NO-NONSENSE FIRST HOME BUYER GUIDE

Your First Home Buyer Guide

How to work out if you can buy, what can stop you, and which schemes actually help with which problem.

Most first-home buyer confusion comes from mixing up problems.

The goal is to work out whether you are blocked by cash, borrowing capacity, the property, scheme rules or structure.

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Most buyers are not silly. The process is just badly explained.

Buying your first home can feel like everyone is using different words for the same thing. The bank talks about servicing. The agent talks about offers. Your family talks about deposit. Then someone online tells you a completely different rule.

What this guide is for

It gives you a practical way to diagnose what is actually stopping you from buying, without needing to become a mortgage expert.

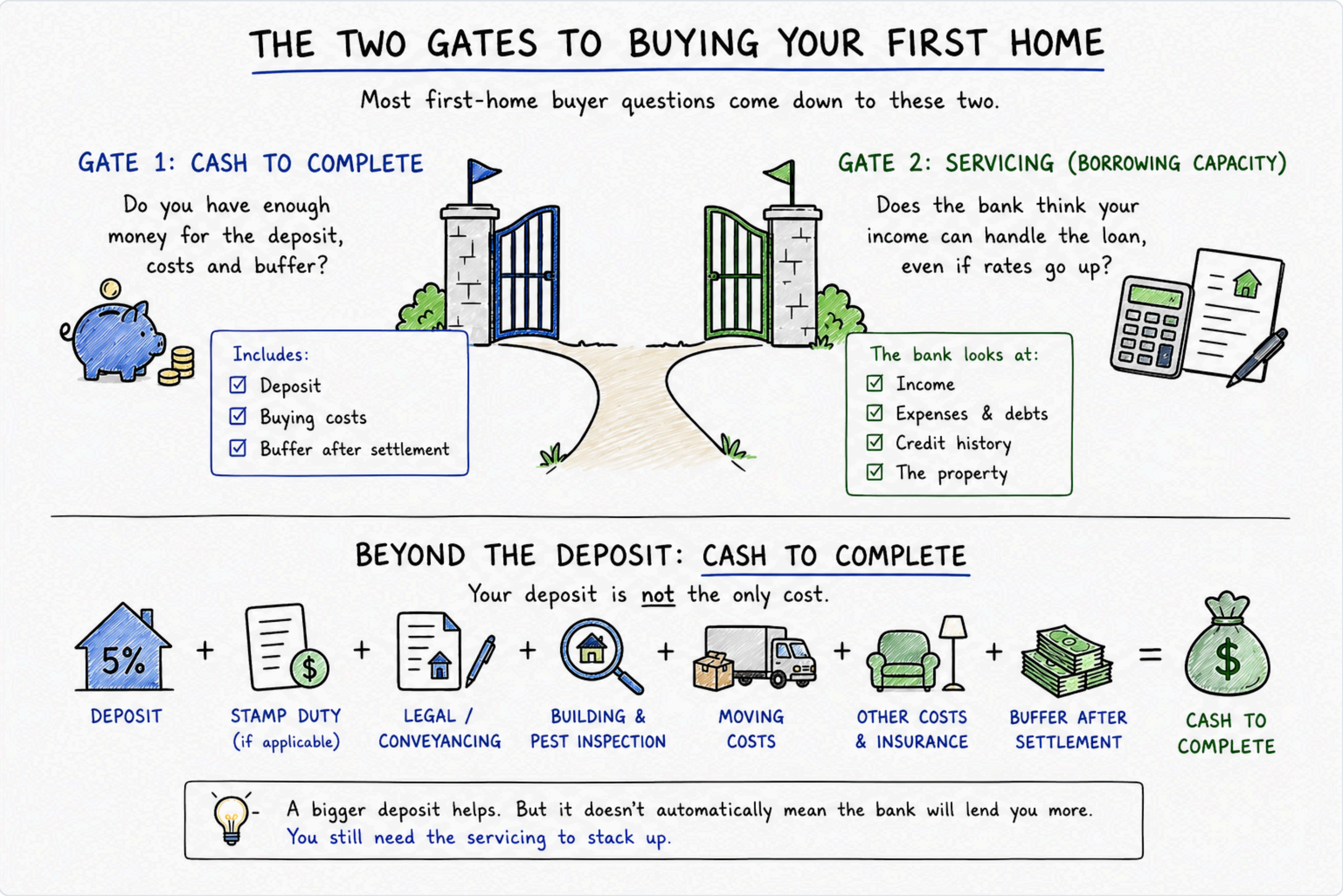
What it is not

It is not personal advice, legal advice, tax advice or a list of every government threshold. Those things need to be checked for your situation.

> **The useful question is not just: "Can I buy?" It is: "Which part is actually stopping me?"**

Start with the two gates.

Most first-home buyer questions come down to cash to complete and servicing. They sound connected, but they are not always the same bottleneck.



The four things that usually stop a first-home buyer

You do not need to diagnose every lending rule. Start by working out which bucket the problem belongs in.

1
Cash to complete
Deposit, duty if applicable, fees, conveyancing, inspections, settlement adjustments and buffer.

2
Servicing
Whether the bank thinks your income can handle the loan after debts, expenses and assessment rates.

3
Property fit
The property still needs to be acceptable security for the lender.

4
Structure
Family help, title, loan applicants, schemes, approval timing and loan setup.

Are you cash-limited or servicing-limited?

This is one of the most useful things to know early. Otherwise you can spend months fixing the wrong problem.

IF THIS IS HAPPENING	YOU MAY BE	WHAT TO CHECK NEXT
Income is strong, but savings are tight.	Cash-limited	Deposit, buying costs, grants, genuine savings and family help.
You have decent savings, but the bank will not lend enough.	Servicing-limited	Income type, debts, credit limits, dependants and lender fit.
The numbers look okay, but the property is unusual.	Property-policy limited	Valuation, postcode, zoning, title, size, density and insurance.
Family is helping or multiple people are involved.	Structure-limited	Gift vs loan vs guarantee, title, applicants and benefit eligibility.

> **Some buyers are deposit-limited. Some are servicing-limited. Some are both. The goal is to work out which part is actually stopping you.**

Deposit is only part of the money you need.

When people hear "5% deposit", they often think that is the whole cash requirement. That is where people get caught out.

COST	WHY IT MATTERS
Deposit	Helps satisfy the lender's LVR requirement.
Stamp duty	Can be a major cost unless a concession applies.
Conveyancing	Contract review, settlement and legal process.
Inspections	Building, pest or strata checks where relevant.
Government and bank fees	Registration, transfer, settlement and lender fees.
Buffer	Money left after settlement for life being life.

BETTER QUESTION

How much cash do I need to complete at this price?

Not "what is the minimum deposit?" and not "what did someone online need last year?"

The quick formula

Cash to complete = deposit + buying costs + buffer.

The exact number depends on the property, state, contract, lender and scheme eligibility.

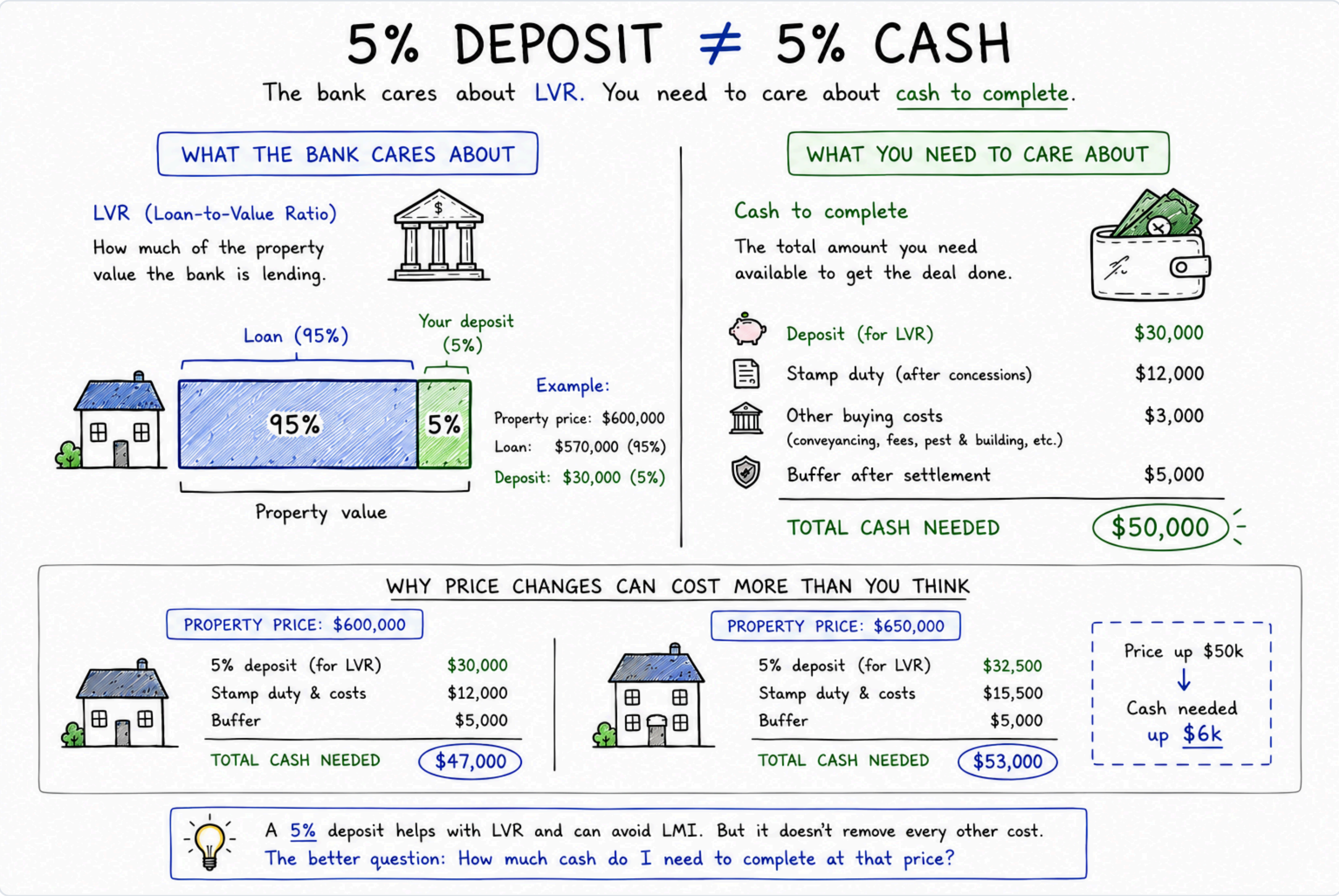
Plain English: LVR
How much you borrow compared with the property value. A 95% LVR usually means a 5% deposit.

Plain English: cash to complete
The total cash needed to settle: deposit, buying costs and some breathing room.

Plain English: settlement adjustments
Small amounts split at settlement, like rates or water the seller has already paid.

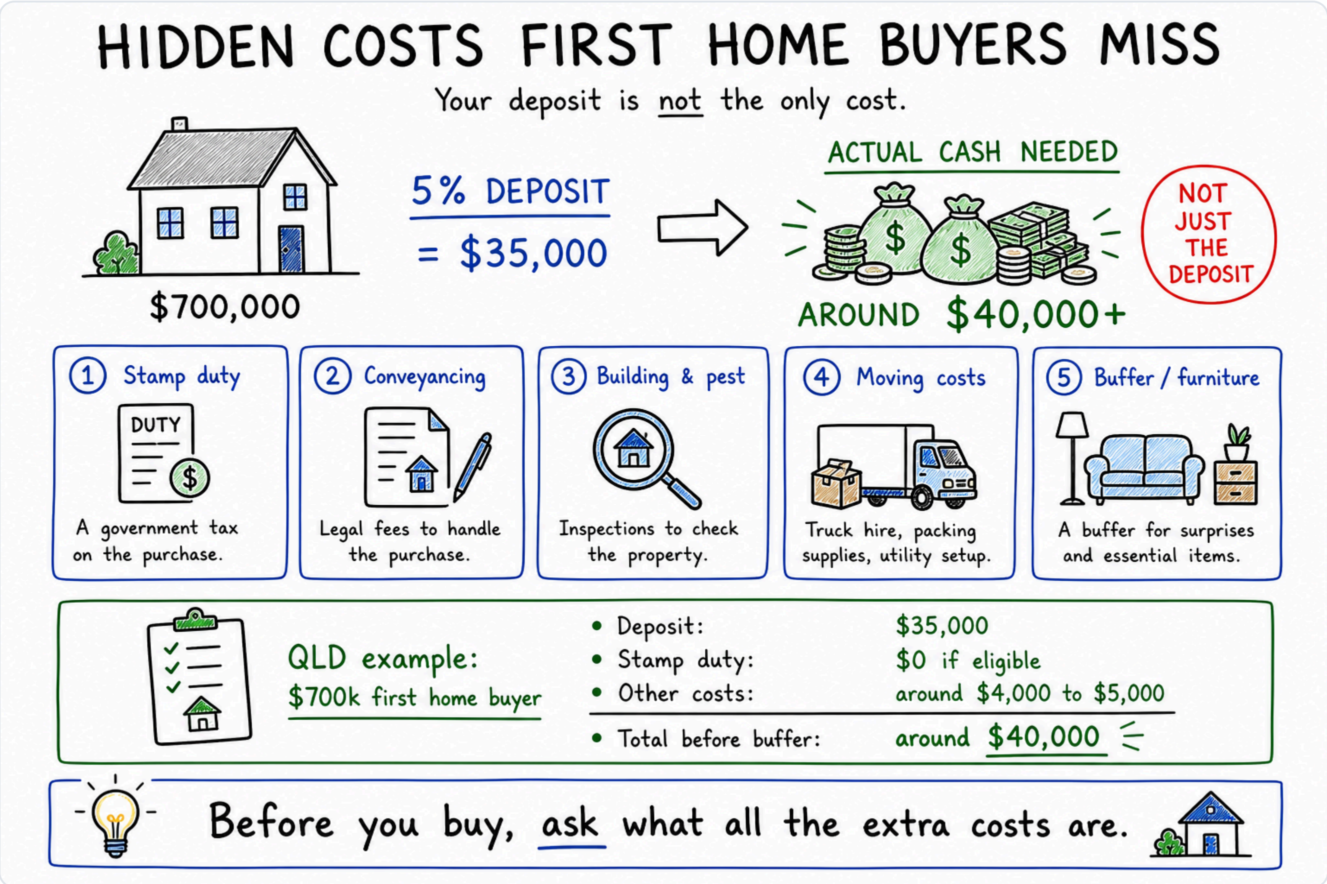
A 5% deposit does not mean 5% cash.

The bank is lending against the property value. It is not giving you 95% of the property plus every buying cost.



The costs people forget are usually the boring ones.

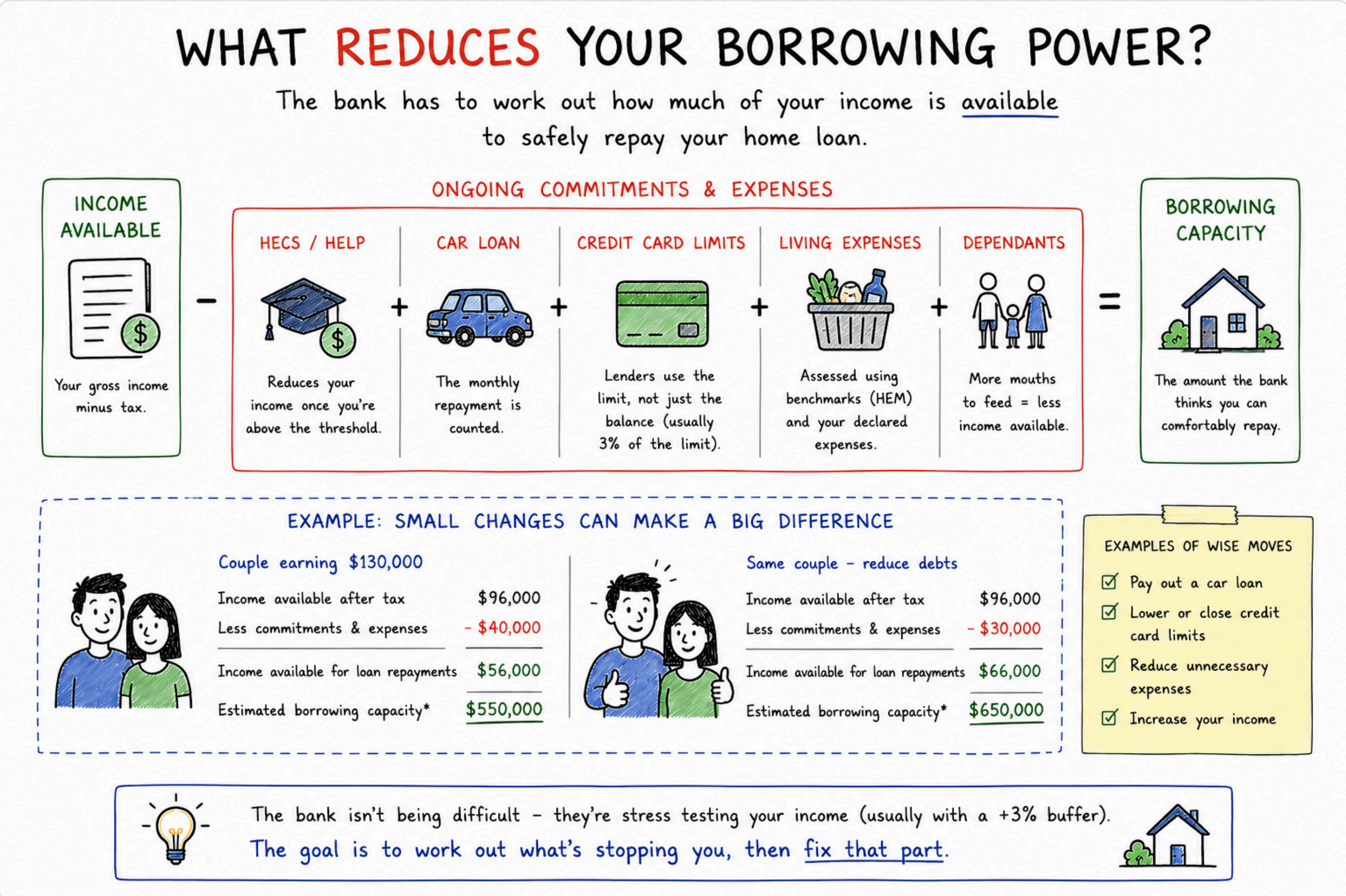
Before you fall in love with a property, make sure the boring costs have a line in the budget.



QLD example only. Eligibility applies. Last reviewed: 21 June 2026.

The bank is not just looking at your income.

Borrowing capacity is the amount the lender thinks you can comfortably repay after applying its rules and stress testing.



Plain English: servicing

The bank's test of whether your income can handle the loan after debts and expenses.

Plain English: assessment rate

The higher rate the bank uses to stress-test the loan, not always the rate you see online.

Plain English: credit card limit

The lender may assess the limit, even if the current balance is $0.

Your income is not always the income the bank uses.

Two people can earn the same amount and still get different borrowing capacity results.

Income can be shaded or excluded

Permanent income is usually cleaner. Casual income, overtime, commission, bonus, probation, contract work and self-employed income can depend heavily on history and lender policy.

Small debts can matter

Car loans, personal loans, buy now pay later, HECS/HELP, childcare, dependants and credit card limits can reduce usable income.

> **A credit card with $0 owing can still matter if the lender assesses the limit.**

Do not close accounts blindly. The right move depends on your application, timing and lender options.

The schemes are tools, not shortcuts.

The trap is thinking every first-home buyer scheme solves the same problem. They do not.

DEPOSIT/LMI

5% Deposit Scheme

Can help eligible buyers buy with a smaller deposit and no LMI.

SHARED EQUITY

Help to Buy

Can reduce the loan needed because the government contributes part of the price.

NEW HOMES

First Home Owner Grant

State or territory grant. Often linked to new builds and local eligibility rules.

UPFRONT COST

Stamp duty concessions

Can reduce the cash needed, but rules depend on state, price and property type.

SAVING

FHSS

A way to save through voluntary super contributions. The timing rules matter.

> **Before relying on any scheme, ask: "Which problem is this solving, and which problems are still mine?"**

This guide explains the mechanics. Price caps, income rules, places, state concessions and participating lenders should be checked against official sources before you make decisions.

The 5% Deposit Scheme solves one problem, not every problem.

For eligible first-home buyers, the scheme can reduce the upfront deposit and LMI problem. It does not replace loan approval.

CAN HELP WITH

Deposit and LMI

A buyer may be able to purchase with a minimum 5% deposit, without paying lenders mortgage insurance.

+

STILL NEEDS

Loan approval

The lender still checks income, debts, expenses, credit history, property and policy.

+

STILL NEEDS

Cash to complete

Deposit is not every other cost. Buying costs and buffer still matter.

Helpful recent change

The Australian Government says changes from 1 October 2025 mean no income caps, no waitlists and no LMI under the scheme.

Do not skip this check

Property price caps, eligibility, participating lenders and lender policy still matter.

Qualifying for the scheme is not the same as being approved for the loan.

Help to Buy is shared equity, not free money.

Help to Buy can reduce the loan you need because the Australian Government contributes towards the purchase price. The trade-off is that the government owns a share of the property value.

WHAT CHANGES TODAY

Lower loan size

The scheme can help eligible buyers with a minimum 2% deposit, with the government contribution reducing the amount borrowed from the lender.

The official scheme page describes contributions up to 30% for existing homes and 40% for newly built homes.

THE TRADE-OFF

You share the outcome

Because it is shared equity, a future sale, refinance or buyout needs to deal with the government share. That share moves with the property value.

Still required

- Loan approval through a participating lender
- Income and eligibility checks
- Property price cap checks
- Owner-occupier use while in the scheme

Better question

Do not only ask: "Does this help me borrow less?"

Ask: "What am I giving up in exchange for the lower loan?"

Other help can be useful, but the timing matters.

Grants, duty concessions and FHSS can improve the numbers, but they are not all checked at the same point in the process.

GRANT

First Home Owner Grant

A one-off grant funded and administered by states and territories. Eligibility often depends on where you buy and whether the home is new.

CONCESSION

Stamp duty

Can reduce cash to complete. The tricky part is that thresholds, property type and buyer eligibility are state specific.

SAVING STRATEGY

FHSS

The First Home Super Saver Scheme lets eligible buyers use voluntary super contributions towards a deposit. ATO steps and timing matter.

Before you offer

Check scheme eligibility, price caps, duty estimates and whether the property type fits.

>

Before you rely on funds

Confirm grant, concession or FHSS process with the relevant official body.

>

Before settlement

Make sure the lender, conveyancer and scheme timing all line up.

The painful version is finding the right scheme after the order of operations has already gone wrong.

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LMI, low deposits and genuine savings in normal English

LVR

Loan-to-value ratio. In normal English, how much the bank is lending compared with the property value.

LMI

Lenders mortgage insurance. The annoying bit is that it protects the lender, not you.

Genuine savings

Some lenders want evidence that savings were built or held over time. Rent history may help with some lenders.

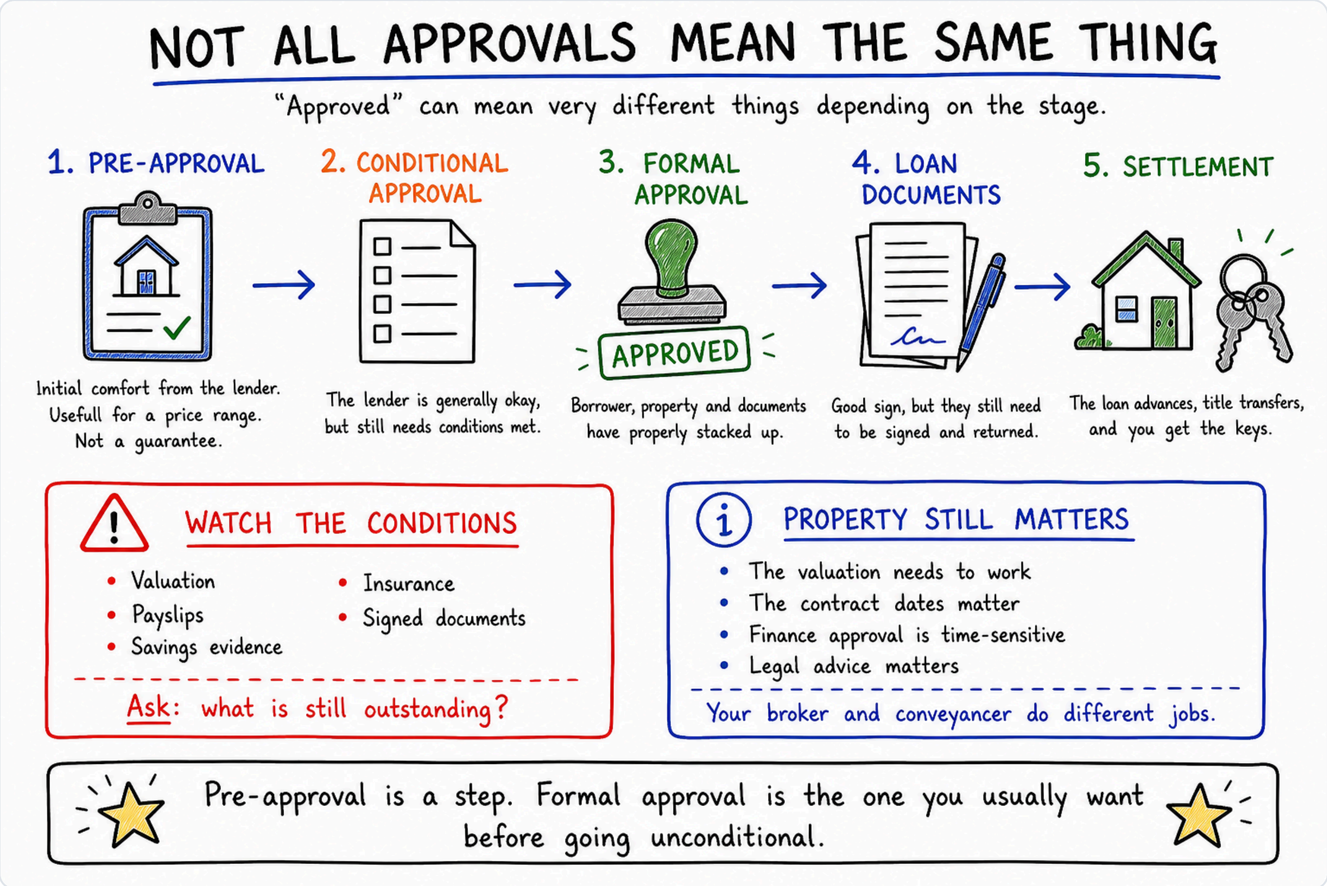
The deposit myth

A bigger deposit helps with LVR, cash to complete and sometimes lender options. But if servicing is the bottleneck, saving another $10,000 may not move your borrowing capacity much.

> **The main thing is that LMI should be a conscious trade-off, not something you discover at the last minute.**

Pre-approval is useful. It is not a golden ticket.

A pre-approval can help you work out your budget, lender fit and obvious issues. But the property still needs to pass.



Plain English: pre-approval
An early check on you as a borrower. Useful, but still conditional.

Plain English: formal approval
The lender has checked the borrower, the documents and the property.

Plain English: valuation
The lender's view of the property value. It may not match the contract price.

The property still has to pass.

A lender can like you as a borrower and still have a problem with the property.

Common property issues

- Valuation comes in lower than the contract price
- Small apartments or high-density properties
- Rural or restricted postcodes
- Unusual title, zoning or use
- Condition or insurance concerns

Low valuation example

If you sign at $720,000 and the bank values the property at $700,000, the lender may base the loan on the lower number. That can change the cash required.

Pre-approval mostly checks you. Formal approval needs the borrower, property and documents to stack up.

Before you make an offer, know what still needs to go right.

Private treaty

You may be able to use finance and building and pest conditions, depending on the contract and negotiation.

- [ ] Finance clause timing
- [ ] Building and pest timing
- [ ] Deposit due under contract
- [ ] Insurance requirements

Auction

Auction is often unconditional. That can mean spending money on checks before you know whether you will win.

- [ ] Contract reviewed before bidding
- [ ] Finance position checked tightly
- [ ] Deposit ready if successful
- [ ] Walk-away limit set before emotion kicks in

Your conveyancer and broker do different jobs. You usually want both parts checked before you rely on a contract position.

Family help is not all treated the same.

"My parents are helping" is not enough information for the bank. The structure matters.

Gift

Can help cash to complete. The lender may ask for a gift letter and evidence it does not need to be repaid.

Loan

Can look like another debt. If it has to be repaid, it may hurt servicing.

Guarantee

Uses another property as additional security. Useful in the right case, but it creates risk for the guarantor.

Also check

Who is on title? Who is on the loan? Could first-home buyer benefits be affected?

Timing

Have this conversation before you make an offer. It is much calmer before anyone has already fallen in love with the property.

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Good features are still trade-offs.

Loan structure is not about picking fancy words. It is about choosing how you want flexibility, certainty and repayments to behave.

Offset
A linked account that reduces the loan balance used to calculate interest. Same loan, less interest charged.

Redraw
Access to extra repayments you have already made. The rules depend on the lender and loan.

Principal and interest
Your repayment chips away at the loan balance and pays the interest charged.

Fixed
More repayment certainty for a period, usually with less flexibility if plans change.

Variable
More flexibility, but repayments can move if rates or discounts change.

Split
Part fixed and part variable. A middle ground when you want some certainty and some flexibility.

Comparison rate
A comparison tool that includes the interest rate plus some fees and charges. Useful, but still check the actual loan features and costs for your situation.

> **The question is not only "what is cheapest?" Also ask which mistake would hurt more: uncertainty or being locked in.**

Loan words in normal English

You do not need to memorise every acronym. You just need to know what problem each word is pointing at.

Cash words

Deposit	The part of the purchase price you contribute upfront.
Cash to complete	Deposit plus buying costs plus buffer.
Stamp duty	A state or territory tax on the purchase, unless a concession or exemption applies.
Buffer	Money left after settlement so one surprise does not wreck the month.

Bank assessment words

LVR	Loan-to-value ratio. How much you borrow compared with the property value.
LMI	Lenders mortgage insurance. It protects the lender if things go badly.
Servicing	The bank's test of whether your income can handle the loan.
Borrowing capacity	The amount the lender thinks you can repay under its rules.

Approval words

Pre-approval	An early lender check. Useful, but not final.
Formal approval	Approval after the lender checks the borrower, property and documents.
Valuation	The lender's view of the property value. It may differ from the contract price.
Settlement	The day legal ownership and money transfer complete.

Structure words

Offset	A linked account that can reduce interest charged on the loan.
Redraw	Access to extra repayments, subject to lender rules.
Guarantee	Another person or property supporting the loan. It can create real risk for them.
Shared equity	Someone else contributes part of the purchase price and owns a share of the value.

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The useful next step is diagnosis.

Before you offer, make sure the cash, servicing, property, scheme and contract parts have all been checked.

Final checklist

- [ ] Worked out cash to complete at the actual price
- [ ] Checked borrowing capacity and likely bottleneck
- [ ] Confirmed which schemes help and which do not
- [ ] Allowed for property valuation and security checks
- [ ] Had the contract reviewed before relying on it
- [ ] Kept some buffer after settlement where possible

Book a first-home buyer strategy session

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A useful first session maps your deposit, borrowing capacity, likely bottleneck, scheme fit and what still needs checking.

Sources and update notes

Australian Government 5% Deposit Scheme
Australian Government Help to Buy Scheme
First Home Owner Grant
ATO First Home Super Saver Scheme
APRA serviceability references
Queensland Revenue Office first home concession

Last reviewed: 21 June 2026. Scheme rules, thresholds, participating lenders and lender policies can change.