

a world class African city

City of Johannesburg
Revenue Shared Services Centre

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"COJ.1"

TO: TRANSFERRING ATTORNEYS / BANKS / SHERRIFS

RE: CLEARANCE FIGURES PAYMENTS IN TERMS OF SECTION 118(1) AND (3)

In terms of section 96 of the Local Government : Municipal Systems Act, No. 32 of 2000 municipalities are obliged to collect monies payable to them in respect of property rates and taxes and for the provision of municipal services. The purpose of this notice is to clarify the Municipality's policy to collect outstanding debt before the transfer of an immovable property takes place.

In compliance with its statutory obligations the City of Johannesburg has a strict mandate to collect all outstanding debts on a property when sold.

To this end, the City has employed attorneys and consultants, **Mathipane Tsebane/Metropol**, to ensure all collections are concluded before a property is transferred.

Although a recent decision by the Supreme Court of Appeal (City of Tshwane Metropolitan Municipality and Peregrine Joseph Mitchell, case no 38/2015, unreported) found that subject to certain jurisdictional requirements the new owner can be held liable, the City of Johannesburg will still apply its mandate to collect all debts outstanding when a sale has taken place prior to transfer of the property to a new owner. It would be inequitable for the Municipality to allow transfers to take place knowing that historical debts exist. The Municipality cannot merely stand by while transfer takes place and then collect and execute for the municipal debt accrued by a previous owner from the new purchaser.

Consequently, the City will still follow a process of relying on the transferring attorneys and sheriffs to pay the proceeds of any sale to the Municipality in order to extinguish the debt which is a charge against the property in terms of section 118(3) of the Act.

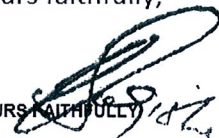
Where a sale of the immovable property takes place demand will be made to the transferring attorneys and sheriffs for payment of outstanding municipal debts. The amount outstanding, as provided for in sections 118(1) and (3) of the Systems Act, will be issued by the above firm on behalf of the City of Johannesburg.

If payment of the full outstanding debt is not effected in the transfer process or in the event that attorneys or sheriffs refuse to apply the aforesaid policy, the City intends to apply to the Court for the appropriate relief in order to ensure payment.

Your cooperation will be appreciated. Accordingly, we thank you in advance and sincerely believe that all parties must cooperate to make the City a world class municipality so as to support its community's needs.

We trust you find the above to be in order.

Yours faithfully,


YOURS FAITHFULLY

LUNGELWA SONQISHE
GROUP HEAD: REVENUE SHARED SERVICES CENTRE