



Looking to buy your first home?

What to consider when
it comes to getting the
right loan.

Some important things to know before you borrow.

If you're looking to buy your first home, chances are you're also looking for your first home loan.

It can feel overwhelming at first, but it doesn't have to be. With some specialist advice and help along the way, you'll be able to find the right loan and, more importantly, get closer to owning your own home.

In fact, more than three quarters of Australians now choose to work with a mortgage broker when securing a home loan. It's the smart way to go. In this guide, we'll cover everything you need to know about getting your first home loan and how having a broker by your side could benefit you.





The benefits of using a mortgage broker.

- ✓ We compare dozens of lenders and policies to find the deal that's right for you.
- ✓ We may negotiate better fees and pricing.
- ✓ We take care of all the legwork, when and where it works for you.
- ✓ We're here to save you time and stress on your journey to owning a home.

Start saving for a deposit.

Your deposit size impacts costs and loan options, so it's important to plan.

Create a realistic budget

Make an honest appraisal of all your living expenses and decide where you can cut back. Once you know how much you can realistically save, set up a direct deposit from your pay into a separate savings account without card access. This helps you avoid the temptation of ATM withdrawals or EFTPOS purchases.

While not always easy, it's rewarding to watch your nest egg grow, knowing that homemade lunches and quiet nights on the couch are helping you get closer to your goal.

Saving for a deposit

There's no time like the present to start stashing your cash for a deposit. The longer you wait, the harder it can be to build strong savings habits.

Unless you win the lottery, inherit money or receive some other windfall, you'll probably need to make sacrifices to save. This could mean finding cheaper rent, moving back in with family or making tough choices about how you spend your disposable income. Remember, every dollar saved is a step closer to owning your first home.

Lenders Mortgage Insurance

If your loan amount is more than 80% of the property's value, you will likely need to pay Lenders Mortgage Insurance (LMI). This is a one-off insurance premium charged by lenders to protect themselves against the higher risk of lending to borrowers with smaller deposits.

Your risk to lenders is determined by your Loan-to-Value ratio (LVR) - the loan amount divided by the property's value as assessed by the lender. Most lenders prefer an LVR of 80% or less, meaning you have at least a 20% deposit. This reduces their risk if you default, as there's a good chance they can recover the loan amount through the sale of your property.

Ideally, you should start with a 20% deposit to avoid paying LMI. However, some borrowers consider paying LMI worthwhile to secure a loan with a smaller deposit. The key consideration is whether your income can comfortably support the higher loan repayments that come with a larger loan.

In addition, there are a few lenders offering up to 90% LVR with no LMI, meaning you may be able to borrow more without paying the extra insurance premium. This can be a valuable option for borrowers who have strong income and overall financial profiles but haven't yet reached a full 20% deposit.

We can provide you with an LMI estimate based on your financial situation, helping you decide how much deposit you need to save.

Be mindful of the extra costs.

In addition to a deposit, you'll need to save for stamp duty and conveyancing or other legal fees associated with purchasing a property.



Talk to us about your options.

Speaking to a mortgage broker early - before you engage an agent or get too far in your house search - can make all the difference.

Before you start the house hunt, it's smart to speak with a mortgage broker. We provide support in navigating hundreds of loan products and accessing initiatives and current Australian Government schemes, while making the application and approval process easier.

As your broker, we have access to multiple lenders and stay up-to-date with market changes, new products and schemes as they're introduced, so we can match you with the loan best suited to your unique circumstances.

The first step is a chat about your needs and goals. We'll give you a realistic idea of your borrowing potential and guide you through selecting the right loan so you're ready to go when the time comes to buy.

From guidance on loan selection to managing your application, we remove the headaches so you can focus on finding your dream home.



How much can you afford?

The first thing we'll do is work out your borrowing potential.

You might already have your dream home in mind, but it's important to find out if you can afford it first. Many factors influence what you buy and where, including proximity to work and family, and your stage of life. However, the biggest factor is almost always what you can afford.

We encourage looking at the big picture and working backwards. Consider your household income and what you can realistically manage in loan repayments, factoring in all your expenses - even the small things like coffees and lunches.

Mortgage calculators are a helpful starting point, but they can't account for all your personal circumstances or loan eligibility. Talking to a broker like us will give you a more accurate idea of what you can afford.

We can also help you get pre-approval from a lender, so you're ready to put in an offer when you find the right home. And remember, even with pre-approval, including a subject-to-finance clause in your contract is an important protection.

Why not go straight to a bank?

Going directly to a bank is one option, but there's more to keep in mind.

First, which bank do you choose? Which of their products is right for you? And what about other lenders, building societies and credit unions?

With so many possibilities, constantly changing interest rates and new products popping up, the market can be overwhelming - especially if you're a first home buyer and new to all these considerations.

That's where a broker comes in. We do this every day. We know the lenders, their products and policies, and stay up-to-date with all the changes. We help you choose what's right for your unique situation.

Banks like working with brokers because we handle much of the legwork and can often speed up the application process. Simply put, having a broker in your corner makes it easier to find the right loan - saving you time and, hopefully, money in the process.



Finding your home.

Once you know what you can afford, you'll have a clearer idea of the type of home you can buy and where you can live.

Many first-home buyers find they need to compromise on either the type of property or location. A free-standing home in an established, convenient, leafy neighbourhood close to a CBD, with great transport and near family and friends, may be out of reach initially.

If convenience matters, you might consider apartments instead of houses. Keep in mind that the closer you get to a CBD, the higher the demand - and the price. For example, your budget may only stretch to an older walk-up unit within 20 minutes of a major city.

If a house with a garden is a must-have, you may need to look further out in the suburbs or even regional areas, depending on where you are.

Plan for the future

Think about what will be important to you now and over the next five years. Are you seeking a community with people in a similar life stage? Is a short commute essential, or would you trade travel time for a better lifestyle at home? Do you have children or plan to start a family soon? All these factors, alongside your budget, will shape your decision on where and what to buy.

Do your research

When choosing a location, explore suburb demographics, price trends over the past decade, and current or planned infrastructure like public transport, schools and shopping centres. If property values have surged in one suburb recently, find out why, and whether nearby areas show similar potential.

Understand the different mortgage types.

There's more to loans than just interest rates and fees.

While a low rate is important, it's only part of the picture. Different loan types and features can make managing your mortgage simpler and more effective. We're here to guide you through the essentials so you can make an informed decision. These are the main types of loans you should know about:



Variable rate

Interest rates fluctuate based on factors like the official cash rate, market conditions and lender policies. When rates drop, your minimum repayments decrease. However, if rates rise, your repayments will increase.



Fixed rate

Your interest rate is locked in for one to five years, keeping repayments consistent regardless of market changes. This helps with budgeting but means you won't benefit if rates fall. Early exit may incur significant break costs.



Split rate

A combination of variable and fixed rates. This lets you enjoy the benefits of an interest rate drop while limiting exposure to increases.



Interest only

You only pay the interest on your loan but not the principal loan amount. Your repayments are less but you still have the same level of debt at the end of the interest only period.

Interest-only loans often have higher rates, limited terms (up to five years) and may cost more over time.



Principal and interest

A principal and interest loan reduces both the interest and original loan amount with each repayment, helping you build equity from day one and pay less interest overall. Although repayments can be higher than an interest-only loan, you're continually moving closer to full ownership, making it a popular and cost-effective option for first-home buyers.



Honeymoon period

Typically aimed at first-time buyers, this offers a reduced interest rate for the initial 6-12 months before reverting to the standard variable rate.



Low documentation (Low doc)

Popular among self-employed borrowers, these loans require less income verification but can come with higher interest rates, larger deposits or both.

Borrowing from ‘the Bank of Mum and Dad’.

Family support can make a big difference to securing your home, but it pays to be prepared.

With property prices making it harder for many first homebuyers to break into the market, financial help from family (sometimes dubbed ‘the Bank of Mum and Dad’) is becoming more common.

Pooling resources with family may ease the financial pressure and potentially allow you to buy a better-quality property with stronger long-term value. But it’s a decision that comes with responsibilities and some risks.

Even when intentions are good, mixing family and finances requires careful planning. Before committing, it’s essential that everyone involved understands their legal and financial obligations.

We strongly recommend seeking independent legal advice and having clear, written agreements in place. You’ll need to discuss upfront what happens if someone can’t meet their share of the repayments, wants to sell early, or decides to exit the arrangement.

If you’re thinking about accepting family support - whether as a guarantor, co-purchaser or through a cash gift - consulting a qualified financial planner and lawyer is a smart first step.



The 'rentvesting' strategy.

There's no rule that says you have to live in the property you buy.

Many first-home buyers are rethinking the traditional path to homeownership by becoming 'rentvestors' - choosing to rent in a location they love while buying an investment property in an area they can afford. This strategy allows you to enter the property market sooner by purchasing in a more budget-friendly suburb or even in a different city or state, while maintaining your lifestyle where you prefer to live.

As with any investment, the focus should be on financial performance, not emotion. Are you aiming for long-term capital growth or strong rental returns from day one?

Your investment may be:

- Positively geared, where rental income exceeds the costs of the mortgage and property upkeep, generating a profit; or
- Negatively geared, where the income is less than the costs, potentially offering tax benefits depending on your circumstances.

Rentvesting can be a smart way to build equity and grow your wealth, but it's important to understand how it fits into your overall financial strategy. Be sure to get qualified financial and legal advice to fully understand the financial impact, the tax implications, obligations and opportunities before you take the leap.



The Australian Government 5% Deposit Scheme and other incentives.

How government incentives are offering a leg-up to secure your first home.

Starting 1 October 2025, the Australian Government introduced the 5% Deposit Scheme, which helps eligible first-home buyers purchase a home with as little as a 5% deposit - without paying Lenders Mortgage Insurance (LMI). Property price caps apply and vary by state and territory, so it's important to check the limit for your area.

In addition to this national scheme, the First Home Owner Grant (FHOG) and other financial incentives may also be available. These typically apply to certain new homes and have value thresholds that differ depending on where you live. Stamp duty concessions or exemptions may also apply in your state or territory, offering further potential savings.

As brokers, we stay across the details of every scheme and can guide you toward the one that best suits your circumstances. Policy shifts are also making LMI less of a barrier for some first-home buyers. We'll help you explore whether you could benefit.

Visit [firsthomebuyers.gov.au](https://www.firsthomebuyers.gov.au) to explore the schemes available.



We're here to make it easier.

If there's something you're unsure about or need explained,
just give us a call or send an email.

Please note, we do not provide tax, legal or accounting advice. This guide has been written for general informational purposes only, and is not intended to provide, and should not be relied on for tax, legal or accounting advice. We encourage you to consult your own tax, legal and accounting advisers before engaging in any transaction.

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