

Tips for first time home buyers

Buying your first home is exciting, but there are a few things you should know says Anton Scheepers, franchise principal for Jawitz Properties Silver Lakes:

1. Do your homework before you start house-hunting! Decide where you want to live and whether the area suits your budget. Think about security, the proximity to shopping centres, public transport, work and schools. Feel free to ask the owner and the estate agent about the property and the suburb as they should be able to help you with all your area specific questions.
2. Make sure your savings cover the deposit as well as the transfer and bond registration costs of the property, including all fees charged by the conveyancer and attorneys. If in doubt, ask the home loan consultant at the bank or a bond originator to calculate how much you will be granted, to ascertain whether you can afford the monthly instalments.
3. Ensure you also look at the costs that will be incurred once you purchase the property – for example the monthly costs such as rates and taxes and levies, as well as homeowner's insurance, removal costs, water and electricity deposit, your telephone and internet/WiFi connection fee, as well as satellite tv dish set-up and connection. Buyers often forget to take these costs into account when calculating their monthly costs, forgetting these need to be included too.
4. Pre-approval will help you gauge what you can and cannot afford.
5. Research shows that buyers who are able to put down a deposit are more likely to get their bonds approved and may even acquire a more favourable lending rate. Sellers tend to react more favourably to a buyer with a deposit.
6. Be aware that The National Credit Act requires banks to review your gross income - 30% of which is allocated to cover home loan repayments and monthly living expenses.
7. Check with the South African Revenue Services that all your taxes are up-to-date as your property will not be registered if there are any outstanding SARS matters.
8. When you are ready to sign the offer to purchase, it's important to fully understand its contents. When in doubt, ask your estate agent or someone you trust. Feel free to ask questions to ensure you understand what you are signing.
9. Now you need to apply for a bond. Once the paper-work is complete, your bank will do the required credit checks and assessments and process your application. Having a clean credit record will certainly count in your favour. Thereafter you will receive a letter of approval laying down the terms and conditions of the agreement. Here again, call on your estate agent to explain anything you don't understand before you sign any document.
10. Your estate agent is able to recommend a conveyancing attorney who will register your home loan and transfer the property into your name. The previous owner (if there is one) will be paid for the property by the bank and you are now a homeowner.
11. Remember to keep copies of all the documents and transactions relating to the purchase of your home.