

Submission of response to the draft National Housing Finance and Investment Corporation (NHFIC) Investment Mandate Amendment (First Home Loan Deposit Scheme)

Hi

This is our joint submission in response to The Government release of the draft National Housing Finance and Investment Corporation (NHFIC) Investment Mandate Amendment (First Home Loan Deposit Scheme) Direction 2019 for consultation.

We were vying to get into the property market to buy a place of prime residence.

The First Home Loan Deposit Scheme (FHLDS) allows the NHFIC to issue up to 10,000 guarantees each financial year for loans to first home buyers with a deposit of between 5 and 20 per cent of the property's value and commences with the period beginning 1 Jan 2020.

We believe this will essentially push sales to Jan and/or June and for those of us who are ready to buy the property in March 2020 for example (which is when we anticipate to be ready to enter the market), these 10,000 available guarantees would be long taken up already. Hence we will be disadvantaged just because of the timing of our entry not being January or June as applicable.

A more fair implementation would be to stagger the 10,000 across the year so those planning to be ready to buy but more importantly those unable to be ready by Jan have a fair chance to avail this benefit rather than have to wait for a year till next January or June and thereby risk timing the market and possibly losing out in the process from the lure of this guarantee as the market goes up far more compared to the potential benefit from a lower deposit entry.

Only two major banks per year will be eligible. If our loan is approved by a bank which is not the approved bank for the year it feels unfair on the consumer (us) to miss out and it would skew competitiveness in favour of the eligible banks for the period while they are on the approved lender list. They could even unfairly price the loans higher for example given the extra demand this might create from consumers in need for the government guarantee help.

There is a requirement to ensure all eligible first home buyers have used the maximum amount of their savings as a deposit. No details have been made available as to how the FHLDS will ensure this since borrowers not using the full extent of their possible savings will kind of override the actual consumers in need, by not disclosing the full extent of their savings to gain eligibility to this guarantee.

Hope our submission helps formulate a better and fairer policy. After all are policies not devised for the good of the people and should policies not be fair to all?

Kind regards

Suzana and Rajeev