

BUYING A HOME - SIMPLIFIED

Buying a home is probably the biggest financial investment one will ever make. Here are some pointers to purchasing property in South Africa.

The first thing you have to decide is how much you can afford. This simple, but vital process helps tell you where you can afford to buy. Some areas may be on your dream list, but realistically are not within your reach. Obtaining a home loan is quite a process as the banks have changed their lending criteria since the introduction of the National Credit Act. Consider approaching your financial institution for more detailed information on home loans.

A deposit is now a vital part of most transactions, but it does not stop there. You also have to consider transfer costs, which are part of the purchasing process. Additionally, you might have to pay occupational rent if you occupy the property before the transfer has taken place. All these expenses have to be carefully considered, so choose a home within your financial capabilities at present and not by your estimated future income.

Location, location and location are the three most important factors to consider when buying a home. If you choose the wrong location, you cannot pick the home up and move it. The home's location becomes crucial when you want to sell it. Having said this, try to purchase a property with the mindset of selling it one day. Let the decisions you make be determined by the next owner's perception of value.

Once you have decided on the area, ask yourself what requirements you are looking for in the property. A lot of features can be costly to add on at a later stage, so consider this when looking at your options. Assess your lifestyle and make a list of necessities. Understand that there are two different types of improvements you will make – personal improvements, which you want to fit into your lifestyle and “value-adding” improvements, which you are sure will improve the value of the property. Note that you should strive to make your personal improvements value-adding as well.

Once you have found a property that appeals to you, ensure that there are no costly repairs that need to be done right away. Once you are quite sure that this is the best home for you within your price range, go ahead and make an offer. Remember that buyers purchase by comparison, so compare many homes in the area before you make a final decision.

The most attractive offers are the ones that have few conditions attached to them. Consider selling your current home first before making an offer, as this will give you more bargaining power. Yes, there are obvious risks involved, but this will make your offer more attractive to the Seller. You don't want to lose out on your dream home to another clean offer with less suspensive conditions.

Once you have signed the offer to purchase and its been accepted, a transferring process kicks into place requiring you to make yourself available from time to time to sign documents etc. Try to fulfill all requests at your earliest convenience, helping the process to run smoothly. Finally the day will come for you to move into your home and you'll immediately want to start improving it. Consider making improvements room by room, especially if you have a busy lifestyle. The last thing one wants is to live on a “building site” for months on end. Make your improvements neutral, thereby making them appealing to the next purchaser.