



HOW TO AVOID BOND CANCELLATION PENALTY FEES

In terms of Section 125 of the National Credit Act 34 of 2005 as amended all Financial Institutions are entitled to charge an early termination fee. The fees charged will be included in the cancellation figures provided to the Transferring Attorney by the Bank and will be deducted from the proceeds of the sale.

- 1. Are you selling your property?**
- 2. Is your property bonded?**
- 3. Is there an outstanding balance on the Bond Account?**

If you answer "yes" to all these questions, please make sure to give 90 days' written notice to your Bank's Home Loan Department to avoid this early termination fee which is equal to 3 (three) month's interest on the outstanding balance. The early termination fee will reduce as the 90 day period runs out. However, should your property not be sold within 90 days of such notice being given, you will have to give notice to the Bank once again. The only action that will interrupt such notice is if the Transferring Attorney requests a Bond Cancellation instruction from the Bank.

Included herein, please find a proposed document to be completed by you to be delivered to the Bank's Home Loans Department and keep a copy and proof of transmission.

Once the property has been sold, the Transferring Attorneys will request the Bond Cancellation Instruction. The Bank will give such Instruction to Bond Cancellation Attorneys on their Panel of Attorneys, which instructions are sent electronically. The Bank will also send the original Title Deed and Mortgage Bond to be cancelled in the Deeds Office to such Attorneys.

Take note the attorneys' fees for the cancellation of the Mortgage Bond is for the account of the Seller.

This newsflash has been prepared for information purposes only and does not constitute legal advice, or a legal opinion, the practical application of the provisions of this newsflash will vary depending on the facts of each case.

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Bank/Financial Institution: _____

BOND CANCELLATION DEPARTMENT

DATE: _____

Dear Sir or Madam,

90 DAYS BOND CANCELLATION PENALTY NOTICE LETTER

This serves as notification that we have placed our property on the open market to be sold.

We herewith request that the 90 day penalty period start from receipt of this letter.

PROPERTY DESCRIPTION: (Erf Number & Town / Section Title Unit & Name)	
PHYSICAL ADDRESS:	
BOND ACCOUNT HOLDER (Name & Surname / Entity Name) :	
BOND ACCOUNT HOLDER IDENTITY NUMBER / REGISTRATION NUMBER:	
BOND ACCOUNT NUMBER:	
BOND HOLDER CONTACT NUMBER/S:	
BOND HOLDER E-MAIL ADDRESS:	

Yours Faithfully

Name and surname of bond holder

or authorised person

Signature