S.A INSTITUTE OF AUCTIONEERS

AUCTION INFORMATION GUIDE

For the General Public, Buyers and Sellers

www.auctioneering.co.za

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General Information

What is an Auction?

An auction is a public sale where goods or property are sold to the highest bidder. It's a competitive process where potential buyers place bids, and the item is sold to the person with the highest bid.

Types of Auctions

- **Public Auctions:** Open to everyone, where bidders attend in person.
- **Onsite Auctions:** An auction conducted on the premises where the property is located that is being offered for sale.
- **Online Auctions:** Conducted cover the internet, using an auction platform, allowing bidders to participate remotely.
- **Sealed Bid Auctions:** Bidders submit their bids in writing without knowing the bids of others.
- **Dutch Auctions:** The price starts high and decreases until a bid is made.
- **English Auctions:** The most common type, where bids increase until no higher bid is made.

What is a Public Auction?

A public auction is an event open to the general public where goods or properties are sold to the highest bidder. Attendees bid in person, and the process is typically conducted by an auctioneer.

What is an Online Auction?

An online auction is conducted over the internet, allowing participants to bid from any location. Bidding is often open for a set period, and the highest bid at the close of the auction wins.

What is an Onsite Auction?

An auction conducted on the premises where the property is located that is being offered for sale.

What is a Salvage Auction?

An auction where salvage assets are sold, i.e. vehicles that has been deemed uneconomical to repair for whatever reason deemed, might be due either accident damage, water damage or any other insurable damage.
In some instances, salvage motor vehicles might have been de-registered, or vehicles which are stolen and recovered. Also important to note that Salvage assets also include commercial assets like trucks and trailers.

How Does an Auction Work?

1. **Registration:** Interested parties need to register to participate in the auction, & pay a refundable registration deposit
2. **Announcement:** The auctioneer reads out the Terms & Conditions of the auction and introduces the item and sets a starting bid.
3. **Bidding:** Participants place bids, with the amount increasing as more people bid.
4. **Winning Bid:** The highest bid when bidding closes wins the item.
5. **Completion:** The buyer pays and takes ownership of the item.

Where Do Auctioneers Get Assets to Sell?

Auctioneers source items from various channels, including:

- **Private Sellers**
- **Financial Institutions**
- **Insurance Companies**
- **Businesses Liquidating Assets**
- **Bank Repossessions**
- **Estates and Probate Sales**
- **Liquidators & Business Rescue Practitioners**
- **Government Institutions**
- **Curators**

How Are Prices Determined at the Auction?

Prices are determined by the bids placed by participants. The final price, or hammer price, is the highest bid.

What is the Function of the Auctioneer?

The auctioneer manages the auction and sales process, calling for bids, ensuring fair play, and finalizing sales. They also ensure that all legal and procedural requirements are met as per the required acts. The auctioneer acts as agent between the seller and the buyer by accepting bids.

Vendor Bidding Process

When a reservice price is set by the seller, the auctioneer or his/her agent will be entitled to bid up to the reserve price on behalf of the owner/seller but shall not be entitled to make a bid equal to or exceeding the reserve price.

Buyer's Information

How Do I Know I Was Successful at an Auction?

- **In-Person Auction:** ·The auctioneer will announce sold to the winning bidder and request the bidder's number to confirm the sale.
- **Online Auction:** You will receive an email or notification confirming your winning bid.
- **Sealed Bid Auction:** You will be notified by the auctioneer after all bids are reviewed.

What Do I Need to Do After Winning at Auction?

1. **Sign the Purchase Agreement:** Formalize the sale (Property sale)
2. **Pay the Deposit:** A percentage of the final bid, usually required immediately.
3. **Complete Payment:** Settle the balance within the agreed timeframe.
4. **Arrange Collection:** Organize to collect the item or arrange for delivery within the specified timeframe.

What is the Responsibility of the Buyer?

- **Viewing:** Viewing is imperative for all auction sales, It is incumbent on a purchaser to familiarise himself /herself with the condition of an item, obtain all the necessary information and do full inspection.
- **Due Diligence:** Ensure you understand the terms and conditions of the auction prior to commencement of the bidding process. Any enquiry or doubt should be ascertained in open discussion with the auctioneer beforehand or when the particular item is put up on auction.
- **Payment:** Pay the full purchase price, including any additional costs.
- **Collection:** Arrange for the removal or delivery of the item within the specified timeframe.

How Do I Bid at an Auction?

- **In-Person:** Raise your hand or a paddle to indicate your bid.
- **Online:** Click to place your bid or enter your bid amount.
- **Sealed Bid:** Submit your bid in a sealed envelope by the deadline.

Other Costs Involved for a Buyer

- **Buyer's Premium / Commission:** A fee added to the hammer price, usually a percentage of the sale price.
- **VAT:** Value-added tax on the purchase & on the buyer's premium if applicable
- **Shipping or Delivery Costs:** If applicable.
- **Documentation fee:** If applicable (vehicle sales only)
- **Transfer Duty Costs:** If applicable (property sales only)
- Any other costs mentioned in the Conditions of Sale

When Can I Collect My Items Bought?

Items can typically be collected after full payment has been made and within the timeframe specified by the auctioneer.

Can assets be inspected / viewed before an Auction?

Yes, a viewing time will be available before each auction. Viewing is imperative for all auction sales, It is incumbent on a purchaser to familiarise himself /herself with the condition of an item, obtain all the necessary information and do full inspection.

When is payment required if I am Successful at an Auction?

Property Sales / Immovable Assets
Deposit: Immediately after the auction.
Balance: Within a specified period, usually within a few days to a few weeks.

Movable Assets
Balance: Immediately after the auction.

How Do I Register for an Auction?

- **In-Person:** Register with the auctioneer before the auction starts, providing identification and possibly a deposit.
- **Online:** Create an account on the auction platform, verify your identity, and agree to the terms and conditions.

What Happens if I Am the Highest Bidder but Decide Not to Proceed with the Purchase?

Failing to proceed with the purchase can result in:

- **Loss of Deposit:** The deposit will be forfeited.
- **Legal Action:** The seller may take legal action to enforce the sale.
- **Banned from Future Auctions**: The auctioneer may ban you from participating in future auctions.

Can I Cancel After Being the Highest Bidder at the Auction?

Once you are the highest bidder and the auctioneer's hammer falls, the sale is legally binding. Cancellation is generally not allowed.

Seller Information

What is the Responsibility of the Seller?

- **Provide Accurate Information:** Ensure all details about the item are correct.
- **Set Reserve Price:** If applicable.
- **Deliver the Item:** Make sure the item is available for collection or delivery once sold.
- **Mandate**: To have a clear and defined written and formal mandate outlining all the requirements (including legal) and terms of engagement.

How Long Before the Seller Gets Paid?

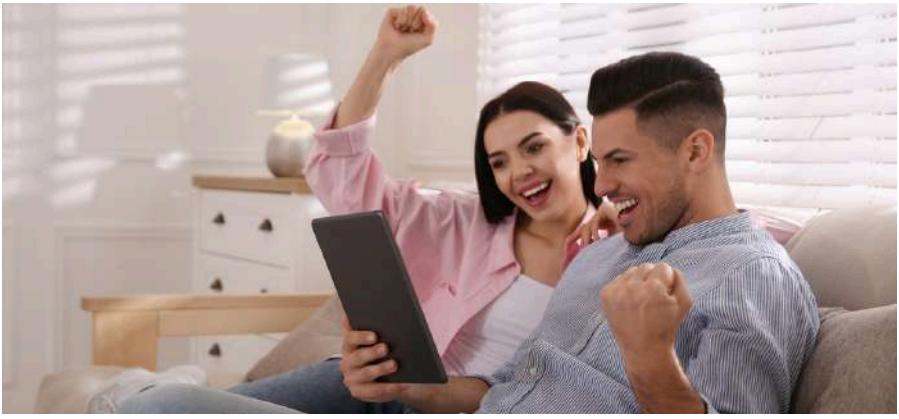
The seller typically receives payment after the buyer has completed payment, often within 7 to 30 days, depending on the auctioneer's terms.

Other Costs Involved for a Seller

- **Commission Fee:** A percentage of the sale price, payable to the auctioneer.
- **Marketing Fees**: Costs associated with promoting the auction.
- **VAT:** If applicable.

What is required of the Seller?

- Provide all information available on the assets to auction to the auctioneer, including any defects etc.
- **Vehicles:** Registration papers, outstanding fees (if applicable)
- **Properties**: Tile deed, bond (if applicable) lease agreement (if applicable)













Live On-Site Auction Guide

New to live auctions? Here's how they work:

BEFORE

Registration:

- Bring your ID and proof of address.
- Know what your bidding limit is.
- You might need to pay a refundable deposit, which will be returned to you if you don't buy anything.

DURING

Bidding:

- Listen closely to the auctioneer.
- Raise your hand or give another clear signal to bid.
- The highest bidder wins the item.

AFTER

Payment:

- If you win, pay right away or by the next day at the latest.

Collection:

- Collect your purchased items.

Remember, items are sold "as is/where is/voetstoots" with no warranty.

Happy Bidding!

General Online Auction Procedures

BEFORE Registration

Bidders need to register on the auction platform, pay the registration deposit if applicable, submit FICA documents and ensure their account is activated. At this stage, it is important to note the terms and conditions, as well as the rules of the auction. Login prior to participation. Once logged in, the account holder is responsible and liable for all bids made on that account. Bids should be made within the bidders' own ability and winning bidders are responsible for payment and removal of assets as per the rules of the auction. To avoid disappointment, ensure you register for an auction at least 24 hours in advance to ensure you are approved in time.

DURING How to keep track of the progress of an auction

You need to look out for the current bid which is based on bids received. Online auction platforms will notify bidders whenever their bid is the winning bid / highest bid based on the current bid. If someone else bids a higher amount than your bid, you will receive a notification that you have been outbid, you then need to put in another bid if you are still interested. Online auctions often notify bidders whenever their bid is below the reserve price based on the current bid. With some online bidding platforms, if the auction lots are populated with individual reserve prices, and these reserve prices are NOT ACHIEVED, there would not be a 'Winning Bidder" notification sent to the bidder. Once the reserve price is met, the lot automatically displays "Reserve Price met", and a notification is sent to the highest bidder. Should the reserve price not be met, the lot displays PASSED. This means the lot has been sent to the seller for confirmation / acceptance. Place bids timeously! Don't wait for the last minute or seconds, in case of system delays. All online auctions have an end-time displayed on the lot page. A count down timer will be visible on each lot, showing the specific lot's closing time.

CLOSING

The bidder should bear in mind that if he/she places a bid before the closing of the auction, it does not mean he/she won the bid. They can still be outbid if they do not monitor the auction.

The bidder should note that an online auction is loaded and accessible until the closing date and time stipulated, bearing in mind the time extensions for the lot and will be out bid if he/she does not monitor the auction

Time Extension
Online auctions may have a time extension to allow any last-minute bids to be placed.

Time Extension only happens if a bidder places a bid seconds before that lot is stipulated to close. The time extension to which the auction is set to will then take place (i.e if the time extension for the auction is set to 2 minutes with lots set to close at 11H02, and a bidder places a bid 11:01:58, there will be an extension of 2 minutes again until there are no more bids received.) When a MAX BID is placed during the extension time, the bidder placing the MAX BID automatically wins, without any notification to other bidders. The extension time should be used as a very last chance and the MAXIMUM AMOUNT you are willing to pay, should be bid immediately.

AFTER Payment and Collection

Upon completion of the auction, all monies need to be settled in accordance to the auction conditions.
If your bid was the winning bid / highest bid, you will receive a notification to this effect. If the item/s you bid on has a reserve price / STC you will only need to pay the invoice once the seller has confirmed / accepted the highest bid. If there is not a reserve price / STC on the item/s you bid on, the auctioneer will send you the invoice for payment, which needs to be paid immediately after receipt thereof. If you are the highest bidder and do not proceed with the sale or fail to do the payment, you will forfeit your deposit paid.

Collection of assets needs to take place as per the timeframe stipulated in the conditions of sale and rules of the auction

ADVISORY NOTES:

Even if it is an online sale, it is incumbent on a bidder to familiarise themselves with an item on which they bid prior to commencement of the bidding process. Any enquiry or doubt as to the condition of the item that is bid on should be ascertained with the auctioneer prior to the bidding process. The bidder needs to do a full inspection, viewing and due diligence of items they intend to buy.

The bidder needs to ensure he/she reads and understand the terms and conditions, as well as the rules of the auction prior to registration and commencement of the bidding process.

The bidder must be aware of all the costs involved and additional charges regarding invoicing, 15% VAT on the highest bid price, Commission + 15% VAT on Commission, documentation fees etc.

Ensure your information technology is compatible with the online auction platform.
As not all networks and web browsers are created equal. To ensure you stand the best chance of bidding successfully, it is advisable to check compatibility in advance and update to the latest version of your web browser. Delays with browsers can cause endless problems during the bidding process, therefore check that your browser is compatible with the auction house bidding platform.

Important Terminology

What is a Bid?

A bid is an offer of a price you are willing to pay for an item at an auction. The bid amount increases as more people place higher bids.

What is a Deposit?

A deposit is a portion of the total purchase price paid by the buyer immediately after winning the auction. It secures the item until the full payment is made.

Hammer Price

The hammer price is the final bid amount when the auctioneer's hammer falls, signifying the sale of the item.

Subject to Confirmation

Some sales are "subject to confirmation," meaning the highest bid is provisional until approved by the seller or another authority.

Reserve Price

The reserve price is the minimum amount the seller is willing to accept for the item. If bids do not meet this price, the item may not be sold.

Movable Assets

Loose assets that can be moved, i.e. furniture, office equipment, motor vehicles, industrial equipment, mining equipment etc

Immovable Assets

Fixed assets, property, that cannot be moved , i.e. residential property, industrial property, warehouses, vacant erfs / stands etc.

Auctioneer

A qualified professional acting as an agent on behalf of the seller, conductors of accepting bids and offers between buyers and sellers, which included tenders and invitation to submit offers.

Auction House

(Name of company) or another nominated juristic person who conducts auctions as part of its business under the name and style of (name of company)

Commission

The fee payable to the auctioneer by the purchaser (buyer) or seller or both, usually a percentage of the selling price.

Mandate

The written formal instruction / agreement from the seller to the auctioneer to sell asset/s on auction. This document is set up in accordance with the CPA Act regulation 22 outlining the terms of engagement and requirements of the auction process.

Absentee Bid

A procedure that allows a bidder to participate in the bidding process without being physically present. In general, an absentee bidder submits an offer on an item prior to the auction. Absentee bids are usually handled under an established set of guidelines by the auctioneer or their representative.

Appraisal:

The act or process of estimating value.

As is, where is:

Selling without any warranties regarding the condition and/or the fitness of the asset for a particular use. Buyers are solely responsible for examining and judging the asset for their own protection.

Voetstoots

The purchaser buys the asset as is, without guarantee or warranty of the condition, at the buyer's risk. The Latin "Caveat Emptor" legal definition - Let the buyer beware (A warning that notifies a buyer that the goods he or she is buying are "as is," or subject to all defects)

No duty to repair / no warranty

Auctions by nature is a situation where a buyer intends to purchase an item with the obvious implication that goods sold on Auction are sold as "Voetstoots" which is a standard acceptable practice. All assets are sold voetstoots "as is" and the Consumer Protection Act (CPA) regulations makes provision for this. Generally, it is an accepted fact that auctioneers give no guarantees or warranties and has no duty to repair items, unless specifically undertaken by the auctioneer in writing.

Auction with Reserve/Subject to Seller Confirmation:

An auction in which the seller retains the right to establish a minimum price, to accept or decline any and all bids, or to withdraw the asset at any time prior to the announcement of the completion of the sale by the auctioneer.

Auction without Reserve/Absolute Auction:

An auction where the asset is sold to the highest qualified bidder with no limiting conditions or amount. At an auction without reserve the seller cannot reject a valid bid and is required to sell the asset to the highest bidder. Once the auctioneer begins calling for bids, the property cannot be withdrawn unless no bid is received within a reasonable time.

Bidder
A natural person who has registered to purchase / buy any assets on auction by placing bids

Buyer
A natural person who wishes to register as a bidder to purchase on an auction sale.

Purchaser
A person (natural or juristic) who is the highest bidder in a specific lot at the fall of the hammer.

Seller
A person (natural or juristic) who has the right to sell assets on auction, but is not necessarily the owner thereof.

Disclosure
The act to disclose whatever information auctioneers are aware of that sellers and bidders need in order to make informed financial decisions regarding the auction.

Due Diligence
The degree of care that a prudent person would exercise, which is a legally relevant standard for establishing liability to gathered information about the condition and legal status of assets to be sold.

Terms and Conditions
The provisions for the auction (the printed Rules of the Auction) and certain aspects of the Standard Agreement and Conditions of Sale announced and/or distributed to bidders prior to an auction sale that will become the binding details of the contracts of sale formed between the seller and respective high bidders.

Bidding Process
The process where an auctioneer accepts a bid for the sale of an item.

Bidding Platform
An online portal via specially developed auctioneering software that facilitates upload, bidding and all the requirements to run a successful online auction.

Lot
The item / asset or group of items / assets that are offered for sale.

Increments
The amount that each bid is increased by.

Highest Buyer/Bidder
The bidder who has placed the highest bid at the fall of the hammer / close of the auction in respect of an item

Auto Bid
Placing a max bid online or through the app
The system will automatically bid on your behalf up to your maximum bid using the pre-determined bidding increments.
This can begin as soon as an auction is published & the sales begin.
If a bidder is instantly outbid because a higher max bid exists by a different bidder, they will be notified on their device (web/apps) immediately after placing the bid. If a bidder is winning the lot and is later outbid, they will receive an email notification & push notification to mobile and tablet, letting them know that bid wins the lot.
If you have timed house bidding enabled, the system will bid against bidders up until the reserve. The last bid placed by the system in this scenario will be at a half increment below the reserve, so the next bid will sell the lot.

Opening/Starting/Minimum Bid
Opening Bid: The first bid received/offered for the item by a bidder.
Starting Bid: The starting amount required by the auctioneer, traditionally pre-populated onto the bidding platform, to get bidding active on the specific lot.
Minimum Bid: The lowest acceptable offer and may be below or equal to the reserve price

Maximum Bid
The most you are willing to bid to.

Current Bid
The bid in place at that current time of the auction

Outbid
Someone else has put in a higher bid, you are no longer the highest bidder and needs to place a higher bid than the other

Winning Bid
The highest bid placed for that item (should this not be equal to the reserve price / STC, the seller has the right to accept or decline the winning bid)

Unsold

The item is not sold to a particular bidder as the reserve price of the item/s has not been reached or no bids received. *The auctioneer may invite offers after the auction to sell the goods*

Time Extension

If a bid is placed within the last two minutes of the defined time period, a “lot extension” kicks in and keeps the lot open for a further 2 minutes

Buyer’s Commission/Premium

The commission percentage payable by the buyer to the auction house on the sale on the asset/s, calculated on the final selling price

Seller’s Commission/Premium

The commission percentage payable by the seller to the auction house on the sale on the asset/s, calculated on the final selling price

Documentation Fee

Could also be classified as a Facilitation Fee.
A Fee charged over and above the bid price which is charged on each vehicle, passenger, light or heavy commercial sold at auction, which normally covers essential administrative and operation costs involved in the handling of vehicle registration certificates. This includes, but is not limited to, completion of legal forms in con junction with the buyer and the seller; sending all required original documentation to the buyer that will be required to register the vehicle; completion and submission of the Notification of Ownership on behalf of the seller or auctioneer.

Vendor Bidding

The right of the auctioneer or his / her agent to bid up to the reserve price on behalf of the owner/seller.





Vehicle Information

Important Vehicle terminology, information and fact sheet

Runner

This is a vehicle, passenger, light or heavy commercial, which deems to be in running / drivable condition.

Non-Runner

This is a passenger, light, or heavy commercial vehicle, which deems to be in a non-running / non drivable condition (starting or non-starting, and would need to be towed, or lifted on a flatbed.

Non-running assets would either have mechanical, electrical and or structural damage, defective engines, gearboxes, suspensions and/ or accident damage that prevents this vehicle from being able to drive.

Starter

A starter can be defined as a passenger, light, or heavy commercial vehicle of which the engine of the vehicle started when received, however it is not guaranteed that the vehicle is a runner and / or in a drivable condition.

If vehicle does not start upon collection, it might be due to various factors, and more commonly because vehicles stand for long periods, mechanical, electrical and or structural damage.

Non-Starter

A passenger, light, or heavy commercial vehicle that does not start.
Vehicle may be structurally sound and complete, but for reasons known or unknown it cannot be started. The problem could be mechanical, electrical or structural, preventing form it from being able to start.

Salvage Motor vehicle

Vehicle that has been deemed uneconomical to repair for whatever reason deemed, might be due either accident damage, water damage or any other insurable damage.

In some instances, salvage motor vehicles might have been de-registered, or vehicles which are stolen and recovered. Also important to note that Salvage assets also include commercial assets like trucks and trailers.

NaTIS document

A NaTIS document refers to the document with the vehicle information and registration of a vehicle.

Vehicle Registration Certificate:
- This is a legal document that proves that the vehicle is registered with the authorities. It contains details like the vehicle's make, model, year, engine number, chassis number, and the owner's details.

Roadworthy Certificate:
- This document is issued after a vehicle has passed a roadworthiness test and ensures the vehicle is safe to drive on public roads.

Certificate of Ownership:
- This is a document that proves ownership of a vehicle. It is usually issued during the registration process when the vehicle is bought or transferred to a new owner.

Transfer of Ownership Documents:
- When a vehicle is sold, the NaTIS system allows for the transfer of ownership. The buyer and seller need to complete the relevant forms to ensure the vehicle is registered under the new owner's name.

License Disc:
- This is a circular sticker issued to vehicles after they are licensed. The disc should be displayed on the windscreen of the vehicle and indicates that the vehicle has valid registration and that the owner has paid the necessary licensing fees.

Vehicle status / eNaTIS codes

Code 1
New motor vehicles delivered by a dealer to the first owner.

Code 2
Second-hand / used vehicle with one or more previous owners.

Code 3
Vehicles that have been built up / scrapped or are permanently unfit for use due to an incident / accident and subsequently declared unfit for use as a motor vehicle. These vehicles may be rebuilt and reflect a Code 3. A motor vehicle is "Built up or Permanently unfit for use" when the extent of the damage includes structural defects that require substantial repair.

Code 4
Vehicles that have been deemed 'Permanently Demolished'. This means that the chassis of a motor vehicle has been compacted, compressed, melted, destroyed or damaged to such an extent that the motor vehicle concerned cannot be made roadworthy, and the chassis cannot be used to build a motor vehicle.

Dekra report

A DEKRA report refers to a comprehensive and reliable vehicle inspection report that helps buyers and sellers assess a car's condition, providing greater transparency in vehicle transactions.

Key Features of a DEKRA Report

Vehicle Condition:
The DEKRA report includes a thorough inspection of the vehicle's mechanical and safety systems, such as the engine, brakes, suspension, lights, steering, tires, and exhaust system.

Detailed Inspection Findings:
It lists any defects, issues, or areas that require attention. This might include minor issues like worn tires or major concerns like engine or transmission problems.

Mileage Verification:
The report may include verification of the vehicle's mileage to ensure that the odometer reading is accurate and has not been tampered with.

Exterior and Interior Condition:
It will also assess the overall condition of the vehicle's body, paint, and interior, noting any signs of accidents, rust, or wear and tear.

Service and Maintenance History:
A DEKRA report can sometimes provide insights into the vehicle's service and maintenance history if this information is available, which can help assess the car's overall reliability.

Roadworthiness Certification:
While a DEKRA inspection is not a legal roadworthy certificate (which must be issued by an official testing centre), the report can give you a detailed understanding of the vehicle's condition, and in some cases, it may help you prepare for a roadworthy test by identifying any issues in advance.

How to Get a DEKRA Report

- **Online Booking:** You can schedule an inspection through DEKRA's official website or by contacting their branches directly. They have locations in several parts of South Africa.
- **Inspection Centres:** DEKRA has dedicated inspection centres where they conduct these assessments.
- **Mobile Inspections:** In some cases, DEKRA offers mobile vehicle inspection services, where they come to your location to perform the inspection.

Importance of a DEKRA Report

- **For Buyers:** If you're buying a used car, a DEKRA report can give you a professional and unbiased assessment of the car's condition. This can help you avoid purchasing a car with hidden defects.
- **For Sellers:** Having a DEKRA report can boost the confidence of potential buyers, making your car more attractive for sale by showing that it has been thoroughly inspected and is in good condition.

Stolen and recovered

Stolen Vehicle – a vehicle is considered stolen when it is unlawfully taken without the owner's consent. Recovered when the stolen vehicle have been s recovered by SAPS.

These vehicles have a history that affects their registration, insurance, and resale value.

When it comes to stolen and recovered vehicles, there are important processes and legal considerations involved.

Here's a detailed look at what happens to stolen and recovered vehicles, and what you need to know if you're dealing with one:

When a stolen vehicle is recovered, it's usually found through one of the following methods:

- **Police Operations:** The police might recover the vehicle during an operation or routine check.
- **Vehicle Tracking Systems:** If the vehicle has a tracking system installed, it may be located by the tracking company, and they'll inform the police for recovery.
- **Owner's Action**: In some cases, a vehicle might be recovered by the owner, such as in cases of personal tracking or a tip-off from a third party.

Once the vehicle is recovered, the following happens:

- **Police Investigation:** The police will investigate the vehicle's recovery and may conduct forensic analysis to confirm the vehicle's identity and ensure that it has not been tampered with (e.g., altered VIN or engine numbers).
- **Stolen Vehicle Report Update:** The police will update the NaTIS system and other relevant databases to indicate that the vehicle has been recovered.
- **Evidence and Insurance:** If the vehicle is recovered after the insurance claim has been settled, the insurance company may become the owner of the vehicle, and you may be required to return the payout. Alternatively, if you are the one recovering the vehicle, you may need to submit the recovery proof to the police and your insurance company.

Re-registration of Recovered Vehicles

If a stolen vehicle is recovered it must go through a re-registration process, which includes:

- **Proof of Ownership:** You must prove that you are the legitimate owner of the vehicle (e.g., through the original purchase documents, insurance claim, etc.).
- **Inspection:** The vehicle will need to undergo an inspection to ensure it meets roadworthy standards and that it has not been significantly altered or damaged. This is typically required for both the NaTIS system and the roadworthy certificate.
- **Police Clearance Certificate:** Before the vehicle can be re-registered in your name, you may need a police clearance certificate, confirming that the vehicle is not stolen and that all stolen vehicle flags have been cleared. This ensures that the vehicle is no longer listed as stolen in the police and NaTIS databases.

Implications for Buying or Selling Stolen and Recovered Vehicles

If you're buying or selling a vehicle, here are some key things to keep in mind:

- **Check the Vehicle's History:**
  - If you're buying a used car, it's important to check whether the vehicle has been reported stolen, even if it has been recovered. You can check this through the NaTIS database or services that offer vehicle history reports.
  - DEKRA reports may also show if the vehicle has been involved in any significant incidents, including theft or recovery.

- **Dealing with Recovered Vehicles:**
  - If a stolen vehicle has been recovered and is being sold or resold, it's important that the seller provides documentation confirming the vehicle's status—such as a police clearance certificate, proof of recovery, and a clean record from the NaTIS system.
  - Stolen Recovery Auctions: Vehicles recovered by insurance companies may be sold through auctions or specialized outlets, often at a lower price because of the theft history.

- **Insurance Implications:**
  - Insurance companies will often impose higher premiums or refuse to cover vehicles that have been stolen and recovered, particularly if they have been involved in any criminal activities or have major repairs or damages.

- **Legal Considerations:**
  - If you unknowingly purchase a stolen vehicle, you could lose the vehicle and face legal complications, so always verify the history before buying.

Avoiding Stolen Vehicle Issues

If you're concerned about purchasing a stolen vehicle, there are a few things you can do to protect yourself:

- **Request a Police Clearance:** Always ask for a police clearance certificate when buying a second-hand vehicle. This will confirm whether or not the vehicle has been reported stolen or involved in any legal disputes.
- **Verify with NaTIS:** Check the vehicle's registration details on the NaTIS system to ensure the registration is legitimate.
- **Buy from Reputable Sellers:** Always buy from established dealerships or verified individuals, and ensure that all paperwork is in order, including the proof of ownership.

Police clearance

A Police Clearance Certificate is an official document issued by the South African Police Service (SAPS) that certifies that a vehicle, even if previously stolen, has been legally recovered, and all the necessary checks have been made to confirm it is no longer flagged as stolen. The certificate essentially clears the vehicle from any theft-related issues in the police and registration databases.

The Police clearance allows for the legal re-registration and transfer of ownership, and protects buyers and sellers from legal complications. If you are recovering a stolen vehicle or involved in a vehicle transaction, obtaining this certificate is a key step in ensuring everything is above board.

Key Points about a Police Clearance Certificate for Vehicles:

- **Purpose:** The primary purpose of a Police Clearance Certificate for a vehicle is to verify that the vehicle in question is not stolen and has no outstanding legal issues, including confirming that it is not listed in the police's records as a stolen vehicle.
- **Vehicle Recovery:** If a stolen vehicle is recovered, a Police Clearance Certificate needs to be obtained to ensure that the vehicle can be legally re-registered, transferred, and that the police records no longer indicate it as stolen.

When You Might Need a Police Clearance for a Vehicle:

Re-registration of Stolen and Recovered Vehicles:
After a vehicle has been stolen and then recovered, you will need a police clearance before you can re-register the vehicle in your name or legally sell it. This certificate proves to the NaTIS (National Traffic Information System) that the vehicle is no longer flagged as stolen and that it can be legally transferred.

Buying or Selling a Used Vehicle:
If you are buying a second-hand vehicle, particularly from an individual or dealer, you might want to request a Police Clearance to confirm that the vehicle has not been previously reported as stolen. This ensures that you are not inadvertently purchasing a vehicle with a stolen history, which can lead to legal problems.

Insurance Purposes:
Insurers may require a Police Clearance to confirm that a vehicle has not been involved in a crime (such as being stolen) or flagged as a stolen vehicle when providing or renewing coverage.

Transferring Ownership:
When transferring ownership of a used vehicle, the new owner or buyer might be asked to present a Police Clearance Certificate to ensure the vehicle is not listed as stolen, especially in cases where the car was recovered after being stolen.

Steps to Obtain a Police Clearance Certificate for a Vehicle:

Visit the SAPS Clearance Office:
To obtain a Police Clearance Certificate for a vehicle, you will need to visit a SAPS vehicle clearance office.

Documents Needed:

- Proof of Ownership: Original proof of ownership of the vehicle (e.g., registration papers or a sale agreement).
- Vehicle Identification: Vehicle details, including the Vehicle Identification Number (VIN), Engine Number, and Chassis Number. These numbers help verify the vehicle's identity.
- ID Document: Your South African ID card (or a passport for foreign nationals).
- Payment: There is usually fee to process the clearance request.

Vehicle Inspection (if necessary):
The police may require a physical inspection of the vehicle to verify the VIN, engine number, and the overall condition of the vehicle. The vehicle may be examined to confirm it has not been tampered with or altered since it was reported stolen.

Clearance Process: The police will conduct a background check on the vehicle's history to ensure it does not appear in their stolen vehicle database or have any outstanding legal issues. This check may take several days to complete.

Receive the Certificate:
Once the police have confirmed that the vehicle is not flagged as stolen, they will issue a Police Clearance Certificate. This certificate indicates that the vehicle is clear of any stolen vehicle flags, and it can be legally re-registered or transferred.

NaTIS Update:
After obtaining the clearance, the police will update the NaTIS system to reflect that the vehicle is no longer listed as stolen, allowing it to be transferred to a new owner or legally re-registered.

Importance of the Police Clearance Certificate

Avoid Legal Problems:
If you purchase or sell a stolen vehicle unknowingly, you could face significant legal problems, including the loss of the vehicle and legal claims. A Police Clearance ensures the vehicle has been thoroughly checked.

Protects Buyers:
When purchasing a second-hand vehicle, a Police Clearance Certificate can confirm that the vehicle is free from legal issues, including being previously stolen.

Insurance and Registration:
The clearance certificate is a key part of proving that the vehicle is legal and insurable. It is typically required by insurance companies before they will cover a vehicle or issue a policy.

Peace of Mind:
For vehicle owners, having a Police Clearance Certificate provides peace of mind, knowing that their vehicle is legally recognized and can be sold, transferred, or re-registered without complications.



Property Information

Important Property terminology, information and fact sheet

Title deed

A title deed is a legal document that serves as proof of ownership for a property, such as land or a house. It outlines the ownership details, rights, and obligations associated with a particular property. A title deed is typically registered at the Deeds Office and contains key information about the property, including its description, legal boundaries, and any encumbrances like mortgages or servitudes (rights of way or access).

Key Information Found on a Title Deed:

Property Description:
The physical description of the property, including its location, boundaries, and sometimes a diagram or map.

Owner's Information:
The name(s) of the property owner(s) as registered in the Deeds Office. This could be an individual, a company, or a trust.

Deed Number:
A unique reference number assigned to the title deed to identify the property in the Deeds Office registry.

Property Size:
The extent of the property in square meters or hectares.

Transfer Details:
Information about when the property was transferred and by whom, including the previous owner(s), and possibly the price paid at the time of transfer.

Encumbrances or Liens:
Any mortgages, bonds, or servitudes registered against the property. For example, if the property is mortgaged to a bank, this will be noted on the title deed.

Caveats:
If there are any legal restrictions, such as zoning restrictions or restrictions imposed by the local municipality, these will also be recorded on the title deed.

Municipality and Local Authority Information:
The title deed may include references to the local government or municipality responsible for the property.

Importance of a Title Deed:

Proof of Ownership:
The title deed is the legal evidence of property ownership. It is essential for proving that you own the property and for any legal transactions (such as selling or transferring the property).

Transfer of Property:
When a property is sold, the title deed is transferred to the new owner at the Deeds Office, and the new owner is registered as the official owner of the property.

Property Transactions:
A title deed is often required when taking out a mortgage or loan using the property as collateral, as it confirms that you have full ownership of the property.

Legal Rights and Restrictions:
The title deed outlines any legal rights or restrictions on the property, such as mortgages (bonds) or servitudes (e.g., rights of access by others), which can affect how the property is used.

Resolving Disputes:
A title deed is a vital document in resolving property disputes, such as boundary disagreements or challenges to ownership.

Selling or Inheriting Property:
A title deed is required for the sale, inheritance, or transfer of property. It ensures that the property is legally transferred to a new owner without encumbrances or disputes over ownership.

How to Obtain a Title Deed:

If You Are the Current Owner:

- **From the Deeds Office:** If you've recently bought property, your conveyancer (the lawyer responsible for transferring property ownership) will handle the registration of the title deed at the Deeds Office. Once the property transfer is complete, you can obtain a copy of the title deed from the Deeds Office.

- **Request a Copy:** If you need a copy of your title deed, you can request one from the Deeds Office in the area where your property is located. The Deeds Office will charge a fee for this service, and you'll need to provide proof of identity or ownership (e.g., your ID, proof of address, etc.).

If You Are a Seller or Buyer:
When selling or buying property, the seller's conveyancer will ensure that the title deed is transferred to the buyer and updated in the Deeds Office. Once the transaction is complete, the buyer will be issued with a new title deed in their name.

Lost Title Deed:
If you have lost your title deed, you can apply for a duplicate title deed from the Deeds Office. You will need to provide an affidavit stating the circumstances of the loss, and there will be an application fee.

The Process of Transfer (Selling a Property):

When you sell a property, the following general steps are involved in transferring the title deed:

Signing the Sale Agreement:
The buyer and seller agree on terms and sign a sale agreement. This document will include the sale price and conditions of the sale.

Conveyancer's Role:
The conveyancer (lawyer) is responsible for preparing the necessary documents, registering the transfer at the Deeds Office, and ensuring that all fees and taxes are paid.

Payment of Transfer Duties:
The buyer is responsible for paying the transfer duties (a tax on the sale of the property), which are calculated based on the sale price.

Registration at the Deeds Office:
After the transfer documents are lodged with the Deeds Office and all conditions are met (including payment of transfer duties and any outstanding bond), the title deed is officially transferred to the new owner.

Issuance of New Title Deed:
Once the transfer is registered, the new title deed will be issued in the buyer's name, and the previous owner's name will be removed from the record.

Title Deeds and Mortgages (Bonds)
A mortgage bond is a loan secured against a property. If you have a mortgage on your property, this will be noted on the title deed.

- When you buy a property with a mortgage, the bank or financial institution that provides the loan will register their interest (as a mortgagee) on the title deed.
- Once the mortgage is paid off, the bond is removed from the title deed, and the property is considered bond-free.
- If the property is being sold with an existing bond, the bond will need to be settled before the transfer of the property can be completed. The conveyancer will handle the settlement and removal of the bond from the title deed.

How to Check a Title Deed for a Property

If you're interested in checking the status or history of a property, you can:

Obtain a Title Deed Report:
You can request a title deed report from the Deeds Office or through a property lawyer or conveyancer. The report will include the history of ownership, encumbrances, and legal details.

Online Services:
In some cases, you may be able to access certain property information online through services that provide property reports and deeds information in South Africa.

Transfer duty

Transfer Duty is a tax levied by the South African government on the transfer of immovable property (such as land or a house) from one owner to another. It is payable when the ownership of a property is transferred, typically in the case of property sales.

Transfer duty is calculated based on the purchase price of the property or its market value, whichever is higher, therefore, if the sale price is lower than the market value (for example, in the case of a transaction between family members), the market value might be used to calculate the transfer duty.

Transfer duty is a once-off payment due at the time of the transfer, and it is usually part of the buyer's upfront costs in purchasing property.

The buyer is responsible for paying the transfer duty separately from the purchase price, which typically needs to be paid before the property is transferred and registered at the Deeds Office.

Key Points about Transfer Duty:

Who Pays Transfer Duty?
In most cases, the buyer of the property is responsible for paying the transfer duty. This duty is payable to the South African Revenue Service (SARS) and is calculated based on the sale price or market value of the property, whichever is greater.

When is Transfer Duty Paid?
Transfer duty must be paid before the property transfer can be registered with the Deeds Office. This means that, typically, the transfer duty must be settled as part of the property transfer process before the title deed can be officially transferred to the buyer's name.

How is Transfer Duty Calculated?
The calculation of transfer duty is based on the purchase price or market value of the property (whichever is higher), and the rates are progressive. The rate varies depending on the value of the property. Below are the transfer duty rates (as of 2023):

Property Value (Purchase Price or Market Value)	Transfer Duty Rate
Up to R1,100,000	0%
From R1,100,001 to R1,500,000	3% of the value exceeding R1,100,000
From R1,500,001 to R2,000,000	R12,000 + 6% of the value exceeding R1,500,000
From R2,000,001 to R2,500,000	R30,000 + 8% of the value exceeding R2,000,000
From R2,500,001 and above	R50,000 + 11% of the value exceeding R2,500,000

Example of Transfer Duty Calculation:

- **Property Price:** R2,200,000
- **The transfer duty is calculated as:**
  - First R1,100,000: No duty (0%)
  - From R1,100,001 to R1,500,000: 3% on R400,000 → R12,000
  - From R1,500,001 to R2,000,000: 6% on R500,000 → R30,000
  - From R2,000,001 to R2,200,000: 8% on R200,000 → R16,000
- **Total transfer duty = R12,000 + R30,000 + R16,000 = R58,000**

Exemptions from Transfer Duty:
In certain circumstances, buyers may be exempt from paying transfer duty or may receive a reduction in the amount due. Some of the common exemptions or concessions include:

- **First-Time Home Buyers:** First-time buyers are exempt from paying transfer duty on property valued up to R1,100,000. This exemption applies to the purchase of a property for personal use, and the buyer must not have owned property before.

- **Property Purchased by a Company or Trust:** For property purchases by companies, trusts, or close corporations, transfer duty is still applicable, but the rate may vary depending on the value of the property. However, special rules may apply, especially in the case of residential properties held by trusts.

- **Donations and Inheritances:** Transfer duty does not apply to property that is transferred as a donation (under certain conditions) or inherited. However, other taxes (like estate duty or donation tax) might apply.

- **Exemption for Agricultural Land:** Agricultural land purchases may qualify for partial exemptions or different treatment, depending on the use of the land and its valuation.

How Transfer Duty is Paid:

- **Payment to SARS:** The buyer is required to pay transfer duty directly to SARS. Payment is typically arranged through the conveyancer handling the property transfer, who will submit the required documentation to SARS and ensure payment is made.

- **Proof of Payment:** After the payment has been made, SARS will issue a receipt confirming that transfer duty has been paid. This receipt is required before the Deeds Office will proceed with the transfer of ownership.

- **The Conveyancer's Role:** A conveyancer (a lawyer specializing in property law) typically handles the entire property transfer process, including the payment of transfer duty. The conveyancer will:
  - Calculate the transfer duty,
  - Submit payment to SARS,
  - Obtain the receipt of payment,
  - Ensure that the Deeds Office registers the property in the buyer's name.

Latent and Patent Defects

In property law, latent defects and patent defects refer to two different types of flaws or issues that may be present in a property. These terms are particularly important in the context of property sales, where the buyer and seller's rights and responsibilities can be affected by whether defects are considered latent or patent. The key difference between latent defects and patent defects lies in visibility and discoverability. Understanding this distinction is crucial for both buyers and sellers in a property transaction, as it affects legal responsibilities and the potential for claims after the sale. As a buyer, it is important to conduct a thorough inspection to identify any patent defects, and be aware of your rights if you discover latent defects after the purchase.

Patent Defects

A patent defect is a flaw or problem with a property that is visible or apparent upon a reasonable inspection. Essentially, these are issues that should be discovered through inspection of the property. Patent defects are not hidden and can usually be identified by the buyer during a property viewing or professional inspection.

- **Visible or obvious:** These defects can be seen easily by someone walking through the property or conducting a basic inspection.

- **Can be detected by a reasonable inspection:** A buyer or inspector should be able to identify patent defects without needing to dismantle parts of the property or engage in specialized testing.

- **Buyer's responsibility:** As the buyer, you are generally expected to spot and account for patent defects during your inspection. If you purchase the property despite noticing these defects, you may not have a claim against the seller for those issues unless otherwise stated in the sale agreement.

Examples of Patent Defects:

- Cracked walls or ceilings.
- Visible damp or water stains.
- Broken windows or doors.
- Peeling paint or worn-out finishes.
- Structural issues that can be seen or felt (e.g., sloping floors).
- Missing tiles, damaged flooring, or worn-out fixtures.

Latent Defects

A latent defect is a flaw or problem that is hidden, concealed or internal problems which are not obvious or immediately visible at the time of purchase, but only become evident later. These defects are not easily discoverable through an ordinary inspection and may only become apparent after the buyer has moved in or once further investigation is done.

Characteristics of Latent Defects:

- **Hidden or concealed:** Latent defects are not readily visible or accessible during a normal viewing or inspection.

- **Only discovered later:** These defects may only become apparent after living in the property or when the buyer conducts more thorough or intrusive inspections, such as by hiring specialized contractors.

- **Seller's responsibility:** In most cases, the seller is responsible for disclosing latent defects, especially if they are aware of the issue and intentionally conceal it. If the defect is discovered after the sale, the buyer may have grounds for a claim against the seller if the defect was not disclosed.

Examples of Latent Defects:

- Structural issues hidden within the walls or foundation (e.g., subsidence or foundation cracks that may cause long-term damage but aren't immediately visible).
- Electrical faults that don't show up until the system is used.
- Plumbing problems that are hidden within walls or underground (e.g., leaking pipes or defective plumbing systems).
- Termite or pest infestations that aren't visible on the surface.
- Roofing issues, like leaks or wood rot, that are concealed by ceilings.
- Mold or dampness inside walls, ceilings, or floors that is hidden from view.

Legal Implications in Property Transactions

The distinction between latent and patent defects is important when it comes to property transactions because it determines the seller's disclosure obligations and the buyer's rights.

Seller's Duty to Disclose Defects:

- **Patent defects:** The seller is not legally required to point out patent defects, because these should be discoverable by a reasonable inspection. However, if the seller intentionally hides or conceals any visible defect, this could lead to legal consequences.

- **Latent defects:** The seller must disclose latent defects that they are aware of or should reasonably know about. Failure to do so could result in the buyer seeking legal redress, especially if the defect is significant and causes substantial damage after the sale.

Buyer's Rights:

- If a buyer discovers a latent defect after the sale, they may have the right to claim against the seller for damages or to demand a reduction in the purchase price.

- If a buyer discovers a patent defect, they are typically considered to have accepted the property in its current condition, as it was visible at the time of purchase. Unless the defect was specifically hidden by the seller, the buyer may not be able to claim compensation.

Implied Warranty and Seller's Liability:

- In South Africa, the Consumer Protection Act (CPA) offers some protection to buyers, particularly in the context of a "consumer transaction" (i.e., a property bought from a developer, builder, or business). The Act implies an implied warranty that the property is free from defects, including latent defects, that would render the property unfit for its intended use.

- However, if the seller is a private individual (not a developer or business), the transaction may be governed by the common law principle of "caveat emptor" (buyer beware). Under this principle, the buyer has a duty to inspect the property and is generally not entitled to claim for defects that could have been discovered through a reasonable inspection.

Implied Warranty Claims:

- Under the Consumer Protection Act in South Africa, a consumer can lodge a claim for latent defects within 6 months of discovering the defect. After that, claims may be harder to pursue, although they might still be possible under common law.

- Common Law: For private sales, the time to claim for latent defects may be limited by prescription (a time limit for legal claims), typically 3 years from
- the date the defect was discovered or should have been discovered.

Preventing Issues with Latent and Patent Defects:

- **Conducting Inspections:** Before purchasing a property, always conduct a thorough inspection, ideally with the help of a professional home inspector or surveyor, to identify any visible (patent) defects.
- **Seller Disclosures:** Ensure the seller provides full disclosure of any known defects (latent or patent) in the sale agreement and request any relevant documentation (such as maintenance or repair records) that could indicate issues.
- **Homeowner's Insurance or Warranty:** Consider purchasing homeowner's insurance or a home warranty to cover repairs for unforeseen latent defects discovered after moving into the property.
- **Legal Advice:** If you're purchasing a property, or if you've already purchased one with defects, consult a property lawyer to ensure your rights are protected under the law.



About SAIA

The South African Institute of Auctioneers (SAIA) was founded in 1989 to provide a clear set of industry standards that promote the ethical practice of the auctioneering profession. SAIA is the national association for auctioneers and the stakeholders, and clients, the official and only Professional and Regulating Body of the auctioneering industry in South Africa.

SAIA was 'built by auctioneers, for auctioneers' and represents corporate, small business and individual auctioneers across a range of disciplines. SAIA strive to establish a professional, ethical auction industry through proper education and support offered to its members. SAIA also have the publics' interest at heart, protecting them, and educating them about the auctioneering industry and the advantages to utilise it as an effective means to buy and sell goods and assets.

SAIA is responsible for building and maintaining good relationships with its stakeholders to the benefit of its members and the public.

SAIA members must meet specific legal requirements, be in strict compliance with the Industry Code, the SAIA Code of conduct and be members of the requisite affiliated associations.

VISION

The South African Institute of Auctioneers (SAIA) aspires to be the number one go-to professional auctioneering association in South Africa.

MISSION

The South African Institute of Auctioneers (SAIA) is committed to offering professional services to both Sellers and Buyers, by equipping, educating and regulating SAIA members to operate professionally and ethically at all times. – SAIA "The voice of the auction industry"

SAIA is a voluntary guild of likeminded auctioneers who subscribe to a strict code of ethics and conduct which has become the benchmark for the auction profession. SAIA is unable to enforce auctioneers to become members, however we are recognised by stakeholders as the vanguard of ethical business practice and the gatekeeper of good governance.

The South African Institute of Auctioneers (SAIA) advise members of the public and stakeholders for greater peace of mind to only buy and sell with a SAIA registered auctioneer. **Visit the SAIA website www.auctioneering.co.za for your enquiries, list of members, industry related information and upcoming auctions.**

This information pack is designed to help you understand the auction process, whether you are buying or selling. Should you have any further questions, feel free to contact SAIA for more details.

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Important links

- CPA Section 45 Auctions
- Interpretation of the Consumer Protection Act

