

MC Bond Guide



M.C. VAN DER BERG INC
INC
ATTORNEYS, CONVEYANCERS & NOTARIES

Your Property Attorneys

INDEX

1.	Introduction.....	2
2.	M.C. van der Berg Incorporated – An Introduction.....	2
3.	Terminology.....	2
4.	The role of the team members at M.C. van der Berg Incorporated.....	3
5.	What is a bond?	4
6.	The bond application.....	5
7.	Role of the bond registration attorney.....	5
8.	Our service level agreement with the bank	6
9.	Receipt of your bond instruction – our first contact with you!.....	7
10.	The loan agreement.....	7
11.	Special conditions that needs to be met before bond registration can take place.....	8
12.	Bond registration costs.....	9
13.	Signing the bond documentation	10
14.	Bond documents	10
15.	Homeowner’s insurance	11
16.	Life insurance.....	12
17.	FICA (Financial Intelligence Centres Act) and POPI (Protection of Personal Information Act)	12
18.	Guarantees.....	12
19.	Lodgement at the deeds office.....	13
20.	Levels of examination in the deeds office.....	14
21.	Registration.....	14
22.	What happens after registration?	15
23.	Your expectations – our undertaking!	15
24.	What you can do to assist us.....	15
25.	Frequently asked questions (FAQ’s)	16
26.	Message from the directors	17


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Legal indemnity – This *MCBondGuide* is an M.C. van der Berg Inc. initiative that we have compiled for you, our valued client, in an effort to explain the bond registration process. We have endeavoured as far as possible to ensure the information contained in the *MCBondGuide* is up-to- date on the date of publication and has been designed to set out the bank’s procedures. This is an initiative of M.C. van der Berg Inc. and we at no time wish to create the impression that the content of the *MCBondGuide* has been approved by the bank or that the bank is bound by the contents hereof.

1. Introduction

Congratulations! Your bank has just approved your bond. This might be to purchase a property, obtain an additional bond over an existing property or because you are transferring your bond from one bank to another. From our experience, we know that you will probably have many questions. The aim of the *MCBondGuide* is to provide you, our valued client, with a simple yet thorough explanation of the common terms, procedures, legislation and timelines relating to the bond registration process. We hope to change what is often a stressful experience into a pleasant one.

As a generic document containing information about the registration of bonds, the guide may not be specifically applicable to your transaction. However, studying it may answer some of your questions and avoid possible frustration in future.

Since we realise you are probably busy, we have highlighted certain aspects that will require your immediate attention at the start of the bond registration process. ***We recommend you pay special attention to all the aspects marked with*** 



2. M.C. van der Berg Incorporated – An Introduction



M.C. van der Berg Inc. Attorneys, Conveyancers and Notaries is a well-established law firm specialising in property law since 1999. While our head office is in Centurion, we also have offices at Midstream, Pretoria East and Pretoria North. Our company conducts business in the greater Pretoria, Centurion, Ekurhuleni, Midrand, Johannesburg and surrounding areas.



The primary focus of our practice is giving legal advice pertaining to property law, drafting agreements, handling property transfers as well as registering new bonds and cancelling existing ones.



We also attend to the registration of trusts, estate planning, drafting of wills, winding up deceased estates, registration of antenuptial contracts and other notarial services.



M.C. van der Berg Inc. undertakes to handle the expedited and hassle-free registration of your bond and keep you informed with relevant and contextualised feedback on a regular basis. We believe that our unique and efficient feedback system is one of the aspects that differentiate us from others.



For more information on M.C. van der Berg Inc. please visit us at www.mcvdberg.co.za.

3. Terminology

The following list of common legal terms will make it easier for you to understand the legalese:

Attorney definitions

Attorney – A person who has been admitted by the High Court and practises law.

Conveyancer – An attorney who has passed an additional exam before being admitted by the High Court as such and who specialises in property law.

Transferring attorney – A conveyancer in a firm of attorneys who is responsible for transferring a property from a seller to a purchaser. The transferring attorney plays a pivotal role in the successful completion of the transfer process.

Bond attorney – This refers to a firm of attorneys that handle the registration of a purchaser's bond. This firm needs to serve on the registration panel of the particular bank where the purchaser applied for a bond.

Registration terms

Registration – An administrative act that takes place in the deeds office on a specific date. On this date, the transaction is finalised, i.e. the property is transferred, the purchaser's bond is registered and the seller's existing bond (if any) is cancelled.

Transfer – An action (registration) that occurs on a specific date in the deeds office. This action happens simultaneously with the bond registration and the bond cancellation.

Bond registration – An action that occurs on a specific date in the deeds office. On this day the purchaser's bond is registered. This action happens simultaneously with transfer and bond cancellation.

Contract terms

Mortgage bond – This is a registered right in favour of a money lender (mortgagee – usually a bank) over the property of another (mortgagor – usually a purchaser) which aims to secure an 'obligation'. The mortgagor (purchaser/owner) has an obligation to repay the money advanced by the bank.

Guarantee – This refers to a document in which the mortgagor's bank promises to pay the loan amount to either the seller's bond account or to the transferring attorney's trust account on an unspecified future date when registration occurs.

Party terms

Mortgagee – The lender, typically a bank or building society. This is the person or business making a loan, which loan is secured by the immovable property of the person who owes the money (i.e. the borrower/debtor).

Mortgagor – The borrower is a mortgagor, typically a homeowner. The mortgagor borrows money from a lender (mortgagee) and gives his/her immovable property to the lender as security.

4. The role of the team members at M.C. van der Berg Incorporated

When we are appointed to attend to the registration of your bond, a '*conveyancer*' and '*conveyancing secretary*' will handle most of the work involved in your transaction.

A *conveyancer* is an admitted attorney with a qualification in property law. He/she is responsible for ensuring that all documentation is correctly drafted, the correct procedures are followed and that

all funds are paid out correctly. The *conveyancer* must also ensure compliance with the bank's requirements before the bond registration can take place.

A *conveyancing secretary* has the experience and knowledge to handle the day-to-day administration of the bond registration process.

At the start of the transaction, you will be dealing mainly with the conveyancing secretary, who will be able to answer most of your questions. You are, however, welcome to contact the *conveyancer* handling your bond registration at any time should you need legal advice or wish to discuss any matter in more detail.



Please refer to the covering letter that we sent to you at the beginning of your transaction as it specifies the names of the conveyancer and the conveyancing secretary who will attend to your transaction.

If the level of service from either the *conveyancer* or the *conveyancing secretary* does not meet your expectations, you are welcome to contact one of the directors at M.C. van der Berg Inc. directly, namely Sonja du Toit, Tiaan van der Berg, Nicole Alberts or Ramona Michael.

5. What is a bond?

A mortgage bond creates a two-way relationship between you and the bank because it:

- a) establishes a contractual relationship through the loan agreement; and
- b) creates a real right that is enforceable against third parties when the bond is registered at the deeds office.

A bond is a form of security that is registered over immovable property (the property that you own or will become the owner of). The purpose of a bond is to secure an obligation of a mortgagor (you, i.e. the debtor) in favour of a mortgagee (the creditor, i.e. the bank in this instance) to repay money that the bank has lent to you. A bond serves a threefold purpose:

- 1) The bond provides the bank with a preferent claim should you become insolvent and have more than one creditor. The mortgagee (bank) will stand first in line to claim money due to it in case of insolvency of the borrower (homeowner). The bank will therefore have a preferential claim and the concurrent creditors will consequently be paid from any surplus of the proceeds.
- 2) It provides the bank with a real right of security which means that the bank can sell the property that is encumbered with the bond and use the proceeds to settle the loan amount, should you fail to adhere to your obligations in terms of the loan agreement. This process is called foreclosure. The mortgagee can, after a due process has been followed, obtain a court order which authorises a sale in execution.
- 3) One of the protection measures to the avail of the mortgagee is that the mortgagor cannot sell and transfer the property without the mortgagee's consent. It therefore limits the mortgagor's right to dispose of the property. A property cannot be transferred to a new owner if the bond

hasn't been cancelled. The mortgagee will only give this written consent if the payment of money due in terms of the loan agreement is secured by way of a guarantee.

6. The bond application

When a purchaser applies for a bond, he/she can opt to contact his/her personal banker, a bond originator or apply personally at any bank. You do not have to be an existing client of the specific bank to be able to apply for a loan at such bank. Bond originators can apply to more than one bank for a loan on your behalf. While a bond registration attorney is not involved in this process, he/she can refer you to a trustworthy originator or a bank consultant.

When applying for a bond, it's important to distinguish between these two situations:



a) ***Situations where the bond registration coincides with the acquisition of a property.*** If the agreement of sale stipulates that the purchaser must obtain a bond by a certain due date, it is critical to obtain bond approval timeously. This is because an offer to purchase only comes into force and effect once this suspensive condition (bond approval) is fulfilled. We therefore advise that you should start with the bond application process immediately, since the transaction cannot proceed if you do not comply with this condition.



b) ***Situations where a further bond over an existing property is registered or where you switch your bond to another bank.*** In such cases, the process of obtaining bond approval is not conditional to any suspensive conditions, so you can make this application whenever it is convenient. As previously mentioned, you can either apply personally, contact your personal banker or make use of the services of a bond originator.

7. Role of the bond registration attorney

This is the attorney firm that attends to the registration of your bond.

If you have received this *MCBondGuide*, it means that the bank has appointed M.C. van der Berg Inc. to attend to the registration of your bond. The bond registration attorney must be on the registration panel of the bank where you applied for the bond. Upon final approval of your bond, the bank appoints an attorney on their panel via an electronic instruction to attend to the bond



registration. Not all attorney firms serve on the registration panels of banks. ***M.C. van der Berg Inc. is proud to serve on the bond registration panels of ABSA, FNB (including FNB Wealth and FNB Housing), Nedbank, Standard Bank, SA Home Loans, HIP (Housing Investment Partners) and Investec.***

Should the registration of your bond coincide with the purchase of a property, we may also attend to the registration of your property. Using one firm of attorneys to deal with these transactions is beneficial since it facilitates the process, makes it more convenient for clients and minimises delays. While our firm can attend to both the registration of the property into your name and the bond registration, please note that we have separate bond and transfer departments. This means that two different conveyancing secretaries within our firm will correspond with you.



On request, the bank may allow you to nominate the attorney who will attend to the registration of your bond. FNB allows clients to nominate an attorney on the bond application form, while other banks will require your written instruction in this regard. In addition, you will need to submit a motivation letter that you, your personal banker or bond originator has compiled.

8. Our service level agreement with the bank

The bond registration attorney primarily attends to the interests of the bank (mortgagee) and then to the client's (mortgagor). The bank has certain expectations of a bond attorney, which are stipulated in a service level agreement (SLA). We have to adhere to the conditions of the service level agreement, which exists to protect the rights and interests of both the bank and you against unnecessary risks.



In terms of our service level agreement with the bank, we are expected to:

- 1) sign all bond documents at our offices. Alternatively, this could be done at the offices of another attorney who also serves on the bank's bond registration panel;
- 2) advise the bank immediately if we suspect that the transfer and bond costs have been included in the purchase price. Banks are generally not in favour of these costs being included in the loan amount, although they may allow it in some instances (for example, for first-time home purchasers). In such cases, you as the purchaser will have to inform the bank that this cost component is included in the loan amount. A bond originator or personal banker will be able to advise you which bank products allow the inclusion of these costs;
- 3) advise the bank if a seller and purchaser (you) have agreed that the deposit will be paid in instalments after the date of registration;
- 4) advise the bank immediately if another party other than the mortgagor (you), will pay the deposit to the transferring attorney (for example, the property developer or estate agent);
- 5) immediately declare to the bank if we suspect that an addendum or personal agreement has been entered into, stating that the seller or estate agent will pay the bond- and/or transfer costs on the client's (your) behalf;
- 6) notify the bank immediately if a portion of your bond pay-out has to be paid to a third party for originating the bond. The bank provides these services free of charge to their clients as they pay the bond originators directly. For this reason, our office will not pay out funds to your bond originator;
- 7) ensure that the loan agreement and bond documents are signed before issuing guarantees to your transferring attorney;
- 8) obtain an instruction to proceed from the bank in order to lodge and register the bond in the deeds office. For a proceed to be issued by the bank, the necessary documents, which includes all documents signed by you, as well as FICA documents, needs to be sent to the bank, prior to registration of the bond, for their validation and approval. As part of this process, the bank will also verify that all special conditions stipulated in the loan agreement

have been complied with. Once the documents are verified and found to be in order, and all conditions are complied with, the bank issues a proceed for bond lodgement and bond registration;

- 9) act in the best interest of the bank at all times;
- 10) draft all of the bond documents as required by the bank and relevant legislation and overseeing signature thereof;
- 11) issue the guarantees after all legal documents have been signed by the purchaser;
- 12) obtain all supporting documents as required by the bank, for example FICA documents (identity document and proof of residence), building plans, sectional title plans, electric compliance certificate, gas certificate, life cover documents, etc. for submission to the bank;
- 13) ensure that all special conditions and requirements as per the bank's instruction are adhered to and complied with;
- 14) submit the signed bond documents as well as FICA documents to the bank to obtain a proceed for registration of the mortgage bond; and
- 15) advise the bank of any adverse financial arrangements between the purchaser and seller.

9. Receipt of your bond instruction – our first contact with you!

After your loan has been approved, the bank will send an electronic instruction to us, which may take up to 8 (eight) working days.

Once we receive this instruction, one of our conveyancing secretaries will contact you within 24 hours to confirm that we have been instructed to attend to the registration of the bond.

Within 48 hours after receipt of the instruction, our office will send an email to you providing the following in writing:

- 1) acknowledgment of receipt (in which we confirm that we have received the instruction);
- 2) a copy of the *MC Bond Guide* (this document);
- 3) a list of the special conditions as set out by the bank;
- 4) the loan agreement; and
- 5) our *pro forma* statement of account.

10. The loan agreement

As previously mentioned, when M.C. van der Berg Inc. receives the bond instruction from the bank, we shall forward an electronic copy of the loan agreement to you. Receiving this document early in the process will enable you to study it at your leisure.



As the loan agreement contains all the relevant aspects of the agreement between you and the bank, it is very important to read it carefully!

If the document contains anything that does not reflect your agreement with the bank or contains any incorrect personal details, we urge you to email us immediately. This will enable us to address the matter and request an amendment from the bank if necessary.

Kindly note that specialists in the field of mortgage loans draft the bank's documentation on the bank's instructions. While it is possible to make certain amendments to the documentation, the wording of most contractual conditions cannot be changed. Please read the documentation carefully before you come and sign at our offices, as requesting any amendments at a later stage may cause frustration and unnecessary delays!



Please check the following details in your loan agreement carefully:

- 1) The loan amount;
- 2) The additional amount (see 'frequently asked questions' later in this guide);
- 3) The terms and conditions of the loan;
- 4) The interest rate;
- 5) The initiation fee – is this included in the loan amount or do you have to pay it to the bank in advance?;
- 6) Life insurance – is it applicable, and if so, is a premium indicated?;
- 7) Homeowner's insurance – is it applicable and, if so, is a premium indicated?;
- 8) Has the flexi-facility been activated?;
- 9) The terms relating to the cancellation of the loan and the need to give the bank 90 days notice of your intention to cancel the loan, thereby avoiding any penalty interest.

11. Special conditions that needs to be met before bond registration can take place

The loan agreement (that was forwarded to you electronically upon receipt of the instruction) also contains the special conditions relating to the bond.

These special conditions may include the following:

11.1 Building loans

The bank requires a list of additional building related documents to be submitted before registration. Examples of these are building plans or a certificate from the National Home Builders Registration Council (NHBC). Our conveyancing typist will provide the list to you once we receive the instruction. It would be most helpful if you could provide us with these documents at your earliest convenience.

11.2 Borrower's education

The bank may sometimes require a client to complete educational home loan training. This usually applies to a purchaser who is going to be a first-time homeowner or when a transaction is categorised as 'affordable housing'. Home loan training gives information about bonds, the client's

obligations and the risks involved. The bank issues a certificate once the client has successfully completed the training. Note that in these cases, the bond can only be registered once we have received the certificate from the bank.

11.3 The sale of a purchaser's existing property

The bank may require a purchaser's existing property (if applicable) to be sold and transferred before a new bond can be registered.

We cannot register your new bond unless we can verify that your existing property has been transferred. This means we shall need a letter from your transferring attorney confirming the prior or simultaneous registration of your existing property before we can proceed with registering your new bond.

11.4 Compliance certificates

The bank may require that certain certificates such as an electrical compliance certificate, gas certificate or electric fence certificate must be submitted to it before bond registration can take place.

12. Bond registration costs

The term '*bond registration costs*' refers to the costs of registering the purchaser's bond. These costs include the bond registration attorney's professional fees and other disbursements. This fee is calculated on the amount for which the bond will be registered. The Law Society of South Africa provides specific guidelines regarding reasonable and fair fees, and as a reputable legal firm we adhere to them.



As the mortgagor, you are responsible for paying all costs relating to the bond registration. Whether or not the same attorney handles your transfer or bond registration, the costs for the transfer and the bond are calculated and collected separately. Be mindful therefore, that you will be responsible to pay both a transfer cost account and a bond registration cost account.



Use our 'MCostCalculator' on our website at www.mcvdberg.co.za to calculate the amount you will need to pay. In addition, the accompanying notes on the site will answer all your costs-related questions. You are also welcome to contact the conveyancing secretary directly for a formal quotation detailing the fees and disbursements. Remember to pay these costs as soon as possible to avoid delays in registering your bond!

Payments must be made directly into our trust account. You will find the relevant trust account banking details in our initial letter we sent to you.



Please quote the file reference number we provided in our first letter to you, which is also stipulated on the pro forma account, when making payments. A helpful tip is to email the conveyancing secretary your proof of payment, as this will help her to identify your payment in our trust account statement.



The bond registration attorney also collects an administrative fee, called the initiation fee, on behalf of the bank. When you apply for a loan, the bank gives you the choice to either pay the initiation fee upfront

or finance it over the term of the loan. If you opt to include the initiation fee in your loan amount, be sure to advise your personal banker or bond originator accordingly at the start of the loan application process.

13. Signing the bond documentation

After we have prepared all the relevant documentation, we shall contact you to make an appointment to come and sign them at our offices. Note that we shall only be able to draft the documentation for signature once we have received the guarantee requirements, all supporting documentation from the transferring attorney or from our transfer department (in cases where we are also attending to the property transfer) and your FICA documents.



Be mindful that not being available to sign important documents will delay the registration process, so please let us know if you will be unavailable for longer than a week.

Adhering to the terms of our service level agreement with the bank, as well as complying with FICA requirements and the Deeds Registries Act means that all documentation has to be signed in the presence of an attorney in our offices or those of a colleague. We trust you will understand that it is therefore not possible to bring the documentation to your home or your workplace for your signature.



Please visit our website at www.mcvdberg.co.za for directions to our office by clicking on 'Contact Us'.

We look forward to meeting you at our offices and aim to make your attorney-client experience exceptional!

14. Bond documents

You will be required to sign the following documents:

14.1 Loan agreement and quotation

The loan agreement is the most important document that you will have to sign as it sets out your obligations and rights. As previously mentioned, it is very important to read this document carefully before signing it.

14.2 Power of attorney

This document serves as your mandate to us to register the bond on your behalf at the deeds office. We lodge this document together with the mortgage bond for registration at the deeds office.

14.3 The debit order authorisation

The bank usually requires that you pay your loan instalment via debit order. This entails you signing the authorisation document and providing us with proof of banking details from which the monthly debit order will be deducted.

14.4 Access/Flexi facility

If you applied for an Access or Flexi facility in your bond application and it was granted to you, you will also need to sign certain related documentation. This facility enables you to withdraw

additional payments from your bond account which you have made over and above your monthly premium. Note that you can only use the facility to withdraw amounts you have paid over and above your required monthly premium. While the bank imposes certain conditions on this facility, the advantage of a bond account is that it can be used as a savings account.

14.5 Affidavits

As your bond registration attorney, it is our responsibility to use affidavits to verify certain personal information. When you sign an affidavit, you are confirming that the information it contains is accurate. Do not, therefore, sign any affidavit if you are unsure or are aware that the information is incorrect. Affidavits like these need to be signed at our offices in the presence of a Commissioner of Oaths. They are used to verify important aspects such as:

- the client's (your) identity;
- the client's (your) matrimonial status;
- the client's (your) solvency;
- the client's (your) *domicilium* (place you have nominated where legal notices may be sent);
- the intended use of the property being purchased;
- the client's (your) life insurance;
- additional declarations including consents relating to the National Credit Act (NCA) and receiving marketing information.

14.6 Authority to pay

By signing this document, you authorise the bank to make payments to the specified beneficiaries on registration. The signed 'authority to pay' document therefore enables a bond attorney to issue guarantees.

15. Homeowner's insurance

When considering homeowner's insurance, it's important to differentiate between full title-, duet and sectional title properties (other than duets).

With full title and duet properties, you as the client must obtain homeowner's insurance that entails paying a monthly or yearly premium. The bank gives its clients the choice to make use of its preferred insurance company or to choose their own insurers.

With sectional title properties (other than a duet), the body corporate takes out homeowner's insurance. While this means you as the purchaser won't need to take out your own insurance, the homeowner's insurance premium will be included in the monthly levy. An owner pays these levies directly to the body corporate instead of paying an insurance company. The relevant insurance company issues an insurance certificate to the body corporate. The bond registration attorney then obtains this certificate, verifying that the scheme is insured. Note that you will be liable to pay the cost of the insurance certificate.

16. Life insurance


The bank occasionally requires a client to take out life insurance which is then ceded to the bank. A client can either opt to make use of the bank's preferred insurer or choose his/her own life insurance company. Should you opt for your own life insurer, you will need to send us a copy of the policy document as soon as possible so we can forward it to the bank. In addition, we ask that you let us know promptly whether or not you will be using the bank's insurer so we can request an amended bond instruction if necessary.

17. FICA (Financial Intelligence Centres Act) and POPI (Protection of Personal Information Act)

17.1 FICA

'FICA' is an acronym for the 'Financial Intelligence Centre Act'. FICA requires specific nominated persons and institutions such as attorneys, banks and estate agents to verify certain information and keep records thereof. Accordingly, you will have to provide us with documentation such as your identity document and proof of residential address.

In addition, we have a statutory obligation to disclose and report certain suspicious transactions. The primary objective of FICA legislation is to prevent money laundering and to stop the flow of money earned from illegal activities.

 FICA legislation furthermore obliges transferring attorneys to report cash payments of R25 000 or more to the Financial Intelligence Centre (FIC). ***Our first letter to you contains a list of original FICA documents that you will need to bring along when you sign the transfer (if applicable) and bond documents at our offices.***

17.2 POPI

'POPI' is an acronym for the 'Protection of Personal Information Act'. In terms of this Act, we need your consent to process your personal information (for example, your identity number, contact details, email address etc.). We shall present this consent for your signature when you visit our offices to sign the transfer (if applicable), bond cancellation (if applicable) and/or bond documentation. Rest assured that we shall only process your information for transfer (if applicable), bond cancellation (if applicable) and/or bond related purposes and that we comply fully with the POPI Act.

18. Guarantees

A 'guarantee' is a written undertaking by a bank to pay a certain amount (loan amount) to a specific beneficiary at an uncertain future date (registration) when specified events take place. In a property transaction, these specified events usually refer to the following:

- 1) the registration of the property into the name of the purchaser (transfer);
- 2) the registration of the purchaser's bond; and
- 3) the cancellation of the seller's bond (if applicable).

Guarantees are issued after the bond documentation has been signed and all the bond requirements are adhered to. A bank may issue guarantees, but bond attorneys usually do this on behalf of the bank. Once the guarantees have been issued, they are delivered to the transferring attorney.



Guarantees can only be issued after:

- 1) the seller's cancellation figure (if applicable) has been received;
- 2) the purchaser's bond has been granted;
- 3) the bank has instructed its panel attorney (bond attorney) to attend to the registration of the purchaser's bond;
- 4) the purchaser has signed all the relevant bond documents at the bond attorney;
- 5) all the required documents have been handed to the bond attorney; and
- 6) the purchaser has complied with all bond requirements.

Under normal circumstances, guarantees will be issued within 2 (two) weeks from the date on which the bond attorney receives the bond instruction from the bank (note that this time frame is applicable if you are available to sign the bond documents and all conditions have been met).

We usually request the following two guarantees if the registration of the bond coincides with the transfer of a property:

- 1) A guarantee is requested in favour of the seller's bank to settle the seller's outstanding bond account and to cancel his/her bond. This guarantee will usually reflect the outstanding amount plus interest thereon. The amount due in terms of this guarantee will be paid directly into the seller's bond account on date of registration. This means that the seller's bond is settled on the date that the property is registered in the purchaser's name.
- 2) The second guarantee is issued in favour of the transferring attorney's trust account. This guarantee will usually reflect the balance amount available (i.e. the loan amount minus the seller's outstanding bond amount) minus the interest as stipulated on the abovementioned guarantee. This guarantee represents the difference between the purchase price and the cancellation figure (profit). The amount due in terms of the guarantee will be paid into the transferring attorney's trust account on date of registration.

Although the first guarantee has an interest component, it will never pay out more than the loan amount.

In many instances, the attorney attending to the cancellation of the seller's existing bond will request a guarantee for their costs and the bond attorney will then issue a third guarantee to cover these costs.

19. Lodgement at the deeds office

Your bond will be registered at the local deeds office where your property is located. The deeds office is a division of the Department of Rural Development and Land Reform. It is tasked with

the administration and registration of property and all related acts, for example, the registration and cancellation of mortgage bonds.

Should the registration of the bond coincide with the purchase of a property, three registration actions will usually take place at the deeds office, namely transfer, bond registration and bond cancellation. The three attorneys involved must coordinate with each other to arrange that they lodge these actions simultaneously at the deeds office.

The transferring attorney and not the bond registration attorney will handle the coordination and smooth flow of the different processes in the deeds office.

20. Levels of examination in the deeds office

After the documents have been lodged at the deeds office, a team of junior and senior examiners uses three levels of examination to scrutinise the documentation before they come up for preparation. The document examination process in the deeds office takes approximately 6 to 8 (six to eight) working days after lodgement to pass all the necessary levels to come up for preparation. Registration can be held over in the preparation phase for a maximum of 5 (five) days, where after the property transaction must be registered. If a transaction does not register within that time, it will be rejected and the documents will need to be re-lodged and re-examined. Registration can only take place if the transactions of all three attorneys (transfer-, bond- and bond cancellation attorney) are ready for registration. Possible reasons for holding over registration of the transaction can be:

- the transfer-, bond- or cancellation attorneys have not yet received their costs;
- the bank has not yet given an instruction to proceed with registration; or
- some transfer conditions still have to be met.

If examiners find any errors in the documents, they can reject the whole set at any time during the examination process. This means the attorney who submitted incorrect or incomplete documentation will need to rectify the errors before arranging relodgement again.

21. Registration

Registration refers to the day on which:

- 1) the property is transferred into the purchaser's name (if the registration of the bond coincides with the transfer of a property);
- 2) the existing bond over the property is cancelled (if applicable); and/or
- 3) your new bond is registered over the property you have purchased.

During the afternoon on the day of registration, the various beneficiaries will receive payment of the guarantees. Note that the payout will occur on this day provided the bank was informed timeously of the bond registration (i.e. before 12:00 on the day of registration).

In the case of a further bond registration or a refinance, should there be a credit available, it will be paid to you the next business day after registration.



To protect our clients and combat fraud, we shall only pay funds directly to a contractual party or to the trust account of another attorney.

22. What happens after registration?

Once a purchaser has registered a bond over the property, both the title deed and the bond deed will be forwarded to the bank after registration for safekeeping. However, you will also receive copies of both these documents for your own reference.

23. Your expectations – our undertaking!



When we deal with your bond affairs you can rest assured that we shall:

- i) register your bond speedily. In terms of our service level agreement with the bank, we are expected to register the bond within a certain timeframe. Unfortunately, as already mentioned, we are dependent on the transferring attorney (in cases where we don't also act as the transferring attorneys) (if applicable). If we attend to the registration of a further bond that is not linked to the registration of a property, the process will be much quicker as we shall be the only attorneys involved in the transaction;
- ii) assist you with professional, proactive service;
- iii) answer your telephone calls and emails within 24 hours;
- iv) treat your information and transaction confidentially;
- v) provide access to our conveyancers should you require any assistance;
- vi) ensure that a conveyancer is available when you sign the documents;
- vii) assist you in Afrikaans or English according to your preference. Note however, that our service level agreement with the bank stipulates that all bond documentation must be drafted in English;
- viii) update you regularly with relevant feedback and information on your transaction; and
- ix) forward the original bond- and title deeds to the bank once the deeds office has delivered them.

24. What you can do to assist us

You can rely on the commitment of our staff to register your transaction quickly and effectively.

If you have read the preceding information in this guide you will have realised that certain aspects are not always within our control.



However, there are certain ways in which you can assist us to handle the process more effectively. These include:

- 1) Providing us with your FICA documents and any other documentation required as soon as possible;
- 2) Using our reference number when making deposits;
- 3) Applying for mortgage finance immediately (if it coincides with the purchase of a property);
- 4) Requesting to appoint our firm as your bond attorneys;
- 5) Notifying us when you will be out of town and unavailable to sign documents;
- 6) Signing bond documentation as soon as possible when requested to do so;
- 7) Settling your pro forma account immediately;
- 8) Providing us with any additional documentation the bank requests as soon as possible.

25. Frequently asked questions (FAQ's)

From our experience with many clients, we know that they usually have questions, so we have compiled this handy list of the most frequently asked questions.

Question: What is the additional amount?

Answer: The so-called additional amount is an amount equal to between 20% and 25% of your loan amount. The bank uses this as additional security to cover any legal costs should it need to take legal action against you if you default on your bond repayments. Note that you will otherwise not be liable to pay this amount and it does not carry any interest.

Question: What is the initiation fee?

Answer: The bank levies this administration fee, which the bond registration attorney collects on the bank's behalf. It is possible to include the initiation fee in the loan amount and finance it over the loan term. You should discuss this matter with your personal banker or bond originator as soon as possible. You also need to indicate when applying for a bond whether you will be including or excluding this fee. If you do not include this request in your initial instruction we will need to ask the bank to provide us with an amended instruction should you later decide to include the initiation fee in the bond amount.

Question: Why does the bank insure the property for a higher amount than its value/purchase price?

Answer: The bank makes provision for inflation and growth and the amount of insurance required by the bank will be reflected on your home loan agreement. You can either make use of the bank's insurance or take out an insurance policy from an insurer

of your choice, provided that it covers the amount stipulated in the home loan agreement.

Question: When will the bank deduct my first bond instalment?

Answer: This varies from bank to bank. We advise that you contact your bank directly to obtain the correct advice about its procedures.

26. Message from the directors

The directors of M.C. van der Berg Inc. trust that this *MCBondGuide* will provide you, our valued client, with essential information and useful advice.

We furthermore trust that the information contained in this guide together with our professionalism, efficiency and expertise will result in a trouble-free, enjoyable and exceptional business experience.

We are committed to service excellence and look forward to dealing with you again in the near future!



Visit our website at www.mcvdberg.co.za or contact us on 012 660 6000 or info@mcvdberg.co.za.

The MC-Team

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