Product Name: Residential Bridging Finance
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Information for distributors of the Product
Our approach to meeting the Products & Services Outcome and Price & Value Outcome

Spring Finance Limited ('Spring') is authorised and regulated by the Financial Conduct Authority (300606) for regulated mortgage lending and administration and registered with them for Consumer Buy to Let lending.

Spring's focus has always been on treating customers as individuals. Spring understands that people have different funding requirements and financial backgrounds and believes that just because a customer has bespoke requirements does not mean that they should be excluded from obtaining suitable finance. Spring's personal and efficient service is central to our relationship-based philosophy and approach to lending.

This document is intended for intermediary use only and should not be provided to customers. It sets out the target markets for our products and who the products are both suitable and unsuitable for, helping you to select a suitable product for your customer. You remain responsible for meeting your obligations in this regard. Making sure that our products continue to meet the needs of customers in the target markets, that the distribution strategy is appropriate and that the products provides fair value to customers is an important part of "the Consumer Duty".

We confirm that our products have been assessed as providing fair value for the benefit that is provided.

1. Target market

Spring has a product range that is defined as 'specialist bridging'. There are only a small number of regulated bridging lenders in the market. Spring's overall proposition includes products with niche criteria, underwriting that has a great degree of flexibility and a very efficient service proposition.

A customer is defined as anyone who owns or is purchasing a residential property that has a want or need to use it as security for raising short term funding (a bridging loan with a maximum term of 12 months).

Typical bridging customers may require funds faster than a mainstream mortgage lender can provide them, their credit profile or use of funds may not fit a high street lender's criteria, or the property they are seeking to raise finance on may not be mortgageable in its current condition.

The needs of typical bridging customers are shown below (not exhaustive):

- Chain break (including downsizing or moving to a retirement property)
- Purchasing a property and carry out works prior to refinance
- Purchasing a property (that they will occupy) and carry out works prior to sale for a profit
- Raising funds for a self-build or renovation project
- Securing a purchase where speed of completion is necessary (including auction purchases)
- Repaying an existing bridging loan
- Raising capital on their home for consolidating debts prior to sale (debt consolidation is not allowed for credit repair)
- Raising capital on their home for business purposes
- Raising capital on their home for a wide variety of permitted purposes (including speed of funds) prior to sale or refinance
- Purchasing a property that is not currently mortgageable
- Carrying out extensive works to a property that would fall outside the criteria of a mainstream mortgage

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Spring's products would not be suitable for the following customers (not exhaustive):

- Anyone who can raise mainstream finance in the time required
- Customers who are wanting to improve their credit profile to enable them to obtain a better refinance option
- Anyone who wants to use the bridge to repair their credit if the exit is refinance
- Debt consolidation product is not suitable for applicants with clean credit
- Anyone whose exit strategy is not demonstratively realistic within the term of the loan
- Anyone who has an exit that is deemed speculative
- Customers looking for finance over a period in excess of 12 months

Product guides and full eligibility criteria can be accessed on our intermediary website:
www.springfinance.co.uk/intermediaries

2. Distribution strategy

Spring distributes all its products via intermediaries. Spring does not hold permission to advise on regulated mortgage contracts therefore all regulated loan applications have to be submitted by a regulated broker or by a packager who has received the case from a regulated broker.

New introducing brokers are required to be vetted through Spring's accreditation process, which ensures they have the necessary FCA permissions to introduce/advise on regulated products. They will be required to sign a broker agreement before submitting business to Spring. Some introducing brokers will also conduct their own accreditation of Spring for their compliance needs.

3. Customers with characteristics of vulnerability

The product has been designed to cater for a wide range of customers. This is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Potential vulnerabilities across the product range (not exhaustive):

- Elderly applicants downsizing who may not understand the implications of the loan
- Poor credit profile and management of finances
- Applicants who are not benefitting from the loan and may not understand the implications of being a joint borrower or guarantor or third party security provider
- Applicants carrying out a self-build / home improvements who may not have experience of property development
- Understanding the need to stick to exit strategy / timescales for self-build / improvements
- Applicants who do not have English as their main language
- Applicants who are visually or hearing impaired
- Applicants who need funds quickly due to time pressure

We recognise our duties and obligations to support customers with characteristics of vulnerability and ensure that they receive positive outcomes and consistently fair treatment.

This includes:

- All bridging customers, guarantors and third party security providers receiving independent legal advice before entering into the loan
- Ensuring staff have appropriate skills, experience and training to recognise and respond to vulnerable customers
- Suitable customer service provision and communications
- Monitoring and assessing whether we are meeting, supporting and responding to the needs of vulnerable customers

Intermediaries should continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly.

4. Our assessment of value

The cost of the loan is set out clearly in the mortgage illustration including the total cost and APRC to allow for comparison. Spring publishes a Tariff of Charges which details all fees a borrower may incur that are not specifically set out in their personalised illustration, including the fees they may incur in the event they fall into arrears or default, as well as the fee if we agree a request for an extension to the term of the loan. This tariff follows the Which? approved model to make it easy to understand and compare to other lenders. Any external fees are charged at cost. Internal fees are reflective of the work involved and are reviewed annually. The only fee charged to exit the loan is the Mortgage Discharge Fee.

An arrangement fee of 2% of the facility is charged on completion of the mortgage. This means that customers with a larger loan size pay more than those with a smaller loan size however we deem this to be fair and reflective of the overall cost and risk to the business.

All loans are offered on a fixed interest rate basis so the borrower does not need to be concerned about any movement in interest rates during the term of the loan. Interest is charged daily and rolled up to the loan balance on the monthly anniversary of the loan's completion. The table in the customer's personalised illustration shows how the loan balance accumulates on a monthly basis, providing transparency to the customer. The minimum interest chargeable on the loan is equivalent to one month's interest which is a fair reflection of the cost of setting up the loan.

Spring's interest rates are comparable with the rest of the specialist bridging market and reflective of our costs (including the cost of funding, costs of acquisition, costs to process and costs to maintain customer service and support through the course of the loan) and the risks associated with each product within our product set.

The interest rate therefore reflects the customer's risk profile. The need for bespoke underwriting justifies the higher rate of borrowing than a standard high street mortgage.

We deem the overall cost to the borrower of a Spring loan to be fair value for the benefit provided.