

Start Early!

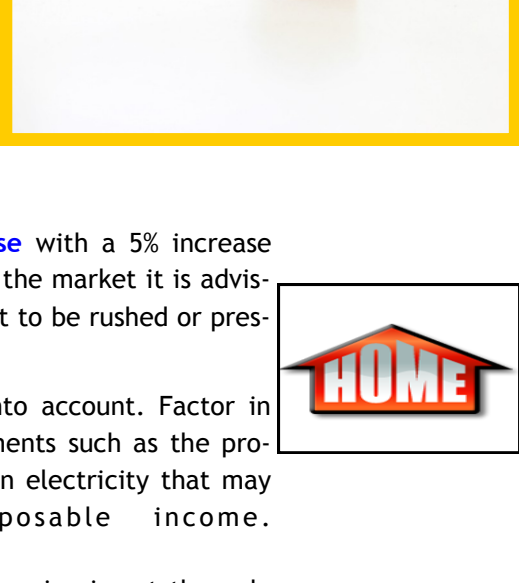


NEOPROP
REDEFINING REAL ESTATE VALUE

HOW TO ...

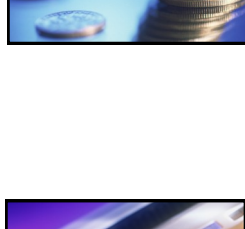
MAKE THAT FIRST PROPERTY PURCHASE

It's a fact of life that the majority of **first-time home buyers** are younger people who know very little about owning or maintaining a property of their own. As a result, many first-time home owners are unable to make a **well-informed decision** about the long-term implications involved in purchasing a home.



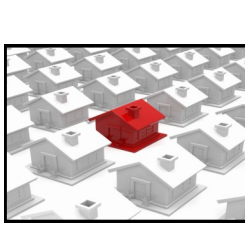
Buying property is usually one of the **biggest investments** an individual will make during a lifetime and s/he would do well to take note of a few essential tips when making that first-time purchase.

Right now **property prices are on the rise** with a 5% increase forecast for 2010. So if you are currently in the market it is advisable to move quickly. However take care not to be rushed or pressured into making a decision.



Affordability is a vital element to take into account. Factor in potential interest increases and other elements such as the proposed Eskom rate increases of up to 25% on electricity that may negatively influence your disposable income.

You also need to remember that the asking price is not the only cost involved when purchasing property. **Additional costs** can include transfer fees, deeds office fees and levies, municipal rates, bank charges, bond initiation fees, home insurance costs, as well as the monthly administration fee that is charged by the bank. It is absolutely essential that you take these additional costs into account when working out what you can afford before you start looking.



When buying property for the first time, a good place to start is to determine **the size of the home loan** you qualify for. In determining this, your monthly income and expenditure is the single most important factor. Loan providers work out the amount you qualify for by considering your gross monthly income minus your gross monthly expenses. As a rule of thumb, your monthly bond repayment cannot be more than **30%** of your total monthly income. Make use of a number of **online mortgage calculators** to guide you in this regard. Remember too that your **credit history** also plays a big part in the approval process.



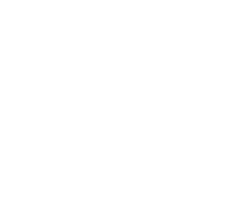
It is also advisable to work through a **reputable bond originator** to assist you in getting the best deal possible. A bond originator will take you through every step of the process and assist you in avoiding the pitfalls of first time purchasing. They will also investigate the various **packages** offered by the banks and present you with the **best deal** in terms of interest rate, duration of mortgage and the costs involved. You can save yourself a lot of **time and effort** by talking to a bond originator before you start looking for property.



In today's economic climate banks seldom grant **100% home loans** so you need to have a **deposit** that is easily accessible and readily available. If your offer to purchase is accepted, your deposit needs to be paid over into a trust account and if your funds are tied up, the sale may fall through.



Bond terms are generally 20 years but can extend to 30 years. The interest rate granted by the bank is also variable. Today, the prime interest rate is 10,5%, but depending on your credit history, income and history with the bank, you can be approved for a loan that is charged **below the prime lending rate**.



Neoprop's resident bond originator, **Christeen van Jaarsveld** is available on **0828804917** or christeen@neoprop.co.za to assist you with all your bond requirements. For further information and enquiries regarding the purchase of property please contact Dollie van Wyk on 0834689930 or dollie@neoprop.co.za.

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