



# IOL Council targets property transfers

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Picture: Facebook

Durban - The eThekweni Municipality has set its sights on interdicting property transfers before they are processed to recover outstanding rates and services debt by property sellers, the city's executive committee heard on Wednesday.

This follows Tuesday's Constitutional Court (Concourt) ruling that property buyers were not liable for debt incurred by previous owners.

Addressing the committee, Malusi Mhlongo, the city's deputy head of legal services, said the ruling did not prevent the city from recovering debt from the consumer.

"We still have the right to interdict transfers before they are processed. Now that we don't have security, we will interdict transfers.

"If a sold property has an outstanding bill, we will then approach conveyancers to say the seller still owes the city for outstanding rates and services.

"At the moment we can't say much because we are still studying the ruling," he said.

Mhlongo said transfers had not been previously interdicted and new owners took responsibility for outstanding debts.

Krish Kumar, deputy city manager of finance, raised a concern about the judgment, saying it would impact on the city's revenue.

He said the long time taken by court processes would frustrate the process of recovering what was owed to the city.

Charlene Nolte-Joubert, director of Henkes Nolte-Joubert Attorneys, said historically a property was not allowed to be transferred to a new buyer until a municipal certificate was issued, clearing any debt spanning a two-year period.

However, debts that surpassed the cut-off became the liability of the new owner.

She said in a conveyancing transaction they looked at various issues to be able to lodge at the Deeds Office.

“One of these is the rates clearance certificate which is submitted to the city.

“The municipality then states how much is in arrears by the seller. The problem is that when looking at arrears on a property, municipalities only look into the past two years, and if they later realise there were arrears beyond those two years, they claim this from the new owner,” she said.

Richard Grey, Harcourts Africa chief executive officer, said it would be interesting to see the municipality’s plan in action.

“I don’t see the practicality of this plan because interdicts include time and costs. They (eThekweni) should rather focus on not allowing homeowners getting into so much debt in the first place.

“They should put effective measures in place to ensure that bills are collected,” Grey said.

DA committee member Heinz de Boer said there needed to be an element of debt collection.

“We’ve got people running illegal businesses. Some are running drug dens and the city can’t even interdict those people, yet the city wants to interdict people for owing rates and taxes.

“You must be mindful of the fact that this will impact on property values,” De Boer said.

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