

Product Information for Distributors



Product Name	Renovation Mortgage
Date Information Sheet Produced	August 2023

This summary document fulfils our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). It's designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. You're ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is for professional intermediary use only.

Summary of our Assessment

We've assessed that for the target market for our Renovation Mortgage Product:

- Meets the needs, characteristics, and objectives of customers.
- Has an appropriate intended distribution strategy.
- Gives fair value to customers and that the total benefits are proportionate to total costs.

Product Characteristics & Benefits

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

- The product features and availability are accessible to both mortgage intermediaries and customers who choose to apply direct to Ecology. This provides choice to the customer in the way they may wish to apply for the mortgage.
- The product provides flexible drawdown of funds during the renovation phase. This provides the customer with payment flexibility in terms of the funds they request at different points in the renovation. It also reduces repayment and interest costs in the early stages of the mortgage.
- The product is underwritten by our mortgage team who have extensive expertise in renovation mortgages. This gives the customer expert knowledge throughout the life cycle of the renovation mortgage.
- Through our C-Change retrofit discount, on completion of the renovation and based on the increased energy performance bandings improved, the mortgage interest rate is reduced through a discount. This gives customers lower repayments and interest charges on the mortgage with the discount lasting the lifetime of the mortgage held with Ecology.
- The product provides flexible features through overpayment, underpayment or payment holidays (subject to eligibility). This gives the customer payment flexibility based on any short or medium-term changes to circumstances.

Full product details are on our website www.ecology.co.uk/mortgages/residential-mortgages.

Target Market Assessment and Distribution Strategy



The product is suitable for customers who:

- Are looking for a variable rate
- Are happy to pay an application and valuation fee to apply for the mortgage
- Are looking to improve the property by at least one energy performance banding
- Require a mortgage within the UK for up to £750k
- Are happy with arrears based and flexible stage payments during the renovation phase
- Are comfortable with restrictions on overpayment allowances and early repayment charges in the first 3 years of the mortgage



The product is unsuitable for customers who:

- Are looking for a fixed rate
- Looking for a 'fee free' mortgage
- Are not looking to improve the energy performance of the property
- Require a mortgage within the UK in excess of £750k
- Require advanced stage payments during the renovation
- Require unlimited overpayment allowance and no early repayment charges

Customers with Characteristics of Vulnerability

We've designed this product for the following target markets:

Unmortgageable renovator

Either first-time buyers or property movers looking to buy a property which is extremely rundown or derelict. The property is likely to have limited mortgageability. This customer is looking for a mortgage product which provides flexibility and can provide increased lending through the increasing value of the property via the extensive renovation works. They need a choice of ways to apply for the mortgage to accommodate potential vulnerabilities. Product flexibility provides support for the main customer vulnerabilities in this market.

Property Extender or Listed/Heritage building renovator

Normally established in the property market, this customer is looking to renovate their existing home. Their renovation will include improving energy efficiency and accommodation capacity by extending the main property. In the case of older buildings with listing or heritage content, constrained by planning limitations. They're looking for a mortgage product which provides flexibility and can provide increased lending through the increasing value of the property via home improvement works. They need a choice of ways to apply for the mortgage to accommodate potential vulnerabilities. Product flexibility provides support for the main customer vulnerabilities in this market.

Focused energy efficient renovator

Extremely focused on their renovation design and the energy standard they wish to achieve. This customer is looking for a mortgage product which provides flexibility and rewards for high energy efficiency achieved through the renovation. They need a choice of ways to apply for the mortgage to accommodate potential vulnerabilities. Product flexibility provides support for the main customer vulnerabilities in this market.

These target markets are likely to include some customers with characteristics of vulnerability or customers who will experience vulnerability over time.

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly. Please contact our product team on products@ecology.co.uk if you need any further information about how we support the needs of all our customers in relation to the product.

Our Assessment of Value

We've developed a comprehensive and robust assessment process. This process evaluates several aspects of our business to determine the value of our mortgage product. We use this analysis to find out whether the Product delivers fair value for customers.

Our fair value assessment has considered the:

- Characteristics of the product to include its purpose, design aspects, utility, limitations and who it may influence.
- Price paid by the customer and the costs associated with manufacturing the product.
- Expected positive environmental or social outcomes of the product.
- Characteristics of the customer base and target market to include vulnerability and different pricing between customer audiences.
- Expected costs of distribution across all distribution channels.
- The quality of the service the customer receives for the product.