

First Home Loan Deposit Scheme

FACT SHEET



What is the First Home Loan Deposit Scheme?

The Australian Government is introducing a First Home Loan Deposit Scheme (FHLDS) to support eligible first home buyers purchase a home sooner. It does this by providing a guarantee that will allow eligible first home buyers on low and middle incomes to purchase a home with a deposit of as little as 5 per cent.

The FHLDS will support up to 10,000 first home loan guarantees each financial year. Eligible borrowers can use the guarantee in conjunction with other government programs like the First Home Super Saver Scheme, state and territory First Home Owner Grants and stamp duty concessions.

The guarantee is not a cash payment.

When does the First Home Loan Deposit Scheme start?

- The First Home Loan Deposit Scheme will start on 1 January 2020 for the major banks and 1 February for the non-major lenders.

What type of property can be bought under the Scheme?

For a property to be eligible for the scheme it must be a 'residential property' - this term has a particular meaning under the Scheme, and you should ask your lender if there is any doubt.

- An existing house, townhouse or apartment
- A house and land package
- Land together with a separate contract to build a home
- An off-the-plan apartment or townhouse.

Who is eligible for the Scheme?

- Australian citizens who are at least 18 years of age. Permanent residents are not eligible.
- Singles with a taxable income of up to \$125,000 per annum and couples with a taxable income of up to \$200,000 per annum. Incomes will be assessed for the financial year preceding the financial year in which the loan is entered into.
- Couples are only eligible for the scheme if they are married or in a de-facto relationship. Other persons buying together, including siblings, parent/child or friends, are not eligible for the Scheme.
- The Scheme is to assist singles and couples (together) who have at least 5% of the value of an eligible property saved as a deposit. If you have 20% or more saved, then your home loan will not be covered by the Scheme.
- Loans under the Scheme require scheduled repayments of the principal of the loan for the full period of the agreement.
If the loan relates to the purchase of vacant land for the construction of a house on the land, the loan may be an eligible loan even if the terms of the loan agreement permit interest-only repayments for a specified period.
- Applicants must intend to move into and live in the property as their principal place of residence (i.e. they must be owner occupiers).
- Applicants must be first home buyers who have not previously owned or had an interest in a residential property either separately or jointly with someone else (this includes residential strata and company title properties, regardless of whether it was an investment or owner-occupied property and whether it was ever lived in).

Do property price thresholds apply?

Yes, the purpose of the Scheme is to help in the purchase of a modest home and the value of the residential property must not exceed the price cap for the area in which the property is located. The price caps for capital cities, large regional centres and regional areas are:

State/territory	Capital city and regional centres	Rest of state	Other
NSW	\$700,000	\$450,000	
VIC	\$600,000	\$375,000	
QLD	\$475,000	\$400,000	
WA	\$400,000	\$300,000	
SA	\$400,000	\$250,000	
TAS	\$400,000	\$300,000	
ACT	\$500,000	-	
NT	\$375,000	-	
Jervis Bay Territory and Norfolk Island	-	-	\$450,000
Christmas Island and Cocos (Keeling) Islands	-	-	\$300,000

The capital city price thresholds apply to regional centres with a population over 250,000 (the Gold Coast, Newcastle and Lake Macquarie, the Sunshine Coast, Illawarra (Wollongong) and Geelong), recognising that dwellings in regional centres tend

to be significantly more expensive than other regional areas.

Look up your suburb or postcode on the NHFIC website to see the property price threshold - www.nhfic.gov.au/what-we-do/fhlds/property-price-thresholds/

How do I apply?

- Borrower applications and questions will be managed through a panel of participating lenders accessible on the NHFIC website - www.nhfic.gov.au/what-we-do/fhlds/
- *The First Home Loan Deposit Scheme will start on 1 January 2020 for the major bank lenders and 1 February for the non-major lenders.*
- Borrower applications and questions will need to be directed to participating lenders and their authorised representatives. NHFIC will not accept applications directly.

To find out more about the application process, please visit the NHFIC website at www.nhfic.gov.au

