



**CURO PLACES SHARED OWNERSHIP
MINIMUM MONTHLY SURPLUS INCOME
POLICY**

Policy Owner:
Chief Finance Officer

Accountable Lead

Sales Director

Policy Control	
Policy Level	Operational
Policy Reference (Policies must be referenced by business areas, with associated policy number and year of approval)	CS/01/2024
Link to Strategy (what strategy is the policy intended to support?)	Curo Development Business Plan
Version Control V1 first draft	- Effective from 01/08/2024 - to 01/08/2026
Approved by	- Executive Team (operational)
Consultation	-
Equality analysis	Completed August 2024
Next review date	This policy will be reviewed within 6 months following implementation and updated in line with the Capital Funding Guide

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1. Policy Statement and Aims

This policy outlines the minimum surplus requirements for applicants seeking to purchase a shared ownership home through Curo Places Ltd. It ensures that all applicants have sufficient financial stability to meet their housing costs and other living expenses in compliance with the Capital Funding Guide for Shared Ownership.

The minimum surplus requirement is based on each individual or household having at least 10% of their net monthly salary remaining after all commitments and housing costs. This process ensures that all shared ownership applicants have a sustainable financial position, reducing the risk of hardship and ensuring long-term stability in their new home.

2. Scope, roles and responsibilities

The Executive, through the policy owner, ensure that the policy delivers Curo's strategic objectives in line with Home's England Capital Funding Guide and reflects corporate values.

The Accountable Lead is accountable to the Executive for the effective implementation of the policy in Curo, so that

- The principles are achieved through appropriate team plans and objectives
And
- Procedures – with appropriate RACIs – translate the policy objectives into practice

The Sales Manager is responsible for developing and implementing procedures which delivers the principles of the policy.

The Sales Manager and colleagues in the Sales Team, carry out sales in line with those procedures.

The appointed Mortgage Advisors will carry out the affordability assessment in line with Home's England Capital Funding Guide using a budget planner carried out by an Advisor. The Advisor will consider all elements of the applicant's income and expenditure during the assessment.

Other colleagues, as identified in the Sales PUG are responsible for supporting this policy in a timely manner

3. Principles

That all shared ownership applications meet Homes England affordability guidance as detailed in the Capital Funding Guide to ensure that all purchases are affordable and sustainable.

4. Application

Shared Ownership affordability will be based on a monthly minimum surplus income requirement. The minimum amount of surplus income is an amount of money that a customer should have at the end of each month once housing costs, other commitments and expenditure have been calculated. These costs will be established as part of the affordability assessment using a budget planner carried out by a Mortgage Advisor. The Mortgage Advisor will consider all details of the applicant's income and expenditure during the assessment. At Curo our monthly minimum surplus income requirement is 10% of the applicant's net income. This amount has been determined using methodology from mortgage lenders

and mortgage advisors and based on our knowledge of household incomes and the costs of living in our areas of operation.

Net income is calculated on the following basis:

- (A) Gross income
- (B) Less gross deductions (tax, National Insurance, student loan, etc)
- (C) Less known commitments (loans, credit cards, childcare, etc)
- (D) Less Shared Ownership rent and service charges – these are stress tested so will consider estimated increased rent, and service charges, over the following 5 years from completion.
- $(A - B - C - D) = E$
- E is the income remaining that will be used to pay mortgage costs, other essential expenditure (identified through a budget planner) and to meet our 10% monthly minimum surplus income requirement.

Homes England guidance state that we must ensure that the mortgage an applicant is able to secure represents no more than 30% of their net income (subject to recommendation from our Specialist Mortgage Advisor). This is after accounting for what are considered firm expenditure commitments and the rent and service charge costs of the Shared Ownership purchase. The applicant must also meet our minimum surplus income requirement of 10%. If the customer does not meet the requirements in this policy, we would consider the property to be unaffordable to the customer.

This policy applies to:

- Applicants wishing to purchase Shared Ownership new build homes provided by Curo Places Ltd.
- Applicants wishing to purchase shared ownership re-sale properties

This policy shall apply if the customer is using Curo's nominated Mortgage Advisors, or if they have chosen their own route.

5. Associated documents and procedures

- Sales and Low Cost Home Ownership Policy
- Procedures for shared ownership
- Home ownership affordability assessments
- Local sales plans and strategies (by scheme)
- First Come First Serve Policy
- Capital funding guide shared ownership
<https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership#para64B>

6. Measurement of Success

We will monitor the impact of this policy and associated procedures and processes:

- Curo will ensure that appropriate records and documentation are kept in order to satisfy Homes England's Compliance Audit requirements.
- The policy will be reviewed regularly to ensure the assessment process aligns with changes in the Capital Funding Guide and any other relevant regulations.

7. Equality Impact Assessment

An Equality Impact Assessment has been carried out (August 2024) as part of the review of this policy.