



SHINE UP YOUR FINANCES FOR THE BEST BOND DEALS THIS SUMMER

If you're planning to buy a new home, spring is a great time to freshen up your finances.

Just as home-owners will prepare their properties for show days and viewings by cleaning, polishing and painting, so potential home-buyers need make sure that their finances are in good shape before they go house-hunting or apply for a home loan.

This is important because although the banks are currently actively seeking to lend to home-buyers, they still require borrowers to have clean credit records and sufficient disposable income to be able to afford the loan repayments.

In addition, those who have saved up and are able to pay a deposit may well be able to qualify for an interest rate concession, especially if they apply for their loan through a reputable originator like MortgageMax. And this could save them many thousands of Rands on the total cost of their home over the lifetime of the loan.

Consequently, those who are planning a home purchase should begin by decluttering and cleaning up their finances as follows:

- **Dust off your budget.** By this time of year, many consumers are no longer sticking to the budget that they drew up in January. But if you're serious about reaching your financial goals – including a home of your own – you need to know exactly where your money is going every month, where you can save and how long it will take to pay off your debts.
- **Shoo away the budget "vampires".** Review all the subscriptions and services that you pay for every month via debit order and that could be draining money from your budget without you even really noticing. Charges for these services tend to creep up during the year and the combined total of those increases can be quite substantial, so it's always worth taking a second look at what you are actually paying for things like your gym membership, cellphone contract, streaming services, garden maintenance and storage space.
- **Brush up on your loyalty cards and rewards programmes.** It's a great feeling to earn points or Rands for your purchases, but you need to gather them strategically. For example, if there's a monthly charge to belong to a rewards programme that is more than you would earn from the programme, ditch it. With store cards, make sure you don't fall into the trap of spending just to earn points, and stick to a few where the points don't expire quickly and you can accumulate a stack for something special – like your birthday, or holiday spending, or a single expensive item you've had your eye on.
- **Toss out bad spending habits.** Most of us can't do much about the cost of things we have to pay for, like food, petrol, electricity, school fees and the roof over our heads. But we can change our routines to avoid a substantial amount of what is called discretionary spending – like the cost of drinks with friends every Thursday night, or lunch out with the family every Sunday, or shopping for new clothes once a month. Plan alternatives and make compromises and use what you save to pay off debt – you'll thank yourself later.
- **Steam clean your credit record.** Everyone is entitled to a free credit report from a credit bureau once a year. Even if you think your finances are in good shape, now's a good time to check your report and make sure there are no nasty surprises, like old accounts you forgot to close or someone else taking out credit in your name. To improve your credit score, you should also make sure that you make all your account and card payments on time every month. And if you do have a bad debt or judgment on your record, you need to address it and remove the "stain" before you apply for a home loan.
- **Scrub away your debts.** It's all too easy to think that you don't owe that much when you have borrowed from several different credit providers, and when you add up everything outstanding on your car, your furniture, your credit card and your store accounts, not to mention any personal or student loans, the total can come as quite a shock. But if you want to be debt free, it's important to be realistic and then to make a proper plan to pay everything off - and avoid too much credit in the future.
- **Start looking for ways to earn extra cash.** Clear out your cupboards or storage unit and hold a garage sale. Get creative and sell things you make online. Create a "side hustle" by using your knowledge, skills and spare time to do something people will pay for. Work part-time in the evenings or on weekends. Put any additional money you can make into paying off your debt, and then start saving for the deposit on your home.