

CHRISTO MULDER



ATTORNEYS, NOTARIES
& CONVEYANCERS

MUNICIPAL RATES AND YOUR PROPERTY TRANSFER

Whether you are buying or selling a property you will be affected by the various factors involving property rates and services.

CLEARANCE CERTIFICATE:

A municipal clearance certificate is required by the Deeds Office in order for any property (including a sectional title unit) to be transferred to a new owner. The Local Authority issues the said certificate to confirm that all the necessary arrears debts owing to the Local Authority have been paid. The certificate also makes provision for an advanced period of usually three to five months in which time the transfer take place.

CONVEYANCER APPLIES & PAY:

The conveyancers make an application for the clearance figures, the Local Authority then issues rates clearance figures to the conveyancing attorney, these figures are then paid by the seller through the attorney to enable the Local Authority to issue the relevant clearance certificate.

CLEARANCE FIGURES ARE BASED UPON:

It is imperative that property owners ensure that they are being billed correctly and that municipal accounts are opened correctly in their names. This is vital as the Local Authority would issue the clearance figures based on your electricity, water, sewerage, refuse and property rates. Should one or more of these items not appear on your Local Authority account statements these charges would have to be loaded, back dated and only once the outstanding issue is signed off would the Local Authority be able to issue the clearance figures. Outstanding accounts and incorrectly billed accounts can therefore cause tremendous delays in the transfer process.

ONCE CLEARANCE CERTIFICATE IS RECEIVED:

Such is submitted to the Deeds Office with other transfer documents, cancellation of existing bonds and purchasers new bond . Without clearance certificate the documents cannot be lodged.

As previously mentioned the clearance certificate is issued for an advanced period, therefore on registration of a property a clearance certificate could still be valid for anything from a few days to a couple of months.

This advanced period of validity can constitute anything from a few rand's to thousands of rand's credit being left on the sellers municipal accounts after the property transfer has taken place.

HOW TO CLAIM SELLER'S REFUND:

Firstly, after registration of the transfer the purchaser must make an application for a new account to be opened and if required pay the deposit to have the water and electricity accounts opened in purchaser's name(s).

Only once the purchaser's accounts have been opened will the local authority close the seller's account and only then can an application be made for the refund of any overpaid charges.

The change of ownership can take up to 8 weeks to be finalised with the Local Authority.

It is advised not to make any payments on your municipal account after registration and furthermore not to make payments on accounts that are not in your name, as having the various incorrect payments reversed or refunded is almost impossible.

As a value added service to our conveyancing clients who are referred to us by RE/MAX Masters, we shall assist you with the opening of the buyers municipal accounts as well as the closing of accounts and refund process for the sellers at no additional charge.

We look forward to assisting you in the near future!



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