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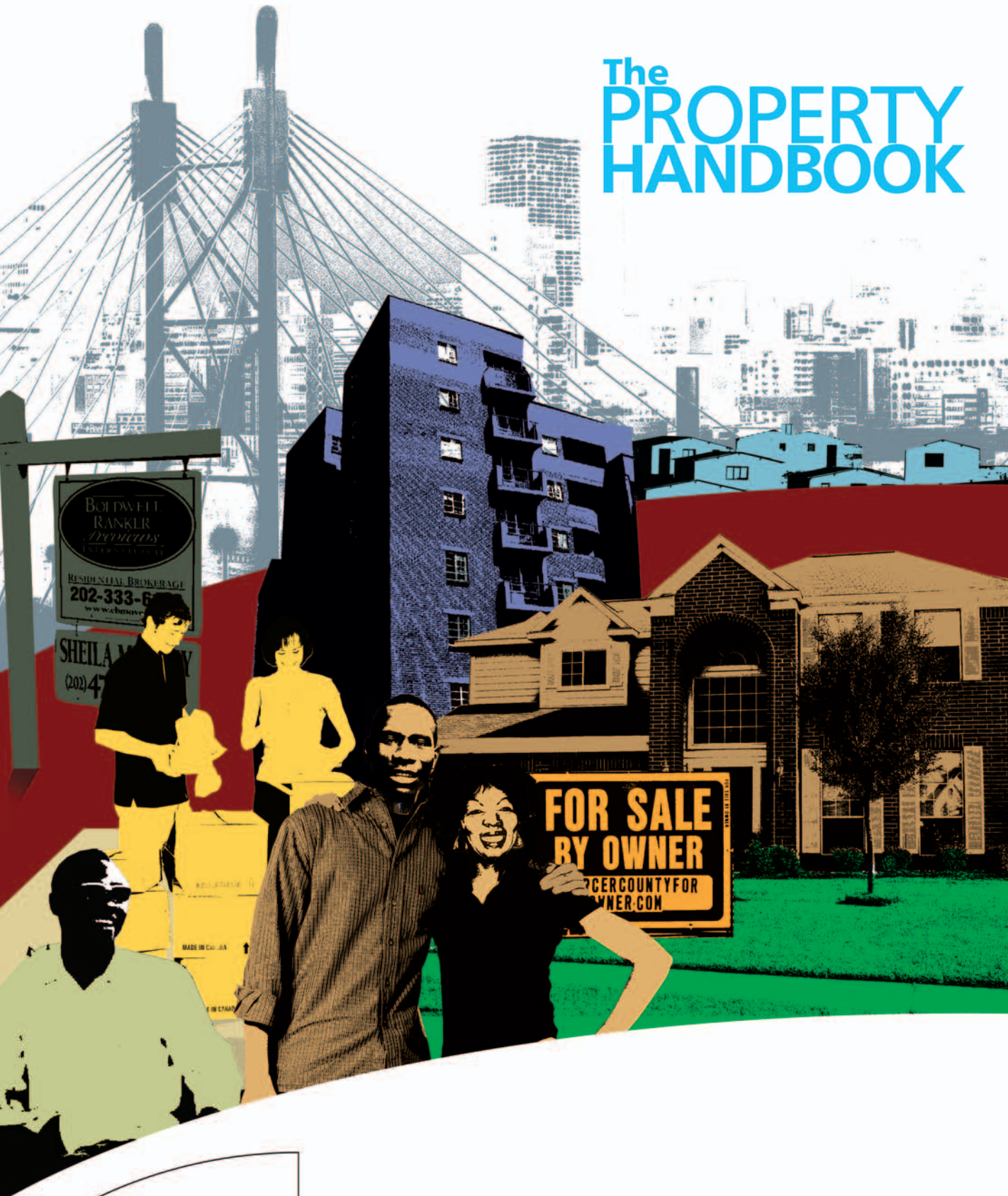
Revenue and Customer Relations Management Department

Thuso House

61 Jorrissen Street

Braamfontein

The PROPERTY HANDBOOK



Joburg

How to buy and sell property in Joburg

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EDITOR'S NOTE

Buying and selling property is one of the biggest business deals you will ever be involved in. While this is an exciting time, it is also filled with many formal processes. Understanding these processes is critical to ensure that your impending purchase or sale runs smoothly.

This handbook has been developed to inform you about the Municipal Service aspect of your property transaction. It aims to demystify the process of applying for a clearance certificate if you're selling, and highlights the importance of applying for municipal services if you are buying.

Also, there have been major changes in the clearance and refund process:

- In the past, transferring attorneys would obtain a rates clearance on a property that was valid until the end of the month in which the transfer is expected to take place.
- The Municipal Systems Act now stipulates that a clearance certificate must be valid for 120 days from the date of issue. This allows two months for the transferring attorneys to obtain the funds from their clients and pay the local authority.
- Conveyancing attorneys no longer apportion funds between the seller and buyer. The seller is responsible for full payment, which will be allocated to the rates account of the clearance amount, and on the transfer date the buyer's account will be opened and billing will begin.

I hope you find these guidelines useful and wish you the best for your property transaction.

Yours sincerely

A handwritten signature in black ink that reads "Craig Ryan". The signature is written in a cursive style and is positioned above a horizontal line.

Craig Ryan
General Manager: Customer Relations Management
Customer Relationship Management (CRM)

SIX STEPS IN THE PROPERTY TRANSACTION PROCESS

- **Step 1: The offer to purchase**

The first requirement is a valid agreement of sale. This is a written agreement which is signed by both the purchaser and seller. A written "Offer to Purchase", signed by a purchaser and accepted by a seller also constitutes a binding agreement. The process is often facilitated through an estate agent.

- **Step 2: The registration of the bond by the buyer**

In most cases, the purchaser obtains a loan from a financial institution or bank. The lender will require the purchaser to register a bond over the fixed property to secure the loan.

- **Step 3: The appointment of the conveyancing attorney**

The seller then appoints a Conveyancer to attend to the transfer of the property, although this, like other aspects of a sale agreement, can be varied by negotiation between the parties.

During this step, the conveyancer, on behalf of the seller, has to ensure that various processes are completed to facilitate the transfer of property to the buyer. One of the important elements of this process is closing and finalising the seller's municipal account – a process more commonly known as acquiring a Clearance Certificate.

- **Step 4: The clearing process**

The conveyancer will lodge the title deed, clearance certificate and other documents that he has prepared in the deeds office for registration. If there is a bond to be registered, the conveyancer attending to the bond will also lodge the bond documents in the deeds office for registration simultaneously with the transfer documents.

- **Step 5: The registration of deeds**

The examiners in the deeds office scrutinise the documents to ensure that they comply with all relevant legislation and regulations. When they are satisfied, they inform the conveyancer that the deeds are ready for registration and thereupon, in the presence of the conveyancer and registrar of deeds, the transfer of the property is registered in the name of the purchaser. The bond (if applicable) is registered simultaneously.

- **Step 6: The transfer of ownership**

On registration the purchaser becomes the lawful owner of the property. The title deed reflecting his ownership will be released by the deeds office after the registration and will be handed to him by the conveyancer, unless a bond had been registered, in which case the bondholder retains the title deed.

Quick reference

The seller

Refers to the individual SELLING the property. Where individuals are married in community of property, it refers to their spouse.

The buyer

Refers to the individual BUYING the property. Where individuals are married in community of property, it refers to their spouse.

The bond institution

In most cases this a bank or similar financial institution.

Estate agent

The estate agent acts on behalf of the seller to sell the property. They will prepare a set of details which, by law, must be accurate. They will negotiate the sale between the buyer and seller including any specific terms. The estate agent will prepare a Memorandum of Sale giving details of the buyer, the seller, their conveyancers, the price and any specific terms, which is sent to all parties involved in the transaction.

Conveyancer(s)

A conveyancer (transferring attorney) is an attorney who also passed the national conveyancing examination and, by law, is the only person who can register fixed property transfers. This is necessary to ensure the protection of the various interests the parties have in the transaction and to maintain the high standard of land registration.

A separate conveyancer, usually appointed by the Bond Institution, is responsible for lodging the bond documents in the deeds office for registration simultaneously with the transfer documents.

Registrar of deeds

The deeds office is a government registry of ownership in all fixed property and other rights in fixed property.

THE CITY'S LEGAL DUTY

Municipalities in South Africa have to implement national legislation. They have to ensure that all the services offered and the financial management of a city or town complies with the laws of the country. Two of the most important Acts in this respect are the Municipal Systems Act and the Municipal Management Finance Act. Section 118 of the Municipal Systems Act specifically prescribes how clearance figures should be calculated before a clearance certificate can be issued.

For copies of the Municipal Systems Act and the Municipal Management Finance Act visit www.joburg.org.za

WHAT TO DO WHEN SELLING YOUR PROPERTY

1. Apply for a Clearance Certificate
2. Finalise your account
3. Apply for a refund

1. Apply for your Clearance Certificate

Note The seller is responsible for the payment of municipal rates on the property, inclusive of electricity, water, sewer and solid waste removal (refuse) accounts. Even though a tenant might have leased the property from a seller, outstanding municipal revenue service fees still remain the seller's responsibility. Transfer of ownership cannot be done unless all these accounts have been settled as per legal requirement.

Fill out the Clearance Form

The appointed conveyancing attorney applies for a clearance certificate from the local municipality's Clearance Department. (A copy of a clearance application form appears on page 6.) The Clearance Department checks that the application form has been correctly completed before it is 'date stamped'. A 'date stamped' copy is given to the transfer attorneys.

It is important that all the forms are correctly completed and that the information supplied on the forms corresponds with the information on the Council's records. Verification of the clearance application details refers to the following:

- All the fields (spaces) on the application form must be completed.
- Details such as the owner's full name and surname, identification number and the 'erf/stand' number must correspond with the Council's records.

Should there be any problems in the verification of clearance figures, it could be time consuming (5 to 40 working days) to resolve. Should there be any difference between the Council's records and the information on the clearance application, it could be problematic. It could also be problematic if the following information is not readily available on the Council's records:

- There has been no valuation on the property and a query then has to be lodged with the Council's Valuations and Assessment Rates Departments.
- Refuse (removal of solid waste) charges were not raised and queries have to be lodged with Pikitup and the Valuation and Assessment Rates Department.
- Similarly, if there were no sewer/water and/or electricity charges, then Johannesburg Water and/or City Power must be contacted.

The above means that all the revenue services (rates, refuse, water/sewer and electricity) should have been correctly charged and reflected on the Council's records. Any other outstanding queries on the seller's account also have to be resolved first.

Get the Clearance Amounts

Once the Clearance Department has verified all the applicable information, the conveyancers are informed of the clearance figures. If all the information is correct and there are no problems or queries, the clearance figures can be given to the conveyancers within five working days of application.

Pay the Clearance Amounts

The conveyancers then arrange payment, which can only be done in cash or with an attorney trust cheque. A clearance certificate is issued within 24 hours of payment.

The clearance certificate is valid for 120 days. However, should there be any reason why the transfer of the property is delayed for a period of longer than 120 days, the conveyancers have to re-apply for a clearance certificate.

Quick Reference

There are TWO important forms (Forms A and B) that must be completed. A THIRD form (Form C) must be completed in the case of a tenant leasing the property that has been sold (Form A, B and C). These forms are:

Form A: A clearance application form (completed by the transfer attorneys).

Form B: A cancellation of consumer agreement form (property owner) that must be completed by the seller/owner.

Form C: A cancellation of consumer agreement form (current tenant) that must be completed by the tenant if a lease on the property expires when a change of ownership takes place.

Samples of the forms are shown in the step-by-step process that is described below.

A clearance certificate certifies that all outstanding revenue service fees have been paid as per Section 118, and that there are no outstanding queries on the seller's/owner's account. The Deeds Office requires the clearance certificate before a change in ownership can be registered.

2 Finalise your account

The seller must fill in a form known as a 'cancellation of consumer agreement' (a copy of a 'cancellation of consumer agreement' form appears on page 7) to have the water and electricity account finalised, and to apply for the deposit to be refunded. If a tenant leased the property from the seller and the tenant has to vacate the property, the tenant also has to complete a 'cancellation of consumer agreement' form.

Form A: Clearance application form

CLEARANCE APPLICATION



STATEMENT OF CHARGES PAYABLE IN TERMS OF SECTION 118 OF ACT No. 32 OF 2000

**ONE APPLICATION PER STAND. THIS FORM MUST BE COMPLETED FOR EVERY REQUEST OR EXTENSION
ALL REFUNDS WILL BE MADE TO THE TRANSFERRING ATTORNEY**

Unless this application is duly completed by the applicant, a clearance certificate will not be issued.
Means by which statement is to be returned to applicant:

Will collect Mail Send per

Docex No.	Legal Express
-----------	---------------

The Clearance Certificate is required for: (Mark with an "X")

TRANSFER	SUBDIVISION	CONSOLIDATION	REZONING
----------	-------------	---------------	----------

Assessment Rates Account No: Suburb:
 Registered Owner: Stand:
 Name and address of Applicant/ Conveyancing Attorney: Full name of Purchaser:
 I.D No:

--	--	--	--	--	--	--	--	--	--

 Address to which accounts are to be rendered after transfer
 Postal Code:
 Telephone No:
 Date of application: Post Code: Tel (H): (B)
 Selling price of property: Date of Sale:

STATEMENT MUST ACCOMPANY PAYMENT
Only bank GUARANTEED CHEQUES, TRUST CHEQUES and CASH are accepted.
The City of Johannesburg will not be bound by any error in calculi.

IMPORTANT

In order for the Council to process the Clearance Application as promptly as possible, the checklist printed on the reverse side hereof should be completed.

The service standards we strive for are:

- Subject to there being no outstanding Council levies or queries on services the application will be processed within 5 working days. All others will be provided within 5 working days once all outstanding queries are resolved.
- It is important to note that a clearance certificate will only be issued 24 hours after receipt of payment.

Please ensure that the seller is aware of the fact that he/she is responsible for requesting the disconnection of the relevant municipal electricity and water services linked to the property as set out in the Consumer Agreement.

In order to transfer the electricity and water services on a property to a new tenant or owner it is imperative for the buyer or new tenant to simultaneously conclude a Consumer Agreement with the City and pay the relevant deposit.

Failure of the above will result in delaying the payment of any refunds owing.

Form B: Cancellation of consumer agreement (property owner)



Cancellation of Consumer Agreement (PROPERTY OWNER)

This form is to be completed by a PROPERTY OWNER who intends selling his/ her property and who wants his/ her contract terminated.

Seller's information

Surname and initials _____

Identity number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact number _____

Water and electricity account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 (Seller)

Suburb _____ Stand no _____

Date on which services must be disconnected

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Purchaser's details

Purchaser's Surname and initials _____

Identity number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact number _____

Agreed Meter readings (Between Seller and Purchaser)

Water Meter No

Reading

Date read

Electricity No

Reading

Date read

Sellers Forwarding Address

Street name/ P.O. Box _____

Suburb _____

Postal code _____

Purchasers forwarding address

Street name/ P. O. Box _____

Suburb _____

Postal code _____

Pega Ref.no

Seller's signature _____

Occupant's signature _____

3 Apply for a refund

Complete a refund application form (a copy of a 'refund application form' appears on page 11)

Requirements for refund applications										
	Customer reference number obtained when a request is logged	Copy of a valid ID document (if joint account copies of both parties ID's or valid registration certificate, if legal entity)	Written request from customer to transfer a credit from one account to another	Letter from the transferring attorney instructing whom to be refunded	Request for termination of services	Request on a company letterhead with duly authorised signatory (if legal entity)	Letter of consent by both parties	Proof of payment	Letter of executorship	Copy of a death certificate, if deceased estate
Deposit refund (water & electricity)	•	•			•	•	•		•	•
Request to transfer a credit from one account to another	•	•	•			•	•	•	•	•
Sale of property/Clearance refund	•	•		•	•	•	•		•	•
Refund on an overcharged account	•	•				•	•		•	•
Refunds where payments were made after the date of finalisation/clearance	•	•		•		•	•		•	•

DOCUMENTATION REQUIRED FOR COLLECTING REFUND CHEQUES

Requirements for Refunds due to Attorneys

1. Original ID of person collecting the cheque.
2. Signed letter from the Attorney authorising the collector to collect on their behalf and stating the collector's details: (i.e. full names and surname as on ID, ID number, residential address and contact details).
3. The Attorney's letterhead must reflect the following information: full name of attorney's practice, practice number, physical and postal address and contact details.
4. The attorney's letter should also state the following:
 - In who's name the cheque should be made out if not in attorney's name; and
 - The actual account holder's full names and ID number.

Requirements for Refunds due to Individuals

1. Original ID of account holder, if not collected in person.
2. Original ID of person collecting the cheque.
3. Signed letter from account holder authorising the collector to collect on his/her behalf and stating both the collector's and his/her details: (i.e. full names and surname as on ID, ID number, residential address and contact details).
4. If the account is in the name of more than one person then the letter mentioned in point 3 above, should be signed by all the account holders, stating in who's name the cheque should be made out. The collector must also produce original ID's of all the account holders.

Requirements for Refunds due to Companies/Close Corporation

1. Original registration document of the Company/CC from the registrar of companies (e.g. CM1/CK1).
2. Original ID of person collecting the cheque.
3. Letter from the Company/CC signed by all directors/members authorising the collector to collect on their behalf and stating the collector's details (i.e. full names and surname as on ID, ID number, residential address and contact details).
4. Proof of directorship of company or membership of CC document from the registrar of companies (e.g. CM29/CK1).
5. The company's/CC's letterhead must reflect the following full name of the company/CC, registration number, physical and postal address and contact details.
6. If the cheque is made out in a different name to that of the company/CC then the letter mentioned in point 3 above, (signed by all directors and members) should state in which name the cheque should be made out.

WHEN DO YOU QUALIFY FOR A REFUND?

1. When you vacate your property, the metered services deposit may be refunded**.
2. When you sell your property, monies paid in excess of the clearance figures may be refunded**.
3. Should you have made payments towards an overcharged account, an adjustment will be effected and future charges will be set off against the credit balance on a monthly basis.
4. When a business is sold or no longer exists and the account balance reflects as a credit, the amount will be refunded.

**** Please note**

- Refunds will only be done if all outstanding monies or debits related to other properties registered in the name of the same account holder has been settled, and if such an account has a credit balance. This also implies that the account cannot be an 'active' account.
- If a property was sold, change of ownership has to be effected before a refund will be issued.

WHAT TO DO WHEN BUYING A PROPERTY

Apply for your municipal services

Complete an application form

The buyer of a property must apply for municipal services to be rendered for his/her account. The buyer, therefore, has to complete an application form for the supply of water and electricity to the property. (A copy of an 'application for the supply of water and electricity' form appears on page 14). The buyer will also have to pay a minimum deposit to have the water and electricity connected.

Pay a deposit

In future, all new accounts will be charged a deposit equal to the average consumption of two months' services. In the past there was a flat rate of R540 charged to new accounts. In terms of the new deposit structure, some people will pay a larger deposit than others to open their account.

The average deemed consumption for new accounts will be averaged and automatically regulated after six months. Thereafter the City will adjust the deposit and reflect it on the account as either a credit or a debit.

Old	New
Uniform deposit structure	Based on deemed consumption.
Existing property	Where a previous owner has moved out, previous consumption will be used and multiplied by two months.
New dwellings	Where the account has no history the township average will be used, multiplied by two months. This refers mainly to new houses.
New township	Where no township average is available, refer to the domestic table. This is mainly for new township developments.

Credit checks

In February 2006 the City implemented the new Credit Control and Debt Collection By-Law. Credit checks will now be done on all new account applications. No person or company will be denied the right to open an account to receive the basic services of water and electricity, or be billed for rates. However, the City can request additional guarantees (over and above the deposit) to cover the assumed risk.

To enable the buyer to complete the application form for the supply of water and electricity, and to ensure that all the relevant documents are available, consult the quick reference below.

The information required differs, depending on the form of ownership (private individual ownership of freestanding properties, Close Corporations or companies, sectional title units where a Body Corporate is involved, etc.).

Quick reference

Information and documentation required when an application for the supply of water and electricity is submitted:

1. The applicant's ID document.
2. A copy of the owner's ID in the case of a tenant as an applicant.
3. Spouse's details and ID document.
4. Spouse's employer details.
5. The applicant's next of kin details.
6. The applicant's bank account details, including the type of account, the bank account number, branch and branch code.
7. Monthly income.
8. Meter number.
9. Founding statement in the case of a Close Corporation or a Trust.
10. Certificate of Establishment of a Body Corporate.
11. Company registration number.
12. Letter on a company letterhead authorising a specific person to sign on behalf of the company and the signatory's ID document.
13. Lease agreement and a letter from the owner or estate agent, in the case of tenants, stating the occupation date.
14. Offer of Purchase if a transfer of ownership has not yet been registered at the Deeds Office.

Important!

1. Should the assessment rates be in arrears, the following applies:
 - The owner must pay the account in full before a new deposit will be accepted.
 - In the case where a tenant has absconded, the owner must pay the arrears amount before a new deposit will be accepted.
 - Should the consolidated account be in the owner's name, the full account must be paid before a new deposit will be accepted.
2. No undertakings or bank guarantees will be accepted for a new deposit.
3. Non-South African citizens pay three-times the required deposit in terms of the new deposit structure.

WHERE COULD YOU GET HELP IF YOU NEED ASSISTANCE?

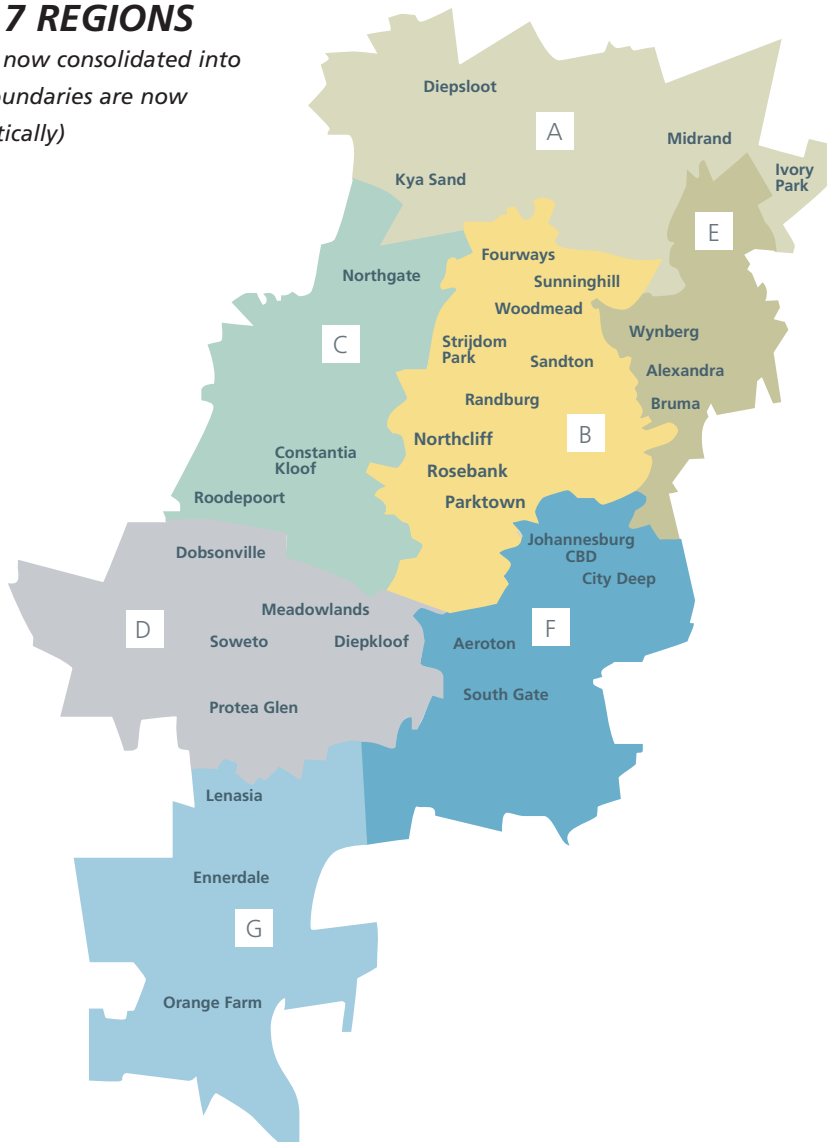
- You could contact the 24-hour call centre called **Joburg Connect** on 011 375 5555.
- You could contact or visit a People's Centre in your region. Ask for a revenue customer consultant to assist you. Make sure you obtain a reference number if your query could not be resolved immediately.

Office hours

- Office hours during weekdays: 07:30 to 16:00.
- Although the doors might be closed at 15:30, staff will be available until such time as customers seated in the office have been assisted.
- Office hours on the first and last Saturday of the month: 07:30 to 11:00. Exceptions: Midrand and Alexandra.

JOBURG'S 7 REGIONS

(The Regions are now consolidated into seven and the boundaries are now labelled alphabetically)



REVENUE SERVICE CENTRES

Sandton Civic Centre

Cnr West & Rivonia Road
Sandton

Roodepoort City Hall

Cnr Dieperink & Berlandina Street
Stand no. 1762
Roodepoort

Jabulani Civic Centre

1 Koma Street
Jabulani

Rabie Ridge Community Centre

Cnr Kraai & Korhaan Street
Rabie Ridge

Dobsonville

Administration Office
Luthuli Street
Dobsonville

Midrand Rates Office

300 15th Road
Randjespark
Midrand

Randburg Rates Hall

Randburg Civic Centre
Cnr Hendrik Verwoerd Drive
& Jan Smuts Avenue
Ferndale

Ennerdale Civic Centre

Cnr Katz Road & Smith Walk
Ennerdale Ext. 9

Eureka House/Pioneer

92 Marlborough Road
Cnr Rosettenville Road
Springfield (Rosettenville)

Roodepoort Civic Centre

100 Christiaan De Wet Road
Florida Park

Thuso House HEADQUARTERS

NB: Clearance and Refunds only done here
61 Jorissen Street
Braamfontein

Eldorado Park Rates Hall at Civic Centre in Eldorado Park

4064 Link Crescent
Eldorado Park

Meadowlands 47

Administration Office
Stand no. 293/7 Hekpoort Circle
Meadowlands Zone 2

GLOSSARY OF TERMS

Definitions

Clearance Application Form	Application form is completed by transferring attorneys to enable them to obtain a Clearance Certificate from City of Johannesburg.
Clearance Certificate	<ul style="list-style-type: none"> – This certificate confirms that the property has been cleared of debt as per Section 118 of the Municipal Systems Act of 2000. – Certificate is valid for 120 days. – Enables the attorney to transfer properties between the seller and buyer at the Deeds Office.
Clearance Figures	<ul style="list-style-type: none"> – Figures calculated as per section 118 of Municipal Systems Act of 2000. – Should be paid to effect change of ownership of a property via the Registrar of Deeds. – Are charged five months in advance for all municipal services rendered, as well as Assessment Rates charged to the property.
Section 118 of Municipal Systems Act of 2000	Implies that all debt preceeding two years of clearance application date is settled.
Consumer Agreement Form	A contract between the City of Johannesburg and an occupant of a property who has applied for services.
Cancellation of Consumer Form	This form is required to cancel the agreement between an account holder agreement and the City of Johannesburg (request to finalise account).
Refunds Application Form	This form is completed to affect a refund of a finalised account that has a credit balance.
Transferring Attorney	Attorney that handles transfer of property via Registrar of Deeds.
Residential Property	Property that is used for residential purposes only.
Commercial Property	Property that is used for commercial purposes.

Purchaser/Buyer	Person or entity that buys a property from a registered owner.
Seller	Registered owner of a property who is in the process of selling the property.
Property Owner	Registered owner of a property as per Deeds Office register.
Occupant of Property	Person who legally occupies a property.
Registrar of Deeds	Government body that keeps a register of properties' changing ownership. Managed by the Department of Agricultural and Land Affairs.
Date Stamped	Date is stamped when application is received.
Finalised Account	<ul style="list-style-type: none"> – Account that has been finalised (closed). – No active services are linked to the account. – No Rates & Taxes are levied on the account.
Metered Services	<p>Refers to services for:</p> <ul style="list-style-type: none"> – Water – Sewer – Electricity
Deposit	An amount that is paid and kept by the council as a guarantee for deemed consumption of a period of two months when property is vacated and account is closed.
Working Days	All days of the week except Saturday, Sunday and public holidays.
Assessment Rates	Tax payable to the City of Johannesburg Metropolitan Municipality by all property owners.
Water	Metered service supplied to occupants of properties by written request and signed contract.
Refuse	Solid waste that is collected and removed by PikitUp (the Council-owned waste disposal company).
Sewer	Waste matter from a domestic or industrial establishment that is carried away in sewers or drains.
Electricity	Metered services that are supplied to occupants of properties by written request and signed contract.
Billing System	<p>CoJ's account management system contains:</p> <ul style="list-style-type: none"> – Stand information – Property information – Account holder details – History
Revenue Department	<p>Department within City of Johannesburg that is responsible for:</p> <ul style="list-style-type: none"> – Timeous billing of accounts – Distribution of statements – Collection of revenue – Customer service

ACRONYMS

Definitions

CoJ/City of Johannesburg/Joburg	City of Johannesburg Metropolitan Municipality.
CoJ Regional Office	<p>City of Johannesburg Regional Office: Refers to the Revenue offices throughout the eleven regions of Johannesburg.</p>