

Product name: Buy to Let (BTL) Mortgages
Information sheet produced: 20/04/2023

The Society's (we/our) approach to meeting the 'Products & Services Outcome' and 'Price & Value Outcome' of the Consumer Duty – Information for Distributors of the Product

While unregulated Buy-to-Let Lending is outside the scope of Consumer Duty, we have taken the decision to apply the same principles to our Buy-to Let Lending, and this summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16R and PRIN 2A.4.16R. 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 BTL 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 market, most notably the need to secure finance and received rental income. Product characteristics and benefits are as follows:

- Up to 80% LTV
- Fixed and discount products available
- Borrowers can make overpayments of up to 20% of the advance amount per year
- Both capital and interest and interest only repayment methods available, with a number of repayment strategies considered
- Mortgage term up to 40 years
- First time buyers/first time landlords considered
- Borrower may reside in holiday let property in between occupancy periods
- No minimum income requirement
- No maximum age requirement
- Unusual construction flexibility
- Products are portable

Full eligibility criteria can be accessed on our intermediary website via dudleybuildingsociety.co.uk/intermediaries/intermediaries/our-criteria

All products can be accessed on our intermediary website via:

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
Borrowers looking to generate income; Borrowers looking for a long-term investment, who may be comfortable to be income neutral after mortgage payments (in many cases this may be for retirement planning); Accidental landlords	Intermediary only.	<ul style="list-style-type: none"> • Access to high LTV lending • Flexible criteria • Generate additional income • Retirement planning
Homeowners looking to remortgage their existing BTL property	Intermediary only	<ul style="list-style-type: none"> • Access to lower rates • Switch to different mortgage type e.g. from discounted to fixed • Access to additional features e.g. overpayments • Circumstances may have changed
Existing customers looking to take on additional borrowing with the Society	Intermediary only	<ul style="list-style-type: none"> • Fund property improvements • Increase property value
Intermediary distribution through: <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries. All intermediaries must be registered with us.		

The Product is not designed for:

- Borrowers who want to purchase a residential property to live in
- Limited companies
- Professional landlords with large portfolios

Customers with characteristics of vulnerability

The product is designed for the BTL/holiday let market segment, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

There are likely to be characteristics of vulnerability present/that arise within the target market as there may be customers who are accidental landlords. These borrowers may be considered more vulnerable as they could have minimal previous experience in property ownership and letting laws and regulation. This emphasises the importance of suitable advice. These applications are also subject to the same underwriting and affordability assessments as a residential mortgage application to ensure mortgage payments are affordable based on the applicant's income and are

not reliant on the rental income being received. There is also a significant proportion of customers who are older and may be at risk of vulnerabilities associated with life events and health. The smaller group of slightly younger borrowers, who have families and busy lives, and are more likely to be at risk of vulnerabilities associated with resilience and capability. To support this, the Society's collections and recoveries employees are trained to identify potential signs of vulnerability.

We consider the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process of these Products to ensure Products meet their needs.

We have in place a framework to achieve good outcomes for vulnerable customers. This includes the following:

- A Vulnerable Persons and Financial Abuse Policy which outlines the definitions of vulnerability, identifying vulnerability and dealing with vulnerable customers.
- The Society ensures its employees are educated and trained to identify and respond to the needs of vulnerable customers.
- The Society aims to tailor its communication methods based on customers' individual preferences.
- Accounts are monitored to ensure the Society continues to respond to the needs of customers with characteristics of vulnerability.

You should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact our Intermediary Support Team on 01384 489 195, or email us at intermediaries@dudleybuildingsociety.co.uk, if you need any further information about how we support the needs of all our customers in relation to the Product.

4. 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 our second line of defence, allowing for challenge and further investigation before we finalise the outcomes and share the summary of our assessment with you. Findings are presented to the relevant committees and Board.

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, 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.