

Buying your First Home

How to avoid common pitfalls?



With recent enhancements to the Australian Government's First Home Guarantee Scheme, entering the property market has become more accessible than ever. Eligible buyers can now purchase a home with just a 5% deposit—without the added cost of lenders' mortgage insurance (LMI). It's a significant opportunity for first-time buyers, and potentially for your children or younger relatives looking to take that first step.

However, while the scheme opens doors, it's essential to proceed with clarity and confidence. Here's how the scheme works—and the common missteps to avoid.

Understanding the 5% Deposit Scheme when buying your First Home

The newly renamed Australian Government 5% Deposit Scheme enables eligible first home buyers to purchase a property with a deposit as low as 5%. The government guarantees the remaining 15%, allowing buyers to bypass LMI and fast-track their homeownership journey.

It's important to note that property price caps vary by state and region. To qualify, your chosen property must fall within the relevant thresholds.

Regional centres include:

NSW: Illawarra, Newcastle & Lake Macquarie

VIC: Geelong

QLD: Gold Coast & Sunshine Coast

State	Capital Cities & Regional Centres	Other Areas
NSW	\$1,500,000	\$800,000
VIC	\$950,000	\$650,000
QLD	\$1,000,000	\$700,000
WA	\$850,000	\$600,000
SA	\$900,000	\$500,000
TAS	\$700,000	\$550,000
ACT	\$1,000,000	\$1,000,000
NT	\$600,000	\$600,000

What could this look like in practice?

Here's a snapshot of how the scheme might apply in different cities, including estimated additional costs such as stamp duty, legal fees, and government charges.

Location	Property Value	5% Deposit	Estimated Additional Deposit*	Total Deposit required @ Application
Adelaide	\$900,000	\$45,000	\$54,100	\$99,100
Brisbane	\$1,000,000	\$50,000	\$36,500	\$86,500
Canberra	\$1,000,000	\$50,000	\$2,000	\$52,000
Darwin	\$600,000	\$30,000	\$31,600	\$61,600
Hobart	\$700,000	\$35,000	\$2,000	\$37,000
Melbourne	\$950,000	\$47,500	\$56,100	\$103,600
Perth	\$850,000	\$42,500	\$37,000	\$79,500
Sydney	\$1,500,000	\$75,000	\$66,400	\$141,400

* Stamp Duty, Titles Office Costs and Legal Costs are estimations only and may vary depending on various lenders, Solicitors and Government Bodies. Final fees will be quoted on a Letter of Offer from the lending institution that you choose to proceed with.

Note: While there is no cap on the number of scheme places available, there is a limited to a maximum of two applicants per property for the scheme.



Common First-Home Buyer Mistakes—and how to avoid them

Mistake 1: Underestimating the true cost of buying your First Home

Your deposit is just one part of the equation. Many buyers overlook the full scope of upfront and ongoing expenses. Be sure to budget for:

- Stamp duty and transfer fees (estimate included in additional deposit calculation)
- Legal and conveyancing costs (estimate included in additional deposit calculation)
- Loan establishment fees
- Building and pest inspections
- Moving costs
- Ongoing expenses (council rates, utilities, insurance, maintenance)

Have you accounted for all these costs in your budget?

Mistake 2: Letting emotions drive your decisions

It's easy to fall in love with a property—but does it meet your long-term needs?

- Is the floorplan functional for your lifestyle?
- Are there any visible or hidden structural issues?
- Does the location support your future plans and offer growth potential?

Would a property inspection checklist help you stay focused?

Mistake 3: Skipping Pre-Qualification

Getting pre-qualified gives you a clear understanding of your borrowing capacity and strengthens your position when negotiating.

- Demonstrates to sellers that you're a serious buyer
- Helps you avoid disappointment or delays

Have you been pre-qualified to confirm your budget?

Mistake 4: Skipping building and pest inspections

While it may seem like a cost-saving measure, skipping inspections can lead to costly surprises down the track. A professional inspection can uncover:

- Structural defects
- Pest infestations
- Asbestos or other safety concerns

Need help connecting with a trusted inspector?

Let's make buying your First Home a smart move

Purchasing your first home is a major milestone—and a significant financial commitment. Whether you're buying for yourself or supporting a loved one, expert guidance can help you make informed, confident decisions.

As your finance broker, we can help you:

- Understand your borrowing power
- Navigate government schemes and incentives
- Secure a loan tailored to your needs and goals



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