

## Fair Value Assessment Form

**Product name: First Time Buyer Product Range**

**Information sheet produced: 23th April 2025 Effective date 30<sup>th</sup> April 2025 Next review date 30<sup>th</sup> April 2026**

### **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 First-Time Buyer product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- Support the strategy of the society to help applicants achieve their homeownership goal.
- Applicants that need support with Deposit and Affordability from family members.
- 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 first-time buyer range includes.

Joint Borrower Sole Proprietor – affordability support – 90% LTV

Deposit Lite – 100% LTV (collateral charge on parents' property)

JBSP/ Deposit Lite – 100% LTV (combining a collateral charge on parents' property with affordability support from parents)

Everyday Residential 95% LTV Purchase

#### **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.

- Mortgage Term up to 40 years.
- Earned income considered up to age 75 based on plausibility of job role.
- Fixed and discounted products
- Family support schemes (subject to eligibility) – affordability support and collateral charge
- No age restricting on JBSP – parents supporting affordability.
- Up to 100% LTV on Deposit Lite
- Remortgage opportunity for family support schemes – can support in life event situations i.e., marital breakdowns allowing home to be retained.



- Available on new and preowned homes
- Capital Repayment and Interest only option (subject to eligibility)
- Self-employed applicants (subject to eligibility)
- Support for industry led affordable housing schemes. 95% LTS
- MIG over 80% LTV
- Family gifted deposit options
- All products allow repayment of up to 10% of the capital balance annually without incurring Early Repayment Charges
- Credit search not score.
- Product is available for porting. (subject to Terms & Condition's (T&Cs).
- Manual underwriting to help assess the applicant(s) requirement and needs.
- Product fee and valuation free options available on shared ownership

Full eligibility criteria can be accessed on our intermediary website via [Buckinghamshire Building Society \(bucksbs.co.uk\)](http://Buckinghamshire Building Society (bucksbs.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
FTBs looking to purchase their first residential property in the UK.	Available through Direct and Intermediary	<ul style="list-style-type: none"> <li>• Access to high LTV lending</li> <li>• To fix their costs for a defined period.</li> <li>• To repay the capital by the end of the mortgage term.</li> <li>• Length of term option – 40 years</li> <li>• Become a homeowner for the first time.</li> <li>• Receive support from family. This can be provided for both affordability and deposit support or either option.</li> </ul>
FTBs looking to purchase their first residential property in the UK with an affordable housing scheme.	Available through Direct and Intermediary	<ul style="list-style-type: none"> <li>• To fix their costs for a defined period.</li> <li>• To repay the capital by the end of the mortgage term.</li> <li>• Reduced upfront costs due to no product or valuation fee leaves them with more money towards other moving costs. This is important for customers with lower savings.</li> </ul>
Intermediary distribution through: <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives.</li> <li>• Mortgage clubs. Directly authorised mortgage intermediaries. Direct to the society via our Direct Adviser</li> </ul>		

The Product is not designed for customers who:

- Have previously purchased a home in the UK.
- Are purchasing a property to let.



- Are severely credit impaired borrowers.
- Family support schemes where the borrowers have investment properties in the background.
- Do not meet our lending or property criteria.
- Applicants who will be going into retirement during the term life
- Applicants who need to add fees to loan that exceed maximum LTV.

#### 4. Customers with characteristics of vulnerability

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

FTBs are less likely to have a comprehensive understanding of mortgages or the mortgage market. Therefore, 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. 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. Our manual underwriting approach allows the DIP and underwriting team satisfy any concerns that they have around the applicants understanding of what they are agreeing to as part of the process. Family support scheme required the supporting family member(s) to see Independent Legal Advice to ensure that they are fully aware of any risks around the support that they are giving.

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 – Recite me
- Conduct risk monitoring.
- Monitoring and review of product launches to ensure the product is appropriate and matches approval brief.
- The society take care when interacting with vulnerable borrowers by using the TEXAS protocol.

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.

This analysis is used to ascertain whether the Product delivers fair value for customers. 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 (PROC and MIG as applicable), 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.



The assessment follows a detailed and robust product approval process which determines the outcome including market analysis, products been checked via the pricing model and intermediary feedback. Smart Money Feedback is also reviewed to help determine the correct outcome.

The outcomes of the assessment process are presented to Mortgage Product Committee and Management Assets & Liabilities Committees 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	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 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.

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

