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The Conveyancers

The mortgage bond registration process



Financing your new home with a bank loan?

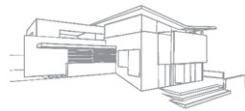
6 Steps to registering a bond

STEP 1

BOND APPLICATION

Apply for your loan. If the Bank qualifies you to financially afford the loan and find value in the property, you will receive a quotation in terms of the National Credit Act which will set out the basic terms of their loan - the loan amount, interest rate and period of the loan. Please remember to ensure all your personal details are spelt correctly on the documentation and check the property description to avoid any possible delays later in the process. Should you be uncertain of the property description, please contact us for assistance. Upon acceptance of the quote, the Bank will instruct their Bond Attorney to attend to the registration of the bond.

It is important to note that the Bond Attorney acts for the Bank and not the Buyer as many believe.



STEP 2

APPOINTMENT OF BOND ATTORNEY

The Bond Attorney will contact the purchaser to:

- Request FICA documents (ID document, proof of residential address) Please inform your Bond Attorney if your ID document is lost
- Request additional information required by the Bank
- Confirm details of the transaction and enquire the name of the Transferring Attorney.

It is important that you send the information to the Bond Attorney as soon as possible.



STEP 3

DRAFTING BOND DOCUMENTS

The Bond Attorney will contact the Transferring Attorney to request a copy of the Draft Deed (new Title Deed which is prepared by the Transferring Attorney) and guarantee requirements as per the Deed of Sale.

The Draft Deed will enable the Bond Attorney to check the correctness of the property description, buyers' details and certain Title Deed conditions which may impact on the bond. Please keep in mind that if any of the information is incorrect the Bond Attorney will have to request the Bank to amend the loan agreement in order to reflect the correct information. It is imperative to ensure the correct information is captured at the start of the bond application process in order to avoid any possible delays.

STEP 4

SIGNING BOND DOCUMENTS

Once the bond documents have been prepared, you will be contacted to sign the bond documents and in order to comply with the FICA regulations, you will be asked to bring your original ID document, proof of your residential address and if applicable, other additional documentation to the appointment.



STEP 5

DOCUMENT VERIFICATION BY BANK

Once the bond documents are signed additional documents provided and the internal checking processes completed, the Bond Attorney will forward the documents to the buyer's Bank via an electronic system for approval and authorization to lodge the documents in the Deeds Office for registration.



STEP 6

BOND REGISTRATION

Upon receipt of the Bank's authorisation the bond documents are lodged at the Deeds Office simultaneously with those of the Transfer Attorneys and the Bond Cancellation Attorneys (i.e. the attorneys who see to it that the existing bond, if any, is also cancelled).

After the deeds have been examined by the Deeds Office examiners, it is made available to the attorneys to attend to the actual registration (also referred to as execution) of the transfer and bond. The bond is then registered and scanned by the Deeds Office who also informs the local municipality of the change of ownership. The Deeds Office then returns the registered deeds to the attorneys who must ensure that the original Title Deed and bond are returned to the buyer's bank for safekeeping.



The transfer registration process

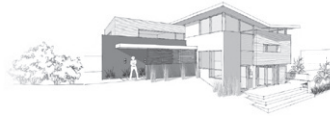


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Conveying ownership of a property from the Seller to the Purchaser

The transfer process involves several steps, all of which are managed by the Transferring Attorney.



Once an offer from a Purchaser has been accepted by a Seller, and all suspensive conditions are met, a final and binding contract ("Deed of Sale") comes into being. This contract is handed to the Transferring Attorney, who then proceeds with the formal process of conveying ownership of the property from the Seller to the Purchaser and who at the end of the process delivers the Title Deed to the rightful holder thereof.

9 steps in the transfer process

STEP 1

RECEIPT OF DEED OF SALE AND INSTRUCTION TO REGISTER THE TRANSFER

The Transferring Attorney ("Conveyancer") will receive a copy of the Deed of Sale together with an instruction to register the transfer. This instruction will usually be sent by the Estate Agent who concluded the sale, or by the Seller in case of a private sale.

Upon receipt of the transfer instruction the Conveyancer will acknowledge receipt of the instruction to all the parties and will conduct a Deeds Office search to check for any interdicts or restrictions that may impact the transaction. The Conveyancer will then call for payment of the deposit, where applicable, and will request a copy of the Title Deed from the Deeds Office and the necessary FICA documents from both parties, in order to enable them to prepare the necessary transfer documents. The Conveyancer will then diarize the due dates for any suspensive conditions (such as bond approval) that may still be outstanding.

STEP 2

FULFILLMENT OF SUSPENSIVE CONDITIONS

Once the suspensive conditions (such as bond approval or the sale of the Purchaser's property) have been fulfilled, the Conveyancer will request bond cancellation instructions and the release of the original Title Deed of the property from the Seller's bondholder. If the property is unbonded, the original Title Deed will be requested from the Seller. It is imperative to request the original Title Deed as early as possible in the transfer process because if it so happens that the original Title Deed has been lost, an application for a replacement copy thereof will have to be submitted to the Deeds Office.

This process can take anything between 4-6 weeks to be finalized and any such applications therefore need to be submitted as soon as possible in order to avoid a delay in the transfer process. The Purchaser will be requested to make payment of the transfer and bond costs. Payment of the transfer costs is necessary to enable the Conveyancer to obtain the required Transfer Duty Receipt from SARS and the required Homeowners' Association Consent, where applicable. It is imperative that these costs are paid timeously in order to ensure that the required clearance certificates and Transfer Duty Receipt are obtained in good time for the transaction to be lodged at the Deeds Office in order to achieve the scheduled registration date.

STEP 3

DRAFT TRANSFER DOCUMENTS AND APPLY FOR RELEVANT CLEARANCE CERTIFICATES

Once in receipt of both parties' FICA documents and a copy of the Title Deed, the Conveyancer can proceed to draft the necessary transfer documents and schedule appointments for the signature thereof. The Conveyancer will also at this stage request rates clearance figures from the Municipality in order to obtain the Rates Clearance Certificate. In case of a Sectional Title property, the Conveyancer will contact the Body Corporate to request the necessary Levy Clearance figures for the required Levy Clearance Certificate and, where applicable, make contact with the Homeowners' Association to obtain their requirements for their consent to proceed with the transfer - all of which are necessary in order to lodge the transaction at the Deeds Office.

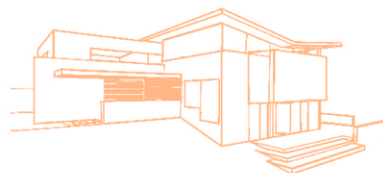


STEP 4

REQUEST THE REQUIRED GUARANTEES

As soon as the bond cancellation instructions/figures have been issued by the Seller's bondholder, the Conveyancer can proceed to liaise with the Bond Attorney to request the necessary guarantees to settle the Seller's bond directly and to secure the balance of the purchase price from the Purchaser's bond.

In case of a cash transaction, these guarantees, or payment of the purchase price (whichever the case may be) will be requested from the Purchaser directly.



See reverse for steps 5 to 9.



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The transfer registration process

Conveying ownership of a property from the seller to the buyer



The transfer process involves several steps, all of which are managed by the Transferring Attorney.

STEP 5

COMPLIANCE CERTIFICATES

During the transfer process, but prior to registration, the Conveyancer must collect the relevant compliance certificates from the Seller, to be delivered to the Purchaser upon registration of transfer. Depending on what is required by law and has been agreed to in the Deed of Sale, the Seller may be obliged to deliver an Electrical, Beetle, Gas Installation and Electric Fence Compliance Certificate. The Seller will also be obliged to deliver a Water Installation Compliance Certificate to the City of Cape Town if the property falls within the jurisdiction of the City of Cape Town. It is imperative that these compliance certificates be attended to as early as possible in the transfer process as the purchaser's (Mortgagor's) Bank may insist on receiving copies thereof before they will grant the Bond Attorney permission to lodge their transaction at the Deeds Office. It is also important that these compliance certificates are issued by licensed contractors, as the Purchaser's Bank will not accept certificates that have been issued by unlicensed contractors.

STEP 6

SIGNATURE OF TRANSFER DOCUMENTS AND PAYMENT OF COSTS

Both Seller and Purchaser will be contacted to sign the transfer documents. The Purchaser will also have to sign the bond documents if the property is purchased with a Mortgage Bond. During the consultation the Seller will be requested to pay the rates figures as issued by the Municipality in order to enable the Conveyancer to obtain the Rates Clearance Certificate, as well as to make payment of the Levy Figures for the required Levy Clearance Certificate, in case of a Sectional Title Property.



STEP 7

LODGEMENT AT THE DEEDS OFFICE

Once all the above steps have been taken - and upon receipt of the Original Title Deed, Rates Clearance Certificate, Transfer Duty Receipt (and Levy Clearance Certificate and Homeowners Association Consent, where applicable), the transaction is ready for lodgement at the Deeds Office. The Transferring Attorney will liaise with the Bond Cancellation and Bond Registration Attorneys to arrange simultaneous lodgment at the Deeds Office. Once the Deeds have been lodged at the Deeds Office, the Deeds will go through a 3-tier examination process. Depending on the turnaround time of the Deeds Office at that time, this examination process can take anything between 7-10 business days.

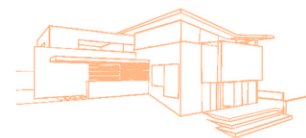
Once the Deeds have successfully passed through the entire examination process, the Deeds will come up "On Prep", which means that the Deeds are ready for registration. The Deeds can remain in the "On Prep" stage for 5 business days, which gives the Conveyancer 5 business days to attend to any issues which, at that stage, may still be outstanding or unresolved. The Deeds must be registered within these 5 days, failure of which it will be rejected from the Deeds Office and it will have to be relogged.



STEP 8

REGISTRATION

Registration of transfer takes place from 10:00 onwards on the day of registration. On that day the ownership in the property will pass from the Seller to the Purchaser. The Seller's existing bond over the property is settled and cancelled and the Purchaser's new bond is registered. All of this happens simultaneously at the Deeds Office. On the date of registration final reconciliation statements for both parties are drawn. The net proceeds of the sale are paid to the Seller, the Estate Agent's commission is paid out and any refunds due to the Purchaser is paid out as soon as the guarantee payment reflects in the Conveyancer's trust account, which is normally the day after registration of transfer.



STEP 9

DELIVERY OF DEEDS

Once registered, the Deeds are numbered and scanned in for delivery. During the delivery process the Deeds will be scanned in for data capturing. Once the Deeds have gone through the data capturing phase in the Deeds Office the original Deeds will be returned to the Transferring and Bond Registration Attorneys respectively. In case of a bonded property, the Transferring Attorney will furnish the Purchaser with copy of the Title Deed and will deliver the original Title Deed to the Bond Registration Attorney, for them to deliver both the original Title Deed and Mortgage Bond to the Bondholder. In case of an unbonded property, the Conveyancer will deliver the original Title Deed to the Purchaser for safekeeping. Depending on the turnaround time of the Deeds Office at the time, the delivery process takes approximately 4 weeks from date of registration to be finalized.