

# Property title failure poses challenges

**Roy Cokayne**

**THERE** were financial implications if the integrity of South Africa's property title system failed because of fraud and other reasons, Anton Theron, the acting chairman of the Johannesburg Attorneys Association, said last week.

His comments follow reports that 33 municipal properties owned by the Johannesburg Property Company (JPC) were transferred to private companies irregularly or fraudulently.

"Faced with this reality, South Africa, like some other countries, would have to take insurance to insure the title of properties," said Theron.

Banks grant large amounts of money in loans based on the integrity of the title and use the property as security for the risk of repayment default.

Theron said financial institutions would be left without security if a court declared a transfer invalid and the previous owner was the valid owner.

However, Banking Association of SA general manager Pierre Venter said South Africa's title system was among the best in the world.

If there had been a fraudulent transaction, there was recourse to get compensation for the losses suffered from fidelity fund operated by the law society and the professional indemnity cover taken out by attorneys, he said.

"It does not place the titling system at risk. We do have situations of fraud like this. It's not the first or the last time it will happen."

An investigation has been launched by the Deeds Office in Pretoria into the alleged irregular and fraudulent transfer of the 33 properties owned by the JPC, which were all facilitated by a high-ranking official at the Deeds Office.

Property transfer documents seen by Business Report reveal a number of irregularities in the transfer of the properties, including some with transfer duty certificates which were only issued a day or more after the transfer had been registered.

Most of the properties were transferred within a day of the lodgement of the transfer documentation, with some of the normal deeds office examination processes completely bypassed. Most of the transfer documents had an undated power of attorney, which should have led to them having a rejection note.

