



## **NON SOUTH AFRICAN RESIDENTS**

Normally property is bought through a Real Estate Agent, realtor or broker. Should you consider purchasing a property privately, it is recommended to involve a reputable estate agent or conveyancer to assist you.

The South African government allows foreigners (individuals who reside outside the countries borders) to purchase property in South Africa, subject to Reserve Bank approval, either as: Natural persons Legal entity (C.C / Company / Trust) (Legal entity may take up to 30 days to be registered)

Foreigners / Nonresidents may utilize local mortgage bond finance on the basis of 50% cash being brought into the country via Reserve bank approval.

On finding a suitable property, a nonresident can submit a written offer to the owner of the property to purchase the property, subject to a maximum of 50 % bond from a local bank (an "authorized dealer") and subject to Reserve Bank approval, which may take up to 14 days, for written confirmation.

The mortgage bond finance approval from a bank is based on

- a) The value of the property and
- b) the credit rating/risk of the purchaser.

General: All offers to purchase property in S.A. must be made in writing to be valid. (Any advise required must be sought prior to committing an offer in writing) Once the seller has accepted an offer (in writing) a contract comes into being, even if it contains any suspensive conditions e.g. Subject to the approval of mortgage bond finance and approval by the Reserve Bank. Normally all conditions are linked to a definitive time scale. Purchasers are then bound to the contract, unless the purchase price is below R250 000, when the purchaser has a "cooling-off" period in which they may withdraw their offer. (Please discuss this with an agent) South Africa has a sophisticated, dependable banking system with healthy competition amongst the individual banks on products and rates. Funds are secure and the transfer of funds to registered banks are guaranteed. Once funds are received and guarantees are called for by conveyancing attorney these maybe released to the attorney pending registration of transfer (ownership) Ownership can be partial or wholly-owned by foreigners, with the following property ownership: Freehold – most common (Residential dwellings) Sectional title (Multi unit dwellings) Leasehold Share block Extra costs included, are over and above the purchase price: Transfs charges a er duty – government tax. Transfer fees – Conveyancer's fees. Bond registration fees – bank nd legal fees for registering a bond.

The above fees are based on a tariff recommended tariff. Normally these fees are approximately 7% of the purchase price.

Except in cases where the seller is registered as a VAT (Value Added Tax) vendor, trading in property, VAT is applicable, included in the final selling price, and payable by the seller.

Property may be rented out/leased to others, in which case rental incomes less maintenance costs are taxable. Property may be sold or exposed of, in the normal manner and foreigners are allowed to repatriate these funds back to their own countries without penalty.

South Africa is a very beautiful and diverse country spread over a fairly vast area, ranging in different climates, vegetation, rural, urban, coastal, inland, mountainous, flat, busy, quiet aspects .... there is a place for everyone. We hope we can help you find your *"little piece of paradise"* in our country.

Once a decision has been to purchase a property in South Africa, one should adhere to the following guidelines: Check exchange rates of your currency with the South African rand. Consider your affordability and financing options. Decide on "where" you'd like to own property: A Gauteng (Johannesburg) the financial "capital" of South Africa. The beautiful coastline – Kwazulu Natal / Cape Coast "Some market research" Speak to people you may know, reputable agents, business contracts etc. about your ideas of purchasing. Consider your motivation / reasons of wanting to purchase. Ask as many questions as possible. Obtain information on South Africa and the various regions – utilize the web, contact the embassy etc.

As is worldwide every area has up market, middle and lower market areas. Prices range from relatively "cheap to expensive", certain areas are "more secure/exclusive" etc. Individual properties range from "freestanding" freehold, to high-density sectional title. All properties are subject to monthly council charges or levies.

Generally the property market price ranges are: Lower (up to R300 000) Middle (R300 000 to R600 000) Middle/upper (R600 000 – R1000 000) Up market (R1000 000+)

In the exclusive areas prices can easily range from R2 500 000 to R10 000 000.

In cluster/sectional title complexes – the fewer the number of units the more exclusive.

Key factors with pricing include: Locality within an area "views" "curb" appeal Security Activities, schooling etc.

The South African public transport system is generally considered to be fairly poor, with individual vehicle ownership being a high priority, road traffic and distances, should be carefully considered. Local business is relatively decentralized to nodes surrounding the entire Johannesburg CBS to access to – and transport are important factors.

Once you feel satisfied with your investigations – you can get down to the business of finding a property.