





Which home loans are eligible for the First Home Loan Deposit Scheme?

Eligible Loans

Not all home loans are eligible for the Scheme.

The Scheme is restricted to '*Eligible Loans*', which are home loans:

- made by Participating Lenders to eligible home buyers, and
- that are for the purchase of an Eligible Property that is to be occupied by you as the owner.

There are additional requirements that apply in relation to these home loans that rely upon the terms that you agree with your Participating Lender. These include that your home loan will need to be for a term of 30 years or less, have regular repayments of principal (with limited exceptions for interest-only loans, which mainly relate to construction lending), include a mortgage over your purchased property, be in Australian dollars, have appropriate lending limits to recognise the Scheme's deposit requirements, settle after your lender commences as a Participating Lender under the Scheme and comply with relevant laws and your lender's own policies. Your Participating Lender will need to ensure that the terms of your home loan arrangement comply with these matters.

Home loan products

The Scheme permits certain categories of home loan products to be offered to take the benefit of the Scheme. These general categories relate to home loans for:

- the purchase of an established dwelling
- a house and land package
- a land and separate contract to build a home, and
- an 'off-the-plan' purchase.

If you are intending to buy vacant land and construct a dwelling on that land, you will need to enter into a building contract to build a home on the land within six months of the loan settlement date for the eligible loan to acquire the land.

If you already own vacant land and intend to take a new home loan to construct a dwelling on that land, your home loan is not eligible for the Scheme. This is because you do not satisfy the property ownership test.

You will need to contact your lender to clarify whether your home loan is eligible under the Scheme.

The conditions under the Scheme for home loan product categories that may be Eligible Loans are as follows.

Contract & settlement dates

To be eligible for the Scheme, the contract of sale and (if applicable) eligible building contract may have particular dates when they can be signed by you (all as described further below). There are no exceptions from these required dates.

Purchase of existing dwelling

If you are purchasing an existing dwelling:

- you must move into the property within 6 months of the settlement of your home loan, and
- the property must be purchased under a contract of sale that you sign on or after 1 January 2020.

This category does not include 'off-the-plan' purchases, which are described below.

House and land packages

A house and land package is where you build a home by entering into a contract of sale to purchase land from the same person (or persons within the same corporate group) as the person who you enter into a contract with to build your home.

For a house and land package, prior to the settlement date for your home loan you will need to have entered into:

- a contract of sale for the land, and
- an eligible building contract to build your home on that land.

These can either be in the same contract or two separate contracts. Your home loan will also include a requirement for you to:

- start building your home within 12 months, and
- finish building your home within 24 months of the settlement date for your home loan.

You will also need to move into the property within 6 months of an occupancy certificate being issued.

Land and separate contract to build a home

A land and separate contract to build a home is where you build a home by entering into a contract of sale to acquire land from a person who is different to the person you enter into a contract with to build your home.

For a land and separate contract to build a home, you will need to have entered into a contract of sale to acquire the land under a contract of sale or, (in the Australian Capital Territory) a lease instrument. You will also need to move into the property within 6 months of an occupancy certificate being issued.

You may obtain a home loan to buy the land and finance the building of your home. If you do so, then your Participating Lender will require you to enter into an eligible building contract before the settlement of your home loan and:

- start building your home within 12 months, and
- finish building your home within 24 months of the settlement date for your home loan.

You may be able to obtain a home loan to buy the land before obtaining a loan to finance the building of your home. If you do so, then your Participating Lender will require you to:

- enter into an eligible building contract within 6 months,
- start building your home within 12 months, and
- finish building your home within 24 months, of the settlement date of your home loan to buy the land.

If you choose to buy the land before obtaining a loan to finance the building of your home, you will need to ensure that at the time your loan agreement is entered into to finance the building of your home, the purchase price for your land and the cost to build your home does not exceed the price cap that is applicable to your property. If they do exceed the price cap, then your home loan will not be eligible for the Scheme and your Participating Lender may require you to obtain lenders mortgage insurance or provide a higher deposit to continue with your home loan.

'Off-the-plan' purchases

If you are making an 'off-the-plan' purchase:

- you must have signed the contract of sale before the settlement date for your home loan, and
- the settlement date for your home loan must occur within 90 days that your home loan becomes guaranteed under the Scheme.

You will also need to move into the property within 6 months of the settlement date for your home loan.

Eligible building contracts

For a building contract to be eligible under the Scheme, it must:

- be with a licensed or registered builder; and
- specify a fixed price for the construction of the dwelling.

'Owner builder' contracts **are not** eligible building contracts for the Scheme.

Participating Lenders may, or may not, offer these types of home loan products. Even if they do offer these products, the terms of the home loan may be more limited than described above. You should contact your lender and/or ask your professional adviser(s) about the home loan products that are offered and whether they suit the purchase you are intending to make.

Participating Lenders require your land to be titled prior to the issuance of a NHFIC guarantee, therefore the land will need to be titled before the end of your 90 day pre-approval period.