



Product name: Self Build (SB) Range

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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 land on which to build or refurbish existing structure for use as a residential home and/or borrowing to fund the building costs. 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).
- Variable rate products available at 75% and 80% LTV.
- Low minimum loan amount (£30K), high max (£3million) Loans over £1 Million are supported by the larger loan variants.
- First time buyer self-build borrowers accepted.
- Funds can be drawn down in flexible stage payments to suit borrower and project needs, subject to re-inspection.

- Choice of Repayment or Interest Only, with Interest Only also available just during build phase (max 24 months) to aid cashflow.
- 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).
- Free of all Early Repayment Charges (ERCs).
- Skilled manual underwriting to consider individual circumstances.
- Further Advances available after 6 months (additional borrowing will increase amount of borrowing on home). This is subject to affordability checks being completed.
- 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, post and live chat 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: [Self-Build and Custom Build | 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
Self-Build borrowers seeking to borrow up to £1million	Available through Intermediary channels only	<ul style="list-style-type: none"> • Borrow to purchase land and/or build home for their own occupation, to their own specification and requirements (including construction of a new property, custom builds, barn conversions and extensive renovation projects) • Mortgage funds available in stages to fund the project – however borrowers must be willing to invest their own funds in the project before drawing down mortgage funds, which are released in arrears (therefore borrower must have adequate cashflow facilities throughout the project) • Flexibility of interest only during build phase, before moving onto repayment or continuing with interest only (subject to acceptable repayment strategy and maximum of 70% GDV) • Option to repay loan with no ERCs
Self-Build borrowers seeking to borrow £1-3million		<ul style="list-style-type: none"> • As above, as well as access to higher loan sizes beyond £1million
Intermediary distribution through: <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries. 		

Intermediary firms must be registered with us and agree to our terms of business, which clearly requires them to comply with Consumer Duty

The Product is not designed for customers who:

- Require a ready-built/existing property.
- Require high LTI (our standard LTI is x4.49, underwriter discretion up to x5 subject to criteria).
- Are building a property to let / require commercial development finance.
- Require an interest rate that is fixed for certainty of monthly payment.
- Do not have outline planning permission at decision in principle or full planning permission before going to valuation.
- Do not have a full breakdown of works together with costings and architectural drawings.
- Require drawdowns more than once per month or in advance of work taking place.
- Are unable to get a new home warranty/certificate from an approved list of providers.
- Require benefits associated with flexible mortgage products, such as payment holidays or offsetting.
- Are severely credit impaired borrowers.
- Do not meet our lending or property criteria.
- Wish to view or manage their mortgage online.

4. Customers with characteristics of vulnerability

The Product has 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.

Borrowers may not be very familiar with Self Build products or how they differ from conventional residential mortgages. 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, especially around cashflow and the risk of building a home.

Furthermore, FTBs are less likely to have a good understanding of mortgages in general and may require additional advice and support to ensure a Self-Build mortgage is right for them and they understand the features and risks of the product.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product, 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, as well as the needs of FTBs needing a high LTV mortgage.

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

5. Review of closed book Self-Build 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 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 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.