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| **Shared Ownership Affordability Criteria**  |
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| **1.0 Introduction** **1.1** All applicants wishing to purchase resale or new build a home via shared ownership with West Kent are required to complete an affordability assessment in line with the Capital Funding Guide, this may be one or two stages depending on the property and must be carried out by a West Kent panel mortgage advisor.**1.2** Mortgage advisors should make their decision on affordability based on an applicants individual circumstances and consider any requirements set by mortgage lenders. **1.3** The mortgage advisor should be satisfied that the applicant can meet the long-term cost of owning a home, including the monthly rent, service charge and annual rent increase determined within the lease.**1.4** Every applicant is expected to be able to provide at least 5% deposit of the share value from their own resources. **1.5** Applicants will need to be able to provide evidence of the source of these funds when requested. In exceptional circumstances we may accept 100% mortgages which would be agreed by West Kent on a case-by-case basis. **1.6** All shared ownership applicants should have a minimum of 10% of their total net household income remaining once all financial commitments are paid, including any likely changes. **1.7** The total monthly mortgage cost should be no more than 30% of the total net household income once all financial commitments are paid. **1.8** Cash buyers will be required to have a financial assessment to ensure they also meet this (please refer to cash purchasers' statement).**1.9** West Kent will not dictate which mortgage lenders an applicant uses. However, West Kent will seek to ensure arrangements are affordable and sustainable and the required affordability checks are carried out as required.**1.10** Once the affordability assessment process is complete should an applicant wish to proceed with their own mortgage advisor to complete the mortgage application, they are free to do so. **2. Stage 1 – Initial Assessment – where demand for homes outweighs supply** **2.1** Stage 1 is only applicable if there are more applicants than available homes to ensure we have clear and fair process to manage demand. This is set out in our shared ownership allocation policy (first come, first serve)**2.2** If there are no other applicants applying, the affordability process starts at Stage 2 where applicants will complete a full financial assessment once a shared ownership application form has been completed and eligibility has been confirmed. The purpose of Stage 1 is to check an applicant is:* Likely to be able to purchase the minimum share for new shared ownership homes or the share being sold on a resale home.
* The equity share available is flexible should an applicant need to buy a lower share due to affordability reasons where we can sell a minimum of 25% or 10% if a grant funded scheme
* The initially affordability form should be completed by a mortgage advisor on West Kent’s panel and emailed to sales@wkha.org.uk for all applicants wishing to purchase a home with West Kent.

**2.3** All completed forms should be returned to sales@wkha.org.uk and the first applicant to do so will be allocated their first choice of the available homes. Homes will not be allocated until Stage 1 has been completed. **2.4** We will then allocate available homes/home in order from the date and time we receive the completed passed stage 1 financial assessment and completed application form. **2.5** The mortgage advisor will not charge a fee to complete the Stage 1 assessment.**3. Stage 2 – Full assessment****3.1** Once Stage 1 is completed (where demand outweighs supply), if offered a home you will progress to Stage 2 using the West Kent panel mortgage advisor, where a more detailed assessment of income and expenditure based on your circumstances and home you wish to buy.  A budget planner will also be completed by the mortgage advisor. **3.2** If an applicant has applied for a property and there are no other interested parties the home will be ‘held’ for the applicant while they complete Stage Two. **3.3** The mortgage advisor should be provided with the financial information relating to the home the applicant wants to buy, including purchase price, monthly service charge and the relevant annual rent increase. **3.4** The purpose of Stage 2 is to arrive at a share purchase considering affordability and sustainability (including any known future changes); one which will not unduly overcommit the applicant financially based on the information provided at a point in time.**3.5** The full assessment will also include ‘stress testing’ the applicant based on five-year annual rent increases determined in the lease set as RPI plus 0.5% or CPI plus 1% for shared ownership homes delivered post October 2023. All shared ownership homes are sold based on a charge of 2.75% on the unsold equity retained by West Kent. **3.6** Once the above is carried out, panel mortgage advisor will return the completed Mortgage Buyer Sign off form signed by mortgage advisor, West Kent and the applicant along with the completed budget planner.**3.7** Full Assessment - All completed forms, including the budget planner should be returned by the mortgage advisor to sales@wkha.org.uk as soon as possible to enable a home to be allocated to the applicant**3.8** The mortgage advisor will not charge a fee to complete a Stage 2 assessment.**3.9** The formal offer letter confirming the equity share to be purchased by the applicant, Key document 2 and 3 can then be issued by West Kent. At this point a £250 reservation fee will be paid.**3.10** When an applicant is rejected at Stage 1 (initial assessment) or Stage 2 (full assessment) then the mortgage advisor should provide a thorough explanation to West Kent to enable us to communicate the outcome to the applicant. The only exception is if the mortgage advisor cannot disclose if fraud or money laundering is suspected.**3.11** In the event a resale is being sold by an estate agent and they do not provide the Stage 1 affordability assessment sign off sheet the sale can continue; to avoid delay to the sale but West Kent will record why the assessment was not completed for audit purposes.**4. Cash buyers**There is a separate process for cash buyers set out in the Cash Purchasers Statement. Please ask a member of the home ownership team for a copy at sales@wkha.org.uk.**5. Right to refuse** If an applicant wishes to purchase a lower share, but the rationale for this cannot be satisfactorily justified and the outcome of their affordability assessment is a higher share is affordable West Kent has the right to decline the applicant. If you have any further questions, please email sales@wkha.org.uk or call 01732 749 900 selecting Option 1 for new build homes and Option 3 for resale homes.  |
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**Panel Mortgage Advisors**

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