



Product name: Residential

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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

The Society has assessed that:

- The products meet the needs, characteristics & objectives of the identified target market.
- The products provide fair value to consumers in the target market (i.e. the amount paid for it is reasonable relative to the benefits of the product).
- The intended distribution strategy is appropriate.
- The above will continue to be the case for a reasonably foreseeable period.

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, most notably the need to secure finance on a residential home (either for purchase or remortgage). The product features and criteria are designed to support these needs. We have also identified where characteristics and benefits may have potential downsides for some consumers.

- No application fees.
- Arrangement fees can be added to mortgage (but this will increase the overall cost of the loan). First Time Buyer products don't have any fees associated.
- Some products available with free standard valuation.
- Up to 4 applicants (only highest two incomes can be used for affordability).
- Mortgages suitable for a variety of income types, including salaried, self-employed, contractor and retirement income.
- First time buyers accepted on self-employed and contractor products.
- Choice of variable or fixed rate products at a range of LTV bands.

- Low minimum loan amount (£30K), high max (£3million), Larger Loan Variants higher max (£5million).
- Family support options (subject to eligibility), including gifted deposits and JBSP.
- Some products available with no Early Repayment Charges, others come with an annual ERC-free overpayment allowance of 10% (once made, overpayments cannot be repaid/'borrowed back').
- Choice of Repayment or Interest Only, giving borrowers choice and potentially lower Contractual Monthly Instalments (but will not own property at end of term if on Interest Only).
- Mortgage term between 5-40 years (longer terms result in lower monthly repayments but increased total costs and reduce the 'mortgage free' period prior to retirement which may limit the borrower's opportunity to save more for retirement).
- Available on new and existing homes (new build flats restricted to 75% LTV on a repayment basis, 60% LTV on Interest Only).
- Portable (if affordability & lending criteria is met at time of port).
- Skilled manual underwriting to consider individual circumstances.
- Further Advances available after 6 months (additional borrowing will increase amount of borrowing on home). Subject to affordability checks.
- Free advice with Post Contract Variations (temporary changes not permitted but forbearance considered for those in financial difficulties, which will accrue arrears) and Product Switching (subject to criteria at time of switch).
- Customer support available by phone, email and post with UK-based, personal service.
- Membership of Saffron Building Society, including right to vote at AGM and access to member-exclusive products subject to availability.

Full eligibility criteria can be accessed on our intermediary website: [Products | Saffron for Intermediaries](#) & [Saffron for intermediaries lending 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
Employed owner occupier	<p>Available through Intermediary* channels only for new business</p> <p>Existing borrowers looking to product transfer with the Society where no suitable retention product is available can choose this product through Direct channels.</p>	<ul style="list-style-type: none"> • Borrow to purchase or remortgage their main residential home. • Access to a range of LTVs (including at high level of 90%) and product terms. • Choice of variable or fixed rates. • Choice of repayment or interest only options (up to 70% LTV and subject to satisfactory repayment vehicle). • Choice of ERC-free products, or option to make limited fee-free overpayments (but not redeem loan) to reduce their loan/term if they can afford to. • Option to choose Green Retro Fit product, giving reduction on rate after completion of work within 6 months that improves EPC rating to minimum of E.

		<ul style="list-style-type: none"> Option to move to another property by porting the product if their housing needs change
Self-employed owner occupier		<ul style="list-style-type: none"> As above, but available to first time buyers and based on self-employment income with 1- or 2-years accounts.
Contractor owner occupier		<ul style="list-style-type: none"> As above, but available to first time buyers and based on contracting income with a minimum of 2 years' employment history + 3 months' contract history.
Retired owner occupiers (or less than 5 years from retirement)		<ul style="list-style-type: none"> Continue to borrow in retirement – e.g. come to end of existing Interest Only mortgage with the sale of property as the repayment vehicle. Release equity without needing to move property/downsize straightaway. Use downsizing as repayment vehicle. Confident of their ability to afford repayments, including if income goes down (e.g. pension/investment performance) or costs go up. Want to avoid impact of roll-up interest payments. Option to make limited fee-free overpayments (but not redeem loan) to reduce their loan/term if they can afford to Option to move to another property by porting the product if their housing needs change
Second homeowners		<ul style="list-style-type: none"> Borrow to own a second home with a choice between repayment or interest only. Let out property on short term lets (no AST or contract for tenants) for a maximum of 90 days. Option to make limited fee-free overpayments (but not redeem loan) to reduce their loan/term if they can afford to. Option to move to another property by porting the product if their housing needs change.
FTBs looking to purchase their first residential property in the UK	Available through Intermediary channels only	<ul style="list-style-type: none"> Borrow to own their first home. Access to higher LTV borrowing. Certainty of fixed monthly repayments for a defined period, allowing them to budget with confidence. To repay the capital by the end of the mortgage term. Option to use gifted deposits from close relatives or builder/developer. Option to make limited fee-free overpayments (but not redeem loan) to reduce their loan/term if they can afford to.

		<ul style="list-style-type: none"> Option to move to another property by porting the product if their housing needs change
<p>FTBs looking to purchase their first residential property in the UK with a 'Supporter Borrower' (JBSP)</p>		<ul style="list-style-type: none"> Borrow to own their first home with the support of one close family member who is able to meet affordability to cover a maximum of 30% of the total loan amount (all borrowers joint and severely liable for monthly mortgage payments and total loan amount). Access to higher LTV borrowing. Certainty of fixed monthly repayments for a defined period, allowing them to budget with confidence. To repay the capital by the end of the mortgage term. Option to use gifted deposits from close relatives or builder/developer. Option to make limited fee-free overpayments (but not redeem loan) to reduce their loan/term if they can afford to Option to move to another property by porting the product if their housing needs change
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> Networks and their Appointed Representatives. Mortgage clubs. Directly authorised mortgage intermediaries. <p>Intermediary firms must be registered with us and agree to our terms of business, which clearly requires them to comply with Consumer Duty</p>		

The Product is not designed for customers who:

- Have incomes different to those described above.
- FTBs exclude existing/previous homeowners (they may apply jointly with another borrower who is a FTB but must not have another mortgage outstanding at time of application).
- Require high LTI (our standard LTI is x4.49, underwriter discretion up to x5 subject to criteria).
- Are purchasing a new build flat at LTV above 75%.
- Are purchasing a property to let.
- Are intending to build their own home (self build).
- Require benefits associated with flexible mortgage products, such as payment holidays or offsetting.
- Are purchasing a shared ownership property or with other government assistance schemes.
- Are severely credit impaired borrowers.
- Do not meet our lending or property criteria.

4. Customers with characteristics of vulnerability

The Products have been designed for a wide target market, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

This is especially the case where products allow first time buyers – they are less likely to have a good understanding of mortgages and 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.

This is also the case with older/retired borrowers – 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. Therefore, we require all borrowers to get independent legal advice if any borrower will be aged 75+ at time of application. Furthermore, older borrowers may also be less familiar with LIR products and the implications of repayment requirements, tax implications and benefit entitlement.

Interest Only borrowers must be confident of and resilient in their ability to afford repayments even if their income goes down (e.g. poor pension/investment performance or lack of employment) or costs go up (e.g. care costs).

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for the Products, and the Society has in place a framework to support vulnerable customers at all stages of the mortgage, including:

- Education, training and support 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 communication options in a variety of channels.
- 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.

Distributors should inform us if they have identified the client has characteristics of vulnerability so we can make appropriate adjustments.

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

Distributors should take account of individual customer needs and circumstances.

Distributors should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly.

5. Review of closed book Residential products

We have completed a full review of all our closed Buy-to-Let products and can confirm that we have concluded that these products provide fair value to our members. The review addresses the benefits, price, cost, and limitations, using similar methodology to the reviews done for open book products.

The nonavoidable fees within this product group are not excessive and within a range comparable with wider market. Previously we charged £33 per month for arrears management fee and £12 for every unpaid Direct Debit payment, but these were removed in early 2020.

The reviews highlight potential improvements in the way we calculate Early Repayment Charges (i.e. better reflect the length of the remaining product term rather than a flat fee). This is also being considered for open book products as part of our product improvement roadmap.

6. 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 products. This analysis is used to ascertain whether the products deliver fair value for customers.

The outcomes of the assessment process are presented to the Executive and Board, 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
The range of features that the Product provides, the quality of the Product, the level of customer service that is provided and any other features that the Product may offer.	The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to intermediaries and non-financial costs associated with operating the Product.	The cost of funding the Product	Any limitations on the scope and service we provide or the features of the Product.

Results of our assessment

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