

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

### Interest Only Mortgage

An Interest-Only mortgage may only be considered where there is evidence that the customer has in place a clearly understood and credible repayment strategy that excludes the asset itself. The repayment strategy must cover 100% of the Interest-Only borrowing amount at the time of application.

The Loan to Value limit of Interest-Only borrowing is 75%. The repayment strategy must have the potential to repay the capital borrowed plus any interest which accrues and be supported by evidence of the proposed means.

The list below shows the current acceptable Interest-Only lending repayment vehicles that Reliance Bank will accept:

Repayment Vehicle	Evidence Required	Validation	Assessment Method
Endowments	Copy of latest projection statement dated within the last 12 months.	We will compare the projected values on the statement to the amount of Interest-Only lending required. If more than one value is given we will take the middle value.	Endowment companies will present three growth rates to a client with the middle one being the most likely projected outcome. We allow up to 80% of projected amount using the middle % or the lower projection if there are 2 growth rates.
Sale of Second Home/Buy to Let (UK)	Property details, confirmation of ownership, amount of any mortgage debt (property valuation and land registry search carried out by us if needed).	We will verify the ownership of the second property and its value. We will compare the equity available in the property with the amount of Interest-Only lending required.	We will check the ownership of the other residential property and assess its value. We will compare the equity available in the property with the amount of Interest-Only lending required. In order to consider a property as suitable security there must be a minimum of £50,000 equity available in order to be able to consider the property as suitable to support Interest-Only lending. We will use 80% of the current equity value of the property to support Interest-Only lending.

The list below shows which repayment vehicles are not suitable as security:

- Sale of Main Residence
- Sale of other commercial property
- Sale of non-property assets
- Inheritance
- Bonuses
- Cash in bank
- Stocks and Shares ISA's
- Unit Trust or OEIC
- Investment Bonds



Reliance Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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