



Subsidy Certificate Approval Fact Sheet

The information contained within this fact sheet is particularly relevant to ADF personnel who are applying for or have recently accessed a DHOAS subsidy certificate and/or are seeking information related to the requirements to start receiving subsidy payments. If the information contained within this fact sheet does not answer your query, please visit the DHOAS [website](#) or contact the customer service team.

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1. Your subsidy certificate

Each subsidy certificate has a unique identifying number which will be used by the home loan provider (HLP) to establish a DHOAS loan and report those details to the Department of Veterans' Affairs (DVA).

Every subsidy certificate has a 12 month expiry date from the date it was generated. If subsidy is authorised, the certificate must have been used to establish a DHOAS loan, and, the scheme conditions must have been met before the certificate expires.

If you have accessed your final subsidy certificate as a 'separated member', this means that you will not be able to receive another certificate after the expiry date. There is no discretion under the Act to extend the validity of a subsidy certificate beyond 12 months, in any circumstances.

2. Home loan providers

Defence has appointed a panel of 3 Home Loan Providers (HLP) to offer a choice of DHOAS loans. The following providers have the exclusive right to provide DHOAS loans:

[Australian Military Bank](#)

1300 2 DHOAS (1300 234 627)

[Defence Bank Limited \(Defence Bank\)](#)

1800 033 139

[National Australia Bank \(NAB\)](#)

13 13 12

Each HLP will assess your home loan application based on their lending criteria. They are not obliged to approve your home loan application or to lend you a certain dollar value, regardless of your DHOAS eligibility.

3. What type of home loan products can I receive subsidy on and for what purpose?

A DHOAS loan can only be used for certain purposes. These include purchasing a home or land to build on, or to finance the building, enlargement, renovation or repair of a home, or to refinance an existing loan that was used exclusively for one or more of these purposes.

Subsidy is payable on interest only construction loans and principal & interest home loans. Subsidy is generally not payable on interest only home loans. For further information on construction loans, please see the [Land and Construction Loans fact sheet](#).

You cannot use funds gained from a DHOAS home loan, including the lump sum, for any other purpose. This includes for investment purposes, consolidating personal debt such as a credit card or non-housing expenditure such as cars, boats, or furniture.

When refinancing an existing property to a DHOAS loan, you cannot take out a loan larger than the balance of your previous mortgage unless the extra funds are for renovations or repairs to the subsidised property; and if you redraw funds from your DHOAS loan and use these funds for non-housing expenses, you cannot refinance your loan to another DHOAS loan in the future.

4. Service credit

Your service credit is calculated based on a combination of the length of your effective ADF service, operational service (within specified areas) and any previous months of subsidy payments you have received under DHOAS, the Defence HomeOwner Scheme or Defence Service Homes Loans. One service credit equals one monthly subsidy payment. The maximum amount of DHOAS service credits that can be accrued is 20 or 25 years of subsidy payments. After the qualification period for DHOAS has been reached, service credit is accrued as follows:

- For permanent ADF personnel, service credit is accrued on a monthly basis.
- For reserve ADF personnel, service credits are accrued on a financial year basis after the completion of 20 days paid service

To start receiving subsidy payments, you need a minimum of one service credit. The service credit you have accrued on the date of your DHOAS application approval letter determines the minimum amount of monthly subsidy payments you can receive. Your service credit will be reviewed periodically after this time.

5. I am considering starting my subsidy payments with less than 12 service credits

It is important to ensure that you retain enough service credit to support ongoing monthly subsidy payments. This includes ADF personnel who reduce their service credit to receive the lump sum subsidy payment.

If you exhaust your service credits your subsidy payments will cease. Once you have accrued further service credits, you will need to reapply for DHOAS in order to restart your subsidy payments. To avoid a disruption to your subsidy payments, we recommend that you retain a minimum of two months service credit to cover any administrative processes.

Reservists are required to retain up to 12 service credits before receiving subsidy payments. This is dependent on how many months of service credit you need to support ongoing monthly subsidy payments before you complete effective service within the financial year. For further information please see the [Reserve Service fact sheet](#).

6. Tier levels and subsidised loan limits

After qualifying for DHOAS, you will progress through tier levels as a result of continued effective service.

	Tier 1	Tier 2	Tier 3
Permanent	4 years	8 years	12 years
Reservist	8 years	12 years	16 years

If you have joined the ADF after serving in a Foreign Military, please contact our customer service team to discuss your unique circumstance.

Each financial year, the subsidised loan limits (SLLs) are updated to reflect 40% (tier 1), 60% (tier 2) and 80% (tier 3) of the National Weighted Average Housing Price in Australia. This is to ensure that the SLLs stay relevant to the current housing market.

Progressing through the tier levels can (dependant on the value of your home loan) enable subsidy payable on 40%, 60% or 80% of the average housing price.

It is important to note that ineffective service will drop your tier level to tier 1 if less than 20 years of effective ADF service has been completed. Further information can be found in the [separating members](#) and [reserve service](#) fact sheets.

7. How is subsidy calculated?

Subsidy is calculated at 37.5% of the interest payable over the life of a 25 year loan based on the DHOAS median interest rate. Use the [Subsidy Calculator](#) to get an estimate of your monthly subsidy payments. The formula for calculating the amount of subsidy is set out in the *Defence Home Ownership Assistance Scheme Act 2008*.

8. Accessing the lump sum subsidy payment

Eligible ADF personnel can elect to convert up to four years of their service credit into a lump sum subsidy payment. For the purpose of calculating the lump sum, the tier 1 SLL is used (even if you are entitled to a higher subsidy tier, or, your loan balance is lower than tier 1). The lump sum reflects the purpose of the scheme conditions to be an incentive to first home buyers. It is a condition of accessing the lump sum that you are buying your first occupiable home whilst you have been enlisted with the ADF.

There is also an expectation that lump sum recipients will continue to provide effective service with the ADF for at least 12 months after this is paid. Changes to the tier 1 subsidy values due to interest

rate or financial year SLL changes will impact on your lump sum amount. The lump sum subsidy payment will be paid directly into your home loan account along with your first subsidy payment.

9. How do I commence payments?

When you are ready to establish your home loan and want to commence payments, you are required to complete and submit a [Subsidy Authorisation Request form](#) (SARF). The following points are a guide to submitting a completed SARF:

- If your loan is a 'split-loan', you will need to disclose which account (fixed or variable) the subsidy is to be paid into. The address of the mortgaged and subsidised property must be disclosed.
- If you own less than a 100% interest in the property, the subsidy is reduced to 50% of the maximum payable. Examples include non-partner co-borrower/co-owner parties to the loan.
- The use of the loan and use of the subsidised property must be disclosed. Using the subsidised property as a business, trade or profession may prevent subsidy commencing or continuing.
- There is a 12 month occupancy requirement. From the first date that subsidy is payable, the property must be occupied by you and/or your dependant/s for 12 months. Failure to complete this requirement will generate a subsidy ceasing event.
- If you currently hold a posting order that will see you moving away from your subsidised property address, this may generate a subsidy ceasing event. If you have been in receipt of subsidy for less than 12 months and then receive a posting order that will prevent you from meeting the occupancy requirements, you can apply for an occupancy reduction.

Please refer to the [DHOAS Subsidy Payment Approval Fact Sheet](#) for more information.

10. First authorisation date and timing of monthly subsidy payments

The first authorisation date will be stated in the letter we send confirming your payments. This is the day subsidy becomes payable on a subsidised property.

Subsidy will be paid into the subsidised property home loan account on the first business day of the following month. Subsidy payments will generally commence within six weeks of DVA receiving notification of your DHOAS loan drawing down and receipt of your SARF.

As your subsidy payments may not be deposited at the same time as your loan repayment is due, it is your responsibility to ensure that your loan repayment obligations are met. The DHOAS legislation prevents subsidy being paid into any other account, including offset or personal savings accounts.

11. How long does subsidy remain payable?

Eligible ADF members can receive subsidy on a DHOAS loan for a maximum of 25 years. Subsidy will remain payable until a subsidy ceasing event occurs or you exhaust your service credit.

12. What should I consider if I want to make changes to my DHOAS loan in the future?

It is important to consider your ability to meet the scheme conditions before making a significant change to your DHOAS home loan. Please read the DHOAS [Changing your Loan fact sheet](#) or contact our customer service team before committing to any changes.

13. What are the benefits of continuing to provide effective ADF service?

Continued effective service, either permanent or reserve, ensures your ability to access subsidy certificates, maintain an existing certificate or progress through the tier levels.

If you are considering transferring between service types, you must complete a minimum of 20 days paid service in your transfer year to be deemed effective for the purposes of DHOAS.

14. I am currently a reservist

Accessing DHOAS subsidy certificates as a reservist is limited to one each financial year until you have completed effective reserve service (20 paid days). After that time, you are able to apply for multiple subsidy certificates until the end of that financial year. For further information on reserve service requirements, please see the [Reserve Service fact sheet](#) available on our website.

15. What if I discharge from the ADF or transfer to inactive reserves?

You are able to apply for one subsidy certificate after discharging or transferring to inactive reserves. You must apply for your final certificate within five years of your last effective day of service.

Your eligible tier level may change as a result of your discharge.

- If you discharge or transfer to inactive reserves having served less than 20 years, your tier level is reduced to tier 1.
- If you have served greater than 20 years, your tier level is set at tier 3 for the remainder of your service credit. Please note that your eligible tier level will not always reflect the amount of subsidy payable.

Maternity Leave and Leave without pay do not affect your tier level or ongoing subsidy payments, but it will mean that you do not accrue service credit.

16. What if I rejoin the ADF and/or restart effective ADF service?

A break in service may have an impact of your eligibility for DHOAS subsidy and result in rejoining provisions be applied.

- Breaks in service of five consecutive years or less will not impact entitlement as long as the client continues to have a service credit.
- Breaks in service of more than five consecutive years will result in loss of all previously accrued entitlements including qualifying period, tier level and service credit.

17. Can I receive subsidy payments on a land or construction loan?

It is possible to receive subsidy payments if you have taken out a loan to purchase land and/or construct a home. Construction of the home must be finalised within two years of the first authorisation date. Once construction is complete, and the property is deemed occupiable, you and/or your dependant/s must occupy the property for 12 months. For further information, please see the [Land and Construction Loans fact sheet](#) or contact our customer service team.

18. My partner and I both have subsidy certificates

Eligible ADF personnel can both receive subsidy payments on the same DHOAS home loan. The lesser of the loan balance or combined subsidised loan limits are used to calculate the combined amount of subsidy payable.

19. I will have a DHOAS loan with a person or people who are not my partner

If you take out a DHOAS loan with a non-partner/co-borrower, the amount of subsidy payable will be reduced to 50% of the maximum subsidy payable.

20. What changes to my personal circumstances may affect my DHOAS eligibility?

It is important that you notify DVA if you experience any of the following changes in personal circumstances:

- Partner separation
- Service status
- DHOAS home loan
- Subsidised property
- Medical separation
- Use of the property as a business, trade or profession

Please advise us by submitting a [Change of Circumstances form](#), or by calling our customer service team.

21. Fringe Benefits Tax

Fringe Benefits Tax may apply. Please contact Defence Tax for further information on how this relates to your personal circumstances.

22. Privacy and your personal information

Your privacy is important to us. We are bound by the Privacy Act 1988 (the Privacy Act) and the Australian Privacy Principles (APPs). The APPs regulate the handling of personal information by Australian government agencies and businesses under the Privacy Act. You can obtain more information about the way in which the Department of Veterans' Affairs will manage your personal information on [the DVA website](#).

23. Data matching

Information you provide to us may be used for data matching with other government agencies to detect and prevent incorrect subsidy payments and fraud.

24. Appeals and requesting a review of your decision

The *Defence Home Ownership Assistance Scheme Act 2008* (the Act) and *Defence Home Ownership Assistance Scheme Regulations 2018* can be found at <https://www.legislation.gov.au/>.

Section 71 of the Act describes the decisions which are appealable. The decisions and the provision under which the decision is made are:

- To refuse to consider an application for a subsidy certificate (Subsection 15(2))
- To refuse to give a subsidy certificate (Subsection 16(3))
- To vary a subsidy certificate (Subsection 24(1))
- To cancel a subsidy certificate (Section 25)
- To refuse to authorise the payment of subsidy (Subsection 27(2))
- To refuse to authorise the continued payment of monthly subsidy (Subsection 27(4))
- In a notice under section 43, to state a day for subsidy to stop being payable to a person that is later than the day requested by the person (Subsection 43(3))
- To revoke an authorisation of the payment of subsidy (Subsection 44(2))
- To vary an authorisation of the payment of subsidy (when this Act applies as if a subsidised borrower has not been a member of the Reserves) (Subsection 45(2))
- To determine the end of a period of warlike service (Subsection 48(3))
- To recover a due amount in the way provided by section 68 (Subsection 68(1))
- To refuse to extend the time for making an application for review of a decision (Subsection 74(3))
- A decision under the regulations that is declared by the regulations to be a reviewable decision for the purposes of this section (Section 17 and Paragraph 19(3)(b))

25. More Information

You can learn more about DHOAS by visiting [the DHOAS website](#) or by contacting our customer service team on 1300 434 627.

Please Note: All decisions relating to the administration of the Defence Home Ownership Assistance Scheme are made pursuant to the *Defence Home Ownership Assistance Scheme Act 2008* (the Act). Whilst due care has been taken in the preparation of this advice, in the event of any inconsistencies between the information provided herein and the Act, the Act will take precedence.