



Shared Ownership Sales Policy

1.0 Introduction

- 1.1 This Policy outlines how we allocate and sell new build first tranche shared ownership homes.
- 1.2 This Policy does not cover any other scheme geared towards homeownership (e.g. Resales, Rent to Buy, or London Living Rent).
- 1.3 The terms 'you' and 'your' in this Policy mean applicants/potential buyers. The terms 'we', 'our' and 'us' mean Southern Housing.

2.0 Who is eligible for shared ownership?

- 2.1 This Policy incorporates the requirements placed upon the allocation process by our regulators: Homes England (HE) outside London, and the Greater London Authority (GLA) in London.
- 2.2 The requirements are published in the respective Capital Funding Guide (CFG) and there are variations between the two that relate to affordability. Where there are areas within that guidance that are open to interpretation, our Policy states our position on determining that set of criteria.
- 2.3 Shared ownership headline eligibility criteria are to identify those customers who:
 - Are unable to buy a suitable home on the open market
 - Have access to sufficient savings for a deposit and other buying costs
 - Do not own another property in this country or abroad (you may apply for shared ownership if you're in the process of selling your property)
 - Have an income no higher than the maximum amount set by regulator Policy or local authority planning conditions.
- 2.4 Some homes have additional eligibility criteria. For example, schemes specifically built for those aged 55 years and over, rural exception restrictions, and Section 106 schemes.

3.0 Allocation of homes

- 3.1 Our homes are allocated based on the CFG requirements:

- Regulator priorities, then
- All other customers.

3.2 In the absence of an applicant within the regulator's priority group, or when in receipt of multiple applications for either priority group, homes will be offered on a first-come, first-served basis.

3.3 Some of the homes we sell are subject to additional terms set out by the local authority and planning consents for that area. Where this is the case, these take priority over and above our Policy, and we will advertise these criteria within our property listings. Our first-come, first-served procedure will apply when receiving multiple applications under the local authority or planning requirement stipulations.

4.0 First come, first served

4.1 First come, first served is determined by the date and the time we receive confirmation from you of the plot/property you wish to buy, with your completed application form and completed initial financial assessment.

4.2 An application form is available via your log-in to our website. The financial assessment is completed by our third-party panel mortgage adviser and emailed to us. You can also complete your application form and initial financial assessment in advance of viewing.

4.3 First-come, first-served priority is taken from the time and date of receipt of the last of the three required documents received, as listed above. We will not prioritise incomplete applications or undetermined financial assessments.

5.0 Adapted homes

5.1 On occasion we will market homes that have been adapted to meet the requirements of people with mobility needs. In addition to the above prioritisation, you will need to demonstrate a need for an adapted home through an Occupational Therapist or your local authority.

6.0 Valuations and sale prices

6.1 We will sell shares in shared ownership homes based on the full market value as determined by a RICS (Royal Institution of Chartered Surveyors) registered valuer. The full market value is defined by RICS as the estimated market value of a home if available on the open market. We do not sell them at a price below or above that valuation.

6.2 We will instruct an independent valuation every three months. Prices may go up or down based on the outcome of the valuation, and sale prices will be updated accordingly.

- 6.3 Once your reservation has been agreed, the current valuation is valid from that date, and fixed up until your exchange deadline. A reservation is agreed once you and your solicitor have received your Memorandum of Sale (MOS).

7.0 Assessing affordability

- 7.1 Maximum incomes stipulated in the CFG are based on the household, and we will follow the regulatory requirements as stipulated. We will be required to assess the earnings of all household occupiers, even if they are not going to be named on the mortgage or lease as owners.
- 7.2 Where local authority or planning consents specify, these take priority over and above our Policy, and we will advertise these criteria within our property listings.
- 7.3 Minimum income levels will differ from one home to another because of the value of the home, the value of the share, the rent level, mortgage payment, and the service charge. It is our Policy to treat your financial assessment on a case-by-case basis, and any advertised minimum incomes are to be used as a guide only.
- 7.4 Optimum shares purchased are discussed and agreed between you and our panel mortgage adviser. Your initial share must be a minimum of 25% and a maximum of 75%. For shared ownership homes provided through the Affordable Housing Programme 2021-26, the minimum share purchasers can purchase is 10%. We will advertise what minimum share is available for each scheme.
- 7.5 Whilst we may use a variation of first tranche share percentages in our marketing and advertising, we will offer shares for purchase from the full range of available shares.
- 7.6 You are required to have a financial assessment with one of our panel of mortgage advisers when applying to buy a home with us. Even if you are a cash purchaser or have had an assessment with us or another housing association in the past. An assessment is required for each specific property.
- 7.7 Our panel consists of suitably qualified and regulated mortgage advisors or financial advisors due to the specialist nature of shared ownership mortgages. The assessment is provided to you at no cost, and you are not required to take a mortgage out through them.
- 7.8 Our panel mortgage advisor will carry out a detailed assessment considering any relevant mortgage lending criteria. These assessments will be relied upon as the definitive and final source to determine the most affordable share you can purchase:

GLA - you should buy the maximum share you can afford and sustain based on your affordability assessment, through savings and a mortgage

HE - if you request to buy shares lower than the panel mortgage adviser proposes, you will need to request your desired share, with an explanation on why you are unable to fund the proposed share.

- 7.9 When undertaking your financial assessment, you will be required to provide proof of funds for your deposit or cash purchase. Cash sums will need to be demonstrated as coming from a traceable and legitimate source. We reserve the right to refuse applications that are unable to provide this information, to comply with the required and current anti-money laundering regulations.
- 7.10 We will accept applications relating to adverse credit where there are:
- No new CCJs or defaults in the last two years
 - No payday loans in the last 12 months
 - A maximum of two late payments within the last six months.
- 7.11 If you have previously been bankrupt or had an IVA, and have no residual debt remaining, you must have been discharged for three years or more to be considered.
- 7.12 Historical repossessions may be considered if they occurred more than six years ago.
- 7.13 Any applications with adverse credit histories are considered at our discretion and subject to a clear and detailed rationale.

8.0 Minimum surplus income

- 8.1 You will require a minimum 10% disposable income of your net income overall based on the share you are proposing to buy.
- 8.2 Our methodology to calculating disposable income is based on the guidance as published in the respective HE or GLA CFG and your income available after the following deductions. These deductions are as a guide and not exhaustive. Your personal circumstances may take further deductions into account:
- Gross deductions such as tax, National Insurance, student loans etc.)
 - Commitments such as loans, credit cards, childcare etc.
 - Housing costs such as rent (stress tested) and service charges.
- 8.3 You will also be required to complete a budget planner to inform us of your typical expenditure which will also affect your surplus income.

9.0 100% mortgages

- 9.1 We will accept 100% mortgages from applicants who are currently in rented accommodation and unable to save towards a deposit. You will need to demonstrate you have paid your rent without default over the last six months.
- 9.2 In addition we will also accept 100% mortgage from applicants who have savings that are not accessible within the following six months e.g. Fixed ISA, fixed savings account or trust fund.
- 9.3 You will still be required to have access to savings to cover the costs of buying, such as mortgage arrangement fees and legal fees.

- 9.4 You will also need to demonstrate you meet all other requirements of our Policy and of the relevant CFG.

10.0 Cash buyers

- 10.1 You must undertake a full affordability assessment with our panel mortgage adviser, to confirm the lack of available and/or suitable mortgages, and to demonstrate you have the means to comfortably afford and sustain your share.
- 10.2 Cash buyers will only be approved in exceptional circumstances where you have a legitimate barrier to obtaining mortgage finance, such as age restrictions or religious grounds, and this can be fully evidenced. Being unable to obtain a mortgage through poor credit will not be an acceptable reason to approve a cash application.
- 10.3 In addition to the above, if you are buying a home in a London borough, we must seek approval from the GLA for cash purchases, and that approval will only be given in exceptional circumstances. As detailed in 10.2, authority will not be granted for poor credit history.
- 10.4 We require proof of your income to afford the repayments of your rent, service charge, and other housing and living costs. Proof will need to be provided through bank statements, wage slips, accounts, or other formally issued documentation. We must be able to evidence your income to approve your purchase.
- 10.5 Applicants must also meet the normal eligibility requirements for shared ownership as outlined in [section 2](#) and based on the additional requirements outlined within the respective CFG.
- 10.6 We may decline applications if you wish to retain an unreasonable level of savings, and where the reason has not been clearly explained or justified by you. We may alternatively require you to buy a higher share than you have requested.

11.0 Off-plan purchases

- 11.1 Every effort will be made to arrange access for you to see your home prior to completion, but this is not guaranteed at any stage.
- 11.2 If you reserve a property that is not yet complete, you must be prepared to exchange contracts prior to viewing your new home, within the deadline that is specified.
- 11.3 Handover dates are provided in good faith, are indicative only, and are subject to change after your initial reservation.
- 11.4 If we fail to serve you notice to complete more than nine months from the point of exchange, or 12 months from the date from the date of reservation (whichever is stipulated within your contract), you may have the right to cancel the contract of sale. This is known as our long-stop date.

11.5 Possible delays to construction could be due to:

- Third-party services or facilities that are essential to occupation (electricity substations, sewerage plant, fire safety etc.)
- Material or labour shortages
- Contractor or supplier insolvency
- Any other matters outside of our contractor's reasonable control e.g. a pandemic.

11.6 In the event you experience any delays, you should consider whether you can cover any costs associated with the delays such as tenancy extensions or storage costs. We do not provide compensation or cover any costs you incur because of a delay on any of our schemes.

11.7 It is possible a change to the home could occur during the construction process. In that event you will be informed in writing of the change (a change being something that directly or materially affects its size, value or appearance).

12.0 Reservation agreements

12.1 By making a reservation payment, you are entering into an agreement with us to purchase a home.

12.2 Our reservation agreements have a cooling-off period of at least 14 days. If during the cooling-off period, you no longer wish to proceed, we will refund the full reservation payment.

12.3 If you cancel your reservation after the cooling-off period, our reservation agreement will set out any deductions that will be taken from the payment. We'll return the remainder within 14 days of your withdrawal.

12.4 To avoid disputes over spoken statements, immediately before exchange applicants must ensure their solicitor states in writing what spoken statements they are relying on when entering the contract of sale. A spoken statement is defined as information between us and you that is not detailed as part of the marketing or legal pack, but that forms a part of the agreement as to which you have made your decision to purchase.

13.0 Applications with connections to Southern Housing

13.1 If you are a Southern Housing employee or have a connection with an employee, Board member, or appointed supplier/contractor etc. of Southern Housing, you will need to refer to our [Probity Policy](#) for further information.

13.2 Any applications by a Southern Housing employee, Board member, or connected individual/supplier/contractor will only be accepted at full market value (as defined in [6.1](#)).

14.0 What have we done to make sure this Policy is fair?

- 14.1 We've carried out an Equality Impact Assessment to consider the positive and negative impacts this Policy may have on people with protected characteristics under the [Equality Act 2010](#).

15.0 Review

- 15.1 We will review this Policy to address legislative, regulatory, best practice, or operational issues.

Policy controls

Version 2.0 – effective 1 August 2024
