

What is *safe home buying*?

Safe home buying occurs when a buyer is informed to ensure his or her money's worth will be delivered by the seller. The buyer is aware of the facts, made aware by the seller itself.

On the other hand, there is a danger when a seller fails to inform the buyer sufficiently. This will be the principle of *Caveat Emptor*, Latin for "buyer beware". This is "it's your responsibility" attitude that may place the burden of verification on the buyer, who is unlikely to know the details as well as the seller.

Home buyers pay their hard earned, long saved money for a home. Usually, when buying from real estate companies, contracts are signed on the promise of future delivery. Sometimes, this promise may be unfounded on real ground, literally. Worldwide, there are numerous real estate cases where contracts were signed and money accepted before design / build permits were obtained or land rights were legalized.

Although relatively few cases were reported in Ethiopia, one cannot ignore the risk posed on the market if such malpractices ever go unchecked. Recent proclamations¹ to protect consumers and enforce good trade practice (Proc No 685/2010) and administer urban land (Proc No 272/2011) are very important in making the market a safe place to buy or sell homes. Sellers also have the professional responsibility to make customers aware of their legal rights and the basic steps for buyer prudence. That is why *Flintstone homes for you* advocate safe buying and share their thoughts on two things to check when buying your home:

1. **Developer's legal right on the plot of land on which your home rests.**

Legal right can be in the form of title deed, lease hold or a partnership/joint venture that involves at least one partner with a title deed or lease hold. Buyers must ask the seller to show them these documents.

2. **Building Permit for the specific design of your choice.**

By law (Proclamation no 624/2009 & Regulation no 243/2011) a permit is required before starting construction. Permits are issued when

- a) There is a legal right to own, and build on, the land
- b) The design satisfies the regulation stipulated for the specific plot of land
- c) The design confirms to planning consent./ፕላን ስምምነት/

Planning consent/ፕላን ስምምነት/ reduces the risk of the design being unaccepted by authorities. It states the height and number of storey allowed, the % of green area, restrictions due to neighboring land use, etc. However, it cannot eliminate the risk of change in regulations that can make the final design unacceptable. This is common and a point of much frustration for most developers. Local development plans (LDPs) are constantly changed to accommodate the latest opportunities to develop a specific urban area. That is one reason why Planning Consents expire every 30 days. But Construction Permits last as long as the building is completed on schedule. Hence, a buyer is safe when (s) he makes a purchase after verifying that a permit has been issued for the construction.

For the average buyer, it may be difficult to verify that all these are satisfied by the seller or developer. But one can use the internet to ask or search for help. Websites of other sellers, previous buyers or local government web pages can be a lot of help. For instance, to check if location is same as shown on the

title deed, the buyer can simply go to *Google earth* and compare the surroundings on the title deed with those shown on the satellite image. Alternatively, the buyer can ask the sellers help.

One last thing to note is that all these things finally need to go into the sales agreement. That is very important. It is by the content of the contract that any dispute can later be resolved. Hence, read the details of the contract and compare again with other sellers. Again, use the internet or ask for professional help whenever you are in need.

Remember; before you part with your dear money, you have the upper hand. Therefore ask as much as you wish before paying. It will be more difficult once you have paid.

Let us all be wise and safe.

Wise buy makes a safe market.

¹ Proclamations can be obtained from <http://www.ethiopia.gov.et/English/Resources/>
