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# Shared Equity Home Buyer Helper Customer Guide

Key information for prospective applicants

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# Contents

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<b>Welcome</b>	3
<b>Eligibility – who can apply?</b>	4
Income threshold – how much you can earn	6
Asset limit – how much you can own	7
<b>Applying for shared equity</b>	9
Preparing for your application	10
Documents to understand and sign	10
Specific requirements for domestic and family violence victim-survivors	11
<b>Eligible properties, your deposit and costs</b>	13
Price and location	14
Your contribution	15
New homes and construction contracts	15
<b>The Government’s equity contribution</b>	16
<b>Renovations, home improvements and valuations</b>	17
Valuations	19
<b>Ongoing eligibility and obligations</b>	20
Ongoing criteria	20
Ongoing obligations	20
<b>Reviews</b>	21
Reviews and repayments	21
<b>How to exit Shared Equity</b>	22
Voluntary payments	23
Selling your property	24
Refinancing	25
<b>Glossary</b>	26

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# Welcome

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This guide is an overview of **Shared Equity Home Buyer Helper**.

**Shared Equity** is a NSW Government initiative for people to buy a home, up to a certain value, when they would otherwise not be approved for a mortgage because of their circumstances. It is open to single parents, older singles, and victim-survivors of domestic and family violence who may or may not have been homeowners in the past, and eligible key workers looking to buy their first home.

Using Shared Equity, you can potentially buy a home to live in now, if you have already started saving and you have a 2 per cent deposit, and if you meet the eligibility criteria, including income and asset requirements. The Government will contribute up to 30 per cent of the purchase price when you buy an existing home. If you're buying a brand-new home or a land and build package, the Government's equity contribution can be up to 40 per cent of the total property cost.

This allows you to buy a home sooner by potentially:

- reducing the deposit required to purchase a property,
- reducing the size of the mortgage required to purchase a property, and
- removing the need to take out lenders mortgage insurance.

You don't have to repay the Government's contribution while you're still eligible for Shared Equity. There won't be any interest or rent charges on it, either. If you decide to sell the property, the Government shares in the gains (or losses) with you based on the market value of the property at the time of sale, based on their initial investment.

Shared Equity is a two-year pilot program. In the 2022–23 financial year, Shared Equity is available to 3,000 participants. Another 3,000 places will be available in the 2023–24 financial year.

Further information, including terms and conditions, is available in the [NSW Shared Equity Scheme Policy Guidelines 2022](#) on the [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity) website. Refer to the policy guidelines when you are ready to decide if Shared Equity is right for you. Revenue NSW recommends you seek independent legal and financial advice as well.

Visit [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity) to use the handy online tool to [check your eligibility](#).

# Eligibility – who can apply?

To be eligible, you must meet certain criteria, including those based on your income and assets.

Shared Equity is an initiative that assists people who are looking to own a NSW property to live in, who might not otherwise be able to purchase a home. You will be able to participate only if you require assistance from

both the NSW Government and the lending partner to purchase a home. See the glossary for a definition of lending partner.

See the criteria below and use our handy Shared Equity online assessment tool to help you better understand if you are eligible.

## General

### You must be:



at least 18 years old



an Australian citizen or permanent resident (including a New Zealand citizen with a special category visa)

### You must also be one or more of the following:



a single parent with a dependent child or children OR



a single person, aged 50 or older OR



a first home buyer employed as a key worker (nurses, midwives, paramedics, teachers, early childhood educators or police officers)



a victim-survivor of a domestic and family violence incident within the last 5 years\*

You must also live in the home you purchase. See home occupancy in the glossary for details.

Note, single parents, singles over 50 and victim-survivors of domestic and family violence who are otherwise eligible but currently own a property can still be granted pre-approval to join Shared Equity, however they will need to have sold their property (and settled) by the time they submit a final application.

Given pre-approval expires after 3 months (with the ability to apply for an additional 3-month extension) applicants should consider what is best for them regarding timing of the sale of any existing property, application to the program and payment of deposit for the new property, prior to final application.

\*Revenue NSW has the discretion to approve your application if your legal evidence relates to an incident/s which occurred more than 5 years ago. Legal evidence from up to 10 years ago will be accepted.





## Income and assets

Single people must earn \$93,200 or less a year.

Couples\* must earn a combined income of \$124,200 or less a year.

If you own financial assets such as currency, stocks, shares, or a part of a business, take them into account when checking your eligibility.

### Your assets must be worth no more than:

- 30 per cent of the total property price (if combined gross annual income is more than \$93,200)
- 45 per cent of the purchase price of the property, for joint applicants with a combined gross annual income of up to \$93,200 or single applicants under aged 50
- 65 per cent of the total property price for a single person 50 or older, or victim-survivor of domestic and family violence.\*

The thresholds for income and assets will be indexed on 1 July annually and updated figures will be published on [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity)

### At the final approval stage of your application, you must not:

- own an interest in any other land in Australia or overseas (excluding land you hold solely as trustee of a trust or as the executor of a will)
- be a shareholder in any corporation (other than a public company – such as an ASXC listed company) or beneficiary of a trust (other than a widely held trust) that owns land in Australia or overseas
- also receive a guarantee or other form of financial support from the Australian Government's National Housing Finance and Investment Corporation for the purchase of the property (including the Home Guarantee Scheme or the Help to Buy shared equity scheme).

Other assets and funds you receive from other government initiatives may also need to be taken into account.

See the glossary for more about [financial assets](#).

\*Victim-survivors of domestic and family violence can apply with a new partner (i.e. not the perpetrator of the violence).

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## Income threshold – how much you can earn

Your gross annual income for the financial year prior to the date of your application is the figure used for the income threshold.

This means single people will need to have a gross annual income of \$93,200 or less in the 2022–23 financial year if they apply by 30 June 2024.

Couples will need to have a combined gross income of \$124,200 or less in the 2022–23 financial year when they apply before 30 June 2024.

Gross annual income is the total of all the different types of income you might receive, including:

- wages and salaries, as well as any salary-sacrificed income, bonuses, or termination payments
- some government payments and allowances (check with Centrelink if you aren't sure if the payments and/or allowances you receive count towards your assessable income)
- income from investments (interest, rent, dividends, royalties)
- private transfers (such as superannuation pension and annuity income)
- personal service income (if you are a sole trader or contractor).

Child support payments and lump sum workers compensation payments are not included.

You or your accountant will calculate your gross annual income when it is time to lodge a tax return with the Australian Tax Office (ATO). It is the sum of your assessable income and exempt income on your tax return – see the ATO website for details.

### Example 1

George, a graduate nurse, has a gross annual income of \$75,000. In the 2022–23 financial year, he received \$2,000 in dividends on shares he owns, and \$500 in interest on his savings, taking his gross assessable income to \$77,500, which is less than the \$90,000 limit, so he meets the income threshold.

### Example 2

Yindi and Declan are joint applicants. Yindi is a probationary police constable whose gross income is \$67,000, and Declan is a part-time accountant whose gross income is \$50,000. They receive \$1,000 a year in dividends and \$500 a year in interest on their combined savings. Declan received a \$10,000 bonus in the 2022–23 year. Their gross assessable income is \$128,500, which is more than the \$120,000 aggregate limit. Yindi and Declan do not meet the income threshold as joint applicants.

## Asset limit – how much you can own

Your financial assets must not be worth more than:

- 30 per cent of the purchase price of the property, for joint applicants with a combined gross annual income of more than \$93,200
- 45 per cent of the purchase price of the property, for joint applicants with a combined gross annual income of up to \$93,200 or single applicants under 50
- 65 per cent of the purchase price of the property, for single applicants who are 50 or older, or a victim-survivor of domestic and family violence.

Financial assets, in Australia or overseas, include currency and deposits, securities (shares, bonds, investments), loans, lump sum payments from a superannuation fund, and a share of the net fixed assets of a business. See the glossary for more about [financial assets](#).

### Excess savings:

Under Shared Equity, applicants are assessed as having excess savings if their total financial assets are greater than \$100,000. If you have more than \$100,000 in financial assets, but are below your applicable asset threshold, you may be required to put some or all your excess savings (i.e. those over \$100,000) towards the property purchase.

### Example 1

Tim is a single applicant, aged 48, with a gross annual income of \$89,000 who wants to buy a \$900,000 home in Newcastle. In Tim's case, the asset limit states that his financial assets must not be worth more than 45 per cent of the total purchase price (\$405,000). Tim's financial assets are listed below.






	<b>Savings accounts</b>	<b>\$30,000</b>
	<b>Market value of shares</b>	<b>\$10,000</b>
	<b>Market value of bonds</b>	<b>\$15,000</b>
	<b>Savings account overseas</b> (balance converted to AUD at time of application)	<b>\$20,000</b>
	<b>Total assessable financial assets</b>	<b>\$75,000</b>

Table 1: Tim's financial assets

The value of Tim's financial assets is less than \$405,000 and he satisfies the requirement.





### Example 2

Sarah and Harry are joint applicants with a gross annual income of more than \$93,200 (but less than \$124,200). They signed an eligible comprehensive home building contract worth \$400,000 on a vacant block of residential land in a regional area (Dubbo) worth \$200,000, bringing the total purchase price to \$600,000. Their combined financial assets must not exceed 30 per cent of the property value (\$180,000). Their financial assets are as follows.



	Sarah's savings accounts	\$40,000
	Harry's savings accounts	\$40,000
	Sarah's market value of shares	\$50,000
	Harry's market value of bonds	\$15,000
	<b>Total assessable financial assets</b>	<b>\$145,000</b>

Table 2: Sarah and Harry's joint financial assets

Since Sarah and Harry's financial assets total less than \$180,000, they satisfy the requirement. As their financial assets are in excess of \$100,000, they may need to contribute some or all their excess savings to the property purchase.



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# Applying for shared equity

Before applying, use the simple [eligibility checker](#) on the [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity) website to make sure you meet the requirements.

You can then contact a Shared Equity official lending partner, to discuss your suitability further. They can answer any questions you may have and submit an application for you. You (together with your spouse for joint applicants) will be asked for the documentation (of your income, assets, and other eligibility requirements) required to prove the information you include in your application (see below, Preparing your application).

If you're successful, the lending partner will confirm the maximum possible loan amount available to you and, based on this figure, the value of the Government's maximum equity contribution. The lending partner can then process your home loan application and notify you when Revenue NSW has granted you pre-approval.

You'll then have three months to find and purchase a home before the pre-approval period expires. Before your pre-approval expires, you may be able to apply to extend it (but only once). Otherwise, you might lose your place and need to reapply.

Before the pre-approval period ends, you will also need to exchange contracts. Officially, this means you must enter into:

- A. an eligible agreement to acquire a property (existing home) OR
- B. an eligible agreement to acquire land and an eligible comprehensive home building contract (new home).

Prior to entering into a contract of sale, you should consider the options available to reduce certain risks, such as those below.

1. If your personal circumstances have changed since pre-approval, that may impact your eligibility for Shared Equity.
2. If there has been a change in interest rates since pre-approval, that may also impact your maximum loan (and therefore the maximum purchase price).
3. If buying at auction, where you are required to waive the statutory "cooling off" period, that could lead to you losing your deposit if you are not granted final approval for both Shared Equity and the loan from your lending partner.

Speak with a conveyancer around options available to reduce these risks. For example, by including a "subject to finance" clause in the contract of sale.

You should also contact your lending partner prior to exchanging a contract of sale to talk through these issues and get an update on your Shared Equity eligibility and borrowing power.

At the final approval stage of your application, you will be asked to update any information which might have changed since the pre-approval stage. Revenue NSW will confirm, in writing, that you are still eligible for Shared Equity and use your current details to determine your financial contribution and the amount of equity the government will provide, based on the property you will be purchasing. Then you can purchase the approved property, as a participant in Shared Equity.

More information on the application process is available from the lending partner. As well as taking the [NSW Shared Equity Scheme Policy Guidelines 2022](#) into account, you will also need to consider the lending partner's financial policy. Some lending partners may not support certain elements of Shared Equity, for example, the purchase of a particular property type, even though Revenue NSW deems the property eligible for Shared Equity.

It is recommended you seek independent legal and financial advice, as part of purchasing a property, and as a potential participant in Shared Equity.

A full list of approved lending partners is available at [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity)



## Preparing for your application

You will need to show your lending partner several documents to apply for a loan and take part in Shared Equity. This includes identification documents, such as a passport or visa, to prove your citizenship or residency status, as well as a Medicare card.

You will also need to have lodged your tax return, as your ATO assessment notice and full tax return for the previous financial year will be used to confirm your income eligibility.

Evidence of three months genuine savings (via bank statements) will also be required.

Your lending partner may also advise you of any additional documents you'll need to supply to meet its requirements.

Note, during the application process and to secure final approval, you will also need to supply various documents relating to the property you are going to purchase or new home that's being built, including contracts, certificates and a comprehensive insurance policy.

See [nsw.gov.au/shared-equity](https://nsw.gov.au/shared-equity) for a list of documents, from evidence of key worker status to contracts of sale, which you will need to provide.

## Documents to understand and sign

As well as the documents issued by the lending partner and the property agreement (or home building contract), you will also be asked to sign a participation agreement and related loan and Shared Equity mortgage documents for the purchase of the property under the initiative. These documents will be countersigned by the Chief Commissioner of State Revenue, who is authorised under legislation to administer Shared Equity on behalf of the Government.

You will need to read and understand these documents before you sign them. Your solicitor, conveyancer or financial advisor will be able to assist you and answer any questions or concerns. Revenue NSW recommends seeking independent legal and financial advice before you commit to joining Shared Equity.



## Specific requirements for domestic and family violence victim-survivors

If you are eligible for Shared Equity because you are a victim-survivor of domestic and family violence, you will be asked to supply evidence that you have experienced a domestic and family violence incident within the last 5 years\* to the lender.

### Police/court documents

If you have accessed the legal system, you can supply one of the following documents as evidence:

- a domestic violence offence resulting in a conviction or a finding of guilt against a person with whom you have a domestic relationship, imposed within the last five years.
- a current Final Apprehended Domestic Violence Order (ADVO), or a Final Apprehended Domestic Violence Order that has expired within the past five years.
- a court injunction granted within the past five years because of evidence of domestic and family violence.

### How to obtain court documents

If you do not already have a copy of the ADVO, court injunction or court record that shows the perpetrator was found guilty or convicted of a domestic violence offence against the applicant, please read the following for guidance on how to get this documentation.

**Getting a copy of an ADVO:** you will need to go to a NSW Local Court registry. Show the court registry your photo identification and advise the registry they were/are named as a 'person in need of protection' (PINOP) on an ADVO. You will need to know the perpetrator's full name and date of birth as they will be named as the 'defendant' on the ADVO. The registry can provide them with a copy of the ADVO free of charge.

If you have any trouble getting a copy of their ADVO, they can contact your nearest [Legal Aid](#) or Women's Domestic Violence Court Advocacy Service on 1800 WDVCAS (1800 938 227).

\*Note: Revenue NSW has the discretion to approve your application if your legal evidence relates to an incident/s which occurred more than 5 years ago. Legal evidence from up to 10 years ago will be accepted.



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**Getting a copy of the perpetrator's conviction:** If the applicants' perpetrator was found guilty of a domestic violence offence where they were the complainant, then by law there should also be an ADVO made to protect the applicant. It is easier to get a copy of the ADVO following the steps above rather than getting a copy of the perpetrator's guilty finding. If the applicant wants to get a copy of the guilty finding, they should enquire at their local Police station to ask for help to get a copy.

**Getting a copy of a family law injunction:** All Federal Circuit and Family Court orders are signed and sealed electronically and available to download from the Commonwealth Courts Portal (the Portal). To get access to the Portal, fill out and submit the form following this [link](#). The Portal will provide the applicant with secure web-based access to their court file and documents including court orders. The applicant can also contact the National Enquiry Centre for further assistance with the Portal on 1300 352 000 Monday to Friday 8:30am to 5:00pm.

### **Domestic and family violence declaration form**

If you have not accessed the legal system, you can ask two authorised professionals to complete a Domestic and Family violence declaration form to confirm you have experienced a domestic and/or family violence incident in the last 5 years.

The [domestic and family violence declaration form](#) is available for download on the Revenue NSW website. The professionals authorised to complete the form are:

- registered health practitioners and social workers,
- employees of a NSW government agency that provides services related to child welfare,
- employees of government-funded providers of services relating to domestic violence and sexual assault or emergency/refuge accommodation services, or
- counsellors approved by the Commissioner of Victims' Rights.

The staff member who processes your application for the lender and submits it to Revenue NSW will not discuss your evidence or keep a copy of the document/s you supply.

Your lender will submit your evidence with your application when you have reached the Shared Equity approval stage. Bank staff will forward the document(s) to Revenue NSW and they will be processed securely and in confidence, with access restricted to the Shared Equity team.

See [Specific requirements for domestic and family violence victim-survivors](#) in the glossary for detailed definitions relating to your application and evidence.

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<sup>1</sup> Revenue NSW gives priority to protecting the privacy of personal information. We do this by handling personal information as required by the *First Home Owner Grant and Shared Equity Act 2000 (NSW)* and in accordance with the [Privacy and Personal Information Protection Act 1998 \(NSW\)](#) and, if applicable, the [Health Records and Information Privacy Act 2002 \(NSW\)](#).

[Unity Bank Privacy Policy](#)

[Bendigo Bank Privacy Policy](#)



# Eligible properties, your deposit and costs

The purchase agreement and/or home building contract you enter will be eligible for Shared Equity if it meets the conditions below.

An eligible agreement to **purchase a property** is for the acquisition of either:

- a house (including a townhouse, apartment/unit or duplex)
- a vacant block of residential land where the purchaser has signed an eligible comprehensive home building contract (see below and page 14)
- a property that is set to be demolished and replaced where the purchaser has signed an eligible comprehensive home building contract (see below).

The purchase agreement must be for the entire property.

The property must be in New South Wales. It must not include the purchase of a business or business premises.

In addition to the above, the property will also need to meet the criteria set by your lending partner. Please note that some lending partners may not support the purchase of a particular property type, even though Revenue NSW deems the property eligible for Shared Equity.

An eligible comprehensive **home building contract** is a signed contract with a licensed or registered builder (who isn't related to the applicant):

- I. under which the builder undertakes to build a home on land in NSW from the inception of the work to the point where the home is ready for occupation
- II. that specifies a fixed price sum for the construction of the home.





## Price and location

The total purchase price of the property (including house and land packages) you purchase under Shared Equity must be no more than:

- **\$950,000** in Sydney and major regional centres (Newcastle and Lake Macquarie, Illawarra, the Mid-North Coast, Coffs Harbour-Grafton, and Richmond-Tweed)
- **\$600,000** in other regional areas of NSW.

The Australian Bureau of Statistics' (ABS) classification 'statistical area level 4 (SA4)' is used to define the boundaries of Sydney (including the Central Coast) and the other major regional centres of NSW.

### Example 1:

Eugene would like to buy a house in northern NSW for \$850,000. It's in a postcode that borders the Richmond-Tweed region. If he wishes to purchase a property under the metro price limit of \$950,000, Eugene will need to make sure it falls within the ABS SA4 boundary. He is still able to purchase outside of this region, but may be limited to \$600,000 under the regional price limit.

Eugene may wish to speak to his lender, to confirm his preferred property is inside ABS Richmond-Tweed SA4 and as such, is eligible for the higher price cap of \$950,000, before proceeding with his application.



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## Your contribution

Your financial contribution – the total amount of funds you initially contribute towards the property – must be a minimum of 2 per cent of the total property price. You will need to have already saved an amount that is equal to or greater than 2 per cent of the total price of the property you seek to buy. As part of the lender's assessment processes, applicants will need to demonstrate this 2 per cent financial contribution has come from genuine savings. Your total financial contribution will be the deposit you paid to secure the property, plus any additional amount you choose to pay (or the amount you are required to pay from your excess savings).

You also need to have sufficient funds to cover acquisition costs related to purchasing a property or building a new home – including stamp duty, conveyancing/legal fees, registration fees, settlement fees and charges for relevant certificates, comprehensive property insurance and building inspections.

The Government will pay the fee to register the Shared Equity mortgage.

If a deposit of more than 2 per cent is required up front by the vendor and paying it (using your existing, genuine savings and financial assets or additional temporary borrowings/gifts) means you exceed your required financial contribution, you can apply to Revenue NSW to receive a credit at or after settlement (for an amount up to your total acquisition costs and temporary borrowings).

## New homes and construction contracts

If you're purchasing land and entering an eligible comprehensive building contract, construction work must start within 12 months of the transfer of the property and be finished within 24 months of the transfer of the property. If an extension is required, you'll need to apply to Revenue NSW and seek approval from your lender as well.

If costs run over on your fixed price contract, you can apply to Revenue NSW and it will consider increasing the Government's equity contribution. This is only available where:

1. you and the lending partner cannot contribute further funding, and
2. the increased contribution does not exceed the maximum contribution amount, and
3. Revenue NSW is satisfied the increased amount is necessary to complete construction.

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# The Government's equity contribution

The Government's maximum contribution is:

- Up to 30 per cent of the purchase price for an established home, or
- Up to 40 per cent of the total property price for a new or newly built home.

You won't need to make payments on the Government's equity in the property as long as you remain eligible for Shared Equity.

The actual equity contribution provided by the Government will be determined by the total property price, less the maximum loan approved by the lending partner and the applicant's financial contribution.

The financial contribution of the applicant, as mentioned above, must be no less than:

- a minimum 2 per cent of the total property price (which you can demonstrate to the lender has come from genuine savings), and
- any excess savings required by Revenue NSW.

The Government's equity interest at settlement will be provided as a percentage based on the amount it contributed, divided by the lower of the total property price and the property valuation.

## Equity funding vs debt funding

Shared Equity and similar government programs are known as equity funding, which is different to debt funding, the term used to define mortgages and loans. Debt funding requires you to pay interest. There is no interest on equity funding.

Those who take part in Shared Equity will be accessing both equity funding and debt funding. You won't pay rent or interest on the Government's equity share in your home. The Government's equity share will increase or decrease in value over time, based on the market value of the property, and when you sell or buy out that equity, this increase or decrease will be shared between you and the Government, in proportion to the share you each own.

Meanwhile, you will also have a mortgage with a scheme lending partner to help fund your share in the property, and you will pay interest (and principle repayments) on that mortgage as you would any other debt funding agreement you entered into.

Under Shared Equity, the Government's interest in the property will be represented as a second mortgage on the title, alongside the primary mortgage held by the lender.



# Renovations, home improvements and valuations

If you want to do renovations or make modifications that will potentially change the value of the property, you'll need approval from Revenue NSW if:

- a. It will cost at least \$20,000, incurred within a 12-month period, or
- b. You need council approval (including complying development).

Revenue NSW will approve the renovations/modifications if the costs are reasonable, do not represent maintenance or repairs and will add value. If the valuation shows the work will reduce the value of the property, your application won't be approved.

You'll need to obtain all consents and authorisations necessary from Revenue NSW for the proposed works and get an independent valuation before work starts via your lending partner. This valuer should also estimate how much the property will be worth once the work is done (excluding the impact of general market movements). Your lending partner can help organise valuations.

The Government's equity interest will be adjusted to take into account the increase in property value after the modification. General market movements between the two property valuations and the impact of any repairs, maintenance, or alterations are excluded.

No adjustment to the Government's equity will be made for unapproved modifications that increase the value of the property.

If unapproved renovations or modifications are carried out and valuations show they have decreased the value of the property, the Government's equity will be adjusted (increased) per the formula below to compensate for your failure to meet the requirements of Shared Equity. You will be responsible for organising a valuation via the lending partner to assess the property price reduction.

$$\text{Equity interest adjusted} = \frac{\text{Equity interest pre-adjustment} \times \text{Property valuation without-modification}}{\text{Property valuation as-modification}}$$

$$\text{Equity interest post-modification} = \frac{\text{Equity interest pre-adjustment} \times \text{Property valuation pre-modification}}{\text{Property valuation post-modification}}$$

## Example 1

Sanjit and Susan decide to renovate the kitchen and living area of their home in Albury, which they purchased for \$490,000 with Shared Equity. Although building permits or council approval aren't required, they have been quoted \$30,000 to have the work completed so will need to seek approval from Revenue NSW first.

Sanjit and Susan contacted their lending partner to organise an independent valuation before work was started. The work is approved by Revenue NSW as the pre-modification valuation found the renovation was likely to have either a positive or neutral impact on the property's value. It included an estimation of the post-modification value of their property, which was used to adjust the value of the Government's equity.

The pre-modification valuation finds that the property is still worth \$490,000 and the estimate finds that Sanjit and Susan's home will appreciate by \$40,000 to \$530,000 after the modifications. The Government's equity interest decreases from 30 per cent to 27.7 per cent.



**Property valuation  
pre-modification**

**\$490,000**



**Equity interest  
pre-modification**

**30%**



**Property valuation  
post-modification**

**\$530,000**



**Change in property  
valuation**

**\$40,000**



**Equity interest  
post-modification**

**27.7%**

## Example 2

Delores owns a townhouse in Campbelltown under Shared Equity. She wants to remove the sunroom from the rear of her property. She received a quote of \$11,000 to have the work completed but understands some of the work needs council approval.

As council approval is required, Delores needs approval from Revenue NSW first. Based on the valuation prior to any work commencing, Revenue NSW finds the modifications are likely to decrease the value of the property and doesn't grant approval, meaning Delores is not able to proceed with her plans.

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## Valuations

Property valuations may be needed at certain times throughout your Shared Equity agreement, for example when you purchase a property, make a voluntary payment, decide to sell or, per above, plan to do renovations or modifications.

A full valuation must include:

- a physical inspection of the property
- photos of the property
- examination of property conditions and zoning restrictions
- a report on the valuer's findings and assessment
- any other details requested by Revenue NSW.

For full valuations that involve construction works under an eligible comprehensive home building contract, the valuation will need to include an assessment of the value of the property as if the work were completed.

You can access up to five subsidised full valuations under Shared Equity. These can only be used for valuations associated with voluntary partial or full repayment of the Government's equity interest. As with all valuations, these must be organised through your lending partner.





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# Ongoing eligibility and obligations

In addition to meeting your obligations on the mortgage with your lending partner, you must also meet the ongoing eligibility criteria and obligations to continue to take part in Shared Equity.

Keep in mind that the ongoing eligibility criteria may differ from the entry criteria you had to meet when you applied for Shared Equity.

## Ongoing criteria

To stay eligible for Shared Equity, you must not:

1. Exceed the relevant income threshold (indexed each financial year).
2. Lose or relinquish your citizenship or residency status (you must be an Australian citizen or permanent resident – or your partner must be if you were joint applicants).
3. Own any interest in any other land in Australia or overseas, including as a beneficiary under a trust (applies to all participants).
4. Stop occupying the property as your principal place of residence (applies to at least one participant).
5. Neglect to notify Revenue NSW of any change to your spousal relationship status.

You must notify Revenue NSW within three months if any of the circumstances above change, except for your gross income, which is assessed at each periodic review (see page 20).

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## Ongoing obligations

To keep being eligible for Shared Equity, you will need to:

1. Continue to cover all costs associated with ownership (e.g. insurance, utilities, body corporate fees, council rates, duty and other taxes).
2. Continue to meet all repayments on the loan from your lending partner.
3. Continue to cover the costs of maintaining the property, carrying out repairs and alterations, and fixing any damage or defects.
4. Insure the property with an authorised insurer for the full reinstatement or replacement value. You will need to show evidence of a certificate of insurance during your periodic reviews.
5. Send plans to do any significant modifications (that cost at least \$20,000 incurred within a 12-month period or requiring council approval) to Revenue NSW for approval.



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# Reviews

Periodic reviews will focus on the factors below.

- **Income (of all participants in the case of joint ownership):** If a participant's gross income exceeds the threshold in the two consecutive financial years prior to the review, they will be deemed ineligible and may be required to make a payment to acquire all or part of the Government's equity interest (subject to a capacity to pay assessment at that time, and ongoing).
- **Evidence of meeting ongoing obligations:** If your circumstances change or you don't comply with any of the Shared Equity conditions, it may also trigger a review by Revenue NSW.

## Reviews and repayments

To remain in Shared Equity, you will need to keep meeting the eligibility requirements and your other obligations. Periodic reviews will be done to check your eligibility. The first review will either be two years after the property settlement, or earlier if you have a change in circumstance. The next review will be two years after the last review, although we may extend the time between reviews to up to five years.

If a periodic review finds your income has changed and you are no longer eligible for Shared Equity, Revenue NSW will assess whether you have a reasonable capacity to make a repayment (see below).

If your circumstances change or you don't comply with any of the Shared Equity conditions, it may also trigger a review by Revenue NSW.

## Ineligibility

If you become ineligible for Shared Equity, or if a Revenue NSW review deems you ineligible, you will never be forced to sell your property (except in cases of serious breaches of the Policy Guidelines). You may, however, be required to buy out some or all of the Government's equity interest in your home, but only if an assessment of your new circumstances finds you can afford to do so, or are in a position to refinance your mortgage with a participating lender.

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# How to exit Shared Equity

You are encouraged to voluntarily pay out the Government's equity interest in your home and exit Shared Equity if you are able.

Other ways to exit include:

- sale of the property
- refinancing
- a payment required by Revenue NSW following a periodic review.

See below for more information on making voluntary payments, selling your property, and refinancing.

Note that when you exit Shared Equity, the Government's equity interest in your home will be proportionate to its initial investment, less any adjustments to the Government's equity interest due to voluntary payments (explained below), or if approved modifications have been carried out (as per the Renovations, home improvements and valuations section). The value of the Government's equity interest will have increased (or decreased) over time based on the value of the property.



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## Voluntary payment

You may buy back some or all of the Government's equity interest at any time. However, any such voluntary payment must reduce the Government's equity interest by at least five percentage points – except when the remaining equity interest is less than five percentage points, and the participant is making the final payment to exit Shared Equity.

A current property valuation is needed to calculate the impact a payment will have on the Government's equity interest. As mentioned previously, you can access up to five subsidised valuations for this purpose.

If a partial voluntary payment is made, the Government's remaining equity interest is calculated using the formula below.

$$\text{Equity interest after payment} = \frac{\text{Equity interest before payment} - \text{Payment amount}}{\text{Current property valuation}}$$

### Example:

Natalia owns a townhouse in Blacktown. The Government's equity interest is 30 per cent and the loan balance is \$650,000. She received an inheritance and wants to make a one-off partial voluntary repayment of \$50,000 to pay down some of the Government's equity interest.

The payment would need to reduce the equity interest by a minimum of five percentage points. Natalia uses one of her subsidised, independent full valuations which assesses the property as now being worth \$1,000,000.

Natalia uses the above formula above to calculate that \$50,000 meets the 5 per cent minimum repayment threshold and that this will reduce the Government's post-payment equity interest to 25 per cent.

## Selling your property

If you decide to sell your home, you firstly need to inform your lending partner, who will arrange a full valuation from an independent valuer. Revenue NSW will use this valuation to ensure that you have properly maintained the property and that no unauthorised modifications have been made. If you have failed to properly maintain the property, or have made unauthorised modifications that reduce its value, this will increase the Government's equity interest and the amount you need to repay as part of the sale proceeds.

You must then notify Revenue NSW of your intention to sell. You should also tell your conveyancer or solicitor that you are a Shared Equity participant and inform them of the Government's equity in the property.

Upon the exchange of contracts, notify Revenue NSW of the sale price of the property, and the required payment to buy out the equity interest, can be assessed.

The current property valuation is applied to calculate the value of the Government's equity whenever the participant is reducing the Government's equity and is not selling the property. In the event of a sale of the property, the greater of the sales price and the current property valuation is applied to calculate the Government's final equity interest amount, as per the formula below:

$$\text{Government equity interest amount} = \text{Government equity interest} \times \text{Greater of current property valuation or sales price}$$

Notify your conveyancer or solicitor of the Revenue NSW assessment and of any outstanding mortgage before the distribution of funds at settlement.

You are responsible for your own legal costs and you must pay all other costs, including the valuation, real estate costs and the agency commission, and the fee for exiting the mortgage early.

The proceeds from the sale will need to be paid out in the order below.

1. Lending partner – the outstanding home loan amount.
2. Revenue NSW – the Government's equity interest at the time of the sale.
3. Any other parties with a legal or equitable claim to the property.

You will receive the remaining balance.

### Example

John notifies the relevant parties of his plan to sell the house he bought in Newtown with Shared Equity. He initially purchased the property for \$600,000 with an equity contribution from the Government of \$150,000 (25 per cent) and a 2 per cent deposit of \$12,000. The original loan was \$438,000.

After a number of years, John is interested in selling the property. An independent valuer estimates the property is now worth \$750,000 and John is able to sell for this amount. The remaining loan balance is now \$338,000.

Once the house is sold, the order of payout will be as follows:

- \$338,000 to the financier for the loan balance
- \$187,500 to Revenue NSW for the Government's (25 per cent) equity interest.

The various fees will be paid next from the remaining \$224,500 – to the valuer, real estate agent and a further fee to the financier to discharge the Shared Equity mortgage on exit. Whatever is left goes directly to John (assuming there are no other legal or equitable claims on the property).



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## Refinancing

Work with your lending partner if you feel you are in a position to re-finance and acquire, in full or in part, the Government's equity interest.

Though you can refinance from a lender that is not associated with Shared Equity, you should note:

- refinancing with an approved Shared Equity lending partner means you can buy out the Government's equity interest in full or in part, subject to the minimum 5 percentage point reduction
- refinancing with a different lender, means you must buy out the Government's equity in full.

Refinancing is subject to approval from the financier managing the re-financing and Revenue NSW.

You must pay for any re-financing costs, including the cost to discharge the Shared Equity mortgage if you buy out the Government's equity interest.

### Example

Casey owns a property in Colebee with a loan balance of \$555,000. The Government's equity interest is 30 per cent. Casey decides to refinance her loan and wants to potentially buy out some of the equity interest. She receives approval from Revenue NSW and her lending partner, which is willing to allow Casey to refinance through another lending partner for up to \$600,000.

After refinancing the loan balance, Casey wants to know if the remaining \$45,000 can be used to partly reduce the Government's equity interest. Since this is a voluntary repayment, she can use one of her subsidised independent full valuations of the property. The valuation comes back at \$1,000,000.

She applies the formula to check whether the equity interest would be reduced by a minimum five percentage points. The \$45,000 would reduce it by 4.5 per cent, which doesn't meet the minimum requirement. Casey won't be able to make a voluntary repayment of \$45,000, so decides to refinance another time.

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# Glossary

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# Glossary

## Asset limits

The asset limits are based on the property purchase price and vary depending on your age, gross income and if you'll be making a single or joint application. To be eligible, your financial assets must not exceed the asset limits that apply to you.

### 30 per cent of the property purchase price applies to:

- joint applicants with a combined gross annual income more than \$93,200.

### 45 per cent of the property purchase price applies to:

- single applicants aged 18 to 49
- joint applicants with a combined gross annual income up to \$93,200.

### 65 per cent of the property purchase price applies to:

- single applicants aged over 50
- victim-survivors of domestic and family violence.

The lender will confirm your assets as part of the application process. They may also determine you are eligible for a standard home loan which means the Shared Equity Home Buyer Helper is no longer required. Also see Excess savings, below.

## Dependent children

A child is considered a dependent person if they are:

- aged under 16, or
- aged 16 to 18 (under 19) and in full-time secondary study, or
- aged 18 to 21 (under 22) and in receipt of a disability support pension under the Social Security Act 1991.

Revenue NSW may waive the requirement for a child aged 16 to 18 to be in full-time secondary study.

## Specific requirements for domestic and family violence victim-survivors

The amendment to the Shared Equity policy guidelines regarding domestic and family violence is reproduced below. See point (d) for the detailed definition of the authorised (competent) persons who can complete an evidence form for victim-survivors of domestic and family violence.

For the purpose of participating in the Shared Equity Scheme, a person is a domestic and family violence victim-survivor if the person can demonstrate they are one of the following:

- A. a complainant of a domestic violence offence, defined in section 11 of the *Crimes (Domestic and Personal Violence) Act 2007* (CDPVA), where the offence resulted in a criminal conviction being imposed or a finding of guilt within the past five years.
- B. a protected person in a current Final Apprehended Domestic Violence Order or in a Final Apprehended Domestic Violence Order that has expired within the past five years, where:
  - (i) a 'protected person' has the same meaning as section 3 of the CDPVA as the person for whose protection an Apprehended Domestic Violence order is sought or made, and
  - (ii) a 'Final Apprehended Domestic Violence Order' is a Final Apprehended Domestic Violence Order made by a court under Part 4 of the CDPVA or a final interstate or registered foreign Domestic Violence Order under Part 13B of the CDPVA.
- C. a person named in an injunction under the *Family Law Act 1975* (Cth), made within the past five years, for their personal protection, or
- D. a person who was a victim-survivor of a domestic and family violence incident that occurred within the last five years, as identified by way of a declaration supported by two of the following authorised (competent) persons in a prescribed form issued by the Chief Commissioner:
  - (i) a registered health practitioner, as defined in section 5 of the *Health Practitioner Regulation National Law* (NSW), who holds general or specialist registration under that Law,
  - (ii) a person registered as a social worker (a member of the Australian Association of Social Workers),
  - (iii) an employee of a NSW Government agency that provides services relating to child welfare,

(iv) an employee of a non-government agency that receives government funding to provide services relating to:

1. domestic violence or sexual assault, or
2. refuge or emergency accommodation, or

(v) a professional counsellor approved by the Commissioner of Victims Rights under section 31 of the *Victims Rights and Support Act 2013* to provide approved counselling services under that Act.

You can ask for the 5-year limit to be extended if you have legal documentation outlined in (a), (b) or (c) dated beyond the time frame from five to ten years.

## Excess savings

If you have financial assets over \$100,000, you will be deemed to have excess savings. You may be required to contribute some or all your excess savings (i.e. funds over \$100,000) at settlement, adjusted for the funds you have already contributed via your deposit. Such a requirement is at the discretion of Revenue NSW, and will be based on what is deemed reasonable, taking into account your intended use of the excess savings. You will be informed prior to settlement if you are required to contribute an amount from your excess savings.

## Financial assets

These include the following items of value, whether they are in Australia or overseas:

- currency and deposits (cash, savings, gold etc)
- securities and related assets (shares, bonds, investments etc)
- loans and placements
- superannuation amounts that may be withdrawn from a superannuation fund at the discretion of the member without satisfying early access provisions
- net fixed assets of a business (which excludes trading stock and intangibles)
- luxury items
- any other financial assets Revenue NSW considers to be relevant for determining eligibility.

Normal household assets are excluded unless they are luxury items.

## Home occupancy

The home you purchase must be your principal place of residence and you must move in at settlement unless the property is subject to a lease entered into by the previous owner, in which case you must move in within 12 months. If you are building a new home, you have up to 24 months to move in.

## Key workers

If you are applying because your occupation makes you eligible as a key worker, you will be asked to confirm your qualifications and the relevant award or enterprise agreement you work under to make sure you qualify. You can be employed on a temporary, permanent, full-time or part-time basis.

Relevant qualifications and awards or enterprise agreements are listed below.

### Early childcare educators

You must hold or be studying Early Childhood Education and Care towards a Certificate III or Diploma in Children's services and be employed under the Children's Services Award 2010 or any other award or enterprise agreement approved by Revenue NSW.

### Nurses and midwives

You must be a registered or provisionally registered nurse and/or midwife, an assistant in nursing, or an enrolled nurse employed under any of the following:

- Public Health System Nurses and Midwives (State) Award 2021
- Nurses Award 2020
- Private Hospital Industry Nurses (multiple agreements)
- aged care (multiple agreements)
- miscellaneous industrial agreements (multiple) including affiliated health organisations medical centres and GP services, private sector day procedure services and private sector specialist services
- any other award or enterprise agreement approved by Revenue NSW.



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### **Paramedics**

You must be registered with the Australian Health Practitioner Regulation Agency and be employed under any of the following:

- Paramedics and Control Centre Officers (State) Award 2021
- Ambulance and Patient Transport Industry Award 2020, or
- any other award or enterprise agreement approved by Revenue NSW.

### **Police officers**

You must be employed under the Crown Employees (Police Officers Award) 2017 or any other award or enterprise agreement approved by Revenue NSW.

### **Teachers**

You must be accredited with the NSW Education Standards Authority to teach school students up to Year 12 and be employed under any of the following:

- Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award 2020
- Independent Schools (Teachers) Agreement 2017
- Independent Christian Schools Agreement 2021
- NSW and ACT Catholic Systemic Schools Enterprise Agreement 2020
- Educational Services (Teachers) Award 2020
- various Early Childhood Teacher private enterprise agreements, or
- any other award or enterprise agreement approved by Revenue NSW.

### **Lending partner**

Your lending partner is the financial services provider behind your home loan.

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Revenue NSW | Shared Equity

P: 1300 679 372

E: [sharedequity@revenue.nsw.gov.au](mailto:sharedequity@revenue.nsw.gov.au)

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