**Family assistance**

More families are working together to help their kids get into the property market for the first time, writes Caroline James.

SALLY Drake is like any mum — she wants to give her children the best start in life.

But facing a red-hot property market in 2007, the Essendon resident could see the prospect of home ownership fading for her children.

Bec, who had returned to Australia after six years abroad, and her husband Tony Favero opted to give Bec a "substantial" gift of money towards a home, which enabled her to buy a three-bedroom townhouse in Pascoe Vale for $362,000, which today she shares with husband Helko and son Angus.

"I still believe in the great Australian dream of home ownership," Drake, an administration assistant, says.

"But I just knew without our assistance it would be extremely difficult for Bec to buy."

"It was our intention to help our two younger children whenever possible because I believe in helping our children in the living years."

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gives a jump start

Personal finance expert Peter Boehm, whose book The Great Australian Dream: A Guide to Buying Your First Home was published this month, understands families want to help younger generations get a foothold in property. Home prices are now 10 times higher than in the early 1980s, but wages are not, says the Yahoo7 Finance columnist and father of two.

Australian Bureau of Statistics data show the impact of this disparity on first-home buyers. In 2009, 47,449 Victorian first-home buyer loans were recorded. Last year that figure dropped to 28,294.

So how can families help?

Get children ready to buy

Boehm stresses giving offspring assistance is not all about giving money. He says one of best ways to help children buy — and keep — homes is to prepare them for the realities of home ownership.

Help them set realistic expectations, manage their own finances, research the market and learn about "the mechanics of the buying process", the chartered accountant says.

Co-own property

Co-ownership of property can be a good way for parents and children, siblings or other relatives to "pool resources" and share rental income and equity growth, Boehm says. Some families set a date when ownership will pass to a child who helps set their parents.

Some parents buy out their child and use the property as a retirement income nest-egg. The adult child goes on to buy a preferred home. Most first-home buyer loan applications are strengthened by parents' input.

There are tax implications, so get advice on your financial position and be careful of forming emotional connections with the investment, which can strain relationships, Boehm warns. "Have a clear understanding of the rights and responsibilities of all individuals beforehand."

Offer a deposit

If personal circumstances allow, giving a child a money gift toward their home deposit or/ and borrowing costs is an option. Lending deposit money to your child and agreeing upon a repayment plan is another option.

Boehm advises families to check with lenders first, however, to ensure they will be satisfied with the borrower's savings record.

Go guarantor

If your child is having difficulty securing finance to buy a first home, agreeing to guarantee their loan may satisfy a lender's security needs. Be aware that if your child cannot make repayments, the bank will seek payment from you.

If you are not confident your child has the ability to meet all loan responsibilities, proceed with caution, Boehm stresses.

How families can help first-home buyers

- Pool resources
- Co-own a home
- Save board money
- Encourage savings
- Match savings
- Set a good example
- Give or lend a deposit
- Go guarantor

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