



† Homes † Investments †
† Commercial † Vehicles †

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First Home Owner Grant

Many would-be first home buyers find it a struggle to save enough to get started. However, help is at hand with a \$7,000 grant.

If you are buying or building your first home, you may be eligible for a helping hand under the First Home Owner Grant Scheme (FHOG).

The FHOG is a joint Federal and State Government initiative offering eligible first home buyers a \$7,000 grant. The grant applies to residential dwellings only and does not apply to vacant land.

It was originally introduced by the Federal government to help compensate for the effect of the GST. Although a Federal initiative, the scheme is administered by the various state and territory governments.

Who is eligible?

The following criteria are used to determine who qualifies to enjoy the grant:

- Individuals over 18 years of age - a company or trust does not qualify.
- An applicant or applicant's spouse must **not** have received an earlier grant or previously owned a home in Australia before 1 July 2000.
- At least one applicant must be an Australian citizen or permanent resident
- Joint applicants are restricted to one application and only one payment will be made.
- At least one applicant must live in the home as their primary place of residence for a continuous period of six months, within 12 months of settlement or construction.

What types of homes are eligible?

Newly built or established dwellings, including houses and units.



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When will the grant be paid?

For existing homes, payment will be made at or after settlement of the property purchase. For newly built homes, payment will be made after the Certificate of Occupancy/Completion has been issued.

Are All States and Territories The Same?

They all offer and administer the basic \$7,000 grant. However, some of these authorities offer extra incentives to first home buyers. For example, buyers in New South Wales and Victoria get a further bonus from their state governments. Other states offer various benefits such as stamp duty concessions.

To find out more you should contact your local Office of State Revenue. You can access their websites from the Federal Government's national website at www.firsthome.gov.au.

Don't forget that we can help you with the paperwork.

How To Reduce Your Costs

Although you have lots of flexibility in what you use the grant for, a sensible approach is to use it to decrease your costs. Used sensibly, it can save you a lot more than just the \$7,000.

For example, by using it to reduce the amount you initially borrow, you can reduce the amount of mortgage insurance that you pay, or actually not have to pay any mortgage insurance at all if the amount borrowed is less than 80% of the value of the property.

Alternatively, you may have decided not to use the grant (or you hadn't applied for the grant) until you actually settle on the property, and therefore borrowed the full amount that you required for purchase. By putting the grant into your loan upon settlement, you can reduce the monthly payment.

Better still, you could put the grant into your loan but continue to make the originally calculated payments – so reducing the life of the loan, perhaps by years.



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Sources

1. Federal Government and State Government websites
2. Sydney Morning Herald, 5th January 2007.
3. Lender websites and product brochures.

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