



Buying With Little or No Deposit

Guarantor loans, the 5% government guarantee, and every path past the 20% myth

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Buying with little (or no) deposit

The 20% deposit is the most persistent myth in Australian property. In 2026 there are several legitimate paths to buying with 5% — or in some cases effectively 0% — deposit. Each has rules and trade-offs; here's how they actually work.

Path 1: Family guarantee (the true 'no deposit' route)

A **guarantor loan** lets a family member — usually parents — use equity in their own property as additional security for your loan. Done properly, you can borrow up to 100% of the purchase price **plus costs**, with no cash deposit and no LMI.

- The guarantee is **limited** — typically to around 20% of the purchase price, not the whole loan.
- Once you've built enough equity (paying down the loan or property growth), the guarantee is **released** — often within 2–5 years.
- Guarantors don't hand over money; their property secures the slice of the loan above 80%.
- The risk is real: if you default, the guarantor's property backs the guaranteed portion. Lenders require guarantors to get independent legal advice — and they should.

Is it right for your family?

A guarantor arrangement works when the buyer has solid income but a thin deposit, and the guarantor has strong equity and understands the commitment. We structure the guarantee as small as possible and plan its release from day one.

Path 2: First Home Guarantee — 5% deposit, no LMI

For first home buyers, the government's expanded scheme (since 1 October 2025: **no income caps, unlimited places**, \$1.5m price cap in Sydney) means a 5% deposit gets you in without LMI. See our First Home Buyer guide for the full detail.

Path 3: 5–10% deposit with LMI — sometimes the smart play

Paying LMI isn't always a mistake. If prices in your target area are rising faster than you can save, paying a few thousand in LMI to buy two years sooner can leave you well ahead. Some professions (medical, legal, accounting and others) qualify for **LMI waivers** at up to 90–95% lending with select lenders.

Path 4: Boost the deposit itself

- **First Home Super Saver**: up to \$15,000/year, \$50,000 total per person, saved through super at concessional tax rates.
- **Gifted deposits**: most lenders accept family gifts with a signed letter; some want it 'seasoned' in your account for 3 months.

- **FHOG:** \$10,000 toward a new build counts toward your contribution with most lenders.

Which path fits?

Your situation	Likely best route
First home, parents own property	Family guarantee (possibly + FHBAS stamp duty exemption)
First home, no guarantor, 5% saved	First Home Guarantee
Not a first home buyer, small deposit	LMI route or guarantor; profession waivers if eligible
Deposit growing too slowly	FHSS + gift + grant stacking

These paths can be combined — a guarantor loan plus the stamp duty exemption plus FHSS is a powerful stack for the right buyer.

Ready to talk it through?

Every situation in this guide has a version that depends on your income, deposit, and goals. A 15-minute call will tell you exactly where you stand — free, no obligation, no jargon. Call Daniel on **0455 721 087**, email daniel@toukanfinance.com.au, or send an enquiry at toukanfinance.com.au.

Important information

This guide contains general information only, current as at June 2026, and does not take your personal objectives, financial situation or needs into account. It is not credit, financial, tax or legal advice. Government scheme rules, thresholds and lender policies change; confirm current details before acting. Daniel Toukan (Toukan Finance, ABN 92 590 405 453) is an Authorised Credit Representative (CRN 577748) of Outsource Financial Pty Ltd (ACL 384324).