

How to find property bargains in bank-mandated sales



By [Tony Clarke](#)

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Bargain hunters in South Africa are currently spoilt for choice when it comes to property. Not only are interest rates low and ordinary stock availability high, there are also record numbers of distressed sales taking place. These properties are favourably priced and often come with preferential interest rates as well as discounted attorneys' fees.



Tony Clarke, MD of the Rawson Property Group

For savvy buyers, this can present an amazing investment opportunity. Here's what you need to know to get in on the action and avoid the most common pitfalls.

Know where to look

Bank mandated or distressed sales aren't always advertised on the normal property portals. That can make it challenging for prospective buyers to see what's available. The easiest way to view distressed listings is to get in touch with a professional real estate agent from a brand that is affiliated with all the major banks. Chatting to an agent also gives you the opportunity to ask about property prices and trends to make an informed decision on whether a particular distressed property is a good buy or not.



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Do due diligence

Bank mandated sales can be bargains, but it's a mistake to assume this is true without doing further investigation. We recommend researching recent sales of similar properties in the area to understand where the distressed home fits into the

market and chatting to a local real estate agent for the inside scoop.

It's also important to find out as much as possible about the property itself. Is it empty or tenanted? Are there any outstanding sectional title levies or municipal rates? Are there any restrictions on usage or building? All of these things can affect the viability of a purchase.

Expect the unexpected

It's always advisable to do a proper inspection on the property before any purchase. Ensure you obtain a copy of the seller's disclosure document, a document where the seller has listed all the defects he/she is aware of, so that there are no unexpected discoveries when taking occupation of a property bought on a bank mandated distress sale process. You have the right to ask for a 'seller's disclosure' document if one is not presented to you.

The reality of distressed sales is that they take place because property owners are in financial difficulty. Very often that means proper maintenance has taken a backseat. While every effort is made to disclose as much about distressed properties as possible, it's not unusual for buyers to find a few defects that they weren't expecting. It's a good idea to budget for this possibility in advance.



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Come prepared

There is plenty of competition amongst buyers to get the best-distressed property bargains. We recommend buyers get prequalified so they know exactly how much they can afford to offer. Be ready to act quickly or risk losing out. Know what you can afford, know the property's value, and set firm limits. A bargain is only a bargain if you get your price right.

ABOUT TONY CLARKE

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