

FAIR VALUE ASSESSMENT FORM

PRODUCT NAME	INFORMATION SHEET PRODUCED
Self Build Product Range	31st July 2023
	Effective date 31st July 2023
	Next review date 31st July 2025

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 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).
- The self-build product range includes:
 - Arrears products
 - Advance products
 - ERC and product fee options

2. PRODUCT CHARACTERISTICS & BENEFITS

The products are designed to meet the needs of the target group. The product features and criteria are designed to support these needs.

- 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 which may mean the client receives less than they expect or need.

The product features and criteria are designed to support these needs:

- Funding available for self-build, custom build, conversion, and renovation projects
- Funds released in stages as the client's build progresses.
- Funds released in advance/in arrears of each stage to provide a suitable cashflow.
- Stage releases linked to the cost of each stage of work, to provide funds at the right time to cover build costs.
- Stage releases not subject to valuations during the build – to remove the risk of the client receiving less than they expect or need.

Enquiries: 0151 639 7554 or email: sales@bridgingfinance-solutions.co.uk | bridgingfinance-solutions.co.uk

make it happen

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BFS Home Loans are authorised and regulated by the Financial Conduct Authority in respect of Regulated Mortgage Contracts No. 563325

- Up to 100% of project costs available during the build. 65% at end of build allowing flexibility at different stages.
- No ERC and Product fee options for applicants who are looking for added flexibility.
- Offers valid for 6 months.
- Build to complete within 12 months.
- Interest only during the 1 year build with retention option at the end on to capital repayment
- Retention products available at the end of the build to provide security.
- Manual underwriting to help assess the applicant(s) requirement and needs.
- Discount products only
- Credit search not score

Full eligibility criteria can be accessed on our intermediary website via: www.bridgingfinance-solutions.co.uk

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>Clients looking to self-build, custom build, renovate or convert a property to be their main home.</p>	<p>Available through regulated mortgage advisors.</p> <p>Advised sale only.</p>	<p>Suitably structured funding for a project to self or custom build, renovate or convert a property to be the client's new home.</p> <p>Confidence that funds are available at the right time during the build and agreed as part of the application process.</p> <p>Stage releases not subject to valuations during the build – to remove the risk of the client receiving less than they expect or need.</p> <p>Funds released in advance of/on completion of each stage of work.</p>
<p>Intermediary distribution through: Regulated mortgage advisor only.</p>		

The Product is not designed for customers who:

- Customers that are FTB
- Are severely credit impaired borrowers.
- Applicants who will be going in to retirement during the term life
- Applicants who need to add fees to loan that exceed maximum LTV
- Customers who are self-building for commercial reasons and not to be their main residence on completion
- Applicants who wants to over pay during the initial rate period
- To use as a second home or BTL
- Do not meet our lending or property criteria.

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4. CUSTOMERS WITH CHARACTERISTICS OF VULNERABILITY

The Product is designed for Self-Build market which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Self-build applicant(s) need to have a strong understanding of the challenges that building your own property can deliver. The challenges can come in several areas from delay in build, increasing costs of materials, lack of suppliers and challenges with planning permissions/ regulations.

Our manual underwriting approach allows the ESIS and underwriting team satisfy any concerns that they have around the applicants understanding of what they are agreeing to as part of the process. 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 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.
- Accessible tools on the website to help
- Conduct risk monitoring.
- Monitor and review of product launches to ensure the product is appropriate and matches the approval brief.

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 assessment follows a detailed approval process which determines the outcome including market analysis, products been checked via the pricing model and intermediary feedback.

The mortgage pricing model takes into account the following inputs; proposed product price and fee, product tranche size, cost of funds, direct origination costs (adjusted by niche based on its operational complexity), Origination fees, wider operating costs, expected credit risk cost and risk-adjusted capital require (adjusted by lending category), plus assumptions around loan sizes and expected LTV distributions based on recent lending benchmarks.

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The outcomes of the assessment process are presented to the Senior Management Group for approval 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	COST	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.	<p>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.</p> <p>All products are factored into the pricing model and take in to account the cost associated both financial and non with the product</p>	<p>The cost of funding the product and any other reductions in costs to the customer made possible by economies of scale.</p> <p>For self-build this also includes build out insurance as a requirement.</p>	<p>Any limitations on the scope and service we provide or the features of the product.</p> <p>The product is only available through regulated mortgage advisors.</p>

Below is an example of the information reviewed and taken into consideration when completing the assessment:

- Product performance
- Operational performance
- Product governance
- Fees and charges (Product) subject to annual review and governance
- Customer experience insight and data
- Customer outcomes testing
- Customer complaints
- Product risk assessments
- Colleague education and training
- Customer in Vulnerable Circumstances Policy

RESULTS OF OUR ASSESSMENT

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product. You are responsible for meeting your obligations under Consumer Duty.