First Charge Mortgages: Price and Fair Value Information Sheet

Product name: 1st Charge Mortgages
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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 1st Charge Mortgage product range continues to meet the needs, characteristics, and objectives of customers in the identified target market, customers who generally have impaired credit or property lending restrictions and are unable to secure funding from mainstream lenders;
- The intended distribution strategy remains appropriate for the target market;
- The Product provides fair value to customers in the target market and the total benefits are proportionate to the total costs.

2. Product characteristics & benefits

NHL products are designed to meet the specific needs of the target customer group, including customers with adverse credit histories, non-standard income sources, or those seeking to raise funds secured against properties that require specialised lending criteria. The product features and lending criteria have been specifically designed to support these customer needs and provide access to lending where more standard mortgage products may not be suitable.

Full eligibility criteria can be accessed on our Intermediary website via nortonhomeloans.co.uk/our-products

Product Characteristics	Potential Customer Benefit
Available as a fixed or variable rate	Provides customers with a choice of interest rate structure, allowing them to select an option that better aligns with their preferences and circumstances.
Loan Amounts from £3000 to £350000 available	Provides flexibility to meet a broad range of borrowing needs.
Term up to 30 years (The term must not exceed past the 85th birthday unless their income is not required for affordability; Minimum age of applicant is 21 years)	Allows customers to spread repayments over a longer period, which may help make monthly repayments more manageable, subject to overall affordability.
Maximum Loan to Value (LTV) 85% (LTV may be dependent on property type and non-standard may have a restricted LTV imposed)	Provides greater flexibility for older customers who may otherwise have limited access to mortgage lending due to age-related term restrictions.
100% Benefit Income Acceptable (excluding Job Seekers Allowance JSA)	Enables customers who receive qualifying benefits to have their income recognised for affordability purposes and potentially improving access to lending.
Right to Buy Mortgages (total purchase price must not exceed 80% LTV)	Provides eligible customers with an opportunity to use mortgage finance to purchase their home through the Right to Buy scheme.
Available to Non-British Nationals (with permanent or temporary rights to reside subject to further eligibility criteria)	Broadens access to mortgage finance for eligible customers who are not British nationals, supporting customers who may otherwise have fewer lending options.
Historic Adverse Credit considered (such as historic bankruptcy, IVA's, DMP and low credit score)	Provides an opportunity for customers with historic financial difficulties based on their current circumstances rather than being automatically excluded due to their historical credit profile.
Debt to Income (DTI) up to 50%	Provides greater flexibility for customers whose existing income and commitments may result in a higher DTI, potentially enabling access to lending where affordability can be demonstrated.
Early Repayment Charge during the initial product term	Provides certainty around the terms of the product and supports the pricing structure offered during the initial product period.

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
The target market of NHL are customers who: – are looking to purchase a residential property or transfer the equity on their existing residential property. – are purchasing a residential property through the right to buy scheme or right to acquire scheme. – borrowing on their unencumbered residential property. – are wanting to purchase a non-standard construction property. – are receiving non-standard incomes. – Have historic adverse credit history. – borrowing to purchase a residential high rise flat (must have a valuation in excess of £200,000).	• FCA Authorised Intermediaries Only either directly authorised or Appointed Representatives of networks or principal firms. • FCA Authorised Intermediaries using external packaging companies. • FCA Authorised intermediaries using our in-house packaging service. • FCA Authorised intermediaries wanting to use mortgage clubs.	Customers wanting access to products where limitations apply with mainstream lenders to: – obtain a mortgage to purchase a property to reside in. – raise capital from their owned property. – purchase a property with special property lending requirements. – purchase a property using a range of income sources. – obtain capital where affordability allows. – purchase a property using multiple applicants up to a maximum of 4. – purchase a property which may be outside of standard lending criteria.

The Product is not designed for customers who:

- Do not meet the applicable lending, eligibility or property criteria.
- Are unable to demonstrate sufficient affordability to meet the proposed monthly mortgage payments and their ongoing living costs, including any existing financial commitments that are not being consolidated.
- Do not intend to occupy the property as their main residence, where owner-occupation is a requirement of the Product.
- Are under the minimum applicant age of 21, or whose circumstances do not meet the applicable maximum age criteria at the end of the mortgage term.

- Require short-term finance or intend to repay the mortgage during the initial product term, where the associated Early Repayment Charge would make the Product unsuitable for their requirements.
- Do not meet the applicable UK residency or right-to-reside requirements.
- Have identified circumstances which mean that they are unlikely to be able to maintain the mortgage repayments and associated costs throughout the proposed term.
- Require an interest-only mortgage.
- Require a bridging loan facility.

4. Customers with characteristics of vulnerability

The Product is designed for customers who require specialist lending criteria and, as a result, the target market may include customers with characteristics of vulnerability or customers who may experience vulnerability during the life of the mortgage.

NHL have assessed the Product to determine whether it meets the identified needs, characteristics and objectives of the target market, including customers who may be in vulnerable circumstances. Where additional needs are identified, customers may require additional information, support or reasonable adjustments to enable them to understand the Product, the advice provided and the potential implications of their decision.

NHL undertake an assessment of each customer's individual circumstances and, where additional needs are identified, consider what additional support or adjustments may be appropriate. Intermediaries also have an important role in ensuring that the advice and recommendation provided are appropriate to the customer's circumstances and that the customer understands the key features, benefits, costs and potential risks associated with the Product.

NHL has a framework in place to support vulnerable customers and help ensure that they receive good outcomes. This includes:

1. **A culture of fair treatment:** We promote a culture of fair treatment for customers in vulnerable circumstances and have a dedicated Customer Support Manager who can provide tailored support to customers identified as vulnerable or financially vulnerable. This support is also available where a customer becomes potentially vulnerable during the life of the mortgage.
2. **Trained and capable staff:** Our staff receive appropriate training to develop and maintain the skills and capabilities required to recognise, understand and respond effectively to the needs of customers in vulnerable circumstances. Training is reviewed and refreshed to ensure these capabilities remain appropriate.
3. **Monitoring and evaluation:** We have monitoring and evaluation processes in place to assess whether the needs of vulnerable customers continue to be appropriately met and to identify opportunities to improve our policies, procedures and customer support arrangements.
4. **Identification and assessment of additional needs**: Our underwriting journey incorporates specific documentation and processes to support the identification and assessment of

customer vulnerabilities. Where additional needs are identified, these are considered as part of the customer journey and appropriate support is provided where required.

Intermediaries remain responsible for complying with their regulatory obligations and for ensuring that customers in vulnerable circumstances are treated fairly. This includes taking appropriate steps to understand the customer's individual circumstances and ensuring that the advice and recommendation provided are appropriate to their needs and objectives.

Please contact Norton Home Loans if you require further information regarding the support available to customers and how we seek to meet the needs of customers throughout the life of 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 Directors 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 and nonfinancial 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.