

# Partnerships Policies & Procedures



## Shared Ownership Sales Adverse Credit Policy

<b>1.</b>	<b>Policy objectives</b>
1.1	This Policy sets out the Group’s approach to managing risk in relation to adverse credit on the sale of shared ownership sales.
1.2	This policy applies to every new build and resale of a Shared Ownership home sold by The Group and is published to ensure all prospective customers are aware of our policy approach when purchasing a shared ownership home.
1.3	The policy follows Homes England guidelines to ensure any potential purchaser has a safety net of surplus income and is not over-reaching in their purchase and putting themselves at financial risk.
1.4	This Policy does not cover shared ownership properties inherited from Watford Borough Council under the 2007 stock transfer.
1.5	This Policy applies to Watford Community Housing Group, including its subsidiary and joint venture companies.
<b>2.</b>	<b>Legislative or regulatory requirement</b>
2.1	<p><u>Legislative:</u></p> <ul style="list-style-type: none"> <li>• Homes England (HE) Capital Funding Guide</li> <li>• Data Protection Act 2018 and General Data Protection Regulation 2018 (“together Data Protection Law”)</li> <li>• Housing Act 2004</li> <li>• Section 106 Agreements (terms may be set out by the area’s LA)</li> </ul>
2.2	<p><u>Regulatory:</u></p> <p>RSH Governance and Financial Viability Standard 2015 (2.1): “Registered providers shall adopt and comply with an appropriate code of governance.”</p> <p>National Housing Federation Code of Governance (2020)</p>
<b>3.</b>	<b>Scope and definitions</b>
3.1	<u>Scope</u>

	<p>This Policy applies to all prospective buyers who may wish to purchase a shared ownership home from The Group.</p> <p>The Group will use an external Advisor to financially qualify each prospective purchaser. A full credit report will be required as part of the full advisor sign-off.</p>
3.2	<p><u>Definitions</u></p> <p><b>Adverse Credit:</b> Any missed or non-payment on an individual’s credit report</p> <ul style="list-style-type: none"> <li>• Bankruptcy – a legal proceeding involving a person or business that is unable to repay outstanding debts.</li> <li>• County Court Judgements (CCJs) – an order from the County Court instructing you to repay a debt.</li> <li>• Individual Voluntary Arrangements (IVAs) – a formal agreement between you and your creditors that helps you repay what you can afford towards your debts.</li> <li>• CAIS – late payment history or higher percentage of debt on cards / loans.</li> </ul> <p><b>Advisor</b> – Regulated, qualified Mortgage Advisor or Independent Financial Advisor</p>
<b>4. Adverse Credit Types</b>	
4.1	<p>Adverse credit refers to any missed or non-payment on an individual’s credit report. The following types of adverse credit will show up on your report:</p> <ul style="list-style-type: none"> <li>• Bankruptcy</li> <li>• County Court Judgements (CCJs)</li> <li>• Individual Voluntary Arrangements (IVAs)</li> <li>• CAIS</li> </ul>
4.2	<p>Adverse credit is when Credit Reference Agencies (CRAs) class a person’s credit rating as poor. The CRAs collect information about you and store it for other lenders to see when applying for credit.</p>
4.3	<p>Those with an adverse credit history are likely to have lower credit scores and be classified as subprime borrowers. Having adverse credit history makes it difficult to get credit and low interest rates on loans. A poor credit history can be improved over time with good financial habits. A credit reference report ideally a multi-agency credit report is required for broker sign-off,</p>
<b>5. Adverse Credit Suitability</b>	
5.1	<p>Should a potential customer have adverse credit The Group will apply specific criteria when considering an application.</p> <p>The table below sets out guidelines to follow which determine the suitability of any potential purchaser:</p>

	Missed mortgage/rent arrears	If this happened in the last 12 months, it won't usually be accepted.
	Unsecured arrears	We will need to carry out an Individual Assessment but if arrears in the last 12 months, it won't usually be accepted.
	Late payment history	If you have late payment history in the last 6 months or if there is regular late payment history across years or specific months, it won't usually be accepted
	County Court Judgements (CCJ's) or registered defaults	They may be acceptable only in the following situations: <ul style="list-style-type: none"> <li>• All CCJ/defaults were registered more than 3 years ago and satisfied prior to mortgage application</li> <li>• All CCJ/defaults were satisfied more than 12 months prior to application regardless of date of registration</li> <li>• The CCJ/default in aggregate amount to less than £300, regardless of date of registration, and were satisfied prior to mortgage application.</li> </ul>
	Individual voluntary arrangement (IVA) and discharged bankrupts	IVA/bankrupts who have been discharged over three years ago and who have no residual debt may be accepted subject to an Individual Assessment.
	Repossessions	Not acceptable.
<b>7. Adoption &amp; compliance monitoring</b>		
7.1	This Policy will be monitored and reviewed considering any significant changes implemented by the HE.	
7.2	The Policy shall be reviewed every 3 years or earlier as policy/legislation dictates.	
<b>8. Diversity and Inclusion Considerations</b>		
	WCH will act fairly and consistently in the application of this Policy and will not discriminate against any person on the grounds of their age, race, ethnicity/nationality, gender, religion, sexual orientation, marital/civil partnership status, pregnancy status or disability.	
<b>9. Data Protection Considerations</b>		
9.1	The Group will process personal information relating to prospective and current shared owners through the application and subsequent management of the shared owner's property. When doing so, the Group will handle customer's names, addresses, contact details, proof of identity and any other necessary information. The legal basis for processing this information is to support the contract with the shared owner.	

9.2	The Group will keep all information secure and confidential and will process it in accordance with both Data Protection Law and WCH's Data Protection Policy. We will hold information only for as long as reasonably necessary and always within the maximum timescales set out under the Group's Retention Policy.
9.3	A general privacy notice to shared ownership applicants summarising the information we collect directly and via third party agents who may market these properties on our behalf, how we process it during their relationship with us and who we may share it with (such as professional advisers), and why, during this time is known as the 'Leaseholder, Freeholder and Garage Tenant Privacy Notice'. Copies of the Privacy Notice are available from the WCH website or the Company Secretary, Governance & Regulation Manager.
9.4	The Group may use the services of a sales and marketing agent to progress initial shared ownership sales enquiries to full completion via solicitors acting for both parties. In this context, the sales and marketing agent will be acting as a Data Processor for the Group and, as such, will be subject to The Group's Data Processor due diligence process.
<b>11.</b>	<b>Related documents</b>
	Shared Ownership Policy & Procedure First Come First Served Policy Monthly Minimum surplus Income Policy Cash Purchasers Policy HE Capital Funding Guide
<b>12.</b>	<b>Approval</b>
	Approved by: EMT
	Date of approval: August 2024
	Review date: August 2027
	Policy 'owner': Assistant Director of Partnerships