

Your guide to the Family Home Guarantee

2021/22



What is the Family Home Guarantee?

The Family Home Guarantee is an Australian Government initiative that aims to support eligible single parents in purchasing a family home.

From 1 July 2021, 10,000 Family Home Guarantees will be made available over four financial years to 30 June 2025, to eligible single parents with at least one dependent child, subject to their ability to service a loan.

The Family Home Guarantee can be used to build a **new** home or purchase an **existing** home with a deposit of as little as **2 per cent**, regardless of whether that single parent is a first home buyer or a previous home owner. Investment properties are not supported by the Family Home Guarantee.

How does the Family Home Guarantee work?

Eligible single parents are able to apply for a loan to purchase an eligible property through a participating lender.

The Family Home Guarantee is administered by the National Housing Finance and Investment Corporation (NHFIC) on behalf of the Australian Government.

NHFIC guarantees to a participating lender up to 18 per cent of the value of the property, provided the borrower has a minimum **2 per cent** deposit, and is eligible for the Family Home Guarantee.

This will enable single parents with at least one dependent child to enter, or re-enter, the housing market sooner.

Eligible Properties

For a property to be eligible under the Family Home Guarantee, it must be a residential property.

Eligible residential properties generally 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.

Applicant Eligibility

- Citizens of Australia 18 years and older. Permanent residents are not eligible.
- Must be a single parent with at least one dependent child. A parent is not a single parent if they are married or in a de facto relationship. NB: a person who is separated but not divorced is not single.
- The single parent must have a taxable income that does not exceed \$125,000 per annum for the previous financial year. NB: Child support payments are not included as income for the purpose of the income cap.
- The single parent must be the only name listed on the loan and the certificate of title.
- It is expected that the single parent demonstrate that they are the natural or adoptive parent of a dependent child within the meaning of s.5 of the Social Security Act 1991 (Cth). In a general sense, this means that the person must show that they are legally responsible (whether alone or jointly with another person) for the day-to-day care, welfare and development of the dependent child and the dependent child is in their care.
- Alternatively, the single parent must show that they are the natural or adoptive parent of a child between 16 and 22 years of age, who receives a disability support pension and lives with them.

- Individuals must have at least 2 per cent of the value of the property available as a deposit. If the borrower has a deposit of more than 20 per cent, then the home loan cannot be covered by the Family Home Guarantee.
- Loans under the Family Home Guarantee require scheduled repayments of the principal and interest of the loan for the full period of the agreement. The loan agreement must have a term of no more than 30 years.
- Applicants must intend to be owner-occupiers of the purchased property. In the case of an active Australian Defence Force member applicant, the guarantee is not subject to the owner-occupier requirement after entering into the loan if they cannot meet this requirement because of their duties.
- Applicants can be either first home buyers or previous owners who do not currently own a home. That is, the applicant must not currently have a freehold interest in real property in Australia, a lease of land in Australia or a company title interest in land in Australia.

The eligibility criteria must be satisfied at the time the loan agreement is entered into. The eligibility criteria for the Family Home Guarantee is outlined in the currently in force *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*.

Property price thresholds

| State/Territory | Capital city and regional centres | Rest of state |
|-----------------|-----------------------------------|---------------|
| 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 |

* Note that regional centres only include the areas identified as (1) in New South Wales, Illawarra and Newcastle and Lake Macquarie, (2) in Victoria, Geelong, and (3) in Queensland, Gold Coast and Sunshine Coast.

For the territories of Jervis Bay Territory, Norfolk Island, Christmas Island and the Cocos (Keeling) Islands, the relevant price cap is the same as the rest of state cap that applies in the closest State – New South Wales (for Jervis Bay Territory and Norfolk Island) and Western Australia (for Christmas Island and the Cocos (Keeling) Islands).

How to apply

Eligible single parents will be able to apply for the Family Home Guarantee through a participating lender. A [Nectar mortgage broker](#) can help with this application.

There are no costs or repayments associated with the guarantee. However, eligible single parents are responsible for meeting all costs and repayments for the home loan associated with the guarantee.

NHFIC will not accept applications directly and does not maintain a waiting list for Family Home Guarantee places.

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

☎ 1300 55 17 11

🌐 www.nectarmortgages.com.au



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