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### **First Come First Serve Policy**

In line with regulative guidance, we have to be open in offering our shared ownership homes on a first come first served basis.

Our first come first serve policy is based upon whoever is first to pass both their initial affordability assessment and complete their application form.

We will also operate a plot to applicant ratio. This is done to ensure a number of potential customers are not inconvenienced unnecessarily with potential abortive costs. Our plot to applicant ratio at Poplar HARCA is 1:1. We will introduce the plot to applicant ratio at the initial assessment stage of our first come first serve policy.

### **Exceptions to the First Come First Serve Policy**

In line with regulative guidance, there are specific exceptions when we won't be offering our shared ownership homes on a first come first served basis:

1. Priority must be given to serving military personnel where:
  - a. They have completed their basic (phase 1) training, and they are one of the following:
    - i. Regular service personnel (including Navy, Army, and Air Force)
    - ii. Clinical staff (with the exception of doctors and dentists)
    - iii. Ministry of Defence Police Officer
    - iv. Uniformed staff in the Defence Fire Service
  - b. They are ex-regular service personnel who have served in the Armed Forces for a minimum of 6 years and can produce a Discharge Certificate as proof, where they apply within 2 years of the date of discharge from service.
  - c. They are the surviving partners of regular service personnel who have died in service, where they apply within 2 years of the date of being bereaved.
2. When Local Priority Criteria applies as required by the Local Authority by way of Service Level Agreement entered into with LB of Tower Hamlets. If this is the case the specific criteria will be detailed in the Sales & Marketing Key Information sheet that is provided on any initial enquiry. For example, we may be required to prioritise people who live or work in the same Local Authority or Parish as the

development. If two customers from the same priority group apply, then we'll offer the home on a first come first serve basis.

### **Affordability Assessments**

We have a two-stage approach to assessing your affordability and the suitable share you could buy, provided by a regulated Qualified Advisors from our panel. The assessments will be free of charge, and we'll provide you with the details of the nominated Qualified Advisor for the development you are interested in.

#### **Stage 1: The Initial Assessment**

The Qualified Advisor will request details of your income and expenditure and will assess, based on the current mortgage market and the monthly rent and service charge of the property that you are interested in, what share is affordable to you. If you pass this stage, Poplar HARCA's provisional offer to you will be based on this professional advice.

#### **Stage 2: The Full Assessment**

Once we provisionally offer you a home, you'll then proceed to complete Stage 2: The Full Assessment. This is a more detailed assessment of your income and expenditure, your circumstance and preferences including any known or future changes that will impact your income and/or expenditure. This more detailed assessment will also involve a budget planner. This must be completed by the nominated Qualified Advisor.

Poplar HARCA staff are not qualified to provide financial advice and so will always advise you obtain advice from someone who is suitably qualified and experienced in shared ownership mortgages.

### **Monthly Minimum Surplus Income Policy**

In line with regulative guidance, Poplar HARCA has determined that you should have available each month a minimum of 10% of your income as a surplus. i.e. the amount left after all your housing costs and other commitments and expenditures are paid.

Example of Calculation is as follows:

#### **Net Income Calculation:**

**Gross Income** – Deductions – Known Commitments – Rent\* & Service Charge = NET Income

\*Rent Stress tested based on 5 years increase. (5% CPI based lease and 6% RPI)

#### **Surplus Income Calculation:**

NET Income - Mortgage – Essential Expenditure = X (Must be greater than Provider Surplus)

### **Mortgage Policy**

Whilst the panel Qualified Advisor that provides the 2 Stage Affordability Assessment will discuss mortgage options with you as part of the assessment this is provided without any obligation. You are free to seek advice and apply for your mortgage from other sources. But the sign-off of the Affordability Assessment must be done by the nominated Qualified Advisor

You must provide Poplar HARCA with the details of your nominated mortgage broker when you complete and return the Offer of Acceptance Form.

Once you have received a copy of your mortgage offer, please provide a copy to Poplar HARCA immediately to avoid delays in the purchase as Poplar HARCA need to approve your mortgage offer. To ensure that your mortgage is approved quickly and does not cause delay please ensure that it meets the following criteria:

- It must state that it is for a shared ownership property.
- No loans must be added to the mortgage.
- Mortgage fees that are added to the loan will only be accepted up to £1,500.
- No guarantor mortgages accepted.
- No 100% mortgages accepted (i.e. minimum 5% deposit required)
- Only repayment mortgages accepted.
- Must mention borrower is liable for specified rent subject to annual review.

### **Adverse Credit Policy**

Adverse credit refers to any missed or non-payment on an individual's credit report. The following types of adverse credit will show up on your report:

- Bankruptcy – a legal proceeding involving a person or business that is unable to repay outstanding debts.
- County Court Judgements (CCJs) – an order from the County Court instructing you to repay a debt.
- Individual Voluntary Arrangements (UVAs) – a formal agreement between you and your creditors that helps you repay what you can afford towards your debts.
- CAIS – late payment history or higher percentage of debt on cards/loans

A multi-agency credit report will be required to be sent to the Qualified Advisor as part of the Stage 2 Full Assessment.

For you to be approved with Adverse Credit you will need to meet the following criteria:

- No missed mortgage/rent arrears within the last 12 months

- Bankruptcy that has been discharged over 3 years ago (subject to Individual Assessment)
- No County Court Judgements (CCJs) within the last 36 months and they must be satisfied prior to the mortgage application.
- Individual Voluntary Arrangements (IVAs)s that have been discharged over 3 years ago and who have no residual debt (subject to Individual Assessment).
- No more than two consecutive late payments in the last 24 months

### **Cash Buyer Policy**

In line with regulative guidance, Poplar HARCA will consider cash buyers in the following instances where a customer is unable to obtain a mortgage because of either\*:

- Religious Belief
- Their age
- They are unable to work due to long term disability.
- They are unable to work due to caring for a family member.
- They are on a lower income that can afford the rent and service charge but not a mortgage.

\*Please note that in some cases Poplar HARCA may be required to escalate an individual case to the GLA (Greater London Authority) for approval.

Customers wishing to purchase a shared ownership home with cash will still need to complete the stage 1 and 2 Affordability Assessment Process to be able to demonstrate that they fall into one of the above categories and will be able to afford the long-term costs of ownership e.g. monthly rent and service charge. X provisional offer to you will be based on the professional advice provided by the nominated Qualified Advisor. If you require any further advice (e.g. financial) you will need to obtain from your own Independent Financial Advisor.