

Shared Ownership Minimum Monthly Surplus Income Policy (New Build and Resale Homes)

Policy ref:

Policy author /holder Sales and Marketing Director

Date approved: 17 July 2024

Approved by: Executive Team

Updated and effective date: 9 November 2025

Review date: July 2027

1 Purpose and anticipated outcomes

- 1.1 Before the formal offer of any New Build or Resale Shared Ownership home, we need to ensure that the home is affordable and sustainable to a potential purchaser and their surplus income is not such that it may be putting them at financial risk.
- 1.2 This policy sets out our required minimum monthly surplus income for potential purchasers who undergo an assessment with the advisor.

2 Scope and definitions

- 2.1 Our required minimum monthly surplus income is 10%. This is the minimum amount of income remaining after commitments have been taken into consideration. For share purchases below 25% please refer to Shared Ownership Cash Buyer Policy.
- 2.2 The following table sets out the methodology used for arriving at a potential purchasers monthly surplus income.
- 2.3 The assessment methodology includes a stress tested rental figure over 5 years. The stressed rent calculation is used to ensure that applicants can afford their housing costs even if there are future increases in rent.

Item	Example/Explanatory Notes
A. Gross Income	• Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by a specialist mortgage broker. • Any Universal Credit or benefit income. • Any guaranteed maintenance payments.
B. Gross Deductions	• Income Tax • National Insurance • Pension Contribution • Student Loan • Other payslip deductions
C. Commitments	• Credit commitments to include personal loans, PCP, HP, etc • Credit and store cards • Childcare costs • Care costs
D. Housing Costs	• Stress tested rental figure • Service charge
E. Net Income for Mortgage Purposes	E is the remaining income once B,C and D have been deducted from A
F. Mortgage Payment	The indicative Mortgage Payment as determined by the advisor. Where possible, the Mortgage Payment (F) should not exceed 30% of E. <i>NB: This may be exceeded in cases where the advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.</i>
G. Essential Costs	• Council Tax • Utilities • Food • Fuel and Travel • Insurances • Other
H. Surplus Income	This is the figure remaining once F and G have been deducted from E. (Net Income – (Mortgage Payment + Essential Costs))

3 Service standards, monitoring and review

- We will report to the LiveWest Executive team on an annual basis providing an overview of application data for both New Builds and Resales homes.

4 Legal considerations

- Homes England Capital funding guide <https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

5 Linked / associated policies and other references

5.1 Below is a list of linked or associated LiveWest policies and procedures and to which our employees, contractors and other individuals are required to comply, as appropriate:

- Homes England Capital Funding Guide for Shared Ownership
- Shared Ownership First Come First Serve Policy (New Build & Resales)
- Shared Ownership Cash Buyer Policy (New Build & Resale Homes)
- Shared Ownership Adverse Credit Policy

Version control

Version Ref	Date	By Whom?	Reason
1	July 2024	Sales and Marketing Director	New Policy approved by Executive Team
1.1	Sept 2024	Senior Sales Consultant	Minor update to wording
1.2	Nov 2025	Sales Manager	Additions to linked policies and minor update to wording