

First-time buyers flood market, but should be cautious when signing an offer

Driven by a five-decade low interest rate and favourable lending conditions, it remains one of the best times in decades to buy property, according to Samuel Seeff, chairman of the Seeff Property Group. A flood of first-time buyers are heading to the market, keen to get an offer to purchase signed and accepted as quickly as possible so that they do not lose out. Seeff cautions, however, that they do their homework and ensure they inspect the property properly before making an offer.



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Understanding the legalities of making an offer is vital. You can only sign one offer at a time unless you are looking to purchase more than one property, say Craig Algie and George Clelland, agents with Seeff Southern Suburbs. Since it is a legal document with financial implications, it is vital for buyers to ensure they know what they are signing. Always ask the agent to explain and clarify anything which is unclear.

The full details of the seller and purchaser/buyer and date and expiry of the offer should be included. If the seller does not accept the offer by the expiry date, it becomes null and void.

The property description, including address and erf number or section in the case of sectional title, should also be in the offer. Buyers should ensure they are provided with the relevant documents, such as conduct rules in the case of a sectional title property or an estate, so that they are aware of any restrictions as well as conduct regulations.



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Offering price

Knowing what price to offer might be a sticky point, says Michelle Vermeulen, principal for Seeff Queensburgh. Take guidance from the agent and ask for a list of recent sales in the area. Also check property portals to ensure you are not

overpaying for the property.

The price offered should be clearly stipulated, along with the deposit and date on which the deposit must be paid and also how the balance will be paid. If a mortgage loan is to be secured, that will be stipulated along with the date by when it must be secured. This date can be extended by agreement. The agent will usually assist with any necessary extensions. There should also be a stipulation that you are entitled to interest earned on the deposit until date of transfer.

Buyers must ensure they are ready to move forward with the purchase because they cannot just back out once they make an offer. A cooling off period would only apply if the purchase price is below R250,000. Although exceptionally rare, a cooling off period can be included by mutual agreement between seller and buyer.

Tiaan Pretorius, manager for Seeff Centurion, says that it is common for offers to be made subject to certain suspensive conditions, usually securing a mortgage loan or selling another property. If these are not fulfilled by the stipulated date, which can be extended by agreement, the offer will lapse.

The risk for the seller is that these conditions might not be fulfilled, leaving them without a buyer. The inclusion of the “72-hour clause” allows the seller to continue marketing the property. If a better offer comes along, the buyer is given an opportunity to waive the suspensive conditions, failing which, the offer will be rendered null and void and the seller can sign a deal with the new buyer, says Pretorius.



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Fixtures and fittings

Fixtures are deemed part of the property while fittings are not permanently affixed and could be removed by the seller. Gerhard van der Linde, managing director for Seeff Pretoria East, says buyers must check whether any items are excluded, such as hanging mirrors, chandeliers, pot plants and so on to avoid later disappointment. Stipulate anything which you might like to remain for the seller’s consideration.

Inspect the property thoroughly before signing the offer. Van der Linde says further that the buyer must take care regarding the condition of the property. Request a property condition report which should be attached as an addendum to the agreement of sale and note what disclosures have been made by the seller, he says further.

If there is an undertaking by the seller to repair anything, make sure that the agreement clearly spells out what has to be repaired, at whose cost and by when the repairs must be finalised. It is preferable that these be done before the offer is presented or before transfer to avoid later issues.

Occupation is usually on registration of transfer, but you can negotiate early occupation and include that with the relevant occupational rent to be paid in the contract.

The agent should also provide you with a schedule of estimated transfer and bond registration costs. You will need this cash available upfront so that it can be paid without delay upon request from the relevant attorneys.

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