

Starting point tips for home buyers

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Buying a home can be a daunting experience, especially if it's your first time. Here's a step by step guide, to make the process a little easier.

Step 1: Start saving for a deposit and the registration and transfer costs. In the last few years, the banks have all changed their home loan lending policies. Unless you are a [first time home buyer](#) and comply with certain requirements laid down by the bank, you can no longer obtain a loan equivalent to 108% of the property's value. In fact, in certain instances, you may only qualify for a loan equivalent to as little as 60% of the purchase price and the rest (including the registration and transfer costs) will have to be paid out of your pocket.

Step 2: If you need to sell your current property, in order to buy another, it may be a good idea to put your property on the market first. Speak to estate agents operating in your area to advise you on a selling price, and also do your own homework as to what similar properties are selling for in your area.

Step 3: Do a comprehensive budgeting exercise to see how much you can afford for monthly home loan repayments. You can make use of the Property Power Affordability Calculator to help you with your budgeting exercise.

Step 4: Obtain a copy of your credit report from the major credit bureaux and review the information. If there are errors or matters that need to be addressed, it is advisable to sort it out before you apply for a home loan. If you know that there are a few blemishes on your credit record, and you have been making an effort to clean up, let your bank know what they are, why they are there, and what you are doing to sort them out. Lenders will look at your credit and financial situation to determine how likely you will be to pay back the home loan. If you suffered unexpected circumstances that were out of the ordinary, like a loss of a job or extensive medical bills, let the bank know so that they understand that it is not likely to happen again in the future.

Step 5: Make sure all your tax-affairs are in order. It will not hurt to just make an enquiry to SARS, to check whether all your tax-affairs are up to date. Your new [property](#) will not be registered in your name if you have any outstanding SARS matters.

Step 6: Pay a visit to your bank, and ask a home loan consultant to assist you in finding out what amount you may qualify for, in terms of a home loan.

Step 7: Do your homework before you house-hunt. Decide what kind of home will suit your needs. Think about security, the size of your family (or of your future family size), the suitability for your pets, and so on. You should also consider the location in terms of travelling distance to work, schools, and so on. Enquire about affordability of the schools, rates and taxes, levies and other expenses/facilities in the area.

Step 8: While house-hunting ask the estate agent and/or owner as many questions as possible about the property.

Step 9: When the time comes to sign an offer to purchase, make sure you understand everything written in the contract. Do not sign a contract if you are unclear about anything. Rather ask advice from someone you trust.

Step 10: You will need to apply for a home loan. Once you have completed the home loan application forms, your bank will process the application and do the necessary credit checks and assessments. If everything is approved, you will receive a letter of approval giving the conditions and benefits of the agreement.

Step 11: Conveyancing attorneys will now register your home loan and transfer the property into your name. The previous owner of the property will be paid and you will become a home owner.

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