



STAFFORD RAILWAY BUILDING SOCIETY

Product name: Self-Build & Renovation - Variable (SB02/SB03)

Information sheet produced: April 2023

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). -

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

1. Summary of our assessment

We have assessed that:

- Our Self-Build product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, the need to secure finance on a Residential Self-Build Property for owner occupation. The product features and criteria are designed to support these needs.

- Variable Rate for the term of the mortgage;
- Mortgage Term up to 30 years;
- Minimum mortgage term of 5 years;
- Availability for Purchase of Land to build a residential property for owner occupation;
- Available for renovation of an existing property for residential owner occupation purposes;
- Available for converting of an existing structure for residential owner occupier purposes;
- Arrangement Fee
- Valuation Fee (as per fees schedule) for the initial purchase, re-valuation fees during the build;
- Minimum Loan £50,000
- Maximum Loan £600,000
- No Cap Rate;
- Collar Rate (lower limit) of 3.59% (effective February 2023)

- Properties in England & Wales only;

Full eligibility criteria can be accessed on our intermediary website via <https://srbs.co.uk/intermediaries/criteria> link.

3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
<p>Customers looking to;</p> <p>purchase land and build a new property for owner occupation as the main home on a residential property in the UK;</p> <p>Renovation of an existing property;</p> <p>Conversion of an existing structure for residential purposes.</p> <p>Property is for the applicant's owner occupation as the main home on a residential property in the UK</p>	<p>Available through Specialist Intermediary Buildstore and Buildloan only.</p> <p>All applications through advised sale only.</p>	<ul style="list-style-type: none"> • For customers who have chosen to build their own property for owner occupation; • To access funds on an arrears stage payment basis; • Stage releases not subject to valuations during the build, to remove the risk of the client receiving less than they expect or need; • Funds released on completion of each stage of work; • Where the final LTV is 75% or less; • To repay the capital at the end of the mortgage term (repayment basis option); • To reduce the monthly payment (interest only option), for the duration of the build only – subject to a maximum of 2 years from inception of the loan; • Borrowers who are seeking flexibility of a variable rate.

The Product is not designed for customers who:

- Are purchasing a fully completed residential property;
- Require a fixed monthly mortgage repayment;
- Are credit impaired borrowers;
- Are purchasing a property to let;
- Do not meet our lending or property criteria;
- Do not meet our lending policy;
- Properties outside England & Wales;

4. Customers with characteristics of vulnerability

The Society categorises Vulnerabilities as shown below:-

Health – health conditions or illnesses that affect ability to carry out day to day tasks;
Life Events – life events such as bereavement, job loss or relationship breakdown;
Resilience – Low ability to withstand financial or emotional shocks;
Capability – low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy, or digital skills.

The Product is designed for the Self-Build market segment which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Self-Build customers could be less likely to have a comprehensive understanding of the implications of the Self-Build mortgage. They may require additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring.

Self-Build customers may also include First Time Buyers, who by their nature would also be less likely to have a comprehensive understanding of the implications of both the Self-Build Scheme, and also of entering into the financial commitment of a first mortgage.

Self-Build mortgage customers may also include borrowers who are retired, who by their nature may also be less likely to have a comprehensive understanding of the product and may have characteristics of vulnerability which could include health, resilience, and capability.

Self-Build mortgage customers may also include borrowers whose mortgage term will extend past their defined national retirement age, which may lead to characteristics of vulnerability which could include health, resilience, and capability.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers;
- Suitable customer service provision and communications;
- Flexible policies, where appropriate, to support vulnerable members;
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

5. **Our assessment of value**

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Product Development Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
<p>Self-Build SVR for term, to include additional rate loading dependent upon product chosen;</p> <p>Collar (lower limit) of 3.59% .</p> <p>No Cap (Upper limit on interest rate);</p> <p>Dedicated and Direct Customer Contact through our Mortgage Sales Team, Underwriting Team and Member Services Team, throughout the life cycle of the product.</p> <p>Individual and manual underwriting.</p> <p>In addition to the above, Intermediary specialist Buildloan provide the following support: -</p> <p>Evaluation of build costs to ensure reasonability;</p> <p>Administration of external insurance provider (ASF);</p> <p>Mediation and support for the borrower;</p> <p>Product development and marketing</p> <p>Post offer support</p> <p>Post completion support</p>	<p>Self-Build Standard Variable Rate for term, to include additional rate loading dependent upon product chosen.</p> <p>Valuation Fee (as per Society scale);</p> <p>Stage Valuations for the duration of the build (as per Society scale);</p> <p>Legal Fees</p> <p>Buildings Insurance is required (to be obtained by the borrower);</p> <p>Additional Security Fee (ASF) is applicable in all cases. See individual product criteria.</p> <p>The product may require the payment of a procurement fee.</p>	<p>The Society has considered the following as part of our Fair Value Assessment</p> <p>Cost of funding.</p> <p>Market Rates and charges for comparable products.</p> <p>Other costs incurred by the Society in manufacturing or distributing the product including credit risk.</p>	<p>Regulated Self-Build residential mortgages for owner occupation only;</p> <p>Maximum LTV 75% at final completion (as confirmed by Valuer, and subject to a Final Completion Certificate</p> <p>Minimum Loan £50,000</p> <p>Maximum Loan £600,000</p> <p>Collar Rate 3.59%</p> <p>Properties in England & Wales Only</p> <p>Property to be fully completed within 2 years of mortgage inception, together with a Final Completion Certificate.</p> <p>Capital Repayment or Interest Only during the first 2 years. On the 2nd anniversary reverting to Capital repayment.</p>

Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.