



Australian Government



Help to Buy Scheme Repayment Guide

Repaying the Commonwealth Equity Share

Overview

The Help to Buy Scheme supports eligible home buyers to purchase a home by providing a Commonwealth contribution towards the purchase price of a property in exchange for an equity share. A key objective of the Scheme is to help participants build their ownership over time and, where their circumstances allow, progressively transition towards full home ownership by purchasing the Commonwealth share.

In this guide, a “repayment” means buying back part or all of the Commonwealth’s equity share in your home. When you make a repayment, your ownership percentage increases and the Commonwealth’s ownership percentage decreases. The amount required for a repayment is based on the Commonwealth Share Percentage and the property’s current market value at the time of the buyback, rather than the original amount contributed by the Commonwealth.

Making repayments when you are financially able can increase your share of any future growth in the property’s value, build equity and home security through home ownership.

This Guide explains



- How the Commonwealth equity share works
- How repayment amounts are calculated
- Minimum repayment requirements
- Voluntary and required repayments
- Ways to fund and request a repayment



Refer to the Help to Buy Customer Guide for full eligibility criteria.



Types of repayments

A repayment can occur as a result of:



Voluntary repayment

You may choose to buy back part or all of the Commonwealth's equity share by using your own savings, by increasing your home loan, or a combination of both.



Mandatory repayment following a financial capacity assessment

Housing Australia may ask you to engage with your lender if:

- a periodic review identifies that your income exceeds the Scheme's income thresholds; or
- you notify Housing Australia of a change in your circumstances affecting your eligibility, or Housing Australia identifies that you may no longer meet the Scheme's eligibility requirements.

To complete the financial capacity test, you will need to provide information about your financial circumstances to your lender. Your lender will assess your financial capacity and provide this information to Housing Australia. Refer to section "How does my Lender assess financial capacity?" for more information.

If Housing Australia determines that you have the financial capacity to make a repayment, you may be required to repay part or all of the Commonwealth's equity share.

What does equity share mean?

Under the Help to Buy Scheme, you are the legal owner of your home and your name is recorded on the property title. The Commonwealth contributes part of the purchase price through an equity loan and, in return, holds an equity share in the property. This equity share represents the Commonwealth's proportional interest in the home's value based on its financial contribution.

Example: Commonwealth Equity Share at 20%

If you purchased a home for \$600,000 and the Commonwealth contributed \$120,000, the Commonwealth's equity share would be 20%. If the home is later worth \$700,000, the Commonwealth's 20% equity share would be worth \$140,000 ($20\% \times \$700,000$).

As your home's value changes over time, the value of the Commonwealth's equity share will also change. You may choose, or in some circumstances be required, to buy back part or all of the Commonwealth's equity share. Each repayment increases your ownership interest in the property and reduces the Commonwealth's share. Over time, this can help you build greater equity in your home and work towards full ownership.

Example: Repayment of Equity Share

From the above example, if you made a 5% repayment ($5\% \times \$700,000 = \$35,000$), then the Commonwealth's equity share would be reduced from 20% to 15% and your equity share would increase from 80% to 85%.



Minimum repayment threshold

Any repayment of the Commonwealth's equity share must be at least 5% of the property's current market value, unless the Commonwealth's remaining equity share is less than 5%, in which case the remaining share may be repaid in full.

A current property valuation will be required to determine the property's market value and calculate the minimum repayment amount. If you are funding the repayment yourself, you will generally be responsible for the cost of any required valuation. Where your participating lender is involved, Housing Australia may be able to rely on the lender's valuation instead.

The amount required to repay the Commonwealth's equity share is based on the property's current market value at the time of the buyback and is not based on the dollar amount originally contributed by the Commonwealth when you purchased the property (refer to "How is my repayment amount calculated" section below). As a result, the dollar value of the Commonwealth's share may increase or decrease over time in line with changes in the property's value. If the property's value has increased, the amount required to buy back the Commonwealth's share will generally be higher. If the property's value has decreased, the amount required will generally be lower. This reflects the Commonwealth's equity interest in the property and means it shares in both increases and decreases in the property's value.

How is a repayment amount calculated?

A current valuation of the property is always required before a repayment can occur.

The repayment amount is based on:

- The property's current market value, and
- The Commonwealth's current equity share percentage.

Importantly, the repayment amount is not based on the dollar amount originally contributed by the Commonwealth when you purchased the property. Instead, the Commonwealth's share rises or falls in line with the property's current market value.

If your property's value falls because of market conditions, the Commonwealth's share may reduce in line with that change. However, if the property loses value due to damage, poor maintenance, unauthorised works, or a breach of your responsibilities under the scheme, the Commonwealth's share will not be reduced. Instead, the Commonwealth Share Percentage may be increased to maintain the dollar value of the Commonwealth's equity share.



$$\text{Current Property Value} \times \text{Commonwealth Equity \%} = \text{Current \$ Value of Commonwealth Share}$$

Example 1: Calculating the Commonwealth's current share

Current property value	\$800,000
Commonwealth share percentage	30%
Current value of Commonwealth share	\$240,000

The minimum repayment threshold is generally 5% of the property's current market value:

Current property value	\$800,000
Minimum repayment threshold (5%)	\$40,000

Example 2: Property value has increased

Purchase price	\$600,000
Commonwealth share percentage	30%
Original Commonwealth contribution	\$180,000
Current property value	\$800,000
Current value of Commonwealth share	\$240,000
Minimum repayment threshold (5%)	\$40,000

Example 3: Property value has decreased

Purchase price	\$600,000
Commonwealth share percentage	30%
Original Commonwealth contribution	\$180,000
Current property value (due to a fall in property value)	\$500,000
Current value of Commonwealth share	\$150,000
Minimum repayment threshold (5%)	\$25,000

Example 4: Property value has decreased due to a breach in obligations

Purchase price	\$600,000
Commonwealth share percentage	30%
Original Commonwealth contribution	\$180,000
Current property value (due to breach of obligations)	\$500,000
Current value of Commonwealth share	\$180,000
New Commonwealth share percentage	36%

Voluntary repayments

Ways to fund a repayment

There are several ways you may fund a repayment of the Commonwealth's equity share. Depending on your circumstances, you can use your own funds, increase your home loan, or use a combination of both.

You can fund a voluntary repayment using your savings, by increasing your home loan, or through a combination of both. Before making a decision, we recommend seeking independent financial advice to help you understand the financial implications and choose the option that is right for you.



Option 1: Use your own funds

You may choose to fund a repayment using money you already have available, including:

- Personal savings
- An inheritance
- Proceeds from investments or the sale of assets
- Other available funds

Benefits

- No increase to your home loan repayments
- Immediate increase in your ownership of the property
- Greater share of any future growth in the property's value



Option 2: Increase your home loan

As your income and financial circumstances improve over time, you may be able to increase or refinance your existing home loan to fund a repayment.

Your lender will assess factors such as:

- Your income and employment circumstances
- Existing loans and other financial commitments
- Living expenses
- Overall loan affordability
- The current value of the property

Benefits

- Allows you to increase your ownership without needing significant cash savings
- May help you move more quickly towards full home ownership
- Enables you to fund larger repayments than may be possible using savings alone



Option 3: Use a combination of savings and borrowing

Many participants choose to fund a repayment using a combination of personal funds and additional borrowing.

This approach can help balance the use of available savings while limiting the amount that needs to be added to your home loan.

Example: If the repayment amount is \$100,000, you might fund it through:

- \$40,000 from your savings
- \$60,000 through an increase to your home loan

This approach can reduce the impact on both your savings and your monthly mortgage repayments.

When should you consider repaying the Commonwealth Share?

A key objective of the Help to Buy Scheme is to support you to, where possible, achieve full ownership. Buying back part of the Commonwealth's equity share increases your ownership percentage and reduces the Commonwealth's interest in the property. As your ownership share grows, you benefit from a larger share of any future increase in the property's value, helping you build equity.

The right time to consider a repayment will depend on your personal circumstances and financial goals. You may wish to consider a repayment if:

- Your income has increased, such as through a promotion, moving to a higher-paying role, or returning to full-time work.
- You have built up savings beyond your emergency fund.
- You receive a lump sum payment, such as an inheritance, bonus, investment proceeds or redundancy payment.
- Interest rates or lending conditions are favourable, potentially making additional borrowing more accessible.

If you are unsure whether a repayment is appropriate for your circumstances, you should seek independent financial advice and discuss your options with your lender or mortgage broker.

When might a repayment not be suitable?

Buying back the Commonwealth's equity share is not always the right option for every participant or at every stage of home ownership. While increasing your ownership can provide long-term benefits, the best approach will depend on your personal circumstances, life stage, financial goals and expected future income.

For example, a voluntary repayment that is suitable for a participant with stable employment and growing income may not be appropriate for someone who is planning to start a family, reduce their working hours, retire, return to study, or who expects significant changes to their financial circumstances in the near future.

You may wish to delay or reconsider a voluntary repayment if:

- You do not have sufficient savings remaining after the repayment to cover unexpected expenses or financial emergencies.
- Your employment or income is uncertain or expected to reduce in the near future.
- You have significant upcoming expenses, such as renovations, education costs, medical expenses or other major life events.
- You expect your future borrowing needs to change and want to preserve your financial flexibility.

You do not need to make a voluntary repayment if you cannot comfortably afford to do so. Voluntary repayments are optional, and you should only proceed if you are confident the repayment is appropriate for your financial circumstances.

How can I request to make a voluntary repayment?

To request a voluntary repayment of the Commonwealth's equity share, submit a repayment request through the Help to Buy portal. For step-by-step instructions on how to do this, please refer to the Help to Buy Portal Guide.

If a current valuation is not available, Housing Australia will arrange one to calculate the value of the Commonwealth's equity share. You will be responsible for the cost.

As part of your request, you will need to provide evidence of the source of funds for the repayment.

Housing Australia will assess your request and provide written confirmation of the repayment amount and requirements. Once the repayment has been received and processed, you will be notified that your Commonwealth Share Percentage has been updated.

When is a mandatory repayment required?

Periodic reviews by Housing Australia



Periodic reviews by Housing Australia

As part of the Help to Buy scheme, Housing Australia will conduct periodic reviews of your circumstances, at least every 5 years. We may also conduct a review sooner if required by changes to your circumstances, Scheme requirements, or other relevant factors.

These reviews help assess whether you are in a position to increase your equity ownership of the property by buying back part of the Commonwealth's equity share.

As part of a review, you will be required to:

- Provide your Notice of Assessments showing your taxable income for the most recent two financial years so that we can assess whether you are within the income thresholds.
- If you are over the income thresholds for two financial years, you will be required to visit your lender for them to conduct a financial capacity assessment.

A financial capacity assessment helps determine whether you have the financial ability to repay some of the Commonwealth's equity share while continuing to meet your existing mortgage and living expenses.

Exceeding the income threshold does not automatically mean you will be required to make a repayment. If you do not have the financial capacity to make a repayment, you will not be required to do so. Your lender will assess your circumstances and work with you to determine whether a repayment is affordable and appropriate.

The outcome of the assessment will indicate whether you are able to:

- Make a partial or full repayment of the Commonwealth share.
- Increase your mortgage or use your own savings or a combination of both to fund a repayment.
- Make no repayment.

If Housing Australia requires you to repay part or all of the Commonwealth share, you may have the right to seek an independent review of that decision. Details of any review rights will be provided to you with the decision.





How does my Lender assess financial capacity?

As part of the financial capacity assessment, you must provide complete and accurate information about your financial circumstances, including all income, expenses, assets and liabilities. This enables the lender to assess your overall financial position and determine whether you can afford to increase your ownership interest in the property while continuing to meet your existing mortgage repayments, day-to-day living expenses and other financial commitments.

While the lender undertakes the financial capacity assessment on Housing Australia's behalf, Housing Australia is responsible for making any decision to require a repayment of part or all of the Commonwealth share.

The assessment is intended to ensure that any repayment of the Commonwealth's equity share is affordable and sustainable and does not place you under financial stress. Participants are encouraged to maintain an appropriate level of savings or financial reserves to support unexpected expenses and ongoing financial stability. Where your circumstances have improved and you have the capacity to own a greater share of your home, increasing your ownership can help you benefit from a greater share of any future growth in the property's value.

Important: *Income above the threshold does not automatically trigger a repayment. If the financial capacity test shows that a repayment would not be affordable or could place you under financial stress, Housing Australia will not require you to make a repayment.*

Frequently asked questions

Can I repay more than the minimum threshold?

Yes. The minimum repayment threshold is generally 5% of the property's current market value, but you may choose to repay a larger amount if you wish, subject to any Scheme requirements and obtaining any required approvals.

Repayments do not need to be made in 5% increments. The 5% requirement is a minimum threshold only, meaning you can repay any amount above the minimum. For example, if your property's current market value is \$700,000, the minimum repayment amount would generally be \$35,000 (5% of \$700,000). However, you could choose to repay \$50,000, \$100,000, or any other amount that meets the Scheme requirements, including buying back the Commonwealth's entire remaining equity share.

A larger repayment will further reduce the Commonwealth's equity share and increase your ownership interest in the property. This may allow you to benefit from a greater share of any future growth in the property's value and potentially achieve full ownership sooner.

Will I be notified if the Commonwealth Share Percentage changes?

Yes. You can view your current Commonwealth Share Percentage at any time by logging into the Help to Buy Portal, where your dashboard displays the Commonwealth's equity share and details of any repayment history.

Housing Australia will also notify you via email whenever the Commonwealth Share Percentage changes. This may occur following a repayment, an approved adjustment for home improvements, or another event under the Scheme that results in a change to the Commonwealth's equity share. The notice will explain the reason for the change and confirm your updated Commonwealth Share Percentage.

Can I fully repay my home loan before repaying the Commonwealth equity loan?

No. An ongoing requirement of the Help to Buy Scheme is that you maintain an eligible home loan secured against the property. The Scheme is designed to operate alongside a home loan and the Commonwealth's equity contribution, rather than as a standalone government equity arrangement.

If you are in a position to repay your home loan in full, you will generally need to first repay the Commonwealth's equity share and bring the Commonwealth's interest in the property to an end. This means you cannot pay out your home loan and continue participating in the Scheme with only the Commonwealth's equity contribution remaining.

What happens if I sell my property?

If you sell your property, the Commonwealth's equity share must be repaid as part of the sale process. The amount repaid is based on the Commonwealth Share Percentage and the property's value at the time of sale, not the original contribution amount. After the home loan and Commonwealth share are repaid, any remaining sale proceeds belong to you.



Key things to remember

- Progressive repayments can help you build equity in your home more quickly, increasing your share of any future property value growth.
- A valuation is always required before a repayment. If you are looking to increase your home loan, your lender will usually do a valuation of your property. If you are paying back with your own funds without a change in your home loan, then you will be required to pay for a valuation report that Housing Australia arranges.
- The Commonwealth Share and buyback price is calculated using the current market value of the property, not the original purchase price.
- Participants do not need to wait until they can buy back the entire Commonwealth share if the minimum 5% repayment can be met.
- The Scheme's long-term aim is to support participants to gradually transition towards full ownership of their home.
- Valuations must be arranged by Housing Australia. Housing Australia will not accept a valuation that you commission.

Disclaimer

This Guide provides general information for participants in the Help to Buy Scheme. It is intended to help you understand your options, responsibilities and the processes that may apply during your participation in the Scheme. While Housing Australia has taken reasonable care in preparing this Guide, the information may not apply to your particular circumstances and does not constitute legal, financial, taxation, or other professional advice.

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