

Defence Home Ownership Assistance Scheme (DHOAS) Information about changing your DHOAS home loan



This document provides important information about maintaining your subsidy payments under DHOAS. You should read this document carefully as it is your responsibility to ensure you understand the conditions of accessing DHOAS. Please keep this information statement for future reference. In particular, please take note of the implications that making changes to your loan may have on your ability to continue receiving subsidy payments under DHOAS.

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1. Introduction

There are certain events which will result in your DHOAS subsidy payments ceasing. These include increasing or making a major change to your existing DHOAS home loan.

This document provides important information about how making changes to your DHOAS home loan may impact your subsidy payments and entitlement, including;

- What home loan changes will result in your subsidy payments ceasing;
- What changes will not impact on your subsidy;
- How you may be able to restart your payments following a subsidy ceasing event;
- Impacts of reapplying for subsidy.

In addition to reading this fact sheet, we also encourage you to contact DHOAS if you are considering changing the status of your loan. Our customer service team will then be able to discuss whether your plans will result in your subsidy ceasing and investigate any potential impacts to your eligibility and entitlement.

2. DHOAS legislation & Regulations

DHOAS is governed by the *Defence Home Ownership Assistance Scheme Act 2008* (the Act) and the *Defence Home Ownership Assistance Scheme Regulations 2008* (the Regulations). Both the Act and the Regulations are available to the public on the ComLaw website, www.comlaw.gov.au

All decisions relating to the administration of DHOAS are made pursuant to the Act. Whilst due care is taken in the preparation of advice by the Department of Veterans' Affairs (DVA) as the Scheme Administrator, in the event of any inconsistencies between this information and the Act, the Act will take precedence.

3. Home loan changes that result in subsidy ceasing

Your subsidy payments will cease in the event of a major change to your home loan. A major change is defined as a change that results in your Home Loan Provider reassessing your ability to service the loan or that result in changes to your interest in the loan and property.

Subsidy ceasing events related to home loan changes include:

- Increasing your home loan balance;
Changing the title or the property the loan is secured against.;
- Changing the parties to the loan, including adding or removing another party following a change in relationship status; and
- Changing from an interest only loan to a principal and interest home loan as part of the construction loan process.

To restart your DHOAS subsidy payments, you will need to reapply for DHOAS using an Application for Subsidy Certificate (Form D9214). Information on the impact of reapplying is detailed in Section 7 of this factsheet.

4. Correct use of funds for loan increases

If you are increasing the balance of your existing DHOAS home loan, you can only use the extra funds for enlarging, renovating or repairing your subsidised property.

If you intend to use part or all of your new borrowing for anything other than housing related purposes, you cannot be subsidised on these funds. In these cases, you will need to speak to your Home Loan Provider about having the new borrowings funded as a separate non-DHOAS loan.

If you receive subsidy on a DHOAS home loan of which any portion has been used for a non-housing related purpose, you may be deemed ineligible for DHOAS on that loan and be required to repay the subsidy paid in relation to that loan.

5. Changes that do not affect subsidy payments

Minor changes to your home loan will not result in your subsidy payments being ceased. These include:

- Changing from a variable to fixed interest rate, or vice versa;
- Changing your name on the loan, for example following marriage;
- Splitting your loan or performing a split loan consolidation.

In these cases, your subsidy payments will continue and you do not need to apply for a new subsidy certificate to support your ongoing payments.

Please note that it is important that you do not apply for a subsidy certificate if it is not necessary. This is especially important if you are separated from the ADF or you are an inactive Reserve member and you have limited access to subsidy certificates. Please see below for more details.

6. Reapplying for DHOAS if subsidy ceases

If you make a major change to your DHOAS home loan and your current subsidy payments cease, you can reapply for DHOAS to start subsidy on a revised home loan.

In this case, there are some implications you need to consider, including:

- You will need to apply and be eligible for a new subsidy certificate;
- Reapplying for DHOAS will result in a reassessment of your DHOAS eligibility and entitlement - see 'Reassessment Impacts' below;
- Before your subsidy payments can recommence, you need to meet all the Scheme conditions again. These include:
 - Owning, either solely or with your partner, 50% of the property;
 - Using the loan for a home purchase, construction or renovation purpose, or discharging a previous loan used for one of these purposes;
 - Using the property for residential and not business purposes; and
 - Occupying the subsidised property for a minimum of twelve months from the date subsidy payments start on the new loan. Please note that previous periods of occupancy or approved occupancy waivers will not apply to the new loan.
- Previous periods of occupancy do not apply to the new loan; and
- Your subsidy payments will be calculated on the subsidised loan limits (SLLs) and your home loan balance applicable at the time your subsidy payments restart on your new loan.

If your application is approved, you will need to present your new certificate to your Home Loan Provider to assist them in re-reporting your new home loan details.

The Application for Subsidy Certificate form can be downloaded from the DHOAS website at www.dhoas.gov.au. Please ensure that the required attachments are provided.

You have three options to return the completed form to DVA:

1. Fax to 07 3815 9430;
2. Email to dhoas@dva.gov.au; or
3. Post to GPO Box 9998, Brisbane QLD 4001.

7. Subsidy certificate eligibility for separated and inactive Reserve members

If you are separated from the ADF you can access only one subsidy certificate and you must apply for it within two years of your discharge date.

Reservists should note they are deemed to be separated from the date they last performed effective service. Effective service is at least 20 days of paid Reserve service within the financial year.

It is important that you use your final certificate carefully to ensure you maximise your one opportunity to make changes to your subsidised loan or property.

Given the certificate remains valid for only one year after it is issued, you are advised not to access it until it is required. To access subsidy, before your certificate expires you need to draw down on your new or revised loan and be satisfying the conditions of the Scheme, including the twelve-month occupancy requirement.

8. Other Reassessment Impacts

All new applications are assessed under current legislation. A reassessment could impact on your DHOAS eligibility and entitlement in a number of circumstances. The two most significant scenarios are:

1. If your last application was submitted between 25 November 2008 and 22 July 2009, your assessment was not subject to 'rejoining rules' and if you had any breaks in service, your ADF service prior to these breaks contributed to your DHOAS eligibility and entitlement. Under current legislation, if you have had breaks in effective service, your DHOAS entitlement period may be shortened, or in some cases reduced to zero, depending on the length of the break.
2. If your previous application was submitted prior to 4 January 2010, there was no requirement to provide a copy of your ADO Service Record or Statement of Reserve Days. It is now a requirement to provide supporting documentation with your Application for a Subsidy Certificate. If this updated information differs from the effective service that was claimed on your previous application, your previously advised entitlement will change in line with the new service information.

If you are impacted by either of these changes, you need to consider the implications of having your entitlement reassessed before going ahead with any changes to your loan. Depending on your individual circumstances, it may be in not be in your best interest to change your current DHOAS loan and subsidy arrangements.

9. For further information and forms

Further information on the impact of making changes to your loan, and the forms discussed in this factsheet, can be found on our website listed below. You can also contact our customer service centre to discuss your individual circumstances and request forms.

Website: www.dhoas.gov.au
Telephone: 1300 4 DHOAS (1300 4 34627)
Facsimile: 07 3815 9430
Email: dhoas@dva.gov.au
Post: Defence Home Ownership Assistance Scheme
GPO Box 9998
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