

Your guide to the

Freestyle[®] Lifetime Mortgage

from Standard Life Bank



Hello.

Your home is more than just the place you live. It's a valuable asset – an asset you can use to your advantage.

These days, more and more people choose to use lifetime mortgages as a way of enhancing their lifestyle or providing finance in retirement.

This guide will help you decide whether our Freestyle Lifetime Mortgage is the right lifetime mortgage for you.

How can we help you?

I want to free up my money and enjoy my retirement.

See page 6

I need all the details before I make a decision.

See page 7

All about eligibility.

See page 8

How much can I borrow?

See page 9

THIS IS A LIFETIME MORTGAGE. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.

How do I apply?

See page 10

How will I repay the loan?

See page 11

What happens if my circumstances change?

See page 12

What do I need to think about before I apply?

See page 13

What's next?

See page 14

“How can I release some of the cash tied up in my home?”

What is a lifetime mortgage and how does it work?

For many people, the easiest way to release the equity built up in their home is to simply sell the property and move to a lower cost home. But if, like many people do, you decide that you want to stay in your current home, then a Freestyle Lifetime Mortgage may be the right option for you.

Whatever you decide, we recommend that you discuss it thoroughly with your family, and it is a condition of the mortgage that your solicitor gives you independent legal advice.

The Freestyle Lifetime Mortgage is a straightforward loan, paid in the form of a tax-free lump sum, that you are free to use for any purpose. It's secured with a first charge against the value of your home and the amount you can borrow is based on the current value of your home and your age.

Interest on the mortgage will be applied at a fixed rate at the time funds are released. The accrued interest will be compounded yearly. This means that the interest accumulated each year is added to the total amount outstanding. In subsequent years, interest is charged on the new compounded amount. There are no repayments to be made during the period of the mortgage. Instead, the mortgage (plus the accrued interest) must be repaid in any one of the following circumstances:

- from your estate upon your death (or the death of remaining partner)
- from the sale of your property if you (or remaining partner) move into long-term care
- if you decide to sell your home and fully repay your Freestyle Lifetime Mortgage
- or, for any other reason, you no longer wish to continue with your Freestyle Lifetime Mortgage.



*Still have questions?
Please contact your
financial adviser for
more information.*

“What do I need to know about Freestyle Lifetime Mortgage?”

- Our Freestyle Lifetime Mortgage has a ‘no negative equity’ guarantee. That means, you, or your estate, will never repay more than the best reasonable market price that your home obtains when it is eventually sold.
- You can initially borrow a lump sum of between £25,001 and £250,000 tax-free, subject to eligibility. This money is secured against your home and can be used however you wish. Importantly, you continue to be the owner of your home.
- The rate of interest is fixed for the duration of the mortgage.
- No monthly repayments.
- Early repayment charges apply for the first ten years.
- No medical or credit checks will be required as part of the application process for your Freestyle Lifetime Mortgage.
- Further borrowing may be made available after completion of the Freestyle Lifetime Mortgage. This must be taken out through your financial adviser.
- The mortgage is portable. So it can move with you if you move home (subject to lending criteria at the time you move home). If you move to a property of a lower value, you may have to repay a portion of the mortgage at this time. No early repayment charges will apply.
- Interest will be compounded annually.
- The property should be used as your main residence.

You’re protected from negative equity

Our Freestyle Lifetime Mortgage complies fully with the guidelines set by SHIP (Safe Home Income Plans). This is a company supported by the leading providers of home income and lifetime mortgages.

As Standard Life Bank is a member of SHIP, we are committed to following their strict code of practice.

This code ensures that we provide a fair, easy to understand, full presentation of our Freestyle Lifetime Mortgage. This also includes the need to employ an independent solicitor to carry out legal work on your behalf. For example, they will give you advice on the Freestyle Lifetime Mortgage and its impact on your estate.

As a SHIP member, Standard Life Bank offers you a ‘no negative equity’ guarantee.

For more information about SHIP, please call 0870 241 6060 or visit www.ship-ltd.org



You'll need to meet these conditions before you apply for our Freestyle Lifetime Mortgage

- You can apply singly or jointly. For joint applications, you don't need to be related, but both must hold full title to the property.
- The minimum age of the younger applicant is 60. There is no maximum. Homeowners must reside in England, Wales or Scotland.
- Properties must be of standard UK construction.
- You must either own your home outright before you apply or use some of the funds provided by the Freestyle Lifetime Mortgage to clear any outstanding debt secured against the property. After starting the Freestyle Lifetime Mortgage, you cannot use your home as security for any other financial agreement.
- On application, your home should only be occupied by people who hold title to the property. If anyone lives with you who is not a co-owner of the property, you will not qualify for a Freestyle Lifetime Mortgage from Standard Life Bank.



“How much can I borrow?”

How much you can borrow depends on a percentage value of your home. This is known as ‘Loan to Value’ and is subject to eligibility. The minimum initial lump sum that you can borrow is £25,001. If you don’t know how much money you’ll need, you can borrow this minimum amount initially – it’s then simple to borrow more money in stages using our Cash Reserve facility. This can be helpful as you only accrue interest on money once it is paid to you. See our Borrowing Limits and Conditions leaflet for full details.

Cash Reserve facility

If the amount we are willing to lend is more than you want to borrow, the difference will be kept for you in a Cash Reserve facility at no extra cost. You can withdraw amounts from this facility at any time during the first five years of the mortgage (subject to a minimum of £5,000 each time) through your financial adviser.

Any further amounts you take in this five year period (and the interest charged on them) are simply added to the outstanding balance. The interest rate for each withdrawal will be fixed at the time of withdrawal.

To take advantage of your Cash Reserve, contact your financial adviser.

Further borrowing

If after five years, you want to borrow more money we’ll need to reassess your situation. Your home will be revalued and assessed against the Loan to Value that applies to your age group. Any further amounts (minimum £5,000) borrowed (and the interest charged on them) are simply added to the outstanding balance. The interest rate for each withdrawal will be fixed at the time of withdrawal.

A fee applies to borrow more, but will only be charged if the application is successful. You can repeat this process every five years through your financial adviser. See our Borrowing Limits and Conditions leaflet for full details. Any further drawdowns will increase the amount secured over the property and therefore interest accumulated on the mortgage will increase.

If you want to borrow more we can reassess your situation every five years



“Who do I need to talk to about my decision?”

To make sure you have considered every viewpoint and future scenario, it is essential that you get financial advice.

Your financial adviser can explain the benefits and implications for your specific circumstances and can choose from a range of products from different providers. They can explain any issues in detail and answer any questions. Once you have agreed on the way forward the process is straightforward:

- Your financial adviser will contact us to make an application on your behalf.
- We will arrange for the valuer to contact you for your property to be valued. You'll be required to pay the fee to the valuer.
- You'll need to appoint a solicitor to act on your behalf.
- We'll send you a mortgage offer for you to sign and return. Your solicitor will also receive a copy.
- The funds will be paid to your solicitor on completion. The solicitor will then send this to you on our behalf.



“How is the Freestyle Lifetime Mortgage repaid?”

It is important to note that we'll never insist that you leave your home because you need long-term care as, in many cases, this can be provided in your home. However, if you can no longer look after yourself and you need to leave your home, then the mortgage will become repayable.

If you are making a joint application, the mortgage will become repayable when the remaining applicant has either died or moved out of the home and into long-term care. Usually, the repayment will be made from the proceeds of the sale of the borrower's property.

The mortgage may also become repayable if for any other reason you wish to repay your mortgage early, you decide to sell your home or you breach any of the terms or conditions of this mortgage. If you decide that you want to move to another property, you can take the mortgage with you as long as the property meets our criteria. If your new property is worth less, you may need to repay some of the mortgage. In this situation, we won't charge an early repayment charge to transfer the mortgage.

'No negative equity' guarantee

We offer a 'no negative equity' guarantee. This means that the amount you repay can never be more than the best reasonable market price that your home obtains when it is eventually sold. Even if the amount you borrow (plus compounded interest) is more than the selling price, you will not have to repay any more than the amount your home is sold for.

Additionally, we will meet selling costs paid in a negative equity situation.



“What if my circumstances change?”

Naturally, we’ve planned ahead to give the mortgage the capability to adapt as your circumstances change.

So, for example, if you wish to move home you can either repay the mortgage completely or take it with you. Please note that a move to a property of a lower value may involve at least a partial repayment of the loan.

Change of ownership

Similarly, if you wish to change the ownership of your home from single to joint (if, for example, you were to marry), the mortgage may become repayable. We will assess each change of ownership individually.

Additional occupants

After you receive your money, if anyone else moves into your home, you must tell us. We may write to them to tell them about your Freestyle Lifetime Mortgage.

Keeping in touch

You will receive a yearly statement detailing the balance of your mortgage and the interest applied.

You should let us know if you move into long-term care. It is your estate executor’s responsibility to inform us of your death.



Things to consider

Here's a list of the prime considerations that you will have to make before you apply – some of which you may want to discuss with your family, your financial adviser and your solicitor.

How much will it cost me to set up? Setting up your Freestyle Lifetime Mortgage will incur a number of different fees. Your solicitor should provide an estimate of their fees and you will also need to pay for Standard Life Bank's panel solicitor who acts on the Bank's behalf. You may be charged by your financial adviser for the advice they provide – they'll receive commission for selling Freestyle Lifetime Mortgages and they are required to tell you how much they will earn. You'll also be charged an application fee and a valuation fee. Please see our Tariff of Charges for full details.

Do I need insurance? There is no life assurance requirement but buildings insurance must be in place before we release the funds and must remain in place throughout the term of the mortgage. This must be for the minimum rebuilding cost.

What if I wish to repay part of my mortgage early? If you wish to repay part of the mortgage within the early repayment period, then early repayment charges will apply. Full details will be displayed in your Key Facts Illustration.

What if I wish to repay all of my mortgage early? If you want to repay the full mortgage within the early repayment period (the first ten years) then please note the following:

- Early repayment charges won't apply when the mortgage would naturally be repaid (meaning, in the case of a single application, following your death or move from home into long-term care and in the case of a joint application the remaining applicant's death or move from home into long-term care).
- Early repayment charges won't apply when the repayment is due to moving house and the lifetime mortgage is being taken with you.

When paying early repayment charges in all other cases, a redemption discharge fee will also apply. For full details, please see our Tariff of Charges and Terms and Conditions.

As of the 30th of July redemption discharge fees are no longer applied to new mortgages. Any discharge fee set prior to this date will be stated in the relevant contract.

What if I want to move home? The mortgage is portable. So it can move with you if you move home (subject to lending criteria at the time you move home) – though if you move to a property of a lower value, you may have to repay a portion of the mortgage at this time. No early repayment charge will apply in this situation.

What does this mean for my estate, taxes and state benefits? All of these things can be affected when you take out a Freestyle Lifetime Mortgage. Your financial adviser or solicitor can give you full details.

Who will look after the maintenance of my house? As the owner, you must maintain your home to keep it in the same good standard as when you applied.

“I need to think everything through.”

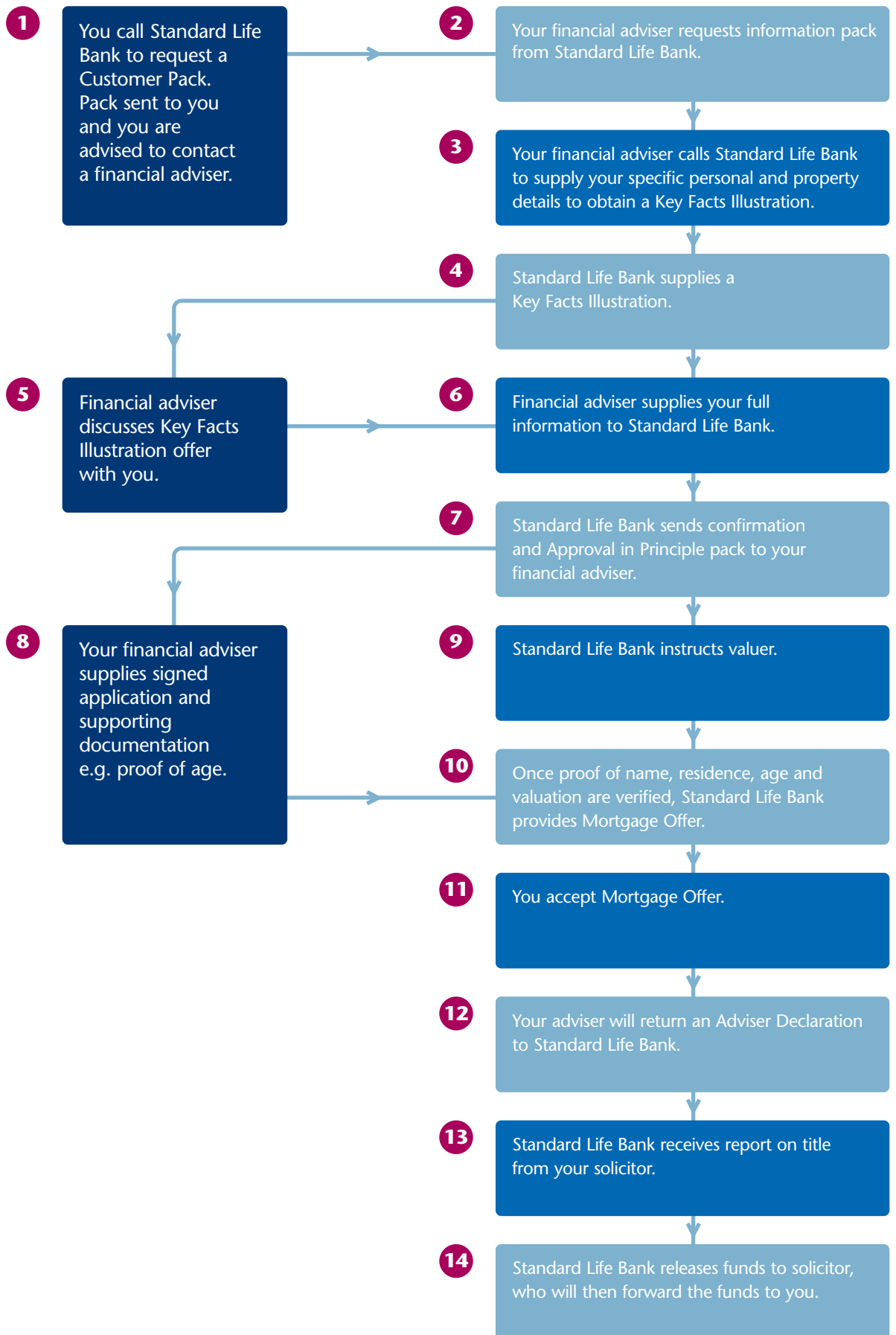
Once you decide that you want to progress to the next stage, you should take the following steps:

- We recommend you discuss the **Freestyle Lifetime Mortgage Guide** with your beneficiaries. If you choose not to discuss it with them, we ask that you write to us stating this fact.
- Discuss everything with your financial adviser, making sure you understand all the product details and financial implications.
- Ask your financial adviser to obtain a Key Facts Illustration to show what the fixed interest costs would be over the years.
- If you're completely happy to go ahead, then ask your financial adviser to proceed to application.
- We'll arrange a valuation of your home.
- You will need to appoint a solicitor to act on your behalf.
- Ask your solicitor for independent legal advice. We'll send your solicitor a guide and copy of this brochure along with a copy of the offer.
- On completion, your solicitor will receive the cash lump sum to pass on to you.
- We require your solicitor to sign a certificate stating that you have consulted them and that they have explained the implications of the Freestyle Lifetime Mortgage on any state benefits, taxation, your will and your estate.

We hope that everything has been covered in this brochure but if you have any further questions, please speak to your financial adviser.

Opposite is a quick at-a-glance guide on how to apply





Pensions
Mortgages
Savings
Investments
Healthcare
Insurance

Speak soon.

For more information on anything in this booklet or if there is anything more about Standard Life we can help you with, please visit our website or call the number below.

www.standardlife.co.uk
0845 609 0254

For customers with hearing or speech difficulties – please call our Textphone facility direct on 0845 601 2346.

For a copy of this information in Braille, large print or audio format, please call 0845 845 8450.

Standard Life Bank plc, registered in Scotland (SC173685), Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, authorised and regulated by the Financial Services Authority. Calls may be recorded/monitored. Calls from BT landlines will cost a maximum of 5p per minute. The price of calls from other networks may vary. www.standardlife.co.uk
© Standard Life Bank 2008

SLBLTCON 0408