

Hot tips for home sellers

Much has been said about getting your finances in order before you set out to buy a new home – but it's just as important to do some homework before you decide to sell your property.

“If you're selling with a view to buying another home, for example, you need to make sure you will qualify for a new home loan,” says Jan Davel, MD of the RealNet estate agency group. “Just because you have a bond currently, it is not a foregone conclusion that you will be approved for a new one – or that you will not be asked to pay a higher interest rate.”

On the other hand, he says, if your financial position has improved since you bought your current home, you may well find that you qualify for a bigger loan now, or a lower interest rate, especially if you are able to use the proceeds of your sale as a deposit on your new home.

“To be sure, though, you should ask a reputable bond originator to help you obtain home loan pre-approval so you will know what you can spend – and gain an advantage over other prospective buyers when you make an offer to purchase.”

Meanwhile, there are also other factors to consider before you decide to upgrade. “A bigger or more expensive property will usually also mean higher rates and taxes, a higher home insurance premium and higher maintenance costs as well as a bigger monthly bond repayment, so you need to review your budget to make sure you really can afford the move without financial discomfort every month.

“Similarly, if you are moving from a suburban home to a gated complex, you will need to budget for a monthly levy which you have not had to pay before.”

It is also vital, Davel says, for you to check that your income tax returns and payments are up to date before you put your home on the market. “If they are not, SARS can legally lay claim to any part of the proceeds of your home sale that is necessary to clear or reduce any income tax amount in arrears. And that could leave you without a deposit and unable to proceed with the purchase of a new property.”

Next, you need to consider what you may need to spend to get your current home in sale-ready condition. You may not think it makes sense to spend any money on a property that you will soon be leaving, but if you really want that new home, the chances are that you are going to have to spend some to facilitate the sale so you can move on, he says.

“At the same time, you obviously don't want to overcapitalise, and an experienced agent familiar with your area can really help you with this. Knowing the local market well, he or she will be able to advise which repairs or renovations are worth doing in order to make your home more appealing to prospective buyers - and where to pitch your asking price in order to attract maximum interest and ensure the quickest possible sale.”

Then finally, says Davel, you must make sure you have all the compliance certificates and other documents you need before you list your property for sale. “These may include plumbing, gas, electric fence and beetle certificates in addition to the electrical certificate of compliance, and it is also really very important to make sure that there are no unauthorised building alterations or extensions on your property.

“These can cause major delays in property transfers and may even result in the sale being cancelled. Consequently, it is a good idea to obtain a copy of your title deed and the building plan lodged at the local authority and make sure that everything is as it should be before your agent starts marketing the property.”

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