

YOUR MONEY SORTED



JOINT HOME OWNERSHIP

By LETITIA WATSON

Send suggestions for topics and requests for info to yourmoney@you.co.za. We may answer your questions in this column but won't reply personally.

Not all relationships last forever. Here's what you need to know about joint bonds

WHY GET A PARTNER?

Property is expensive but becomes more affordable when two people pool their money. You're more likely to get a bond with two salaries than with one. And with your joint income you can of course afford a bigger bond – and therefore a more expensive home – than on your own.

But sometimes a relationship hits the rocks, or your bond partner might experience financial difficulties or even die. In such cases most often the property is sold, or one partner takes over the entire bond.

DIVORCES

It might happen that the divorce court awards the house to one of the parties. But this person must be able to prove to the bank they can afford the repayments, Barker explains, or the bank wouldn't allow a substitution. In that case the property must be sold, or a third person can be appointed as the joint bondholder.

The bank might also allow someone to act as a sponsor who co-signs the bond.

SUBSTITUTION LOANS

If one person takes over the bond they must apply for a substitution loan, says Steven Barker, head of home loans at Standard Bank. This person must then enter a new agreement with the bank, making them solely responsible for the outstanding balance.

The application is handled by an attorney and new contracts must be signed. Administration fees as well as the attorney's and deeds office fees are payable. This also applies in the event of the death of a bond partner, and the surviving partner will have to prove they can afford it. The estate executor should be able to assist with the process.

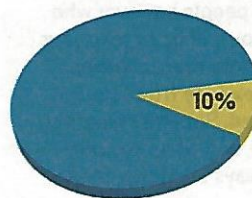
CHOOSE YOUR PARTNER CAREFULLY

If your bond partner doesn't pay their share of the repayments you'll both be held responsible. This could mean you eventually lose the property and both end up with bad credit records. Get an attorney to draw up an agreement that spells out your commitments: how much each partner must pay and what happens if one decides to withdraw from the partnership. You must both put all your cards on the table and be able to trust each other.

5 QUESTIONS ABOUT JOINT MORTGAGES

- 1 Can I help my child to buy a first property as a bond partner?** Yes. You and your child would then be jointly responsible for the repayments.
- 2 What if your partner refuses to pay their share?** Then you must approach an attorney, advises Steven Barker, head of Standard Bank's home loans. The attorney can apply to the court on your behalf to have the other person scrapped from the bond.
- 3 What about future plans?** Ask your bond partner about any relevant plans for the future. If they're planning to travel in the near future rather than work full-time they might not be able to keep up their share of repayments.
- 4 Which costs do we have to keep in mind?** Buying property involves many more expenses than just bond repayments. Consider costs such as inheritance tax and charges for water and other services.
- 5 Is a will important?** Yes, because you can specify in your will what should happen to the property when you die. Wills must be updated when you buy or sell property.

10% MORE EXPENSIVE



In April the average house price was R1 045 038, which is 10,3 percent up from April 2014. SOURCE: THE OOBA OOBAROMETER, APRIL 2015.

TIP! Both bond partners must keep records of all bond documents and payments.

GET MORE HELP HERE

- Online bond calculators on banks' and bond originators' websites.
- sahomeloans.com for more tips
- property24.com

If you pay off your mortgage before retirement you take a huge financial load off your shoulders

- US PERSONAL FINANCES EXPERT SUZE ORMAN