

Adverse Credit Policy

1. Aim

- 1.1. The aim of this policy is to ensure transparency for prospective applicants, so they are aware of Onward's decision making process when assessing applicants with adverse credit for a new build shared ownership property.
- 1.2. To deliver a fair and transparent service, consistent with Onward's values and that meets funding and regulatory guidance.

2. Scope

- 2.1. This adverse credit policy is referred to in Onward's Shared Ownership Sales Policy.
- 2.2. This policy applies to all shared ownership applicants.
- 2.3. This policy applies to all staff and agencies involved in the marketing and sale of shared ownership homes.
- 2.4. The policy includes both shared ownership homes developed with grant or via a Section 106 agreement, including both general shared ownership and Older Persons Shared Ownership (OPSO).
- 2.5. This policy outlines how Onward Homes assesses applicants who are unable to secure a standard mortgage from a mainstream lender due to adverse credit. Such applicants may have sufficient cash to purchase a share of a home or may be considering a non-mainstream lender, with a higher interest rate to fund the purchase.

3. Policy Detail

- 3.1. Onward will take the advice of a specialist shared ownership mortgage or financial advisor and assess applications on a case-by-case basis. However, we are unlikely to accept an applicant if we deem them to be high risk. As a broad-brush guide we would not accept an applicant for the following reasons:
 - If the applicant has CCJs or significant defaults at any time
 - If the applicant has any active or unsatisfied IVA's or Bankruptcy. This will only be accepted if discharged 3 years ago or registered over 6 years ago and satisfied, with no further issues since.
 - If there is a debt management plan that has not yet been repaid. Debt management plans paid off over 12 months ago are acceptable.
 - The applicant has had mortgage or rent arrears in the last 12 months.
 - If the applicant has had a previous repossession this must be over 3 years ago, and there must be no outstanding debt to lenders and no other credit issues in the last 3 years (this will require a letter from the repossession lender to confirm there is no outstanding debt)
 - Close attention will be given to any mortgage rate that is 2% or more above the closest equivalent mortgage (considering loan to value/length and fixed rate term) of the top five mainstream lenders.

4. Responsibility and monitoring

- 4.1. The Head of Sales and Director of Growth and Regeneration (or equivalent) will be responsible for ensuring the policy is complied with, monitoring and updating the policy every two years.