

## Shared Ownership Affordability Policy

Snugbug Homes will refer all customers who wish to be considered for one of our shared ownership properties to a third party finance company (usually Metro Finance) to carry out an affordability assessment with each customer.

The finance company will ensure that all customers meet the requirements of Homes England affordability guidance as set out in the Capital Funding Guide. This is to ensure that all purchases are affordable and sustainable.

The finance company will work to a policy that the customer must have a minimum of 10% of their net mortgageable income remaining after all deductions and the stress tested rent.

In addition to the Homes England affordability, it is also expected that the customer has a minimum of 10% of their total net income remaining on a budget planner. It is not possible to suggest a share that does not fall within these parameters as it would not be deemed affordable or sustainable.

This rule still applies if the customer decides to choose their own lender and not one recommended by the finance company. As part of the sign off, the finance company will share both calculations with Snugbug Homes.

10% leeway protects the customer against possible increased costs or unforeseen circumstances that have not been budgeted for. It is expected that the expenditure will be realistic for the household composition. Anything that is below average (ONS) spending will be verified via bank statements and an explanation provided.

All income used for the assessments must be considered sustainable. The finance company has a list of acceptable income. If it falls outside of these categories, and would not be considered acceptable by mainstream lenders, the income may be excluded from the assessment.