



# Costs of buying a home

It is important to be aware of the various costs involved in the buying of a home, so that you can save up the money or arrange for a loan to cover any potential additional costs such as once-off legal or administrative fees. Over and above the legal and administrative fees, the purchase of a new home comes with a string of new bills which you may not have had to pay when renting or staying at home, but you now need to be financially prepared for.

## Once-off taxes and fees you can expect to pay when buying a new home:

- **Transfer duty:** This is a tax paid to SARS every time a property changes ownership, and it is based on the value of the property. Properties with a value of R1,1 million or less are exempt from paying transfer duty. Properties purchased from a developer are exempt from transfer duty but will incur VAT on the purchase price.
- **Transfer fees:** These fees are payable to the transferring attorney for transferring the property into your name and are calculated on a regulated sliding scale based on the purchase price. The transferring attorneys will also charge you for smaller variable costs such as FICA fees, instruction fees and postage. Note that the R1,1 million exemption does not apply to 'transfer fees', only to transfer duty.
- **Bond registration fees:** These fees are paid to the bond attorney for registering your bond with the Deeds Office.
- **Initiation fee:** Is a fee levied by your home loan provider as a once-off fee for processing your home loan application.

## On-going home loan costs you can expect to pay after purchase

- Monthly home loan repayments
- Monthly levies (if you're in a sectional title property)
- Monthly utilities including the deposits required (for example: rates, water, electricity, and domestic refuse)

The following costs are involved in the maintenance of your new home

- **Bond protection:** An insurance cover that covers bondholders if they are unable to meet their monthly bond payments, due to disability, retrenchment, or death.
- **Homeowner's Cover (HOC):** An insurance that covers against possible loss or damage to the owners property. Having an HOC policy is usually mandatory if you have a home loan.
- **Household insurance:** An insurance that covers the contents of your home.
- **Home maintenance:** These costs are for regular home upkeep which is a very important part of home ownership. Budgeting for scheduled or unforeseen maintenance work will take the financial pressure off, thereby, looking after your property investment over the long term.

Below is a table of approximate costs to give you an idea of what to expect. These amounts include VAT and may differ from attorney to attorney

| PURCHASE PRICE | TRANSFER DUTY | TRANSFER FEES | BOND REGISTRATION FEE |
|----------------|---------------|---------------|-----------------------|
| R500 000       | R0            | R13 910       | R13 623               |
| R700 000       | R0            | R17 680       | R16 708               |
| R1 100 000     | R0            | R23 335       | R20 995               |
| R1 500 000     | R12 500       | R28 990       | R25 274               |
| R2 000 000     | R41 625       | R32 760       | R28 014               |
| R2 500 000     | R79 275       | R38 415       | R32 719               |
| R3 000 000     | R127 600      | R42 185       | R35 458               |

\*This table is for illustrative purposes only and is based on the information available as at 31 July 2024. The approximate costs in the table explicitly exclude any costs associated with clearance certificates for sectional title properties.