DO YOU CARRY ON PAYING YOUR BOND INSTALLMENTS AFTER YOU HAVE SOLD YOUR PROPERTY?

We are often asked by Sellers if they have to continue servicing their bond once they have signed a Sale Agreement to sell their property over which the bank has a bond registered. The simple and definite answer is YES. You are responsible for paying the bank the monthly instalments until date of registration.

On transfer, the Conveyancers will arrange for your bond to be settled with the bank. This is done by means of a guarantee being issued during the process which then pays out on transfer. At the same time, the bank releases its security and cancels the bond over your property.

You may notice that the bond settlement amount is slightly higher than you anticipated. This is because the bank issues settlement figures at the beginning of the transfer and is therefore calculated provisionally in advance as we do not know when exactly the transfer will register and the bond will be settled. Guarantees are issued thereon. These figures will include your 90 day notice penalty and any other additions the bank make to the figures to ensure that if you default on paying there is sufficient to cover the shortfall.

Approximately 2 weeks after transfer the bank will reconcile your account and refund you any overpayment (which could include payments made by you since the issue of the figures and a pro-rata reduction in the penalty amount).

If you have any queries please don’t hesitate to contact us.

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