupier	Should another party move into the property during the term of the mortgage (for example on marriage or the formation of a civil partnership or where a family member is acting as a carer), this may affect their right to occupy the property in the event that you move into care, move home or die and the property needs to be sold to repay the mortgage.
Entitlement to benefits	Taking this mortgage may affect your tax position and entitlement to benefits. You may wish to seek further information regarding how taking out a mortgage may affect you.

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Changes to Your Personal Circumstances (continued)

Lasting Power of Attorney	A Lasting Power of Attorney (LPA) is a legal tool that allows you to appoint someone to make certain decisions on your behalf. The appointed person can manage your finances for you in the future if you reach a point where you are no longer able to make decisions for yourself. This is something you should consider to ensure the mortgage payments and other aspects of your finances can continue to be dealt with in the event you lose your mental capacity during the term of the mortgage. The Society would ask you to discuss this with your advocate.
Wills	You may wish to consider reviewing your Will, or taking out a Will if you do not have one in place already.
Life Assurance	Although Life Assurance is not compulsory, you may want to consider this.
Independent legal advice	You may want to consider taking independent legal advice before entering into a mortgage contract, to make sure that you fully understand the terms of the mortgage and any possible future implications.

Once you have considered all the important information contained within this fact sheet, if you are happy to proceed, please sign and return one copy of the document to the Society.

Declaration:

By signing this fact sheet I/we confirm that I/we have fully read and understand the important information provided and that I/we fully understand the nature of the commitment I/we are entering into.

Signed:	
Date:	

Signed:	
Date:	



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FOR GUERNSEY RESIDENTS ONLY. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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