

Mortgages and supporting you

About Us

Reliance Bank was established in 1890 by William Booth the founder of the Salvation Army. Reliance Bank has been providing friendly, efficient banking services for over 129 years. We offer ethical banking services to all our personal customers, businesses and charities. We are proud to support the work of The Salvation Army International which has an extensive social programme in over 100 countries worldwide, providing homeless centres, hospitals, schools, homes for children and the elderly, health and educational services.

From 26 April 2014, The Financial Conduct Authority has established new rules for lenders and advisers in the UK. Reliance Bank Limited is a responsible lender, and will only sanction lending that is fit for purpose and has been assessed as being affordable for the borrower.

Execution Only

Reliance Bank is a responsible lender and abides by these new rules and regulations, offering an Execution-only mortgage service. This means that we cannot provide any advice with our mortgages. For more information go to: www.fca.org.uk/getting-a-mortgage

What type of borrower are you?

- First time Buyers - we will consider lending upto 90% LTV
- House purchase - we will consider lending upto 85% LTV
- Remortgage customers - we will consider lending upto 75% LTV
- Unencumbered (Mortgage free properties) - we will consider lending upto 75% LTV
- Further Advance customers (Existing RBL Mortgage customers looking to borrow more money) - we will look to consider upto 85% LTV
- An Existing RBL Customer Looking to switch their current RBL mortgage onto a new Mortgage Product.

Please note that every case is subject to affordability and underwriting assessment

Which mortgage product is right for you?

Reliance Bank has the following types of mortgage products for you to choose to suit you

Fixed Rate – Interest rate fixed for duration of time, meaning your monthly payments will stay the same during this fixed rate period. This can be helpful if you wish to account for your monthly bills remaining the same at the end of the fixed rate period, the rate will change to a variable rate. We do however contact you and offer you a choice of mortgages products on offer at that time for you to consider

Tracker Rate – The Tracker interest rate is linked to the Reliance Bank Limited Base Rate, for duration of time. The monthly repayments would automatically change if the base rate increased or was lowered. At the end of the tracker period the rate will change to a variable rate, or you can choose a different product to convert to.

Fees - For some of our mortgages we have arrangement fees, and this needs to be considered when choosing the product. You are able to either pay this fee upfront when you submit your full application or to help with the impact of initial set up costs you are able to add this fee to the mortgage loan amount, please bear in mind however that you will pay interest on this amount over the term of the mortgage loan.

Type of Interest repayment

Capital Repayment The monthly payment is made up of interest, plus an amount towards repaying part of the capital borrowed. Assuming all payments are made in line with the agreement, your mortgage will be fully repaid at the end of the loan term. This is the most common type of repayment and helps you assess the monthly cost and term of paying your loan.

Interest Only The monthly mortgage repayment only covers the interest amount being charged on the mortgage. There is no monthly reduction to the capital amount outstanding. You will need to have in place a repayment tool, such as an investment, to ensure you have the funds available to repay the amount borrowed. It is your responsibility to monitor and maintain your repayment plan, to ensure you have the funding for the value required to pay the debt in full, either at the end of the mortgage term or before. Evidence of such a repayment plan will be required in order for us to assess this type of mortgage repayment.

Additional options to consider when choosing the mortgage product

Early Repayment charges

There is an early repayment fee for our mortgages and the charge is specific to the product chosen.

Partial Payments

You can choose to make additional capital payments of up to 10% of the outstanding balance each calendar year. The minimum additional payment you can make is £1,000.

Upon application we will provide you with full details about each mortgage product.

How much will we lend?

The amount we are prepared to consider lending will depend on your individual circumstances and we will look at your income and outgoings to make sure it is affordable for you.

As a general rule we will consider:

Loan as a multiple of income

Sole Applicant – Up to 4.5 x annual gross salary

Joint Applicant – Up to 4.5 x 1st annual gross salary plus 1 x 2nd annual salary or 3.5 x joint salary

The most important factor is the affordability and this is of upmost importance in any sanction that we do not put you the borrower, at any risk.

Loan to Value (LTV)

‘Loan to Value’ is a financial term used to express the ratio of the loan (mortgage) to the value of the property that will be used as security for that loan.

E.g. Mortgage £150,000 **divided by the** Property Value £200,000 = LTV of 75% The LTV will determine which mortgage product you can apply for.

Residential Mortgages

We will consider lending for purchases under the:

Shared ownership scheme – this is a scheme offered by Housing Associations for people to buy a percentage of the property, usually starting from 25% shares. Many of these schemes operate in areas where property values are high such as in city locations and where income is low therefore helping those who would normally struggle to buy at the full property price. There are other costs involved in these schemes which need to be considered such as the rental amount for the percentage of the property still owned by the Housing Association or builder.

E.g. Property is valued at £300,000. And you can purchase a 25% share costing £75,000. Therefore you will pay the remainder of the property (75%) still under the ownership of the Housing Association a monthly rental fee.

Right to Buy – The Right to Buy scheme helps eligible Council and Housing Association tenants in England to buy their home with a discount of up to £104,900 (£78,600 outside London). From May 2015, the eligibility criteria was reduced from five years public sector tenancy to three. This means you now have to be a tenant for three years instead of five before you can apply to buy your home.

For the above schemes we would always take the first Legal charge over the property

Additional information to consider

Legal costs

You will need to employ the services of a solicitor or conveyancer to take care of the legal aspects of buying your home.

Deposit

You may have to provide a deposit on the purchase price of the property when you exchange contracts. We may ask for proof of this deposit at the time of your application to ensure you have the funds available.

For many first time buyers it is becoming more common for a family relative to help with the deposit. This can be in the way of a gift towards the deposit or in full. This is therefore known as a Gift declaration.

We will ask that the family relative completes and signs a gifted deposit declaration which will need to be kept with the mortgage application. Please note that your solicitor may also wish to confirm these arrangements with you as part of the standard conveyancing procedure prior to exchange of contracts.

Stamp duty

This is a tiered government tax based on the purchase price of the property and is set by the government. Your solicitor will advise you of the correct amount of duty payable, if any, in their completion statement that details all of the fees payable on your behalf.

Buildings & Contents insurance

Unpredictable weather patterns and the threat of burglary are just two reasons why it is important to protect your home and contents. As a condition of all our mortgages we require you to have adequate buildings insurance to the figure detailed in the valuation and should be arranged as soon as the contracts have been exchanged. You will need to refer to your insurance policy for details of the level of cover provided. Contents insurance cover is not a requirement for our mortgages but will be needed if you want to protect the contents of your home. There is a wide variety of cover available from most insurance companies.

Life assurance

It is important for you to have adequate life assurance in place to repay your borrowing should you die. This will ease the financial burden of mortgage repayments for your family at what would be a distressing time.

Income protection

This is not a requirement of our mortgaged, but you may feel it is needed for some employment that you wish to cover your monthly income should you become unemployed or sick. For any insurances and protection scheme you would need to seek the advice from a reputable insurance company.

What's involved?

Less than you might think! At Reliance we are committed to making sure the process is straightforward and as hassle free as possible.

YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT.

General Data Protection Regulation

We will process your personal information in accordance with the General Data Protection Regulations and it will be treated as private and confidential now and in the future. The only exceptions to this will be when the law requires us to disclose information, with your consent or where disclosure is necessary. To fulfil our regulatory obligations your identification documents will be copied and saved securely on the Bank system whilst you remain a customer with us. Should you cease to be a customer of the Bank, this data will be securely archived at the time and destroyed 6 years from the date of closure.

Where copies of your identification documents have been supplied to us, but the account application does not result in the account being opened, this data will be securely destroyed after 3 months.

Data Protection Regulations

Please note that for any mortgage application, we will complete a credit search and will only lend to those with a clear credit history. Your identification documents will be copied and saved securely on the Bank's systems whilst you remain a customer with us. Should you cease to be a customer of the Bank, this data will be securely archived at the time and will be destroyed six years from the date of closing your account(s). Where copies of identification documents have been supplied to the Bank, but the account application does not result in the account being opened, this data will be securely destroyed after three months.

Our telephone lines are open from 8.30 am to 4.15 pm Monday to Thursday and 10.00 am to 4.15 pm on Friday. At other times, please leave your name and number on our messaging service and we will call you back as soon as we can, or alternatively, please send an email to info@reliancebankltd.com. All enquiries are treated in confidence.