First Home Buyers Guide - 2025

Get the extra edge and buy with confidence,
with our **First Home Buyers Guide.**

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Introduction

For many first-time home buyers, the housing market and dealing with real estate agents can be confusing, especially when it comes to negotiating prices, understanding the government fees and charges, what help is available and wading your way through the contracts before signing them.

However, this does not need to be the case. This guide allows you to make sense of the housing market by walking you through the do's and don'ts of home buying.

This guide explains how to get your finances right before you buy. It also helps you to understand just what home loans are, the different types available, and what fees and costs are associated with these loans. You'll also find out how to work out how much you can borrow and just how you can avoid making the common mistakes that first home buyers typically make. In addition, this guide will take the guesswork out of defining what you need in a home and organising yourself for home inspections with our specially designed worksheets, 'Home Requirements' and the 'Open Inspection Schedule'.

Overall, this guide makes the process of buying your first home a little more simplified.

In fact, by the time you have finished reading this guide, you'll have a clearer vision of what you want in a home loan and just how you are going to achieve your goal of home ownership.

Getting your finances right

Buying a home is a big financial commitment, one that typically spans over 20 to 30 years of your life. In fact, a home is probably the biggest asset that you'll seek to acquire in your lifetime. Therefore, it makes sense to get your finances in order before you seek to buy.

This then makes keeping up with repayments easier, gives you a better chance of securing a loan and helps you to buy the home you want.

Organising your finances

Before buying a home, you need to look at your financial situation. If you have several small personal loans, then you either need to pay these out or consolidate them into one loan, so that they are easier to manage. If you have several credit cards with more than a $1,000 limit, then you will need to reduce these to just one card and decrease the limit to just $1,000. Why? Well, the more debt you have or the more access to debt, the lower the amount you can borrow, and your chances of loan approval are reduced. Lastly, you need to establish a savings plan for a deposit, if you don't already have one. Why? Well, your lender wants to see a consistent savings history. This reassures them that you can manage home loan repayments and that you are a good risk.

Tips for saving for a deposit

- If you have more than one credit card, then it's time to give all but one the flick.
- Reduce your credit limit to $1,000.
- Pay off all other debts or consolidate loans.
- Create an automatic debit for your savings account from your wages.
- Get a fee free, high-interest rate savings account.
- Buy only the necessities and reduce your spending so you can save more.
- Create a weekly budget for yourself and stick to it. Using an online budgeting calculator will help with this.
- Work on saving at least 20% for your home loan deposit. This way you avoid costly Lender's Mortgage Insurance (LMI). To calculate how much you can borrow, work out how much you can afford to repay on a home loan in a month, then use an online borrowing power calculator.

How the government can help you – Federal Assistance

The First Home Super Saver Scheme (FHSSS) is the Australian Federal Government's latest initiative designed to help first-time home buyers achieve their goal of saving for a home deposit. Under this scheme, you can make voluntary contributions to your super fund, either before-tax (tax-free money 😉) or after-tax, which can then be withdrawn when you are ready to purchase your first home.

To apply, you need to link your first homeowner's savings account to your "MyGov" account to the ATO and select the option for managing your First Home Saver account. Like superannuation, the scheme has several tax advantages, enabling you to set up a savings account for your home deposit more effectively.

For more information, check out the ATO website here

If you have managed to save 5%

The 5% home deposit scheme, which is being updated in October 2025, allows first home buyers in Australia to purchase a home with a deposit as low as 5%, avoiding (LMI) Lenders Mortgage Insurance.

Overview of the First Home Buyers Guarantee Scheme

The 5% home deposit scheme is part of the Australian Federal Government's initiative to assist first-home buyers in entering the property market sooner. Under this scheme, the government guarantees a portion of the home loan, allowing buyers to secure a mortgage with a lower deposit and without the additional cost of LMI. This initiative is designed to make home ownership more accessible, especially for those who may struggle to save a larger deposit.

The Key Features

All first home buyers can apply, with no limits on the number of participants or income caps. Before October 2025, the scheme was limited to Individuals earning less than $125,000 and couples earning less than $200,000. These caps will no longer apply.

Property Price Caps: The scheme includes higher property price caps, allowing buyers to purchase homes in line with current market values. For example, the cap will increase to $1.5 million in Sydney and $950,000 in Melbourne.

Government Guarantee: The government will guarantee up to 15% of the property value, which helps buyers avoid LMI costs, potentially saving them tens of thousands of dollars.

For more information, check out the website First Home Guarantee | Housing Australia

How the government can help you – State Government

The first homeowner's grant (FHOG) is offered under the Australian State Governments. This grant is an incentive that makes buying a home more affordable. FHOG values vary from state to state and are also dependent on the type of home that you are buying. Current FHOG offerings are as follows:

State	FHOG Details
Australian Capital Territory (ACT)	No Current Grants.
New South Wales (NSW)	$10,000 (new homes) (home and land value capped at $750,000 or less).
Northern Territory (NT)	$50,000 (new homes) or up to $10,000 (established homes)
Queensland (QLD)	$30,000 (new homes) home and land value capped at $750,000 or less.
South Australia (SA)	$15,000 (new homes)
Tasmania (TAS)	$10,000 (new homes) home and land
Victoria (VIC)	$10,000 (new homes), home and land value capped at $750,000 or less.
Western Australia (WA)	$10,000 (home and land value capped at $750,000 or less).

Information correct as at 30/8/2025

For more information, check out the website [FHOG & Stamp Duty]

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Home loan financing solutions

Once you have established a savings plan and budget, and you have been saving for some time, then you will have a clearer picture of how much you can comfortably afford to spend on mortgage repayments per month.

How Much Can You Borrow?

Find Your Comfort Zone

The key is borrowing an amount you can comfortably repay. Remember, if you're on a variable rate, your repayments will go up and down with interest rate changes. That's why it's smart to leave yourself some breathing room in your budget for rate rises, plus those unexpected home expenses like a new hot water system or urgent repairs.

Your Loan Terms Make a Big Difference: The length of your loan and interest rate you choose will significantly impact how much interest you'll pay overall. Here's a real example:

$300,000 loan at 6.25%:

- 30 years = $1,847 monthly repayments, total interest: $364,975

- 20 years = higher monthly repayments, but total interest drops to just $226,268

That's a saving of almost $140,000 in interest!

Extra Repayments = Extra Savings

Most lenders let you pay more than your minimum repayment (but always check this before signing up). Making extra repayments when you can will:

- Cut years off your loan

- Save thousands in interest

- Give you more financial flexibility

Pro tip: You can choose a longer loan term (like 30 years) for lower minimum repayments, then make extra payments when possible. This gives you the best of both worlds - manageable repayments with the option to pay it off faster when your budget allows.

Ready to explore your options? Let's chat about what works best for your situation.

Finding the right loan for you

Before you go in search of a home, get a pre-approval. This is not just a friendly chat with the local branch or a quick call to say, "How much do you think I can borrow?" This will help you find a home that is within your budget and save you the headache and heartache of finding a house you love, only to find you cannot get the financing.

To get pre-approval for a loan, you first need to consider what loans are available and what options these give you.

Types of loans

The most common loans you'll encounter when going in search of a home loan are the following:

Variable home loan: This loan has an interest rate that changes depending on the current cash rate offered by the Reserve Bank. This means that the interest rate will go up and down depending on the Reserve Bank cash rate and/or the lender passing on the rate movement. There are two types of variable home loans available.

- The first is the basic variable home loan, which usually has a low rate, but does not have the additional features, like redraw facility, offset internet banking, and they may even restrict you from making additional repayments. This is no frills lending.
- The second type is a packaged variable home loan, which also has a changing interest rate, but it does include additional features. It will include this like redraw, offset, full transactional banking and many other features but may come with a monthly or annual fee.

Fixed-rate home loan: The interest rate for this loan is fixed over a specific term and does not change over this time. Great if you're on a fixed income a want set repayments

Introductory home loan: This is a fixed-rate loan for new borrowers that is also known as a honeymoon loan. The fixed term for this loan is usually 12 months. When the fixed term expires, the loan will revert to a standard variable rate home loan.

Principal and interest or interest only? If you're borrowing more the 90% of the value of the property, you may not have an option, but if you have saved a 10% plus deposit, you may be able to arrange for interest-only repayment to help lower the initial repayments

Construction-only home loan: A loan for the building of a new home. This type of loan allows the borrower to draw payments during construction to pay for building costs.

Lo doc home loan: This loan requires less documentation to secure and typically has a higher interest rate

Pros and cons of home loans

All home loans come with benefits and disadvantages. Before taking out any loan, it is advisable that you compare what each type of loan has to offer, so that you can make an informed decision as to which loan is right for you. The most common loans you will encounter have been compared below.

Fixed and Introductory Loan

Pros	Cons
• Budget and plan with confidence over the life of your fixed loan period. • Repayments don't change during the fixed rate term. • Affordable when rates rise.	• Loan exit fees can be high if you exit the loan before the end of its term. • Some fixed loans don't allow you to make extra repayments without incurring a fee. • Most fixed loans don't have redraw available.

Variable Loans

Pros	Cons
• Rarely have exit fees. • You can make additional repayments. • You may have re-draw or offset options. • Rates can fall, and you can save money. • You can make weekly, fortnightly or monthly repayments.	• Rates can rise, and you'll pay more. • Can have fewer features than other loans. • It can be difficult to budget as your repayment amounts can rise and fall, depending on the Reserve Bank cash rate

Interest Only Loans

Pros	Cons
• You have more money available and can save or have cash on hand for emergencies. • You can make extra repayments, which then come off the principal of the loan and reduce your interest payments.	• Terms are typically up to 5 years. • At the end of the term, the loan reverts to a principal and interest loan, and your repayments will increase. This can make it harder to make repayments. • If you do not make extra repayments, then you are not paying anything off the principal of the loan. Therefore, interest remains high and is not reduced over the loan term.

Principal and Interest Loans

Pros	Cons
• You pay off the principal and interest of the loan. • You can pay more off the loan without incurring any additional fees. • You reduce the amount of interest you pay by reducing the principal of the loan.	• You are obligated to pay more per month than on an interest-only loan. • Your cash flow is less, due to having to pay more per month. This, in turn, may make it difficult for you to find capital in emergencies.

Loan fees, costs and charges

All home loans have associated fees, costs and charges. The most common ones you will encounter are as follows:

Loan application fees: A loan establishment fee that is charged by a lender. These vary from lender to lender and typically can cost between $0 and $800.

Property valuation: The lender may charge you a fee to have the property independently valued. This is often the case where the property is unusual or geographically remote. As Awesome Lending Solutions to get a quote before proceeding if you think you property is unique in some way

Property and title search: This is a government fee that is charged by the government, but the lender will often pass on the cost to you. Also, be aware your conveyancer or solicitor may also need to do title searches. Fees vary depending on the state in which the title is held and on the type of property. Typically, fees range from $25 to $250.

Stamp duty: This is a government tax charge, which is incurred at the time of sale. This fee varies from state to state and is calculated as a percentage of the purchase price of a home. Therefore, the greater the home's value, the greater the stamp duty. However, not all states charge this tax. Please refer to the table below for an example.

This table represents Established Properties

State	Property Cost	Stamp Duty Payable non FHB	Stamp Duty Payable FHB
Australian Capital Territory (ACT)	$500,000	$8,408.00	$ 0.00
New South Wales (NSW)	$500,000	$16,912.00	$ 0.00
Northern Territory (NT)	$500,000	$23,928.60	$23,928.60
Queensland (QLD)	$500,000	$10,657.00	$ 0.00
South Australia (SA)	$500,000	$21,330.00	$21,330.00
Tasmania (TAS)	$500,000	$18,247.50	$ 0.00
Victoria (VIC)	$500,000	$21,970.00	$ 0.00
Western Australia (WA)	$500,000	$17,765.00	$ 0.00

FHB = First Home Buyer

For more information, check out the website FHOG & Stamp Duty

Source: Awesome Lending Solution Calculators- Mortgage registration fees current as of August 2025.

Conveyancing fee: A legal service fee that is charged at the time of property settlement. A conveyancer is a property solicitor who makes sure all utility charges and other costs associated with home title transfer are accurate and correct at the time of sale. The fee charged for a conveyancer's service is typically more than $300 and less than $1000.

Lender's mortgage insurance: An insurance policy that covers the lender for loan repayment default. This insurance is mandatory if the lender lends more than 80% of the property price to a borrower. The fee charged is typically a percentage of the loaned amount. For example, if you want to borrow $255,000 to purchase a $300,000 property, mortgage lender's insurance will cost you between $1,500 to $2,200, depending on the lender you are borrowing the funds from.

Annual and ongoing fees: A bank fee that is charged over the duration of the loan. This varies from bank-to-bank and is usually between $5 to $20 per month.

Transfer fee: A government fee charged to transfer the title of a property into another person's name. Please refer to the table below for current rates.

State	Transfer Fee Payable
Australian Capital Territory (ACT)	$213.00
New South Wales (NSW)	$204.00
Northern Territory (NT)	$109.00
Queensland (QLD)	$497.70
South Australia (SA)	$2,020.00
Tasmania (TAS)	$188.64
Victoria (VIC)	$866.00
Western Australia (WA)	$210.00

Source: Awesome Lending Solution Calculators- Mortgage registration fees current as of August 2025.

Mortgage registration fee: A government charge to register a mortgage in the new property owner's name. Current rates are displayed in the table below.

State	Mortgage registration fee
Australian Capital Territory (ACT)	$110.00
New South Wales (NSW)	$102.00
Northern Territory (NT)	$109.00
Queensland (QLD)	$152.10
South Australia (SA)	$144.00
Tasmania (TAS)	$123.12
Victoria (VIC)	$105.00
Western Australia (WA)	$160.00

Source: Awesome Lending Solution Calculators- Mortgage registration fees current as of August 2025.

For more information, check out the website FHOG & Stamp Duty

Advantages and disadvantages of using a broker

A mortgage broker represents lenders and their home loan products, and assists you to find the most suitable mortgage for your circumstances. In addition, a broker will also help you apply for a loan. For many people, this simplifies the home buying process and allows them to get expert advice before they make a decision.

The advantages

- A good broker can provide you with a wide selection of home loan products.
- Brokers typically represent a variety of lenders. This includes banks, credit unions and building societies.
- A broker can reduce your research time and help you find the most affordable loan.
- Most brokers don't charge you a fee for their service as they are paid by a lender when they sign you up for a loan.
- Brokers will generally assist with paperwork, including assisting with government grants and dealing with lenders.

The disadvantages

- Not all brokers are created equally. Some brokers are with a registered brokerage group, others are not. Some brokers will have qualifications and credentials, others will not. Therefore, you need to ask about a broker's qualifications, credentials and if they are with a registered body, before using their services.
- Not all brokers have the same amount of experience. Always check the number of years a broker has been practicing for, before using their services.
- Some brokers are biased. Brokers are paid a commission by lender when they secure a loan. Some lenders pay more than others, so this may influence a broker when they give you advice on which loan to choose. To avoid this, ask a broker about their commissions upfront and ask if they can include these when they give you recommendations.
- Some brokers don't have many lenders that they represent, so you need to clarify how many lenders they have on their list, before you deal with them.

Loan amount

The amount you borrow should be based on what you can afford to repay monthly. This repayment ought to be easy to manage and should allow you to cover any unexpected costs. Most lenders will base the amount you can borrow on your annual income and expenditure, and on the number of dependants that you have. You will also find that the number of credit cards, their limits, and other loans and debts may affect the amount you can borrow. This is because these are considered as liabilities that reduce your loan repayment efficiency. The amount you can borrow is called your borrowing power.

Your type of employment

When you apply for a loan, a lender will consider your type of employment along with how long you've been employed for. A lender has strict lending guidelines, and a borrower must meet these criteria before a lender can approve a loan. A long employment history in a secure or full-time position is more favourable than a short employment history in a casual position. If you are self-employed, then a lender will want to see your business statements for a number of years. Basically, a lender wants proof of income and wants to verify that you are a good risk.

The types of loans available

Loans for those who are self-employed, who are casually employed, who are contractors or even investors are available. But, not all lenders will offer these types of loans. Therefore, before applying for a loan, it is important to disclose your employment type. This way you can find a suitable loan for your circumstances. Plus, your lender will also be able to tell you what type of documents you will need to present so that you can successfully apply for your loan.

Repayments

Home loan repayments are typically made monthly. But some loans and lenders will offer you flexibility. If you are able to, you could pay your loan weekly or fortnightly, rather than monthly. Depending on your loan type, this will pay more off your principal over the term of your loan, and it will reduce the term of your loan, as well as reduce the total amount of interest that you pay.

Common mistakes to avoid

New home buyers often make mistakes when they go in search of a home. Here are the common ones to avoid

Mistake 1: Going over your budget

When looking for a home, you may be tempted to go over your recommended borrowing amount. After all, we all want something a little better or just out of our reach. But, when you're buying your first home, sticking to your budget makes repayments affordable. You won't stretch your financial resources, and if interest rates change, you won't feel as financially stressed.

Mistake 2: Buying with your heart, not your head

A home is an asset. If you buy right, then over time, your home value should increase. This means that when you are looking to buy you should leave your emotions at the door.

Instead, think of buying a home as a business transaction. You want to buy at the lowest possible price so that your return on investment is higher over the years of ownership.

Even if you think a house is ideal, give nothing away, otherwise a real estate agent will use this to their advantage when negotiating a price. If negotiation doesn't go as planned and the vendor (seller) doesn't accept your offer, then remember that there are plenty of other homes on the market and that there is an ideal house out there for you.

Mistake 3: Failing to do market research

Before you buy, always research the market. Look at locations. Compare home values and features. Consider infrastructure, such as schools, hospitals and transport. Look at what other homes have sold for in your chosen locations. Overall, get to know an area. The more you know, the more you will save in time and money. Plus, you'll find it easier to negotiate and find yourself a 'good' buy.

Mistake 4: Not finding the right mortgage

Compare mortgages before selecting a lender. Look at what banks and other lenders have to offer, and compare packages. Look at loan features, fees and interest rates. Then use a broker to find you the best mortgage that matches you and your circumstances. This will save you a great deal of expense in the long run.

Mistake 5: Rushing to buy

Finding the right home takes time and patience. Don't be in a rush to buy. Poor decisions are costly. Instead, take your time, research the market and know what you're looking for. When you find a suitable home, make sure it is in a good location and that it is sound. Look for faults in the buildings structure, electrics and plumbing and for possible signs of white ants. Then have the home inspected before you buy, if you feel certain this could be the place for you.

Mistake 6: Not understanding the contract

Contracts can be complicated. They are full of legal terminology and many clauses. So they are difficult to read, and at times they don't make a great deal of sense. Therefore, if you are not sure of what you're signing, then don't sign the contract. Instead, ask questions and have the information clarified. If the real estate agent comes across as being pushy or doesn't want to explain the contract, then don't continue with the contract. If needed, seek independent advice. You also need to be aware of how to use clauses to your benefit. The most frequently used clauses are as follows:

- If you haven't arranged finance, then you'll need to add a clause that states, 'subject to finance'. This means that if you do not find finance within an allocated timeframe, then the contract will become null and void. This then allows you to avoid costly finance if a conventional lender won't approve your loan.
- If the home needs to be inspected, then you'll need to add a clause that states, 'subject to a building and pest inspection'. Inserting this clause means that if the home is unsound or has white ants (pests) then you can get out of the contract. Failing to have these inspections carried out can be costly.

It also pays to remember that contracts typically have a 3 to 7 day cooling off period. During this time, you can change your mind and discontinue with the purchase.

Mistake 7: Underestimating costs

The purchase price of a home is not the only cost that you need to consider when buying a home. There are many other costs associated with the purchase. These include stamp duty, council rates, water and sewer fees, valuation, title searches and transfers, as well as conveyancing fees. These costs add up quickly and, in many cases, can add thousands to the price of a home. Therefore, before you buy, work out what these additional costs will be and include these in the amount you can afford to borrow. Then you'll not be caught out.

Mistake 8: Failing to have the home inspected

Building and pest inspections are a must. Yes, they cost money, but the hundreds of dollars that you may spend will seem minimal when compared to the thousands in repair bills if you buy an unsound home.

Your wish list

Trying to work out the differences between what a home needs to have and what a home buyer would like the home to have are two of the most challenging issues a first home buyer will encounter. In fact, many first home buyers tend to confuse their needs with their wants. Unfortunately, the more features a home has, the more expensive it becomes. So, if you know what you need, what you like and what you can live without, then you can narrow down your search and possibly save yourself a lot of time, money and unnecessary heartache when house hunting. The following table will help you decide between your needs and wants. Simply print it out, put your thinking cap on, and then start jotting down your ideas. Once you know what you need, you can start your search.

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Home requirements

Home 'Must Haves' *3 bed, 1 bath, 2 car parking, 700m2 block*	Home 'Likes' *4 bed, 2 bath, lock-up garage, 1200m2 block*	Home 'Live Withouts' *Pool, gym, study, alfresco dining, spa bath*

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Your open inspection schedule

This is a great tool to use when you are planning to visit homes that are open for inspection. To use this simple, but excellent organisation tool, simply print out this sheet, fill in the date, times and locations, as well as the home features of the homes you wish to inspect, and then, take it with you to the inspections, so you can take notes when you're inspecting the homes. This will then help you to keep track of the homes you've visited, and it will also refresh your memory when you are trying to make decisions about the best home to buy for you.

Open inspections

Date/Time *10.04.13/ 10am*	Address *4 Wilson Drive, Athelston*	Home Features *4 bed, 2 bath, 2 car garage, 800m2 block*	Price *$340,950*	Sale Type *Auction or Private Sale.*	Agent *Julie Bennet, First National.*	Rating/ Notes *4/ 10. Needs work. Carpet worn.*

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