



WITH COMPLIMENTS

Susan B Cohen
Attorneys, Notaries & Conveyancers

Susan Barbara Cohen *BA LLB LLM (Property Law)*
Karlén van Graan *B COM LLB*

79 - 11th Street
Parkmore, SANDTON
P O Box 781622
2146

Tel: 011 883 4601
Fax: 011 883 2684
Email : susan@susancohen.co.za
Website: <http://susancohen.co.za>

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3 Steps to Buying Your First House

"Happiness is... buying your first home" (Anon)

Few things in life can compare to the joy of finally crossing the threshold of your first home. If you are like most of us, you have been dreaming of this day for years and years – it has finally arrived!

The financial bonus of course is that you have probably just made one of the most important investment decisions you will ever make.

Here are some guidelines to help you make a wise decision on both counts

Step 1: What's your price range?

First step is to work out what price range you are looking at, and that's a function of deciding how much you have on



hand and how much you will be able to pay every month for the privilege of owning your own home.

And whilst it's always tempting to over-commit yourself, over-confidence as to how far you can stretch your budget is a mistake likely to end in tears. So keep reminding yourself to be realistic when you work out what your new monthly costs will be.

Checking your credit score at this stage will also avoid any unpleasant surprises when you come to apply for a bond.

What will your monthly costs be?

- **Your bond repayments:** Your big monthly expense is likely to be your monthly bond instalments, so start off by using one of the many online calculators to establish how much you will be able to borrow on a home loan without breaking your budget when it comes to the repayments. Think carefully about how happy you will be with the lifestyle you can afford after paying your bond every month.

When you first apply for a bond shop around for the best interest rate and, with rates already starting to rise again, **be absolutely certain that even if interest rates do at some stage return to the high levels we have seen in the past, you will always be able to afford the monthly repayments.**

Get a bank pre-approval here - with today's restrictions on credit grantors when it comes to responsible lending practices, it will help you gauge affordability. And as a bonus, it gives you a great negotiating tool when you move on to the offer stage!

- **Other monthly costs:** Then – and this is an important aspect easily overlooked in the excitement of your purchase - remember to factor in all the other monthly expenses that come with property ownership. Think homeowner's insurance, rates/taxes/levies, home security services, services like electricity and water and the like.

When budgeting for home and garden maintenance costs, include a provision for long-term expenses like repainting, roof repairs and so on.

How much cash will you need upfront?

- **The cash deposit:** Unless you can pay the full purchase price in cash, you will need to raise a home loan (bond). And although you might perhaps qualify for a 100% bond, most first-time buyers will need to pay at least a 5% to 10% cash deposit.
- **Bond costs:** Your bond needs to be registered in the Deeds Office by the bank's attorneys. Provide for both the registration costs and the bank's initiation fee.
- **Transfer costs:** Unless your sale agreement provides otherwise (very unlikely), you will be paying the transfer costs to the conveyancer ("transferring attorney") attending to the registration of the property into your name in the Deeds Office.
- **Transfer duty:** Unless there's VAT on the sale, the sale agreement will almost certainly also require you to pay the transfer duty, which is a government tax on property sales. No duty is payable on a property valued up to R1m and a sliding scale applies to houses above that threshold as per the table below –

Transfer Duty is payable at the following rates on transactions which are not subject to VAT:

Acquisition of property by all persons:

Transfer Duty	
Value of property (R)	Rate
1 – 1 000 000	0%
1 000 001 – 1 375 000	3% of the value above R1 000 000
1 375 001 – 1 925 000	R11 250 + 6% of the value above R 1 375 000
1 925 001 – 2 475 000	R44 250 + 8% of the value above R 1 925 000
2 475 001 – 11 000 000	R88 250 +11% of the value above R2 475 000
11 000 001 and above	R1 026 000 + 13% of the value exceeding R11 000 000

Source : National Treasury.

- **Moving costs:** This step is easily overlooked, but your total moving costs can turn out to be much higher than expected when you include all the "hidden" expenses like redecorating, furnishing, new internet connections and so on.
- **Keep a contingency fund:** It always seems to happen – no matter how carefully you plan your expenses, something unforeseen pops up. Or things cost more than you budgeted for. Or there's a "black swan" emergency. Check that you have some ready cash to deal with these speedbumps.

Step 2: House hunting!

You know your price range, so on now to the really exciting part of all this – finding your dream house.

Here's a checklist to get you started -

- **Location, location, location:** What area/s will you concentrate on? Where do you want to live? What sort of lifestyle are you after? Do you plan to work from home? Do you need to find a pet-friendly area? What amenities do you want close by? Are there good schools in the vicinity? Research the area – what are average selling prices in the suburb and is your budget up to it? Do houses in the area have a history of good value growth? What are crime levels like?
- **What sort of house are you looking for?** How many rooms do you need? Will your needs change in the future? Do you need a home office? A granny flat? A big garden? A pool? The list of questions to ask yourself here is endless, just be sure to think of the long term as well as of your immediate wants and needs. And do bear in mind that sooner or later you will want to re-sell, so think now about whether the features you are looking for now will also appeal to other buyers down the line.
- **Searching:** With your price range and target area identified, the “thrill of the hunt” is at last upon you! Online searches are increasingly popular but choose whichever channel you are comfortable with. Your lawyer will have valuable knowledge of the local housing market and may refer you to a trusted estate agency or two.
- **If buying into a community scheme:** Check what Rules and Regulations you are letting yourself in for – you will be held to them. Make sure that the Homeowners Association or Body Corporate's finances are sound (ask for audited financials and management accounts). Ask about any special levies or other planned expenditure on the horizon (get it in writing). Take professional advice in any doubt.
- **Plans, defects and the rest:** Although the new Property Practitioner's Act requires the seller to make disclosure of any defects or deficiencies (in a written document annexed to the sale document – study it carefully!), it is still advisable to do your own homework. Ask for copies of approved building plans (check for any unlawful structures or deviations from plan), look for and ask about defects like leaking roofs, problem foundations etc - consider getting a full professional report unless you are very sure of your own abilities in this regard.

Step 3: Putting in your offer

- Now that you've found your dream house it's time to put your offer in. Excitement mounts – will the seller accept, or perhaps counter-offer? You can't wait to find out. You are presented with an Offer to Purchase (sometimes titled as a Deed of Sale), a pen and a cheerful “just sign here, we'll do the rest”.
- Take no chances here! Have the paperwork professionally checked **before you commit to anything**. Ask also for Deeds Office and other searches for anything that may affect your decision-making - restrictive title deed conditions, servitudes (giving other people rights over your property), alterations carried out without municipal plans and approval, zoning conditions and so on.
- Make sure that any verbal undertakings or disclosures given to you are properly recorded in the agreement – what counts is what's in writing!

Fired For Moonlighting

“She failed to disclose these obviously material activities to her employer and was therefore manifestly acting in violation of her duty of good faith to her employer.” (Extract from judgment below)

“Moonlighting” is the practice of employees boosting their monthly income with a “side-job” or “side-business”. It has been a feature of working relationships since the dawn of history, but now the pandemic lockdowns and the shift to the “gig economy” (where independent contractors and freelancers are paid for short-term assignments) have seen dramatic increases in the number of employees forced to supplement their incomes in this way. Some stats suggest that now almost half of all employees have a second source of income, and both they and their employers need to take note of a recent Labour Appeal Court decision confirming the dismissal of an employee for failing to disclose her side-business to her employer.



Selling biltong secretly

- A sales agent for a meat products company was found to be running her own “formal business” (with at least one full-time employee and from rented premises) selling biltong over weekends. She had not only kept that fact from her employer but had positively stated in a letter to it that she had no source of income other than her salary and maintenance from her divorce.
- Found guilty of dishonesty because she failed to advise her employer of her side-line business, she was dismissed.

- She referred an unfair dismissal dispute to the CCMA (Commission for Conciliation, Mediation and Arbitration) and, long story short, she ended up before the Labour Appeal Court which confirmed her dismissal, finding that –
 - “[She] failed to disclose an essential and important fact that she was running ‘a side-line business’ in the market for the sale of meat products, albeit that they might not have been identical to the meat products which were sold by [her employer]”.
 - “That she was able to discharge her duties to [her employer]” does not take her case any further.”
 - The CCMA’s conclusion that “employees act in bad faith if conflict of interest may arise even though no real competition actually results” was, held the Court, unassailable.
 - “She was employed as a sales representative in a business that was involved in the sale of meat products. As a side-line business, she conducted a business which involved the sale of biltong, namely a meat product. **She failed to disclose these obviously material activities to her employer and was therefore manifestly acting in violation of her duty of good faith to her employer.**” (Emphasis supplied).

A note for employers...

Avoid any doubt in your workplace with a clear, balanced and fair policy on the question of employees holding second jobs or running “side-hustles” and include a clause to that effect in your employment contracts. Professional advice is vital given the stakes in any labour law dispute.

And a note for employees...

Many employers will be very understanding if you are totally honest with them about any moonlighting you get involved in, whether it’s through economic necessity or just a desire to pursue something you are passionate about.

Disclose everything in writing (keep proof!), whether or not you will be impinging on your working hours. You risk dismissal even if there is “no real competition” with your main job, and even if your work performance is not impacted – it’s the “bad faith” element of secreting your side business that will sink your case.

Effective 1 March 2022: New Earnings Threshold and National Minimum Wage

Employers and employees need to keep an eye on the annual increases in both the National Minimum Wage and the Earnings Threshold, summarised below for your convenience. Both are effective from 1 March 2022.



The National Minimum Wage increase

The National Minimum Wage (NMW) for each ordinary hour worked has been increased by 6.9% from R21,69 to R23.19.

To quote from Minister of Employment and Labour Thulas Nxesi’s announcement –

“As in previous years, the adjustment provides exceptions for several worker groups, including:

- Farmworkers are entitled to a minimum wage of R23.19 per hour.
- Domestic workers are entitled to a minimum wage of R23.19 per hour.
- Workers employed on an expanded public works programme are entitled to a minimum wage of R12.75 per hour.
- Workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Act, 1998 (Act No 97 of 1998), are entitled to allowances contained in schedule 2.

It is illegal and unfair labour practice for an employer to unilaterally change working hours or other employment conditions in order to implement the NMW. The NMW is the amount payable for ordinary hours of work and excludes payment of allowances (such as transportation, tools, food, or lodging), payments in kind (board or lodging), tips, bonuses, and gifts.”

Domestic workers

For the first time domestic workers have been brought into line with the NMW via a 21.5% increase from 2021’s R19.09 per hour. Assuming a work month of 21 days x 8 hours per day, R23.19 per hour equates to **R3,895.92 per month**. The

[Living Wage](#) calculator will help you check whether or not you are actually paying your domestic worker enough to cover a household's "minimal need".

The Earnings Threshold Increase

The annual earnings threshold above which employees lose some of the protections of the **Basic Conditions of Employment Act** has been increased from R211,596.30 p.a. to R224,080.48 p.a.

"Earnings" (for this purpose only) means "the regular annual remuneration before deductions, i.e. income tax, pension, medical and similar payments but excluding similar payments (contributions) made by the employer in respect of the employee: Provided that subsistence and transport allowances received, achievement awards and payments for overtime worked shall not be regarded as remuneration".

To quote again from the Minister's announcement: "These sections protect vulnerable employees by regulating, among other things, working hours, overtime,... compressed schedules, working time, average hours of work, meals interval, daily and weekly rest periods, pay for work on Sundays, night work, and work on public holidays."

The threshold also impacts on some of the protections provided in the **Labour Relations Act** –

- Employees earning less than the threshold, if contracted to a client for more than three months through a temporary employment service ("labour broker") are deemed to be employed by the client unless they are actually performing a temporary service.
- Fixed-term employees earning below the threshold are deemed to be employed indefinitely after three months unless the employer has a justifiable reason for fixing the term of the contract.

Turning to the **Employment Equity Act**, employees earning over the threshold can only refer unfair discrimination disputes (other than disputes based on sexual harassment) to the Commission for Conciliation, Mediation and Arbitration (CCMA) with the consent of all parties. Otherwise they must go to the Labour Court for arbitration.

Debtor Not Paying? Consider a Liquidation Application

"When debtors once have borrowed all we have to lend, they are very apt to grow shy of their creditors' company" (John Vanbrugh)

Bad debt is a major issue for many businesses in these hard economic times – not taking robust steps to collect it could be fatal to your own financial position.

So if you are being given the run-around by a recalcitrant corporate debtor, take advice on whether an appropriate and cost-effective remedy for you might be an application for the company's liquidation ("winding-up").

Cynical misuse of the liquidation process as a debt collection tool or to avoid any genuine disputes over liability is likely to end badly for you (you risk a heavy costs order for "abuse of process"). Be aware also that if your application is successful and a liquidation order is granted, you might be in for more than your own legal costs (ask for advice on the "danger of contribution" in winding-up matters).

But properly used, a liquidation application will certainly get your debtor's attention very effectively. It's often the only strategy that has any effect on a "dodging debtor". The threat of a liquidator knocking at the door to take over control of the company is a great motivator to actually do something - pay up, or make a genuine settlement offer, or at least disclose whether something is in dispute so you can deal with it.

The practical challenge can however be in proving that the debtor is actually financially unable to pay its debts. That's often not easy, and mere failure by the debtor to pay the debt is not sufficient.

The "section 345 demand" shortcut

However there is a shortcut - serve on the company's registered office a demand for the debt. You may hear it referred to as a "section 345 letter", that being the section of the Companies Act which makes this all possible. If the debt is not paid (or secured or resolved by agreement) within three weeks, the company is *deemed* to be unable to pay its debts, making a liquidation application much easier to support.

The 2021 High Court case of a municipality struggling to recover debts due to it by two property companies provides a good example of this letter of demand process in action...

Letters of demand sink two property companies

- Two related companies, one a property-owner and the other a tenant, owed the local municipality for unpaid rates, service charges, and electricity accounts.



- The municipality served the appropriate letters of demand on the companies' registered offices, but still they failed to pay up. Their attempts to settle with the municipality having failed, the municipality applied to the High Court for liquidation.
- The High Court duly granted provisional liquidation orders against both companies, finding on the facts that they had failed to rebut the presumption that they were unable to pay the debts. Nor were they able to convince the Court to exercise its discretion to refuse the liquidation orders.

As an end note, it is essential that your letter of demand is correctly drawn and correctly served. If it isn't, your application is headed for failure - and that can be a very expensive exercise.

Your Website of the Month: How to Avoid Falling Victim to a "Tinder Swindler"

"But love is blind, and lovers cannot see" (Shakespeare)

Note: Please think of sharing this article with any family member, friend or colleague who might benefit from knowing which "red flags" to watch for when using dating apps and social media.

Even if you haven't yet watched the hit Netflix film "The Tinder Swindler", you will know of the huge problem worldwide of swindlers using dating apps and social media to part victims from substantial amounts of money.

Hearts are broken, lives ruined, savings lost, huge and unrepayable debts incurred. It's easy to think "I would never fall for that" but the reality is that everyone is vulnerable - these "romantic fraud" swindlers are masters at using powerful social engineering techniques to identify suitable victims, draw them in, and fleece them of everything.

Norton Security provide a wealth of information to help you navigate these shark-infested waters safely in their article "*Romance scams in 2022: What you need to know + online dating scam statistics*" [here](#).

If you read nothing else, have a look at the ones we've highlighted for you –

- "What is a romance scam?" (With a list of 7 common ones)
- "How romance scams work" (with Infographic)
- **"Warning signs: Lies romance scammers tell" (6 red flags with Infographic "Is Your Cyber Sweetheart Swindling You?")**
- **"10 tips to avoid romance scammers and protect yourself" (with a long list of Do's and Don'ts)**
- "How to report an online dating scam"
- "20+ online dating scam statistics" (Infographic "Heartbreaking Statistics") [The problem's huge - victims lost around \$304 million in 2020 alone]
- "Romance scams on the rise"
- "The real price tags of online dating"
- "Online dating scams and older adults"
- "Who's most susceptible to romance scams"
- "Stalker ware is trending up"
- **"How a romance scam works" (Infographic)**
- **"Online Dating Advice" (Infographic)**

If you aren't sure that your online Prince (or Princess) Charming is 100% legitimate, ask someone you trust for objective advice **before** you find yourself in a hole you can't escape from. And if you do find yourself one of the many victims, **call in professional advice** – the sooner you do, the quicker you can start extracting yourself from your nightmare situation.



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