



CASH BUYERS POLICY FOR SHARED OWNERSHIP SALES

1 INTRODUCTION

LWCL in partnership with Metro Finance will ensure that all cases meet Homes England affordability guidance as detailed in the Capital Funding Guide.

2 KEY FEATURES

1. Credit files on all cash buyers, irrespective of the reason. Adverse policy to be followed at the time. This includes partners/spouses of applicants who must also meet the adverse policy.
2. The reason for needing to be a cash buyer cannot be because they are unable to obtain a mortgage due to adverse credit from a non-high interest rate lender.
3. If buying cash due to age, the assessment also needs to take into account future income changes if still currently working as this will be changing imminently – hence the need to be a cash buyer
4. Budget planner must be completed on all cash buyers. For anyone buying less than a 25% share there needs to be a minimum of 20% net income remaining over. The budget planner must be based on the household composition and include realistic figures for all expenditure, backed up by bank statements where necessary.
5. Income must be considered sustainable
6. Outgoings must be realistic, ONS (Office for National Statistics) data for expenditure may be used in some instances

For Internal Use Only – Sustainable Income

In the unlikely event that income will be considered for a cash buyer that would not be considered for a mortgage application, it must be established as sustainable income. We could expect to see on a cash buyer inflated income, or fabricated income. There must be a good history of the income with an explanation of how the income



can continue. In most circumstances, if a mortgage lender is not willing to consider the income, the income will not be used.

3 Equality Impact Assessment (EIA)

3.1 An Equality Impact Relevance screening has determined that a full EIA is not required.

4 Ownership, Monitoring & Review

4.1 The Affordability Policy will be monitored by the LWCL in partnership with a regulated financial advisor. Both parties will meet every 12 months to ensure that the policy meets the Capital Funding audit requirements and is capturing all scenarios which could impact on our purchasers and Housing Associations Clients.

4.2 The policy will be updated more frequently should new guidance or legislation be published.