

Be wary of bargain-basement purchases

The latest FNB Property Barometer shows that at least 14% of all residential sales currently are being driven by owners selling to relieve financial pressure on their households, says Berry Everitt, CEO of the Chas Everitt International property group.



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“And this is helping to create a classic ‘buyers’ market’ in most parts of the country, with an increasing supply of stock and excellent opportunities for homebuyers and investors to acquire properties at highly competitive prices.”

However, he says, they need to be very wary of bargain-basement purchases, bearing in mind that sellers who are so cash-strapped that they are willing to sell for less than market value will probably not have done any home maintenance for quite some time.

“In addition, there are always those who, desperate to sell, will give their property a superficial makeover with the deliberate intention of distracting buyers from certain defects that they cannot afford to repair.”

Stuck with defects

Writing in the *Property Signposts* newsletter, Everitt says unwary buyers can then get stuck with these defects and have to spend a lot more than they had anticipated, just to get the property up to standard.

“In fact, they could easily end up spending more than if they had bought a higher-priced property in the first place and to avoid this possibility, buyers must be sure to deal only with a reputable estate agency. Chas Everitt International requires all our sellers to sign a full disclosure document listing all faults and defects of which they are aware, so that potential buyers can be informed about these, and make their decision to purchase - or not - accordingly.”

In line with CPA

Meanwhile sellers should note, he says, that this practice is in line with the Consumer Protection Act (CPA) - and a [Western Cape High Court judgment in 2015](#) which means that property sellers can no longer rely on a general “voetstoots” or “as-is” clause in the sale agreement to absolve themselves of responsibility for defects that the buyer might only discover after the sale has gone through.

“Previously, buyers who signed an offer to purchase containing a voetstoorts clause would have to prove that a defect had knowingly and deliberately been concealed with the intention to defraud them if they wanted to claim damages from the seller, which was usually very difficult to do.

“Now, however, it has been made very clear that when there is a voetstoorts clause in the sale agreement, that agreement must also specify exactly which defects are included in the “as is” condition of the property and are thus being accepted by the buyer.

“In short, a bargain is not a bargain if the sales agreement is not compliant with the spirit of the CPA and the above judgment. It is much more likely that someone is trying to hoodwink you into buying a money-pit.”

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