

Adverse Credit Policy Statement

July 2024



Our Policy Statement – Adverse Credit

In addition to an applicant's ability to purchase and sustain the mortgage, rent and service charge payments for a Shared Ownership property, Torus will also consider if the applicant has had any form of adverse credit.

2.2 This policy outlines how Torus will assess applicants who are unable to secure a standard mortgage from a mainstream lender due to adverse credit. In these circumstances the applicant may have sufficient cash to purchase a share of a property, or alternatively may be looking to source a higher interest rate mortgage from a non-mainstream lender. For this reason, particular attention will be given to mortgage rates that are 2% above the average rate for the closest equivalent mortgage (considering loan to value, length of fixed rate term) of five mainstream Shared Ownership lenders (e.g., Leeds, Halifax, Nationwide, Santander, Barclays). This aims to provide transparency and clarity for applicants in Torus' decision-making process.

2.3 Torus will seek advice from the relevant panel mortgage broker and assess applications on a case by case basis. Torus are unlikely to accept an applicant if deemed by the mortgage broker to be high risk of defaulting on the mortgage, rent or service charge payments.

2.4 Applicants are unlikely to be accepted under the following circumstances:

- Mortgage or rent arrears – missed payments within the last 12 months;
- County Court Judgement's (CCJ'S) or Default – a judgement(s) made in the last 24 months. Any judgement registered prior to this must be satisfied. Applicants may be accepted in the following circumstances:
 1. All CCJs/defaults were registered more than three years ago and satisfied prior to mortgage application.
 2. All CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration.
 3. The CCJs/defaults in total amount to less than £300, regardless of date of registration, and were satisfied prior to mortgage application.
- Individual Voluntary Arrangements (IVAs) & Bankruptcy – those discharged in excess of three years may be acceptable or registered over six years ago and satisfied with no further issues.
- Debit Management Plans – if repaid may be acceptable.
- Repossession – may be acceptable if over three years and there is no outstanding debt to the lender, with no further credit issues within the last three years.

2.5 On receipt of approval the applicant will be given the opportunity to select and reserve an available plot on their preferred scheme.

2.6 If an applicant is unable to source a mortgage as a result of adverse credit but has sufficient funds to purchase a share with cash, the terms of this policy will apply to the applicant and their partner/spouse.

- 2.7 For cash sales progressing with a first tranche share below 25%, a minimum of 20% of the applicant's net mortgageable household income must be remaining.
- 2.8 Cash sales require a credit check.