

Real Life Story One

Sarah Thompson | First Home Buyer

5% Deposit Scheme (First Home Guarantee)

Client Profile

Sarah Thompson is a 29-year-old registered nurse living and working in Western Sydney, NSW. Her annual income is \$85,000, employed in the healthcare sector, demonstrating stable and reliable income. Sarah wants to purchase property to live in, transition from rent to home ownership, and begin building equity in her own home and not pay rent.

Challenge

Sarah struggled to save a 20% deposit (\$120,000) while paying rising rent. Without assistance, she needed several more years to enter the property market. A substantial portion of Sarah's income was used for rent, utilities, high living expenses, and inflation constrained her ability to save a larger deposit, leaving limited surplus for savings each month.

Financial Position

Savings: \$35,000

Target Property Price: \$600,000

Deposit (5%): \$30,000

Remaining Funds: \$5,000 (legal fees, inspections, moving costs)

Loan Details:

- Loan Amount: \$570,000
- Interest Rate: 6.2% (example)
- Loan Term: 30 years
- Estimated Monthly Repayment: ~\$3,500

Solution: First Home Guarantee (5% Deposit Scheme)

Sarah accessed the First Home Guarantee, allowing her to:

- Purchase with a 5% deposit
- Avoid Lenders Mortgage Insurance (LMI)
- Enter the property market sooner

Eligibility Criteria Met

- Australian citizen
- Income below \$125,000 (single threshold)
- First home buyer
- Purchasing within price cap
- Owner-occupier

Risks and Considerations

- Higher loan size leads to higher repayments
- Limited financial buffer post-purchase
- Exposure to interest rate increases
- Ongoing property costs (maintenance, rates, insurance)

Outcome

Sarah successfully purchased her first home and transitioned from rent to ownership. She gained housing stability and began building equity, with plans to refinance in the future.
