

20Twenty

Financial Solutions



The home buying guide

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We've put together some steps to assist you to make your home-buying process as smooth and problem-free as possible; and if you are uncertain about anything the 20Twenty team is always available for assistance.

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1. Pre-approval

The first step to buying a property is to determine what you can afford and for which home loan amount you will qualify. Please make use of our easy-to-use affordability calculator on our website or contact us directly for a pre-approval of a home loan.

2. Finding the right property for you

Once you know for how much you qualify, you can start house hunting. There are various platforms and sources which you can visit to find the perfect home, which include, but are not limited to:

- House finder magazines
- Real estate websites or social media pages
- Appointing a real estate agent; or
- good old-fashioned newspapers

In order to narrow down your search scope, determine what your needs are and what is important for you in a property, for instance:

- Are you looking for a low-maintenance, lock-up-and-go place?
- If you are a pet-owner, make sure that the property is pet-friendly.
- Is a one-level house or double-story, with stairs, more practicable?
- If you have a big family, is the property suitable for everyone?
- Do you prefer extravagant finishes or practicality?
- Does the property suit your needs?

Location, location, location

Location is an important factor when house hunting and will greatly impact the value of your property. Remember important factors like:

- The distance of the property from your workplace, school/s and lifestyle activities. It might not seem important now, but the financial and time impact relating to travelling should be considered when deciding on a location.
- Security is a major point of consideration. Make sure to ask all the necessary questions – is the location prone for crime? Is there sufficient security installed?

Cosmetics and structure

Most properties are sold “voetstoots”, that is “as-is”, and the seller will not be liable for any damages that you become aware of after registration of the property. It is thus important to check for things like:

- Leaking taps and/or water pipes;
- Cracks in the walls and/or tiles;
- Roof leakages,
- Working condition of pumps for swimming pools;
- Any disruptions/interference in the natural waterflow;
- Flooding hazards
- Even what bricks were used to construct the dwelling

Value for money

Ask for a valuation of the property to make sure that you are paying for the actual and market-related value of the property.

Although an independent valuation will be obtained during your loan approval process, the time for negotiation of the purchase price is now.

3. Legal status of the property

Once you have chosen your ideal property, there are certain legalities that you have to acquaint yourself with and which might have a financial impact on the transaction. If you are dealing with a real estate agent, he/she can provide you with the necessary information, regarding the following:

- Is the Property registered in a legal entity like a trust, close corporation, or private company or in the seller's personal name?

There are certain advantages and disadvantages when purchasing a property registered in a legal entity and if you are considering purchasing such a property, we advise you to contact us at home@20twenty.solutions or your legal practitioner for further advice and information thereon.

- Is the property a unit in a sectional title scheme or is it a free-standing property?



4. Types of Properties

Sectional title

With a Sectional Title property, you are buying into a type of “Communal Ownership”, where you will only have exclusive ownership rights to your apartment or townhouse in the complex. If it is a unit in a sectional title scheme obtain the following information:

- Contact details of the Managing agent and the chairperson of the body corporate;
- Management and conduct rules of the body corporate;
- As you will be responsible for the monthly levy amount and any other expenses, understand what those costs would be, also understand any benefits those costs could have;
- Familiarise yourself with your responsibilities of the body corporate rules.

Freestanding

Freestanding property is your individual ownership which is registered in your name, and there is no common ownership, thus all parts of the property is your responsibility to maintain. You will have to pay municipal rates and taxes. This money is paid to the municipality monthly for services such as refuse removal, road maintenance, sewerage, and water connections.

If the property is freestanding, then the following information will be of importance to you:

- The amount of the monthly rates and taxes and consumptions;
- If the property falls within a community regulated by a Homeowners Association:
 - contact details of the HOA
 - amount of monthly levy payable to the HOA
 - all expenses / costs that are covered by the monthly levy
 - rules, if any, of the HOA
 - the responsibilities of the HOA

Building Loan

The purpose of a building loan is to provide mortgage finance to prospective borrowers for the purchase of vacant land and subsequently construction cost, to erect a residential dwelling.

This could be a new residential development area on freehold land in a proclaimed residential area or to make structural improvements and additions to an existing dwelling.

You can buy off plan – in other words, you will select the house to be built on the vacant land, from a house plan drafted by an architect.

The land must be transferred into your name first, thereafter your approved builder can start the building process. Once the land has been transferred into your name at the Deeds Office, you are officially the registered owner and responsible for repayment of the debt. As a Homeowner you are liable to pay Rates and Taxes.

5. Transfer costs

To enable you to properly budget for the transaction, you should understand that these costs include actual transfer costs and bond registration costs;

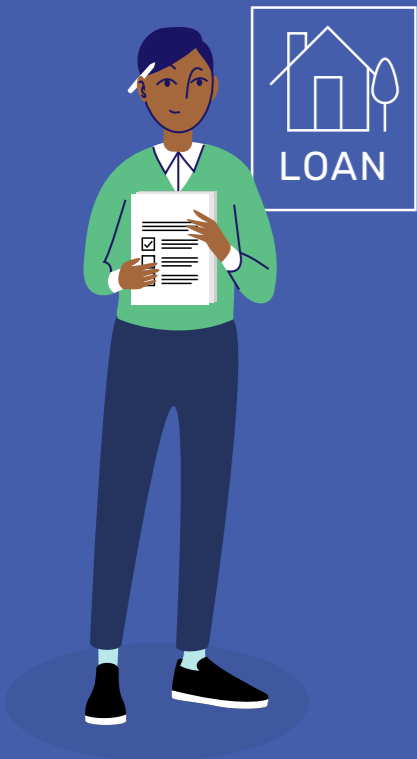
Individual transaction and the payment of these costs are subject to your circumstance and affordability. These can include your property valuation and loan amount. Please contact us in order to tailor make an affordable loan for you.



6. Hidden costs

In addition to your monthly home loan instalment, there are other expenses that you need to take into account:

- Monthly Rates and Taxes, in case of a free-standing property;
- Monthly levies to a Body Corporate in case of a sectional title unit;
- Monthly levies to a Homeowners Association, in case of a gated community;
- Water consumption, in the case of a sectional title unit, enquire whether this is included in the monthly levy or payable directly to the local authority;
- Electricity consumption, enquire whether there is a pre-paid meter or whether it is included in the municipal bill; and
- Short term insurance premiums (if not included in your monthly instalment)



8. Preparing your paperwork

Certain information and documentation is required for your loan approval and the subsequent registration processes, please refer to our website at [20twenty.solutions](https://www.20twenty.co.uk/solutions) for a complete list of the requisite documents that you must provide.

9. Applying for your home loan

Once the Sale agreement is signed by all parties and you have assembled all required documents, you can continue with your loan application process with 20Twenty.

10. The transfer process

Upon approval of your home loan, you will be provided with an approval letter from 20Twenty, which must be submitted to the transferring attorney, to enable them to proceed with the transfer process.

The transfer process, attended to by the transferring attorney, involves the following:

- Signing of transfer documents by all parties (sellers & purchasers);
- Financial arrangements, including obtaining guarantees for the purchase price, arranging for the cancellation of any existing bonds registered over the property and paying transfer duty and stamp duty to the Receiver of Revenue;
- Obtaining a transfer duty receipt from the Receiver of Revenue;
- Ensuring that a Building Compliance Certificate is issued by the relevant local authority;
- Obtaining a clearance certificate from the relevant local authority and/or body corporate and/or homeowners association;
- Assuring that all conditions of the agreement are complied with before registration of the transaction at the deeds office;
- Lodgement and subsequent registration of the transaction at the deeds office; and
- Ensuring that all debts and/or expenses on the property are settled up to and including date of registration of the transaction at the deeds office.

11. The bond registration process

Simultaneously with the above transfer process, the following process will be done on the loan and bond registration:

- After approval of your loan, you will be required to sign certain loan documents with 20Twenty;
- thereafter the bond registration instructions will be sent to the bond attorneys, who will contact you for the signing of bond documents;
- once all documents have been signed, 20Twenty will issue guarantees to the transferring attorneys and pay the necessary transfer and bond costs, if they are included in your loan amount;
- Clients who are paying transfer and bond costs from own funds, need to make payment thereof to the conveyancing office, and
- once all bond conditions have been fulfilled, the bond will be lodged and registered at the deeds office, together with the transfer documents



12. Registration & your responsibilities

On date of registration of the transaction at the deeds office, you become the registered owner of the property and possession, occupation and all rights and responsibilities pass from the seller into your name.

On the same date, or as soon as possible thereafter, the transferring attorneys will settle all payments due in terms of the agreement.

It is your responsibility to ensure that the water and electricity connection, at the relevant

local authority, is disconnected from the seller's name and reconnected on your name, for which purpose you will require proof of payment of all amounts that have been settled, a copy of your Identity document, a water connection form, a final water reading and a copy of your title deed.

The original title deed will be retained by us until the loan is repaid in full and the bond is cancelled at the deeds office, but a copy can be obtained from us for your records.