

# Financing your new home as a first home buyer



**MR.ENTHUSIAST**  
NEW HOMES BY NIK



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# Introduction

## ARE YOU READY TO START THE JOURNEY BUILDING YOUR VERY FIRST HOME?

**It's an exciting and nerve-wracking time for many Australians who are taking the plunge into the property market.**

Transitioning from living at home or renting, to owning your very own property is a huge milestone, and while it may seem overwhelming, the dream of homeownership is entirely within reach, and this pamphlet is filled with the information that you need to get there. Our goal is to equip you with the knowledge and resources needed to navigate the process of financing your first home, and answer some questions that you may have along the way.

## ARE YOU IN THE MARKET TO BUILD?

**For many Australians, this time combines a blend of excitement and apprehension.**

Transitioning from renting or living at home to property ownership is a significant leap, and with the right information, the dream of having your own home is well within reach. Understanding that the financial aspect can be overwhelming, so we've crafted this informational pamphlet to guide you through financing your brand new house, and answer some of your important questions.





# Do you qualify as a first home buyer?

First, we need to clarify that you are in fact classified a 'first home buyer' or FHB.

A FHB is a person or a couple (defacto or married) over the age of 18 who is purchasing their first residential home in Australia. Be mindful that Federal and State Government guidelines can differ and may also have additional requirements.

*"A first home buyer is a person or a couple over the age of 18 who is purchasing their first residential home in Australia"*

# Industry jargon – what does it mean?

## IT'S IMPORTANT TO UNDERSTAND THE TERMINOLOGY YOU WILL HEAR THROUGHOUT YOUR BUILDING JOURNEY.

You may have heard your friends and family mention some of these terms, but never really understood what they meant, or their relevance, so we have outlined some of the most important ones and explain what they mean.

### MINIMUM DEPOSIT

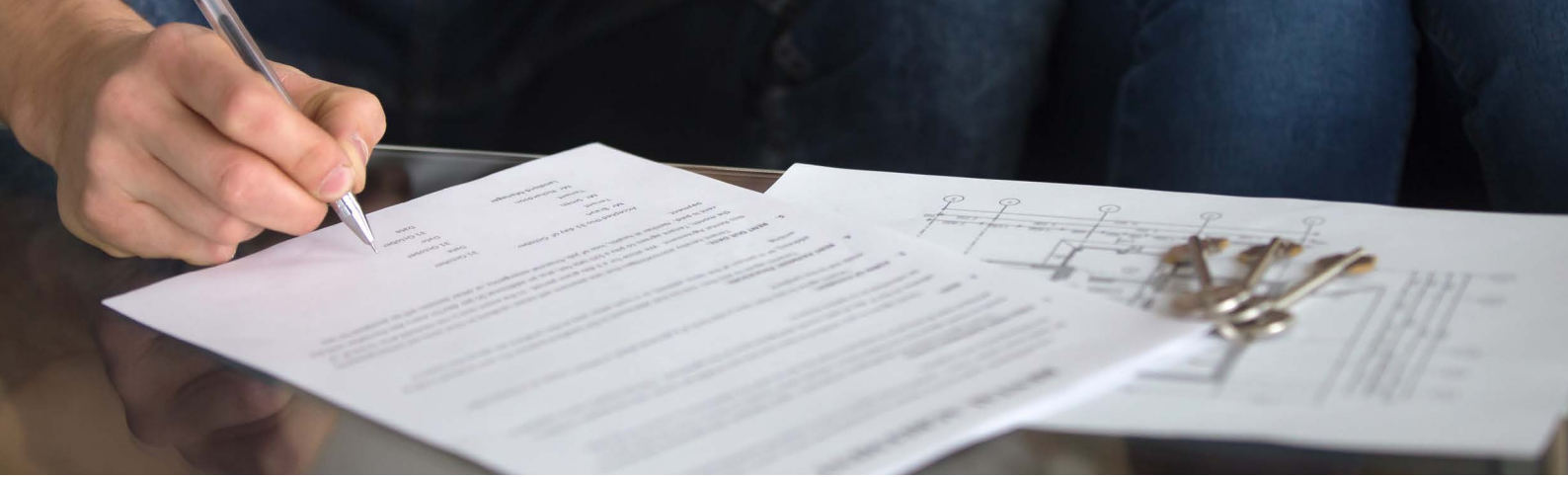
Majority of lenders will require home buyers to have at least a 20% deposit to secure a bank loan. For example, for \$480,000, you will need a deposit of \$96,000. Don't panic! for first home buyers this amount can be less, and we will explain to you how!

### MORTGAGE INSURANCE

In the unfortunate event that the purchaser cannot honor their loan repayments, mortgage insurance is an insurance policy that will protect the lender against any financial loss. In this situation, if the home loan were to go into default, the home may have to be put up for sale to cover the amount owing. If it does not sell for the original purchase amount and therefore cannot cover the lender's costs, they will claim the difference through the mortgage insurer. Mortgage insurance is more often than not required by lenders if you are looking to borrow in excess of 80% of the value of the property. That premium is then added into your total loan, you as the buyer have to pay for it. The cost of premium will vary from the size of the loan as well as how much you borrow versus the deposit you put down.

### STAMP DUTY

Stamp Duty is a form of tax enforced by State and Territory governments on the sale of residential properties. It is an additional amount to be paid in addition to the purchase price of a home and is calculated on a number of factors such as the location and price of the property, and whether or not the purchaser is a FHB (first home buyer). However, for building it's based only on the value of the block. So if you compare it can be a lot cheaper.



## CONVEYANCING AND LEGAL FEES

Conveyancing and legal fees are associated costs with completing the legal paperwork required when buying a home or block. This can be completed by either a Settlement Agent, Conveyancer or a Lawyer and includes the preparation, execution, and lodgment of all the legal documents that are required to complete the sale. We partner with Alpha Conveyancing to streamline the process, so you benefit from a seamless experience without having to seek out a separate conveyancing service.

## VARIABLE RATE HOME LOAN

A variable rate home loan means that your interest rates will fluctuate up or down at any time. These types of loans offer more flexibility than fixed rate home loans. Many variable rate home loans let you make additional repayments ontop of your minimum repayments which will allow you to pay off your loan faster, and gives you the ability to redraw these additional funds for any emergencies or holidays. You also may have offset account, which you can move money into and may help to reduce the amount of interest you pay.

A potential downside of a variable rate home loan is that interest rates can change at any time. Which may not always land in your favour. It's a good idea to consider this possibility, and ensure that you can afford higher loan repayments if interest rates were to go up. However, it's always best to chat to a finance broker for more info. If you need help we have some amazing finance brokers who work alongside us that we can recommend.

## FIXED RATE HOME LOAN

If you would prefer the peace of mind that your interest rate will not change, you may want to consider a fixed rate home loan. The required repayment amount will stay the same throughout the fixed term, which allows you to calculate and stick to a budget. Depending on the lender, you can generally choose the length of time that you would like to fix your interest rate for. Depending on the bank, this could be up to as long as 10 years. At the end of the fixed term your loan will generally roll over to a variable rate, unless you re-negotiate to fix it again.



# Federal Government help for first home buyers

## FIRST HOME GUARANTEE

The First Home Guarantee, a nationwide initiative by the Federal Government, aims to assist in the home buying process for eligible First Home Buyers (FHBs). Under this scheme, 35,000 qualified buyers can bypass the requirement of paying mortgage insurance, typically mandated for deposits below 20%, which can amount to a maximum of 15% of the property's value as determined by the lender. With the Government guaranteeing a portion of the loan, purchasers can secure their first home with as little as a 5% deposit, kickstarting their homeownership journey. This initiative can be used in conjunction with other Federal and State Government programs.

To qualify, prospective buyers can purchase various residential properties, including existing houses, townhouses, apartments, house and land packages, land with a separate construction contract, or off-the-plan apartments or townhouses. The scheme prioritises moderately priced properties, with price caps adjusted based on the location of the home. Interested individuals can check the applicable price caps for their area by entering their postcode.

As of 1<sup>st</sup> July 2024, Australian citizens aged 18 or older are eligible for the First Home Guarantee if they are first-time homebuyers intending to occupy the property. Single applicants must have a taxable income of \$125,000 or less in the previous financial year, while couples applying jointly must have a combined taxable income of \$200,000 or less. Couples are considered eligible only if they are legally married or in a de facto partnership. Applicants must have a minimum 5% deposit saved; however those with deposits exceeding 20% are ineligible.

Please note that these figures are subject to change and this information may not be up to date. Visit [www.housingaustralia.gov.au](https://www.housingaustralia.gov.au) for more information and up to date figures

*"The first home guarantee is available Australia wide as part of a federal government initiative to support eligible FHBS to purchase their first home sooner."*

*“The first home super  
saver scheme is  
available Australia wide  
through the ATO”*





# The first home super saver scheme

**The First Home Super Saver Scheme, administered by the Australian Taxation Office and available nationwide, empowers eligible first home buyers to save towards their initial home within their superannuation fund. This initiative assists with savings through preferential tax treatment applied to superannuation.**

Under the scheme, first home buyers can contribute both concessional (pre-tax) and non-concessional (after-tax) funds to their superannuation account to accumulate savings for their first home. Subsequently, they can request the release of these voluntary contributions, along with any accrued earnings, to assist in purchasing their first home. To qualify for the scheme, first home buyers must intend to reside in the purchased property or do so as soon as possible, maintaining occupancy for a minimum of six months within the first twelve months of ownership. Eligible participants can apply to release a maximum of \$15,000 in voluntary contributions from any single financial year and up to a total of \$50,000 across all years.

# Help from governments around the country

States and territories also provide another level of support. Often you can access both federal and state schemes to get into your home faster.

## WESTERN AUSTRALIA

Western Australian First Home Buyers have a few State Government offerings that can assist them in purchasing their first home. The WA First Home Owner Grant is a one-off payment of \$10,000 to assist Western Australian first home buyers to buy or build a new residential property, including off the plan property purchases, as their future place of primary residence.

Established homes or renovations to an existing home are not included under this scheme.

The grant isn't means tested, however you must occupy the home for a period of at least six months within 12 months of settlement or completion (in the case of new builds) and has a price cap of \$750,000 for eligibility.

Western Australians can also access First Home Buyers Assistance, which is a grant of up to \$2,000 for eligible applicants to be used for minor/ unexpected expenses such as mortgage registration fees, conveyancing fees, inspection or valuation fees. This grant has a residential property price cap of \$400,000.

The Western Australian Government offers additional support to first home buyers (FHBs)

by providing reduced or waived stamp duty rates. Properties valued at or below \$430,000 are exempt from stamp duty. For homes valued between \$430,000 and \$530,000, a reduced rate of \$19.19 per \$100 (or part thereof) above \$430,000 is applicable. In the house and land package, there is a cap of 300k for land only. This allows a higher package with 0 stamp duty.

To qualify for the WA first home owners grant, you must have signed a building contract. If you're purchasing land with the intention of building in the future, you may need to pay stamp duty upon land settlement, which can later be reclaimed. It's advisable to consult your settlement agent or conveyancer for detailed guidance on this matter.

Western Australian's also have access to Keystart, which provides low deposit home loans with no lender's mortgage insurance. Industry standard minimum deposit is around 5%, however, with Keystart you can access a loan with a 2% deposit along with no mortgage insurance and no account keeping fees. Keystart also offers reduced loan repayments while your new home is under construction. The current Keystart loan cap is \$560,000,



### WA FIRST HOME OWNER GRANT

Find out if you meet the eligibility requirements to receive the WA First Home Owners Grant.

[LEARN MORE](#)



### WA FIRST HOME BUYERS ASSISTANCE

Find out if you meet the eligibility requirements to receive First Home Buyers Assistance.

[LEARN MORE](#)



### KEYSTART

Find out if you meet the eligibility requirements for a low deposit home loan from Keystart.

[LEARN MORE](#)



## SOUTH AUSTRALIA

South Australians have access to the State Government First Home Owner Grant, a one-time payment of \$15,000 for purchasing or constructing their first residential home to be used as their primary residence. This grant applies to residential properties priced at \$650,000 or below and is not subject to means testing. However, you must reside in the home continuously for at least 6 months within the first 12 months after settlement or completion for new builds.

Additionally, the South Australian Government offers the HomeSeeker SA initiative, designed to assist more South Australians in purchasing a home. It offers various options, including affordable loans tailored for Indigenous applicants, as well as low-income and low-deposit home loans.

HomeStart Finance provides tailored financial solutions to help South Australians achieve homeownership. Their focus on affordability and practical support helps make the process of buying a home more accessible.



### SA FIRST HOME OWNER GRANT

Find out if you meet the eligibility requirements to receive the SA First Home Owners Grant.

[LEARN MORE](#)



### HOMESEAKER SA

Explore the different options available and find out if HomeSeeker SA is right for you.

[LEARN MORE](#)



### HOMESTART

HomeStart Finance's tailored solutions for homeownership.

[LEARN MORE](#)



## Taking the next step

Building a new home as your first property is a life changing decision. The choices may seem overwhelming at first, but armed with the right information and by doing your research, you can be confident you'll find the property you're looking for.

Mr Enthusiast is a national builder/broker with a proven track record for nurturing building journeys, inspiring community connection and enriching people's lives. When you build your first home with Mr Enthusiast, you can be assured you're making a sound investment to start your property ownership journey in the best possible way.

If you have any questions related to building your first property, please contact Nik.



Learn more about Mr Enthusiast and the many projects we're developing across Australia.

**SEE OUR PROJECTS**

[mrenthusiast.net.au/client-journeys/](http://mrenthusiast.net.au/client-journeys/)

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