

08 December 2023

S18(3) OF THE ADMINISTRATION OF ESTATES ACT

Section 18(3) of the Administration of Estates Act, 66 of 1965 stipulates that when the value of the assets in an estate of a deceased is less than R250 000 a representative is appointed by the Master of the High Court and no executor, and the process of winding up the estate is much simpler.

There is no requirement to place an advertisement in a newspaper concerning the estate and there is also no requirement to draw up a liquidation and distribution account for lodgement at the Master.

When a property is sold out of a deceased estate with a value of less than R250 000, the representative signs on behalf of the estate.

If the property of the deceased estate is sold for more than R250 000, and only a section 18(3) Letter of Authority has been issued, there are two options on how to proceed:

1. The property must first be transferred to the heirs and the heirs can sell to the purchaser (this will have the effect that the estate must pay the costs for the inheritance transfer).
2. A new Letter of Executorship must be applied for, and an executor must be appointed, which will entail that the long process of winding up the estate must be followed. Only after the new Letter of Executorship is issued, an Offer to Purchase can be signed by the executor and the purchaser.

Agents must always ensure that a representative or executor has been appointed in a deceased estate before an Offer to Purchase is signed.