



BetterLend

# FIRST HOME BUYERS GUIDE FOR 2025 NSW EDITION





**Luke Brodie**  
Mortgage Specialist,  
BetterLend

Hello,

Thank you for requesting the BetterLend First Home Buyers Guide. I feel it is very important for prospective buyers to have a better understanding of the home buying process, to ensure the best result for themselves and their families.

My name is Luke Brodie, I am Director and Lead Broker for NSW at BetterLend Home Loans. BetterLend Home Loans are the mortgage specialists for people seeking a stress-free and efficient journey to their first home. Our brokers handle every aspect of the application process from day one, unlike many other brokerages. There are no chat bots, assistants or call centres, just a designated broker who will support you every step of the way.

With a combined lending experience of over 50 years, we work with 30+ lenders to find the best tailored product for you. Best of all, we do all the heavy lifting, from paperwork to dealing with lenders directly on your behalf. No matter where you are in your first home buying journey, I would love to hear from you. I am always available to answer any questions or assist you in getting ready for this huge life event. It is my job to make you feel as comfortable and confident as possible with the process.

I hope you find this guide helpful. Best of luck!

**Luke Brodie**  
Mortgage Specialist,  
BetterLend



# HOW DO I BUY A PROPERTY? WHAT STEPS DO I NEED TO TAKE?

Buying your first property is incredibly exciting. But it can also feel overwhelming, particularly as it's a long-term financial commitment that's not to be taken lightly.

As with any major decision, the best way to minimise your stress is to do your research.

That's why we've written this guide to help you through the home-buying process step-by-step.

## STEP 1

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### **Understanding your financial position and what is required to achieve your home ownership goals**

- Working out how much you can borrow
- How much of a deposit will you need?
- What upfront costs do I need to pay?

## STEP 2

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### **Understanding what grants and schemes are available to help you**

- NSW Government Grants
- Federal Government Grants

## STEP 3

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### **Know what loan options are available to you and how to get started applying**

- Mortgage Broker vs Banks
- What to look for when comparing loans
- What is Lenders Mortgage insurance?
- What is a pre-approval?  
And should I get one?
- Variable Rate, Fixed Rate or Split Rate
- What is an Offset account?  
What is a Redraw Facility?
- What is a property valuation?  
And Why does it Matter?

## STEP 4

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### **Finding the right home and making an offer**

- What is a strata report
- What is a building and pest inspection
- Private Treaty vs Auction
- Contract of Sale

## STEP 5

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### **Getting ready to settle**

- What is conveyancing
- Settlement Process

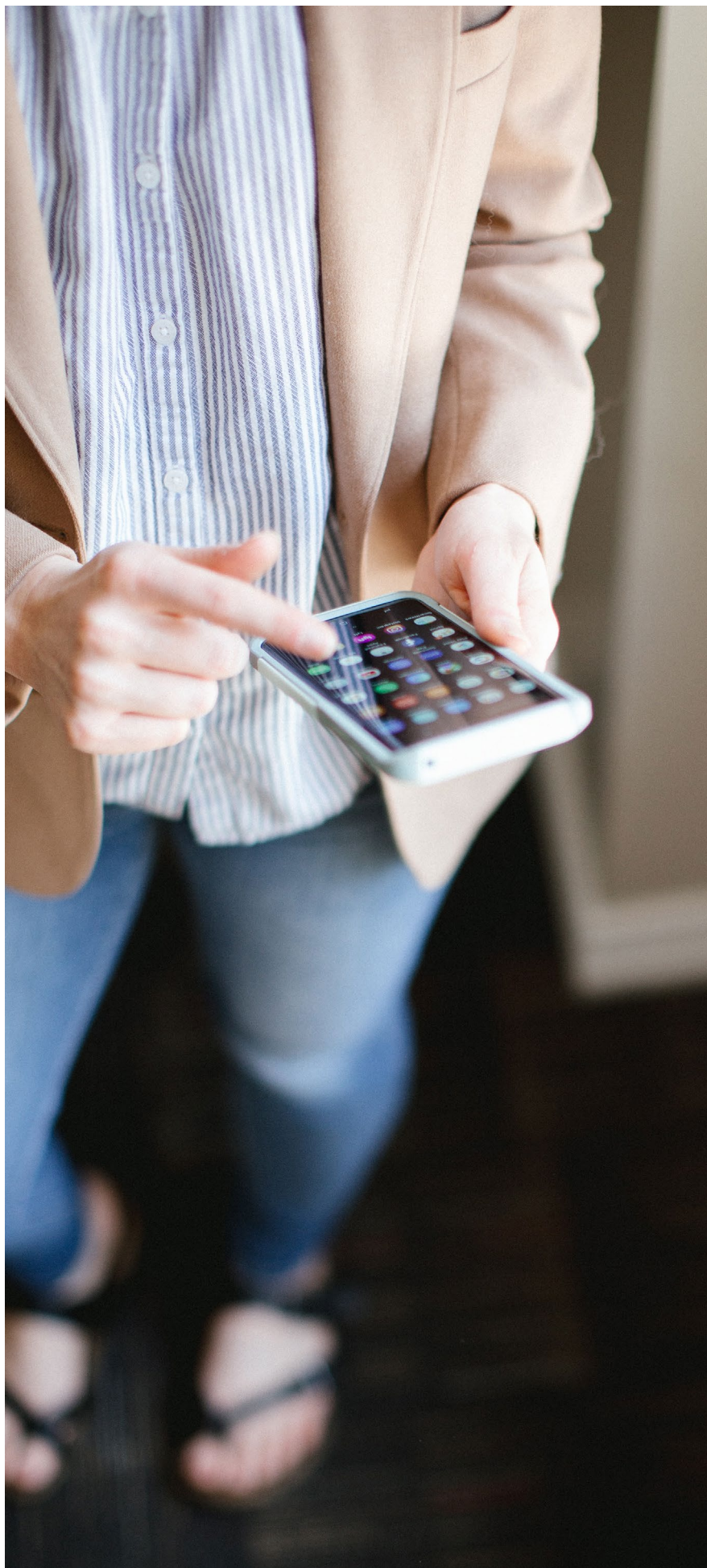


# **STEP 1**

## **UNDERSTANDING YOUR FINANCIAL POSITION AND WHAT IS REQUIRED TO ACHIEVE YOUR HOME OWNERSHIP GOALS**

# 1





## WORKING OUT HOW MUCH YOU CAN BORROW

Your home-buying budget will largely depend on how much you can borrow from a lender.

So how do they work this out?

While each lender will calculate your borrowing capacity slightly differently, they generally base it on your:

- Income and assets
- Liabilities (Debts)
- Living expenses
- Deposit size
- Credit history

It is important to note that credit cards can make a surprisingly large drop in your borrowing capacity as most lenders assess your capacity to service your entire credit limit, not just the current balance.

Try avoid having a credit card, and if you require one, keep the limit low.

Wondering how much you can borrow?

A borrowing power calculator can give you an initial estimate based on your income and expenditure. Please note, though, that this is a rough guide, so you should speak to a broker to find out your specific borrowing capacity.



[Click here to find out how much borrowing power you have](#)

## HOW MUCH OF A DEPOSIT WILL YOU NEED?

Saving a deposit is one of the biggest hurdles to getting on the property ladder. But how much do you really need?

Well, a deposit of 20% is ideal – as this means you won't need to pay lender's mortgage insurance (LMI).

That said, it is possible to get a home loan with a smaller deposit, as some lenders will let you borrow up to 90% of a property's purchase price if you take out LMI. This means your deposit will be 10%, plus the associated purchase costs.

Additionally, some lenders may let you borrow up to 100% of a property's value if you have a family member guarantee your home loan.

Finally, eligible buyers can use government schemes to buy a property with a 5% deposit (First Home Guarantee and Regional First Home Buyer Guarantee) or even a 2% deposit (Family Home Guarantee and Shared Equity Home Buyer Help) without having to pay lender's mortgage insurance. We cover this in some more detail in the next step.



## WHAT UPFRONT COSTS DO I NEED TO PAY?

There are several upfront costs associated with buying property in NSW, including:

- Legal fees
- Building, strata and pest inspections
- Home loan application fees
- Mortgage registration fees
- Transfer fees
- Adjustments for council and water rates for the property settlement
- Lender's mortgage insurance (if you're borrowing more than 80% of a property's purchase price)

There's also stamp duty – which, until this year, would have been one of your largest upfront costs of buying property apart from saving a deposit.

However, NSW first home buyers can now choose between paying stamp duty (a large, one-off payment) or an annual property tax (a small, ongoing payment) after legislation passed the state parliament in November 2022.

# 5%

**Eligible buyers can use the First Home Guarantee and Regional First Home Buyer Guarantee to buy a property with a 5% deposit**



## **STEP 2**

# **UNDERSTANDING WHAT GRANTS AND SCHEMES ARE AVAILABLE TO HELP YOU**

# 2





## FIRST HOME BUYERS GRANT

[Learn more](#)

## FIRST HOME BUYERS ASSISTANCE SCHEME

[Learn more](#)

## HOME GUARANTEE SCHEME

[Learn more](#)

■ NSW Government Grants  
■ Federal Government Grants

## NSW GOVERNMENT GRANTS

At the state level, these initiatives include the:

- **First Home Buyers Grant:** eligible first home buyers who are buying or building a new home can qualify for a one-off payment of \$10,000.
- **First Home Buyers Assistance Scheme:** eligible first home buyers receive a stamp duty exemption for an established home purchase up to \$650,000 or a concession up to \$800,000. Please check the link for vacant land.

## FEDERAL GOVERNMENT GRANTS

At the federal level, the **Home Guarantee Scheme** helps eligible first home buyers purchase a home sooner by guaranteeing up to 18% of a property's value. This guarantee removes the need for lender's mortgage insurance.

From 1 July to 30 June 2025, there are 50,000 spots per year made up of:

- 35,000 **First Home Guarantees:** which help eligible first home buyers buy a new or existing home with a deposit as low as 5%.
- 10,000 **Regional First Home Buyer Guarantees:** which help regional first home buyers buy a home in a regional area with a deposit as low as 5%.
- 5,000 **Family Home Guarantees:** which help single parents buy a family home with a deposit as low as 2%.





## STEP 3

**KNOW WHAT LOAN  
OPTIONS ARE AVAILABLE  
TO YOU AND HOW TO  
GET STARTED APPLYING**

# 3



## MORTGAGE BROKER VS BANKS

In many cases, it's better to go through a mortgage broker rather than apply directly for a home loan at a bank. That's because the bank will only offer you its own products, which won't necessarily be the most competitive on the market.

By contrast, a mortgage broker will get to know you and your circumstances before searching for a great loan from dozens of lenders. They'll then explain the various deals available, helping you compare all your options before assisting with the application process.

In Australia, mortgage brokers are legally bound by the Best Interest Duty, whereas banks aren't. This law means mortgage brokers must:

- Act in the best interests of their customers
- Avoid conflicts of interest when recommending financial products



[Learn more about Best Interest Duty](#)

## WHAT TO LOOK FOR WHEN COMPARING HOME LOANS

Here are five things you should look at when figuring out which mortgage is best for you:

### 1

#### **The interest rate**

The lower the rate, the more affordable the loan

### 2

#### **Upfront and ongoing fees**

These can make a big difference to your overall borrowing costs

### 3

#### **The comparison rate**

This can help you understand the true cost of a loan as it combines the loan's interest rate with certain fees and charges into a single percentage rate.

### 4

#### **The loan's features**

Depending on your circumstances, these can give you more flexibility and help you pay less interest over the life of the loan

### 5

#### **The lender's eligibility criteria**

Getting rejected on your home loan application can damage your credit score, making it harder to get approved in the future

## WHAT IS LENDER'S MORTGAGE INSURANCE (LMI)?

LMI is a one-off insurance premium you generally have to pay if you want to borrow more than 80% of a property's purchase price (i.e. you put down less than a 20% deposit).

This is because borrowers with a loan-to-value ratio (LVR) greater than 80% are generally considered to be riskier for lenders.

But while you pay the premium, LMI protects the lender, not you.

If you default on your mortgage, and the lender seizes and sells your home, and the sale proceeds are less than the outstanding value of the mortgage, the lender can claim on the LMI policy to cover the difference.



## WHAT IS A PRE-APPROVAL? AND SHOULD YOU GET ONE?

A home loan pre-approval is when a lender conditionally approves your mortgage application based on an initial assessment of your finances.

While a pre-approval is not a guarantee that you will ultimately get formal approval, it can:

- Give you a good idea of your budget
- Show vendors you're a serious buyer
- Speed up the home loan process

As a result, it's a good idea to get a pre-approval before you start looking for your dream home.

Some lenders claim to offer pre-approvals within 1 hour, these are generally computer generated and have not had a real credit officer assess your application. Your broker can inform you which lenders offer fully assessed pre-approvals.



**It's worth remembering that there are government schemes that will let you buy a property with an ultra-low deposit without having to pay LMI.**

**That includes the First Home Guarantee and Regional First Home Buyer Guarantee (5% deposit) and Family Home Guarantee and Shared Equity Home Buyer Help (2% deposit).**



# RATE VS RATE

## VARIABLE RATE, FIXED RATE OR SPLIT RATE

One of the first decisions you'll need to make when choosing a mortgage is the interest rate type, which can be fixed, variable or split.

A fixed-rate home loan lets you lock in an interest rate for a set timeframe – typically between one and five years. This means your monthly repayments won't change, regardless of any rate changes in the wider market. After the fixed term expires, the loan reverts to the lender's standard variable rate – unless you refinance your home loan.

By contrast, a variable-rate home loan has an interest rate that can rise or fall depending on wider market movements. This means your repayments will also go up or down in line with your interest rate changes.

You can also choose to have a split-rate loan. This is when you assign a proportion of the loan as fixed and the rest as variable.

## WHAT IS AN OFFSET ACCOUNT? WHAT IS A REDRAW FACILITY?

A mortgage offset account is a transaction account linked to your home loan account that can help you pay less interest on your home loan. That's because the money you save in the account is offset daily against your loan balance.

A redraw facility lets you reduce your interest bill in the same way. However, it isn't a separate account, but a feature that sits inside your home loan.

This feature lets you make extra repayments on your mortgage, which reduces your principal. You can then access these additional repayments in the future, should you subsequently need the money.



### Meet Emma

Emma has a loan of \$400,000. She also has an offset account containing \$50,000. The \$50,000 in this account is offset against her \$400,000 loan balance which results in Emma only being charged interest on \$350,000.



Commonwealth Bank



# 30+

Betterlend has access to the best rates from over 30 lenders with hundreds of products available

## WHAT IS A PROPERTY VALUATION? AND WHY DOES IT MATTER?

When you apply for a home loan, the lender wants to know how much the property you want to buy is worth. This is so they can be confident that the property is valuable enough to secure your loan against.

During a valuation, an independent assessor will look at several factors, including comparable sales and market data, to determine the value of a property. The lender then uses this valuation to calculate the loan-to-value ratio (LVR) of your mortgage.

The reason a valuation matters is because lenders will use the valuation to decide whether to approve your loan – and, if so, how much to lend you.





# **STEP 4**

## **MAKING AN OFFER ON YOUR HOME**

# 4



## STRATA REPORT

When you buy a 'strata title' property, such as a unit or a townhouse, you don't just own your home; you also share ownership of the common areas of the strata complex.

These common areas will be managed through an owners' corporation, which will levy fees to pay for insurance, management, repairs and maintenance.

A strata report is a full review of the owners' corporation's financial and administrative records, so you can identify any potential problems before the deal goes through.



## BUILDING AND PEST INSPECTION

Buying your first home is expensive enough, without subsequently discovering you've ended up owning a property riddled with structural issues or pest infestations. While these problems can be hard to spot, they can be costly to fix – so ideally you want to identify them before you sign on the dotted line.

That's why, as part of your due diligence, it's generally a good idea to order a pre-purchase building and pest inspection.

During a building inspection, a qualified professional will examine all accessible areas of the property for structural defects, such as cracked walls, a leaking roof, or signs of movement.

In a pest inspection, the expert will check for termites, white ants, borers, and other pests.





## PRIVATE TREATY V AUCTION

When it comes to buying property in NSW, you generally have two choices: private treaty or auction.

If you buy a property through private treaty, you and the other bidders make private offers to the vendor (or their real estate agent). So, you never know how many buyers you're competing against or how much they're offering. If your offer is accepted, you have a five-day cooling-off period, which means you have five business days in which you can change your mind without financial or legal penalty.

If you buy a property through auction, you and the other buyers compete publicly, so you know how many buyers you're up against and how much they're offering. The property then gets sold to the highest bidder (assuming the highest bid exceeds the minimum reserve price). There's no cooling-off period with an auction. So if you're the highest bidder, you must pay the deposit and exchange contracts with the vendor on the spot. As a result, it's usually a good idea to have a home loan pre-approval in place before you start bidding.

# 5 DAYS

Length of cooling-off period when purchasing a property through a private treaty

## CONTRACT OF SALE

A contract of sale is a legally binding agreement between the seller and the buyer of a property. Generally negotiated through conveyancers or solicitors, the contract outlines all the details and conditions of the sale such as:

- The names of the vendor and purchaser
- The property address
- The deposit amount and due date
- The sale price
- The intended property settlement date
- Certificate of title information
- Whether the property will be vacant or have tenants
- Any exclusions from the sale
- Any inclusions, such as household fixtures, furnishings and chattels
- Any encumbrances
- Any other special conditions





# STEP 5

## GETTING READY TO SETTLE

# 5



## WHAT IS CONVEYANCING?

Conveyancing is the process of legally transferring ownership of a property from one party to another. While you can do your own conveyancing, most people use a licensed conveyancer or solicitor.

The conveyancing process in NSW includes:

- Examining the contract for sale
- Reviewing a strata inspection report (if the property is in a strata scheme)
- Exchanging the contract of sale
- Paying the deposit
- Arranging payment of stamp duties (if applicable)
- Preparing and examining the mortgage agreement
- Checking if there are outstanding arrears or land tax obligations
- Checking if swimming pool compliance documentation is needed
- Finding out if any government authority has a vested interest in the land or if any planned development could affect the property
- Calculating adjustments for council and water rates for the property settlement
- Overseeing the change of title with NSW Land Registry Services
- Completing any final checks prior to settlement
- Attending settlement



## SETTLEMENT PROCESS

Settlement is the process in which you become the legal owner of a property.

During the settlement period, you will typically:

- Conduct a pre-settlement or final inspection
- Check and sign the transfer documents
- Register the transfer of ownership
- Make the final payment to the seller

In NSW, settlement generally takes place six weeks after contracts are exchanged.

However, this is negotiable – you can negotiate shorter or longer settlement periods with the vendor.

Some vendors may want a shorter settlement – perhaps so they can use the sale proceeds to buy another property. Other vendors may want a longer settlement – perhaps so they have more time to find their next home.

If you're willing to be flexible around the length of settlement, you could potentially make yourself a more attractive buyer than the other people competing for the property, or even negotiate a discount.



**Learn more about  
Pools and pool safety**

## NEXT STEPS

Navigating the home buying process might still feel challenging after reading this guide. Luckily, you don't need to go it alone as we are here to assist you every step of the way.

To take the next step in your home buying journey, get in touch with us today. We look forward to hearing from you.

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**Book an appointment**  
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