

YOUR COMPLETE RESOURCE

First Home Buyer Guide

Everything you need to know about buying your first home

INTRODUCTION

Buying your first home is one of the most significant financial decisions you will ever make. It can feel overwhelming — there are new terms, complex processes, government schemes, and many professionals involved along the way. This guide has been prepared to walk you through every stage of the journey so you feel informed, confident, and prepared.

Whether you are just starting to save your deposit or you are ready to begin inspecting properties, understanding how the process works end-to-end will help you avoid common pitfalls, save money, and make the right decisions at the right time.

The Australian property market has a well-established pathway for first home buyers. While the process can seem daunting at first, it follows a logical sequence — and with the right guidance, most first home buyers find it far more manageable than they expected.

This guide covers: building your deposit and meeting lender requirements, government schemes available to you, how different purchase methods work, what questions to ask real estate agents, the role of your solicitor or conveyancer, how your funding is structured at settlement, and when and how your mortgage broker can help throughout the process.

We encourage you to read through this guide in full, then reach out with any questions. There are no silly questions when it comes to buying your first home — our role is to ensure you feel completely supported every step of the way.

STEPS TO BUYING YOUR FIRST HOME

Purchasing your first home follows a clear series of steps. Understanding where you are in this journey — and what comes next — helps reduce stress and keeps the process moving forward efficiently.

1

Assess Your Financial Position

Before anything else, understand your income, existing debts, living expenses, and credit history. Lenders will assess all of these when evaluating your loan application. Check your credit report and address any issues early. Most lenders require a minimum employment period of 3–6 months in your current role, or 2 years if self-employed.

2

Save Your Deposit

The standard minimum deposit is 5% of the purchase price, though 10–20% is preferable to avoid Lenders Mortgage Insurance (LMI). Lenders distinguish between "genuine savings" — funds accumulated over at least 3 months in your own account — and gifted or lump sum funds. Most lenders require at least 5% to come from genuine savings. A larger deposit gives you access to better interest rates and lower ongoing costs.

3

Understand Lender Policy Requirements

Lenders assess your borrowing capacity using a serviceability buffer — currently 3% above the loan's actual interest rate, as required by APRA. This means if your loan rate is 6%, the bank tests your ability to repay at 9%. Your total debt-to-income ratio, living expenses, and number of dependants all factor into this. Understanding these requirements early helps you plan realistically.

4

Speak to a Mortgage Broker

Before you begin inspecting properties, speak with your broker to understand how much you can borrow and what your repayments will look like. Your broker will also identify which lenders and products best suit your situation, and can apply for a pre-approval so you can bid or make offers with confidence.

5

Obtain Pre-Approval

Pre-approval (also called conditional approval) is a written indication from a lender that they are prepared to lend you up to a specified amount, subject to satisfactory valuation and final checks. Pre-approvals are typically valid for 90 days and can be renewed. Having pre-approval makes your offer more credible to vendors and agents.

6

Search for a Property

With your budget established, begin inspecting properties within your pre-approved range. Factor in not just the purchase price but also stamp duty, legal fees, inspection costs, and moving expenses. Leave a buffer — your broker can show you an accurate cost breakdown so you know exactly what funds you need at settlement.

7

Engage a Solicitor or Conveyancer

Before making an offer or bidding at auction, engage a solicitor or conveyancer to review the contract of sale. They will identify any special conditions, easements, or encumbrances on the title, and advise you on your rights and obligations. Do not sign any contract without legal review.

8

Make an Offer or Bid at Auction

Once you find your property, your purchase method will depend on how it is being sold — private treaty, pre-auction, or auction. Each has different rules around cooling-off periods and deposit obligations. Your broker and solicitor will guide you through the specifics prior to any commitment.

9

Exchange Contracts

When your offer is accepted, both parties sign identical copies of the contract of sale and exchange them — this creates a legally binding agreement. You will pay your deposit (typically 10% of the purchase price) at exchange. Your lender will then order a valuation and progress your application to unconditional approval.

10

Settlement

Settlement is the final step — your lender releases the loan funds, your solicitor transfers legal ownership to your name, and you receive the keys. Standard settlement periods are 42–45 days from exchange, though this can be negotiated. Your broker will ensure all loan documentation is prepared and your funds are ready well in advance.

GOVERNMENT SCHEMES & INCENTIVES

The Australian Government and state governments offer a number of schemes and incentives specifically designed to help first home buyers enter the market sooner.

FIRST HOME GUARANTEE (FHBG)

Administered by Housing Australia, this scheme allows eligible first home buyers to purchase with as little as **5% deposit without paying LMI**. The government guarantees up to 15% of the loan value, removing the need for genuine savings to reach 20%.

Eligibility: Australian citizens or permanent residents, income caps apply (\$125,000 singles / \$200,000 couples), owner-occupied purchases only, property price caps vary by state.

Places are limited each financial year — early application is recommended.

REGIONAL FIRST HOME BUYER GUARANTEE

Similar to the FHBG, this scheme is specifically for buyers purchasing in **regional areas of Australia**. It allows eligible buyers to purchase with a 5% deposit without LMI, with the government guaranteeing up to 15%.

Eligibility: Must have lived in the regional area or adjacent area for 12 months prior to purchase. Income and property price caps apply.

This scheme supports buyers who want to avoid capital city price pressures while still accessing government support.

FIRST HOME SUPER SAVER SCHEME (FHSS)

The FHSS allows you to **save for your deposit inside your superannuation fund**, taking advantage of the concessional tax rate on super contributions. You can make voluntary contributions and later withdraw them (plus earnings) for a first home purchase.

Maximum release: \$50,000 in total voluntary contributions across all years. This can meaningfully accelerate deposit savings for those with regular income.

Withdrawals must be applied to a property purchase within 12 months.

FIRST HOME OWNER GRANT (FHOG)

A **state-based grant** for first home buyers purchasing or building a new home. Grant amounts vary significantly by state — typically between \$10,000 and \$30,000 depending on location and property type.

Key conditions: Must be a new or substantially renovated home, must be owner-occupied for a minimum period (usually 12 months), and all applicants must be first home buyers.

Your broker can confirm the current grant amount and eligibility requirements for your state.

STAMP DUTY CONCESSIONS

Most states offer **full or partial stamp duty exemptions** for first home buyers, subject to property value thresholds. For example, in NSW, eligible first home buyers pay no stamp duty on properties up to \$800,000, with a concession available up to \$1,000,000.

HELP TO BUY SCHEME

A shared equity scheme where the **federal government co-purchases up to 40%** of a new home (or 30% of an existing home) with an eligible buyer. This reduces the deposit and loan size required, lowering repayments significantly.

Eligibility: Australian citizens, income caps apply, owner-occupied only. The government's equity share must eventually be repurchased by the homeowner.

PRIVATE TREATY

Private treaty is the most common method of purchasing property in Australia, particularly outside of major metropolitan markets. The vendor sets an asking price and buyers negotiate directly with the selling agent.

How It Works

You inspect the property, decide on an offer amount, and submit it through the real estate agent. The agent presents your offer to the vendor who can accept, reject, or counter-offer. This back-and-forth continues until both parties reach an agreed price.

Once your offer is accepted, contracts are prepared and exchanged. You pay your deposit (typically 10%) at exchange.

Cooling-Off Period

One of the key advantages of private treaty for first home buyers is the **cooling-off period** — typically 5 business days in most states. During this time you can withdraw from the purchase, forfeiting only a small penalty (usually 0.25% of the purchase price).

This period allows time to finalise your finance, conduct building and pest inspections, and have your solicitor review the contract in full. It provides meaningful protection that auction purchases do not.

Key Considerations

Make your offer subject to finance: Including a finance clause protects you if your lender is unable to approve the loan or the valuation comes in low.

Make your offer subject to building inspection: A building and pest inspection can uncover issues not visible during an open home, potentially saving you from a costly mistake.

Know your limit: It is easy to get emotionally attached to a property. Set a firm budget and stick to it.

AUCTION & PRE-AUCTION

Auctions are common in competitive metropolitan markets, particularly in Sydney and Melbourne. They require more preparation but can also result in a clear, unconditional purchase outcome on auction day.

How Auction Works

The property is sold to the highest bidder on auction day. If the reserve price is met, the sale is unconditional — you exchange contracts and pay your deposit immediately. There is **no cooling-off period** at auction.

This means your finance must be fully arranged and your solicitor must have reviewed the contract **before** you bid. The lender should also have completed a valuation on the property prior to auction day where possible.

Pre-Auction Offers

Many vendors will consider offers before the scheduled auction date. If your pre-auction offer is accepted, the same conditions as auction apply — **you exchange unconditionally**, pay your deposit on the day, and there is no cooling-off period.

Pre-auction purchases can be advantageous as they remove competition from other buyers. However, they require the same level of preparation as bidding on auction day — pre-approval, legal review, and ideally a completed valuation.

Preparing for Auction

Have unconditional pre-approval in place — not just a pre-qualification. Your broker should have submitted a full application and received written approval prior to auction day.

Arrange your deposit funds — you will need 10% available immediately if you are the successful bidder. Confirm with your solicitor how this should be held (bank cheque or deposit bond).

Set your limit and stick to it — auction environments can be emotionally charged. Decide your maximum bid in advance and do not exceed it.

DEALING WITH REAL ESTATE AGENTS

Real estate agents are engaged by and act on behalf of the **vendor (seller)** — not the buyer. Their primary obligation is to achieve the best possible outcome for the person selling the property. Understanding this dynamic helps you interact with agents more effectively and protect your own interests.

That said, a good real estate agent will treat buyers professionally and fairly, as maintaining strong buyer relationships is important for their business. Being prepared, informed, and respectful will generally result in a better experience.

The following are important questions to ask at inspections and during the negotiation process:

- ? What is the vendor's price expectation, and has the property had any previous offers?
- ? How long has the property been on the market, and has the price been reduced since listing?
- ? Why is the vendor selling — is there any flexibility on the settlement date or conditions?
- ? Has the property had a building and pest inspection conducted? Can you access the report?
- ? Are there any known issues with the property — structural, water, or noise related?
- ? What is included in the sale — are all fixtures, fittings, and appliances staying?
- ? What are the council rates, strata levies (if applicable), and water rates per quarter?
- ? Is the property tenanted? If so, when does the current lease expire?
- ? What is the preferred settlement timeframe for the vendor?

Important: Always have your solicitor review the contract of sale before you sign anything or commit to a purchase. Real estate agents cannot provide legal advice, and a contract may contain conditions that are not in your favour.

If an agent pressures you to sign quickly or tells you another buyer is about to make an offer, take a breath. Urgency tactics are common — a legitimate purchase opportunity will not disappear because you took 24 hours to seek proper advice.

YOUR SOLICITOR OR CONVEYANCER

Who You Need

When purchasing property, you will need either a **licensed conveyancer** (who specialises exclusively in property transfers) or a **solicitor** (a lawyer who can also handle property matters, including more complex situations).

For straightforward residential purchases, a conveyancer is typically sufficient and often more cost-effective. For properties with complex titles, development potential, or unusual contract conditions, a solicitor with property law expertise is recommended.

When to Engage Them

Before you make an offer — ideally before you even attend your first inspection. Having a solicitor on standby means you can request a contract review quickly, giving you a competitive advantage.

In competitive markets, delays caused by not having a solicitor ready can result in missing out on a property. Ask your mortgage broker for a referral to a reliable local conveyancer or solicitor.

For auction purchases, your solicitor must review the contract **well before auction day** — do not wait until the week of the auction.

Costs to Expect

Legal fees for a standard residential purchase typically range from **\$1,200 to \$2,500** depending on complexity and location. This fee generally covers contract review, title searches, communication with the vendor's solicitor, and representation at settlement.

Disbursements (government search fees, title registration fees, etc.) are charged in addition and can add a further \$300–\$600. Always request a full fee estimate — including disbursements — before engaging.

WHAT THEY DO FOR YOU

Contract Review

Your solicitor will review the contract of sale in detail, checking for: special conditions that could disadvantage you, sunset clauses, inclusions and exclusions, easements and encumbrances, zoning restrictions, and any outstanding rates or levies. They will advise on any changes to request before you sign.

Title Searches

Your solicitor conducts searches on the property title to confirm ownership, identify any mortgages or charges registered against the property, check for caveats or legal actions, and verify that the property boundaries and description match what is being sold.

Liaising with All Parties

Throughout the process your solicitor communicates directly with the vendor's solicitor, your lender's legal team, and the relevant title office. They coordinate settlement logistics, ensure all documents are correctly prepared and executed, and confirm that funds are transferred accurately.

Settlement Day

On settlement day, your solicitor attends (or participates electronically via the PEXA platform) to ensure the transfer of title, the discharge of any existing mortgage on the property, and the release of your purchase funds all occur simultaneously and correctly. Once complete, they confirm settlement and notify you that you can collect your keys.

Post-Settlement

After settlement your solicitor registers the transfer of title in your name with the relevant state land titles office. You will receive confirmation of registration and can request a copy of your Certificate of Title for your records.

HOW YOUR FUNDING WORKS

Understanding how your purchase is funded — and where each dollar comes from and goes to — is essential to arriving at settlement without any surprises. Many first home buyers are surprised by the total amount of funds needed beyond just the deposit.

YOUR DEPOSIT

The deposit is paid at **exchange of contracts** — not at settlement. It is typically 10% of the purchase price, though some vendors will accept 5%. This amount is held in the vendor's solicitor's trust account until settlement.

If you are using a government guarantee scheme, your deposit may be as low as 5% with no LMI requirement. Your broker will confirm the exact deposit amount required based on your lender's policy and the scheme you are accessing.

COSTS BEYOND THE PURCHASE PRICE

In addition to your deposit and loan, you will need funds to cover: **stamp duty** (unless exempt), **legal fees**, **lender fees**, **building and pest inspection** and **Lenders Mortgage Insurance** (if your LVR exceeds 80%). LMI costs vary significantly depending on your LVR and loan amount. Government guarantee schemes eliminate the need for LMI entirely for eligible buyers.

EXAMPLE FUNDING BREAKDOWN — \$700,000 PURCHASE AT 90% LVR

Purchase Price	\$700,000
Deposit (10%)	\$70,000
Stamp Duty (NSW — first home buyer concession may apply)	~\$0–\$26,000
Legal / Conveyancing Fees	~\$1,500–\$2,200
Building & Pest Inspection	~\$500–\$800
Lenders Mortgage Insurance (capitalised)	~\$15,000–\$18,000
Proposed Lending (90% LVR + LMI)	~\$645,000–\$648,000
ESTIMATED TOTAL FUNDS NEEDED AT EXCHANGE	~\$75,000–\$100,000

Note: All figures are estimates only. Stamp duty amounts vary significantly by state and depend on your eligibility for first home buyer concessions. Your broker will provide a personalised breakdown based on your specific purchase.

WHEN TO TALK TO YOUR MORTGAGE BROKER

One of the most common mistakes first home buyers make is waiting too long to speak with a mortgage broker. Many buyers assume they need to have a large deposit saved, a specific property in mind, or a fully formed plan before reaching out — but the opposite is true.

The earlier you engage with your broker, the better positioned you will be when the right property comes along.

AS EARLY AS POSSIBLE — EVEN BEFORE YOU START SAVING

Speaking to a broker before you begin seriously saving helps you understand exactly how much you need to save, how long it will realistically take, and which savings structures are most effective. Your broker can advise on the First Home Super Saver Scheme, genuine savings requirements, and how to optimise your financial position in the eyes of a lender.

Early conversations also help you identify and resolve any credit or income issues well before you apply — preventing surprises later.

WHEN YOUR DEPOSIT IS 3–6 MONTHS AWAY

At this stage your broker can begin modelling specific borrowing scenarios, identify which lenders and products best suit your situation, and confirm your eligibility for government schemes. This is also when a pre-approval strategy can be developed so you are ready to move the moment you find a property.

BEFORE YOU BEGIN INSPECTING PROPERTIES

Do not begin attending open homes without knowing your budget. Falling in love with a property you cannot finance — or worse, winning an auction without confirmed approval — can be costly and stressful. Your broker will provide a clear borrowing capacity figure and submit your pre-approval application so you can inspect and bid with confidence.

WHEN YOU FIND A PROPERTY

As soon as you identify a property you are serious about, contact your broker immediately. They will confirm whether the property falls within your pre-approved parameters, check lender policy for that property type and location, and begin the full application process. In fast-moving markets, speed matters — your broker will prioritise your file.

AFTER EXCHANGE — THROUGH TO SETTLEMENT

Your broker remains actively involved after you exchange contracts. They manage all communication with the lender, coordinate the valuation, satisfy any outstanding conditions, and ensure your formal approval is issued well before your settlement date. They also liaise with your solicitor to ensure the loan documentation is ready on time.

Your broker works for you — not the bank. Our role is to understand your complete financial picture, identify the lender and product that best suits your needs, and manage the entire application process on your behalf. We are paid by the lender at no direct cost to you, and our obligation is to act in your best interests at all times.

There is never a wrong time to reach out with a question. Whether you are 12 months away from being ready or you have found a property and need to move quickly, we are here to help you navigate every stage of the journey.