



The Australian Finance Podcast Episode Transcript

Episode: First home buyer incentives in 2022

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Episode transcript:

Owen:

Kate, welcome to this episode of the Australian Finance Podcast.

Kate:

It is wonderful to be back Owen to another in-person episode.

Owen:

It is indeed. We've got Phoebe with us. Phoebe from Clover Financial Solutions, how you going?

Phoebe:

I'm going really well. Thank you so much for having me on. I am just so honoured to be here.

Kate:

Thanks for making the trip to our office.

Phoebe:

Absolute pleasure.

Owen:

Yeah. You've just come in from Hawthorne, which is inner Eastern suburbs, right?

Phoebe:

Yes.

Owen:

Yeah. So it's not too far.

Phoebe:

Not too far at all.

Owen:

Yeah. Today we're going to be talking property and specifically like first home buyers. I made a joke before that now that I've got a house, I'm not as worried about the rules. But now when we've prepared for the show, I was looking at all the things we've got to cover and I'm like, "Thank the heavens that we've got someone coming in who knows all this stuff." Because even just in the last 18 months since I bought a house, things have changed.

Phoebe:

Yeah. Things are changing all the time and there's some really absolutely sensational grants out there and other incentives to buy a house. There's lots of incentives to buy a house out there at the moment. And it's been a really good 12 months or 24 months to be a first home buyer.

Owen:

Yeah. Because we always get scared off with the big headlines of house prices going up. And then obviously favours people that already have homes and investors.

Phoebe:

Yes.

Owen:

But it seems more and more out of touch. I can't remember which Instagram personality this was, Kate, you might remember. Basically said that house prices in their area went up \$1,100, I think it was a day or a week equivalent in one 12 month period. And they're like, "How are we supposed to save for this house?"

Phoebe:

Exactly. And fortunately all these incentives mean that you don't really have to save for the house if you can afford to buy it. So if you can afford the loan, you're halfway there.

Owen:

Just before we get into some of those, tell us a little bit about your business. What do you do?

Phoebe:

All right. I'm a mortgage broker. I've been a mortgage broker for 15 years at my own business, Clover Financial. I've got about six staff, including my daughter, who's also a mortgage broker. And we've got a first home buyers club. We've got another couple of investy type of things to do. But yeah, we are very focused on the first home buyers and second home buyers, that's most of our business. Investment properties of course as well because that just comes as part of it, but not so much the commercial or equipment or anything like that that a lot of other mortgage brokers do.

Kate:

I remember when we met, you said you just absolutely love working with first home buyers.

Phoebe:

I really do. Both of us do. And it's because you are starting the journey and you're starting the journey together. So you can get all the opinions and juice and really try and dig deep into what they want their life to be like, how we can start designing that so that you can meet a whole lot of other goals, like where you want to bring up your children, whether you want to start creating an investment property portfolio, whether you want to buy something that you think is going to increase in value, where should you buy? What should you buy? And yeah, it's the whole journey. Whereas second home buyers and future home buyers and investors know a lot more about that stuff. So you don't get that juicy bit about finding the house, which is the best part of the journey.

Owen:

We've talked about this in the past, that it's the most important one too, right?

Phoebe:

Yeah, absolutely.

Owen:

Well, that sets you up for what you do next.

Phoebe:

Absolutely. I really think it does. And so we put a lot of time and effort and energy into giving people property reports and talking them through negotiating with real estate agents, which is not what we're paid to do as mortgage brokers. But it's just the best part of the journey. I'll often be called on a Saturday morning as someone's going to auction, "What should our strategy be?" Let's not miss out on anything, just go forward with it.

Owen:

Do you mainly deal with people here in Victoria or do you deal with people everywhere?

Phoebe:

No, we deal with people everywhere, but we've got concentrations of clients in New South Wales, so Sydney and also Northern Rivers and WA as well, just because we had a few clients there. My sister's in WA so we've got a few clients through her. And Northern Rivers, I've just got a whole lot of friends that are up there and one introduces you to the next.

Kate:

All the word of mouth.

Phoebe:

Yeah. Also Queensland a few. We've got a couple in South Australia, but not so much. And we've got one in the Northern territory, which is quite interesting because they've got some quite interesting rules about their houses.

Owen:

That'll be interesting, like getting the different rules and learning about them and then giving that information back.

Phoebe:

One of the things that we found in the Northern territory was the normal deposit that you need is 20% to avoid mortgage insurance. But in the Northern territory, in some suburbs of Darwin, banks will lend up to 70% instead of 80% for mortgage insurance to kick in.

Owen:

Right. Okay. Interesting. I'm just trying to think of house prices, they're more expensive. I haven't actually looked, I don't know, [inaudible 00:04:50].

Phoebe:

They're not. They're on par with Perth. Perth's interesting because the houses don't really appreciate in value a lot either we've noticed. Over a few years you're not seeing great, huge jumps in property value in Perth.

Owen:

Right, interesting. Again, I wonder if ... anyway, we could just keep speculating. I was thinking like, [crosstalk 00:05:12].

Kate:

You're not moving to Perth or Northern territory.

Phoebe:

Yeah. You kind of get sidetracked [inaudible 00:05:17] all sorts of tracks. And this is why it's fun dealing with first time buyers, because you can explore all these different ideas.

Owen:

For sure. Kate, this is your first question, I'm going to let you ask this one because you are in this boat.

Kate:

Yeah. So unlike Owen who doesn't care about me anymore, because he already owns a property. I actually do not own a property and I'd really like to consider maybe buying a property this year. And I think sometimes if you look at the media and the headlines, it can seem like it's a losing game because property price are increasing. But a lot of the stories are framed like if you don't have family money or you don't have a parent who can go as a guarantor, it's almost impossible nowadays. And I know you have some thoughts on this, so I'd love to start the conversation here.

Phoebe:

I do. And it's not impossible at all. There's a few things, you need to know what you want to buy and where you want to buy. And then start thinking about what price you want to pay. And once you know the answer to those three questions, we can start fitting you for the different grants that are available or the different incentives that are available. We had a client recently, was buying her first home. She's got a child, she's a single parent.

Phoebe:

This is not exclusively available to first home buyers, but it's a really good incentive, where you need 2% of the overall property value to be able to get into it. There's different levels between regional and metropolitan that you can purchase your home up to. But you can also say, okay, and you have to be earning less than \$125,000, but that doesn't include the child support payments that you get. But the lender to assess your ability to pay back the loan will include child support payments.

Phoebe:

So we start with that sort of thing. So where do you want to buy? You want to buy regional or you want to buy metropolitan? Then how much you want to buy for? And then what scheme fits you? You don't have children, Kate.

Kate:

No, not quite.

Phoebe:

This isn't the one for you. But the one for you is the first home lender's deposit scheme, 5% deposit. And you can get that for an established home or a brand new home. And the 5% deposit needs to be genuinely saved. And by genuine savings, it's not just putting money aside in a bank account or buying shares or other investments, your ETFs and stuff like that. Rent is genuine savings, paying back a loan at an accelerated rate is genuine savings and tax return is genuine savings.

Owen:

Right. So if for example Kate or whoever was listening to this, wanted to save, so they need to get a 5%. And they have to show genuine savings ability. So it wouldn't be as simple as, I'm saving \$200 a week and putting that into a separate bank account, does that count?

Phoebe:

That absolutely counts. And that's a very important part of it. That's the normal part of genuine savings.

Owen:

Okay.

Phoebe:

But there are options.

Owen:

There are other ones. Okay. Right.

Phoebe:

So if you get lumps sum for some reason, say you win some money or you sell some shares or whatever.

Owen:

That makes sense. Yeah. Okay. There are a few different things we want to go over, which I think you've just mentioned the family home guarantee. We've got the first home loan deposit, the rural guarantee, which is kind of new. We've talked a little bit about the super savers scheme, but a lot of people are interested in this. They want to know the basics of it at least. There's a Victorian Homebuyers Fund, this is completely new to me. And then there's the first homeowners grant. So we can talk about stamp duty and all those types of things as well. Kate, how do you want to take them? Just take them in that order.

Kate:

Yeah. I mean, unless there's a logical order you want to go through.

Phoebe:

No, there is no logical order. It's all about how much do you want to buy for and then how much deposit do you have and then we try and drill down to-

Kate:

All right. So maybe if we have an example for each one as well, that would help.

Phoebe:

Yeah.

Owen:

This family home one sounds interesting.

Kate:

Yeah. Is that Victorian or?

Phoebe:

No, that's national, so that's a 2% down. And that's 2% down, including stamp duty. So if you're not a first home buyer, you have to pay stamp duty in Victoria. You have to pay stamp duty everywhere pretty much, if you are not a first home buyer. So you can put 2% down and the lender will lend you the rest, as long as you can afford to pay it back.

Owen:

So just to just confirm, so I put my 2% down and then I pay my stamp duty.

Phoebe:

If you are buying for say 400,000 and there is stamp duty involved. Say the stamp duty is \$10,000. You need 410 to complete the purchase. You'll need an \$8,000 deposit-

Owen:

Ah, I see what you mean.

Phoebe:

... to do that. And that's all.

Owen:

Okay. So it's 2% of the total purchase price or purchase value kind of thing.

Phoebe:

No, it's 2% of the purchase price, they'll add the stamp duty on top because that's a cost to buy. And then they'll do it all for the \$8,000 that you've got. So if you get a great tax return, which I suppose a few people will this year. Get a great tax return, there's your \$8,000. Put it towards a home.

Kate:

What are the other rules? I've never heard of this 2% scheme.

Phoebe:

You have to have a child.

Kate:

Okay, so single parent.

Phoebe:

You have to be a sole parent.

Kate:
Okay.

Owen:
Kate, go and find yourself a child.

Phoebe:
You don't have to be the primary carer of the child.

Owen:
Oh, okay.

Phoebe:
We've done a loan for a dad that had the kid every second weekend kind of thing, that's possible. And yeah, you have to be earning less than \$125,000. And they don't include the child support payments, which is good because the lenders will include the child support payments as income, as long as they're collected through the CSA, so that boosts a lot of people's income, which means that they can afford to get into a home.

Owen:
And what about the other 18%?

Phoebe:
Is covered by your loan, so you borrow that amount.

Owen:
Okay. And so this is effectively you dodge kind of the lender's mortgage insurance.

Phoebe:
You completely dodge the lender's mortgage insurance. And also you don't need a large deposit to get into a home. You're not saving and saving and saving and thinking that this is something. I was a single parent and this would've been something that was completely out of my reach to buy a home if I didn't have parental help.

Owen:
This is huge. I did not know this exists.

Phoebe:
So good, isn't it?

Owen:
Yeah. And so is there a limit on how much you can spend on a house?

Phoebe:

Yeah, there is. And the limits are different for different states and also different for if you're buying in regional metropolitan areas. And the place to find out what your limits are is the website that is called ... if you Google first home buyers, if you Google the scheme, it comes up. But the website is an HFIC website. And we can put a link to that.

Owen:

Yeah, for sure. That's so valuable because we talk to a lot of people, investors, right. And to invest you have to have money. So people that we talk to on the show typically have money. And this part of the market often goes underserved by a lot of brokers as well, right?

Phoebe:

Very much.

Owen:

So yeah, this is a huge thing that if you're listening to this, you are a parent and you're looking to buy a home, this is what you should be looking for.

Phoebe:

Absolutely what you should be looking for, particularly if you don't have family help. Because it's really if you don't have family help. For all of the schemes, you need to also be an Australian citizen. So with stamp duty concessions and things like that, you don't have to be, you can just be an Australian resident. But for these you have to be an Australian citizen.

Owen:

Okay, that's good to know. Kate, [inaudible 00:12:56].

Kate:

There's a lot to each one, isn't there?

Phoebe:

Yeah, there is.

Kate:

To get your head around. You can see why you need a mortgage broker to-

Phoebe:

Yeah, you really can.

Kate:

... really pull it apart and go, what's your situation, and does this actually align and match up with it because there's a lot to it. Okay. I guess the second one was the first home loan deposit scheme.

Phoebe:

Which is one of my favourites. This came out about two years ago and they did it in lots of 10,000 places at a time.

Owen:

Yeah, I remember this.

Phoebe:

And the first lot, we got onto it as soon as we got onto it because we've got a lot of first home buyers that follow us, that are talking to us, there's a Facebook group and there's conversations that I had in constantly with our first home buyers and their friends. But we got onto this straight away and really understood how to use it. The genuine savings part of this is essential. So we really got to get that right. I had one first home buyer, you need 5% genuine savings and pulling her genuine savings together was really difficult because she'd been transferring money in and out. She'd got gifts from a parent. She'd got gift from a brother.

Phoebe:

There was just money all over the place. And there weren't big gifts, so a couple of thousand dollars here and there, but we had to prove her genuine savings. She wasn't renting through an agent. So we couldn't use rent as genuine savings and she didn't have a tax return that was 5%. So they're the things that we're looking for when we're looking for eligibility for the scheme, that you have to be an Australian citizen. You have to be earning under 125,000 or 240 I think if you're a couple, and that's available to only Australian citizens as well.

Phoebe:

We've knocked out a few people when we're going through this because maybe the partner is not an Australian citizen and stuff like that. But this scheme is my very favourite and it's available for new homes and it's available for existing homes and there's fewer places for existing homes. It's quite hard to get on that waiting list. But when you're on a waiting list with a bank, we tend to turn them over quite quickly and make sure that people are getting into their homes. I had one person that sat on the waiting list for about 18 months.

Owen:

Oh wow.

Phoebe:

And you're taking a place away from someone else, so we were getting a bit kind of buy a home or get off the waiting list, one or the other.

Owen:

So it's only 10,000 spots a year.

Phoebe:

10,000 spots every six months it's been.

Owen:
Every six months.

Phoebe:
And because the take up was so slow for the first one, there were a few extra places for a while, but now it seems that people have actually got to know how to use it and which banks have it, so it's Commonwealth national and it's all the credit unions do it. And again, better to go through a broker so that you can get all that. So you are not the one dealing with the how to improve genuine savings thing.

Kate:
Yeah. So for the first home loan deposit scheme, I'm assuming it has to be your first home.

Phoebe:
It has to be your first home.

Kate:
Yeah. Cool.

Owen:
And is this the one where there are limits by suburb of what you can spend?

Phoebe:
Yes.

Owen:
Yeah. Because I remember looking at one suburb here in Victoria and this was a little while ago of course. And it was kept at 600,000. And I noticed that a few different suburbs had different rates.

Phoebe:
Yeah, definitely.

Owen:
Yeah. Okay. So it's important to check those things here.

Phoebe:
Yes. And that's all on that website.

Owen:
Yeah. I remember going on there and putting a postcode in and checking to see what it was.

Kate:

So all of these schemes are on different websites, are they?

Phoebe:

No, the home buyer and the single parents and the new home guarantee are all on the same because they are all the same provider. And we've done that, we've given you a flow chart and you can see where to go for each thing.

Kate:

Awesome.

Phoebe:

We should be able to, and if you can't, I'll fix it.

Owen:

This is just a quick one, which is the rural guarantee, this has only been proposed recently.

Phoebe:

Yeah. This came out in the federal budget and this has again, 5% savings and you cannot have owned a home for five years or you're a first home buyer and you can buy in a rural area and that's it. And that's exactly the same as the parental guarantee where the 5% can count toward the stamp, will give you the stamp duty and everything, so it's a whole lot. And it's to, look, I'm finding, I've got a lot of clients that buy investment properties in rural areas and live in rural areas and the house prices there are going up strangely quite quickly, particularly in major towns. It's potential that we'd need to make it more affordable, make the limits higher, but we'll see how they go.

Owen:

Yeah, right.

Kate:

So there'll be more information about this in the next few months.

Phoebe:

Yeah, in the next few months I've got to legislate for it first.

Owen:

Yeah. And the thing I think is important to remember just in case we haven't clarified it's you don't just get this money. Even though it goes towards the property, it's basically to get you into a home. I think some people when they hear of things, they might think, oh, this is some sort of cash win for me, which is like the Victorian home buyers fund.

Phoebe:

Yeah. So the Victorian home buyers fund, we haven't actually written any loans for that at all. It's through Bank Australia and Bendigo Bank I'm pretty sure. How that works is they will give you

the cash toward the property. So you don't pay, you can get into a house that is more expensive than what you could afford normally with a mortgage. So if your normal affordability was 700,000, they give you 20% plus costs. You're getting into an \$800,000, \$900,000 house.

Phoebe:

And what will happen is they'll give you the funds to complete the purchase, so the 20% plus costs as cash and invest it pretty much in your property. As your property increases in value, when you want to refinance or sell that property, they'll take what they've given you plus the percentage that it's increased. So if they gave you 100,000 and it's increased by 25%, then they'll take 125,000 back.

Owen:

So it's like an investment for them.

Phoebe:

It's like an investment for them, absolutely.

Owen:

And the key therefore would be that you don't necessarily own all of it. You might think you do, but you don't necessarily own all of that.

Phoebe:

Exactly. And you don't keep your deposit. And it's been an interesting thing in the UK where you've had declining property values and this schemes existed in the UK. They're pretty much for selling people out of their houses. There was an article in the Financial Review about six weeks ago, forcing people out of their houses for using these kind of scheme. I'm not saying that the Victorian government will do that.

Owen:

Yeah. That's probably very easy thing for a headline writer. But for the most part, at least many of these other schemes seem very reasonable and very much like why not take advantage of them? Kate, are you going to use your super?

Kate:

Yeah. What about the super saver scheme?

Phoebe:

We've had a few clients that have used the super saver scheme and I like the super saver scheme personally and I know you two won't because it's touching super and we want extra money in super. But it is quite a tax effective way to take money out. One very important thing to remember with the super saver scheme is when you pull that money out, you're going to be taxed on it. So you've got to allow for that in how you're thinking about using it. It's probably for people that can afford a little bit more and can also afford to put a bit more into super.

Phoebe:

Particularly with the carry forward rule and all that sort of stuff, you can keep it under your concession cap. You can add to your super, you can do all those sort of things. And then you can take the money out again to buy your first home, only your first home. Or if you've been in desperate financial hardship, you can take your super out to do that, but you can only take out the extra you've put in. You can't take out what your base balance should be.

Kate:

Not your employer contributions.

Phoebe:

You can't take that out at all. Which is very interesting because the two people that we've done it for have been self-employed. Oh, sorry, two of the people we've done it for have been self-employed and it's very hard to work out what that level should be.

Owen:

Yeah.

Phoebe:

Because yeah, they-

Owen:

Where do you draw the line, right?

Phoebe:

Exactly.

Owen:

We're supposed to do 10%, but if you're self-employed, you don't have to.

Kate:

So super saver scheme, nationally available?

Phoebe:

Nationally available. A way to save for your first home. Not a bad way.

Kate:

You have to let your Superfund know if you're planning on doing this.

Phoebe:

Yeah. You let your Superfund know and they let the ATO know or you let the ATO know. You've got to give them plenty of notice. You can take the money out when you're looking for the home. I've had clients that have taken the money out when they're looking for the home and you've got 12 months to either buy a home or put the money back in.

Kate:

Okay. You've got a bit of a timeframe there if you do take that money out.

Phoebe:

Yeah. And they're very strict on it because obviously anything that touches super, the governments and the ATO are just completely all over. I think it's a fine way to save, particularly if you're not, because it's almost invisible, so anything that's invisible savings to me is a good way to save. I've got little micro investment accounts all over the place that I save for my granddaughter and my daughter and stuff like that. And that's invisible savings to me, I can't say that I'm doing it. And similar with the super saver scheme, if you are not a good saver and you will access your cash that you've saved already, completely normal, then it's a good place to hide your money until you're ready to spend it. But the tax on it I think is really important because a lot of people don't realise that.

Owen:

Yeah, they wouldn't, there is a limit on it for singles and for couples, how much you can put in.

Phoebe:

Yeah, there is. And it's an extra and how much you can take out as well. So you can take out \$30,000 in for each year and that's all.

Kate:

And if you wanted more information on this.

Phoebe:

Absolutely hit the ATO website up.

Kate:

Okay.

Phoebe:

That's the very, very best place, it's clearly explained. I think there's a video explainer on it as well.

Kate:

Okay, cool.

Phoebe:

And that is the very best place, don't look at anyone's website.

Owen:

Yeah, it's all there. It's very-

Kate:

Get it from the source.

Phoebe:

Get it from the source. Because it's just one of those things that if you're touching super, if someone's admitted to tell you something like the tax or like the limits that you've got then yeah, you don't want to miss that.

Owen:

No. How about the first homeowners grant?

Phoebe:

First homeowners grant is available in every state. It's \$15,000 in Queensland and South Australia and it's \$10,000 in all the other states. And it is for buying an off the plan home or a new home. An off the plan homes, when I started in mortgage broking 20 years ago or whatever, off the plan homes were really popular purchase for first home buyers, that's sort of changed over the years. And I've really noticed that change.

Phoebe:

And particularly in WA, building is getting into your first home. Because no stamp duty on the land, because it's under a certain value plus you get a \$10,000 bonus. And that bonus, that \$10,000 first home owners grant can be your 5% of your purchase price to get you across the line for your first home lender's deposit scheme. So you can use all the things together and you can be quite cluey. We've done quite a few, WA had a \$55,000 incentive for building.

Kate:

Wow.

Phoebe:

\$10,000 first homeowners grant, that \$25,000 from the federal government, but they also had a \$20,000 from the state government.

Owen:

Wow.

Phoebe:

So a huge building incentive in WA two years ago. And so we had a lot of first home buyers that were getting into their first home using that, plus the first home lenders deposit scheme because their parents houses don't have enough equity because there's been no ... Very small capital growth.

Owen:

Interesting. There you go. So if you knew what you were doing in WA a few years ago, you could save \$55,000 and get into a home.

Phoebe:

Yeah. And get into a home for about 400,000.

Owen:

Yeah. Wow. See, this is where we've done a few property shows over time and we've realised that more and more people are using mortgage brokers to do these types of things. Just a real quick question, Phoebe, you mentioned stamp duty before, I think people don't realise, who pays that?

Phoebe:

You pay that as the purchaser and as a first home buyer in New South Wales, Victoria, ACT and WA, under certain limits. And please go to your state revenue office website because it's all clearly explained there. I won't tell you numbers because they will change. And it's again, rural and regional and metropolitan and [crosstalk 00:25:23]-

Owen:

It's all different.

Phoebe:

It's all different. But yeah, you can have a zero stamp duty in SA, Northern territory, Queensland and Tasmania. There is a stamp duty charge and there is concessions in Queensland and Tasmania.

Owen:

Yeah. Okay. Some people don't necessarily think about this extra little cost when they're buying a house, they just think of whatever it's on RA website or on domain. This is can be quite meaningful as well.

Phoebe:

It is quite meaningful. So the best place to calculate what your stamp duty's going to be is on your SRO website, so state revenue office websites. Every single one of them has a calculator. We've got links to all of those off our website that are just clear and easy to get to. Assume in most states about 3% of the purchase price, in Victoria it's about 5%.

Owen:

Yeah. Well, okay.

Kate:

It's different. So many different numbers [crosstalk 00:26:20].

Owen:

Yeah. I can see Kate trying to [inaudible 00:26:23]. This is all like a lot, right?

Phoebe:

Yeah.

Owen:

So in a typical first home buyers experience, would the mortgage broker help people through this or is this where conveyance does some work as well? Who does this?

Phoebe:

This is definitely part of the home loan application process. What we do when you come and see us is we say, "Okay, where are you buying? What are you buying? This is how much it's going to cost you." I've got a client doing a house and land in South Australia. So land cost, plus stamp duty, plus cost to build minus whatever deposit they have. They're using the first time lender's deposit scheme. And they're in the defence force so they get an extra boost on that. And they're also getting the first homeowners grant.

Phoebe:

We've organised that whole thing for them to make sure that they've got sufficient funds to complete the purchase and that's our job. And more and more, when I first started in mortgage brokering, the conveyancers did a lot of the heavy lifting around making sure that the clients had enough money and stuff like that. That's all out the window. Now it's all up to the mortgage broker, because we've got to get it right.

Phoebe:

Because otherwise they get to settlement and they're \$1,000, \$1,500 short because we've forgotten about a fee or a charge or something like that. It's really hard because most first home buyers are putting every cent that they've got into the purchase price to reduce mortgage insurance, because they've only got 5% or 10% or whatever.

Kate:

So there's not much wiggle room there.

Phoebe:

No.

Kate:

No. And so if you heard any of the things you mentioned today, you should be able to go to your mortgage broker and say, "Hey, I heard about this particular scheme. Is this relevant to me in my state, in my personal situation, does this apply to the property I want to buy?"

Phoebe:

Yes, absolutely.

Kate:

Because I think you probably need someone to sit down and go through it with you, especially for your own circumstances.

Phoebe:

Yeah. Because everyone's circumstances are so different. And one of the things that we ask very, very early on is are your parents going to help you? And in what way would they like to help you? Because one of the things that I notice a lot of mortgage brokers do is get a gift letter from a parent, but it's not necessarily a gift. It's very important that you get that right, because later on down the track, when the couple separates, that's a gift to the couple, but it wasn't really, it was really a loan or it was really a something.

Phoebe:

Banks don't mind if you're getting a loan from your parents that need to be paid back in 20 years or when you sell the house or whatever the situation is with interest without interest, they don't care, as long as you're able to service the debt plus the loan or as long as the loans are far in the future payback, they're happy.

Owen:

Interesting. And how long before a first home buyer is thinking, I want to buy a house, should they reach out to you.

Phoebe:

Straight away. Just as soon as you have the thought, you start looking and then come to a mortgage broker straight away because we'll help you on the whole journey. And I think most mortgage brokers now have access to property reports and can go through scenarios and are available Saturday mornings. And I've been working on Saturday mornings for 20 years, I love it. It is my most exciting, I'm sitting there thinking, "Okay, what time's the auction?" What are we doing? Are they ready? Is everything okay?

Kate:

I can imagine if you find out you only needed a 5% deposit and you were thinking that I've got to save 10 years to get 20% deposit, that really changes the journey you go on.

Phoebe:

It changes the journey so much. And it's made such a difference to so many people that we've been able to help. And I really like it, really love these schemes. I know Scott Morrison was a bit flippant the other day when he was saying you can just go out and buy a house. But I would say 90% of the people that we've got into a first home in the last three years are paying less mortgage than they were in rent and that's incredible. That's really good because they're building up their own asset. They can afford it. And they're living somewhere that they want to live and they're starting their life's journey in property, which I think, I mean you bought recently.

Owen:

Yeah, that's it.

Kate:

I think I'd like to maybe, if we can have a concise overview of all the things we just mentioned. So someone's been listening to the whole thing and they're super confused about what was Victorian, what was not Victorian, what's relevant. If maybe you could do a quick overview of all of the things we've talked about.

Phoebe:

Absolutely. The only Victorian thing is the home buyers fund. So the four schemes that are through the National Housing Finance and Investment Corporation, which is government corporation. And we'll put the link on the [crosstalk 00:31:06] show notes. You are borrowing the money except for the 5% cash that you've got for the new home guarantee, the first home guarantee and the rural home guarantee.

Phoebe:

And you're borrowing the money except for the 2% that you've got for the family home guarantee. And all the information and a qualification quiz is available on that website. So you can just jump through all the ... do you have a child, yes or no? Family home guarantee or not. Are you a first home buyer, new home guarantee or first home lenders guarantee. Are you buying in a rural area and you haven't owned a home for five years or you're a first home buyer, rural home guarantee.

Owen:

Makes sense, yeah. If you are a single parent trying to get into a home and you've got the option of having a 2% deposit.

Phoebe:

It's a game changer.

Owen:

Yeah, it is. And it's fantastic. It's a fantastic scheme because we had a mortgage broker on the show in the past and he basically said like the financial world's built for couples and it is.

Phoebe:

It is.

Owen:

And so to have a single, particularly with a dependent, it's a huge leg up, so wonderful.

Phoebe:

And I know the rental rules are changing and you can do more in your house, but there's nothing as secure as owning your own home. Just it's there, it's yours.

Kate:

There's something very tangible about having that piece of land compared to when we invest in shares and ETFs.

Owen:

You don't print off your share certificates?

Kate:

No, I found a few old ones from my grandmother the other day, but-

Owen:

Oh, that's cute.

Kate:

... I thought maybe you could frame them.

Phoebe:

I like that.

Owen:

Make sure she still owns them first. You never know what it's worth. Phoebe from Clover Financial, thank you so much for joining Kate and I on the show.

Phoebe:

That's my absolute pleasure.

Owen:

Okay. As always, thanks for joining me.

Kate:

Thanks for listening everyone.