



## Doing it the right way: Resales – Surplus Income

### Policy Compliance Notes

<b>Reference Number</b>	G196d
<b>Version number</b>	1.0
<b>Relevant to</b>	Colleagues involved in home ownership related activity including Statutory Sales, Leasehold, New Build Sales, Legal Services, Asset Management and Customers
<b>Author</b>	Policy Business Partner
<b>Approved by</b>	Regional Director
<b>Approval date</b>	15 <sup>th</sup> July 2024
<b>Date effective from</b>	1 <sup>st</sup> Aug 2024
<b>Last review completed</b>	Date the last review was completed (details of the review should be included in the version control box as a minor version change even if no changes were made)
<b>Review Date</b>	31 <sup>st</sup> July 2027
<b>Extension Date Approved &amp; Reason</b>	N/A
<b>Related Policy</b>	HG_CS_HSG_196 Home Ownership policy
<b>Related Supporting Documents</b>	Related policy compliance notes, procedures and other supporting documents can be found <a href="#">HERE</a> <b>NOTE*</b> link is only accessible to Home Group colleagues on the Home Group Intranet.
<b>Distribution</b>	Internal: All Home Group colleagues, volunteers and agency workers. Communicated via Home World Intranet, Workplace and Leadership portal  External: Available on the Home Group website
<b>Key search terms</b>	Resales, Home Ownership, Right to Buy, Surplus Income

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**This document must be followed in order to fully comply with Home Group policies.**

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## Contents

1. [Introduction](#)
2. [Minimum Surplus Income Definition & Calculation](#)
3. [Version Control](#)

## How to use this document

[BACK TO CONTENTS](#) You can return to the contents page at any time with this hyperlink.



[Click Here](#) icons will take you to more information.



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## 1. Introduction

This policy compliance note aligns with guidance set out by Homes England and the Capital Funding Guide.

This document sets out our policy on surplus income requirements for property resales. It applies to customers seeking to purchase a Home Group resale property and Home Group colleagues in the resales team.

Home Group work with independent mortgage brokers who specialise in affordable home ownership to qualify and financially assess each applicant prior to them reserving an affordable home with us.

In addition, we follow the 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 in financial risk.

**Our required minimum surplus income is 10%.**

## 2. Minimum Surplus Income Definition & Calculation

This is the minimum amount of your gross income that you should have remaining after commitments.

Item	Example/Explanatory Notes
A. Gross Income	<ul style="list-style-type: none"> <li>• Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by a specialist mortgage broker.</li> <li>• Any Universal Credit or benefit income</li> <li>• Any guaranteed maintenance payments</li> </ul>
B. Gross Deductions	<ul style="list-style-type: none"> <li>• Income Tax</li> <li>• National Insurance</li> <li>• Pension Contribution</li> <li>• Student Loan</li> <li>• Other payslip deductions</li> </ul>
C. Commitments	<ul style="list-style-type: none"> <li>• Credit commitments to include personal loans, PCP, HP, etc</li> <li>• Credit and store cards</li> <li>• Childcare costs</li> <li>• Care costs</li> </ul>
D. Housing Costs	<ul style="list-style-type: none"> <li>• Stress tested rental figure</li> </ul>

	<ul style="list-style-type: none"> <li>• Service charge</li> </ul>
E. Net Income for Mortgage Purposes	E is the remaining income once B,C and D have been deducted from A
F. Mortgage Payment	<p>The indicative Mortgage Payment as determined by the advisor.</p> <p>Where possible, the Mortgage Payment (F) should not exceed 30% of E</p> <p><i>NB: This may be exceeded in cases where the advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.</i></p>
G. Essential Costs	<ul style="list-style-type: none"> <li>• Council Tax</li> <li>• Utilities</li> <li>• Food</li> <li>• Fuel and Travel</li> <li>• Insurances</li> <li>• Other</li> </ul>
H. Surplus Income	This is the figure remaining once F and G have been deducted from E. This figure should be at least 10% of the original figure A (gross income).

## 2. Version Control

At the end of each document it is important to include a version control box which is the audit trail of changes to the document. Ensure this is updated before uploading for colleagues. Changes to supporting resources must be approved by the document owner before being published.

Version Number	Effective Date	Amendment made by (job title)	Version approved by (job title)	Description of Changes
1.0	31/07/2024	Policy Business Partner	Regional Director	Policy compliance note written to align with the Home Ownership Policy on Surplus Income

[BACK TO CONTENTS](#)