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2026 EDITION

The First Home Buyer's Guide

The government schemes, borrowing strategies and insider knowledge that can save you tens of thousands on your first home.

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INTRODUCTION

Welcome. Let’s get you those keys.

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Buying your first home is one of life’s biggest milestones, and one of its most overwhelming. Between lenders, deposits, government schemes and conflicting advice, it’s hard to know where to start, let alone who to trust.

That’s where i come in. As a mortgage broker who has guided countless first home buyers through the process, my role is simple: cut through the noise, explain your options in plain English, and give you the confidence to move forward knowing you’ve made the right decisions.

2026 is a genuinely exciting time to be a first home buyer. The October 2025 overhaul of the federal deposit scheme removed income caps and place limits, and lifted price caps dramatically, opening doors that were closed to most buyers just a year ago. This guide walks you through exactly what’s available and how to use it.

I understand firsthand the challenge of balancing family life while navigating property and finance. It’s why I’m passionate about making the journey easier, helping you sidestep the common pitfalls and focus on what really matters: getting the keys to your own home.

Let’s get started.

Nathan Linton

WHAT’S INSIDE

01 Government incentives in 2026

Four schemes that can put tens of thousands back in your pocket, and they stack.

On 1 October 2025, the federal government dramatically expanded support for first home buyers. If you looked at the schemes a year or two ago and didn't qualify, look again: the rules have changed in your favour. Here are the four main incentives, and how they work in 2026.

1. The 5% Deposit Scheme (First Home Guarantee)

This federal scheme lets you buy with as little as a **5% deposit, with no Lenders Mortgage Insurance (LMI)**. Normally, banks require a 20% deposit, or charge LMI that can run to $30,000 or more. Under the scheme, the government guarantees up to 15% of the property's value to your lender, so LMI simply isn't charged. Better still, many lenders price your loan as if you had a 20% deposit, saving 0.50%–1.00% on your rate compared to a standard 95% loan.

The October 2025 overhaul removed the old income caps ($125k single / $200k couple), scrapped the annual limit on places, and lifted the property price caps substantially:

STATE	PRICE CAP (CAPITAL CITY)
NSW (Sydney)	**$1,500,000**
QLD (Brisbane)	**$1,000,000**
VIC (Melbourne)	**$950,000**
SA (Adelaide)	**$900,000**
WA (Perth)	**$850,000**

GOOD TO KNOW

Major regional centres (Newcastle, the Illawarra, Geelong, the Gold Coast and Sunshine Coast) share the capital city caps. Other regional areas have lower caps, and the boundary can split a suburb in two. Always confirm your exact postcode's cap before house hunting.

> **Eligibility snapshot:** Australian citizen or permanent resident, 18+, buying as an owner-occupier below the price cap, with at least a 5% deposit. You count as a first home buyer if you haven't owned Australian residential property in the past 10 years. Single parents may qualify for the related Family Home Guarantee with just a **2% deposit**.

2. First Home Owner Grant (FHOG)

A state-based cash grant for first home buyers purchasing **new homes**: a house-and-land package, or a brand-new property that has never been lived in. Because it's state-based, the amount and rules differ: in NSW it's $10,000 for new homes up to $750,000, while Queensland currently offers a generous $30,000 for contracts signed by 30 June 2026. The grant can often form part of your deposit.

3. Stamp duty concessions

Stamp duty is often the biggest hidden cost of buying, and every state offers first home buyers relief from it. In NSW, stamp duty is waived entirely up to $800,000 (a saving of over $30,000) with a partial concession from $800,000 to $1 million. Queensland now charges first home buyers **zero duty on all new homes** with no price cap, and zero on established homes up to $700,000. Your broker should map out exactly what you'd pay in the very first conversation.

4. First Home Super Saver Scheme (FHSSS)

A federal initiative that helps you save a deposit faster and more tax-effectively. Instead of saving in a regular bank account, you make voluntary contributions into your super fund, where they're taxed at just 15% instead of your marginal income tax rate. When you're ready to buy, you apply to release those contributions (plus associated earnings) towards your deposit.

You can contribute up to **$15,000 per financial year**, up to a lifetime maximum of **$50,000 per person**, meaning a couple can put up to $100,000 towards the same property. One critical rule: request your FHSSS determination from the ATO **before** signing a contract. This scheme is especially powerful stacked with the grants and concessions above.

02 How borrowing power is calculated

Why one bank says $600,000 and another says $500,000.

Your borrowing capacity is the amount a lender is willing to lend you. It's not just based on your income; lenders weigh up your expenses, existing debts, credit history and deposit size together.

Lenders also apply a **serviceability buffer** on top of the actual interest rate (currently around 3%) to make sure you could still afford the loan if rates rose. That's why the amount you qualify for is usually less than what you feel you could afford day-to-day.

Crucially, **every lender calculates borrowing power differently**. They treat overtime, bonuses, casual income, HECS debts and living expenses in different ways, which is why one bank might approve $600,000 while another caps you at $500,000 on identical figures.

WORKED EXAMPLE

A household earning $120,000 with living expenses of $2,000 per month might be assessed at around **$800,000** by one lender, and closer to **$700,000** by another. Same people, same payslips, $100,000 difference. That gap is why comparing across lenders matters so much.

WHAT LENDERS LOOK AT

- Income: salary, overtime, bonuses, casual work
- Living expenses (benchmarked against HEM)
- Existing debts: car loans, credit cards, HECS
- Credit history and repayment conduct
- Deposit size and loan-to-value ratio

Curious what you could borrow? A 30-minute discovery call is all it takes to calculate your real borrowing power across dozens of lenders. No cost, no obligation.

BOOK A CALL

VISIT WEBSITE

03 The real upfront costs of buying

Budget for all of it, not just the deposit.

The deposit gets all the attention, but it's only one line on the list. Here's everything you should budget for before settlement day, with typical ranges, and how the incentives in Chapter 1 can shrink several of them to zero.

COST	TYPICAL RANGE	HOW TO REDUCE IT
Deposit	5–20% of purchase price	5% Deposit Scheme; FHSSS; family gifts (lender rules apply)
Stamp duty	$0 – $40,000+	Often fully waived for first home buyers under state caps
Lenders Mortgage Insurance	$0 – $35,000+	$0 under the 5% Deposit Scheme, or with a 20% deposit
Conveyancing / legal	$1,000 – $2,500	Shop around, but don't pick on price alone
Building & pest inspection	$400 – $1,000	Never skip it: a $600 report can prevent a $60,000 surprise
Lender & government fees	$300 – $1,000	Application, valuation, registration; some lenders waive these
Rates & adjustments	$500 – $2,000	Council rates and water adjusted at settlement; your conveyancer calculates this
Insurance & moving	$800 – $3,000	Building insurance is usually required from exchange, not settlement

> **Rule of thumb:** beyond your deposit, set aside roughly 2–3% of the purchase price for costs if you qualify for the concessions, or 5–6% if you don't. Your broker should give you an exact, line-by-line funding position before you make a single offer.

04 Your team & the step-by-step journey

Buying well is a team sport. Pick yours wisely.

Buying your first home is a team effort. Choosing the right people gives you a genuine competitive advantage, and saves an enormous amount of stress. Here's who matters, and what each person actually does.

Mortgage broker
FREE

Your guide through the entire process, and the first person to speak to. A broker compares dozens of lenders, explains your options in plain English, and structures the loan around your goals, so you don't get stuck with the wrong bank.

Conveyancer / solicitor
$1,000 – $2,500

Handles the legal side: reviewing contracts, running searches, and making sure settlement runs smoothly. A good conveyancer protects you from costly mistakes and keeps the process stress-free.

Building & pest inspector
$400 – $1,000

Checks for hidden issues like termites, structural faults and water damage, so you can buy with confidence or renegotiate if problems are found. Always hire your own, never the agent's.

Real estate agent
PAID BY SELLER

The agent represents the seller, not you, but understanding their role and motivations helps you negotiate smarter and avoid overpaying. Be friendly, verify everything independently.

The journey, step by step

1. **Strategy & pre-approval** · 1 week

   Meet your broker, map your borrowing power and scheme eligibility, and secure a fully credit-assessed pre-approval. **Your move:** gather payslips, bank statements and ID early; it's the biggest cause of delays.

2. **Research & inspections** · 2–12 weeks

   House-hunt within your budget and price cap. Attend open homes, track sale results, and shortlist suburbs. **Your move:** inspect at least 10 properties before you bid on anything; it calibrates your sense of value.

3

Make an offer

Negotiate privately or bid at auction, armed with your pre-approval and a firm walk-away price. **Your move:** order the building & pest inspection and have your conveyancer review the contract before you commit.

4

Contract review & exchange

Your conveyancer finalises terms, you pay the deposit, and contracts are exchanged. **Your move:** confirm your cooling-off period and finance clause dates; these deadlines are strict.

5

Unconditional approval · 1–3 days

The lender completes its valuation and issues formal approval, the final green light. **Your move:** don’t change jobs, take on new debt, or make big purchases until after settlement.

6

Settlement & move in · 4–6 weeks after exchange

Funds change hands, the title transfers, and you collect the keys. **Your move:** do a final walk-through the day before settlement, and have building insurance active from exchange.

05 Common home loan terms, explained

Plain-English translations of the jargon you'll hear most.

01 Variable, fixed or split rate

A **variable** rate moves with the market and the RBA cash rate, and offers flexibility for extra repayments and offset accounts. A **fixed** rate locks in your repayments for a set period: certainty and protection from rises, but extra repayments are usually capped at $10–20k per fixed term. A **split** loan combines both. Neither is inherently better; the right choice depends on where the economy and lender competition sit when you apply.

02 Offset account vs redraw facility

An **offset** is a transaction account linked to your loan: money sitting in it reduces the interest you pay while staying fully accessible. A **redraw** lets you withdraw extra repayments you've made, though access is slower and generally unavailable on fixed loans. Note: money in either doesn't reduce your repayment amount on a principal & interest loan; it reduces the interest portion, so more of each repayment pays down the loan.

03 Principal & interest vs interest-only

P&I repayments cover both the amount you borrowed and the interest, steadily reducing your balance. **Interest-only** covers just the interest for one to five years: lower repayments initially, but no progress on the loan itself. IO is typically an investment or short-term cash-flow strategy, not a first-home default.

04 Loan-to-value ratio (LVR)

Your loan amount compared to the property's value: an $800,000 loan on a $1,000,000 home is an 80% LVR. Borrowing above 80% usually triggers LMI, unless a government guarantee or professional exemption applies. Under the 5% Deposit Scheme, lenders treat your rate as if you had a 20% deposit, typically saving 0.50%–1.00% versus a standard 95% loan.

05 Lenders Mortgage Insurance (LMI)

A one-off fee charged when your deposit is under 20%. It protects the *lender*, not you, but it does let you buy sooner with a smaller deposit. Government schemes and professional packages can waive it entirely, saving tens of thousands. A couple of lenders also skip LMI at 85% LVR in exchange for a higher rate; worth modelling, but often overlooked for good reason.

06 Credit scores

Your score (0–1200) reflects how responsibly you manage credit and repayments. Some banks auto-decline below their internal benchmarks, so knowing your score before applying matters. Paying bills on time, lowering credit card limits, and avoiding multiple loan applications in a short window all help.

07 Conditional vs unconditional approval

A **conditional** approval means a lender has genuinely reviewed your application and set conditions (usually a signed contract and satisfactory valuation) before issuing the **unconditional** (formal) approval that clears you to settle. The danger lies in system-generated bank "pre-approvals" that no credit assessor has ever looked at: they can collapse at the worst possible moment. A good broker knows which lenders issue fully assessed approvals that actually mean something.

08 Credit policy

Every bank has its own rulebook deciding who it lends to and on what terms. Started a new job yesterday? Most banks would tell you to wait three to six months, yet one of the big four would approve that deal today, because their policy allows new employment in the same industry. Matching your situation to the right lender's policy isn't luck; it's strategy, and it's how the right broker turns a "not yet" into a "yes".

06 Avoiding costly mistakes

Every one of these is avoidable with the right preparation.

From getting caught up in auction heat to underestimating hidden costs, small missteps can cost tens of thousands of dollars, or the property itself. Here are the traps first home buyers fall into most often, and what to do instead.

THE TRAP	INSTEAD
FOMO bidding past your limit in the heat of an auction	Set a firm walk-away price before auction day, and stick to it
Forgetting the hidden costs beyond the deposit	Budget for stamp duty, legals and inspections up front (see Chapter 3)
Relying on a “quick” online pre-approval no assessor has reviewed	Get a full credit-assessed pre-approval that will hold up under pressure
Lifestyle spending that blows out your assessed expenses	Keep expenses within benchmarks (HEM+) for 3 months before applying
Using the agent’s recommended inspector	Hire your own independent building & pest expert
Taking the selling agent’s word at face value	Verify everything independently with your own team
Going it alone to save money	Lean on your experts early; most of their value is before you buy
Blindly picking a lender because you already bank with them	Get a detailed comparison across lenders from your broker

07 Frequently asked questions

The questions I hear most from first home buyers.

How much deposit do I really need?

As little as 5% under the federal deposit scheme, without paying LMI. On a $700,000 home, that's $35,000 plus purchase costs. Outside the scheme, you'll want 20% to avoid LMI, or expect to pay the premium for a smaller deposit.

Can my parents gift me part of the deposit?

Yes. Most lenders accept gifted funds, usually with a signed letter confirming the money doesn't need to be repaid. Some lenders also want to see a portion of "genuine savings" held at least three months, so structure this early.

What does a mortgage broker cost?

For most home loans, nothing. Brokers are paid a commission by the lender you settle with, and it's fully disclosed to you; it doesn't come out of your pocket or inflate your rate. You get lender comparison, strategy and application management at no cost.

How long does a pre-approval last?

Typically around 90 days, and most lenders can extend or refresh it with updated documents. If your income, expenses or debts change materially in the meantime, tell your broker; it's far better to re-check than to have an approval collapse mid-purchase.

Will getting pre-approved hurt my credit score?

A single application has a minor, short-lived impact. What genuinely damages your score is scattering applications across multiple lenders in a short window, which is another reason to pick the right lender once, with a broker's help, rather than applying everywhere.

I owned a home years ago. Can I still use the schemes?

Possibly. Since October 2025, you qualify for the 5% Deposit Scheme if you haven't owned Australian residential property in the past 10 years. State grants and concessions have their own rules, so check each one for your situation.

Can I buy with a partner, friend or sibling?

Yes. Joint purchases are common and can significantly boost borrowing power. Scheme rules for joint applicants vary (and change), so confirm the current criteria for your combination before planning around it, and get legal advice on ownership structure.

Should I fix my rate right now?

It depends on where rates, the economy and lender competition sit when you apply, not on a rule of thumb. The honest answer is that this is a conversation to have with your broker at approval time, when we can compare the actual fixed and variable offers on the table.

YOUR NEXT STEP

This is the beginning of something good.

You're now armed with the knowledge to navigate the process, sidestep the common pitfalls, and take full advantage of what's available to first home buyers in 2026. And remember: you don't have to do any of it alone.

In our first meeting, we will:

1. **Discuss your goals and objectives**: where you want to buy, when, and what matters most to you.
2. **Calculate your total borrowing power**: across dozens of lenders, not just one bank's answer.
3. **Map your next steps**: exactly which schemes and incentives you're eligible for, and the path forward.

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lintonfinance.com.au/book-appointment

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