



SusanDeacon  
properties

A Buyers guide prepared and packed with information for you the buyer.

Buying a home is one of the single largest investment decisions you will make for your family, choose a Realtor like you would choose any other professional to represent your interests...

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# We have put together a guide to assist you in the purchase of your new home.

## Your “Dream” Home?

Very few people can afford their “dream” home immediately. When looking at facts of a home ownership be realistic about what you would like and can afford. Have flexibility to buy what you would like and can afford now as the first step in obtaining your “dream” home...the home you consider today as a “dream” home may not be the one you might select five or ten years from now. The path of the “dream” home is one of growth and learning. Acquiring what one could afford and refining the ideas of the “dream” home is part of the process. Whatever your “dream” home might represent to you, starting with what you can afford, is a surer route of obtaining it.

## Advantage of Buying a Resale Home

You see what you are getting – condition, plot, present character of the neighbourhood.

What is included in the price – curtain rails, light fixtures, fences, etc.

How the plot relates to adjacent properties

The proximity of neighbouring houses.

Completed and ready for you to occupy and enjoy.

Amenities – types, distance, etc.

When you find the right property, we’ll assist you in preparing an offer to purchase.

## Making an offer

Making an offer to purchase is the first step in a legal contract and should contain very clearly everything you can or intend to do; and exactly what you expect to receive...this is where we can be of assistance. We will ensure the offer accurately reflects your intentions, all details are correct, correctly identified property, mortgage information properly stated.

We have a standard offer form, which contains pre-printed standard clauses as well as the inserted information. Once you understand the offer and are certain it states everything you wanted stated...then it can be signed. Once signed you have taken the first step to owning a home. (A copy of the agreement of sale is attached. Kindly read through the contract and familiarise yourself with the contract, once a contract has been signed it is a binding agreement and subject to the laws governing it.)

## Extras

When your “Offer to Purchase” is being prepared – be specific! Avoid misunderstandings. If you wish substitutions or/and any unusual extras include them in detail. Being clear and specific at the outset can save time and possible complications later.

## Transfer Costs and Cash Costs

These expenses are one of the most overlooked and unexpected features of buying. This is the difference between the bond and the purchase price and your required cash down payment.

## Firstly

Seller’s adjustments. This is simply paying back the vendor for such things he has already paid for – rates & taxes, insurance, etc.

## Secondly

Bond costs if you are arranging a new mortgage – valuation fee, legal fees.

### Thirdly

Legal fees and disbursements which include your lawyer's services, expenses for registration fees, transfer duty, taxes, title search, etc

### Legal/Closing Costs

Once you have made the decision to purchase a home, you will need to determine the amount of money required to close the deal. In addition to the down payment on your new home, you should expect to pay 8% of purchase price in transfer costs and adjustments for a resale home. Examples of some of these costs are:

### Interest Adjustment

Most banks prefer mortgage payments to fall due on the first of the month. Trust companies and some banks will calculate the interest from the closing date to the first of the next month and deduct it from the mortgage advance. If your closing date is early in the month, this amount could be as much as R1, 000 on a R150, 000 bond.

### Mortgage Valuation Fees

A valuation fee is usually charged when you apply for a mortgage.

### Points to consider when viewing

BUYERS BEWARE – There is a voetstoets clause in the agreement of sale, make sure your inspection is thorough and to the point. Example: Do the taps work – toilets flush – any cracked windows etc. Remember now is the time to check not after signing the contract as faults need to be listed at the time of signing.

### Explaining 72-hour clause

A 72-hour clause is added to a deed of sale when there are suspensive conditions these can be:

- a) 100% bond plus costs – this means that the buyer wishes to include the costs in the purchase price. Bank approval has to be gained first, should the bank not approve the costs the client either has to pay cash for the costs or the sale becomes null and void.
- b) Successful sale of property – the deed of sale is subject to the successful sale of the buyer's property.
- c) Should there be a 72-hour clause on an offer that has been accepted by the seller, the seller is entitled to accept other offers on the property. Should any of other offers (that is any offer received after the initial offer) become final (bond approval is received) the previous purchaser (the first offer) is given 72 hours to meet all suspensive conditions

### Addendums

Any other addendums should be given in writing and not done verbally. Addendums can cover a wide range of clauses. The most common addendum being the one that refers to fixtures and fittings or any work or repairs that needs to be done.

## Working With A Realtor

Realtors are governed by the legal concept of "agency". An agent is legally obligated to look after the best interests of the person he or she is working for. The agent must be loyal to that person. A Realtor may be your agent – if you have clearly established an agency relationship with that Realtor. But often, you may assume such an obligation exists when it does not. Realtors believe it

is important that the people they work with understand when an agency relationship exists and when it does not – and to understand what it means. In real estate, there are different possible forms of agency relationship:

### Sellers Agent

When a real estate company is a seller's agent it must do what is best for the sellers of the property. A seller's agent must tell the seller anything known about the purchaser. For instance, if a seller's agent knows a purchaser is willing to offer more for a property, that information must be shared with the seller. Confidences a seller shares with a sellers agent must be kept confidential. A purchaser can expect fair service and disclosure of pertinent information about a property. Nothing will be misrepresented about the property. All questions will be answered honestly.

### Purchasers Agent

A real estate company acting as a "purchasers agent" must do what is best for the purchaser. A written contract establishes purchases agency. It also explains services the Realtor will provide, spells out who will pay and specifies what obligations a purchaser may have. Typically, purchasers will be obliged to work exclusively with that Realtor for a period of time. A Realtor working for a purchaser will keep information about the purchaser confidential from the seller.

### Dual Agent

Occasionally a real estate company will be the agent of both the purchaser and the seller. Under this "dual agency" arrangement, the Realtor must do what is best for both the seller and the purchaser. A dual agent must fully disclose information to both the purchaser and the seller. No information will be confidential. A Realtor can be a dual agent only if both the purchaser and seller agree in writing.

### Who Pays?

Usually the Realtor is paid from the proceeds of the sale. The listing agreement states the Realtors fee.

### When more than one Realtor is involved.

Often, a purchaser will work with one Realtor and a seller with another. It may appear that the Realtor working purchaser is working the purchaser in an agency relationship. That is not necessarily the case. The Realtor working with the purchaser may be a "sub-agent" of the seller. In this case, the Realtor is actually a seller's agent. While a seller's agent can provide valuable services to a purchaser, he or she must do what is best for the seller  
If a written contract exists with a purchaser, a Realtor can be a purchaser's agent.

## Handy Moving Checklist

Just a reminder of some items that you should take care of before you move out of your house and into your new home.

- Prepare a list of friends, relatives, companies, etc. with whom you have done business, use “Change of Address” cards supplied and mail to all addresses on your list. (If you need more give us a call.)
- Arrange with your electrical company to have the meters read on the appropriate date and to turn off your electricity on the date the new owner takes occupation.
- Advise your Telkom and satellite suppliers regarding the sale arrangements. Cancel pre-authorized cheques issued for contracted services. Inform gardening and dry cleaning services, trash pick up, newspaper deliveries and other home services.
- Arrange servicing of all home appliances for the move.
- Notify magazine, record / book club, insurance, credit card companies, department store charge accounts, licence bureaus, finance companies, stockbrokers and accountants.
- Transfer trust or banking accounts, securities; establish new accounts with a letter of introduction.
- Cancel or transfer social, athletic, civic, religious, business affiliations or memberships.
- Arrange transfer of medical and dental records, prescriptions and optical records.
- Collect all items, for cleaning, storage or repair. Fur coats, dry cleaning, laundry, watches, shoes or small appliances, for example.
- Arrange access to the keys for your new home.
- Insure safety and care of pets during the move.
- Obtain a supply of boxes for moving and devise a colour code system for the various room designations.
- Discard all flammable liquids including gasoline used in gardening and recreational motors.

## Tips

Take a copy of this list with you when you go home hunting and make notes as you go along. It is very important to keep records of what properties you have seen and with which agents. Try to view a property in the daylight, as it is easier to pick up any faults the house has. Also try and view a property during the week and on the weekend as you may find that there is more noise or traffic at certain times.

Attached is a listing sheet where you can keep track of houses seen as well as your comments about the houses so that you do not get confused about all the properties you are viewing.

### Price

Can you afford it?

### Suburb

Do you want to live in this area? What has the value of property done in the area over the past 3 years? What is the crime in the area like?

### Property Size

Is there space to extend or build on later, space to put in a swimming pool, higher rates & taxes, more maintenance, place for children to play.

### Location

Is it near schools, shops, parks and transport? Is it on a busy road or a quiet close? Is it near an industrial area, are the surrounding areas better or worse? Are the houses in the street better or worse? (Remember your neighbours home will affect the value of your home.)

### Aspect and Soil

North or south facing, morning or afternoon sun, overlooked by neighbours houses or flats. Rocky soil – solid but expensive foundations, difficult gardening. Clay soil - expensive foundations, difficult gardening, good for roses.

### Future development in the area

Check the local authority and local residents associations for plans for future highways, roads, shopping, centres, schools or low budget developments etc.

### Facilities

Does the home have enough bedrooms, bathrooms, separate dining room, size of lounge or a pool? If not, is there room to add what you need?

### Fixtures & Fittings

Quality of materials, quality of workmanship, are there built in cupboards, size of geyser, placement of windows, is there a burglar alarm and bars, what other security features are there?

### Condition of property

This is a tricky one – you may want to get the help of an expert to assess the condition of the roof, timber, gutters, drains, plumbing, electricity, swimming pool etc. It is important to remember that the beetle inspection does not cover all wood eating insects or wood rot. The electrical inspection is a safety inspection and does not mean all electrical appliances work.

### How much to offer

You've found a home you like, in a neighbourhood you feel comfortable in. You know the asking price is open to negotiations.

First ask yourself how much is the property worth to you. The same house may be much more valuable to one person or family than to another.

### Next consider these questions

1. What is the price?
2. How long has the property been for sale?
3. Has the price already been reduced?
4. What are the owner's reasons for selling?
5. Is the seller in a hurry to move?
6. Details of bond available?

What were the sale prices of other neighbourhood homes and how did they compare in size and condition?

**REMEMBER IT IS THE DUTY OF THE BUYER TO DO A THOROUGH INSPECTION OF THE PROPERTY, DON'T FEEL EMBARRASSED TO ASK THE SELLERS FOR PERMISSION TO OPEN CUPBOARDS, TAPS, LOOK BEHIND FURNITURE, CURTAINS ETC.**

**WE WILL PROVIDE ANY INFORMATION YOU ASK FOR, TO HELP MAKE YOUR DECISION. WE CAN HELP YOU WRITE UP A CONTRACT YOU CAN LIVE WITH AND PRESENT IT TO THE SELLER. BUT REMEMBER, ONLY YOU CAN DECIDE THE PRICE YOU ARE WILLING TO PAY FOR A HOME.**



# Information Guide to Conveyancing

## 1. What is conveyancing?

Conveyancing describes the legal procedure whereby ownership of immovable property is changed (i.e. ownership is “conveyed” from the existing owner to the purchaser)

## 2. Conveyancer’s actions on receipt of the deed of sale

1. It is self-explanatory that the Conveyancer in performing his duty will be guided by the contents of the Agreement concluded between the buyer and the seller as recorded in the Deed of Sale. The Conveyancer is therefore, is compelled to “Bake the Cake” in accordance with the “Recipe” prepared for us in advance!
2. On receipt of the Deed of Sale, the Conveyancer will immediately conduct a Deeds Office Search. This search will reveal the following:
  - A) The full Deeds Office description of the property being sold
  - B) The full details of the current registered owner
  - C) The full details of any bonds held over the property
  - D) The full details of any interdicts recorded against the property.

## 3. Existing Bond on the property

1. The Conveyancer will simultaneously with the above, address a letter to the current bondholder advising the bondholder of the fact that the property has been sold and calling upon the bondholder to forward the Deed to the Conveyancer. He will simultaneously ask the bondholder to advise the Conveyancer of the amount required to pay off the existing bond on the registration of transfer and request the bondholder to instruct his own attorneys to prepare an appropriate Consent to Cancellation of the existing bond. This latter form will be prepared by the bondholder’s attorneys, signed by the bondholder and returned to his attorneys for purpose of subsequent lodgement at the Deeds Office. As most financial institutions are unable to trace the file in which the Title Deed and Bond are retained without an account number, it is important that the particulars if the bond account number be reflected in the information section of the Deed of Sale.
2. The Conveyancing Attorney will in due course receive a response to his letter to the existing bondholder. This letter should have enclosed the Title Deed and would have stated the amount required by the bondholder on cancellation of the bond. Should the purchase price be sufficient the Conveyancing Attorney will address a letter to the attorneys representing the bondholder promising payment of the amount required on date of registration at the Deeds Office.

## 4. The role of the Municipality

The Conveyancer will simultaneously write to the Municipality Authority having jurisdiction over the area in which the property is situated and will request from them the following information / documentation.

1. A valuation certificate in which the Municipal Valuation of the property is stated, this document is required for the purposes of obtaining a Transfer Duty Receipt from the Receiver of Revenue.
2. The amount, which the Municipal Authority requires payment of as a prerequisite to the issuing of a rates clearance certificate – in terms of the law, no transfer of any property may be registered in the Deeds Office unless the relevant Municipal Authority has provided permission. This permission is termed “Rates Clearance.” It is important to note that in obtaining a Rates Clearance, one is compelled (regardless of any arrangements which the seller might otherwise have had with the municipal authority) to pay the full amount of rates payable on the property to the end of the current rates year. Municipal Authorities furthermore demand various other categories of payment in advance e.g. water and service

charges. Part of the amount payable to the Municipal Authority will be for the account of the seller and part for the account of the purchaser.

### 5. Preparation of preliminary documents

On receipt of the Deeds Office particulars and subject to all suspensive conditions having been fulfilled, the Conveyancing Attorney will proceed to prepare his “preliminary documentation.” These documents comprises the following:

1. Power of Attorney - in which the seller authorises the Conveyancing Attorney to act on his behalf and to appear at the Deeds Office for purposes of registering the transfer of ownership at the end of the day. This document will have to be signed by the seller personally, or by somebody authorised in terms of a written Power of Attorney to sign such a document on behalf of the seller. It is therefore self-explanatory that if the seller is going to be away during the relevant period the transfer will be delayed unless adequate arrangements are made before his departure.
2. Declarations by the purchaser and seller to the Receiver of Revenue. As you are no doubt aware, transfer duty is payable to the Receiver of Revenue arising from sales of Immovable property. This transfer duty is a percentage of the purchase price. The Receiver of Revenue is therefore quite anxious to ensure that he is fully advised of the actual purchase price and that such purchase price furthermore amounts to a fair and market related price. The declarations that the buyer and seller will therefore have to sign serve to confirm all of the above facts. Should the purchase and the seller therefore have reached some “private agreement” in terms of which the purchase price as stated in the Deed of Sale is not a proper reflection of the actual purchase price then these declarations will serve to frustrate the endeavours of the parties as stated above.
3. Affidavits to be signed by the purchaser and the seller confirming their correct names, identity numbers, marital status and solvency.

### 6. Signature and Costs

When these documents are ready the parties will be contacted by the Conveyancing Attorney with a view to arranging an appointment for the signature of the documents. On signature of the documents, the Conveyancing Attorney will ask the purchaser to settle the transfer costs. The account which the Conveyancer will present will comprise four segments being the following:

1. The Conveyancer’s own fee plus Vat thereon.
2. The cost of the valuation certificate (see paragraph 4.2.)
3. The transfer duty.
4. Deeds office fee.

It is important that the purchaser settle these costs at least one month before scheduled date of transfer as the Conveyancer is required to pay the transfer duty due to the Receiver of Revenue before one may approach the Deeds Office. The Conveyancer will simultaneously recover from the Purchaser his pro rata share of rates and taxes in order that a Rates Clearance can also be obtained. As soon as these costs have been paid, the Conveyancer will forward his cheque plus supporting documentation to the Receiver of Revenue for the issue of a transfer duty receipt. A cheque will simultaneously be sent to the Municipal Authority for the purposes of the issue of a Rates Clearance Certificate.

### 7. Purchaser’s Bond

In the interim the Conveyancing Attorney will receive notification from Attorneys instructed by the financial institution who will be granting the purchaser a bond advising of their identity and of the nature and extent of their instructions. The Conveyancing Attorney will immediately send to these “bond attorneys” a draft copy of the new title deed of the property. This document is termed

the “flysheet.” This document enables the bond attorneys to determine the description of the property which is to be bonded and furthermore to determine the full details of the purchaser. The bond attorneys will then prepare their own documentation and arrange for the purchaser to call at their offices to sign their papers and pay their costs.

#### 8. Final Phase

When everybody is ready (i.e. the bond attorney’s documents are signed, the bond cancellations attorneys consent to the cancellation is in their possession and duly signed by the bond holder, the transfer duty receipt and rates clearance have been received,) the Conveyancing Attorney will contact all the other Attorneys involved and arrange a simultaneous “lodgement” at the deeds Office. On the pre- arranged date all the attorneys simultaneously hand their folders of paper into the Deeds Office. These papers are collated by the Deeds Office and allocated to a specific examiner. The Deeds Office examiner inspects all the documents and if found to be in order, approves the documents for registration. This procedure in the Deeds Office takes approximately ten (10) days. If any difficulties are discovered in any of the papers the documents are “rejected.” If the documents are approved for registration, the Conveyancing Attorney after ensuring that all the finances for the transaction have either been paid or alternatively secured will arrange with all the attorneys concerned for actual registration to take place. At the moment of registration ownership passes from the seller to the purchaser and the transaction is complete.

#### 9. How long does it take

It is self-explanatory from the above that it is very difficult to estimate precisely how long a transfer should take place from the time that the Conveyancing Attorney receives his instructions. If one is forced to make an estimate, then one can assume that if all the parties involved in the transaction, perform their functions timeously, that the entire transaction could be completed within a period of six to eight weeks from the time of receipt of the initial Deed of Sale.

We thank you for making use of our services and should you require any further assistance, we invite you to contact any of our property Department Partners.