

Nectar

Your guide to the First Home Loan Deposit Scheme



What is the First Home Loan Deposit Scheme?

The Australian Government has introduced a First Home Loan Deposit Scheme (FHLDS) to support eligible first home buyers purchase a home. 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 as low 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?

Applications for the 2021-22 financial year opened 1 July 2021.

Types of property eligible for purchase 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

Eligibility

- Citizens of Australia 18 years and older. 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 are 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 and to the construction of a house on the land, the loan may be an eligible loan even if the terms the loan agreement permit interest-only repayments for a specified period.
- Applicants 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.
- Applicants need to provide a copy of your Notice of Assessment from the Australian Taxation Office for the 2020-21 financial year.

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	\$800,000	\$600,000	
VIC	\$700,000	\$500,000	
QLD	\$600,000	\$450,000	
WA	\$500,000	\$400,000	
SA	\$500,000	\$350,000	
TAS	\$500,000	\$400,000	
ACT	\$500,000	-	
NT	\$500,000	-	
Jervis Bay Territory and Norfolk Island	-	-	\$550,000
Christmas Island and Cocos (Keeling) Islands	-	-	\$400,000

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 -

<https://www.nhfic.gov.au/what-we-do/property-price-caps/>

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How to apply

- Borrower applications and questions will be managed through a panel of participating lenders accessible on the NHFIC website - <https://www.nhfic.gov.au/what-we-do/support-to-buy-a-home/first-home-loan-deposit-scheme/how-to-apply/>
- Applications open 1 July 2021.
- Once the Scheme commences, speak to a Nectar broker about submitting an application. NHFIC will not accept applications directly.

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

