



# Can I Utilise The First Home Buyer Deposit Scheme?

Does it feel like you've been saving forever for your first home?

## Attention FIRST HOME BUYERS...

Have you heard about the **First Home Loan Deposit Scheme (FHLDS)**<sup>1</sup> to support eligible first home buyers purchase a home faster?

If you meet the criteria – **You Could be Saving Tens of Thousands of Dollars** and be able to buy your dream first home sooner!

## But you need to ACT FAST!

With just a **5% deposit and no lenders' mortgage insurance (LMI)**... you could welcome the new year with a new home!

But only if you are eligible – **AND** you are one of the 10,000 to be approved.

The Australian Government announced a **First Home Loan Deposit Scheme** to support eligible first home buyers purchase a new home faster.

The scheme commenced on 1 January 2020, however in the 2020-21 Federal Budget it was announced that an additional 10,000 FHLDS places for the 2020-21 fiscal year would be available for eligible first home buyers building or purchasing a new home. The scheme allows eligible first-time owner-occupiers to buy their first home with just a 5% deposit and no LMI payable.

## What is LMI and how does it work?

Contrary to what many people think, LMI is designed to protect the lender, not the borrower, even though the borrower pays for it.

The LMI is in place to protect the lender if the borrower can't afford to meet their home loan repayments.

On a normal property purchase when you are required to pay LMI, it typically costs tens of thousands of dollars.

## And the GOOD NEWS For YOU...

Under this First Home Loan Deposit Scheme, there is **NO** LMI payable.

**It has never been so easy to make your first home dreams come true.**

## Are you eligible<sup>2</sup>?

### Criteria:

- You are an Australian citizen (not available for permanent residents)
- You are over 18 years old
- You are a genuine first home buyer (if you own an investment property you won't be eligible)
- You have at least a 5% deposit. You will still need to borrow the remaining 95% but you will avoid paying LMI
- You earn less than \$125,000 a year as a single or \$200,000 combined for couples.

## *IF you meet these criteria you need to contact us FAST!*

### Other details:

- Finance can only be for owner-occupier loans with principal and interest payments<sup>3</sup>
- The scheme began on 1 January 2020 and is limited to 10,000 borrowers per year – so act soon!
- The value of eligible homes under the scheme varies by state, city and region (see table below)

### Property value caps

To be eligible for the scheme you must be purchasing a property valued at or below the following thresholds:

State/Territory	Capital city/ regional centre*	Rest of state
NSW	\$700,000	\$450,000
VIC	\$600,000	\$375,000
QLD	\$475,000	\$400,000
SA	\$400,000	\$250,000
WA	\$400,000	\$300,000
TAS	\$400,000	\$300,000
ACT	\$500,000	\$500,000
NT	\$375,000	\$375,000

\* A regional centre is defined as a city with a population above 250,000, such as Newcastle, Wollongong or Geelong.

Source: Finder, First Home Loan Deposit Scheme<sup>4</sup>



Between 30,000 and 50,000 properties sell every month<sup>5</sup>. In 2019, 29.8% were first home buyers<sup>6</sup>.

With the cap on 10,000 loans, we don't want you to miss this opportunity.

Follow our 4 URGENT tips so you don't miss the boat. Then contact the office straight away.

## 4 URGENT Tips To Beat The First Home Buyer Rush

### 1. Be prepared

Having all your records up to date and accessible is essential.

Ensure you have your:

- identification
- proof of employment
- savings history
- evidence of current assets and
- statements of all debt.

This will make your application process a lot faster.

### 2. Minimise your spending NOW!

While it may be too late to put the brakes on your spending, those who can demonstrate good budgeting and financial discipline will have a far greater chance of nabbing one of the 10,000 schemes on offer.

### 3. Clean up your credit – NOW!

Even if you have a credit card with a zero balance, lenders will see there is always a chance for you to dive into debt up to your credit limit.

So close down or reduce your credit limits where you can. That includes buy now, pay later options!

The more 'available' credit you have access to, the less you will be able to borrow.

### 4. Steady employment

Those who can show a strong and consistent employment history will stand a better chance of approval.

If you have started a new job recently, you will need to wait until your probationary period is complete and hopefully will not miss out on the First Home Loan Deposit Scheme.

## CALL us NOW – Don't delay...

The First Home Loan Deposit Scheme has brought a rush of first home buyers to the market.

Be prepared and increase your chances of being mortgage ready by allowing us to help match you with the correct lender. At the time of writing there are 21 lenders participating in the scheme, and **WE KNOW** who they are.

Our role as your mortgage broker is to do the running around on your behalf saving you heaps of time and stress. We will help you every step of the way.

### Don't risk it.

The sooner we start working on your application, the better your chances will be.

Contact us URGENTLY if you would like to know more about this scheme and other government incentives for first home buyers to help you get a foot on the property ladder.

We would be delighted to help you buy your first home and save you thousands of dollars while doing it.

And remember – if you know a first home seeker who could potentially benefit from this opportunity, please forward this topic sheet directly to them and let them know we are here for them as well. Spread the word – after all...

### Sharing is caring.

1. <https://www.nhfc.gov.au/>

2. <https://www.nhfc.gov.au/what-we-do/fhlfs/eligibility/>

3. Exception: If the loan relates both to the purchase of vacant land and 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.

4. <https://www.finder.com.au/first-home-loan-deposit-scheme>

5. <https://www.domain.com.au/research/australian-property-sales-hit-lowest-point-in-two-decades-836670/>

6. <https://www.corelogic.com.au/news/first-home-buyer-numbers-are-above-average-across-every-state-and-territory-likely-subside>