No Deposit? No Problem.

6 Ways to Buy With Less Than 5%

Guarantees, Grants, Gifted Deposits and More — How Australians Are Getting Into the Market

The low-deposit pathways available in Australia right now and how to combine them effectively

By the team at Loan Experts · 2026 Edition

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Saving a full 20% deposit in a rising market is genuinely difficult — but a 20% deposit is not the only way in. This guide covers the six main pathways Australians are using to buy with a much smaller deposit right now, what each one requires, and how several of them can be combined to reduce upfront cost even further.

Three Things Worth Knowing Upfront

No LMI Required

Government guarantees let eligible buyers skip LMI entirely on as little as 2-5%.

Can Be Combined

Several pathways stack together — e.g. guarantee + FHSS + state grant simultaneously.

Places Are Limited

Government guarantee scheme places are allocated each year and do run out.

No. 1

Way 1 — The First Home Guarantee

Buy with 5% deposit and pay no Lenders Mortgage Insurance

The First Home Guarantee lets eligible buyers purchase with as little as a 5% deposit, with the federal government guaranteeing the gap up to 20% — so you avoid Lenders Mortgage Insurance entirely. On a $700,000 purchase, LMI avoided can easily exceed $15,000, making this one of the most valuable low-deposit pathways available.

Places are allocated each financial year through participating lenders, and both new and established properties are eligible. Income caps apply — currently $125,000 for individuals and $200,000 for couples — and property price caps vary by location. A broker can confirm whether your target suburb and price point falls within the applicable cap before you start making offers.

- 5% minimum deposit with no LMI payable — a saving of up to $30,000+ on some purchases
- Available on both new and established properties
- Income cap: $125,000 for individuals, $200,000 for couples
- Places are limited — apply through a participating lender before they fill

EXPERT TIP

Guarantee scheme places are allocated per lender, not just per scheme — a broker with access to 80 lenders on the panel can identify which ones still have places available.

No. 2

Way 2 — The Family Home Guarantee

Buy with just 2% deposit — available to single parents and eligible guardians

The Family Home Guarantee is targeted at single parents and eligible legal guardians with at least one dependent child. It works like the First Home Guarantee but requires only a 2% deposit, with the government guaranteeing up to 18%, again avoiding LMI entirely. Importantly, it isn't restricted to first home buyers — previous owners who don't currently hold an interest in property are also eligible.

This makes it particularly valuable for parents re-entering the market after separation or divorce, who may have previously owned property but no longer do. The same income caps and regional property price caps that apply to the First Home Guarantee also apply here, and places are similarly limited each financial year.

- 2% minimum deposit with no LMI — one of the lowest deposit thresholds available
- Open to single parents and eligible guardians, not just first home buyers
- Previous home owners are eligible if they no longer hold an interest in property
- Limited places each year — confirm availability with a participating lender early

EXPERT TIP

If you've previously owned a home but no longer do, don't assume you're locked out of government schemes — the Family Home Guarantee specifically includes previous owners.

No. 3

Way 3 — Guarantor Loans

Borrow using a family member's existing equity as security

A guarantor loan allows a family member — typically a parent — to use the equity in their own property as additional security for your loan, removing the need for a large cash deposit and often avoiding LMI entirely. The guarantor doesn't hand over cash; they simply allow their property to be used as security for part of your borrowing.

The guarantee is typically limited to the portion of your loan above 80% of the purchase price (a 'limited guarantee'), so the guarantor's exposure is capped rather than covering the full loan. Once your property increases in value or you've paid enough of the loan to reach 80% LVR, the guarantee can usually be removed, releasing the guarantor's property.

- No cash deposit required from the buyer in many cases
- Guarantor uses their own equity — no cash changes hands
- Limited guarantee caps the guarantor's exposure to a defined portion of the loan
- Guarantee can be removed once LVR reaches 80% through repayment or growth

EXPERT TIP

The guarantor's property must have sufficient equity and the guarantor must independently service-qualify — a broker can model exactly how much equity is needed before you approach family.

No. 4

Way 4 — First Home Super Saver Scheme

Use voluntary super contributions to build your deposit faster

The First Home Super Saver Scheme (FHSS) lets you make voluntary contributions to your superannuation — above the compulsory employer amount — and later withdraw them, plus associated earnings, to put toward your first home deposit. Because super contributions are taxed at just 15%, the scheme lets you save more efficiently than saving in a standard bank account for many buyers.

You can access up to $50,000 in voluntary contributions under the scheme. The savings from the lower tax rate can be meaningful over 2-3 years of salary sacrificing, effectively giving your deposit a boost that a regular savings account can't match. You apply to the ATO for a determination before your funds are released.

Save $15k in bank account (after tax) **$15,000**

Save $15k via FHSS (lower tax, higher net) **~$18,500**

FHSS advantage on $15k contribution **+$3,500**

EXPERT TIP

Apply for your FHSS determination from the ATO well before you sign a contract — the release of funds can take several weeks and timing matters.

No. 5

Way 5 — Gifted Deposits From Family

Using a family gift as part or all of your deposit

Many lenders will accept a cash gift from a parent or close family member as part or all of your deposit, provided it meets their documentation requirements. This typically means a signed statutory declaration from the gift-giver confirming the funds are a genuine gift — not a loan requiring repayment — and evidence of where the funds came from.

Some lenders still require the borrower to contribute a minimum amount of 'genuine savings' (funds accumulated over time in the borrower's own name), particularly if the LVR is above 85-90%. Others have reduced or removed genuine savings requirements for well-qualified borrowers. A broker can identify which lenders suit your specific combination of gifted and saved funds.

- Gift must be from an immediate family member for most lenders
- A statutory declaration confirming no repayment is required is typically needed
- Some lenders still require a minimum genuine savings component above certain LVRs
- Gifted deposit + government guarantee can be combined in most cases

EXPERT TIP

Get the gift declaration prepared and the funds in your account well before you apply — lenders typically want to see the gift landed and sitting in your account for at least a short period.

No. 6

Way 6 — Lenders Mortgage Insurance

Paying a premium to borrow more, sooner

Lenders Mortgage Insurance (LMI) is a premium paid by the borrower that protects the lender if you default — but it also allows lenders to approve loans above 80% LVR that they otherwise wouldn't. Rather than being a pathway to avoid like the others in this guide, LMI is a deliberate tool some buyers use to enter the market sooner with a smaller deposit when no other low-deposit pathway applies to them.

The premium is calculated as a percentage of the loan amount and increases with LVR — a 90% LVR loan will attract a significantly higher LMI premium than an 85% LVR loan. The logic for using it anyway: if property prices are rising faster than you can save, paying a one-off LMI premium to enter the market now can still be cheaper than the capital growth you miss while continuing to save.

LMI at 85% LVR (est.) ~$6,000

LMI at 88% LVR (est.) ~$11,000

LMI at 90% LVR (est.) ~$16,000

LMI at 95% LVR (est.) ~$28,000

EXPERT TIP

LMI premiums vary between lenders and insurers — a broker can compare the actual premium across multiple lenders for your specific LVR and loan amount before you decide.

No. 7

Combining Ways — What You Can Stack

Multiple pathways that can work together in the same purchase

Several of these pathways can be combined in a single purchase, which is where the real power lies. A typical strong combination for a first home buyer might be: the First Home Guarantee (5% deposit, no LMI) + FHSS (withdrawing voluntary super contributions to fund that 5%) + state First Home Owner Grant + stamp duty concession — all applied to the same transaction.

Gifted deposits from family can typically be combined with a guarantee scheme, with the gift funding part or all of the required deposit. Guarantor loans can't generally be combined with government guarantees on the same purchase since both cover the same risk, but guarantors can be used where you don't qualify for a scheme place or the property exceeds a scheme's price cap.

STEP 1
Check scheme eligibility and income/price caps

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STEP 2
Apply for FHSS determination if using super

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STEP 3
Confirm gift documentation if using family funds

→

STEP 4
Lock in guarantee place through a participating lender

EXPERT TIP

Sequence matters — guarantee scheme places must be locked in before settlement, FHSS funds need to be requested from the ATO before signing a contract in most cases.

No. 8

How a Broker Matches You to the Right Pathway

Finding which of the 6 ways applies to you, and how to combine them

With 80 lenders on panel, a broker can quickly identify which guarantee scheme places are still available, which lenders accept gifted deposits without a genuine savings requirement, and how to structure an application that combines multiple pathways in the right sequence.

Eligibility Check

Confirms which of the 6 pathways you qualify for based on income, status and location.

Scheme Place Booking

Locks in a First Home or Family Home Guarantee place before they fill for the year.

FHSS Coordination

Times your super withdrawal so funds arrive before your settlement date.

Guarantor Structuring

Models the equity required and structures the guarantee to minimise guarantor risk.

Gift Documentation

Advises on lender requirements for gifted deposit declarations and source of funds.

LMI Comparison

Compares the actual LMI premium across lenders for your LVR and loan amount.

Combination Strategy

Sequences multiple pathways so nothing is forfeited by applying out of order.

Lender Matching

Matches your specific deposit situation to the most suitable lender across 80 on panel.

NEXT STEP

Book a free assessment and we'll confirm which pathways you qualify for across 80 lenders and map out the right combination for your situation.

Your Low-Deposit Pathway Self-Check

Tick off what you know before your first lender conversation

- ☐ I know whether I qualify for the First Home Guarantee (income and property price caps)
- ☐ I've checked whether the Family Home Guarantee applies to my situation
- ☐ I've considered whether a family member could act as guarantor and has sufficient equity
- ☐ I know how much I can access through voluntary super contributions under FHSS
- ☐ I've confirmed whether any gifted deposit from family meets lender documentation requirements
- ☐ I understand what LMI would cost at my current deposit size and LVR
- ☐ I know which of these pathways can be combined for my specific purchase

GET YOUR FREE ASSESSMENT

Ticked fewer than five? A free assessment with Loan Experts will identify every pathway you qualify for across 80 lenders and show you how to combine them.

Quick Reference — The 6 Ways at a Glance

PATHWAY	MIN. DEPOSIT	KEY POINT
First Home Guarantee	5% deposit	No LMI
Family Home Guarantee	2% deposit	No LMI — single parents
Guarantor Loan	0-5% deposit	No LMI if structured correctly
FHSS	Boosts any deposit	Saves via super tax rate
Gifted Deposit	Any amount	Documentation required
LMI	5-10% deposit	Premium payable — buys entry sooner

Ready to Find Your Way In?

We'll map every pathway you qualify for across 80 lenders — free, no obligation.

Get Your Free Assessment

PHONE	EMAIL
03 7034 6634	**hello@loanexperts.au**

WEBSITE	OFFICE
loanexperts.au	**Melbourne VIC 3000**

This guide is general information only and does not take into account your personal financial situation, objectives or needs. Scheme eligibility, income caps and property price thresholds are subject to change — always confirm current details with the relevant government department or your broker before relying on them.