

**Ed & Daisy, age 60**

Product: RIO

Careers: **Property investors/ landlords**

Purpose: **Remortgage with no end date/term**

Term: **None - mortgage runs for their lifetime**

LTV: **75%**

Loan: **£300,000**

Property Value: **£400,000**

Repayment Type: **Interest only**

Ed and Daisy's current interest only mortgage was due to mature, their lender had asked them to repay in full. Initially they had planned to sell up, using some of the money from the sale to repay their existing mortgage, but even though their family home had plenty of equity to downsize, they were not ready.

They needed enough space to welcome their children back home to stay and they still felt the house was manageable for them, most importantly it felt like home. They wanted to keep paying a mortgage but avoid being tied to a repayment date, even though they were not ready to sell, they didn't know if or when they might be.

Ed and Daisy own a number of BTL properties which generate a healthy rental yield, this is part of how they planned to maintain their income into retirement. They wanted to continue paying interest only to keep payments as low as possible, while maintaining the equity in their property.

The RIO is subject to a regulatory requirement to apply a calculation designed to make sure the mortgage is affordable for just one borrower on death, known as death stress. Both Ed and Daisy had £80,000 in life cover, as well as substantial rental income. If one of them were to pass away, they could use these funds to reduce the mortgage debt, something our experienced underwriters take into account when considering applications.

Given our flexibility, we offer higher loan to income ratios than many lenders, so for clients like Ed and Daisy looking to

replace their current mortgage on a like for like basis with the opportunity to fix payments, they chose us, a forward thinking lender who could accommodate their wants and needs.

Ed and Daisy were also impressed by the option to overpay 10% yearly, added to that, the Early Repayment Promise which allows them to pay off the loan in full without incurring early repayment charges if they chose to sell made for an attractive package.

Our flexible approach to underwriting complimented Ed and Daisy's intelligent planning for their later life and we were able to offer a RIO Mortgage, which with no fixed end date enabled Ed and Daisy to stay in their family home until they are ready to downsize, and with no specified end date it also means they don't need to commit to another fixed maturity date.

The combination of no end date for their RIO along with the ability to downsize at any time with no early repayment charges really put Ed & Daisy in control of their future, bringing them much needed piece of mind and most importantly allowing them to continue to live in their much loved family home.

This is a hypothetical example. It's not an indication of likely or possible benefits or what we think will happen in the future. It's not advice of a recommendation from us.

Hodge: Here's what you **need to know**

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Over the years we've led the way in creating mortgage products to support the older than average borrower. In doing so, we've learned a lot about what consumers want, in the majority of cases that's flexibility from a lender who understands them and the life they lead.

But Hodge is not just for the older borrower, we just happen to be very good at getting to know specialist markets.

By designing products with your customers in mind, it not only allows them to focus on the things which matter to them, but equips you with the solutions to help them get there.

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Flexibility from a lender who understands your customers and the life they lead



Products designed with your customers in mind

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