

The First Home Buyer Finance Guide



THE MORTGAGE ADVISORY

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A Quick Look at Grants, Schemes & Smart Finance Strategies in Australia

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Introduction

Buying your first home is one of life's most exciting milestones. It's the classic "Australian dream" — a place of your own, security for your family, and the chance to build long-term wealth. But for many Australians, that dream feels out of reach. Property prices have risen much faster than incomes, interest rates have climbed in recent years, and saving a deposit often feels like an endless uphill battle.

If you're in this position, you're not alone. The truth is, **first home buyers face more barriers today than perhaps any other generation before them.** But the good news is that governments — both federal and state — recognise this challenge and have introduced a range of incentives, grants, and guarantees designed specifically to help first home buyers get onto the property ladder sooner.

These programs can be powerful. In some cases, they can save you **tens of thousands of dollars** in upfront costs and dramatically reduce the time it takes to save for a deposit. But there's a catch: most people don't fully understand what's available, how the schemes work, or how to combine them effectively. As a result, many first home buyers miss out — either because they never applied, or because they assumed they weren't eligible.

That's where guidance becomes critical. A smart strategy isn't just about saving money; it's about knowing how all the moving parts — deposit requirements, government grants, lender rules, and property choices — fit together. And while this guide provides a detailed overview, remember: **it's a taster, not a substitute for personalised advice.** Every buyer's situation is different, and what works for one family might not work for another.

Throughout this booklet, you'll discover:

- **The main federal schemes that apply across Australia.**
- **State-based grants and stamp duty exemptions.**
- **How different schemes can be combined.**
- **The most common mistakes first home buyers make.**
- **A practical step-by-step checklist to keep you on track.**

Our aim is to demystify the process, show you where the opportunities are, and give you the confidence to take your next step.

Most importantly, remember that government schemes are just one part of the puzzle. While they can provide significant financial benefits, they should complement a well-thought-out finance strategy. That's where working with an experienced mortgage broker can be invaluable.

Key Federal Schemes

At the national level, the Australian Government has introduced several initiatives aimed at lowering the barriers for first home buyers. These programs are available to residents across the country and can often be combined with state-based incentives. Let's explore them in more detail.

1. First Home Guarantee (FHBG)

Traditionally, lenders require a 20% deposit to avoid Lenders Mortgage Insurance (LMI). LMI is a fee charged when you borrow more than 80% of the property's value, and it can cost **tens of thousands of dollars**. The FHBG allows eligible buyers to purchase a home with as little as **5% deposit** without paying LMI. The government essentially guarantees the difference, making lenders comfortable to proceed.

2. Family Home Guarantee (FHG)

Designed for **single parents**, this scheme allows purchases with as little as **2% deposit**, again avoiding LMI. This program recognises that saving a deposit is especially challenging for single-income households.

3. First Home Super Saver Scheme (FHSSS)

This is one of the most underrated tools available. It allows you to save for your deposit within your **superannuation account**. Contributions made into super are often taxed at 15% (instead of your marginal tax rate), which means you can save faster. Withdrawals can then be made to use as part of your deposit.

4. Help to Buy (Shared Equity Scheme)

This program sees the government co-purchase part of your property — up to **30% of an existing home** or **40% of a new build**. You then only need to borrow the remainder, which reduces both your deposit and your ongoing repayments. The government holds its share as equity, which is repaid when you sell or refinance.

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Each of these programs has eligibility requirements: income limits, property price caps, and rules around citizenship or residency. Additionally, places are limited each financial year. That's why it's crucial to plan early and apply promptly.

State Grants & Stamp Duty Concessions

While the federal schemes provide a strong foundation, each state and territory adds its own layer of support through grants and concessions. The most important are the **First Home Owner Grant (FHOG)** and various **stamp duty concessions**.

First Home Owner Grant (FHOG):

Introduced in 2000, FHOG provides a one-off payment to first-time buyers purchasing a new home, house-and-land package, or off-the-plan property. The amount varies by state:

- NSW: \$10,000
- VIC: \$10,000 (up to \$20,000 in regional areas)
- QLD: \$15,000
- WA: \$10,000
- NT: \$10,000
- SA: \$15,000

Stamp Duty Concessions/Exemptions:

Stamp duty is one of the largest upfront costs, often amounting to **tens of thousands of dollars**. Fortunately, many states waive or discount it for first home buyers. For example:

- **NSW:** No stamp duty on homes up to \$800,000.
- **VIC:** No duty on homes up to \$600,000, concessions up to \$750,000.
- **QLD:** Concessions on properties under \$550,000.

These concessions can be just as valuable as FHOG, if not more. For instance, a first home buyer in Sydney purchasing a property worth \$750,000 could save **over \$25,000** in stamp duty alone.

Again, conditions apply. Most require the buyer to live in the property as their principal place of residence, and investment properties typically don't qualify.

How They Work Together

One of the most powerful aspects of Australia's first home buyer support system is the ability to **combine schemes and grants**. Too often, buyers think they must pick one program or another. The reality is that, with careful planning, you may be able to stack multiple incentives together, significantly reducing the financial barrier to purchasing your first property.

Why Combining Matters

Every scheme is designed to solve a different problem. Some tackle the deposit hurdle (like the First Home Guarantee), others lower transaction costs (like stamp duty concessions), while others directly reduce the purchase price (such as Help to Buy). When combined, they don't just provide incremental help — they work together to create exponential savings.

Example 1 – Couple in Victoria

Imagine a young couple buying a new townhouse for \$600,000. Here's how the numbers might play out:

- **First Home Owner Grant (FHOG):** \$10,000
- **Stamp Duty Exemption:** Approximately \$31,000 saved
- **First Home Guarantee (FHBG):** No LMI, saving ~\$25,000
- **FHSSS Savings:** Suppose they withdraw \$20,000 they saved via super contributions at concessional tax rates

Total benefit? Over **\$86,000**. That's more than 14% of the property price — a life-changing reduction in upfront cost.

Example 2 – Single Parent in Queensland

A single parent with one child is buying a \$450,000 townhouse. They may qualify for:

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- **Family Home Guarantee:** 2% deposit, no LMI
- **FHOG:** \$15,000
- **Stamp Duty Concession:** ~\$7,000 saved

In this scenario, a parent who might have thought home ownership was impossible suddenly finds themselves able to buy with a deposit of less than \$10,000 out of pocket.

How the Timing Works

The challenge lies in application timing. Some schemes have limited spots each year. Others require contracts to be signed within certain deadlines. In addition, certain grants are only available on new builds, while others apply more broadly. Getting the sequencing right is crucial. For example:

- Apply for FHSSS release before signing a contract.
- Ensure your lender is registered to participate in the FHBG.
- Confirm state-based FHOG application requirements (often completed with your conveyancer or solicitor).

Strategic Layering

Think of it as building a strategy rather than just “ticking boxes.” Your goal is to structure your purchase so that federal and state initiatives complement one another. An adviser can model different scenarios: What if you buy an apartment instead of a townhouse? What if you build new instead of buying established? Small decisions can make large differences in eligibility and total savings.

The bottom line? Combining schemes isn’t just about saving money. It’s about opening doors that would otherwise remain closed. Many Australians are sitting on the sidelines unnecessarily, not realising that with the right mix of incentives, they could be in their first home far sooner than expected.

Common Mistakes to Avoid

While there are enormous benefits available, the reality is that many first home buyers either **miss out** or inadvertently make decisions that cost them dearly.

Here are the most common pitfalls:

1. Not Checking Eligibility Early Enough

Too many buyers only discover grants and schemes after they've already chosen a property. By that point, it may be too late. Always research eligibility first, then let that guide your property search.

2. Overstretching Your Budget

Just because a lender approves you for a \$650,000 mortgage doesn't mean it's the right decision. Buying at the top of your borrowing limit leaves no room for interest rate rises, lifestyle changes, or unexpected expenses. A safer strategy is to buy comfortably below your maximum borrowing power.

3. Assuming Grants Are Automatic

Every scheme requires an application. For FHOG, this often happens through your solicitor. For FHBG, your lender must apply on your behalf. Missing paperwork or deadlines can mean missing out entirely.

4. Ignoring Hidden Costs

Deposits and grants are only part of the picture. Strata fees, council rates, insurance, and ongoing maintenance can stretch budgets thin. It's important to budget realistically for both upfront and long-term costs.

5. Focusing Only on Incentives

Government schemes are fantastic, but the property itself must still be a good investment and a suitable home. Don't buy a property just because it qualifies for a grant. Long-term value, location, and livability should remain your top priorities.

6. Going It Alone

Trying to navigate grants, eligibility rules, lender requirements, and property options without professional help is risky. A mortgage broker can integrate all of these moving parts and ensure you don't miss opportunities.

Case in Point:

One buyer in Victoria applied for FHOG but didn't realise the FHBG had limited places. By the time they signed the contract, the yearly cap had been filled, forcing them to pay \$27,000 in LMI. That could have been avoided with earlier planning.

In summary: be proactive, budget conservatively, and always seek advice. The cost of mistakes often outweighs the benefits of incentives.

Next Steps Checklist

A checklist helps keep the process structured and manageable. Here's a practical roadmap for first home buyers:

Step 1 – Calculate Your Budget

Work out what you can afford to repay monthly without over-stretching. Consider interest rate rises and lifestyle costs.

Step 2 – Assess Deposit Options

Do you have 20% saved? If not, check eligibility for FHBG or FHG to buy with less while avoiding LMI. Also explore FHSSS if you're still saving.

Step 3 – Explore Federal Schemes

Research FHBG, FHG, FHSSS, and Help to Buy. Note property price caps and income thresholds.

Step 4 – Research State Incentives

Look up FHOG and stamp duty concessions for your state. Calculate exactly how much you'd save.

Step 5 – Decide Property Type

Grants differ depending on whether you're building new, buying off-the-plan, or purchasing established.

Step 6 – Get Pre-Approval

Speak with a broker to secure pre-approval. This confirms borrowing power and ensures access to FHBG (via a participating lender).

Step 7 – Apply Early

Remember: many schemes have limited places. Applying early maximises your chances.

Step 8 – Engage Professionals

Use a mortgage broker, conveyancer, and accountant (if relevant) to ensure every form is submitted correctly.

By ticking through these steps, you shift from confusion to clarity. Each action narrows the gap between “dreaming” and “moving in.”

Case Examples & Scenarios

While every buyer's journey is unique, it helps to imagine how these schemes work in real-world scenarios.

Scenario 1 – Young Couple in Sydney

- Property: \$700,000 apartment
 - Federal: FHBG (5% deposit, no LMI)
 - State: No stamp duty (NSW concession under \$800k)
 - FHSSS: Access \$20,000 saved in super
- Total benefit: ~\$50,000.** This reduced their upfront costs so they could buy two years earlier than planned.

Scenario 2 – Single Parent in Queensland

- Property: \$450,000 townhouse
 - Federal: Family Home Guarantee (2% deposit, no LMI)
 - State: \$15,000 FHOG + stamp duty concession
- Total benefit: ~\$40,000.** This made ownership possible with less than \$10,000 cash upfront.

Scenario 3 – Regional Victoria Buyer

- Property: \$600,000 new build
 - Federal: FHBG (5% deposit, no LMI)
 - State: \$20,000 FHOG (regional bonus) + stamp duty exemption
- Total benefit: ~\$70,000.** Regional incentives pushed affordability to a whole new level.

Disclaimer: These are fictional examples for illustration only. Real outcomes depend on individual circumstances, income, property choice, and timing.

Call to Action

You've now seen how Australia's first home buyer system works, the grants and schemes available, and how combining them can transform affordability. But information alone isn't enough. The difference between knowing about the schemes and actually using them can be tens of thousands of dollars — or years of waiting.

That's where we come in. At **The Mortgage Advisory**, our role is to translate the complex into the practical. We guide first home buyers step by step:

- Checking eligibility for every scheme.
- Structuring deposits to maximise benefits.
- Coordinating lender approvals with grant applications.
- Avoiding costly mistakes.

We don't just arrange loans — we arrange strategies.

If you're serious about getting into your first home, the next step is simple: talk to us. We'll map out your personalised pathway, run the numbers, and help you act before opportunities close.

 **Call David – 0424 972 850**

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 **Email David@TheMortgageAdvisory.com.au**

Don't miss out on thousands of dollars in savings. Take control today and make the Australian dream of home ownership a reality.



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Unlock the secrets to homeownership with "The First Home Buyer Finance Guide". This essential resource demystifies government incentives, grants, and strategies that empower first-time buyers to navigate the property market with confidence. From understanding eligibility requirements to leveraging multiple schemes, this guide provides a practical roadmap to transform your dream of owning a home into reality.

