

Deeds office delays got you down? Here's how to expedite your business property registration

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Lockdown restrictions and periodic office closures during the pandemic hampered the administrative capabilities of several key governmental departments, including the Deeds Office. Just as we were experiencing some improvements, the advent of Stage 6 load shedding has resulted in another backlog in the processing of property registrations, many of which involve commercial properties. With some careful planning and preparation, however, business owners can play a proactive role in expediting the process.

Providing practical advice on this issue is Kevan Govender, regional investment manager at Business Partners Limited – a specialist financier for small- and medium-sized enterprises (SMEs).

As he advises: “Business owners who are buying commercial properties have specific duties and responsibilities to carry out in the property registration process. The key to expediting the registration is to understand the steps involved and how proactive intervention can assist in streamlining the process.”

Essential steps in the property registration process

- The administrative process involved with registering a property involves complex operational and legal procedures that must be followed to the letter. The process is initiated when the seller accepts an offer to purchase (deed of sale) and the buyer is able to confirm that their bond application has been successful.
- The signing of the deed of sale will initiate the process of approval for the buyer's bond by their selected financier. At this point, the seller will appoint conveyancers to facilitate the registration and transfer of the property.
- The conveyancers will be responsible for obtaining the documents required by the Financial Intelligence Centre Act (FICA) from both parties, as well as any transfer duty receipts and rates clearance certificates. Following the successful approval of the bond, the conveyancers will require both parties to sign a series of documents outlining the legal terms and conditions of the transaction.
- When this has been concluded, the buyer will be invoiced for all related conveyancing costs including transfer costs, the Deeds Office fee, postages and petties, and file storage. Once payment has been processed, the conveyancers will lodge the relevant documents at the Deeds Office – in most cases this will also involve a bond attorney who will lodge the bond documents at the Deeds Office simultaneously.

The rest of the process, whereby several compliance checks are carried out, is managed by the examiners at the Deeds Office who will eventually conclude the registration of the property.

Currently, as Govender advises, applicants can expect to wait up to six months for their property to be registered and transferred. And while delays at the Deeds Office are beyond the buyer's control, they can do their part in assisting conveyancers by applying foresight and being prepared ahead of time.



Kevan Govender, regional investment manager at Business Partners Limited

Preparing by doing important financial health checks

The first step in making sure that the property registration process runs as efficiently as possible is for business owners to do a credit health check by obtaining their credit score, and where necessary, the credit score of their small business. Typically, credit scores in the upper quartile (75 and higher) will meet with the most favour when applying for any kind of financing.

Another important step that business owners can take is to check that their tax affairs are in order. As Govender cautions: "As a financier of business property for over 40 years, we have seen many delays due to tax issues. Property transfers are used to administer tax compliance in both personal and commercial capacities. Therefore, any outstanding tax obligations or penalty payments will cause a delay in the transfer of the property before the application reaches the Deeds Office."

Obtaining pre-approval on property finance

Buyers are also encouraged to get pre-approval on the bond or loan that they will use to finance the property. Banks and other lending institutions will undergo a thorough process of due diligence on aspects such as affordability, credit history, and property before entering into negotiations with the buyer on the cost of finance.

Govender advises business owners to conclude these negotiations and where applicable, obtain a formal letter of pre-qualification as far in advance as possible.

"If you can view potential properties with pre-approval in hand, this may work in your favour and afford you the credibility you need to put your best foot forward in negotiations with the seller. Once an offer to purchase has been signed, having pre-approval will also fast-track the process," he explains.

Planning around peak periods

Concluding his advice on the topic, Govender explains that: "Timing is everything. As a rule of thumb, business owners should avoid buying property over the December period, which is a notoriously busy time for Deeds Offices around the country, who often only employ skeleton staff during this period.

"SME owners looking to buy commercial property need to therefore plan ahead and factor in potential delays of up to three months, which may impact time-sensitive events such as business or product launches."

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