

8 brilliant budgeting tips for home buyers

Consider these helpful budgeting tips from Hollard and know exactly what you can afford before embarking on your house-hunting expedition.

[Buying a new home](#) is both exhilarating and stressful at the same time. It's exciting searching for your dream home and starting a new chapter in your life, but the awareness that purchasing a home is the single largest financial transaction you will make comes with its stresses. You will most likely need to take out a home loan with a bank to buy the house, and that comes with a long list of responsibilities and legalities that you need to consider.

Right at the top of the list is [affordability](#) - can you service your loan every month until your debt is paid, along with all the other ongoing expenses that come with property ownership? With the right checks and balances in place, you can enjoy this new chapter in your dream home with your budget and sanity intact.

Consider these helpful budgeting tips from Hollard and know exactly what you can afford before embarking on your house-hunting expedition:

Check your credit record: Every consumer that has any form of credit – a personal loan from a bank, credit cards, cell phone account, store account and so on - has a credit report that is compiled by a credit bureau. The manner in which you manage your credit is a very important factor as a bank will use this information, along with their own lending criteria, to determine whether you qualify for a loan, and at what interest rate. Your credit score can improve or deteriorate, depending on your credit behaviour. TransUnion provides a really helpful consumer service where you can obtain your personal credit record and know exactly if there are any adverse reports against you, or if you're a credit provider's dream.

Manage your credit record diligently: Always pay the amount due on every one of your accounts in full and on time, without fail. Also, don't max all your credit limits and avoid applying for too much credit. Keep a healthy portfolio of store accounts, credit cards, service contracts such as cell phone or DSTV accounts so that you can establish a strong credit history that shows that you are responsible. If you've paid off an account that you won't use again, rather close it. While you may not owe anything on an account, the available credit limit will be subtracted from the credit amount that you will qualify for from the bank.

Get pre-qualified for a home loan:

Before you start house-hunting, get pre-qualified for a home loan. This saves you time as you know exactly what price range you need to be shopping in and what deposit you'll need to have available.

Remember though that pre-qualification is not a guarantee from the bank that you will get the loan, but rather a guideline of what you could qualify for.

Bank or Mortgage Originator?

There are two ways in which to apply for a bond or pre-qualified home loan. You can apply directly to your bank which will evaluate your existing relationship with them to determine your loan rate, or you can use a mortgage originator which will apply on your behalf at multiple banks, providing you with a number of options to evaluate and compare offers and interest rates.

Applying for a home loan:

You can apply directly to your existing banking provider, or to ease the stress of applying for a loan with multiple banks, you can make use of mortgage originators such as ooba or BetterBond to assist in firstly getting a loan, and secondly getting the best deal on that loan in terms of interest rates and deposit requirements.

Originators do not charge you for their services as the banks pay them a commission which is based on the loan amount disbursed.

Whether you are applying directly to a bank or a mortgage originator, you will be required to submit information including:

Completed application form.

Proof of income - at least three month's salary slips for employed individuals and personal bank account statements for three months.

If self-employed, you will be required to provide a letter from an auditor or accountant confirming your monthly income, latest audited company financials for two years, plus bank account statements for the last six months for both your personal and business bank accounts. If the company financials are older than six months to date, you will also need to provide management accounts not older than two months, signed by the accountant.

Copy of your ID

Copy of your marriage certificate, if applicable.

An accurate list of all your personal assets and liabilities.

A copy of the purchase agreement.

Budget for all costs:

Remember that banks will require a minimum of a 10% deposit on your purchase price which you will need to pay to the conveyancing attorneys. If you have an existing bond on a property you need

to sell first, check with your bank what the bond cancellation fees are. Find out from the agent what the transfer duty, bond and registration fees will be.

Ongoing expenses:

Make sure that you can afford the bond repayments plus the ongoing costs related to home ownership such as municipal rates and taxes, water and electricity costs, home maintenance, homeowner's buildings and life insurance cover which the bank will require, as well as contents insurance to cover all your moveable assets in your home against theft, damage or loss.

Ask for a Hollard Home Warranty to protect your finances:

No matter how much you love a property, no home is perfect! Make sure that the home you are buying is free of defects, and if anything unexpected does crop up, you're protected from the financial implications. [Hollard's Home Warranty](#) addresses the issues around defects with a professional property inspection that is coupled to an insurance policy.

This protects you as the buyer against the financial ramifications of any hidden defects that may emerge in the property for two years after taking transfer. When you're stretched to the max with deposits, bond and transfer costs, municipal deposits, moving costs and so on, the last thing you need is unplanned bills to fix hidden defects. And the cost of the warranty can be covered by the seller – all you have to do is ask for it in your Offer to Purchase! **[To find out more or get a quote, click here.](#)**

When it comes to buying your dream home, making sure the financial homework is done upfront is the first step towards peace of mind and many happy memories.