



## Voluntary Surrender of Estate with Movable Assets Process

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Voluntary surrender of estate is the process under the Insolvency Act, whereby a natural person can declare him or herself insolvent and apply for sequestration. The Act allows for three processes.

1. Voluntary surrender with a property
2. Voluntary surrender with movable assets
3. Cash sequestration

For this purposes we are interested at surrender with movable assets.

To have the application for sequestration approved by the High Court, we must prove value to the amount of R0.20 for the amount of unsecured debt that we owe towards our creditors. This value will be provided by movable assets that you owe. Let us use an example. You have debts owed towards the creditors to the amount of R150 000. So we have to prove value to the creditors to the amount of R0.20 for every rand owed.

$$R150\ 000 * 0.20 = R30\ 000$$

For this amount we have to supply a list of movable assets owed to the amount of R30 000

Tv Samsung 72 cm flat screen 4 000

Emboya lounge 3 piece 8 000

6 Seat Dining 3 000

ETC 15 000

Total 30 000

Based on the list and independent valuation, the application to the High Court will be approved.

Added to this amount we will also have to provide for the following:

Master and Curator fees, R5 000 per R100 000 with a minimum of R10 000 = R10 000

Sequestration Fee = R18 000

Total = R58 000

So for a total amount of R58 000 you will walk away from the R150 000 debt.

The sad thing about sequestration being a High Court order is that the minimum cost of a sequestration will be R58 000 or R3 222 per month. So for all debt less than R120 000 the cost will still be R58 000 or R3 222 as shown below.

### **How does payment work?**

Normally once the Curator is appointed it will be his duty to realise the asset value declared. So normally all assets will be taken and sold, and the returns on the sale distributed to the Creditors as final Dividend.

We make the following arrangements. Why can we do this, purely because we are so big!

We arrange for you to “buy” your assets back from the Trustee appointed over your estate over a period of maximum 18 months interest free. This absolutely guarantees that no one will ever come to your property or take anything from you!

$R58\,000/18=R3\,222$  month. This amount is taking care of all monies due, including fees payable. **So NO UPFRONT FEES payable.** See how many providers out there are prepared to run this risk!

Once this amount has been paid to the Trustee, the money will be distributed as final payment of the R150 000 debt to your creditors as full and final payment.

One year after submission of the Trustee final accounts to the Master, you can apply for rehabilitation, more or less 3 years after date of sequestration.

## **2. Vehicle Funding**

No More Debt will also do vehicle funding for customers qualifying for the Product. The rules are basically the following:

- All fees must be paid according to arrangement
- 20% deposit will be required. You will keep your current car for at least 7 months. This monthly instalment will have to be saved and will be sufficient to build up the deposit. This will therefore not have an additional cash flow implication.

- Interest will be charged at 21%
- The period will be 48 months maximum.

All customers will have to qualify according to affordability to qualify for the product.

### **3. Conclusion**

In conclusion we have developed these processes in order for our customers to be able to get their lives back in a very short period of time and limiting the impact of the process on the Family Lives.

What must be very clear is that all the processes are purely statutory functions performed by various parties. So the processes are not negotiable. What is however important is that we are the biggest in the country regarding sequestrations and that gives us a certain standing with the Curators. Therefore the process is as friendly as it can possibly be should you make use of us.

Just another way of proving that we can deliver, no matter how bad circumstances might seem.