

GUIDE TO MUNICIPAL RATES CLEARANCE

1. At the start of a new transaction (sale of property), the conveyancing attorney requests rates clearance figures from the Municipality. On the application, the attorney needs to supply the Municipality with all personal details (contact numbers, email and future addresses) for both the Purchaser and the Seller, together with bank account details (for refund purposes).

2. The Municipality issues rates clearance figures in the form of a rates clearance schedule to the attorneys, which includes: rates, water, electricity, sewerage and refuse, as well as an estimated advance portion, consisting of an estimate of rates, water, electricity and sewerage for the next 60 days. The attorney requests payment of the total amount on the rates clearance schedule from the Seller. The Seller pays the required amount to the attorney, who makes payment directly to the Municipality.

- *Note: The figures set out in the rates clearance schedule are only valid for 30 days from date of receipt thereof by the attorney. If the Seller fails to pay within 30 days of receipt thereof then a fresh application for new figures must be completed, which figures will differ.*
- *If the Seller is unable to make payment, the attorney may arrange bridging finance.*

3. The required amount is immediately paid over to the Municipality upon which the application is processed and the Rates Clearance Certificate (RCC) is issued. (At present the turnaround time for the issuing of RCCs is around 10 to 15 working days, once the total amount has been paid to the Municipality.) Once the payment in terms of the rates clearance schedule has been made to the relevant municipality, the seller should then receive further municipal accounts in credit whilst they are still the owner and no further payment should be needed to be made to the municipality prior to registration, unless registration of transfer does not occur within the 60 days that the rates clearance certificate is valid for.

4. The attorneys receive a Rates Clearance Certificate as part of the documentation required for lodgement at the Deeds Office.

5. After registration, the Deeds Office notifies the Municipality of the transfer of ownership and the date thereof.

6. The Municipality then updates their records accordingly. In this process, the Seller's account is closed and figures reconciled retrospectively up and until date of registration of transfer. The Seller's municipal account would then normally reflect a credit balance. The new owner (Purchaser) will now receive a rates account reflecting all rates incurred from date of registration.

Note: Should occupation occur before registration, the attorney can apportion pro rata municipal rates to the Purchaser, provided the Seller is able to provide the municipal accounts reflecting rates and usage prior to registration (if the deed of sale provides for this).

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