



Product name: Residential Self or Custom Build

Information sheet produced: 24 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 and Custom 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, to purchase land and or construct their own home on a self or custom build basis or applicants considering extensive building work to an existing property which is not habitable. Also, offering suitably structured funding for the project to self or custom build, renovate or convert a property to be the customer's new home. The product features and criteria are designed to support these needs.
- Must be introduced via BuildStore/BuildLoan, due to their knowledge and experience as a specialist distributor to fully understand the risks and most appropriate product solution and cashflow requirements
- Consideration of standard and modern methods of construction
- Funds released on purchase of land followed by stages aligning to the phases of property construction/modification
- Funds released in stages aligning to the phases of property construction/modification
- Funds available either in advance or arrears of the build stage
- Confidence that funds are available at the right time during the build and agreed as part of the application process

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- Stage releases not subject to valuations during the build which may mean the client receives less than they expect or need
- Variable rates of interest
- Interest is calculated on a daily basis
- Variable rates have a floor
- Can be set up as a joint borrower/sole proprietor ownership arrangement
- Can be set up with a tailored term (split term) where the advance has two different term lengths to support affordability
- Overpayment allowance of 10% of the prevailing balance per annum
- Build Out Additional Security Fee cover paid for by the Society
- Valuation fee is payable on a sliding scale
- Product is not portable
- Four product options to meet varying needs: -
 - Arrears Funds Release
 - Advance funds release
 - Loans in excess of £750,000
 - Short Mortgage Term
- Interest only option available for the period of the property build followed by capital & Interest or interest only repayment basis.
- On completion of the build, available on interest only up to 60% LTV where the repayment vehicle is sale of another property, or 50% LTV if the repayment vehicle is sale of the applicants' home with a value of at least £400,000, and downsizing is credible in the area
- Standard and modern methods of construction, in line with our criteria
- Where a borrower completes the build and then switches product before the end of the product rate, no ERC is charged

Full eligibility criteria can be accessed on our intermediary website via this link: [Residential Criteria - HRBS - Intermediaries](#).

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
Purchase and remortgage applicants looking to self build, custom build, renovate or convert a property to be their main home	Available through Buildloan Applications are through advised sales	<ul style="list-style-type: none"> • suitably structured funding for a project to self or custom build, renovate or convert a property to be the client's new home • confidence that funds are available at the right time during the build and agreed as part of the application process • 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 in advance of/on completion of each stage of work • Access to LTV range up to 80% on completion • Option for repaying the capital over the term or at the end of the term using an accepted repayment vehicle

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The Product is not designed for customers who:

- Want to fix their interest rate for payment security
- Do not intend to live in the property once built
- Wish to port their mortgage
- Want to build properties outside England or Wales
- Whose build is not overseen by a Hinckley & Rugby approved warranty

4. **Customers with characteristics of vulnerability**

The Product is designed for customers wishing to purchase land and or construct their own home on a self or custom build basis or applicants considering extensive building work to an existing property which is not habitable. This group are not more likely to experience any vulnerabilities, but all customers may experience vulnerability over time where an unanticipated life event occurs.

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, Pricing and Governance Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

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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 individual underwriting and level of customer service that is provided and 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 and any other reductions in costs to the customer made possible by economies of scale.	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.

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