

KEY FACTS

Savings as Security

This is a type of guarantor mortgage that allows you to buy your home with no deposit saved. Instead of you putting money aside, your family or friend will place 10% of the property price in a savings account for 5 years, after which their savings will be released, plus any interest that has accrued. The 10% is held as security in case you default on your mortgage repayments, which is taken by the lender if you do not keep up mortgage repayments.



Suitable for buyers and movers



Buy with no deposit by using a guarantor’s savings as security



You’ll need the support of a family member or friend



Eligible properties
Pre-owned homes

You cannot buy a new build with a guarantor mortgage



Minimum deposit
No deposit

You don’t need a deposit to be eligible for a guarantor mortgage. However, your guarantor will need to place 10% of the property price in a special savings account



Maximum mortgage term
35 years

The borrower's maximum age must be 75 or younger at the end of the term



Fixed rates available
5 years

Options are limited - there is only one fixed rate mortgage deal available at 5-years.

Benefits



You could buy with no deposit saved

There is no minimum deposit requirement for a guarantor mortgage. Instead, the savings deposited by your guarantor will be used as security by the lender.



Your guarantor has flexibility

Your guarantor can support multiple people at once. So, if you have siblings, a parent could support both at the same time.



After 5 years, your guarantor will get their savings back

After the set 5 year term has ended, as long as you have made all your mortgage payments your guarantor will get their savings back in full, plus the interest it accumulated over that time.



Afford the mortgage on your own later on

Once the set 5 year term is over, if you can afford the mortgage by yourself you can remortgage onto a new deal without your guarantor.

Risks and considerations



Your guarantor cannot access their savings

For 5 years, your guarantor will not be able to access their savings, so they must be comfortable that they won’t need the money in the short-term.



Your guarantor would be liable

If you miss any mortgage repayments, the lender could hold onto your guarantor's savings for a longer period of time, and ultimately could use the deposit to cover the amount owed under the mortgage.



It could affect your guarantor’s affordability

If your guarantor wanted to take on another debt, acting as a guarantor could have a negative impact. This is because being a guarantor is a financial responsibility; the lender may take this into account when assessing their affordability for a new loan.



You may need a guarantor for longer

If after the set 5 year term you cannot afford the mortgage by yourself, you may need to find additional support to boost your affordability, otherwise you may have to sell your home.



“Providing you have a loved one who can help you, a Savings as Security mortgage is a great option if you’re struggling to save a deposit.”

Geraldine Mortgage Broker at Tembo

The application process

1

Make a Tembo plan

In under 10-minutes we’ll check your eligibility for a Savings as Security mortgage as well as our other buying schemes. Plus you’ll get a personalised mortgage recommendation including interest rates and repayments.

2

Talk to an expert

Book a call with our mortgage experts to complete the qualification process. We’ll cover any questions you might have about Savings as Security mortgages, and collect more information about your situation.

3

Apply for a mortgage

Your dedicated advisor will get a Decision in Principle from your chosen lender. Once you’ve had an offer accepted on a property, we’ll prepare and submit the mortgage application on your behalf.

4

Make home happen

During the conveyancing process, we’ll liaise with the developer or seller and your solicitors to ensure a smooth purchase. Your case manager will be on hand all the way through to move in day!

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Tembo Money Limited is authorised and regulated by the Financial Conduct Authority under registration number 952652. Individual savings may vary. Correct at time of publishing.

If you miss your monthly repayments, the savings worth 10% of the property value deposited by your guarantor will be used by your lender to cover the cost. If the default is greater than the value of the savings, your home may be repossessed.