

# DEVELOPMENT TRANSFER PROCESSES

## *Plot and Plan*

01

### BUYING ON THE STRENGTH OF A BROCHURE

- A proposed development on vacant land is often marketed via a brochure featuring the intended development.
- The interested buyer will sign a sale agreement with the developer on the basis of the proposed development.

02

### THE AGREEMENT WITH THE DEVELOPER

- Because the development is yet to commence or is in the early stages, the arrangement is structured in a way that there is an agreement in terms of which the purchaser buys the vacant erf, together with a building agreement that regulates the erection of a home on the property by the developer.
- Often the purchaser will then obtain mortgage financing from a bank for a building bond.

03

### FROM THE DEVELOPER'S POINT OF VIEW

- In order to finance the planned development, the developer needs financing. Banks will grant financing on the strength of the amount of sales secured by the developer, as this reflects the financial viability of extending a loan to the developer.
- Developers therefore market extensively when a new development is planned, so as to attract purchasers to sign a sale agreement to purchase a "to-be-erected" home, as shown on a brochure or other physical architect's model of the development.

04

### GETTING A TITLE DEED TO THE PROPERTY AND THE BUILDING BOND

- The timing for registration of the property into the purchaser's name and the accompanying mortgage bond, if any, depends on various factors. For example: If the development constitutes the registering of a large amount of new homes as a new township (from a municipal and deeds office point of view), then various municipal regulations must be complied with before transfer of the individual properties to the buyers can take place.
- These types of conditions often take time to complete, and purchasers in new developments must remember that waiting periods are part of the process.

**05**

## TRANSFER AND MOVING IN

- Once the municipal requirements are met, the developer will ask the conveyancing attorneys to proceed with transfer of the properties into the names of the purchasers.
- The conveyancers will, in turn, make contact with the purchasers to attend to the requirements relating to registration of transfer of ownership in the land parcels to the new owners, and will attend to registration of attending bonds, if any.
- Depending on the progress with the building work, the purchaser may move into the property before registration of transfer in the deeds office, or thereafter. These aspects will be arranged between the builder and the purchaser.

For more information, contact us at [info@stbb.co.za](mailto:info@stbb.co.za)