

Adverse Credit Policy for Shared Ownership



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

Introduction

At Homes Plus Limited, we understand that financial circumstances can vary, and we aim to support individuals who may have experienced adverse credit histories. Our Shared Ownership Adverse Credit Policy is designed to assess each applicant's situation on a case-by-case basis, taking into consideration their overall financial stability and ability to sustain homeownership. This policy applies to both those buying with the use of a mortgage or where a suitable mortgage product is not and being purchased through cash savings.

1. Definition of Adverse Credit

Adverse credit refers to a history of missed payments, defaults, County Court Judgments (CCJs), Individual Voluntary Arrangements (IVAs), bankruptcy, or any other significant negative financial events that may impact an individual's creditworthiness.

2. Assessment Criteria

Credit History:

We will assess the applicant's credit history, including any adverse credit markers, to understand the extent and nature of their financial challenges.

Income and Affordability:

We will evaluate the applicant's income, employment stability, and overall affordability to determine their ability to meet mortgage, rent, service charge payments and any associated costs. This will be considered alongside our Minimum Surplus Income Policy (MSIP) which can be found [here](#).

Deposit:

A minimum of 5% deposit is required to apply for any of our shared ownership homes. A larger deposit may be required from applicants with adverse credit to mitigate risk and demonstrate commitment to homeownership.

Financial Advice:

Homes Plus are not authorised to offer any kind of financial advice. However, upon request we may be able to sign post or refer applicants to appropriate services to help them manage their finances

effectively. Where we do signpost or refer applicants this should not be seen as a recommendation. Seeking independent financial advice could result in fees being payable and you should always seek confirmation of any related fees in advance of engaging with a financial advisor.

Recent Credit Events:

We will assess any adverse credit events that have occurred within the past 36-months prior to the application. Applicants who have experienced financial challenges will be asked to provide additional information or documentation to help us understand their current financial situation and their ability to manage homeownership responsibilities. This may include missed payments, defaults, or other negative financial occurrences.

Situation	Outcome
Missed mortgage/rent arrears	Where this has happened in the last 12-months applications won't normally be accepted. However, we may consider individual situations as part of an initial/full financial assessment via our advisors The Mortgage People (TMP).
Unsecured arrears	We would consider applicants following an initial/full financial assessment via our advisors The Mortgage People (TMP).
County Court Judgments (CCJ) or registered defaults	You must not have had any in the last 36-months. Plus, they must be satisfied prior to submitting a mortgage application.
They may be acceptable in the following situations:	<ul style="list-style-type: none"> ◆ All CCJs/defaults were registered more than three years ago and will be satisfied prior to your mortgage application. ◆ All CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration. ◆ The CCJs/defaults in aggregate amount to less than £300, regardless of date of registration, and were satisfied prior to your mortgage application.
Individual voluntary arrangement (IVA) and discharged bankrupts	IVA/bankrupts who have been discharged over three years ago and who have no residual debt may be accepted subject to an initial/full financial assessment via our advisors The Mortgage People (TMP).
Repossessions	If you have been repossessed in the past you are unlikely to be considered. However, you would be directed to speak to our advisors The Mortgage People (TMP) to see if you would likely pass the individual/full financial assessment.

3. Individual Consideration

Each application will be reviewed individually, and we will consider factors such as:

- ◆ Length of time since the adverse credit event occurred
- ◆ Steps taken by the applicant to improve their financial situation
- ◆ Evidence of responsible financial behaviour since the adverse credit event

- ◆ Any extenuating circumstances that contributed to the adverse credit history
- ◆ Advice from our advisors The Mortgage People (TMP) following the outcome of an initial and/or full financial assessment

4. Decision Making

Decisions regarding eligibility for shared ownership properties will be made based on a holistic assessment of the applicant's financial situation. While adverse credit may impact the terms of a mortgage with lenders, we are committed to providing opportunities for homeownership to individuals who demonstrate the ability and willingness to manage their finances responsibly.

5. Appeals Process

Applicants who believe their adverse credit history has been unfairly assessed may appeal the decision. Appeals will be reviewed by a designated individual within Homes Plus Limited, and every effort will be made to ensure a fair and transparent process.

6. Monitoring and Reviewing

The policy will be reviewed every 24 months to ensure it remains fit for purpose.

7. Related Policies and Procedures

First Come First Serve Policy

Minimum Surplus Income Policy

Conclusion

At Homes Plus Limited, we believe in providing access to affordable homeownership opportunities while managing risk responsibly. Our Shared Ownership Adverse Credit Policy reflects our commitment to assessing each applicant's circumstances fairly and supporting individuals who may have faced financial challenges in the past.