

## HOW TO PAY THOUSANDS OF RANDS LESS THAN THE ASKING PRICE FOR A BRAND NEW 2 BEDROOMED OR A 3 BEDROOMED HOUSE in BREDASDORP.

First time home buyers are finding it increasingly difficult to buy their own homes.

With interest rates that escalated from 7% to 11.25%, and ever increasing living costs, a first time buyer may forever wonder – ***“How do I get my foot in the door to own my own home & how do I save up for a deposit?”***

### UNIQUE OPPORTUNITY

A unique deferred homeownership opportunity for first time buyers is available in Bredasdorp.

First time home buyers can save thousands of rands and thus qualify easier for a home loan.

As the home loan price is also reduced compared to the value of the property, they will most likely be able to negotiate the best home loan interest rates.

### DEFERRED HOMEOWNERSHIP IN BREDASDORP

This opportunity is available for Bredasdorp residents who are buying their first homes.

***“Through the Deferred Rent To Own Homeownership Programme,  
made available exclusively by the Department of Human Settlements  
of the Western Cape and Cape Agulhas Municipality,  
this unique opportunity is now available”***

***This unique opportunity was just extended by Minister Simmers on 31 March from a 2  
year to a 3 year Deferred Rent To Own opportunity,***

says Meyer de Waal, a conveyancing attorney who developed and designed the unique deferred Rent To Own home ownership module for first time buyers.

### HOW FIRST TIME BUYERS CAN SAVE THOUSANDS OF RANDS

- A brand new 2 bedroom house sold for R499 500.00 on the market can be purchased at the reduced price of R341 961.00 – [Click here for the listing](#)
- <https://www.attorneyrealtorhub.co.za/2-bedroom-house-to-rent-in-bredasdorp-111398307>
- A brand new 3 bedroom house on the market for R636 500.00 can be purchased at a reduced price of R476 238.00. [Click here for the listing](#)  
<https://www.attorneyrealtorhub.co.za/3-bedroom-house-to-rent-in-bredasdorp-111398472>

All costs of transfer and bond registration are also included in the purchase price.



## HOW IS IT MADE POSSIBLE?

Through the deferred Rent To Own concept, a first time buyer who is pre-qualified, enters into a Rent To Own agreement with the Cape Agulhas Municipality to buy the home at the price of R499 500.00 for a 2 brand new home, or R636 500.00 for brand new 3 bedroomed home.

“The Rent To Own agreements consist of a lease agreement for a 36 month period, a sale agreement and an option to buy the property at the end of the 36 month lease period”, says De Waal.

The price is fixed for a 36 month period.

During this period the buyer pays rental every month to the Municipality.

## DEPOSIT BUILDER

50% of the monthly rental is saved in an interest deposit bearing account as a “deposit builder” for the buyer.

The rental is calculated similar to the rental to be paid on a home loan over a period of 30 years, paid back at the current prime lending rate of 11.75%.

## WHY A 30 YEAR REPAYMENT CALCULATION?

*“The reason why we used a 30 year repayment term, is that the expected monthly home loan repayment amount will be lower and reduced at the end of the 36 month rental term when the property is actually purchased and a home loan registered, to settle the (reduced) purchase price”,*  
says de Waal.

## 36 MONTH DEPOSIT BUILDER & 2 BEDROOM HOUSE

For the 2 bedroom house, the monthly rental will be R4 852.00 per month, and calculated as follows:

### Instalment Calculators

**Monthly installments** | Increased monthly installments | [Lump sum payment](#)

Loan Amount

Interest Rate

Loan Term

### Result of calculation

Instalments Costs on R499,500.00

Pay-off time	30 years
Monthly payment	4,851.45

The buyer will also pay the rates and taxes for the property.

50% of monthly rental paid, thus R2 426.00 per month, will be saved as the deposit builder.

The “deposit builder” thus accumulates R87 336.00 saved over the 36 month period, plus interest.

### FLISP- FIRST HOME FINANCE SUBSIDY

At the end of the 36 month term, based on the income of the first time buyer, a FLISP subsidy, now known as a First Home Finance subsidy is also applied for, on behalf of the buyer.

As example : To qualify for a home loan  $R\ 499\ 500.00 - R87\ 336.00 = R412\ 164.00$ , a buyer needs to earn R14 415.00 per month.

A first time buyer who qualifies for the subsidy, and who earns R14 415.00 per month can qualify for a R70 303.00 subsidy.

#### Subsidy Amount Calculator

R  Income

R  SUBSIDY AMOUNT

### TOTAL DEPOSIT THAT CAN BE DEDUCTED FROM THE PURCHASE PRICE

The total of the Deposit Builder of saved and the subsidy of R70 203.00 amounts to R157 539.00.

This means that the purchase price can be reduced hugely through the Deferred Rent To Own concept.

Thus:

- 2 bedroom house of  $R499\ 500.00 - R157\ 539.00 = R341\ 961.00$

### REDUCED AFFORDABILITY CRITERIA

To qualify for a home loan of R341 961.00 monthly income of R11 960.00 is required.

**Bond Affordability**  
NCA Disposable Income | NCA Bond Amount | Pre NCA Gross Salary | Pre NCA Bond Amount

Bond Amount   
Number of years   
Interest rate (%)

**Result of calculation**

**Bond affordability**

Bond amount	341,961.00
Interest rate per annum	11.25%
Number of years	20
<b>Monthly repayment</b>	<b>3,588.05</b>
<b>Minimum Gross Salary</b>	<b>R11,960.15</b>

## RESULT – MORE FIRST TIME BUYERS WILL HAVE THE OPPORTUNITY TO OWN THEIR OWN 2 BEDROOMED HOMES IN MILL PARK BREDASDORP

### 36 MONTH DEPOSIT BUILDER & 3 BEDROOM HOUSE

For the 3 bedroom house, the monthly rental will be R6 182.00 per month, and calculated as follows:

**Bond Affordability**  
[NCA Disposable Income](#) | [NCA Bond Amount](#) | [Pre NCA Gross Salary](#) | [Pre NCA Bond Amount](#)

Bond Amount   
 Number of years   
 Interest rate (%)

**Result of calculation**

Bond affordability

Bond amount	636,500.00
Interest rate per annum	11.25%
Number of years	30
<b>Monthly repayment</b>	
	<b>6,182.08</b>

The buyer will also pay the rates and taxes for the property.

50% of monthly rental paid, thus R3 091.00 per month, will be saved as the deposit builder.

The “deposit builder” thus accumulates R111 276.00 saved over the 36 month period, plus interest.

### FLISP- FIRST HOME FINANCE SUBSIDY

At the end of the 36 month term, based on the income of the first time buyer, a FLISP subsidy, now known as a First Home Finance subsidy is also applied for, on behalf of the buyer.

As example : To qualify for a home loan  $R636\,500.00 - R111\,276.00 = R525\,224.00$ , a buyer needs to earn R18 369.00 per month.

**Bond Affordability**  
[NCA Disposable Income](#) | [NCA Bond Amount](#) | [Pre NCA Gross Salary](#) | [Pre NCA Bond Amount](#)

Bond Amount   
 Number of years   
 Interest rate (%)

**Result of calculation**

Bond affordability

Bond amount	525,224.00
Interest rate per annum	11.25%
Number of years	20
<b>Monthly repayment</b>	
	<b>5,519.94</b>
<b>Minimum Gross Salary</b>	<b>R18,369.81</b>

A first time buyer who qualifies for the subsidy, and who earns R 18 369.00 per month can qualify for a R48 986.00 subsidy.

### Subsidy Amount Calculator

R  Income

R  SUBSIDY AMOUNT

### TOTAL DEPOSIT THAT CAN BE DEDUCTED FROM THE PURCHASE PRICE

The total of the Deposit Builder of R111 276.00 saved and the subsidy of R48 986.00 amounts to R160 262.00.

This means that the purchase price can be reduced hugely through the Deferred Rent To Own concept.

Thus:

- 3 bedroom house of R636 500.00 – R160 262.00 = R476 238.00

### REDUCED AFFORDABILITY CRITERIA

To qualify for a home loan of R476 238.00 monthly income of R16 656.00 is required.

#### Bond Affordability

[NCA Disposable Income](#) | [NCA Bond Amount](#) | [Pre NCA Gross Salary](#) | [Pre NCA Bond Amount](#)

Bond Amount

Number of years

Interest rate (%)

#### Result of calculation

Bond affordability

Bond amount	476,238.00
Interest rate per annum	11.25%
Number of years	20
<i>Monthly repayment</i>	
Minimum Gross Salary	R16,656.52

**RESULT – MORE FIRST TIME BUYERS WILL HAVE THE OPPORTUNITY TO OWN THEIR OWN 3 BEDROOMED HOMES IN MILL PARK BREDASDORP**

## COMPARE RENT TO OWN VS A 20 YEAR HOME LOAN REPAYMENT

Herewith the calculation to compare a Rent To Own Deposit Saver & capital reduction VS a “normal” home loan repayment over 2 & 3 and 4 year terms.

RENT TO OWN WITH MONTHLY SAVINGS FOR 36 MONTHS PURCHASE PRICE R499 500.00	HOME LOAN REPAYMENT & CAPITAL REDUCTION OF THE HOME LOAN AMOUNT R499 500.00																																																																																																																													
<p>Rental Deposit Saver @ R2 426.00 x 36 months</p> <p><b>X 36 months = R87 336.00</b></p> <p>The deposit saved is deducted from the purchase price - resulting in a substantial savings for the buyer</p>	<table> <tr> <td>PRINCIPAL</td> <td>499500</td> <td></td> <td></td> <td></td> </tr> <tr> <td>RATE</td> <td>10,75</td> <td></td> <td></td> <td></td> </tr> <tr> <td>YEARS</td> <td>20,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>YEAR</td> <td>O/BAL</td> <td>REPAY</td> <td>CAPITAL</td> <td>INTEREST</td> </tr> <tr> <td>1</td> <td>499500</td> <td>60853</td> <td>7520</td> <td>53333</td> </tr> <tr> <td>2</td> <td>491980</td> <td>60853</td> <td>8369</td> <td>52483</td> </tr> <tr> <td>3</td> <td>483611</td> <td>60853</td> <td>9315</td> <td>51538</td> </tr> <tr> <td>4</td> <td>474296</td> <td>60853</td> <td>10367</td> <td>50486</td> </tr> <tr> <td>5</td> <td>463929</td> <td>60853</td> <td>11538</td> <td>49315</td> </tr> <tr> <td>6</td> <td>452391</td> <td>60853</td> <td>12841</td> <td>48012</td> </tr> <tr> <td>7</td> <td>439550</td> <td>60853</td> <td>14292</td> <td>46561</td> </tr> <tr> <td>8</td> <td>425258</td> <td>60853</td> <td>15906</td> <td>44947</td> </tr> <tr> <td>9</td> <td>409352</td> <td>60853</td> <td>17703</td> <td>43150</td> </tr> <tr> <td>10</td> <td>391649</td> <td>60853</td> <td>19703</td> <td>41150</td> </tr> <tr> <td>11</td> <td>371946</td> <td>60853</td> <td>21928</td> <td>38925</td> </tr> <tr> <td>12</td> <td>350018</td> <td>60853</td> <td>24405</td> <td>36448</td> </tr> <tr> <td>13</td> <td>325613</td> <td>60853</td> <td>27162</td> <td>33691</td> </tr> <tr> <td>14</td> <td>298451</td> <td>60853</td> <td>30230</td> <td>30623</td> </tr> <tr> <td>15</td> <td>268221</td> <td>60853</td> <td>33645</td> <td>27208</td> </tr> <tr> <td>16</td> <td>234577</td> <td>60853</td> <td>37445</td> <td>23408</td> </tr> <tr> <td>17</td> <td>197132</td> <td>60853</td> <td>41675</td> <td>19178</td> </tr> <tr> <td>18</td> <td>155457</td> <td>60853</td> <td>46382</td> <td>14470</td> </tr> <tr> <td>19</td> <td>109074</td> <td>60853</td> <td>51622</td> <td>9231</td> </tr> <tr> <td>20</td> <td>57453</td> <td>60853</td> <td>57453</td> <td>3400</td> </tr> <tr> <td>TOTAL</td> <td>1217056</td> <td>499500</td> <td>717556</td> <td></td> </tr> </table>	PRINCIPAL	499500				RATE	10,75				YEARS	20,000				YEAR	O/BAL	REPAY	CAPITAL	INTEREST	1	499500	60853	7520	53333	2	491980	60853	8369	52483	3	483611	60853	9315	51538	4	474296	60853	10367	50486	5	463929	60853	11538	49315	6	452391	60853	12841	48012	7	439550	60853	14292	46561	8	425258	60853	15906	44947	9	409352	60853	17703	43150	10	391649	60853	19703	41150	11	371946	60853	21928	38925	12	350018	60853	24405	36448	13	325613	60853	27162	33691	14	298451	60853	30230	30623	15	268221	60853	33645	27208	16	234577	60853	37445	23408	17	197132	60853	41675	19178	18	155457	60853	46382	14470	19	109074	60853	51622	9231	20	57453	60853	57453	3400	TOTAL	1217056	499500	717556	
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### PAY EVEN LESS – APPLY FOR A FIRST HOME FINANCE SUBSIDY

The First Home Finance subsidy applicable for the buyer at the time of exercising the option to buy will then be applied to further reduce the purchase price, enabling the buyer to apply for an even lower home loan amount.

This will ensure further sustainability for a first time home owner.

### A FINANCIAL EDUCATED & SUSTAINABLE BUYER

### CREATING A NEW GENERATION OF FIRST TIME HOME BUYERS WITH A 60 MONTH HOME OWNERSHIP AFTERCARE PROGRAMME

Through the My Budget Fitness programme and mentorship, and a My Budget Fitness Personal Trainer that guides and mentors the new home owner to be for the duration of the rental period that is included in the deferred Rent To Own concept, it is expected that such a programme, combined with reaching your dream to own your own home, will create a new generation of financial educated and sustainable home owners, going into the future.

This will reduce the risks of lending as first home owners will understand their obligations as a home owner and a borrower, combined with a lower debt ratio to the property value.



The track record of paying rental on time for 36 months ought to demonstrate the excellent propensity to a financial institution when the application for a home loan is considered.

## **REWARDS**

Rewards can be added to the programme to incentive buyers to pay their rent every month and on time.

MILL PARK WEBSITE: <https://www.millpark.co.za/>

*Note & Disclaimer: The calculation for each buyer will differ, based on the individual income and credit profile of each buyer. Salary increases must also be considered as such may reduce the subsidy a buyer can qualify for, but may increase the home loan the client may qualify for. Subsidy calculations for each home buyer will also change, depending on the gross household income for each buyer profile. At the time of preparation of this article the new subsidy quantum as from 1 April was not yet available.*

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