

# Costs in Respect of the Sale of a Property for which a Seller is Liable

By **Marius van Rensburg** (Partner)

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## INTRODUCTION

Various costs are borne by the Seller's during the sale of immovable property. We have set out various costs which the Seller should be aware of.

## COSTS FOR WHICH THE SELLER IS LIABLE:

**Agent Commission** - the commission amount as agreed and accepted by the Seller as set out in the Offer to Purchase (unless it is an auction sale, in which case the purchase pays the commission).

**Mortgage Bond** - the property cannot be transferred unless all mortgage bonds registered over the property are formally cancelled. In terms of the National Credit Act, the Seller is obliged to give the bank 90 (ninety) days' notice of his/her intention to cancel the mortgage bond. Should the bond be cancelled before the 90 days' notice period has expired, the Seller will be liable for penalty interest for the remaining days of such period.

**Bond Cancellation Costs** - the relevant financial institution/bank will instruct an attorney on their panel to attend to the cancellation thereof. The costs are approximately R4500.00 and will escalate based on the number of bonds registered over the property which are to be cancelled. The transferring attorneys will liaise directly with the bond cancellation attorneys and pay the applicable fees from the proceeds of the transaction.

**Rates Clearance Costs** - a rates clearance certificate is required in all instances where a property has been sold. The certificate confirms that all monies due, owing and payable to the local authority have been paid. In most instances, the local authority insists on the payment of 3-4 months advance projection in respect of rates, electricity, water and refuse. Upon registration of transfer, the local authority is advised and will adjust the account accordingly. Any refund due in respect of the advance payments made will be refunded to the Seller by the local authority after registration of transfer.

**Levy Clearance Costs** - where a sectional title unit is sold, a levy clearance certificate is required which confirms that all levies and other imposts have been paid up to the end of a certain month in which registration is to take place. The managing agent or body corporate may insist on an advance payment of levies or utility charges. The transferring attorneys or body corporate will attend to the pro-rata adjustments of payments made upon registration of transfer.

**Home Owner's Association** - where a property forms part of a home owner's association, a home owner's association clearance certificate is required. This certificate confirms that all monies due to the home owner's association have been paid in full to the end of a certain month in which registration is to take place. The home owner's association may insist on an advance payment of contributions. The transferring attorneys/HOA will attend to the pro-rata adjustments of payments made upon registration of transfer.

**Compliance Certificates** - where applicable, an electrical compliance certificate, gas installation certificate of conformity and electric fence system certificate of compliance will be required. Costs will depend on the contractor.

**Lost Title Deed** - in the unlikely event that the Title Deed for the property has been lost, an application will need to be made to the Deeds Registry for the issue of a certified copy thereof. The costs of the application is approximately R4500.00, including disbursements.



**Marius van Rensburg**  
(Partner)