



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.

Applications for the Scheme are not yet open.

What type of property can be bought under the Scheme?

- 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.
- Applicants must have a deposit of between 5 and 20 per cent of the property's value.
- Loans under the Scheme require scheduled repayments of the principal of the loan for the full period of the agreement.

If the loan relates both to the purchase of vacant land to 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/eligibility/

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/
- Applications for the Scheme are not yet open.
- Once the Scheme commences, applications will be lodged through participating lenders and their brokers. NHFIC will not accept applications directly.

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

