Sanctuary

Shared Ownership Guidance Note

Important information for applicants

Sanctuary, as Landlord, has a responsibility to ensure applicants can afford to buy and maintain regular payments on their new home. As part of the Shared Ownership application process, we carry out affordability assessments on all Shared Ownership applicants. All Shared Ownership applications are considered in an impartial, equitable and consistent manner in accordance with Homes England's guidance. We work with independent advisors who carry out the affordability assessment. Applicants will be assessed on affordability and eligibility for the scheme.

Affordability

- Mortgage costs should be no more than 30% of net household income. This figure will not be considered in isolation, but it can be a strong guide of an applicant's affordability.
- Applicants should have 10% of their monthly salary left after all household costs.
- If applicants are unable to obtain a mortgage, or there is no appropriate mortgage product available, but they have sufficient savings, then they can purchase their share in cash. As with all other applicants, they will be referred to an advisor to confirm that they are either unable to obtain a mortgage or that a suitable mortgage is not available.
- Whilst applicants are expected to use any savings, assets, investments, etc, in their purchase, this does not mean that they are not permitted to retain a reasonable level of savings.
- Whilst we are motivated to help applicants succeed, if we feel, in conjunction with our appointed independent advisors that the purchase will be difficult to maintain, we will not agree to the purchase.

Eligibility

To be eligible for the Shared Ownership scheme, you generally need to meet the following criteria:

- Your annual household income can be no more than £80,000 (£90,000 in London).
- You should be unable to purchase a home suitable for your needs without assistance.
- You cannot be a current homeowner (or be named on the deeds of another property).
- You must not have any outstanding credit issues (i.e. unsatisfied defaults or county court judgments).

For some homes, applicants may also have to show that they live in, work in, or have a connection to the local area they wish to purchase (for designated protected areas or part of a section 106 agreement).

Sanctuary

Non-Eligibility

Applications may not be eligible if the following criteria apply:

- Your household income is over £80,000 a year.
- You can buy a home outright.
- You cannot meet the cost of rent and mortgage payments.
- You are not going to live in the property you are buying.
- You are using the scheme to fund a buy to let property.
- You currently own another property.

Shared Ownership Affordability Assessment

Once an offer has been accepted and the memorandum of sale has been issued and sent to us, we will contact the buyer to request information for the independent advisor to carry out their assessment. **The affordability assessment does not constitute mortgage advice or guarantee the availability of a mortgage.**

The affordability assessment will be provided at no cost to you and there is no requirement to instruct a mortgage through the independent advisor.

Documents required for the assessment:

1. Completed application, AML and expenditure form (for the proposed property).
2. Copies of pay slips covering the last 3 months and/or pension payments if applicable**.**
3. Proof of your income (self-employed) – Last two years SA302 Income Calculations (if applicable). You can download these from your online HMRC account or obtain them from your Accountant.
4. Universal Credit – Please forward a screenshot showing your latest months payment and a second screenshot showing the breakdown of how your payment is made up (if applicable).
5. Copies of bank statements from all accounts that you hold, these must cover the last 3 months.
6. Proof of savings – all savings accounts showing the latest statement.
7. A copy of the mortgage illustration showing the amount being borrowed, interest rate and monthly repayment. Please note formal approval will be given upon receipt of the official mortgage offer.
8. Mortgage redemption statement if you are selling an existing property.
9. If you are receiving a gift towards the purchase of your property, we will require a signed gift letter and evidence of the gift funds being available in the giftor's bank account.
10. Proof of current address – Latest Bank Statement, Gas, Electric or Water bill dated within the last three months or latest Council Tax bill.
11. Photo identification - Passport or driving licence (a screenshot is acceptable only for this document).
12. Credit report (not Credit Score) – Please obtain your credit report from either www.experian.co.uk or www.equifax.co.uk making sure that you have recorded your last six years address history.

Documents will need to be emailed as **PDF attachments** to legal@sanctuary.co.uk or hard copies posted to Legal Services, Sanctuary Group, Sanctuary House, Chamber Court, Castle Street Worcester, WR1 3ZQ.

Your application cannot be assessed until all the information requested has been received.

The independent advisor will contact you to confirm the information you have provided and ask a series of standard questions to assist them with their financial assessment. Once the assessment process has been completed, a member of Sanctuary's Legal team will contact you with the outcome.

If you do not meet one or more of the eligibility criteria for the shared ownership scheme, or are unable to meet the requirements of the affordability assessment or unwilling to provide the required information or documentation, your application may be declined.

Sanctuary

Joint and Sole Applicants

Joint applicants for a Shared Ownership home can only proceed on the condition that both applicants become the joint legal owners of the home. For a joint application both applicants must meet the Shared Ownership eligibility criteria, and the assessment of affordability will be based on the financial circumstances of both applicants.

It is permissible for just one person in a household to apply as a sole applicant. In such circumstances the sole applicant would become the sole legal owner of the Shared Ownership home and only their eligibility and affordability would be assessed. The exception to this would be the assessment of gross household income which will need to be based on all household members and will be required to be within the £80,000 threshold. We will not consider income of children under 18 and any other household members whose residence in the home is temporary.

Responsibilities

Application/Assessment	**Responsible Organisation**
Applicant eligibility and prioritisation	Sanctuary Housing Association
Financial assessment and affordability	Independent Advisor
Decision to accept of decline application and what share level	Sanctuary Housing Association
Application of provider specific policies	Sanctuary Housing Association
Mortgage advice (if requested)	Applicants Mortgage Broker/Lender
Complaints regarding application or shared ownership decision	Sanctuary Housing Association
Complaint regarding mortgage advice	Mortgage Broker/Lenders own complaints procedure