

# Shared Ownership Surplus Monthly Income Policy

## 1. Purpose

- 1.1 In line with regulatory guidance providers are to establish a Surplus Monthly Income Policy for applicants. It must be made easily available to applicants and advisors.

## 2. Scope

- 2.1 Scope: The policy applies to the whole of the Group. This means Connexus Homes Limited, (ultimate parent) and all of its subsidiaries.

## 3. Problem to Solve

- 3.1 A surplus Monthly Income Policy sets out the minimum amount of money (in £ or % terms) that an applicant should have at the end of each month following the assessment of all elements of their income and expenditure. A maximum amount is not set.

- 3.2 It is left for providers to determine the monthly surplus income policy level for applicants based on their knowledge of household incomes and the cost of living in our area.

### 3.3 Definitions:

- **Applicant:** Person/s applying to buy a Shared Ownership Home from Connexus.
- **Advisor/s:** Advisors are Independent Mortgage Advisors.
- **Gross Income:** Monthly pay, overtime, commission, universal credit or guaranteed monthly maintenance.
- **Gross Deductions:** Income tax, National Insurance, Pension Contribution, Student Loan, Other pay slip deductions.
- **Commitments:** credit commitments, loans, credit card payments, store cards, childcare costs, care costs.
- **Housing Costs:** Stress tested rental figures, Service charge.
- **Net Income for Mortgage Purposes.** E is the remaining income once BCD have been deducted from A.
- **Mortgage Payment** as determined by the Advisor. This should not exceed 30% of E.
- **Essential Costs:** Bills such as Food, Utilities, Fuel, Travel, Council Tax, Insurances.
- **Surplus Money Income:** This is the figure once F and G have been deducted from E.

## 4. Methods

- 4.1 Connexus is obliged to instruct applicants to complete a financial assessment free of charge by a suitably qualified and experienced advisor that is regulated to give mortgage advice. Buyers may use TMP (The Mortgage People) who carry out assessments on behalf of Connexus or they may use their own advisor.

- 4.2 Applicants are not obliged to use TMP for either the assessment or for lending purposes and a decision not to use TMP will have no impact on our decision to offer them a house.
- 4.3 Whilst Connexus covers a large rural area over two counties; Hereford and Shropshire, the same market forces tend to prevail as well as housing costs and valuations. Therefore, it is not necessary to have more than one Surplus Budget Income Figure for our area.
- 4.4 The Surplus Monthly Income Figure is the amount of money left once E-F-G. This is set at 10% and there is no upper limit set. This is so buyers have a surplus proportionate to their income and applicants are not unfairly impacted by this policy which prevents them from buying a home.

## 5. Measurement

- 5.1 Each applicant assessment will include completing a budget planner with the advisor which includes ABCDEFGH.
- 5.2 This policy is lead by the Sales Manager who will review and amend in line with regulatory changes and or recommendations from TMP

## 6. Document Control

Approved by SMT	25 July 2024
Approved by Committee/Board	N/A
Effective date	24 September 2025
Review date	30 September 2026
Policy developed by	Sales Manager
Consultations	TMP
Associated documents	Affordable Home Ownership Policy

Version	Author	Date Published	Next Review	Comments
1.0	Sales Manager	25 Jul 24	31 Jul 26	
1.1	Sales Manager	24 Sep 25	30 Sep 26	Minor text and new template.