

# LET US HELP YOU UNDERSTAND THE PROCESS OF BOND REGISTRATION AND CONVEYANCING

Conveyancing refers to the transfer of ownership of a property from the seller to the buyer. This is a complicated and often misunderstood process. It involves a number of parties, many of whom have conflicting interests. All of them, however, have to coordinate their efforts to ensure that the documents arrive at the Deeds Office on the same day. There are other parties, such as the estate agent, mortgage lender and mortgage originator, who have a financial interest in the transaction and often want it to be completed in the shortest possible time. Understanding the sequence of events will help you monitor the process accurately and also give you an idea of the time remaining at each stage:



- 1 THE BUYER OFFERS TO BUY A HOUSE/TOWN HOUSE/FLAT FROM THE SELLER BY SIGNING AN OFFER TO PURCHASE**

This is normally done through an estate agent who is mandated to sell the property. The agent will present the offer to purchase to the seller, and as soon as the seller signs the offer to purchase the conveyancing process will begin. It is very important to note that the conveyancing process, more often than not, involves 3 attorneys (i.e. the attorney who will attend to the transfer of the property - the transferring attorney; the attorney who will attend to the bond registration - the bond registration attorney; and the attorney who will attend to the cancellation of the existing bond - the cancellation attorney).
- 2 THE SELLER WILL INSTRUCT THE TRANSFERRING ATTORNEY**

The transferring attorney will apply for rates and levy clearance figures and bond cancellation figures if a bond is registered with the property concerned.
- 3 BetterLife Home Loans APPLIES TO THE BANK FOR A LOAN**

BetterLife Home Loans should receive a copy of the offer to purchase at more or less the same time as the transferring attorney in order to apply to the various banks. The offer to purchase normally contains a suspensive condition stating that the buyer has a specific period in which to obtain a loan for a specific amount, failing which the contract will lapse. Another example of a suspensive condition is the sale of the buyer's property by a certain date.
- 4 THE SELLER INSTRUCTS THE CANCELLATION ATTORNEY TO CANCEL THE BOND**

The cancellation attorney will receive the cancellation figures and the original title deeds and will send copies to the transferring attorney (normally between 10-20 days after application was made).
- 5 THE LOAN IS APPROVED AND THE BANK INSTRUCTS THE BOND REGISTRATION ATTORNEY TO REGISTER THE NEW BOND** **REGISTER**

The bond registration attorney is normally instructed 4-5 weeks after application for the bond. The transferring attorney will contact the bond registration attorney and provide certain documents to assemble the bond documents for signature. Attorneys normally aim to have bond documents signed 21 days after receipt of instruction, provided that the necessary information is received from the transferring attorney. During the consultation the bond registration attorney will hand its pro forma account (bond fees) to the buyer for payment and is payable before lodgment in the Deeds Office.
- 6 SELLER AND BUYER SIGN AT THE TRANSFERRING ATTORNEY**

The seller and buyer will sign their respective transfer documents more or less at the same time as when the buyer signs the bond documents. During these consultations the transferring attorney will hand the rates and levy clearance figures to the seller for payment along with the cancellation attorney's costs, and their own pro forma statement (transfer fees) to the buyer for payment, also due before lodgment in the Deeds Office.
- 7 TRANSFERRING ATTORNEY PAYS THE RATES AND LEVY FIGURES AS WELL AS TRANSFER DUTY TO SARS**

This is done to obtain clearance certificates and a transfer duty receipt, which documents must be lodged at the Deeds Office as supporting documents.
- 8 TRANSFERRING ATTORNEY RECEIVES GUARANTEES FROM THE BOND REGISTRATION ATTORNEYS**

The bond registration attorney will issue the guarantees after the buyer signs the bond documents including the necessary "Authority to Pay". The transferring attorney will forward the original guarantee in favour of the existing seller to the cancellation attorney and also pay the bond cancellation costs.
- 9 LODGMENT AT THE DEEDS OFFICE OCCURS**

All 3 attorneys must lodge on the same day. South Africa have 9 Deeds Offices, so it may happen that either attorney or even all 3 will make use of a lodging agent who has an office close to a particular Deeds Office.
- 10 DOCUMENTS WILL BE EXAMINED**

After lodgment two or three examiners will examine the documents in order to establish whether it has been drafted correctly. The examination process may take up to 10 working days.
- 11 REGISTRATION**

After examination the Deeds Office will put the documents on what we call "prep" ("preparation"), meaning that registration can take place. All 3 attorneys will have to register on the same day. On registration the transferring attorney will pay the estate agent his/her commission as well as make payment to the seller.
- 12 POST-REGISTRATION**

The Deeds Office will release the deeds 3-4 months after it was microfilmed where after the bond registration attorney will send the original title and bond deeds to the bank for safe keeping.

From the above it is notable that many role players are involved in the conveyancing process and sometimes factors beyond the attorney's control result in delays. For example, a system crash at the municipality means that there will be delays in the issue of rates clearance figures and certificates that will ultimately result in a delay of the conveyancing process as the certificate is needed for lodgment to occur. It is therefore not always possible to give an accurate timeframe of the whole process, but rather estimates.