

Product name: Buy-to-Let (BTL), Holiday Let and 2nd Home.

Information sheet produced: April 2023.

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

While Buy-to-Let lending is outside the scope of Consumer Duty rules, we have taken the voluntary decision to apply the same PRIN 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.3.12 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 range of products for residential investment properties (covering BTL, Holiday Let & 2nd Home) 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. The product features and criteria are designed to support these needs.

- Discount variable rate for two years followed by our Standard Variable Rate (SVR).
- Available throughout England + Wales.
- Interest-only accepted up to the following LTV (except where specific rates have a lower limit).
 - BTL – 70%
 - Holiday Let/2nd Home – 75%
- ICR of 140% at 5.5% - assessed using:
 - BTL – AST rental figure
 - Holiday Let/2nd Home – average of high/medium/low rental amounts over a 30-week period.
- Top slicing and assessment by overall affordability available.
- Minimum joint gross income of £30k pa (excluding rental from subject property).
- Personal usage allowance for Holiday Let of 90 days pa.
- Available for Consumer Buy-to-Let (CBTL) properties.
- No upper age limit.
- 10% overpayment allowance without penalty per year during the initial discount period.
- No repayment penalties once account has reverted to SVR.

Full eligibility criteria can be accessed on our intermediary website via this link <https://www.harpendenbs.co.uk/intermediaries-mortgage-range/>.

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
Customers who are: <ul style="list-style-type: none"> • purchasing an investment/2nd property. • re-mortgaging an existing Investment/2nd property. • Releasing equity from an unencumbered Investment/2nd property. 	Available via intermediaries*	Customers who require borrowing on an investment/2 nd property who have financial/other circumstances which fall outside the appetite of specialist BTL lenders/other providers.
*Intermediary panel is outlined here: https://www.harpendenbs.co.uk/intermediaries-mortgage-range/how-to-submit-new-mortgage-business/		

The Product is not designed for customers who:

- Require borrowing above 80% LTV for BTL or 75% for Holiday Let/2nd Home.
- Live outside the UK.
- Wish to take out a mortgage without Early Repayment Charges (ERCs).
- Are mortgaging a property owned/to be owned via a Ltd Company.
- Are mortgaging a property used for non-residential use.
- Are mortgaging a property with more than 3 individual units.
- Are portfolio landlords (defined as owning 4 or more mortgaged properties which are let, including the subject property).
- Are mortgaging a property let to a family member, where the rental income needs to be considered for ICR/affordability assessment.
- Have significant adverse credit/payment issues.
- Otherwise fall outside our stated lending criteria.

4. Customers with characteristics of vulnerability

The Product is designed for customers mortgaging a BTL or Holiday Let/2nd Home property in England & Wales, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

We take the following actions to ensure vulnerable customers continue to receive good outcomes:

- The needs and objectives of customers within our target market are considered in detail when lending products are being designed, and products are tested to ensure they are designed so as to deliver good outcomes, including for vulnerable customers.
- A dedicated Vulnerable Customer Policy is maintained.
- Staff receive training on how to identify and assist vulnerable customers appropriately.
- Operational procedures are adhered to and reviewed on a regular basis.

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 Assets & Liabilities Committee and Operations, Risk & Compliance Committee 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.

Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.