



# The Stafford Building Society

**Product name: Residential Discount Refurbishment– (DR52)**

**Information sheet produced: December 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 Residential Discount Mortgage 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 Property with financial support from a joint borrower (the joint borrower will not be a registered legal owner of the property). The product features and criteria are designed to support these needs.

- Discounted Product off Standard Variable Rate for 2 years;
- Available for renovation of an existing property for residential owner occupation purposes;
- Mortgage Term up to 40 years;
- Minimum mortgage term of 5 years;
- Availability for Residential House Purchase & Re-Mortgage
- Application Fee £100
- Minimum Loan £50,000
- Maximum Loan £500,000
- Minimum Property Value £100,000
- Maximum LTV 80%
- No Cap Rate;
- Collar Rate (lower limit) of 1.50% (effective May 2023)

- Properties in England & Wales only;

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

### 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 purchase, re-mortgage or (capital raise – property must be mortgage free) against a residential property in the UK who wish to complete a renovation of an existing property for residential owner occupation purposes.</p> <p>Renovation of an existing property;</p>	<p>Available through Direct, *Intermediary &amp; *Online Channels.</p> <p>All applications through advised sale only.</p>	<ul style="list-style-type: none"> <li>• For customers who have chosen to refurbish their own property for owner occupation;</li> <li>• Borrowers who are seeking flexibility of a variable rate.</li> <li>• For those who have a minimum 20% deposit;</li> <li>• To repay the capital at the end of the mortgage term (repayment basis option);</li> <li>• To reduce their monthly payment (interest only option), subject to an acceptable repayment strategy;</li> <li>• Customers who meet the Society Lending Criteria;</li> </ul>
	<p>*Intermediary distribution through;</p> <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives;</li> <li>• Mortgage Clubs;</li> <li>• Directly authorised mortgage intermediaries</li> </ul> <p>All intermediaries must be registered with us.</p>	

The Product is not designed for customers who:

- 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 those customers who wish to secure finance on a discounted variable rate basis, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Residential Discount mortgage 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 entering into the financial commitment of a first mortgage.

Residential Discount 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.

Residential Discount 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>Discount off SVR for 2 years ; Collar (lower limit) of 1.50%; No Cap (Upper limit on interest rate); 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>Discounted rate of 0.21% off the Standard Variable Rate for 2 years giving a current variable rate of 5.99%.</p> <p>£100 Application Fee; £500 Arrangement Fee, Valuation Fee (as per Society scale); Legal Fees</p> <p>Buildings Insurance are required (to be obtained by the borrower);</p> <p>Early Repayment charge for overpayments of more than 10% per annum from completion is 3% of the amount repaid for the first 2 years.</p> <p>Mortgage redemption penalty in full in the first 2 years – The first 10% is penalty free, the remainder of the mortgage balance repaid will incur an early repayment charge of 3% of this amount.</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; Market Rates and charges for comparable products; Other costs incurred by the Society in manufacturing or distributing the product including credit risk.</p>	<p>Maximum LTV 80%</p> <p>Minimum Loan £50,000</p> <p>Maximum Loan £500,000</p> <p>For loans in excess of £500,000 please contact the Society.</p> <p>Collar Rate 1.50%</p> <p>England &amp; Wales Only</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.