



2024

HOW TO PURCHASE YOUR FIRST HOME

with a 5% deposit

Buying a house is incredibly exciting! But if you're a first home buyer, it can also be overwhelming and stressful, especially since there are so many things you need to take into consideration—from working out how much you can borrow and finding the best home loan, to making an offer and preparing for property settlement. That's why we've put together this first home buyers guide to help you better understand your financial position. Read on to learn how to buy your first house with as little as a 5% deposit or speak to our expert mortgage brokers if you have any questions.




TABLE OF CONTENTS

1. Welcome Message
2. 5% Deposits Explained
3. Government Schemes
4. Real Life Examples
5. Borrowing Capacity
6. Where to start

WELCOME MESSAGE



Shaun Buckley

Managing Director / Mortgage Broker

Thanks for taking the time to have a look through our guide for First Home Buyers. This guide will explain, with examples, how you can make your first owner occupied home purchase with as little as a 5% deposit.

Of course, if you have saved up even more that will work in your favour also!

As your trusted broker, I understand that purchasing your first home can feel overwhelming. That's why I've created this comprehensive guide just for you. Inside, you'll find valuable insights on financing strategies for first home buyers. My goal is to empower you with the knowledge and tools you need to make informed decisions and feel confident every step of the way.

Whether you're ready to explore properties or simply looking to get pre-approved for a loan, I'm here to support you throughout this exciting journey. Let's work together to turn your homeownership dreams into reality!

A handwritten signature in black ink, appearing to read "Shaun Buckley", with a horizontal line underneath.

Shaun Buckley



THE 5% DEPOSIT EXPLAINED

In order to purchase your first home, you'll need to start saving up for a deposit. In Australia, the usual deposit is 20% of the purchase price. So if you're looking at houses around the \$700,000 mark, you'll need to save up at least \$140,000, plus additional costs involved with purchasing.

Bear in mind that if you are only able to put up a deposit that's less than 20% of the property's value, you may be required to pay Lenders Mortgage Insurance (LMI) which can be another substantial cost.

Now here's where being a First Home Buyer works in your favour. With the right Government Schemes, you can easily purchase your first home with only a 5% deposit and you will **not** be required to pay Lenders Mortgage Insurance if you meet the criteria. Couple this with possible Stamp Duty concessions and these are substantial savings that will help you get on the property ladder a lot sooner than you thought was possible.

GOVERNMENT SCHEMES

Home Guarantee Scheme

This removes the lenders mortgage insurance (LMI) premium cost if you borrow over 80% of a property's value.

Who qualifies? Individuals earning less than \$125,000 or eligible couples earning a combined income of less than \$200,000. Purchase price caps vary depending on which state you are looking to purchase in.

First Home Owner (New Home) Grant

A \$10,000 First Home Owner Grant (FHOG) is available when you buy or build your first new home. Your first new home can be a house, townhouse, apartment, unit or similar that is newly built, purchased off the plan or substantially renovated.

NSW First Home Buyers Assistance Scheme


This removes or decreases the Stamp Duty costs involved with purchasing a home.

Who qualifies? Pay no stamp duty up to a purchase price of \$800,000 in Sydney. With concessions available between \$800,000 and \$1,000,000. Then normal stamp duty rates apply.


REAL LIFE EXAMPLES

Example Purchase 1	
Purchase Price	\$575,000
Government Schemes Accessed	<ul style="list-style-type: none"> • First Home Guarantee Scheme • NSW First Home Buyer Assistance Scheme
5% Deposit Required	\$28,750
LMI	\$0
Stamp Duty	\$0
Legal and Additional Costs	Approximately \$3000
Total Upfront Costs	\$31,750
Total Loan Amount	\$546,250

SOLD BY PRIVATE TREATY 23 AUG 2024



LANE CAMPOS



Toby Wilson
LaneCampos

LANE CAMPOS

\$575,000

8/11 May Street,
MAYFIELD NSW 2304


2 1 1 • Duplex

REAL LIFE EXAMPLES

Example Purchase 2

Purchase Price	\$710,000
Government Schemes Accessed	<ul style="list-style-type: none"> • First Home Guarantee Scheme • NSW First Home Buyer Assistance Scheme
5% Deposit Required	\$35,500
LMI	\$0
Stamp Duty	\$0
Legal and Additional Costs	Approximately \$3000
Total Upfront Costs	\$38,500
Total Loan Amount	\$674,500

SOLD BY PRIVATE TREATY 09 OCT 2024



Brenden Purcell
Purcell Property

PURCELL.


\$710,000

15 Gladstan Avenue,
KATOOMBA NSW 2780

3 1 1 557m² • House


REAL LIFE EXAMPLES


Example Purchase 3	
Purchase Price	\$800,000
Government Schemes Accessed	<ul style="list-style-type: none"> • First Home Guarantee Scheme • NSW First Home Buyer Assistance Scheme
5% Deposit Required	\$40,000
LMI	\$0
Stamp Duty	\$0
Legal and Additional Costs	Approximately \$3000
Total Upfront Costs	\$43,000
Total Loan Amount	\$760,000




SOLD AT AUCTION 28 SEP 2024





Ray White


Josh Tesolin
 Ray White Quakers Hill - Tesolin Group



\$800,000 

5 Houtman Avenue,
 WILLMOT NSW 2770

 3  1  -  537m² • House

A close-up, slightly blurred photograph of hands signing a document on a desk. A pen is visible, and the document has some text and a signature line. The image is part of a header banner.

BORROWING CAPACITY

Understanding your borrowing capacity is an important step for any prospective home buyer. When you know what your borrowing capacity is, you'll get a better idea of how much your home buying budget is.

What does borrowing capacity mean?

Borrowing capacity refers to the amount of money that a lender is willing to lend you to buy a property. It is also known as your servicingability. When you have a higher borrowing capacity, it means that lenders have more trust in you to be able to handle and repay a larger home loan.

Why is borrowing capacity important?

It's important to know your borrowing capacity so you don't waste time looking at houses you can't afford, and subsequently home loans that you won't be able to pay back. Knowing your borrowing capacity also means that you'll be able to get an idea of what your home loan repayments will be with interest rates included.

How do banks determine how much you can borrow?

Banks have different lending standards, so the process they use to determine your borrowing capacity will likely differ. These differences mean that you might have higher borrowing capacity with one bank than another.

How do banks calculate your borrowing capacity?

In order to accurately calculate your borrowing power, banks will require you to provide a lot of information about yourself and your finances, including:

- The annual salary of you and any other applicants
- Any additional income (e.g. rental income, second job)
- Your expenses
- Bank statements
- Deposit and savings
- Any investments and assets you may have
- The number of applicants applying for the home loan
- Any dependents
- Any credit cards
- Other loans and debt
- The type of loan, loan term and interest rate.



WHERE TO START?

The best place to start when beginning your journey into home ownership is with your broker. Your broker will be able to help you understand any assistance you may be eligible for, your borrowing capacity, how much funds you would require for a deposit and the loan options you would require.

All of this is vital information that will help you narrow down your focus when you begin to look for your first property.

Reach out to us at **Brokered Financial Services** if you would like support with your first home purchase.

Our services are:

- Completely free
- Personalised to your unique circumstance
- You receive expert advice and guidance
- Simple phone call and email processes
- Quick and easy document gathering software

In less than 15 minutes we could help you learn:

- Your borrowing capacity
- Your funds position
- The types of lenders that would be suited to your circumstance

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