

Surplus Monthly Income Policy

1. Aim

- 1.1. This policy sets out the minimum amount of money in percentage terms that an applicant should have at the end of each month following an assessment of all elements of income and expenditure. This is to ensure that applicants do not over commit and the share they buy is sustainable for them.
- 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 policy is referred to in Onward's Shared Ownership Sales Policy.
- 2.2. This policy applies to shared ownership applicants where there is a requirement for a mortgage. This does not cover cash applicants.
- 2.3. This policy applies to all staff and other agencies involved in the marketing and sales of Onward Homes shared ownership properties.
- 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 the standard minimum monthly surplus income for Onward Homes shared ownership applicants and how this is determined.

3. Policy Details

- 3.1. In most circumstances Onward Homes will only accept applicants who have a minimum **10% surplus monthly income** remaining after the completion of the budget planner by a mortgage advisor on Onward's panel. The budget planner must be based on the household composition and includes realistic figures for all expenditure, backed up by bank statements where necessary.
- 3.2. In most circumstances, where an applicant wishes to **purchase less than a 25%** share, Onward considers this to present an increased financial risk. This is particularly the case for lower-income households, who may be more significantly affected by annual rent increases. In such cases, applicants must demonstrate that a minimum of **20% of net household income remains** after completion of a budget planner. The budget planner must be completed by a mortgage advisor from Onward's approved panel and must be based on the applicant's household composition and it must include realistic and comprehensive expenditure figures, supported by bank statements where required.
- 3.3. The outcome of the assessment will be documented by the mortgage advisor on the sign off sheet.
- 3.4. Onward Homes have the right to refuse an application that does not have a minimum of 10% surplus monthly income or 20% for sub 25% shares, remaining following completion of the budget planner.
- 3.5. There may be exceptional circumstances where an applicant does not meet minimum

surplus monthly income policy but are considered affordable by the mortgage advisor. In such circumstances the reasons would need to be documented on the 'sign off sheet' and agreed by Onward. Onward will make the final decision based on all of the information provided.

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.

Linked documents:	Homes England Capital Funding Guide, Onward Sales policy
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Approved by:	Executive Team
Approved on:	3 July 2024
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