

Minimum Monthly Surplus Income policy (Shared Ownership)

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Consultation process	CMT	Distribution and training	Synergy Website
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Change record			
Version no	Nature of change	Last approved	Approval
1	New policy	July 2024	CMT
2			
3			
4			

Minimum Monthly Surplus Income policy (Shared Ownership)

SCOPE

This policy applies to every allocation of a shared ownership home to a prospective customer. We will ensure all prospective customers are aware of our policy approach when offering them a shared ownership home.

We will ensure all prospective customers are aware of the process prior to expending any cost to themselves.

CHS Group will adhere to any prevailing Data Protection legislation including the UK Data Protection Act 2018.

POLICY STATEMENT

In line with regulative guidance CHS Group can only offer our shared ownership properties where an applicant, following assessment by a qualified mortgage broker experienced with shared ownership, has a minimum monthly surplus income after deductions which is:

- 10% of the net income available for mortgage repayment purposes and other essential expenditure

Our monthly surplus income assumption is based on the following calculation:

- (A) Gross income
- (B) Gross deductions (tax, national insurance, student loan etc.)
- (C) Known commitments (loans, credit cards, childcare etc.)
- (D) Housing costs of the shared ownership purchase (rent and service charges)
- (A-B-C-D) = E net income remaining for mortgage purposes
- (F) the mortgage cost
- (G) other essential expenditure (identified through a budget planner)
- E - F - G must be greater than 10% of E to meet CHS Group's surplus income policy of 10% of the net income available for mortgage purposes

Example for illustration purposes:

- (A) £3000
- (B) £550
- (C) £300
- (D) £450

$£3000 - £550 - £300 - £450 = £1700$ (E), net income remaining for mortgage purposes

Mortgage cost (F) £500

Other essential expenditure (G) £800

$E - F - G = £400$

This is greater than 10% of E and therefore meets CHS's minimum surplus income requirement.

MONITORING AND REVIEW

This policy will be reviewed every three years