

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 (minimum LTV 90.01%).

It has been developed by the Home Builders Federation along with 44 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 via participating developers across England, Wales and Scotland.

Which 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.

Is Deposit Unlock available across the UK and does the maximum loan amount change per region?

Originally launched as a pilot in the North East, the scheme is now available via participating developers across England, Scotland & Wales. The maximum loan amount available via the scheme is £750,000.

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.

Are builder incentives permitted under the scheme?

Yes, where incentives exist we will allow up to a max of 5%. This includes deposit contributions, cashbacks, legal costs, stamp duty without any deductions from the purchase price. Please note if the incentive exceeds 5% we can no longer take any of the incentive. Costs that do not have a material impact on the value of the property such as white goods, carpets, curtains etc. will not be treated as an incentive.

FOR MORTGAGE INVESTMENT PROFESSIONALS ONLY.

Newcastle Building Society Principal Office: 1 Cobalt Park Way, Wallsend, NE28 9EJ. Newcastle Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Newcastle Building Society is entered in the Financial Services Register under number 156058. Call 0345 602 2338 or visit us online www.newcastle.co.uk (June 2023)