



Shared Ownership Affordability Policy

Scope

This policy applies to every Shared Ownership home sold by GreenSquareAccord and is published to ensure that all prospective buyers are aware of our policy approach when purchasing a Shared Ownership home.

GreenSquareAccord have a responsibility to ensure applicants can afford to buy and maintain regular payments on their new home. Whilst we are motivated to help buyers succeed, if GreenSquareAccord feel, in conjunction with our appointed financial advisors that the purchase will be hard to maintain, we will not agree to the purchase.

If you have any questions about this policy, please speak to a GreenSquareAccord sales advisor.

Policy Statement

GreenSquareAccord consider all Shared Ownership applications in an impartial, equitable and consistent manner in accordance with Homes England's guidance. We try to ensure that no applicant is disadvantaged in their interpretation and application of the guidance. The ultimate responsibility for a decision on whether to accept an application rest with GreenSquareAccord.

Homes England place responsibility on the Housing Association to assess eligibility and affordability, and we pass the gathering of essential financial information over to independent mortgage advisers. In your application form, you must consent to the sharing of your private information with the financial advisors and us for the assessment to take place.

Eligibility Criteria

To be eligible the following must be true:

- Household income is £80,000 a year or less
- Buyer/s cannot afford all a deposit and mortgage payments for a home that meets their needs on the open market.
- One of the following must also be true:

- A first-time buyer.
 - Used to own a home but cannot afford to buy one now.
 - Forming a new household – for example, after a relationship breakdown.
 - An existing shared owner and want to move.
 - Own a home and want to move but cannot afford a home that meets their needs.
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- For some homes, buyers may have to show that that they live in, work in, or have a connection to or sometimes if they are a key worker in the area where they want to buy the home.

 - In such circumstances, we will consider applications from individuals who do not meet the above criteria but do qualify as a Key worker. Key worker status, where it applies will be defined in the section 106 planning document.
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Non-Eligibility

If any of the following are true, applicants will not be eligible:

- Able to buy a home outright.
 - Household income is over £80,000 a year.
 - Not able to meet the cost of rent and mortgage payments.
 - Not going to live in the property you are buying.
 - Using the scheme to fund a buy to let property.
 - Currently own another property.
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Selection Policy

- Qualifying applications will be prioritised on a first come first come basis. The only exception is serving or former MOD personnel* who will receive priority. Please refer to our 'First Come First Served Policy' - [First Come First Served Policy.pdf](#)
- All cases where exceptions may apply will be assessed on an individual basis.
- Any planning conditions, covenants or legal restrictions which impact on the above eligibility criteria will be adhered to. This will include local connection or specific key worker status as outlined in the section 106.
- We will expect all applicants to be assessed via one of our independent FSA compliant advisors. If they refuse, the Sales Team will not process the enquiry.
- We will not provide mortgage or any financial advice.
- If a client is believed to have provided false information, their application will be cancelled, and they will not be permitted to reapply for that home.
- All applicants will be treated equally and fairly

**MOD priority is not retrospective. If an MOD application is made after another client has been approved, the sale will continue with the original applicant.*

Affordability Policy

- Applicants will be assessed on affordability and eligibility for the scheme.
- Applicants must demonstrate that they meet the eligibility criteria are not able to purchase a suitable home on the open market.
- A stress test will be used at 1% above the mortgage rate.
- Mortgage costs should be no more than 30% of net household income. This figure will not be considered in isolation, but it can be a strong guide of a customer's affordability.
- The applicant should have 10% of their monthly salary left after all household costs. Please refer to our 'Surplus Income Policy' - [Surplus Income Policy.pdf](#)
- Applicants will be encouraged to purchase the maximum share at the point of the initial sale, which will be determined by an affordability calculator. Some leeway may be given to applicants at or close to retirement, however most buyers will be expected to purchase as close to the 30% of net household mortgageable income.
- If applicants are unable to obtain a mortgage, or there is no appropriate mortgage product available but they have sufficient savings, then they can purchase their share in cash. As with all other applicants, they should be referred to an advisor to confirm that they are either unable to obtain a mortgage or that a suitable mortgage is not available. It will be for providers to determine the suitable share to be purchased, and to ensure that cash purchase applicants are not disadvantaged in any way in their assessment and decision making.
- Whilst applicants are expected to use any savings, assets, investments, etc, in their purchase, this does not mean that they are not permitted to retain a reasonable level of savings.

Joint & Sole Applicants

Joint applicants for a Shared Ownership home can only proceed on the condition that both applicants become the joint legal owners of the home. For a joint application both applicants must meet the Shared Ownership eligibility criteria, and the assessment of affordability will be based on the financial circumstances of both.

It is permissible for just one person in a household to apply as a sole applicant. In such circumstances the sole applicant would become the sole legal owner of the Shared Ownership home and only their eligibility and affordability would be assessed. The exception to this would be the assessment of gross household income which will need to be based on all household members and will be required to be within the £80,000 threshold.

An exception would be the income of children under 18 and any other household members whose residence in the home is unlikely to be permanent.

Shared Ownership Affordability Assessment

Stage 1 – Initial Assessment

The initial assessment will be carried out by a licenced mortgage adviser appointed by GreenSquareAccord and the purpose is to check eligibility to see if the case can progress. The method is a calculator that asks questions about income and financial commitments which will establish if the applicant can purchase the minimum share needed.

The mortgage advisers are also required to assess the maximum share the customer can afford. The initial assessment is intended to be a high-level plausibility assessment.

The Initial Assessment will be provided for no cost and there is not a requirement to instruct a mortgage through the assessing adviser.

There are three main criteria to consider.

1. Is the complete cost of the mortgage no more than 30% of net household income. This figure will not be considered in isolation, but it can be a strong guide of a customer's affordability.
2. Does the applicant have 10% of their monthly salary left after all household costs have been taken into consideration.
3. Has the applicant given full disclosure of their assets and earnings. Customers may be required to liquidate any capital assets that they have to maximise the purchase share.

Based on the outcome of the initial assessment applicants will be told if they are likely to be eligible for a specific property. A negative outcome is only a snapshot of the applicant's position at that time, and they will not be restricted from applying again in the future if the circumstances change.

If false or misleading information has been provided the applicant will not be permitted to purchase via the scheme.

A full record of each decision made is kept on file for Homes England Compliance Audit purposes.

Stage 2 – Full Assessment

If following the initial assessment, the customer is approved and wishes to proceed, the second stage is for the adviser to complete a full budget planner as part of a full sales process.

Evidence of affordability is also required at this stage including proof of income, proof of expenditure (bank statements), and evidence of capital being used for the deposit / fees etc.

Where an applicant has undergone a full affordability assessment by an advisor, the outcome in terms of their affordability, advice on the suitable share to be purchased and any associated information, will be included on a sign off sheet provided to the Housing Association for a final decision to be made.

Identity (ID) & Anti-Money Laundering (AML) Checks

GreenSquareAccord are legally obligated to perform due diligence on every client to reduce the risk of fraud. Our identification (ID) and anti-money laundering (AML) checks are carried out by a third party, CreditSafe.

Further Information

Full details of the Homes England requirements can be found via the capital funding guidance [Capital Funding Guide - Help to Buy Shared Ownership](#)

Compliance & Monitoring

This policy is designed in compliance with the guidelines provided by Homes England, and adherence to this policy ensures that GreenSquareAccord operates within the capital funding guide framework.

This policy will be monitored and reviewed considering any significant changes implement by Homes England.