



Australian Government

First Home Loan Deposit Scheme

Scheme Information Guide
Dated 1 February 2020





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Important information

About this document

This document is dated 1 February 2020 and relates to the Australian Government's First Home Loan Deposit Scheme (the Scheme).

It has been prepared by the National Housing Finance and Investment Corporation (or NHFIC) for Participating Lenders so that they can provide general information and guidance on the Scheme to first home buyers.

Some terms used in this document have defined meanings. These terms are capitalised and are defined in the 'Glossary' section on page 33.

Distribution of this document

This document may only be distributed within Australia and in relation to Eligible Loans that are offered by Participating Lenders.

If you are receiving this document, it will have been provided to you by a Participating Lender (or by one of their Representatives).

Providing your personal information to NHFIC

You will be asked to provide personal information to NHFIC (directly or via a Participating Lender or its Representatives) if you take steps to participate in the Scheme or submit a First Home Buyer Declaration. Please read the privacy statement at section 6.4 'Other Scheme features & important information – Privacy statement'. By requesting a Participating Lender to take any steps to have your home loan covered by the Scheme or by submitting a First Home Buyer Declaration to your lender you consent to the matters outlined in that privacy statement.

Providing incorrect or incomplete information

As part of its role in administering and operating the Scheme, NHFIC may verify

the information provided by you (or on your behalf) in submissions for the Scheme and in any First Home Buyer Declaration. This is to ensure that you are eligible to participate in the Scheme. You may be checked for former home ownership within Australia and checks for other matters in respect of the eligibility criteria – such as your spouse or de facto partner status (if applicable), council records, property title information and your financial particulars – may also be undertaken.

Not providing the information requested or providing incorrect or incomplete information may impact upon the assessment of your eligibility and ability to participate in the Scheme.

If it is found that you have provided false, incorrect or misleading information under a First Home Buyer Declaration and/or generally in connection with the Scheme, criminal and civil penalties may apply. Also, if a guarantee of your home loan is found to have been issued erroneously under the Scheme due to your fraudulent or wilful conduct, that guarantee may be revoked and the lender may also consider it as a failure by you to comply with the terms of your home loan. If you fail to comply with the terms and conditions of your home loan, the lender will have rights against you – these rights may include requiring you to repay some or all of the home loan, requiring you to pay for lenders mortgage insurance, an ability to change or enforce the home loan and/or to take other legal action against you.

General information and guidance only

This document includes general information and guidance in relation to some of the features of the Scheme only. It should not be relied upon as being complete or for any purpose.

NHFIC is only providing this document to Participating Lenders. **To the fullest extent provided by law, this document does not create any legal relationship between any other person and NHFIC.**

The information in this document is not financial or other advice. It has been prepared without considering any person's objectives, financial situation or particular needs. This document does not relate to any products or services provided by any Participating Lender. The appointment of any person as a Participating Lender is expressly not a recommendation or statement of opinion for any such person.

It is important that you read this document and all of the materials provided to you by your lender in full, and take your own professional advice as appropriate, before deciding to take any steps to have your home loan covered by the Scheme or submitting a First Home Buyer Declaration.

No independent verification

No Participating Lender or Representative has independently verified any information contained in this document and each such person disclaims any responsibility for that information. No representation, warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted, by any of them, in relation to the accuracy or completeness of the information in this document.

Enquiries & further information

If you have any questions about the Scheme, you should ask your Participating Lender and/or seek advice from a professional adviser.

Further information on the Scheme is also available on the Scheme Webpage at www.nhfic.gov.au/what-we-do/fhlds/.





1. How the Scheme works

The Scheme is an Australian Government initiative aimed at assisting Australians to purchase their first home. Under the Scheme, part of an eligible first home buyer's home loan from a Participating Lender will be guaranteed by NHFIC. This is aimed at enabling the first home buyer to purchase their first home sooner with as little as a 5% deposit.

1.1 Is your home loan eligible for the Scheme?

For your home loan to be eligible for the Scheme, there are a few checks that need to be satisfied.

They relate to:

- **your personal circumstances** – referred to as Your Eligibility Checks, which include checks for your income, prior property ownership, citizenship, age, deposit and intention to live in the property you buy – see section 2 '*Are you an eligible first home buyer?*' and the checklists in section 7 '*Checklists – Your Eligibility Checks*'
- **the lender for your home loan** – which must be a Participating Lender – see section 3 '*Is your lender approved for the Scheme?*'
- **the type of home loan you are applying for** – which must be an Eligible Loan – see section 4 '*Which home loans are eligible for the Scheme?*', and
- **the property you intend to purchase** – which must be an Eligible Property – see section 5 '*Which properties are eligible for the Scheme?*'.

If any one of these checks is not satisfied, you will not be able to participate in the Scheme. Your lender will need to be satisfied that these checks are met and will have separate criteria, processes and requirements for any consideration of your home loan application with them.

The Scheme is open across Australia to all eligible home loans. The number of places under the Scheme is limited and a place may not be available even if your home loan is eligible. See section 1.2 '*Other key features of the Scheme – Scheme place limits*' below for further details.

1.2 Other key features of the Scheme

The Scheme involves the following key features.

When the Scheme commences

The Scheme commenced on 1 January 2020.

Applications to a Participating Lender to have your home loan covered by the Scheme can only be made on or after that date.

Other relevant dates for Scheme eligibility – such as when contracts are able to be signed and the settlement date for your loan – are described in section 4.2 *‘Which home loans are eligible for the Scheme? – Home loan products – Contract & settlement dates’*.

Participation in the Scheme

You cannot apply to NHFIC directly to have your home loan participate in the Scheme. You can only do so as part of your home loan application with a Participating Lender.

The eligibility of your home loan to participate in the Scheme will be considered by your lender and, if eligible, the lender will notify you that your home loan is able to participate in the Scheme. They may also take steps to make a Scheme Place Reservation – as described in section 6.1 *‘Other Scheme features & important information – Scheme Place Reservations’*.

Information on how your home loan can be covered by the Scheme can be obtained through a Participating Lender and their Representatives.

Scheme place limits

Up to 10,000 home loans can be guaranteed under the Scheme in any financial year (ending 30 June).

There will be a total of 10,000 places available under the Scheme from 1 January 2020 to 30 June 2020. These may be released by NHFIC to Participating Lenders in allocations, and places may not be available at a particular time if an allocation is exhausted.

The release of places in future financial years will be announced by NHFIC at a later time.

Issue of guarantees under the Scheme

If your home loan is covered by the Scheme, NHFIC will issue a guarantee to the Participating Lender who made that loan to you.

The guarantee is not a cash payment or a deposit for your home loan.

Rather, the guarantee is a legal arrangement between NHFIC and your lender to pay up to a certain amount that you owe to your lender if you default under the terms of your home loan and your property has been sold (as further described below).

A guarantee issued under the Scheme is not made to you, and you are not able to take any action in relation to a guarantee of your home loan under the Scheme (if one applies).

What a guarantee covers

Any guarantee of your home loan is for payment of up to a maximum amount of 15% of the Value (as assessed by your lender) of the property that you purchase if you default on your home loan and after your property is sold. However, it will be for a lesser amount than 15% of that assessed Value if your deposit is more than 5% of that Value.

The guarantee is only able to be claimed by the Participating Lender for amounts owing by you to them under your home loan after:

- you have defaulted on your home loan
- your property has been sold, and
- the sale proceeds (and any other amounts available to the lender) have been applied to pay the amounts you owe to your lender under the terms of your home loan.

Specifically, any guarantee of your home loan under the Scheme will **not apply** to:

- help you make any payments on your home loan that you miss during the ordinary course of your home loan
- prevent you from defaulting on your home loan
- stop the lender from taking action against you for any default under your home loan or mortgage (including where they have rights to take possession of the property), or
- cover the payment of any amounts which remain to be owed by you to the lender after (1) sale proceeds and other amounts are applied to pay what you owe on your home loan and after amounts under the guarantee have been claimed and paid to the Participating Lender, or (2) if they do not make a claim under the guarantee.

Circumstances where your home loan may cease participating in the Scheme

If your home loan is covered by the Scheme, there are certain events which may cause a Scheme guarantee to stop applying to your home loan. These include where:

- it is found at any time that your home loan was not eligible to participate in the Scheme— including where it is discovered at a later time that Your Eligibility Checks were not satisfied
- you no longer live in the property
- you have repaid your home loan in full – including where you refinance your home loan with another lender that is not a Participating Lender – see section 6.3 *‘Other Scheme features & important information – Refinancing your Scheme-guaranteed home loan’* for further details, and
- you have repaid your loan down to a principal balance that is 80% or less of the Value of your property – this is calculated based on your scheduled home loan repayments and amounts held in an offset account or that you prepay and can freely redraw are not counted.

There are also additional events that rely upon your agreements with, and the actions of, your Participating Lender. These include where:

- the terms of your home loan (or mortgage) are changed by your lender except for changes to the interest rate, changes made to the terms that your lender offers to all of its owner-occupied home loans, changes for where you are in financial hardship, changes between your lender's standard home loan products and other limited circumstances
- further finance is provided to you by your lender and secured against the same property (known as a 'top up')
- your loan is assigned or transferred by your lender, or
- if your lender notifies NHFIC that the guarantee may be released.

If your home loan is no longer covered by the Scheme at an earlier time than your lender expected, you may be subject to additional fees, charges and expenses as set out in the terms of your home loan.

Other government Schemes

If your home loan is covered by the Scheme, you are not restricted under the terms of the Scheme from also accessing other government programs – like the Australian Government's First Home Super Saver Scheme or first home owner grants and concessions that may be offered by State and Territory governments.

These other programs apply their own criteria and conditions, and your eligibility or participation under the Scheme does not mean that you will definitely be eligible and able to participate under another program. You should make your own enquiries on the terms of those other programs.

1.3 Getting ready – what will I need to provide to my lender?

Your Participating Lender or their Representative will let you know what information and materials you will need to provide for your home loan application and any participation of your home loan under the Scheme.

However, the following information will need to be submitted by your lender in connection with the initial Scheme Place Reservation process. It is recommended that you collect and have this information available when you first contact your lender (directly or through their Representative):

- ✓ your full name and date of birth
- ✓ your Medicare number (including your position on your card)
- ✓ your Notice of Assessment for your taxable income for the 2018-19 income year – see section 2.1.2 '*Are you an eligible first home buyer? – What was your taxable income for the preceding income year? (Income test)*', and
- ✓ other details to assist the lender to assess whether you will be eligible to participate in the Scheme – your lender will confirm what these are.

If you do not have a Medicare number, or have not been issued with a Notice of Assessment for your taxable income (because you did not earn taxable income above the tax-free threshold), your lender will confirm what other information will be required to be provided by you in your circumstances.



2. Are you an eligible first home buyer?

2.1 Your Eligibility Checks

First, you should consider whether your personal circumstances satisfy all of the following checks. They relate to your eligibility as a first home buyer who can participate in the Scheme.

The key checks for your personal circumstances are:

- ✓ an income test – see section 2.1.2
- ✓ a prior property ownership test – see section 2.1.3
- ✓ a citizenship test – see section 2.1.4
- ✓ a minimum age test – see section 2.1.5
- ✓ a deposit requirement – see section 2.1.6, and
- ✓ an owner-occupier requirement – see section 2.1.7.

Some of these checks may be different depending on whether you are applying for a home loan as a single or as part of a couple.

If you do not satisfy any one of these checks – which are described in further detail below and are together referred to as **Your Eligibility Checks** – you should not ask your lender to take any steps to have your home loan participate in the Scheme. This includes that you should not ask your lender to make a Scheme Place Reservation. If you are unsure of any of these matters, you should ask your lender or seek your own independent financial and legal advice.

Section 7 '*Checklists – Your Eligibility Checks*' includes checklists that are provided to help you to record your answers as you consider the questions for each of Your Eligibility Checks.

2.1.1 Are you purchasing your first home on your own or with another person?

The Scheme is open to singles or couples.

You will only be able to participate as a single or as part of a couple – it is not possible for a guarantee under the Scheme to apply to more than one home loan arrangement involving you.

Singles

If you are looking to purchase your first home as the only person named as a borrower in your home loan, then you would apply under the Scheme **as a single**.

This means that you need to satisfy each of the checks by reference to your own circumstances. Matters for couples (such as the combined income test) will not apply to you.

Couples

If you are looking to purchase your first home with your spouse or de facto partner, where you are both named as borrowers in your home loan, then you would both apply under the Scheme **as a couple**.

This means that you need to satisfy each of the checks by reference to your combined circumstances and apply together. Matters for singles (such as the individual income test) will not apply to you.

If you are unsure of whether your relationship with another person is as de facto partners (under Australian law), you should ask your lender or seek your own professional advice.

Arrangements with other people that do not qualify

If you are intending to enter into a home loan that:

- has 2 borrowers, but the other person is not also your spouse or de facto partner, or
- has 3 or more borrowers, even if one of the other borrowers is also your spouse or de facto partner,

then that home loan will not be eligible for the Scheme.

For example, a loan arrangement with a relative – such as with a sibling – will not be eligible for the Scheme.



Questions to ask yourself

Q0. Will you be applying under the Scheme as a single or as part of a couple?

As a single

If your answer is '**as a single**', then you should pay close attention to the checks that apply for singles and disregard the matters that apply for couples.

As part of a couple

If your answer is '**as part of a couple**', then:

- you will need to be able to provide evidence to your lender that confirms your relationship
- you will need to apply for a home loan together, and
- you should pay close attention to the checks that apply for couples and disregard the matters that apply only for singles.

2.1.2 What was your taxable income for the preceding income year? (*Income test*)

The Scheme includes an income test.

To satisfy this test:

- for **singles** – your taxable income for the previous income year must not be more than \$125,000, or
- for **couples** – your combined taxable income for the previous income year must not be more than \$200,000.

For all Scheme place applications made from 1 January 2020 up to 30 June 2020, the relevant income year will be the 2018-19 income year. Income years before then are not able to be considered for the income test.

The income test is assessed by your lender:

- at your Home Loan Date, and
- using your taxable income (as per the *Income Tax Assessment Act*) from the previous income year, as shown on your Notice of Assessment (issued to you by the Australian Taxation Office).

Each income year starts on 1 July in a calendar year and ends on 30 June in the next calendar year – so if you enter into a home loan agreement with your lender from 1 January 2020 to 30 June 2020, you would need to be able to provide your income tax assessment notice for the 2018-19 financial year.

If you are applying under the Scheme:

- ‘**as a single**’, then you will need to satisfy the income test for singles, or
- ‘**as part of a couple**’, then together you will need to satisfy the combined income test for couples.

This will be the only income test you need to satisfy – so you can disregard the income test for singles – and you will need to be able to show your lender copies of a Notice of Assessment for each of you and your spouse or de facto partner.



Questions to ask yourself

Q1. Do you have your Notice of Assessment for the 2018-19 income year (as issued by the Australian Taxation Office)?

No, I don't have it (or I can't find it)

If your answer to the above question is ‘**no**’, you may not be able to satisfy the income test.

You would need to take steps to file for or obtain a copy of your Notice of Assessment for the 2018-19 income year. Doing so does not necessarily qualify you as being able to participate in the Scheme, and any action you decide to take is your own responsibility.

If you did not receive a Notice of Assessment because your taxable income is below the tax-free threshold in the relevant income year, you will need to confirm with your lender what information you would need to provide.

Yes, I do

If your answer is ‘**yes**’ to the above question, you will need to be able to show a copy of your Notice of Assessment to your lender.

The next question for you is below.

Q2. Do you satisfy the income test?

No, I / we don't satisfy the income test

If your answer to the above question is ‘**no**’, your home loan will not be eligible under the Scheme.

Yes, I / we satisfy the income test

If your answer is ‘**yes**’ to the above question, your home loan may be eligible for the Scheme.

2.1.3 Have you ever held an interest in property in Australia? (Prior property ownership test)

It is important that the Scheme assists genuine first home buyers.

The prior property ownership test for you being an eligible first home buyer for the Scheme is that you have **not ever held**:

- a freehold interest in real property in Australia
- an interest in a lease of land in Australia with a term of 50 years (or more), or
- a company title interest in land in Australia.

These tests apply for property interests in all States and Territories of Australia, regardless of whether the property was residential or commercial property, for investment or owner-occupied purposes and whether or not it was ever lived in.

They also apply to you whether or not any of the interests listed above have been held by you on your own or together with someone else – for example, where you held an interest in property with a former spouse or de facto partner.

What this means is that, if you are applying under the Scheme:

- **‘as a single’**, then only you, individually, will need to satisfy the prior property ownership test, or
- **‘as part of a couple’**, then you will both need to satisfy the prior property ownership test.

Note that if either of you – whether individually or with someone else – have held any of the interests listed in the test, you do not satisfy the prior property ownership test as a couple.

For your home loan to participate in the Scheme, you will need to make a statutory declaration that confirms you have not held any interests of this kind. This declaration is made under the First Home Buyer Declaration.

In addition, your lender, NHFIC and others may conduct independent checks on whether or not you have held any such interests in Australia at any time. They may do this at any time – including after you have signed a contract for sale or paid a deposit in relation to a property and after your home loan has been advanced.

If you are unsure of whether or not you have held any of the kinds of interests listed above you should ask a professional adviser, as you will need to be sure that you are not giving a false declaration.

Questions to ask yourself

Q3. Will you satisfy the prior property ownership test at your Home Loan Date?

You should check this against each of the three types of property interest holdings that could restrict you from being eligible.

For couples, the answer for both you and your spouse or de facto partner are to be considered.

No, I have held an interest in property

If your answer to the above question is **‘no’**, you will not be able to satisfy the prior property ownership test.

Your home loan – as a single or as part of a couple – will not be eligible to participate under the Scheme.

Yes, I do, because I haven’t ever held an interest in property (and, for couples, neither has my spouse or de facto partner)

If your answer to the above question is **‘yes’**, you will be able to make the necessary declarations and satisfy the prior property ownership test.

2.1.4 Are you an Australian citizen? (Citizenship test)

The Scheme is only open to Australian citizens.

The citizenship test for the Scheme is that you will need to be an Australian citizen at your Home Loan Date.

If you are applying under the Scheme:

- **'as a single'**, then only you, individually, will need to satisfy the citizenship test, or
- **'as part of a couple'**, then you will both need to satisfy the citizenship test.

You **will not satisfy** the citizenship if at the Home Loan Date:

- you are a permanent resident of Australia or a New Zealand citizen (and not an Australian citizen)
- you are the spouse or de facto partner of an Australian citizen, but are not yourself an Australian citizen
- you were formerly an Australian citizen, but have not resumed your citizenship, or
- you have applied for, are eligible for, or have received notice of a positive decision of Australian citizenship, but have not received your citizenship certificate.



Questions to ask yourself

Q4. Will you be an Australian citizen at your Home Loan Date?

For couples, the answer for both you and your spouse or de facto partner are to be considered.

No, I will not be

If your answer to the above question is **'no'**, you will not be able to satisfy the citizenship test.

Your home loan – as a single or as part of a couple – will not be eligible to participate under the Scheme.

Yes, I will be (and, for couples, so will my spouse or de facto partner)

If your answer to the above question is **'yes'**, you will be able to make the necessary declarations and satisfy the citizenship test.

2.1.5 Are you 18 years or older? (Minimum age test)

The Scheme is only open to persons that are 18 years of age or over.

The minimum age test for the Scheme is that you will need to be 18 years of age or over at your Home Loan Date.

If you are applying under the Scheme:

- **'as a single'**, then only you, individually, will need to satisfy the minimum age test, or
- **'as part of a couple'**, then you will both need to satisfy the minimum age test.



Questions to ask yourself

Q5. Will you be 18 years or over at your Home Loan Date?

For couples, the answer must be **'yes'** for both of you.

No, I will not be

If your answer to the above question is **'no'**, you will not be able to satisfy the minimum age test.

Your home loan – as a single or as part of a couple – will not be eligible to participate under the Scheme.

Yes, I will be

If your answer to the above question is **'yes'**, you will be able to make the necessary declarations and satisfy the minimum age test.

2.1.6 Do you have a deposit of at least 5% of the value of the property (but less than 20%)? (Deposit requirement)

There is a minimum and maximum deposit requirement for the Scheme.

Your Participating Lender will be able to tell you if you satisfy this requirement.

The Scheme is to assist singles and couples (together) who have at least 5% of the Value of an eligible property saved as a deposit. It is a requirement of the Scheme that you are to use the maximum amount of your savings as possible towards your deposit (subject to the policies of your lender). If you have 20% or more saved, then your home loan will not be covered by the Scheme.

As the Scheme is aimed at helping first home buyers who have these features, it is important that you do not try and disadvantage other Australians by seeking to change your circumstances just to take advantage of the Scheme. This includes where you have a 20% or greater deposit and legally transfer your cash and other assets in order only to access the Scheme or where your 5% deposit has not been genuinely saved by you and is being provided to you only so that you can qualify for the Scheme.



Questions to ask yourself

Q6. Do you have a deposit of between 5% and 20% of the value of the property you would like to purchase?

For couples, your answer should refer to your combined circumstances.

No, I won't – I'll have less than the 5% minimum or 20% maximum or more

If your answer to the above question is 'no', you will not be able to satisfy the deposit requirement.

Your home loan – as a single or as part of a couple – will not be eligible to participate under the Scheme.

Yes, I do or will (and, for couples, this is together with my spouse or de facto partner)

If your answer to the above question is 'yes', you will be able to make the necessary declarations and satisfy the deposit requirement.

2.1.7 Will you live in the property you purchase as an owner-occupier? (Owner-occupier requirement)

The Scheme will assist Australians to purchase their first home.

Investment properties are not being supported by the Scheme.

Under your First Home Buyer Declaration, you will need to represent that you intend to:

- start living in the Eligible Property you purchase within 6 months from either the date of purchase or, for new builds, the date an occupancy certificate is issued, and
- continue to live in that property for as long as your home loan has a guarantee under the Scheme.

If you are applying under the Scheme:

- 'as a single', then only you, individually, will need to satisfy the owner-occupier requirement, or
- 'as part of a couple', then you will both need to satisfy the owner-occupier requirement.



If you don't live in your property – including where you move out of the property at a later time – your home loan may cease to be guaranteed by the Scheme.

In these circumstances there may be terms of your home loan that require you to take certain actions – including that you may need to pay fees and charges and/or take out lenders mortgage insurance that would not have otherwise applied if your home loan was participating under the Scheme.



Questions to ask yourself

Q7. Do you intend to reside in the property you purchase as an owner-occupier while your home loan is guaranteed under the Scheme?

No, I don't (or I don't think I will)

If your answer to the above question is '**no**', you will not be able to satisfy the owner-occupier requirement.

Your home loan – as a single or as part of a couple – will not be eligible to participate under the Scheme.

Yes, I do intend to live in the property as an owner-occupier

If your answer to the above question is '**yes**', you will be able to make the necessary declarations and satisfy the owner-occupier requirement.

For couples, the answer must be '**yes**' for both of you.

2.1.8 Are there any matters that could disqualify you from being an eligible first home buyer?

This is a final check to make sure that you don't provide any incorrect, untrue or misleading information nor make any false declarations in relation to your personal circumstances. It is not an additional criteria, and is included only to make sure you have considered all possible matters and are aware of the possible consequences for providing untrue, incorrect, misleading or false information or materials.

You should consider all of the above checks carefully. If you are unsure of any matter relating to your circumstances, or (for couples) those of your spouse or de facto partner, you should speak to your lender and/or ask your professional adviser(s).

If your Participating Lender takes any action for your home loan to be covered by the Scheme – including making Scheme Place Reservations or seeking to have a guarantee apply for your home loan – you will need to provide information to them and make declarations.

This information and declarations you make may be investigated at future times. You need to be certain that you are giving true and correct information and declarations.

If your information and/or declarations are found to be untrue, incorrect, misleading or false – including at a later time after you have paid a deposit or the full purchase price on your property – there may be significant consequences.

These may include that:

- legal action is taken against you – including for criminal penalties and civil actions
- your home loan is not covered by the Scheme, and/or
- there are terms of your home loan that require you to take certain actions – including you may need to pay fees and charges and/or take out lenders mortgage insurance that would not have otherwise applied if your home loan was covered by the Scheme.

You should understand the terms of your home loan carefully so that you know what would happen under your home loan if this were to happen.



Questions to ask yourself

Q8. Are you sure there are no matters in your personal circumstances that could mean you aren't eligible for the Scheme?

No, I'm not sure

If your answer to the above question is '**no**', you could risk significant consequences if you give incorrect, untrue or misleading information or make false declarations.

You should speak to your lender and/or ask your independent financial and/or legal adviser(s).

Yes, I am sure

If your answer to the above question is '**yes**', you will be able to make the necessary declarations and satisfy the first home buyer test.

You should note that all information and declarations provided by you are able to be investigated at any time.



3. Is your lender approved for the Scheme?

3.1 Participating Lenders

The Scheme is only open to Eligible Loans that are made by Participating Lenders. For a lender to be a Participating Lender under the Scheme, they must have been approved by NHFIC.

A listing of these lenders is on the Scheme Webpage.

Even if you are told that a particular institution is a Participating Lender, you should check that they are listed on the Scheme Webpage.

Participating Lenders may offer Eligible Loans themselves or via Representatives. If you are unsure whether any institution or person is a Representative of a Participating Lender, you should contact the lender directly to ask.

3.2 Your home loan application and your relationship with your lender

You are able to apply for finance for your home loan from more than one Participating Lender.

The terms of your home loan will be agreed between you and your lender.

NHFIC will not be involved in any home loan application procedures, assessments or approvals nor the administration or management of your home loan (including in circumstances of default and enforcement). These are matters for you and your lender.

See section 4 '*Which home loans are eligible for the Scheme?*' for further details on which home loans qualify as Eligible Loans.

3.3 What if I have a complaint about my lender?

General complaints about your lender should be made to your lender and/or any relevant complaints authority.





4. Which home loans are eligible for the Scheme?

4.1 Eligible Loans

Not all home loans are eligible for the Scheme.

The Scheme is restricted to '*Eligible Loans*', which are home loans:

- made by Participating Lenders to singles or couples who are eligible first home buyers, and
- that are for the purchase of an Eligible Property that is to be occupied by you as the owner – see section 5 '*Which properties are eligible for the Scheme?*' for further information.

There are additional requirements that apply in relation to these home loans that rely upon the terms that you agree with your Participating Lender. These include that your home loan will need to be for a term of 30 years or less, have regular repayments of principal (with limited exceptions for interest-only loans, which mainly relate to construction lending), include a mortgage over your purchased property, be in Australian dollars, have appropriate lending limits to recognise the Scheme's deposit requirements, settle after your lender commences as a Participating Lender under the Scheme and comply with relevant laws and your lender's own policies. Your Participating Lender will need to ensure that the terms of your home loan arrangement comply with these matters.

4.2 Home loan products

The Scheme permits certain categories of home loan products to be offered to take the benefit of the Scheme. These general categories relate to home loans for:

- the purchase of an established dwelling
- a house and land package
- a land and separate contract to build a home, and
- an 'off-the-plan' purchase.

If you are intending to construct a dwelling on vacant land, your home loan must finance both the acquisition of the land and construction of a dwelling. If you are intending to purchase land where a dwelling is not affixed and you are not also using your home loan to construct a dwelling, your home loan is not eligible for the Scheme. You will need to contact your lender to clarify whether your home loan finances both the acquisition of land and construction of a dwelling.

The conditions under the Scheme for home loan product categories that may be Eligible Loans are as follows.

Contract & settlement dates

To be eligible for the Scheme:

- you must sign your home loan agreement on or after 1 January 2020
- the settlement date for your home loan must be on or after 1 January 2020, and
- the contract of sale and (if applicable) eligible building contract may have particular dates when they can be signed by you (all as described further below).

There are no exceptions from these required dates.

Purchase of existing dwelling

If you are purchasing an existing dwelling:

- you must move into the property within 6 months of the settlement of your home loan, and
- the property must be purchased under a contract of sale that you sign on or after 1 January 2020.

This category does not include 'off-the-plan' purchases, which are described below.

House and land packages

A house and land package is where you build a home by entering into a contract of sale to purchase land from the same person (or persons within the same corporate group) as the person who you enter into a contract with to build your home.

For a house and land package, prior to the settlement date for your home loan you will need to have entered into:

- a contract of sale for the land; and
- an eligible building contract to build your home on that land.

These can either be in the same contract or two separate contracts and, in either case, can be dated before 1 January 2020.

You will also need to move into the property within 6 months of an occupancy certificate being issued.

Land and separate contract to build a home

A land and separate contract to build home is where you build a home by entering into a contract of sale to acquire land from a person who is different to the person you enter into a contract with to build your home.

For a land and separate contract to build home, you must have:

- acquired the land under a contract of sale or (in the Australian Capital Territory) a lease instrument dated no later than the settlement date of your home loan; and
- entered into an eligible building contract to build your home on that land by no later than the settlement date of your home loan.

Each of the contracts must be dated on or after 1 January 2020.

You will also need to move into the property within 6 months of an occupancy certificate being issued.

‘Off-the-plan’ purchases

If you are making an ‘off-the-plan’ purchase:

- you must have signed the contract of sale before the settlement date for your home loan, and
- the settlement date for your home loan must occur within 90 days that your home loan becomes guaranteed under the Scheme.

You will also need to move into the property within 6 months of the settlement date for your home loan.

Eligible building contracts

For a building contract to be eligible under the Scheme, it must:

- be with a licensed or registered builder
- specify a fixed price for the construction of the dwelling, and
- require the builder to (1) commence construction within 26 weeks of the settlement date for your home loan, and (2) complete construction and procure the issuance of an occupancy certificate within 24 months of the settlement date for your home loan.

‘Owner builder’ contracts **are not** eligible building contracts for the Scheme.



Participating Lenders may, or may not, offer these types of home loan products. Even if they do offer these products, the terms of the home loan may be more limited than described above. You should contact your lender and/or ask your professional adviser(s) about the home loan products that are offered and whether they suit the purchase you are intending to make.



5. Which properties are eligible for the Scheme?

5.1 Eligible Properties

Not all properties are eligible for the Scheme.

The key eligibility checks for any property that you want to purchase are that:

- it is a 'residential property' – under the Scheme this term has the same meaning as under the National Consumer Credit Protection Act, and you should ask your lender if there is any doubt
- the purchase price of the property is under the price cap for its location – see section 5.2 'Property price caps'
- the property is (1) an established dwelling, or (2) a new-build dwelling that you purchase under a house and land package, a land and separate contract to build a home or an 'off-the-plan' arrangement that is financed under an Eligible Loan – see section 4 'Which home loans are eligible for the Scheme?' for further details, and
- at the settlement date for your home loan, each borrower will be the sole registered owner of the property.

5.2 Property price caps

The price caps are summarised in the tables below. Your lender will be able to confirm which price cap is applicable to your property by its street address and suburb.

If the purchase price for your property is more than the price cap for its location (as listed below), the property will **not be eligible** for the Scheme.

State	Capital city & regional centres*	Rest of State
New South Wales	\$700,000	\$450,000
Victoria	\$600,000	\$375,000
Queensland	\$475,000	\$400,000
Western Australia	\$400,000	\$300,000
South Australia	\$400,000	\$250,000
Tasmania	\$400,000	\$300,000

Territory	All areas
Australian Capital Territory	\$500,000
Northern Territory	\$375,000
Jervis Bay Territory & Norfolk Island	\$450,000
Christmas Island & Cocos (Keeling) Islands	\$300,000

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.

A postcode look-up tool is available on the Scheme Webpage for general information. You are able to use this tool to get an idea of whether a property is in a particular price cap area. However, you should not rely upon the information provided by the tool and must confirm the price cap for any property you are thinking about purchasing with your lender.





6. Other Scheme features & important information

6.1 Scheme Place Reservations

Depending upon your circumstances, your Participating Lender may be able to reserve a place under the Scheme in conjunction with you making your home loan application. Requests for Scheme Place Reservations can only be made by Participating Lenders.

A Scheme Place Reservation does not guarantee that your home loan will participate in the Scheme. There are other checks and timing requirements that apply before your home loan is able to be guaranteed under the Scheme.

If your Participating Lender elects to reserve a place under the Scheme in conjunction with you making your home loan application, the following steps apply.

Your initial home loan application

You will be able to make a Scheme Place Reservation for up to **14 days** while your lender assesses your finance application.

This reservation:

- is made by a Participating Lender at the same time as your home loan application is made or is being assessed, and you will need to provide them with some personal information to get this to happen – see section 1.3 ‘Getting ready – what will I need to provide to my lender?’
- is for 14 days from when it is first made by any Participating Lender – you can make home loan applications to more than one Participating Lender in this period, but the 14-day reservation is counted from the day when the first lender makes the reservation – see Scenario 1 below for an illustration of how this works
- will be able to be extended by your lender if finance pre-approval is given for your home loan – see ‘Getting finance pre-approval’ below, and
- will expire if (1) you are not pre-approved for finance from a Participating Lender during this period, or (2) if you are pre-approved for finance and your lender does not let NHFIC know to extend the reservation by the end of the 14-day period.

If a Scheme Place Reservation is made for you as a single, then you will not be able to make a separate Scheme Place Reservation as part of a couple (and vice versa).



Scenario 1 – initial reservation

Annabel makes a home loan enquiry with Lender A on 5 February 2020, and Lender A makes an initial Scheme Place Reservation on that date. The reservation period for Annabel and her home loan is open for 14 days and will expire at 11.59 pm (Sydney time) on 18 February 2020. This will be the expiry time for all Scheme Place Reservations that are submitted for Annabel’s home loan applications by Participating Lenders in that reservation period.

She also makes another home loan application with Lender B on 10 February 2020 and Lender B makes another initial Scheme Place Reservation on that date. The reservation period for Annabel and her home loan is already open and so Lender B has 8 days to take necessary actions before the period expires.

For the reservation to be extended (see ‘Getting finance pre-approval’ below), Lender A or Lender B will need to provide finance pre-approval to Annabel and take the necessary action to extend the reservation before the expiry time of 11.59 pm (Sydney time) on 18 February 2020.

Getting finance pre-approval

If your lender has given you a finance pre-approval, your Scheme Place Reservation can be extended for a further **90 days** (starting on the first date that it is extended by a Participating Lender) – see Scenario 2 below for a further illustration of how this works.

This further reservation period is to allow you to find and sign a contract of sale for an Eligible Property that you want to buy.

If during this 90-day reservation period:

- you are unable to find an Eligible Property that you want to buy, or
- your lender withdraws your finance pre-approval or believes that you are not likely to enter into a home loan for an Eligible Property,

the Scheme Place Reservation for your home loan will expire.

Scenario 2 – pre-approval reservation

In considering Annabel's home loan application, Lender A provides her with a finance pre-approval on 11 February 2020 and takes the necessary steps to extend the Scheme Place Reservation for her home loan on that date. The Scheme Place Reservation is then extended by 90 days from the day that Lender A takes those steps. This extension will apply for both Lender A and Lender B, to now expire at 11.59 pm on 10 May 2020.

Lender B does not provide Annabel with pre-approval before the expiry time for the initial reservation but because Lender A has extended your Scheme Place Reservation, Lender B will have until 11.59 pm on 10 May 2020 to provide Annabel with finance pre-approval.

Signing your contract for sale

Once you have signed a contract for sale to purchase an Eligible Property, your Scheme Place Reservation can be extended for an additional **30 days** from the signing date.

This additional period is to enable you and your lender to finalise the paperwork and checks for your home loan. Your lender may ask you to provide information and materials in a shorter period than the 30 days.

To ensure that this extension applies, you will need to tell your lender immediately once you have signed your contract for sale so that your lender can notify NHFIC.

If you are unable to finalise your loan within this period, the Scheme Place Reservation for your home loan will expire.

What happens if a reservation expires

If any reservation period expires without being extended, the Scheme Place Reservation for your home loan will lapse and your Participating Lender would need to make a new reservation under the Scheme.

With the number of places under the Scheme being limited, it is likely that there may not be a place under the Scheme that is available to be reserved or taken up at that later time and you may need to wait until the next financial year to apply for a place.

In all circumstances, the decision to enter into a home loan arrangement with a Participating Lender, and the choice of property to purchase, is your own responsibility. Even though the availability of the Scheme for home loans is limited – by number of places and the time periods for the reservation process – you should seek your own independent financial and legal advice as to whether a particular home loan or property, and the terms of the Scheme, suit your personal circumstances and objectives.

6.2 First Home Buyer Declaration

Any First Home Buyer Declaration is provided to you by a Participating Lender for the purposes of them applying to NHFIC for your home loan to be covered by the Scheme. You must sign and submit your First Home Buyer Declaration to your lender in accordance with their instructions.

NHFIC will not take any action or steps in relation to a First Home Buyer Declaration that is delivered to it by any person (including you) or institution that is not a Participating Lender (or a Representative or agent of it).

It is recommended that you provide the completed and signed declaration to your lender as soon as possible. A copy of this declaration will also be provided by your lender to NHFIC, who will retain the copy as a record.

You should be aware that this form is separate to (1) your application for a home loan from your lender, and (2) any forms that you are required to submit in relation to any other first home buyer schemes or programs.

Before completing a First Home Buyer Declaration, you should carefully read all sections and information contained in the form and ask your lender and/or your professional adviser(s) if anything is unclear.

You must ensure that all information contained in your First Home Buyer Declaration is complete and correct. If you are unsure about any of your obligations or information that is required as part of any application for your home loan to be covered by the Scheme, it is important that you contact your lender for clarification.

You must notify your lender if you believe that you cease at any time to meet the eligibility requirements of the Scheme or if there is any change to the information provided in the First Home Buyer Declaration after you have signed and submitted it.

Penalties may apply for false declarations.

6.3 Refinancing your Scheme-guaranteed home loan

If you have a home loan that is already participating under the Scheme, you may be able to refinance your home loan with another Participating Lender and continue to have the benefit of the Scheme.

Any such refinancing is subject to conditions, and you should contact your lender for further details if you are considering refinancing your existing Scheme-guaranteed home loan with another Participating Lender.

It is not possible for your home loan to continue to have the benefit of the Scheme if it is refinanced with another lender that is not a Participating Lender.



6.4 Privacy statement

Your personal information may be used by your lender, NHFIC and/or the Australian Government for the administration and operation of the Scheme and assessing your eligibility under the Scheme.

By requesting a Participating Lender to take any steps to have your home loan covered by the Scheme or by completing and submitting a First Home Buyer Declaration, you consent to your lender, NHFIC and/or the Australian Government collecting, using and disclosing your personal information for the abovementioned purposes and any other incidental or related purpose.

Your lender, NHFIC and/or the Australian Government may disclose your personal information to any party engaged in the assessment or evaluation of the Scheme.

Your lender, NHFIC and/or the Australian Government will store personal information collected through your home loan application process (including information to assess your eligibility under the Scheme), supporting documents, the loan agreement and any monitoring, research and evaluation activities in compliance with their respective obligations under the Privacy Act and any other privacy legislation applicable in their jurisdiction.

Your personal information will not be disclosed overseas. You may access or correct your personal information at any time by contacting your lender.

Further information about your lender's privacy policy and NHFIC's privacy policy, including rights of access and complaints handling, may be accessed at your lender's website or www.nhfic.gov.au (as applicable).

7. Checklists – Your Eligibility Checks

The following checklists are to assist you to work through Your Eligibility Checks. You should refer back to the relevant sections of this document for further information on each check.

7.1 Initial check – eligibility as a single or couple

No.	Question	Scheme Guide section	Your answer	
QO.	Will you be applying under the Scheme as a single or as part of a couple (i.e. you and your spouse or de facto partner are jointly applying under the Scheme as a couple)?	2.1.1	<input type="checkbox"/> Single <i>You should complete the checks for singles at section 7.2</i>	<input type="checkbox"/> Couple <i>You should complete the checks for couples at section 7.3</i>

7.2 Checks for singles

The following checks are applicable for singles. If you answer ‘no’ to any of the questions, you will not be eligible to participate in the Scheme.

No.	Question	Scheme Guide section	Your answers	
Q1.	Do you have your Notice of Assessment for the 2018-19 income year (as issued by the Australian Taxation Office) (or did you earn less than the tax-free threshold)?	2.1.2	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q2.	Do you satisfy the income test (for singles)?	2.1.2	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q3.	Will you satisfy the prior property ownership test at your Home Loan Date?	2.1.3	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q4.	Will you be an Australian citizen at your Home Loan Date?	2.1.4	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q5.	Will you be 18 years or over at your Home Loan Date?	2.1.5	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q6.	Do you have a deposit of at least 5% and less than 20% of the purchase price of the property you would like to purchase?	2.1.6	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q7.	Do you intend to reside in the property you purchase as an owner-occupier while your home loan is guaranteed under the Scheme?	2.1.7	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Q8.	Are you sure there are no matters in your personal circumstances that could mean you aren't eligible for the Scheme?	2.1.8	<input type="checkbox"/> Yes	<input type="checkbox"/> No

7.3 Checks for couples

The following checks are applicable for couples.

If either of you answer 'no' to any of the questions, you will not be eligible to participate in the Scheme.

No.	Question	Scheme Guide section	Your answer	
			Applicant 1	Applicant 2
Q1.	Do you have your Notice of Assessment for the 2018-19 income year (as issued by the Australian Taxation Office) (or did you earn less than the tax-free threshold)?	2.1.2	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q2.	Do you (together) satisfy the income test (for couples)?	2.1.2	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q3.	Will you satisfy the prior property ownership test at your Home Loan Date?	2.1.3	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q4.	Will you be an Australian citizen at your Home Loan Date?	2.1.4	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q5.	Will you be 18 years or over at your Home Loan Date?	2.1.5	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q6.	Do you (together) have a deposit of at least 5% and less than 20% of the purchase price of the property you would like to purchase?	2.1.6	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q7.	Do you intend to reside in the property you purchase as an owner-occupier while your home loan is guaranteed under the Scheme?	2.1.7	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Q8.	Are you sure there are no matters in your personal circumstances (or your spouse or de facto partner's circumstances) that could mean you (or your spouse or de facto partner) aren't eligible for the Scheme?	2.1.8	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

8. Glossary

Eligible Loan	A home loan made by a Participating Lender that is eligible to participate under the Scheme.
Eligible Property	A residential property that is eligible to participate under the Scheme.
First Home Buyer Declaration	The form of statutory declaration provided to you by your Participating Lender in relation to the Scheme.
Home Loan Date	<p>The date when you sign your home loan agreement with your Participating Lender.</p> <p><i>You will need to confirm what this date is with your Participating Lender, as it may differ between you and another first home buyer and may be different from other lenders and for particular purposes, depending upon their procedures for loan approvals and how they participate under the Scheme.</i></p>
Income Tax Assessment Act	<i>Income Tax Assessment Act 1997 (Cth).</i>
Major Bank Lenders	Participating Lenders who are listed as ‘Major bank lenders’ on the Scheme Webpage.
NHFIC	National Housing Finance and Investment Corporation.
National Consumer Credit Protection Act	<i>National Consumer Credit Protection Act 2009 (Cth).</i>
Non-Major Lenders	Participating Lenders who are listed as ‘Non-major lenders’ on the Scheme Webpage.
Participating Lender	Each eligible lender that has been approved by NHFIC, as listed on the Scheme Webpage. These include the Major Bank Lenders and the Non-Major Lenders.
Privacy Act	<i>Privacy Act 1988 (Cth).</i>
Representative	For any Participating Lender, any third-party broker or other person that is authorised by the Participating Lender to suggest that Eligible Borrowers may apply for, or to assist Eligible Borrowers to apply for, Eligible Loans with the Participating Lender.
Scheme	<p>The Australian Government’s First Home Loan Deposit Scheme.</p> <p><i>The Scheme is established by NHFIC (in accordance with the National Housing Finance and Investment Corporation Act 2018 (Cth) and the National Housing Finance and Investment Corporation Investment Mandate Direction 2018 (Cth)).</i></p>
Scheme Webpage	<p>The internet page for the Scheme at www.nhfic.gov.au/what-we-do/fhlds/</p> <p><i>Information in relation to the Scheme that is included on or available through the Scheme Webpage is general information only and it does not form part of this document.</i></p>
Scheme Place Reservation	A reservation for a guarantee to apply for your home loan under the Scheme.
Value	The ‘Value’ of the property you purchase as assessed by the Participating Lender for your home loan in accordance with the requirements of the Scheme.

