

## WOULD YOU LIKE TO BUY PROPERTY?

### REGISTER A BOND!

#### What is a Bond?

A bond gets registered over immovable property by a party who loans money to another party. As a rule the party giving the loan is a bank or a financial institution.

The bank loans you the money but registers a bond in favour of them over the property you are acquiring. The property is therefore security for the re-payment of the bond instalments.

#### Who is involved in the registration process?

- The Seller;
- The Estate Agent;
- The Buyer;
- The Transferring Attorney **appointed by the seller** to transfer the property into the buyer's name. (Take note that it is the buyers choice which attorney he or she wants to use);.
- A Bond Attorney (appointed by the bank receiving the bond);

A Cancellation Attorney (appointed by the bank cancelling the seller's bond)

What is the process to follow when registering a bond?

- The Seller sells his property to the buyer; both parties sign an offer to purchase.
- The buyer applies for a bond or home loan from a bank or a financial institution.

- If the bank or financial institution approves the bond.
- The bank will appoint an attorney to register the bond in the bank's name.
- The property then gets transferred into the buyer's name.
- The current bond in the seller's name is cancelled and the new bond is registered.
- On the day the bond is registered over the property the bank will pay out the money.

### **How does the bond get registered?**

The documents that you and the bank sign are "lodged" at the Deeds Office. It gets checked by examiners who make sure that all the requirements have been met. After this the bond will be passed. Thereafter it will be registered on the same day as the transfer and the bond cancellation.

### **Who can apply for a bond?**

Any person or legal entity may apply for a bond. Certain requirements however need to be met. The bank will discuss these requirements with you. It is important that you have a clean credit record.

### **How much does it cost to register a bond?**

The costs get calculated on a sliding scale depending on the value of the property. Your attorney will be able to give you an exact figure.

### **How long will it take to register a bond?**

The whole process may take up to 3 – 4 months but it may vary. Consult your attorney in this regard.

### **Who register's bonds?**

All the banks have panels of Conveyancers who register bonds in their name. The bank will therefore instruct one of these conveyancers to register the bond. They will contact you to set up a consultation to sign the necessary documents.

### **What type of bonds can you register?**

You can register a bond for a debt which is presently due and owing or for a debt which may become due in the future. A bond which may become due and payable in the future is called a continuing covering bond.

A Surety may also register a bond over his / her property to secure the debt of someone else. This is called a Surety Bond.

**TAKE NOTE:** You can also register a further bond if you already own property. In this way you lend money from a bank or financial institution for a purpose other than buying a home. You then register a bond over your property to secure the repayment of the loan.

### **When does a bond “end”?**

A bond never ends unless it gets cancelled or the amount of the bond is settled. When a property gets transferred from one party to another the bond on the property must be cancelled before a new bond may be registered. The outstanding balance of the proceeds of the current bond gets paid from the proceeds of the sale of the property.

IT IS ALWAYS BETTER TO CONSULT WITH AN EXPERIENCED ATTORNEY AND ENSURE THAT YOUR ATTORNEY EXPLAINS EVERYTHING TO YOU IN DETAIL.

This information is only meant to be used as a guideline, consult your Attorney.