

Minimum Surplus Income Policy (MSIP) for Shared Ownership



Policy	Minimum Surplus Income Policy (MSIP) for Shared Ownership
Date adopted	July 2024
Date of next review	July 2026
Version	1.0
Responsible officer	Gerry McFall
Amendments (dates/notes)	

Introduction

This policy outlines the minimum surplus income requirements for applicants seeking to purchase a shared ownership home through Homes Plus Limited. It ensures that all applicants have sufficient financial stability to meet their housing costs and other living expenses, in compliance with recent updates to the Capital Funding Guide for Shared Ownership.

1. General criteria

All applicants must demonstrate that they have enough surplus income after housing costs to cover other essential expenses and maintain a good quality of life. The minimum surplus income requirements are based on each individual or household having at least 10% of their net monthly salary remaining after commitments and housing costs.

2. Minimum surplus income requirements

This policy applies to each applicant/household

- ◆ Sole applicants
- ◆ Couples
- ◆ Families
- ◆ Applicants requiring care
(The 10% rule will be applied to include all current and anticipated future care costs).

3. Calculation of Surplus Income

Surplus income is calculated as follows:

$$\begin{aligned} \text{Surplus income} = & \text{Net Monthly Income} \\ & - \text{Housing Costs} \\ & - \text{Essential Living Expenses} \\ & - \text{Care Costs} \end{aligned}$$

- ◆ **Net Monthly Income:** Total monthly income after tax and other deductions.
- ◆ **Housing Costs:** Includes rent, mortgage payments, service charges, and insurance.
- ◆ **Essential Living Expenses:** Includes utilities, food, transportation, childcare, medical care and any other essential expenses.

4. Verification Process

Applicants will be required to provide detailed financial information to a suitable qualified mortgage broker/financial advisor who will be required to provide a detailed budget planner to evidence your monthly surplus income, we will then need a copy of the budget planner along with a completed Financial Verification Sign Off form from your qualified advisor. Information you will be required to provide for the verification process will include:

- ◆ Recent payslips or pension statements.
- ◆ Bank statements for the last three months.
- ◆ Details of any other income sources.
- ◆ Breakdown of monthly expenses.
- ◆ Evidence of any existing debts or financial commitments.
- ◆ Evidence of current and future care costs.

5. Review and Exceptions

In exceptional circumstances, applicants may request a review of their surplus income requirements. This will be considered on a case-by-case basis, particularly for those with fluctuating incomes or extraordinary expenses.

6. Monitoring and Reviewing

The policy will be reviewed every 24 months to ensure it remains aligned with changes in the Capital Funding Guide and the economic environment.

7. Related Policies and Procedures

The First Come First Serve Policy

Shared Ownership Adverse Credit Policy

Conclusion

This policy aims to ensure that all shared ownership applicants have a sustainable financial position, reducing the risk of financial hardship and ensuring long-term stability in their new home.