

8 Practical home buying tips

Hollard • May 4, 2016



Buying a home can be a little daunting. Follow these money and stress saving tips to ensure that your experience is one of joy and not remorse.

Buying a new home is an exhilarating time, albeit time consuming and a little complex. It's likely to be the largest financial transaction you will make and there are many legally binding documents you will need to sign – after the excitement wears off you could find this a little daunting. But with the right checks and balances in place, you should be well on your way to enjoying a brand new chapter in your life and in your dream home.

Before you sign on the dotted line and say “I Do” to what could be a lifetime relationship with your home, consider these helpful tips from [Hollard](#) to make sure your home ownership journey is one of joy and not remorse:

- **Know what you can afford** - Find out whether you qualify for a home loan and if you do, what amount you qualify for from your bank. Getting pre-qualified for a home loan saves you time as you know what price range you need to be shopping in and what deposit you'll need to have available. Make sure that you can afford the bond repayments plus the extra costs such as rates and taxes, water and electricity, maintenance and the homeowner's buildings and life insurance cover which the bank will require.
- **Cover yourself for unexpected extras** – Always ask about extra costs, for example if you have an existing bond on a property you need to sell first, check with your bank what the bond cancellation fees are. Find out from the agent what the transfer duty, bond and registration fees will be. Also, if you do need to sell before you can buy, make sure that any offer to purchase is subject to that condition in writing on your contract.
- **Research the area you want to buy in** – Ask your agent for a list of properties that have sold in the area in the last year and compare price ranges. Is it market-related and what is the resale market like in the area? Contact the local police station and ask about crime statistics – are these acceptable to you? Check out the local amenities that are important to you, such as schools, retail, healthcare and sports facilities. Speak to the neighbours and get an idea of their experience in the area. Check traffic flows and noise, including air traffic. Are there open stands in the area which could be a hotspot for crime or property developments?
Try out the routes to work and school in the area during peak hour traffic and ensure that you are comfortable with the time that you will spend in the traffic each day. These are all factors that could impact the future value of your property and importantly your quality of life.

- **Read the fine print** – get a copy of all the agreements you will need to sign from your estate agent and read them thoroughly beforehand. This will help you know ahead of time what sort of information you will be asked for, what you need to know and the decisions you need to make. If you are buying into a sectional title complex, ask for the financial statements of the body corporate to make sure it's financially sound and all levies are up to date. Check whether any special levies are planned for the near future.
- **Contracts must be in writing** – make sure all the conditions of the sale are set out in writing. Specify your occupation date – the date you intend moving into the house and whether occupational rent will be applicable, and if so, at what rate. If no date is fixed, the seller can remain in the house until the house has been registered into your name and the full purchase price has been paid. In some cases there is very short notice on the transfer date and can make planning very tricky. Agent's commission is negotiable and should be specified in the contract.
- **Check building plans for alterations** – That granny flat that you love and the extra entertainment area may be deal clinchers for you, but have the alterations got approved building plans? Check with the local municipality on whether or not any alterations on the property you intend to buy are approved. If you find out post purchase that the property has illegal alterations, you will be liable to rectify these including the costs of applying to the municipality for approval of the plans. But if the structure does not conform to municipal regulations, you could even be forced to demolish the structure which not only will cost you money, but reduce the value of the property that you paid for with the alterations.
- **Protect yourself against historical municipal debt** - A recent Supreme Court of Appeal (SCA) judgment means that property owners can be held liable for historical municipal debts dating back up to 30 years. If you are buying a property, make sure the seller pays absolutely everything that is owed to the local authority and indemnifies you against any undisclosed debt before taking transfer. The SCA decision means that any debts owed to a local authority by a property owner are not extinguished when a property is sold to another owner. This means that a local authority can take legal action against the current owner of any property for any municipal debt incurred by any previous owner over the past 30 years with respect to property rates, refuse and sanitation charges, and three years in respect of electricity and water supply charges. Make sure you enlist the help of your agent and attorneys to find out whether there are historical municipal debts associated with the property you want to buy before you make the offer.
- **Ask for a Hollard Home Warranty to protect your finances** - No matter how much you love a property, no home is perfect! Make sure that the home you are buying is free of defects, and if anything unexpected does crop up, you're protected from the financial implications. Hollard's Home Warranty addresses the issues around defects with a professional property inspection that is coupled to an insurance policy. This protects you as the buyer against the financial

ramifications of any hidden defects that may emerge in the property for two years after taking transfer. When you're stretched to the max with deposits, bond and transfer costs, municipal deposits, moving costs and so on, the last thing you need is unplanned bills to fix hidden defects. It can also mean that if you do find your dream home albeit with a few minor problems, you won't end up walking away from a great deal because you overestimate the extent of and cost to fix minor problems. A home warranty will provide a professional inspection report that lists any exclusions or defects, so you know what you are dealing with when it comes to negotiation time. And the cost of the warranty can be covered by the seller – all you have to do is ask for it in your Offer to Purchase!

When it comes to property transactions, making sure the homework is done by professional property inspectors is the first step towards peace of mind. The next step is transferring the risk of undetected defects to an insurer. A Hollard Home Warranty should be attached to the 'for sale' sign of every well-maintained home for peace of mind and the best possible outcomes for all parties concerned.