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IS IT THE AGENT'S RESPONSIBILTY TO REMIND THE SELLER TO NOTIFY THE BANK OF THEIR INTENTION TO CANCEL THEIR BOND?

To register a mortgage bond in the purchaser's name at the Deeds Office, the seller's existing bond over the property must be cancelled. Most banks mandate a three-month notice period for bond cancellation, and cancellation before the 3-month period will result in penalty interest being charged by the bank.

Many sellers are unaware that they are responsible to inform the bank of their intention to cancel the bond. Under the National Credit Act, banks may levy a penalty fee for early termination. Providing ample notice to the bank could potentially avoid this penalty.

There is confusion regarding whether agents are obliged to advise sellers to notify the bank about the bond cancellation and the penalty interest. Although agents are not legally obliged to remind sellers, it's strongly recommended that they do so, as this can avoid potential conflict. It is also important to inform sellers that they can't delay the registration date of a transaction until after the penalty period lapses unilaterally, if they do want to wait out the penalty period, a clause to this effect must be included in the sale agreement and agreed to by both parties.

Requesting cancellation figures also serves as notice that the bond will be cancelled. Sellers are welcome to contact us to assist in this regard.