

## Your guide to the First Home Guarantee 2022/23



### What is the First Home Guarantee?

The First Home Guarantee (FHBG) is an Australian Government initiative to support eligible first home buyers purchase their first home sooner. It is administered by the National Housing Finance and Investment Corporation (NHFIC) under the Home Guarantee Scheme (Scheme) on behalf of the Australian Government.

Usually first home buyers with less than a 20% deposit need to pay lenders mortgage insurance. Under the First Home Guarantee, eligible first home buyers can purchase a home with a deposit of as little as 5% (lenders criteria apply). This is because NHFIC guarantees to a participating lender up to 15% of the value of the property purchased that is financed by an eligible first home buyer's home loan.

### How does the First Home Guarantee work?

Eligible first home buyers can apply for an eligible loan to purchase an eligible property through a participating lender. **The FHBG supports up to 35,000 guaranteed loans per financial year.** Eligible borrowers can use the FHBG in conjunction with other government programs like the First Home Super Saver Scheme or state and territory first home owner grants and stamp duty concessions. The guarantee is not a cash payment or a deposit for your home loan.

### What property types can be bought?

For a property to be eligible it must be a 'residential property' – this term has a particular meaning under the First Home Guarantee and participating lenders can assist if there is any doubt. Eligible residential properties include:

- an existing house, townhouse or apartment
- a house and land package
- land and a separate contract to build a home
- an off-the-plan apartment or townhouse.

Specific dates and requirements apply for the different property types.

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 the 90 day pre-approval period.



If you are considering entering into contracts relating to **purchasing land and for the construction of a home**, you may wish to discuss with your mortgage broker all of the potential risks that may be associated with these transactions. It is worth noting that you are required to sign a fixed price building contract, and that any amendments to this after signing, may impact the validity of your Scheme place and your bank may require you to pay Lenders Mortgage Insurance (LMI) or fund these additional costs yourself.

### Eligibility

- Australian citizens 18 years old or older. Permanent residents are not eligible.
- Single applicants with a taxable income of up to \$125,000 p.a. for the previous financial year and couples with a taxable income of up to \$200,000 p.a. for the previous financial year, as shown on the Notice of Assessment (issued by the Australian Taxation Office). For all FHBG applications made from 1 July 2022 to 30 June 2023, the relevant financial year assessed will be 2021-22.
- Couples are only eligible for the First Home Guarantee if they are married or in a de-facto relationship with each other. Other persons buying together, including siblings, parent/child or friends, are not eligible for the First Home Guarantee.

- The First Home Guarantee assists single (individual) applicants and couples (together) who have at least 5% of the value of an eligible property saved as a deposit. If 20% or more is saved, then the home loan will not be covered by the First Home Guarantee.
- Loans under the First Home Guarantee require scheduled repayments of the principal and interest of the loan for the full period of the agreement (with limited exceptions for interest only loans, which mainly relate to construction lending).
- Applicants must intend to be owner-occupiers of the purchased property. Investment properties are not supported by the First Home Guarantee.
- Applicants must be first home buyers who have not previously owned, or had an interest in, a property (including owning, or having owned land) in Australia, either separately or jointly with someone else (this includes residential strata and company title properties).

### Property price thresholds

The value of the residential property must not exceed the relevant price cap for the area in which it is located. The price caps are:

| State | Capital city and regional centres* | Rest of state |
|-------|------------------------------------|---------------|
| NSW   | \$900,000                          | \$750,000     |
| VIC   | \$800,000                          | \$650,000     |
| QLD   | \$700,000                          | \$550,000     |
| WA    | \$600,000                          | \$450,000     |
| SA    | \$600,000                          | \$450,000     |
| TAS   | \$600,000                          | \$450,000     |

| Territory                                  | All areas |
|--|-----------|
| ACT  | \$750,000 |
| NT   | \$600,000 |
| Jervis Bay Territory & Norfolk Island      | \$550,000 |
| Christmas Island & Cocos (Keeling) Islands | \$400,000 |

\*The capital city price thresholds apply to regional centres with a population over 250,000 (Newcastle & Lake Macquarie, Illawarra (Wollongong), Geelong, Gold Coast and Sunshine Coast), recognising that dwellings in regional centres can be significantly more expensive than other regional areas.

Search the property price threshold for a suburb or postcode at [www.nhfc.gov.au](http://www.nhfc.gov.au)

### Applying

- Eligible first home buyers can apply for FHBG through a participating lender. The full list of participating lenders is at [www.nhfc.gov.au](http://www.nhfc.gov.au)
- For the **2022-23 financial year, 35,000 FHBG places will be available** through participating lenders from 1 July 2022.
- There are no costs or repayments associated with the FHBG. However, first home buyers are responsible for meeting all costs and repayments for the home loan associated with the FHBG.
- NHFIC will not accept applications directly and does not maintain a waiting list for places under the FHBG.

Before you enter into a home loan agreement, you should consider talking with your mortgage broker about the potential implications of changing interest rates or house prices on your individual circumstances.



**For help applying for the First Home Guarantee and getting the right loan for your home, get in touch with the friendly team at Nectar Mortgages.**

 (02) 4040 0910

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