

From house to home –buying your first property

Buying your first home is probably the biggest longterm financial commitment you will make in your life. It's important to know what you are getting into and avoid making a poor investment or over-committing yourself financially.

SAVE FOR A DEPOSIT

Saving for your first home will allow you to pay a bigger deposit, which gives you the option of either a bigger loan or smaller monthly repayments.

FACTOR IN ALL EXPENSES

Look at your monthly budget

Before applying for a home loan, calculate how much you can afford to pay every month. Consider your average monthly income and expenses (including food,entertainment, car finance and insurance policies). A general rule is to limit your monthly home loan instalments to less than a third of your net income.

There will be interest on your home loan

Interest is added to your loan amount as a lending fee. This rate is based on the prime interest rate and, as interest rates fluctuate over time, your monthly instalments may decrease or increase. Make sure you can afford an interest rate increase if it happens.

All the little extras add up

In addition to home loan repayments, home ownership comes with lots of monthly expenses, including water and electricity, rates and taxes, levies for a sectional title property, insurance, unexpected repairs and maintenance as well as security fees. Remember to allow for these when you decide how much you can afford.

GET PROFESSIONAL GUIDANCE

Speak to a financial advisor or your Private Banker for expert advice on finance, affordability and how the process works. Banks will give you a pre-approved bond, so you know how much you can afford.

LOCATION, LOCATION, LOCATION

Look at average house prices in the area you are interested in - research properties online or consult a reputable estate agency that specialises in the area. Don't buy in haste; be an informed buyer. If you find a place you love, make sure you inspect it properly – from the roof to the wiring and plumbing. This puts you in a better position to negotiate the price.

THINK LONGER TERM

Consider your lifestyle in the medium term. Are you planning a family and will need more rooms? How far is it from your office? Are there good schools in the area? Do you have easy access to health care, shops or recreational facilities?

SIGN ON THE DOTTED LINE

Once signed by both parties, the offer to purchase constitutes the deed of sale and becomes legally binding. It contains all terms and conditions agreed on by the buyer and seller, such as the sale being subject to home loan approval or to the sale of another property. An attorney can assist to ensure the contract meets requirements and that the process is smooth.

Transferring the property

The transfer process can take up to three months (sometimes longer). To ensure that the process is a smooth one, submit all the required information and documents on time and follow the process. This will avoid unnecessary delays in registering the property.

How the process works

STEP 1

The transfer attorney, appointed by the seller, prepares the title deed, rates clearance certificate (proof from the municipality that rates and taxes are up to date) and cancellation figures from the bank. The buyer pays transfer duty and the transfer attorney's conveyancing fees.

STEP 2

The bond attorney prepares the home loan documents with the buyer, including the home loan account.

STEP 3

The transfer attorney submits these documents to the deeds office and the cancellation attorney receives copies for cancellation of the seller's bond.

STEP 4

Once all documents have been signed and costs paid, the information is simultaneously lodged at the deeds office for verification. When it is verified, the attorneys are notified.

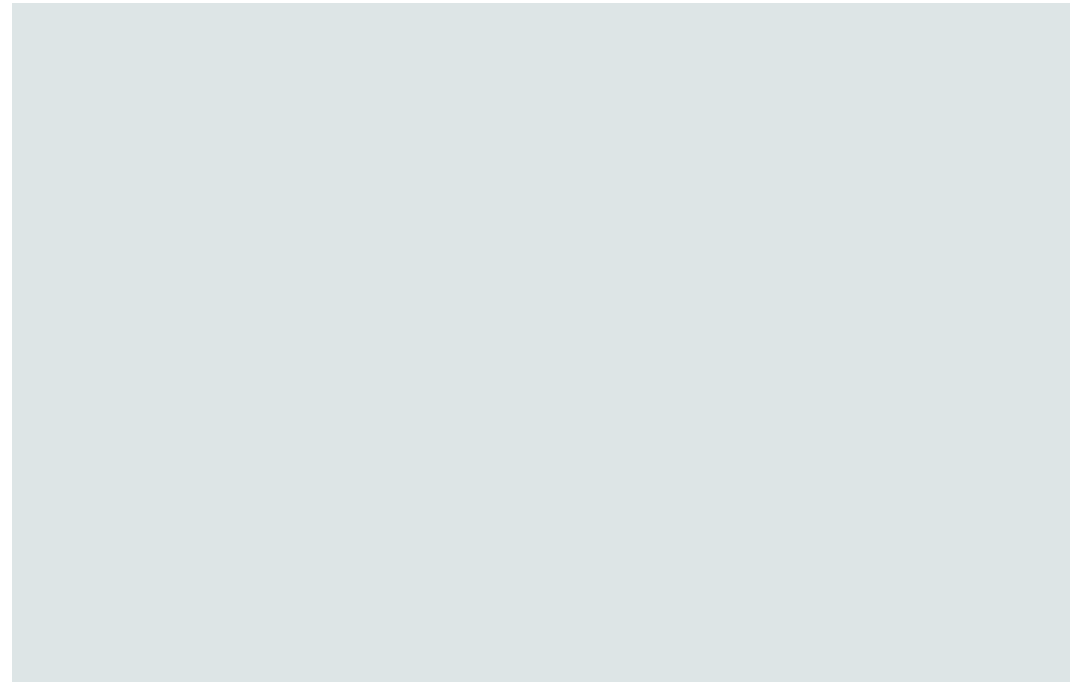
STEP 5

On the day of registration, the bank pays out the home loan amount and the buyer officially becomes the property owner.

AND FINALLY...

Repay as much as you can into your home loan every month. By putting in just a few extra hundred rand a month, you will save yourself thousands of rands over a 20-year home loan term.

Notes:



Happy house-hunting!

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