

## **Deposit Unlock Frequently Asked Questions**

### **How does the scheme work?**

Deposit Unlock is a mortgage indemnity scheme which supports 95% Loan to Value (LTV) lending on new build properties.

It has been developed by the Home Builders Federation along with 17 of its home builder members and the scheme manager, Gallagher Re, to ensure that competitively-priced mortgages for low deposit new build home buyers are available to support first and next-time buyers to own their own home.

Upon completion of home purchases offered as part of the scheme the developer pays a % of the purchase price into an insurance policy. The policy reduces risk for the lender, protecting them from a proportion of the potential loss in the event of any lender loss as a result of default.

### **Who can use the scheme?**

The scheme is intended to support both first-time buyers and second-steppers with a low deposit buy a new build home.

### **Where is it available?**

Newcastle Building Society was the first lender to offer a mortgage product under the scheme which is available on homes available via participating developers across England, Wales and Scotland.

### **What homes can be bought under the scheme?**

The scheme is exclusively for new build homes with participating developers. Lenders using the scheme may exclude the purchase of certain types of home, for example studio apartments.

### **How is affordability calculated?**

Each lender using the scheme will assess affordability in the normal way using their lending criteria, which includes consideration of income, outgoings such as regular payments and living costs, as well as an assessment of future changes that might have an impact on a borrower's ability to pay a mortgage.

### **How long will the scheme be available?**

There's no limit on the availability of the scheme. The scheme is intended to provide sustainable and ongoing access for buyers to access mortgages with 5% deposits.

### **Where is it available and what is the maximum purchase price?**

Originally limited to the North East we were the first lender to offer Deposit Unlock products across England, Scotland and Wales. To reflect this national roll out, our Deposit Unlock mortgage products now have a maximum purchase price of £600,000.

### **I've found a new home on a new development where the scheme is offered, can my own broker process my application?**

The product will be available to all however we expect brokers linked to sites to deal with the majority of cases.

### **Are buy-to-let borrowers able to use Deposit Unlock?**

Deposit Unlock is designed to help those with small deposits get on the housing ladder and so is restricted to owner occupier homes only.

**FOR MORTGAGE INVESTMENT PROFESSIONALS ONLY.**

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