

## House hunters beware! 10 Tips. (from the Sunday Times)

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The slowdown in house-price growth means first-time buyers need to exercise a degree of caution.

House-price growth is expected to be 11.1% this year and possibly down in the single digits next year, so capital growth may not match the interest costs of a standard 108% mortgage.

That shouldn't scare you off, but it does mean you have to buy well.

The introduction of 108% bonds some five years ago, which include transfer duties and start-up costs as well as the actual price of the property, have been a huge boon to expanding home ownership in South Africa. Many first-time buyers don't have any money to put down as a deposit and the 108% bond has got around this.

Banks are still quite willing to lend first-time buyers money as it will enable them to get a foot on the property ladder.

However, first-time buyers need to be vigilant at the moment. You need to make sure you have the headroom in your repayments to accommodate a possible further interest-rate rise, and shop around for the best deals on home loans.

Here are 10 tips for the first-time buyer:

- Construct your own personal cash-flow model and see how much you can really afford to pay every month;
- Get information about all the costs upfront, as well as levies, transfer duty and so on. These can be as much as 8% of the cost of the loan;
- Seek advice. Reputable bond originators give impartial advice for free;
- Shop around. The lending market is competitive and there are many different products available;
- Strengthen your negotiating position by getting yourself pre-qualified to be granted a mortgage;
- Always pay attention to plumbing and electrics. Bad plumbing and electrics can become costly to repair; and

- Go house hunting when it is raining. You'll find out if there are any problems with the roof.

— Saul Geffen, managing director of MortgageSA