FREE DOWNLOAD

# Free First Home Buyer Handbook (Victoria, 2026 edition)

Free 2026 First Home Buyer Handbook for Victoria: deposits, the 5% First Home Guarantee, FHOG, stamp duty, pre-approval, auctions, settlement and a checklist.

Gorakh Timilsina Updated 1 September 2026 12 min read

## DOWNLOAD THE HANDBOOK (PDF)

The complete 2026 Victorian first home buyer handbook, free. Read it below or save the PDF for later.

**In short:** This handbook takes a Victorian first home buyer from saving a deposit to the first year of ownership. It covers the 5% First Home Guarantee (no income caps, $950,000 Melbourne price cap), the $10,000 First Home Owner Grant for new homes, the stamp duty exemption up to $600,000, pre-approval, choosing a loan, auctions and contracts, settlement, and a printable checklist. Read it here or download the PDF.

GNT Finance wrote this handbook for the buyers we meet every week in Melbourne's north: couples in Craigieburn renting while they save, young families eyeing house-and-land in Donnybrook, and new Australians in Epping who want the rules explained once, properly. Everything below is current for Victoria at September 2026. Where figures change, the **first home buyer guide** on our site is updated first.

## Chapter 1: Getting financially ready

Lenders assess three things: what you earn, what you spend and what you owe. Start working on all three at least six months before you want to buy.

- **Know your credit file.** Get a free copy from a credit reporting body. Fix errors, and check no old phone or utility default is lurking. Our **credit score guide** explains what lenders see.
- **Trim discretionary spending.** Lenders read three months of statements. Regular gambling transactions, buy-now-pay-later accounts and dishonoured payments hurt more than a high grocery bill.
- **Close or reduce credit limits.** A $10,000 credit card limit reduces borrowing power by roughly $40,000 to $50,000, even if you never use it.
- **Pay down car loans and personal loans where possible.** Each repayment is subtracted from what you can service.
- **Stabilise employment.** Being past probation in a permanent role is ideal, though casual, contract and self-employed buyers all have lenders.
- **Save consistently.** A visible pattern of regular deposits is worth more to a lender than a lump sum that appeared last month.

## Chapter 2: Deposits, grants and the 5% scheme

### How much deposit you actually need

The traditional target is 20% of the purchase price plus costs, which avoids lenders mortgage insurance. In practice, most Victorian first home buyers buy with less using government schemes.

| DEPOSIT LEVEL | ON A $650,000 HOME | WHAT HAPPENS |
|---|---|---|
| 20% | $130,000 | No LMI, best rates, widest lender choice |
| 10% | $65,000 | LMI payable unless a guarantee applies, roughly $12,000 to $16,000 |
| 5% | $32,500 | First Home Guarantee removes LMI; otherwise LMI is substantial |
| 2% | $13,000 | Help to Buy shared equity only, subject to income caps |

Use the **deposit savings calculator** to set a target date.

### First Home Guarantee (5% deposit, no LMI)

Under the federal Home Guarantee Scheme, Housing Australia guarantees up to 15% of your loan so a participating lender will accept a 5% deposit without charging LMI. Since October 2025 there are no income caps and unlimited places. The property price cap is $950,000 in Melbourne and Geelong and $650,000 elsewhere in Victoria. You must be an Australian citizen or permanent resident, 18 or older, buying to live in, and not have owned property in Australia in the last ten years. Check your position with the **eligibility calculator** and read the **full guide**.

### First Home Owner Grant

Victoria pays $10,000 to first home buyers who buy or build a new home (never previously occupied) valued up to $750,000. You must move in within 12 months of settlement and live there for 12 continuous months. Established homes do not qualify. Details are in our **FHOG guide**.

### Stamp duty exemption and concession

First home buyers in Victoria pay no land transfer duty on homes up to $600,000 and receive a sliding concession from $600,001 to $750,000. On a $600,000 home that saves $31,070. On a $650,000 home the duty falls from $34,070 to roughly $11,360. You must live in the home for 12 months. Run your own numbers on the **stamp duty calculator**.

### Help to Buy

The federal Help to Buy scheme lets you buy with a 2% deposit while the government takes an equity share of up to 40% of a new home or 30% of an existing one. Income caps at the time of writing are $100,000 for singles and $160,000 for couples, with a Victorian price cap of $950,000. You buy back the government's share over time. See **Help to Buy explained**.

### Genuine savings and gifts

Most lenders want to see 5% of the price as genuine savings held for three months. A gift from parents can top up the deposit but usually cannot replace genuine savings unless you have a strong rental history. Parents can alternatively offer their property as security under a **guarantor loan**.

## Chapter 3: Borrowing power and pre-approval

Lenders calculate borrowing power by taking your income, subtracting living expenses (at least the HEM benchmark) and existing debt repayments, and testing whether the surplus covers repayments at your interest rate plus a 3 percentage point buffer. For illustration, a couple earning $150,000 combined with no debts and moderate expenses might borrow around $750,000 to $850,000 depending on the lender. A single earner on $90,000 might borrow around $450,000 to $500,000.

Improve the number by clearing debts, reducing card limits, and documenting all income. Our **borrowing power guide** lists the levers.

Then get pre-approved. A real pre-approval, where a credit assessor has reviewed your documents, tells you your ceiling, shows agents you are serious, and lets you bid at auction. It lasts around 90 days. Do not confuse it with an instant online estimate, which no lender is bound by.

## Chapter 4: Choosing the right loan

The rate matters, but so does the structure. Decisions to make with your broker:

- **Variable or fixed, or a split.** Variable rates move with the market and allow unlimited extra repayments. Fixed rates give certainty for one to five years but restrict repayments and carry break costs. Many first home buyers fix half. See **fixed versus variable**.
- **Offset or redraw.** An offset account is a transaction account whose balance reduces the interest you pay. Redraw lets you withdraw extra repayments. Offset is more flexible; some basic loans charge less and offer redraw only.
- **Principal and interest.** For your own home, P&I is almost always right. Interest-only is an investor tool.
- **Package or basic.** Packages bundle offset, cards and rate discounts for an annual fee; basic loans are cheaper but leaner.
- **Comparison rate.** Compare loans on the comparison rate, which includes most fees, not the headline rate.

A $600,000 loan over 30 years at 6.00% p.a. costs $3,597 a month in principal and interest. Test your own figures with the **repayment calculator**.

## Chapter 5: Finding and inspecting a home

Set a budget below your pre-approval limit so you have room for costs and for rate rises. In Melbourne's north, established homes in Craigieburn and Roxburgh Park often compete with new builds in Mickleham, Kalkallo and Donnybrook; the trade-off is commute time and an established garden versus the FHOG and lower duty on a new build. Our **house-and-land versus established** guide compares them.

At inspections, look beyond the styling. Check for water stains on ceilings, cracks wider than a coin in brickwork, drainage around the slab, the age of the hot water system and heating, mobile reception and the noise from nearby roads. Ask the agent for the Section 32 early and read it before you fall in love with the place.

Always arrange a building and pest inspection on an established home before you commit. It costs a few hundred dollars and can save tens of thousands.

# Chapter 6: Making an offer, auctions and contracts

## Private sale

Offers are made in writing on the contract. You can negotiate conditions: subject to finance, subject to building and pest inspection, and the settlement period. Victoria gives you a cooling-off period of three clear business days after signing a private-sale contract, at a cost of $100 or 0.2% of the price, whichever is greater, if you withdraw. Read the **cooling-off guide**.

## Auction

There is no cooling-off and no subject-to-finance at auction, or within three clear business days before or after a publicly advertised auction. If you win, you sign an unconditional contract and pay the deposit on the day. Have unconditional finance or a strong pre-approval, a completed building inspection and legal review of the contract before you raise your hand. Set a walk-away price and honour it. See **buying at auction in Victoria**.

## Section 32 and the contract

The Section 32 vendor statement discloses title, mortgages, easements, zoning, planning overlays, owners corporation details and outgoings. It is mandatory in Victoria. Have a conveyancer review it and the contract before signing. If buying off the plan, check the sunset clause and note that the temporary off-the-plan duty concession ends on 20 October 2026.

## Deposit

The standard deposit on signing is 10%, but 5% is often negotiable on private sales. If your cash is tied up until settlement, a deposit bond may help.

# Chapter 7: From approval to settlement

1. Send the signed contract and Section 32 to GNT Finance the same day.
2. We order the valuation and finalise the lender's formal approval, usually inside two weeks.
3. Sign the loan documents and mortgage. Your conveyancer prepares the transfer and lodges the duty exemption or concession with the State Revenue Office.

4. Arrange building insurance from the date the contract becomes unconditional; many contracts require it from signing.
5. Do a final inspection in the last week to confirm the property is in the same condition and inclusions are present.
6. Settlement takes place electronically through PEXA. Your conveyancer adjusts rates and water, the lender funds the loan, the title transfers, and the agent releases the keys.

Budget for upfront costs beyond the deposit: conveyancing of $1,000 to $2,500, building and pest around $500 to $800, lender fees, mortgage registration and transfer fees, and moving costs. The **upfront costs calculator** totals them.

## Chapter 8: Your first year as an owner

- **Set up repayments** weekly or fortnightly rather than monthly. Fortnightly repayments make one extra monthly payment a year and shave years off the loan.
- **Use your offset.** Have your salary paid into it and run your spending from it.
- **Keep a buffer** of three months of repayments if you can.
- **Meet your grant obligations.** Move in within 12 months and stay 12 continuous months, or the FHOG and duty concession can be clawed back.
- **Check your rates notice.** Your home is exempt from land tax as your principal place of residence, but council rates and, for a unit, owners corporation fees continue.
- **Review after 12 months.** We check your rate against the market every year. If your lender has drifted, we negotiate or refinance.
- **If money gets tight,** call us before you miss a payment. Hardship arrangements exist and the earlier they start the better. See **mortgage stress: what to do**.

## Chapter 9: Checklist

- Credit file checked and clean
- Three months of clean bank statements
- Deposit target set with a date

- First Home Guarantee eligibility confirmed
- FHOG eligibility confirmed if buying new
- Stamp duty exemption or concession calculated
- Pre-approval in place, expiry date noted
- Budget ceiling set below pre-approval
- Conveyancer engaged
- Section 32 reviewed on every serious property
- Building and pest inspection booked
- Finance clause dates diarised
- Building insurance arranged
- Final inspection done
- Repayments and offset set up
- Annual review booked with GNT Finance

## Chapter 10: Glossary of 15 key terms

### Comparison rate

A rate that includes the interest rate plus most upfront and ongoing fees, so loans can be compared on true cost.

### Conveyancer

The licensed professional who handles the legal transfer of the property and reviews the contract and Section 32.

### Cooling-off period

Three clear business days after signing a private-sale contract in Victoria during which you can withdraw for a small penalty.

### First Home Guarantee

A federal scheme letting eligible first home buyers borrow with a 5% deposit and no LMI.

### FHOG

The First Home Owner Grant: $10,000 in Victoria for a new home valued up to $750,000.

### Genuine savings

Savings you have accumulated yourself over at least three months, as opposed to a gift or windfall.

### Land transfer duty

Victoria's official name for stamp duty, the state tax on property purchases.

### LMI

Lenders mortgage insurance, a one-off premium charged when your deposit is below 20%, protecting the lender, not you.

### LVR

Loan-to-value ratio: the loan amount divided by the property value, expressed as a percentage.

### Offset account

A transaction account linked to your loan whose balance reduces the interest charged.

### Pre-approval

A lender's conditional agreement to lend up to a stated amount, subject to the property and valuation.

### Section 32

The vendor statement Victorian sellers must provide, disclosing title, encumbrances, zoning and outgoings.

### Serviceability

A lender’s test of whether you can afford repayments, calculated at your rate plus a 3 percentage point buffer.

### Settlement

The day the loan is funded, the balance is paid, the title transfers and you receive the keys.

### Unconditional approval

Formal approval after valuation, meaning the lender is committed to funding the loan.

## Frequently asked questions

**Can I combine the First Home Guarantee, FHOG and the stamp duty exemption?**

Yes, if you meet each scheme’s rules. A first home buyer purchasing a new $600,000 home in Mickleham could use a 5% deposit with no LMI under the First Home Guarantee, receive the $10,000 FHOG, and pay no land transfer duty. The property must be your home for the required periods and you must not have owned property before.

**Should I buy a new house-and-land package or an established home?**

New builds attract the FHOG and lower duty because duty is often charged on the land only when you sign before construction starts, and they come with builder warranties. Established homes settle faster, sit in mature suburbs and avoid construction risk. Compare total cost, commute and timeline rather than price alone.

**How much should I keep aside after settlement?**

Aim for at least three months of repayments plus a few thousand dollars for the unexpected: a blown hot water service, a fence, or an owners corporation levy. Buyers who spend every dollar on the deposit are the ones who struggle in year one.

### Is the handbook really free?

Yes. Enter your details above and the PDF is emailed to you straight away, so you can print it or read it on your phone at inspections. There is no obligation, and if you would like to talk through your situation, a discovery call with GNT Finance is also free.

## Talk to GNT Finance

If you would rather have someone walk you through the handbook step by step, that is exactly what we do. GNT Finance helps first home buyers across Melbourne’s north and all of Victoria, in English and Nepali, and our home-loan service is at no cost to you in most cases. Book a free consultation or call 0426 403 703.


**Written by Gorakh Timilsina**

Founder, CEO & Senior Mortgage Consultant at GNT Finance. Gorakh started as a broker assistant, spent years as a senior credit officer assessing loan applications, and now helps Melbourne families get the right loan approved. English and Nepali spoken.