

information sheet

Keystart Home Loan Schemes

Keystart is a section of the Department of Housing and Works that assists people into affordable home ownership. Keystart provides low deposit, low cost loans to all West Australians wanting to buy a home to live in and who meet certain criteria. So far, more than 56,000 homes around the state have been purchased using a Keystart loan. Over 70% of Keystart's customers are first homebuyers. The loan is not limited to first homebuyers; it can assist all homebuyers whether it is a second home purchase or subsequent home purchase.

The loan is for assistance with a home purchase from anywhere in the state. It can also be used to assist in the purchase a block of land that is intended for a home, as long as building commences within 12 months.

Keystart does not require the usual 5% deposit that most banking institutions require. For a Keystart loan the deposit required is 2% of the property purchase price or \$2000, whichever is the greater if the purchase of a property is for \$250 000 or less. Purchases above \$250,000 require a larger deposit.

For first homebuyers, the First Home Owners Scheme allows access to a \$7000 grant. This grant may be used to cover the deposit and loan fees of a Keystart loan. The balance of the grant may be used for other purposes.

There is assistance with fees if the home purchaser is ineligible for a grant through the First Home Owners Scheme. Up to \$2000 is available, as long as the total borrowed does not

exceed the amount for which their assessed income makes them ineligible. It is not available for land purchase only. In addition, a Stamp Duty exemption is available for first homebuyers of established properties up to \$250, 000.

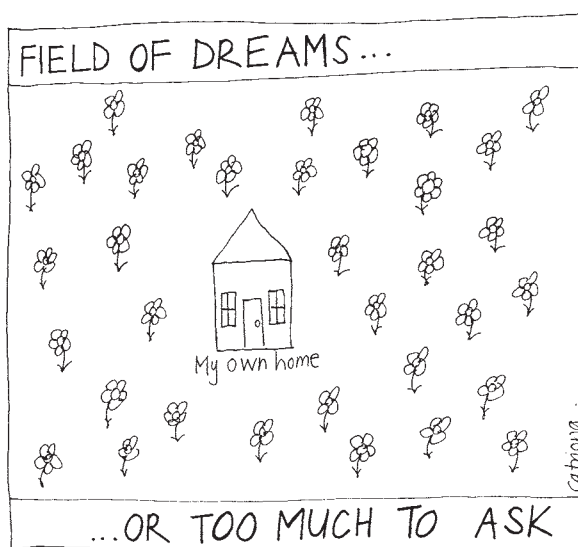
The maximum size of a Keystart loan available to a home buyer is determined by their level of income and any other commitments they may have. Keystart is more flexible than traditional

financial institutions, particularly when it comes to assessing income. People in part-time or casual employment, and those whose income is in the form of a regular commission can be assessed.

The maximum assessable income is \$170,000 per household. The standard term of the loan is 25 years (30 years may be available). The interest rate is variable, currently 7.24% p.a.

Borrowers can request a Rate Cap to ensure the interest rate on the loan does not rise more than a total of 1% during the capped period, usually 3 years. The added benefit of the Rate Cap is if interest rates decrease over the nominated period, the loan rate will decrease as well, unlike a standard fixed loan.

Another incentive is the Keystart Greensmart Home Loan, whereby a loan increase of up to \$1000 is available if in building a house it meets certain specific environmental sustainability criteria, for example, energy management. It is available for new, first or subsequent home buyers.



Keystart loans allow borrowers to contribute extra payments, and then withdraw them if necessary at a later date, without cost, at a minimum of \$1,000 at a time. There is an option of consolidating other loans, and with equity in the home, the loan facility may be increased, subject to eligibility.

If the home buyer's financial position takes a turn for the worse after a Keystart loan has been issued, there is a safety net scheme in place to avoid the loss of their home. It protects borrowers against unforeseen circumstances such as unemployment, sickness and separation. It may include reducing payments to a more manageable amount, or ceasing them for a short period of time or it could lead to a shared equity in your home to reduce the burden.

In addition to the generic loan, Keystart has several home loans aimed at people with specific needs. They are:

1. **Aboriginal Home Ownership Scheme:** Helping Aboriginals and Torres Strait Islanders make the transition from renting to home ownership.
2. **Restart Home Loans:** Helping families with short term income loss through temporary unemployment or retrenchment.
3. **Access Home Loans:** Helping people with disabilities to buy their own home or modify an existing private home so as to maintain independence.
4. **GoodStart Shared Equity Loan Scheme:** Shared equity loan scheme for Homeswest tenants and applicants.
5. **Sole Parent Family Home Loan Assistance:** Helps sole parents and their kids stay in the family home following a relationship breakdown or a partner dies.

Aboriginal Home Ownership Scheme

This scheme is designed to help Indigenous people buy or build a home in Western Australia. Two types of loans are available: A Shared Equity Loan for people on low incomes, and a Low Deposit Loan for people on higher incomes who are over the standard income limits.

In a Shared Equity Loan, the Department of Housing and Works helps to purchase the home, buying up to 30% share, and it will sell back this portion when the buyer is in a position to do so. The minimum deposit required is \$1000, and the deposit and loan need only cover 70% of the purchase value.

The Low Deposit Loan requires a minimum deposit of \$2000. If a buyer is not eligible for the Government First Home Owner Grant, they may be eligible for a grant of \$3000 that does not have to be paid back. It is provided to cover fees and one-off charges, for example, loan establishment fees, stamp duty and settlement costs. The property price limit is \$400,000 for eligible clients. The interest rate is variable.

Applicants need to have written confirmation from a recognised Aboriginal and Torres Strait Islander organisation to qualify.

Restart Loan Scheme

This loan is available where income loss through temporary unemployment or retrenchment is a problem. It is a short term assistance loan to enable borrowers to regain financial independence and keep the family home through the refinancing of the current housing loan in to a Restart "reduced repayment" loan for a period of up to 2 years.

Applicants must have no less than 20% equity in their home. Documentation must be provided as evidence of intended loan termination; for example, a notice of demand or a notice to vacate. An unavoidable change of circumstances must be demonstrated, and applicants must have had consistent employment during the 6 months before the change in financial circumstances.

Other eligibility criteria include:

- Satisfactory credit history
- Evidence of a job search and training plan
- No other loan managed or financed through a State Government Housing Loan Scheme such as Keystart, the Country Housing Authority or the Homeswest Loan Scheme Trust
- Not own other property or land

The loan has deferred interest payments for up to two years, and the establishment fees are capitalised to the loan. The loan repayments are "interest only" and will be based on 25% of gross income. Repayments are made by direct debit.

If after 2 years the borrower cannot support a standard Keystart loan, Keystart will:

- Take possession and sell the property
- Add unpaid interest, credit fees and other costs to the outstanding loan balance
- Discharge the loan

It is essential that applicants obtain independent legal and financial advice before applying for the scheme.

Access Home Loans

This loan is specifically available to people with disabilities who wish to own a home. The scheme recognizes that a potential homebuyer with a disability often needs a home fitted out with features and modifications which can often be costly. A disability may also make it more difficult to earn enough money to buy a new home, or, in some cases, people who are buying a home suddenly become disabled, lose their income, and can no longer afford their home loan.

If the applicant with a disability (or their carer if they have one) can afford to pay 70% or more of the property's price, the Department of Housing and Works makes up the difference.

The Department owns up to 30% of the home, which can be bought by the borrower at a later date. Buyers need a deposit of \$2000 or 2%, whichever is the greater. There is a Safetynet in the event of job loss, or the loss of a partner or carer.

An Access Loan can also be used to modify an existing owner-occupied home. Loans from between \$5000 to \$50,000 can be accessed for home improvements, for example widening doorways and bathroom alterations.

When family income is suddenly reduced through disability, an Access Loan can be used to refinance the existing mortgage. To apply for refinancing, applicants must not exceed Keystart income limits.

Repayments never take up more than 27% of gross income, and the interest rate is variable. In addition, a cash assistance grant is available up to \$3000 for eligible applicants for use in payment of one-off charges such as establishment fees, stamp duty and settlement costs. The property price limit under the Access Loan is \$400,000.

Income Limits

To be eligible for an AHOS Shared Equity Loan, a GoodStart loan or Sole Parent Family Home Loan Assistance, the combined gross weekly income of applicants, their partners and any co-applicants must not exceed the following limits:

Weekly Income					Weekly income for people with a disability			
No. of persons in household	Metro & Country		Northwest Remote		Metro & Country		Northwest Remote	
	Single income	Dual income	Single income	Dual income	Single income	Dual income	Single income	Dual income
1 Person	425	-	550	-	490	-	690	-
2 Persons	520	600	740	850	650	750	920	1060
3 Persons	630	720	880	1010	780	900	1100	1280
4 Persons	730	840	1030	1190	920	1050	1290	1480

For households with more than 4 people, add \$110 for each person after the fourth. For households with a family member with a disability, add \$130.

District allowances do not form part of the income. Income limits are reviewed annually.

If the homebuyer's income is above the limits, or if the homebuyer does not require the department to assist with buying part of the value of the property, then the low deposit loan may be the appropriate lending facility to use.

GoodStart Shared Equity Loan Scheme

This loan scheme is designed to provide an affordable process for Homeswest tenants to purchase 70 to 100% of the property they are currently renting. Alternatively, if an applicant is on a Homeswest rental waiting list or eligible to apply for listing, then it is possible to purchase 70% or more in an ex-rental Homeswest home in selected areas. The majority of these properties are in the Department of Housing and Works new living areas and have been fully refurbished.

A GoodStart loan requires a deposit of \$2000 or 2%, whichever is greater, and standard fees and charges apply. Applicants who are eligible for the First Home Owners' Grant may use these funds to cover required deposit and fees, with the balance paid into the loan account.

For non-first homebuyers, up to \$2000 of fee assistance can be capitalised to the loan, to assist with the purchase costs. Other eligibility criteria include:

- over 18 years of age
- not have any debts owing to Homeswest or Keystart
- have a satisfactory rental and credit history
- be able to demonstrate the capacity to make repayments
- not own or part-own another property or land in Australia
- not be currently bankrupt or discharged from bankruptcy
- not exceed the income limits

Sole Parent Family Home Loan Assistance

This loan scheme offers an opportunity for applicants to purchase the family home following a relationship breakdown or loss of a partner, resulting in a loss of income and inability to service the current home loan. The family can stay in the home, rather than be forced to sell it and then having to move.

The Department of Housing and Works purchases equity in the home up to 30% of the value of the property, at no fee. Later if circumstances change, and if income increases or if the applicant repartners, Keystart would require the applicant to purchase back this equity.

To be eligible, applicants must:

- receive a single parent pension
- be the custodial parent of at least one child aged 10 years or less at the date of application
- have income reduced indefinitely as a result of relationship breakdown or bereavement
- no longer afford the loan repayments for the home
- income that is now below Homeswest rental eligibility levels (see income table)
- be an Australian citizen or resident
- buy a home in Western Australia

Contact Details

Keystart

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Aboriginal Home Ownership Scheme

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Restart Loan Scheme

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Toll Free: 1300 366 055
Email: Restart@dhw.wa.gov.au

Access Home Loans

Phone: (08) 9429 4000
Freecall: 1800 093 325

GoodStart Shared Equity Loan Scheme

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Sole Parent Family Home Loan Assistance

Freecall: 1800 093 325