

## Home Ownership Selection Policy

### 1.0 Purpose of policy

- 1.1 The policy aims to be comprehensive in covering application procedure, applicant and selection criteria for new properties and existing properties.
- 1.2 The criteria has been prepared in accordance with the guidance from the Regulator of Social Housing. However, there are other prevailing factors to be taken into account when applications are being assessed, such as: changing housing markets; market conditions; property location; interest rates and mortgage costs; and neighbourhood issues.
- 1.3 In all cases, decisions on eligibility will be made by at least 2 Officers having considered the circumstances of each applicant.
- 1.4 Homes for sale are often built and included in Homes England funding programmes, therefore we need to meet the regulators audit requirements for the initial sales.
- 1.5 These requirements are set out in the Capital Funding Guide. Our approach to sales will be in accordance with the Regulators current guidance in the Capital Funding Guide and general policy statements.

### 2.0 Objectives

- To explain our application process regarding Home Ownership.
- To set the criteria for eligibility to purchase a home and prioritising applicants.
- To discuss how we will advertise/market a home.
- To discuss the current home ownership schemes we offer.
- To ensure, as far as practically possible, that home ownership is a long term sustainable housing option for our customers.
- To operate within the requirements of our regulator.

### 3.0 Help to Buy: Shared Ownership (part buy/part rent)

- 3.1 Help to Buy: Shared Ownership is aimed at helping people in housing need who are unable to afford to purchase a property on the open market.

- 3.2 Help to Buy: Shared Ownership covers all properties developed with grant funding specifically for sale on shared ownership terms. In addition to general shared ownership, it includes properties developed for:
- ✓ Older Persons
  - ✓ Existing legacy products
  - ✓ Outright sale
- 3.3 Purchasers are allowed to buy an initial share of not less than 25% and not more than 75% based on a percentage of the full market value of the property. They pay rent on the unpurchased share to Karbon Homes.
- 3.4 Over time, the leaseholder can purchase further shares in the property. In most cases they can if they wish, purchase up to 100% of the equity in the property, thus becoming the outright owner. This is a process known as 'stair casing'. (OPSO can not stair case to 100%)
- 3.5 As the leaseholder purchases greater shares in the property, their rent falls according to the proportion of unsold equity. Where the shared owner has become the outright owner of a house, Karbon Homes transfers the freehold of the property to the new owner, where applicable. Where the leaseholder becomes the outright owner of a flat, Karbon Homes retains the freehold of the block of flats.
- 3.6 When selling on, the owner receives the relevant percentage of the market value at the time of sale.
- 3.7 All applicants must meet the criteria for the scheme as per Government guidelines and Karbon Home's policy, and will be subject to a financial assessment.
- 3.8 Variant form of Help to Buy: Shared Ownership:

### **Older Persons Shared Ownership**

- 3.9 Older Persons Shared Ownership operates on shared ownership principles but with some differences from Help to Buy: Shared Ownership:
- It is only available for people aged 55 or over.
  - The maximum level of equity that can be purchased is 75%.
  - When the maximum level of equity has been purchased the leaseholder does not have to pay rent on the remaining 25% share of the property.

### **Application process Help to Buy: Shared Ownership**

- 3.10 Applications for new Help to Buy: Shared Ownership schemes should be made directly to the Help to Buy agent.
- 3.11 Applicants will be required to complete an application form giving their reason for the application and personal details including financial information. Those applicants who appear to qualify initially will then be assessed by Karbon Homes Group, to determine eligibility and will be asked to provide details of their income and outgoing commitments.

- 3.12 Credit checks will be carried out. When a credit check shows adverse information such as County Court Judgements, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered. Where a customer has or has had substantial rent arrears, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered.
- 3.13 If a property which was previously owned as a shared ownership property is then owned 100% by the purchaser, Karbon Homes Group is not involved in the resale (other than as the freeholder in the case of leasehold properties).
- 3.14 Tenancy and employment references will be requested.
- 3.15 I.D's will need to be verified by producing photographic I.D. in person, at one of our offices e.g. a passport
- 3.16 We will require proof of funding from all applicants once they've been approved, as per our anti-fraud and money laundering requirements and obligations.

### **Selection criteria for Help to Buy: Shared Ownership**

- 3.17 Help to Buy agents will undertake an initial headline eligibility assessment at application stage to ascertain the maximum share that an applicant could afford and whether they could sustain homeownership in the long term.
- 3.18 Applicants must be able to afford their purchase and sustain their housing costs. We undertake a further rigorous financial assessment taking into account savings, access to capital or any other assets, and outgoings, to assess the affordability of the purchase.
- 3.19 In order to be eligible to purchase a shared ownership property under Help to Buy: Shared Ownership, applicants must have a household income of less than £80,000 and be otherwise unable to purchase a property suitable to meet their housing needs on the open market.
- 3.20 Savings after the purchase should not exceed £5,000. We do have some flexibility to the level of savings allowed in certain circumstances, for example, medical grounds; locality of employment and schools etc.
- 3.21 All purchasers are expected to put down a minimum 5% deposit, based on the price of the share being purchased. 100% mortgages are not allowed.
- 3.22 Applicants are primarily expected to be first time buyers, though some applicants who own or have previously owned a home may be eligible.
- 3.23 The government has removed all priority groups for assistance, where there is under supply. The exception is when Armed Forces personnel apply and in circumstances of under supply priority must continue to go to Serving military personnel and former members of the British Armed Forces discharged in the last two years.

- 3.24 Where shared ownership properties are being delivered on a rural exception site the priority for allocations will be set out in the section 106 agreement agreed between the local planning authority and developer/Karbon Homes.
- 3.25 An applicant who is an existing tenant must not be in rent arrears or in breach of their current tenancy agreement at the time of the application.
- 3.26 Where a tenant is or has been in arrears for a short period due to a sudden change in circumstances or an administrative delay or error in recording the rent paid in the our rent accounts, the Help to Buy agent may use their discretion to allow the case to proceed where it is satisfied the rent is being paid and the applicant has sufficient income to support a mortgage loan.
- 3.27 In the case of private sector tenants, the Help to Buy agent must be satisfied that the tenant has not had a history of rent arrears.
- 3.28 Where there is an application from a Karbon Homes Group tenant, the rented property must be able to be re-let to a local authority nominee. However, if the Help to Buy agent has instructed the applicant to proceed and the local authority then fails to nominate someone from its waiting list, the application can proceed on the basis that Karbon Homes Group will nominate a household for the rented property.
- 3.29 An existing social tenant whose property has to be vacated for repairs or demolition and who needs to be re-housed in alternative accommodation may also be accepted onto the programme providing they meet the other eligibility criteria.
- 3.30 Tenants of mutual co-operatives are also eligible to participate if they meet all the other eligibility requirements.
- 3.31 An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners. Although joint applicants need not all be existing tenants, or other priority buyers, they must have their financial status assessed by the Help to Buy agent.
- 3.32 Anyone joining in the application who already owns or part owns a home must sell it at the time of jointly buying through Help to Buy: Shared Ownership.
- 3.33 A sole qualifying applicant wishing to purchase jointly may only proceed on the condition that they are to be a joint legal owner of the property. A deed of trust providing rights of occupation for a qualifying applicant is unacceptable as an alternative to becoming a joint legal owner.
- 3.34 An existing tenant qualifying for the programme may have a partner who does not want to join in the application. The application can proceed in the sole name of the qualifying applicant provided the current landlord gains vacant possession of their current property and there is no obligation to re-house the partner.
- 3.35 Capital, access to that capital, and any income generated by it will be taken into account when assessing eligibility for Help to Buy: Shared Ownership. However, any lump sums paid to eligible members of the armed forces as a result of illness or injury are to be disregarded when assessing eligibility and sustainability.

- 3.36 Applicants will be expected to liquidate what capital assets they may have. Capital assets could include savings, bonds, shares, land and any other financial investments.
- 3.37 Owner occupiers, can, in exceptional cases, have access to the scheme subject to the following conditions:
- That they meet the general eligibility criteria for the scheme, that is that the annual household income is no more than £80,000 and are otherwise unable to afford to purchase a property without assistance.
  - Each application will be assessed on its individual merits by the Help to Buy agent and Karbon Homes.
  - Applicants are required to have already sold their property or sell their property at the same time as buying through shared ownership.

Please refer to the Capital Funding Guide for further guidance.

- 3.38 It is the applicant's responsibility to notify Karbon Homes Group and the Help to Buy agent of any changes to their circumstances after the application details have been checked by the Help to Buy agent.

**3.39 Older Persons Shared Ownership** - is only available for people aged 55 or over.

- 3.39.1 Older Persons Shared Ownership applicants who are currently homeowners will need to sell their existing property before buying using Older Persons Shared Ownership

- 3.39.2 The Help to Buy agents/Karbon Homes Group will not carry out the usual sustainability assessment, but in determining eligibility will take into account the level of equity available from the sale of any existing property along with any additional savings. Applicants with sufficient equity to be able to purchase a suitable property on the open market will not be assessed as eligible.

- 3.39.3 Older Persons Shared Ownership applicants may need to retain a higher level of savings or investments than other applicants to provide ongoing income (in which case it will be taken account of in the headline eligibility check) to cover ongoing living and care costs. We will make a judgement on this on a case-by-case basis, according to the individual circumstances of the applicant, but the overall expectation remains that Older Persons Shared Ownership applicants will use the majority of their capital to fund the purchase of the property.

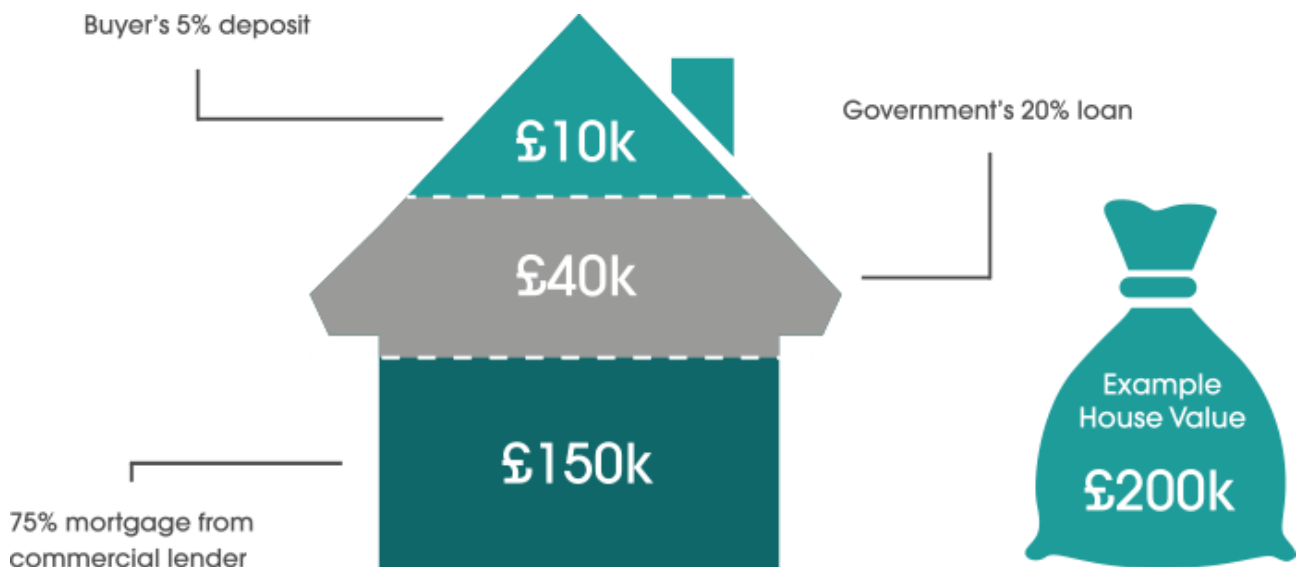
- 3.39.4 For extra care schemes we can use an additional degree of flexibility when making this assessment, to take into account the higher ongoing costs of the care being provided.

## **4.0 Help to Buy: Equity Loan (Prince Bishops Homes only)**

- 4.1 Help to Buy (equity loan) is available to eligible purchasers and will be paid directly to registered house builders. The equity loan will be made by the Regulator to the purchaser; there is no house builder contribution. Equity loans are available to first time buyers as well as homeowners looking to move. The home the customer wants to buy must be newly built with a price tag of up to £600,000. This home may not be

sublet or be part of an exchange deal. Customers must not own any other property at the time they purchase a new home with a Help to Buy: Equity Loan.

- 4.2 The Government lends customers up to 20% of the cost of a newly built home, so customers won't be charged loan fees on the 20% loan for the first five years of owning the home. Example for purchasing a home valued at £200,000:



### Application process

- 4.3 The Help to Buy: Equity Loan scheme is run by Government-appointed Help to Buy agents. Applications for the Help to Buy Equity loan will be assessed by an appropriately qualified Independent Financial Advisor (IFA) who will complete the property information form which will be sent direct to the Help to Buy agent for approval.
- 4.4 If a credit check shows adverse information such as County Court Judgements, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered. Where an applicant has or has had substantial rent arrears, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered. Adverse credit can also affect the ability to obtain a mortgage offer from a bank or Building Society.

### Selection criteria for Help to Buy: Equity Loan

- 4.5 Applications must be able to afford their purchase and sustain their housing costs. Applications will be completed by an Independent Financial Advisor (IFA) and sent to the Help to Buy agent for approval.

## 5.0 Rent to Buy

- 5.1 Rent to Buy is a scheme which allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit to then go on and purchase their first home.

- 5.2 We will let homes to working households who are looking to buy a home but who do not currently have sufficient savings for a deposit. We will ask for proof of employment.
- 5.3 The homes will be let at an Intermediate Rent for maximum of five years. During this time it is anticipated that tenants will save for a deposit and ultimately purchase the home. During this time you can buy on shared ownership terms in year 1 to 4.
- 5.4 After the initial letting period (five years) we may sell the home (the tenant will be given the right of first refusal) or convert the home to market rent.
- 5.5 If at any point after the initial five years of letting, the tenants submit a request to buy their home we would agree to sell except in the most exceptional circumstances.
- 5.6 We will let homes on assured shorthold tenancies at an Intermediate Rent for a fixed term of less than two years. Intermediate Rents are offered at a value above social rent but below market levels. Intermediate Rents must not exceed 80% of the current market rent (inclusive of service charges).
- 5.7 Rent to Buy homes will be sold at market value. Tenants wishing to purchase their home will need to obtain a conventional mortgage to do so. There is no additional affordability assessment, over that of the mortgage lender, required for Rent to Buy purchases.
- 5.8 The Voluntary Right to Buy is not applicable on homes built under Rent to Buy.
- 5.9 We will require proof of funding from all applicants at the point they wish buy their home, as per our anti-fraud and money laundering requirements and obligations.
- 5.10 Property entitlement is determined by the composition of the applicant's household. A separate bedroom is considered necessary in each of the following circumstances:
- A single person aged 16 or over;
  - A couple;
  - Two children of the same sex under 16;
  - Two children of opposite sex under the age 10;
  - Any additional child including any unborn child on proof of pregnancy;
  - A non-resident carer providing 24/7 care;
  - A household member with a disability where there is medical evidence that they need their own room;
  - A foster child.

### **Application process - Rent to Buy**

- 5.11 To be eligible for Rent to Buy, tenants must be first time buyers or those returning to the market following a relationship breakdown.
- 5.12 Rent to Buy homes are not subject to local authority nominations although we may choose to work with a local authority to identify potential tenants.

- 5.13 Applications for Rent to Buy should be made directly to Karbon Homes Group.
- 5.14 Applicants will be required to complete an application form giving their reason for the application and personal details including financial information. Those applicants who appear to qualify will be asked to provide details of their income and outgoing commitments.
- 5.15 Credit checks will be undertaken
- 5.16 When a credit check shows adverse information such as County Court Judgements, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered. Where a customer has or has had substantial rent arrears, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered.
- 5.17 Tenancy and employment references will be requested.
- 5.18 I.D's will need to be verified by producing photographic I.D. in person, at one of our offices e.g. a passport.

### **Selection process - Rent to Buy**

- 5.19 Applicants must be able to afford their purchase and sustain their housing costs. We undertake a rigorous financial assessment taking into account savings, access to capital or any other assets, and outgoings, to assess affordability and long term sustainability to rent and to save for a deposit. The assessment will enable us to determine whether the property applied for is affordable to the applicant both in the short term to rent and in the longer term to purchase. The calculation will also show how much the applicant would need to save towards a deposit to help them buy the property in the future.
- 5.20 An applicant who is an existing tenant must not be in rent arrears or in breach of their current tenancy agreement at the time of the application.
- 5.21 Where a tenant is or has been in arrears for a short period due to a sudden change in circumstances or an administrative delay or error in recording the rent paid in the our rent accounts, we may use our discretion to allow the case to proceed where it is satisfied the rent is being paid and the applicant has sufficient income to support a mortgage loan.
- 5.22 In the case of private sector tenants, we must be satisfied that the tenant has not had a history of rent arrears.

## **6.0 Other Home Ownership opportunities**

- 6.1 Other home ownership schemes we offer include:
- 6.2 **Subsidised Ownership** was introduced by Nomad (now Karbon Homes) specifically to meet the needs of local people. Wreighburn Fields, Thropton is the only development to date provided under this scheme.



- A purchaser can buy a 65% share in the property and the remaining 35% is rented from Nomad (now Karbon Homes).
- A subsidised rent is paid to Nomad (now Karbon Homes) on the remaining share.
- There is no facility to purchase the remaining 35%. This is always retained by Nomad (now Karbon Homes) to ensure that on resale, priority is given to local people in line with the Planning Agreement with the Local Authority.
- When selling on, the owner receives the relevant percentage of the market value at the time of sale.
- All applicants must meet the criteria for the scheme as per Government guidelines and Karbon Home's policy, and will be subject to a financial assessment.

6.3 **Leasehold for the Elderly** is a scheme specifically for purchasers who are over 55 years of age. Applicants could be buying for the first time but more usually will be existing owner occupiers who find their present home has become unsuitable either financially or physically.

- A purchaser can buy a 70% share in the property at market value usually by way of a 99 year lease (initial sales). This has the effect of reducing the purchase price to 70% of full value.
- No rent is payable on the remaining 30% although there are generally other payments to be made to Nomad (now Karbon Homes), for example service charge, buildings insurance and water rates (if applicable)
- There is no facility to purchase the remaining 30%. This is always retained by Nomad (now Karbon Homes) to ensure that the property is resold to people meeting the criteria of the scheme.
- When selling on, the owner receives 70% of the market value at the time of resale.
- All applicants must meet the criteria for the scheme as per Government guidelines and Karbon Homes policy, and will be subject to a financial assessment

#### 6.4 **Moving on up – (Prince Bishops Homes Only)**

Offered by Prince Bishops Homes only, this scheme is designed for those individuals who wish to purchase a home but cannot currently afford a mortgage or access funding.

- The scheme provides an opportunity for the resident to buy their home after renting it for 4 years by giving a discount which can be used as a deposit when applying for a mortgage.
- After 4 years, provided that the applicant is still renting the house and has not had their tenancy ended for breach of its terms, they are able to buy their home at a discounted sum. The purchase would be subject to the applicant's ability to raise the necessary mortgage finance at that time.

Key features of the scheme include:

- Applicants who qualify for the scheme will be offered an Assured Shorthold Tenancy (AST) at the outset. They will be given the opportunity to consider the terms with a solicitor, but these terms are not negotiable
- The AST will be for an initial fixed term of 6 months and will then continue until ended by either the tenant or Landlord.
- The AST will be accompanied by an option for the applicant to buy their home at a discount, which can be exercised by the applicant at the end of 4 years of continuous occupation, provided that the tenancy is still in existence.
- The price at which the applicant can buy their home from Prince Bishops Homes at that time will be calculated by agreeing the value of the home (or, in the absence of agreement, having it independently valued, and then deducting half the difference between that value, and the aggregate of the value of the home at the date that the initial AST was signed (i.e., 4 years earlier) and Prince Bishops Homes' acquisition and management costs (this aggregate amount is referred to as the Base Cost).

- 6.5 **Right to Buy (RTB)** –Most housing association tenants do not have the right to buy. Tenants who have a 'secure' tenancy may have the legal right to buy their home. **Voluntary Right to Buy (VRTB)** - The Government has plans to extend Right to Buy to more housing association tenants. These plans are currently being developed and piloted.
- 6.6 **Preserved Right to Buy (PRTB)** – Tenants who were previous 'secure' tenants of a council and were living in the property at the time the property transferred to the new landlord, e.g. a housing association, or tenants who had 'assured' or an 'assured protected' tenancy at time of transfer, may have the preserved right to buy.
- 6.7 **Right to Acquire (RTA)** – Tenants who have an 'assured', 'standard assured/assured' or 'assured shorthold' (assured shorthold tenancies granted after April 2012) tenancies, and who have held a tenancy for a minimum of 3 years, may have the right to acquire. The property must be eligible. There are some exclusion/exemptions from this scheme, e.g. some rural areas; properties that were not grant funded. Discounts for right to acquire are substantially lower than the right to buy.

## Application process

- 6.8 Applications for the above should be made directly to Karbon Homes Group.
- 6.9 We will follow current Government statutory requirements regarding applying for PRTB, RTA and the proposed extension of the RTB.
- 6.10 With regard to subsidised shared ownership, leasehold for the elderly and moving on up, applicants will be required to complete an application form giving their reason for the application and personal details including financial information. Those applicants who appear to qualify initially will then be assessed by Karbon Homes Group, to determine eligibility and will be asked to provide details of their income and outgoing commitments.
- 6.11 Credit checks will be carried out. When a credit check shows adverse information such as County Court Judgements, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered.

- 6.12 Where a tenant has or has had substantial rent arrears, Karbon Homes Group will require these to have been settled for a period of no less than 12 months before an application will be considered.
- 6.13 Tenancy and employment references may be requested.
- 6.14 I.D's will need to be verified by producing photographic I.D. in person, at one of our offices.
- 6.15 We will require proof of funding from all applicants once they've been approved, as per our anti-fraud and money laundering requirements and obligations.

**Selection criteria (subsidised shared ownership and leasehold for the elderly)**

- 6.16 We will undertake an initial headline eligibility assessment at application stage to ascertain whether applicants could sustain homeownership in the long term.
- 6.17 Applicants must be able to afford their purchase and sustain their housing costs. We undertake a further rigorous financial assessment taking into account savings, access to capital or any other assets, and outgoings, to assess the affordability of the purchase.
- 6.18 In order to be eligible to purchase a home, applicants must have a household income of less than £80,000 and be otherwise unable to purchase a property suitable to meet their housing needs on the open market.
- 6.19 Savings after the purchase should not exceed £5,000. We do have some flexibility to the level of savings allowed in certain circumstances, for example, medical grounds; locality of employment and schools etc.
- 6.20 All purchasers are expected to put down a minimum 5% deposit, based on the price of the share being purchased. 100% mortgages are not allowed.
- 6.21 Applicants are expected to be first time buyers, though some applicants who own or have previously owned a home may be eligible.
- 6.22 Where homes are being delivered on a rural exception site the priority for allocations will be set out in the section 106 agreement agreed between the local planning authority and developer/Karbon Homes.
- 6.23 An applicant who is an existing tenant must not be in rent arrears or in breach of their current tenancy agreement at the time of the application.
- 6.24 Where a tenant is or has been in arrears for a short period due to a sudden change in circumstances or an administrative delay or error in recording the rent paid in the our rent accounts, we may use our discretion to allow the case to proceed where it is satisfied the rent is being paid and the applicant has sufficient income to support a mortgage loan.
- 6.25 In the case of private sector tenants, we must be satisfied that the tenant has not had a history of rent arrears.

- 6.26 Where there is an application from a Karbon Homes Group tenant, the vacated rented property must be able to be re-let to a local authority nominee. However, if the local authority then fails to nominate someone from its waiting list, the application can proceed on the basis that Karbon Homes will nominate a household for the rented property.
- 6.27 An existing social tenant whose property has to be vacated for repairs or demolition and who needs to be re-housed in alternative accommodation may also be accepted onto the programme providing they meet the other eligibility criteria.
- 6.28 An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants/tenants become joint owners. Although joint applicants need not all be existing tenants, or other priority buyers, they must have their financial status assessed by us.
- 6.29 A sole qualifying applicant wishing to purchase jointly may only proceed on the condition that they are to be a joint legal owner of the property. A deed of trust providing rights of occupation for a qualifying applicant is unacceptable as an alternative to becoming a joint legal owner.
- 6.30 An existing tenant qualifying for the programme may have a partner who does not want to join in the application. The application can proceed in the sole name of the qualifying applicant provided the current landlord gains vacant possession of their current property and there is no obligation to re-house the partner.

## **7.0 Outright Sales**

- 7.1 All applicants wishing to buy a new home from Karbon Homes or Prince Bishops Homes need to be in a position to proceed in order to reserve a home and have proof of funds. Proof of funds can be via a mortgage in principle from a bank or building society or if they are a cash buyer we need to see bank/saving statements.

## **8.0 Advertising/Marketing schemes and properties**

- 8.1 Signage will be placed on site for each new development, where planning is allowed. Directional signage will be placed in the surrounding area to direct visitors/customers to our new exciting developments.
- 8.2 Digital platforms such as social media and the Karbon Homes website will be populated by advertising to promote the development in the market place. Sales literature will be available both online and via hard copies at customer's request.
- 8.3 In some cases show homes and marketing suites will be available on site for customers to visit to find out about our great products and services that Karbon Homes/Prince Bishops Homes has to offer.

## **9.0 Resales**

- 9.1 As above for Shared Ownership and schemes for those aged 55 and over. Karbon Homes Group will still seek to ensure that the subsequent purchaser is in housing need and meets the criteria for the scheme.

- 9.2 In order to be eligible to purchase a shared ownership property under Help to Buy: Shared Ownership, applicants must have a household income of less than £80,000 and be otherwise unable to purchase a property suitable to meet their housing needs on the open market. See the Shared Ownership selection criteria section for further information
- 9.3 Applicants should be able to fulfil the status requirements of lenders and have sufficient savings or income to meet the associated costs to purchase.
- 9.4 Tenancy and employment references will be requested.
- 9.5 Credit checks will be carried out.
- 9.6 I.D's will need to be verified – customers will be asked to produce photographic I.D. in person, at one of our offices.
- 9.7 We will require proof of funding from all applicants once they've been approved, as per our anti-fraud and money laundering requirements and obligations
- 9.8 It is the owner's responsibility to market their home for sale. Karbon Homes is not obliged to buy the share of the property if the owner struggles to sell.

## **10.0 Assessing Applications**

- 10.1 We will ask for the following information when processing an application to buy a home:
- Copies of a customer's last 3 months (consecutive) pay slips.
  - Proof of any savings.
  - Any other income details i.e. benefits, income from investments, pension.
  - Original agreement for any loans and latest statement for any other credit commitments such as credit cards/store cards.
  - Copies of a customer's latest bank statements for the last month, for **all** of the accounts that they have.
  - Any addresses including postcodes that customers have resided at within the last 6 years
- 10.2 If a customer decides to withdraw their application, they must do this in writing.

## **11.0 Flexible tenure**

- 11.1 A budget for flexible tenure may be set each year based on an assessment of likely take up and on the availability of funding. The budget can be increased during the year if deemed appropriate to do so or transferred if during the year it is apparent that there will be no, or limited take up.
- 11.2 We may provide a safety net which could prevent an owner or part owner experiencing property repossession and having to suffer the various detrimental effects which would normally accompany such an event.

- 11.3 We may allow a property owner or part owner to sell a share of their property back to the Group (reverse stair casing). They would then pay a subsidised rent to the Group rather than mortgage costs for that share. They would also receive a capital sum from the Group, based on the market value of the share minus various costs.
- 11.4 An owner could also sell their entire property to the Group and remain in the property as an assured tenant of the Group.
- 11.5 Owners or part owners do not have a contractual right to be considered and receive benefit from the scheme.
- 11.6 The cost of valuations, surveys, legal costs and administration may be charged to the owner/part owner.
- 11.7 We will consider applications for reverse stair casing or 'sale back' to the Group based on social and financial factors. The Group will consider all applications fairly but will have the final say on whether or not it will offer either option and complete the process. In all cases the applicant will be required to demonstrate that they have held discussions to seek a solution with their lender.
- 11.8 The following circumstances would make an applicant eligible for consideration;
- Where an owner/shared owner is facing repossession of their property due to payment arrears and an ongoing inability to pay which will result in repossession of the property. This would apply only where a rigorous assessment verifies that non-payment is due to a change in financial circumstances.
  - Where the Group considers it is justifiable to release equity for medical costs or health needs. This would require verification by a medical report or report from a recognised health organisation.
  - Where an owner/shared owner is unable to meet their major repair and maintenance liabilities which, if left would lead to the decline of the property.
  - We recognise that individual circumstances and situations will vary considerably and that we might not be able to anticipate all scenarios. We will consider all applications received and give a written response to applicants detailing our decisions. These will always be made in accordance with the objective of assisting to prevent homelessness and to create sustainable communities while having to be realistic in the extent to which we expose the Group in a changing housing market.
  - In all cases, purchase by the Group of a share or the whole of a property will commence only after full disclosure and a detailed assessment of an individual's financial position and their ability to sustain their position.
- 11.9 If the Group makes an offer to purchase a home/a share of a home, it does not commit us to exchanging contracts and completing a purchase.

## **12.0 Right to appeal**

- 12.1 Karbon Homes has an Appeals Panel to consider any appeals that applicants may make regarding the selection process.
- 12.2 If applicants are not satisfied with the outcome of an appeal they may use Karbon Homes' complaints procedure.

## **13.0 Market Value**

- 13.1 Sale prices will be based on independent valuations of market value. Homes cannot usually be offered for sale above or below their open market valuation, without the Regulator's/Karbon Group's approval. (Shared ownership / stair casings)
- 13.2 All valuations must be undertaken by a member of the Royal Institution of Chartered Surveyors (RICS). Shared ownership & stair casing valuations are valid for 3 months.
- 13.3 Rent to Buy valuations are subject to an independent valuation being carried out and Karbon Homes will also need to consider the: acquisition costs; repairs costs; management costs

## **14.0 Offering a property**

- 14.1 Once a successful applicant has been offered a property, they will be expected to accept the offer within a reasonable timescale and reserve the property. (Reservation fees apply and are non-refundable if the applicants withdraws or cancels).
- 14.2 Applicants will then be expected to have exchanged contracts by the stated exchange deadline.
- 14.3 In the event where there are 2 or more applicants interested in a shared ownership home, priority will usually be given to the applicant who applied to buy the home first. However, priority may be given to those applicants whose housing need is greatest. I.e. the home is more suitable for their needs.
- 14.4 Rent to Buy priorities will be based on: applicants' disposable income; date the application was received, and; household set up. We do have some flexibility if an applicant does not fit the parameters, i.e. 25%-45%. Where applicants' household costs/income do not meet the cap, their individual circumstances should be considered to determine eligibility by way of health issues, age or family needs such as proximity to schools, dependent relatives or places of work.

## **15.0 Monitoring and Review**

- 15.1 Jayne Hore, Assistant Director Sales and Marketing will coordinate the monitoring and review of this policy.
- 15.2 This policy will be reviewed every 3 years or if there are significant changes to national policy, legislation or regulation.

## **16.0 Equality and Diversity**

- 16.1 This policy is implemented in line with the Group's Equality and Diversity Policy and associated legislation. Consideration will be given to all protected characteristics under the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations.
- 16.2 This policy and associated documents are available in different languages and alternative formats where necessary.

## **17.0 Data Protection and Privacy**

- 17.1 We have a clear policy on data protection and sharing data with other partners/outside agencies under the requirements of the Data Protection Act 1998. This is clearly set out in our Data Management Policy which, along with the supporting Data Management Guidelines, must be followed throughout the operation of this policy.

## **18.0 References**

The regulators [Capital Funding Guide](#)

<https://www.helptobuy.gov.uk/>

Homes England publications