

Monthly Minimum Surplus Income Policy

July 2024



Our Policy Statement - Monthly Minimum Surplus Income Policy

In addition to an applicant's ability to purchase and sustain the mortgage, rent and service charge payments for a Shared Ownership property, the applicant must have a minimum of 10% of their net mortgageable household income remaining after all deductions and the stress tested rent.

2.2 All applicants will be referred to a panel mortgage broker, who will complete an affordability assessment and budget planner to determine the appropriate share for the applicant. Torus will take into account the applicants future financial needs based on the panel brokers guidance.

2.3 In order to comply with Homes England's requirements please refer to the calculation below:

A = Gross Income

B = Gross income less deductions (tax, National Insurance, student loan etc)

C = Less known commitments (loans, credit cards, childcare etc)

D = Less housing costs of the Shared Ownership purchase (rent and service charge)

$A - B - C - D = E$

E is the net mortgageable household income available to support a mortgage payment and other essential expenditure (identified through a budget planner). To meet Torus' Monthly Minimum Surplus Income Policy applicants must have 10% of this figure remaining.

2.3 Torus applicants are not obliged to proceed to mortgage application with the panel mortgage broker, however the share agreed within the official sign off documentation will be the share the applicant will proceed to purchase. Torus will require a copy of the applicants' budget planner and final sign off sheet from the panel mortgage broker for audit purposes.

2.4 For sales progressing with a first tranche share below 25%, a minimum of 20% of the applicant's net mortgageable household income must be remaining.

2.5 Torus has the right to refuse a cash purchaser if the applicant does not meet the minimum surplus income, regardless of whether the applicant has the cash funds available to purchase a share of a property.

2.6 Cash sales require a credit check within the Adverse Credit Policy.