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SUNBURY

FIRST HOME BUYER GUIDE

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Congratulations on starting your first home journey! Buying your first home is both exciting and daunting, particularly if you’re not sure how to get started or what questions to ask. Whether you’re buying land, house and land, or a townhome, there are a few key things you should keep in mind for a smoother property journey.

Your Address

It’s true that location matters, so start your first home buyer journey by researching where you would like to live. It’s a good idea to make a checklist of things that are important to you – both now and for the future. For instance, is childcare important? Proximity to a hospital? Or maybe a great dog park? Think about your commute to work – do you usually drive? If so, look into freeway access. Or maybe you prefer the train – in which case check out the public transport network.

Masterplanned communities are built to foster connectivity and a sense of neighbourhood spirit. They offer a range of different land sizes to suit lots of home options, offer proximity to daily amenities, easy access to education, shops, parks, and more. When choosing your new neighbourhood, it’s a good idea to visit the area a few times. This will let you explore the area, the local amenities, and speak to the residents – giving you a great sense of community and what it would be like to live there.

The Land

There are a few things to keep in mind when considering your block of land. Factor in the size, orientation, shape, fill, and fall – not only will these affect the design and placement of your dream home, but they will also affect your needs and lifestyle preferences.

But which lot should you buy? Have you considered the projects covenants? What are site costs? It’s not as scary as it sounds – here are a few key terms to help you on your way.



Land Glossary

Titled and untitled land	Titled land has a legal record of who owns it (known as a ‘title’), whereas untitled land doesn’t. Once your land is titled, you can get started on construction.
Project covenants	This will give you the projects design guidelines that you must follow when building. Make sure to check this as it will affect the look and feel of your new home.
Civil engineering plan	This explains the site conditions of your land before and after it has been developed, including information on services and finished surface levels.
Memorandum of common provisions	This document informs you of council enforced controls and restrictions associated with the title of your land. These can include restrictions on height, raised open space, and site coverage.
Plan of subdivision	This is also known as a Plan of Development – it gives you the exact boundaries and location of your lot with reference to the surrounding and potential restrictions.
Building location envelope	These are the set design parameters for development on a lot to ensure consistency. You’ll find this in Plan of Subdivision (or Plan of Development), estate covenants, or as a separate document.
Fall	This is the level of slope on your land. A sloping site can give your home great views but can also be a little more costly.
Fill	Fill is when earth is used to raise the land on your block to bring it to ground level to create a flat building pad. The amount and type of fill can affect your house’s footings.
Easement	An easement refers to a legal right to use another’s land for a specific limited purpose. This information can be obtained by contacting the owners of the easement (ie council, water authorities etc) or from your Plan of Subdivision.
Building envelope	The Building Envelope plan shows you the depth, width, and height restrictions applicable to a specific lot, giving you the dimensions of the build area.
Retaining walls	These are used to retain the earth on your land if required – allowing the ground to be retained at different heights.
Site coverage	Site coverage is the area of land covered by an existing or proposed building.
Site costs	Before commencing construction, your builder will need to establish a level and stable block of land to ensure your home sits at the right level. Site costs will vary from block to block, depending on the complexity of works required. These can include the fall of the land and soil conditions.
BAL rating	Government legislation ensures every block of land is classified for a Bushfire Attack Level (BAL). BAL ratings measure the severity of a building’s potential exposure to fire, and this rating dictates both the construction methods and materials used in bushfire prone areas.
Orientation	This is the positioning of a building (in this case, your new home) in relation to seasonal variations in the sun and wind. Good orientation can increase the energy efficiency of your home by maximising natural heating and cooling methods.
Setbacks	Setbacks are the controls that limit the footprint of your home and relate to all sides of your lot. Setbacks also apply to building height.

Your Home

Now, this is the exciting part! The building phase is where you can finally start to see your vision start coming to life. Here are a few questions to ask any potential builder.

What is included in your standard home build?

Check what is and what isn’t included as a standard inclusion – this will help avoid surprises down the track. All builders have their own versions of standard inclusions, so you will have to compare the difference between their offerings.

Make direct comparisons between inclusions like benchtops, ceiling heights, downlights, and floor coverings – make sure to align these to how you picture your new home.

Can I customise the floorplan?

If you’re thinking about customising the floorplan, it’s best to speak to your builder about it as soon as possible.

Some builders allow changes, while others may have restrictions or added costs.

Are site costs fixed or is there an allowance?

It’s important to understand the difference between fixed site costs and site cost allowances.

When site costs are fixed, you will have peace of mind knowing that the price won’t change regardless of what’s required to prepare your lot for construction. This could save you money if your builder has to complete extra work as you won’t be on-charged.

On the other hand, site cost allowance means the price may change depending on your lot’s final soil & survey test, meaning can pay more if the site requires more work than initially anticipated. This also means you could save money if the work required is less than expected.

The handover

Around a week after practical completion of your new home, you should be ready to collect the keys, make any final payments and move in.





Your Budget

To start your journey on the right foot, you will need to determine your budget. Before you get your home loan, you'll need to have enough money saved up for your deposit, taxes, and fees but there's plenty of opportunity for savings along the way for first home buyers.

Your deposit

This is how much money you will need to have saved to secure your home loan.

A land purchase will usually need a 10% deposit while you may be able to secure a townhome with just a 5% or \$10k deposit. Ask your agent for more information.

How much should I save for a deposit?

PRICE	20% DEPOSIT	5% DEPOSIT
\$600,000	\$120,000	\$30,000
\$500,000	\$100,000	\$25,000
\$400,000	\$80,000	\$20,000

Zero stamp duty

As a first home buyer, you won't have to pay stamp duty - meaning you can save around \$31,000 on a \$600,000 purchase!

Grants and funds

The Commonwealth and State governments both offer a number of financial incentives and schemes to help first home buyers enter the property market.

- Victorian Homebuyer Fund**
A shared equity scheme that requires you to pay only a 5% deposit with the Victorian Government contributing up to 25% of the purchase price in exchange for an equivalent share of the property.
- First Home Owner Grant (FHOG)**
A one-off \$10,000 is payable to first home owners that satisfy all eligibility criteria.
- First Home Guarantee (FHBG)**
If you're eligible, you may be able to purchase a home with as little as 5% deposit without paying for LMI.
- Family Home Guarantee (FHG)**
This initiative supports eligible single parents with at least one dependant purchase a home sooner.
- Regional First Home Buyer Guarantee (RFHBG)**
This is part of the Home Guarantee Scheme (HGS) to support eligible first home buyers purchase a home sooner.

Check what incentives are available and your eligibility – it could save you thousands of dollars!

Victoria First Home Owner Grant

The First Home Owner Grant (FHOG) scheme was introduced on 1 July 2000 to offset the effect of the GST on home ownership. It is a national scheme funded by the states and territories and administered under their own legislation.

Under the scheme, a one-off grant of \$10,000 is payable to first home owners that satisfy all the eligibility criteria.

Eligibility & restrictions

- No household income thresholds.
- Restrictions: buying or building a new home valued up to \$750,000.
- No applicant (including spouse) can receive the grant if they have received it in the past.
- Have never owner any residential property in the past.
- This criteria apply even if your spouse or partner is not an applicant with you.
- All applicants must be at least 18 years of age at settlement or completion of construction.
- You (or at least one applicant) must be an Australian citizen or permanent resident.
- You (or at least one applicant) must occupy the home as your PPR for at least 12 months, commencing within 12 months of settlement or completion of construction.
- Australian Defence Force personnel are exempt from this residency requirement. The exemption applies to current members of the Australian Army, Air Force or Navy who are enrolled to vote in Victorian elections and are either on duty or leave. The exemption does not apply to reservists or to Australian Public Service staff.
- Anyone holding a permanent visa under s30(1) of the Migration Act 1958 is considered a permanent resident of Australia. New Zealanders holding a special category visa under s32 of the Migration Act 1958 are also eligible for the FHOG but must be physically in Australia at the time of settlement.

Additional information & applications:

www.sro.vic.gov.au/first-home-owner#fhog



First Home Guarantee

The First Home Guarantee (FHBG) is part of the Home Guarantee Scheme (HGS), an Australian Government initiative to support eligible first home buyers purchase a home sooner. It is administered by the National Housing Finance and Investment Corporation (NHFIC) on behalf of the Australian Government.

Under the FHBG, part of an eligible first home buyer’s home loan from a Participating Lender (see page 9) is guaranteed by NHFIC. This means you may be able to purchase a home with as little as 5% deposit - without paying for Lenders Mortgage Insurance (LMI).

The Guarantee can offer up to 15% of the property value as assessed by the Participating Lender. Remember, this Guarantee is not a cash payment or a deposit for a home loan.

Eligibility & restrictions

- Applying as an individual or couple (married/de facto).
- An Australian citizen(s) at the time they enter the loan.
- At least 18 years of age.
- Earning up to \$125,000 for individuals or \$200,000 for couples, as shown on the Notice of Assessment (issued by the Australian Taxation Office).
- Intending to be owner-occupiers of the purchased property.
- First home buyers who have not previously owned a property in Australia.
- Utilise one of the 39 Participating Lenders (see page 9).
- Purchase any of; an existing house, townhouse or apartment, a house and land package, land and a separate contract to build a home, off-the-plan apartment or townhouse.
- Price caps are: \$800,000 in Metro Melbourne and \$650,000 in regional areas. For more on price caps visit: www.nhfc.gov.au/support-buy-home/property-price-caps.
- Capped at 35,000 places nationally.

Deposit requirements:

Home buyers applying for the FHBG need to have between 5% and 20% of the value of an eligible property saved as a deposit.

The minimum deposit required for the FHBG is 5%.

Source:

www.nhfc.gov.au/support-buy-home/first-home-guarantee

Family Home Guarantee

The Family Home Guarantee (FHG) is part of the Home Guarantee Scheme (HGS), an Australian Government initiative to support eligible single parents with at least one dependent purchase a home sooner.

Eligibility & restrictions

- Applying as an individual.
- A single parent (no spouse/de facto partner) with at least one dependent child.
- An Australian citizen at the time they enter the loan.
- At least 18 years of age.
- Be earning no more than \$125,000 per year.
- Intending to be owner-occupier of the purchased property.
- NOT currently own property (previous owners who do not currently own a home are eligible).
- Utilise one of the 39 Participating Lenders (see page 9).
- Purchase any of; an existing house, townhouse or apartment, a house and land package, land and a separate contract to build a home, off-the-plan apartment or townhouse.
- Price caps include: \$800,000 in Metro Melbourne and \$650,000 in regional areas. For more on price caps visit: www.nhfc.gov.au/support-buy-home/property-price-caps.
- Capped at 5,000 places nationally.

Deposit requirements:

Home buyers applying for the FHBG need to have between 5% and 20% of the value of an eligible property saved as a deposit.

The minimum deposit required for the FHBG is 5%.



Regional First Home Buyer Guarantee

The Regional First Home Buyer Guarantee (RFHBG) is part of the Home Guarantee Scheme (HGS), an Australian Government initiative to support eligible first home buyers purchase a home sooner. It is administered by the National Housing Finance and Investment Corporation (NHFIC) on behalf of the Australian Government.

Eligibility & restrictions

- Applying as an individual or couple (married/de facto).
- An Australian citizen(s) at the time they enter the loan.
- At least 18 years of age.
- Earning up to \$125,000 for individuals or \$200,000 for couples, as shown on the Notice of Assessment (issued by the Australian Taxation Office).
- Intending to be owner-occupiers of the purchased property.
- Utilise one of the 39 Participating Lenders (see page 9).
- The applicant (or at least one borrower if applying as a couple) must have lived in the selected or adjacent regional area they are purchasing in. They must have lived in this area for 12 months to the date they execute the home loan agreement.*
- Purchase any of; an existing house, townhouse or apartment, a house and land package, land and a separate contract to build a home, off-the-plan apartment or townhouse.

- Price caps include: \$ \$650,000 in regional areas. For more on price caps visit: www.nhfc.gov.au/support-buy-home/property-price-caps.
- Capped at 10,000 places nationally.

*Australian Defence Force member applicants may be eligible for a partial exemption but should check their eligibility with their Participating Lender.

What is a regional area?

A regional area is defined as: The Statistical Area Level 4 (ASGS SA4 2016) areas in a State or the Northern Territory that are not a capital city of that State or Territory.

For more information visit: www.nhfc.gov.au/support-buy-home/regional-checker.

Deposit requirements:

Home buyers applying for the RFHBG need to have between 5% and 20% of the value of an eligible property saved as a deposit.

The minimum deposit required for the RFHBG is 5%.

Participating Lenders

Major Bank Lenders for the First Home, Family Home & Regional Guarantee Grants



Non-Major Lenders



Finance Glossary

Borrowing capacity	Your bank will look at your income, expenses, and spending to decide how much they can lend you – this is your borrowing capacity.
Serviceability	This refers to your ability to service the loan and one of the key things the bank will consider when determining how much you can borrow.
Asset	As part of your home loan application, you will be asked if you own any assets. An asset is anything you own of value that can be converted into cash – for example, vehicles or shares.
Pre-approval	This is when a bank has agreed to lend you the money based on your finances but hasn't proceeded to approve it. A pre-approval lets you know the maximum amount you will be able to borrow, helping to set your budget.
Comparison rate	Comparison rates help you compare your home loan rate against other lenders.
Loan to Value Ratio (LVR)	This is the percentage of money you are borrowing from the bank compared to the total value of the property. The larger your home loan deposit, the lower your LVR will be.
Interest	Interest is how much money you need to pay your bank to borrow from them. Interest can be either fixed or variable.
Fixed interest rate	This means your interest rate is locked in for a certain period. During the time your interest rate is fixed, both your interest rate and your repayments won't change.
Variable interest rate	A variable interest rate is one that may change over the life of your loan depending on your bank and the market.
Construction loan	If you're building a new home and need to make draw down payments, you will need to take out a construction loan. Unlike a standard home loan, a construction loan releases funds in 'progress payments' - this means you only pay interest on the money that has been paid.
Draw down	You'll likely have a few different build stages during construction. The draw down of your loan refers to your bank making progress payments throughout each stage of construction.
Repayments	Repayments are the regular amounts you pay. This is based on what's owing on your loan, your loan term and interest rate.
Equity	This is the market value of the home minus what you owe. The best way to calculate equity is to take the current property value and subtract the loan balance.
Principal and Interest (P&I)	P&I loans require you to pay some money towards the loan (principal) and some to the bank on interest.
Split loans	A split loan is when your loan balance is split into two portions: one with a variable interest rate and one with a fixed rate.
Lenders' Mortgage Insurance (LMI)	There are ways to buy property with a lower deposit amount, but you'll likely have to pay fees known as Lenders' Mortgage Insurance (LMI). LMI insures the lender against the risk of not covering the outstanding loan balance. Although, depending on the government incentives available at the time of your loan, you may be able to avoid paying LMI.
Legal and conveyance fees	These are the costs associated with engaging a solicitor or conveyancer to complete the legal paperwork for your purchase.
Loan establishment fee	This is a once-off upfront fee to establish your loan. This will cover the cost of one valuation, settlement attendance fees, and the bank's legal fees.

New home Checklist

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