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Shared Ownership Policy

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| Reference | SH01 |  | Version | 2 |
| Staff affected | All staff |  | Issue date | October 2024 |
| Approved by | ELT |  | Review Period | 3 years |
| Lead Officer | Director of Operations |  | Last Review | October 2024 |
|  |  |  | Next Review | October 2027 |

1 Purpose

* 1. The purpose of this policy is to provide prospective shared ownership customers with a clearer understanding of Arches Housing’s approach to assessing share ownership applications.

1. First Come, First Served Allocation Policy
   1. At Arches Housing Limited we have adopted the below policy for first come, first served. Allocation of a property will be based on this:

At Point of Enquiry – we will base the allocation on whoever made the enquiry first to the lead marketing contact for the specific property available, this may be Arches Housing Limited or our appointed Estate Agent for new shared ownership homes.

For resales, where Arches Housing Limited are not nominating a potential shared owner, this policy will be implemented based on whomever the seller puts across first and we will assess based on one applicant at a time for one property.

1. Minimum Surplus Income Policy (monthly)
   1. Arches Housing Limited ensures that all shared ownership cases meet Homes England affordability guidance as detailed in the Capital Funding Guide.

In line this our approach and requirements in the Capital Funding Guide, Arches will work to the policy that prospective shared owners undergoing an affordability assessment must have a minimum of 10% of their net mortgageable income remaining after all deductions and the stress tested rent.

In addition to the Homes England affordability, we also expect customers to have a minimum of 10% of their total net income remaining on the budget planner that forms part of the independent financial adviser checks.

Arches follows this approach as a 10% leeway gives movement, for prospective customers, against possible increased costs or unforeseen circumstances that have not been budgeted for.

1. Minimum Deposit Policy
   1. Every applicant is expected to be able to provide at least 5% of the share value from their own resources. You will need to be able to provide evidence of the source of these funds where requested.
2. Adverse Credit Policy
   1. No CCJ’s or Defaults that remain unsatisfied within last 2 years unless communication defaults or below £300
   2. No CCJ’s or defaults within last 2yrs, satisfied or unsatisfied over £250
   3. IVA’s or Bankruptcy discharged 3yrs ago acceptable, or registered over 6 years ago and satisfied, with no further issues
   4. Debt management plans acceptable if the customer has managed appropriately and no further issues
   5. No mortgage arrears in last 12 months
   6. Previous repossession over 3yrs ago acceptable, provided no outstanding debt to lender and no other credit issue in last 3yrs, (requires letter from repo lender to confirm no outstanding debt)
3. Cash Buyers
   1. If you are a prospective shared owner looking to purchase the share utilising cash, as with all applicants you will be referred to an IFA to confirm that you are unable to obtain a mortgage or that a suitable mortgage is not available for you. The suitable share will then be determined, and the process will ensure that cash purchase applicants are not disadvantages in any way during the assessment and decision-making process.
4. Resales
   1. All applicants for Shared Ownership resale homes will be referred to an advisor for a financial assessment in the same way as applicants for new Shared Ownership homes are.

For resales there is a minimum share that is available for purchase, this being the share held by the seller at which the home can be marketed and advertised. The assessments will be based on this share, unless the prospective shared owner wishes to be considered for a larger share and the lease allows this.