

Van Deventer & Van Deventer

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Consumers Guide To Buying

BUYER

Buying a home is probably the largest investment decision most consumers will ever make, yet they often take less time when doing so than they would when, say, buying a new car. That is simply because buying immovable property is unfamiliar territory to most people who, as a result, really do not know what questions to ask. People simply take things for granted and, perhaps, rely on others when they should not. People often wish they knew more about the processes that are involved when it is already too late to do anything about it.

The Decision To Purchase

Buying a home is not only an exciting but also, often, a frightening experience. Besides living with your decision you will have to live in the home that you have bought. It is best for you not to make any costly mistakes. Before you start looking for your 'dream' home you need to organise yourself by considering a few basic questions such as:

- What are your housing needs?
- What choices are available to you?
- What can you afford to spend when buying a house?

The time that you spend answering these questions in advance may save you from frustration and disappointment during your search for a home.

What Can You Afford To Pay For A Home?

Before looking for a new home it is also important that you are aware of how much you can afford to spend so that you only look at homes that are within your price range. Knowing the following will help you:

- How much money do you have available to be used as a deposit for the purchase of the home?
- How much money must you borrow from a bank or financial institution to pay the balance of the purchase price?
- How much money do you need for the other costs that you must pay when buying a home including transfer costs, transfer duty, bond costs, relocation costs and so on?



Other Costs That You Will Be Liable For

It is easy to count your available cash but remember that not all of this money can be used for the deposit on your new home. There are many other costs, and moving expenses that you must pay before you are finally in your new home. The time to budget for those additional expenses is now. You must be aware of those costs when you make your purchase decision. You will also have to budget for the payment of rates and taxes to the local authority and levies to the body corporate if you are buying into a sectional title scheme. You may also wish to provide for the payment of service deposits required by the local authority; the acquisition of household goods such as kitchen appliances and garden equipment; redecorating or renovations including curtaining, security and so forth.

Estate agents must be registered by the Estate Agency Affairs Board (EAAB), and have been issued with valid fidelity fund certificates.

It is important for you to know, and remember, that every estate agent with whom you deal in your search for a new home must be registered with the EAAB and must have been issued with a valid fidelity fund certificate (or licence to practice as an estate agent) for the year in question.

Before you deal with any estate agent, always ask that estate agent to show you the fidelity fund certificate that has been issued to him/her by the EAAB and make sure that the fidelity fund certificate is valid for the current year. Telephone the EAAB for confirmation if you are not sure that the person is allowed to act as an estate agent.

What Should You Look For When Inspecting A Home?

After you have located a home that interests you, do not be shy when conducting an inspection. You will be investing a lot of money and you should investigate each home thoroughly. You can, if you wish to do so, even bring an expert along to assist you.

What To Do If You Have Complaints About An Estate Agent

If you, as a consumer, have any complaints regarding the estate agency services that were provided by an estate agent, you should consider the following steps:

First discuss your concern directly with the estate agent you have been dealing with. If the matter cannot be resolved in this way you should then approach one of the principal estate agents who manages the estate agency enterprise. Many of your concerns will probably be able to be settled in this manner.

If you still receive no satisfaction you can look to the EAAB for further advice and help. The compliance staff of the EAAB may be able to assist in informally resolving your concern. Should this not be possible you may be asked to lodge a formal complaint against the estate agent concerned for further investigation, especially if the matters complained of concern a breach of the Estate Agency Affairs Act.

The EAAB's compliance officers are not able to give you legal advice. The EAAB, similarly, cannot grant any civil redress or relief to complainants since this is a function of a court of law having jurisdiction. You will be advised if your complaint is civil in nature and, as such, requires a legal, rather than disciplinary, action.

Buyer Beware

If you think that you have found the right home but have concerns about its structural soundness you should call in an expert. You might even consider having the home inspected by a building inspection service which will prepare a written report. Your purchase is a big investment so think of the fee for this service as being an insurance premium. Home inspections are primarily visual inspections which may not always reveal structural problems.



SELLER

Selling a home, is probably the largest decision most consumers will make, yet they often take less time when doing so than they would when, say, buying a new car. That is simply because selling immovable property is unfamiliar territory to most people who, as a result, really do not understand the process or know what questions to ask.

Working With An Estate Agent

While you can sell your home without using the services of a registered estate agent you must remember that this can often be a very complicated process, especially if you do not have any experience in doing so.

Some of the questions that will arise when selling a home include:

- What is the best possible price for your home?
- Where do you find a buyer?
- How do you qualify a buyer?
- What facts must you disclose?
- What paperwork is required?
- Will the contract of sale be legal and binding?
- How is ownership to be transferred to the buyer?
- What do you do about existing mortgage bonds?
- Does the buyer qualify for mortgage finance?
- Who will ensure that you get your money?

The Registration Of Estate Agents

It is important for you to know that the person who you select to market your home for sale must:

- Be registered with the Estate Agency Affairs Board (EAAB); and
- Have been issued with a valid fidelity fund certificate, or licence to operate as an estate agent, by the EAAB.

Before you deal with any estate agent you should always ask that estate agent to show you the fidelity fund certificate that has been issued to him/her by the EAAB. Carefully check the fidelity fund certificate to make sure that it is valid for the current year. If you have any doubts contact the EAAB for assistance.

How Do You Choose An Estate Agent?

Ask family, friends, neighbours and fellow employees who have recently bought or sold a home to recommend their choice of estate agent to you.

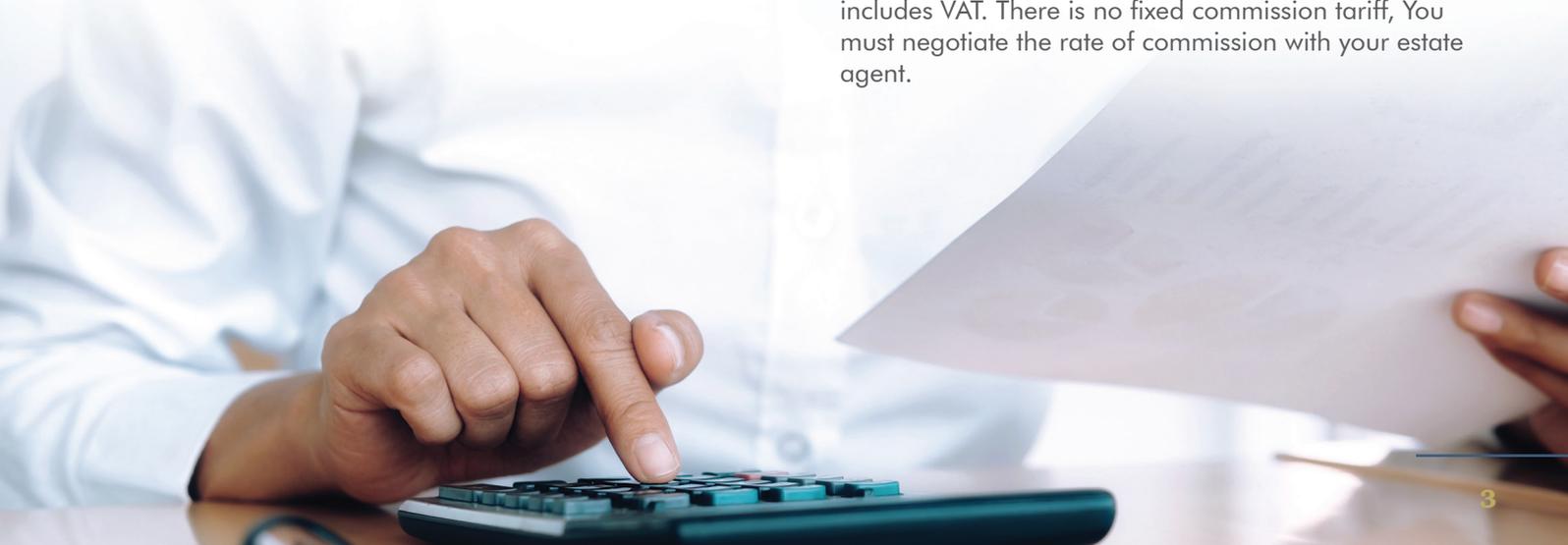
You could also telephone or visit several local estate agency firms to find out if they have experience in selling homes that are similar to yours.

Looking at advertisements in the news media and using the internet are also good ways to find estate agents who specialise in selling homes in your area. Get as much information as you can on:

- Their background
- How long they have been in business
- Some of their previous clients
- Their levels of knowledge and expertise
- Their fees or rates of commission.

What Will An Estate Agent Charge To Render An Estate Agency Service?

Estate agents, in general, work on a commission basis and are paid for their services once the sale of your property has been successfully concluded. As the seller you will be asked to agree to pay a fee, in the form of a commission, to the estate agent. The commission will usually be calculated as a percentage of the total selling price of your property or may, sometimes, be a fixed monetary amount. Check whether or not the commission includes VAT. There is no fixed commission tariff, You must negotiate the rate of commission with your estate agent.



Offers To Purchase

Once an interested buyer has been found, a written Offer to Purchase your home will be prepared, usually on a standard pre-printed form. Make sure that your estate agent explains the process of receiving and reviewing offers to you. Do not be surprised if you are presented with offers at prices that differ substantially from your asking price.

Your estate agent must present all written offers that have been received for your home to you for consideration. If several offers are brought to you at the same time you are not obliged to accept any one offer over another.

Your estate agent will help you to understand the terms and conditions in the offer(s) to purchase and will also give you any advice that you may need. At the end of the day, however; the decision whether or not to accept an Offer to Purchase is yours.

Before you make a decision you may want the estate agent to prepare an estimate of the cash proceeds that you will receive when the sale is completed. This will be based on the sale price that has been offered and the financing arrangements contained in the offers as well as the commission that you will have to pay to the estate agent, and the amount that you owe to the bank. You are under no obligation to accept any offer from, or to make a counter-offer to, the proposed buyer. Be aware, however; that if you reject an offer which exactly meets all the terms that you agreed to in the mandate you will be legally obliged to pay commission to the estate agency firm.

Giving A Selling Mandate To The Estate Agent Of Your Choice

When you have chosen a professional estate agent to help you to market your home for sale, that estate agent will use market research methods, along with his/her knowledge, experience and expertise, to set the best possible selling (also called the "listing") price for your home. Remember that the selling price that you decide on must be attractive to potential buyers under current property market conditions.

After the selling price has been agreed on you will generally be asked to sign a mandate document (also known as a "listing contract") in which you instruct the estate agency firm to market your home for sale.

Be aware that, once this mandate has been accepted, the contract comes into existence and that both parties are bound by the terms and conditions of that mandate.

What Costs Can You Expect To Pay As Seller?

As the seller you will have to pay the following costs:

- The commission that you agreed to pay to your estate agency firm;
- The legal costs for the cancellation of any existing mortgage bond that is registered over the property; and
- Rates and taxes on your property, as well as levies in respect of a sectional title unit.

What to do if you have any complaints about an estate agent

First discuss your concern directly with the estate agent that you have been dealing with. If the matter cannot be resolved in this way you should then approach one of the principal estate agents who manages the estate agency enterprise, as many of your concerns will probably be able to be settled in this manner.

If you still receive no satisfaction you can look to the EAAB for further advice and help. The compliance staff of the EAAB may be able to assist in informally resolving your concern. Should this not be possible you may be asked to lodge a formal complaint against the estate agent concerned for further investigation, especially if the matters complained of concern a breach of the Estate Agency Affairs Act.

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