



WA FIRST HOME BUYER'S GUIDE

GET IN TOUCH

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WELCOME!

Buying your first home is one of the most exciting milestones in life.

For many Western Australians, however, the process can seem overwhelming. Understanding deposits, government grants, lender requirements and the property buying process can be confusing without the right guidance.

This guide has been designed to help first home buyers understand exactly what is involved in purchasing their first property and what assistance may be available. Whether you are looking to purchase an established home, build a new home or buy a house and land package, this guide will provide a practical roadmap to help you take the next step with confidence.

About Capital Lending Co

At Capital Lending Co, we specialise in helping first home buyers achieve their property goals. With access to a broad panel of lenders and extensive experience across residential and construction lending, we provide tailored solutions based on your personal circumstances and objectives.

Our role is to simplify the process, explain your options clearly and guide you from your first enquiry through to settlement and beyond.

Talk To Us

Our team works closely with clients to ensure they understand their options and secure a loan structure suited to their needs, from your first conversation right through to keys in hand.

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THE FIRST HOME BUYER ROADMAP

Simple steps to guide you from planning through to settlement:

- ✓ **Understand Your Budget**
- ✓ **Save Your Deposit**
- ✓ **Explore Government Assistance**
- ✓ **Obtain Pre-Approval**
- ✓ **Find Your Property**
- ✓ **Sign Your Contract**
- ✓ **Formal Loan Approval**
- ✓ **Settlement**
- ✓ **Collect Your Keys**
- ✓ **Enjoy Your New Home**



HOW MUCH DEPOSIT DO I NEED?

One of the biggest myths in Australia is that you need a 20% deposit to buy a home. The reality is there are several pathways available depending on your circumstances. Typical options include:

- 2% Deposit – Keystart
- 2% Deposit – Keystart Urban Connect Shared Equity
- 2% Deposit – Help to Buy Shared Equity Scheme
- 5% Deposit – Home Guarantee Scheme
- Family Guarantee
- Standard Home Loan
- Construction Loans with FHOG assistance

The right option depends on your income, savings, credit history and the type of property you are purchasing.

REPAYMENTS DURING CONSTRUCTION?

If you are building, your loan is generally drawn down in stages rather than all at once. Most lenders only charge interest on the funds that have been drawn at each stage — not on the full approved loan amount. This means your repayments start low and gradually increase as each building stage (slab, frame, lock-up, fixing and completion) is completed and paid to your builder.

Once the final stage is complete and the keys are handed over, the loan reverts to a standard principal and interest loan calculated on the full balance. A detailed worked example is provided later in this guide in the Construction Finance Guide.

UNDERSTANDING BORROWING CAPACITY

Borrowing capacity is the amount a lender may be prepared to lend based on your financial situation. Lenders assess income, existing debts, living expenses, credit history, number of dependants, employment stability and savings history. Every lender assesses applications differently, which is why obtaining professional advice is important.

What Reduces Borrowing Capacity?

Many buyers are surprised by what impacts borrowing power, including:

- Credit cards
- HELP debt
- Buy Now Pay Later accounts
- Tax debt



- Car loans
- Existing guarantees
- Personal loans
- High living expenses

Reducing unnecessary debt before applying for finance can significantly improve your borrowing capacity.

Genuine Savings

Many lenders require evidence of genuine savings, such as regular savings over time, funds held in a savings account, term deposits, shares, inheritance funds, or (with some lenders) rental history. Different lenders have different requirements.

Family Guarantee Options

A family guarantee allows an eligible family member, usually a parent, to use equity in their property to help secure your home loan. Potential benefits include reduced deposit requirements, no Lenders Mortgage Insurance, and earlier entry into the property market. Independent legal advice may be required.

PRE-APPROVAL, LETTER OF ELIGIBILITY & CREDIT

A home loan pre-approval gives you an indication of how much you may be able to borrow before you begin shopping for property. Benefits include understanding your budget, confidence when making offers, identifying issues early, and an improved negotiating position. Pre-approval is one of the most important steps for first home buyers.

Letter of Eligibility (LOE) for Builders

If you are building, most builders will accept a Letter of Eligibility rather than requiring a fully assessed pre-approval before you sign a building contract. A Letter of Eligibility is a letter from Capital Lending Co outlining the amount you may be eligible to borrow, based on the information available at the time. It helps you set a realistic land and build budget before committing to contracts. It is not a formal approval or a commitment to lend — it remains subject to lender assessment, verification, valuation and policy, and may change if your circumstances change.

Why Pre-Approval Timing Matters for House & Land

A formal pre-approval typically only lasts around 90 days before it lapses and needs to be refreshed. However, if you are purchasing land that is not yet titled, it can take several months for subdivision and titling to be finalised before land settlement can occur. This means a standard pre-approval can lapse well before you are ready to settle. For this reason, many buyers rely on a Letter of Eligibility to guide their budget while waiting on titles, and then obtain (or refresh) formal pre-approval closer to the actual settlement or construction start date.

Credit Scores & Equifax

A credit score is a number that summarises your credit history. In Australia, scores are produced by credit reporting bodies such as Equifax, one of Australia's main credit reporting bodies, which holds credit reports



that lenders may check when assessing an application. Equifax scores range from 0 to 1,200 — generally, higher is better. You can request a free copy of your credit report every 3 months.

What can influence a credit score: repayment history (on time or late), recent credit applications and enquiries, defaults and overdue accounts, credit cards and limits (including Buy Now Pay Later), the number of credit accounts held, and the length of your credit history.

Don't

- Change jobs
- Buy a car or other assets
- Spend your deposit
- Spend excessively
- Apply with several lenders at once
- Assume a good score means approval

Do

- Check your credit report and fix any errors
- Pay bills, cards and repayments on time
- Talk to us before applying for any credit

Important

A Letter of Eligibility, a pre-approval or a good credit score does not mean finance has been formally approved. Capital Lending Co assesses your circumstances, and any lending outcome remains subject to lender assessment, policy, verification and approval.

TYPES OF HOME LOANS AVAILABLE

Variable Rate Home Loans

- Flexible repayments
- Additional repayments
- Offset accounts
- Redraw facilities

Considerations: repayments may increase if interest rates rise.

Fixed Rate Home Loans

- Repayment certainty
- Protection from interest rate increases

Considerations: reduced flexibility and break costs apply.

Offset Accounts

An offset account can help reduce the amount of interest charged on your home loan and potentially save thousands over the life of the loan.



CONSTRUCTION FINANCE GUIDE

The construction finance process and what you can expect along the way.

- 1. Get Letter of Eligibility and your finance run** — Before house-and-land hunting begins, get your finance assessed for a Letter of Eligibility or pre-approval so you know your borrowing capacity and can move quickly once you find the right package.
- 2. Choose land and sign contracts** — You select your land and building contract — a contract of sale for the land (if not already owned) and a fixed-price HIA building contract with council-approved plans and specifications.
- 3. Formal loan application** — The full application is submitted with your signed contracts, plans and supporting documents, including an "as-if-complete" valuation which values the property as though construction is already finished.
- 4. Conditional and Unconditional/Formal approval** — Conditional Approval means conditions remain (e.g. titles, paperwork). Unconditional/Formal is a fully approved loan; the lender then issues formal loan documents for you to sign.
- 5. Land settlement** — Your deposit goes into the Settlement agent's or Bank's Trust account (not your own account), the land loan is drawn, and land settlement is completed.
- 6. Construction & progress payments** — As building proceeds, the lender releases funds directly to your builder at each verified milestone: slab, frame, lock-up, fixing and completion. You generally only pay interest on funds drawn so far.
- 7. Final inspection & handover** — Once the final stage is complete and the lender's requirements are satisfied, the last payment is released, and you receive the keys. Your construction loan then typically reverts to a standard principal-and-interest home loan.

Worked Repayment Example: \$400,000 Land + \$450,000 Build

The table below illustrates how funds are typically drawn down and how interest-only repayments build up during a construction loan for an \$850,000 total package (\$400,000 land + \$450,000 build), using an example rate of 6.00% p.a. Actual draw percentages, timing and rates vary by lender and builder — this example is for illustration only.



Stage	Amount Drawn	Running Balance	Approx. Interest-Only Repayment*
Land settlement	\$400,000	\$400,000	\$2,000 / month
Slab (15%)	\$67,500	\$467,500	\$2,338 / month
Frame (20%)	\$90,000	\$557,500	\$2,788 / month
Lock-up (35%)	\$157,500	\$715,000	\$3,575 / month
Fixing (20%)	\$90,000	\$805,000	\$4,025 / month
Completion (10%)	\$45,000	\$850,000	\$4,250 / month

**Illustrative interest-only figures at an example rate of 6.00% p.a. Once construction is complete, the loan typically reverts to standard principal & interest repayments — approximately \$5,096 / month on the full \$850,000 balance over a 30-year term at the same example rate. This is general information only, not a loan quote — contact us for a personalised assessment.*

DOCUMENTS YOU'LL NEED

A quick reference guide to the documents we typically need to assess your loan application — your broker will confirm exactly what's needed for your loan.

1. Identification (100-Point ID Check)

Primary

- ☐ Current passport
- ☐ Current driver's licence (photo)
- ☐ Full birth certificate
- ☐ Medicare card

Secondary

- ☐ Australian visa (if applicable)
- ☐ Concession or pension card
- ☐ Recent utility bill / rates notice

2. Essential Documents — Everyone

- ☐ Last 3 months' bank statements (all accounts)
- ☐ Last 3–6 months' loan / credit card statements
- ☐ Statement of assets and liabilities
- ☐ Evidence of savings history / deposit source
- ☐ Signed contract of sale (if purchasing)
- ☐ Signed building contract / plans (if constructing)
- ☐ Rates notice / mortgage statement (if refinancing)
- ☐ Centrelink or child support statements (if applicable)

3. PAYG / Employed Applicants

- ☐ Last 2 payslips (within 60 days)
- ☐ PAYG Payment Summary / income statement (myGov)
- ☐ Most recent ATO Notice of Assessment
- ☐ Last 1–2 years' tax returns (if bonuses/commission)
- ☐ Employment letter (position, salary, service)
- ☐ Evidence of other income (rental, dividends, etc.)

4. Self-Employed / Business Owners

- ☐ Last 2 years' personal & business tax returns
- ☐ Last 2 years' full financial statements (P&L, balance sheet)
- ☐ Last 4 quarters' BAS
- ☐ ABN and business registration details
- ☐ Accountant's details / letter confirming income
- ☐ Business bank statements (last 6 months)
- ☐ Trust deed / company or partnership financials (if applicable)

This checklist is a general guide only and does not constitute financial or lending advice. Document requirements vary by lender and individual circumstances — please contact us directly to confirm exactly what applies to you.



GOVERNMENT ASSISTANCE: FIRST HOMEOWNER GRANT

\$10,000 Grant amount	New homes Build / house & land / new build purchase	12 months To lodge after completion	18+ Applicant age & residency rules apply
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Eligible first home buyers in Western Australia may receive a \$10,000 First Home Owner Grant (FHOG) when purchasing or building a new home. The grant may assist with building a new home, house and land packages, or purchasing an eligible newly built property. Eligibility criteria and occupancy requirements apply.

Key Eligibility Requirements

- No applicant (or their spouse/de facto partner) has previously received a first home owner grant or rate of duty concession in any Australian State or Territory.
- No applicant owned residential property anywhere in Australia before 1 July 2000, and stricter occupancy-based tests apply to property owned after that date.
- Each applicant is a natural person, at least 18 years of age, and at least one applicant is an Australian citizen or permanent resident.
- All applicants must occupy the home as their principal place of residence for a continuous period of at least 6 months, commencing within 12 months of completion of the transaction.
- The contract for the purchase or build must be signed by all parties (or, for owner-builders, construction/foundations must have commenced).

Applying for the Grant

Applications are made using Form F-FHOG1, lodged with RevenueWA either directly or through an Approved Agent (such as your lender), within 12 months of completion of the eligible transaction. Supporting documents typically include proof of identity, the signed contract of sale or building contract, and evidence of progress payments or settlement. Providing false or misleading information is an offence and may result in penalties of up to \$20,000 and repayment of the grant.



KEYSTART HOME LOANS

Keystart is a Western Australian Government initiative designed to help eligible buyers enter the property market sooner.

Benefits May Include

- Deposits from as little as 2%
- No Lenders Mortgage Insurance (LMI)
- Lower upfront costs
- Suitable for many first home buyers
- Available for eligible established homes and new builds

Income limits and property value limits apply. Keystart can be an excellent option for buyers who have stable employment but have not yet saved a large deposit.

Home Guarantee Scheme

The Federal Government Home Guarantee Scheme may allow eligible buyers to purchase a property with only a 5% deposit without paying Lenders Mortgage Insurance, through participating lenders — offering faster entry into the property market. Eligibility requirements apply.

Transfer Duty (Stamp Duty) Concessions

Many first home buyers in WA may qualify for reduced transfer duty or exemptions depending on property value, property type and individual eligibility — this can result in significant savings.

Home Buyers Assistance Account

Eligible first home buyers may receive assistance towards settlement agent and legal costs associated with purchasing their property.



KEYSTART URBAN CONNECT SHARED EQUITY HOME LOAN

A WA Government & Keystart shared equity scheme that helps eligible Western Australians buy a new apartment, townhouse, villa or unit sooner, with a lower deposit and no lender's mortgage insurance.

2% Minimum deposit	Up to \$250,000 Govt equity contribution	Up to \$800,000 Property price cap	\$0 Lender's mortgage insurance
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The WA Housing Authority co-owns a share of your property alongside you, contributing up to 35% or \$250,000 (whichever is lower) toward the purchase price. You can buy back its share over time, or sell the property and split proceeds proportionately.

Key Features

- Low 2% deposit (or \$2,000, whichever is greater)
- No lender's mortgage insurance (LMI)
- No monthly account-keeping fees
- Additional repayments allowed
- FHOG can go toward deposit if building, where eligible

Eligible Properties

- New, under-construction or off-the-plan apartment, townhouse, villa or unit
- New build on green title land (300m² metro / 500m² regional)
- New build on survey strata title (no land size limit)
- Owner-occupier purchases only

Household Type	Maximum Annual Income	Property Price Cap
Single	\$128,000	\$800,000
Couple / family	\$197,000	\$800,000

Figures current as at the April 2026 Keystart product update — subject to change; always confirm live rates, income limits and price caps with us before relying on them.



HELP TO BUY SHARED EQUITY HOME LOAN

An Australian Government shared equity scheme that helps eligible Western Australians buy a new or existing home sooner, with a lower deposit and no lender's mortgage insurance.

2% Minimum deposit	Up to 40% Govt equity contribution	Up to \$850,000 Property price cap (Perth)	\$0 Lender's mortgage insurance
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The Australian Government (through Housing Australia) co-owns a share of your property, contributing up to 30% for an existing home or up to 40% for a newly built home. WA joined the scheme after enabling legislation in December 2025, opening around 1,100 places to eligible WA households.

Key Features

- Low 2% deposit
- No lender's mortgage insurance (LMI)
- Principal & interest repayments over up to 30 years
- Voluntary extra repayments allowed to buy back equity

Eligible Properties

- New or existing house, townhouse, apartment, unit or duplex
- Vacant land for a new build with a signed builder contract
- Must be within the property price cap for your postcode
- Owner-occupier purchases only

Household Type	Maximum Annual Income	Property Price Cap
Single	\$103,000	\$850,000 (Perth) / \$600,000 (regional)
Couple / single parent	\$165,000	\$850,000 (Perth) / \$600,000 (regional)

Figures current as at September 2026 based on Housing Australia's published guidance — subject to change; always confirm live rates, income limits and price caps with us before relying on them.





Purchasing your first home is a significant achievement.
With the right preparation, professional guidance and understanding of the process,
home ownership may be closer than you think. Call us for more free information and advise.

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