



The Stafford Building Society

Product name: Residential Discount – Joint Borrower Sole Proprietor JBSP (DR50)

Information sheet produced: October 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 Joint Borrower Sole Proprietor (JBSP) 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 the term of the mortgage;
- Mortgage Term up to 40 years;
- Minimum mortgage term of 5 years;
- Availability for Residential House Purchase & Re-Mortgage
- Application Fee £100
- Arrangement Fee £500
- Minimum Loan £50,000
- Maximum Loan £300,000
- Minimum Property Value £100,000
- Maximum LTV 90%
- HLC Payable by the Society where applicable
- No Cap Rate;

- Collar Rate (lower limit) of 1.50% (effective February 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>

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 who cannot afford the full mortgage on their own but can do so with the help of a joint applicant. This is a way to support would-be first-time buyers with affordability challenges posed by accessing the housing ladder.</p> <p>Customers looking to purchase or re-mortgage a residential property in the UK</p>	<p>Available through Direct, *Intermediary & *Online Channels.</p> <p>All applications through advised sale only.</p>	<ul style="list-style-type: none"> • For customers who choose to purchase a property with financial support in meeting the monthly repayments from a joint borrower • Allows would-be First Time Buyers to get on the property ladder as an owner-occupier; • To repay the capital at the end of the mortgage term (repayment basis option); • To reduce their monthly payment (interest only option), subject to referral and an acceptable repayment strategy;
	<p>*Intermediary distribution through;</p> <ul style="list-style-type: none"> • Networks and their Appointed Representatives; • Mortgage Clubs; • Directly authorised mortgage intermediaries <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 the Joint Borrower Sole Proprietor market segment which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Both the Joint Borrower & the Sole Proprietor could be less likely to have a comprehensive understanding of the implications of the JBSP 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.

Joint Borrower & Sole Proprietor 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 JBSP mortgage, and also of entering into the financial commitment of a first mortgage.

Joint Borrower & Sole Proprietor could also result in the “reverse” JBSP mortgage to help children who want to support their parents and/or grandparents to remain in their own home. Parents supported by juniors can provide housing security for older borrowers. Characteristics of vulnerability could include health, resilience, and capability in respect of the parent.

Joint Borrower & Sole Proprietor 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.

Joint Borrower & Sole Proprietor 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 term; Collar (lower limit) of 1.50%; 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>Discounted rate of 0.55% off the Standard Variable Rate for term giving a current variable rate of 5.65%.</p> <p>£100 Application Fee;</p> <p>Valuation Fee (as per Society scale);</p> <p>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>HLC – Higher Lending Charge Fee will be applicable.</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>Joint Borrower Sole Proprietor Mortgage Only</p> <p>Maximum LTV 90%</p> <p>Minimum Loan £50,000</p> <p>Maximum Loan £300,000</p> <p>For loans in excess of £300,000 please contact the Society.</p> <p>Collar Rate 1.50%</p> <p>England & 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.