

MORE HOMES DIVISION GUIDANCE NOTE**To: All OMSE Administering Agents****Subject: Open Market Shared Equity Scheme – Update of Administrative Procedures****Issued by: More Homes Division****Ref No: MHDGN 2016/06****Page: 1****Issued: September 2016**

This guidance note informs you of the following **change to Annex C, point 6 of the Open Market Shared Equity Scheme Administrative Procedures** to reflect the Financial Conduct Authority's current rules on affordability assessments by mortgage lenders (contained within the Financial Conduct Authority's '*Mortgages and Home Finance: Conduct of Business Sourcebook*' (known as '*MCOB*')). This part of the Procedures should now read as follows:

- Administering agents should note that the '*rule of thumb*' will not be appropriate in the case of applicants who are self-employed. Normally lenders will require sight of a minimum number of years' accounts before providing a mortgage quote. It is no longer permissible for self-employed people to self-certify their income. Lenders are now prohibited from relying on a general declaration of affordability by applicants and require to obtain sufficient evidence of the applicant's income. However, lenders may use projections of a self-employed applicant's future income, where they form part of a credible business plan.