Australian Government

National Housing Finance and Investment Corporation

Home Guarantee Scheme

First Home Guarantee

Fact Sheet 2023/24

1 July 2023

What is the First Home Guarantee?

The First Home Guarantee (FHBG) is an Australian Government initiative to support eligible home buyers to buy a 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, home buyers with less than a 20 per cent deposit need to pay lenders mortgage insurance. Under the First Home Guarantee, eligible home buyers can purchase a modest home with a deposit of as little as 5 per cent (lenders criteria apply). This is because NHFIC guarantees to a participating lender up to 15 percent of the value of the property purchased that is financed by an eligible home buyer's home loan.

How does the First Home Guarantee work?

Eligible home buyers are able to apply for an eligible loan to buy an eligible property through a participating lender. The First Home Guarantee supports up to 35,000 guaranteed loans each 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 type of property 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 participating lender (and broker, if applicable) 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.

Who is eligible?

- Australian citizens and permanent residents who are at least 18 years of age.
- Individual applicants with a taxable income of up to $125,000 per annum for the previous financial year and joint applicants with a combined taxable income of up to $200,000 per annum 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 2023 to 30 June 2024 the relevant financial year assessed will be 2022-23.
- The First Home Guarantee assists individual applicants and joint applicants (together) who have at least 5 per cent of the value of an eligible property saved as a deposit. If 20 per cent 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). The loan agreement must have a term of no more than 30 years.
- Applicants must intend to be owner-occupiers of the purchased property. Investment properties are not supported by the First Home Guarantee.
- Applicants can be either first home buyers or previous homeowners who haven't owned a property in Australia in the past 10 years. Prior property ownership includes an interest in real property (including owning land) in Australia, a lease of land in Australia or a company title interest in land in Australia.

What property price thresholds apply?

The FHBG assists in the purchase or construction of a modest home and the value of the residential property must not exceed the relevant price cap for the area in which it is located. The price caps for capital cities, large regional centres and regional areas are:

State	Capital city & 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.nhfic.gov.au*

How to apply

- Eligible home buyers can apply for FHBG through a participating lender. The full list of participating lenders is at ***www.nhfic.gov.au***
- 35,000 FHBG places will be available through participating lenders each financial year.
- There are no costs or repayments associated with the FHBG. However, eligible 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.

Find out more about the eligibility criteria and a list of panel lenders at ***www.nhfic.gov.au***

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

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