

MEMORANDUM OF INCORPORATION OF A NON-PROFIT COMPANY
NOT HAVING A SHARE CAPITAL

Name of Company

MEYERSDAL VIEW HOMEOWNERS ASSOCIATION NPC

Registration Number of Company

2004/029795/08

The Memorandum of Incorporation of the company is as follows:

1. **INTERPRETATION**

In this Memorandum of Incorporation, unless the context otherwise requires:

- 1.1. *“the Companies Act”* means Act 71 of 2008, as amended or any Act which replaces it;
- 1.2. *“the Company”* means Meyersdal View Homeowners Association NPC;
- 1.3. *“Erf”* means a subdivided portion of land in the Township registered or capable of being registered in the name of any person, or any consolidation thereof;
- 1.4. *“the freehold residential erven”* means all the stands registered to a member in terms of a title deed on which free standing residential dwellings have been erected or will be erected as determined by the Company from time to time;
- 1.5. *“the land”* means any portion of land comprised within the property;
- 1.6. *“the manager”* means the managing agent, manager or managers with specified functions appointed from time to time in terms of paragraph 12;

- 1.7. *“members”* mean the persons referred to in paragraph 5.
- 1.8. *“the open spaces”* means the common and general areas, including but not limited to: servitude areas, landscape areas, private streets, street lights, pavements, kerbs, sidewalks, traffic islands and road reserve, water and any staff housing or security houses owned or used by the company and other amenities and open spaces situate on the property.
- 1.9. *“profits”* includes revenue, over collected budget and capital profits;
- 1.10. *“the property”* means collectively Meyersdal Nature Estate Extension 4 Township, Registration division IR, Province of GAUTENG, including any township or townships established thereon;
- 1.11. *“register”* means the register of members kept in terms of the Companies Act;
- 1.12. *“sell”* will incorporate donation, any option granted, alienate, granting any pre-emptive right or transfer;
- 1.13. *“the Republic”* means the Republic of South Africa;
- 1.14. *“the rules”* means the rules made by the directors in terms of paragraph 8 as they apply from time to time;

- 1.15. *“the Companies Act”* means the Companies Act and any and every other statute or ordinance from time to time in force concerning companies and necessarily affecting the company;
- 1.16. reference to members represented by proxy shall include members represented by an agent appointed under a general or special power of attorney and references to members present or acting in person shall include corporate bodies and corporations represented or acting in the manner prescribed in its Companies Act or the Companies Act;
- 1.17. expressions defined in the Companies Act, or any statutory modification thereof, in force at the date on which this Memorandum of Incorporation become binding on the company shall have the meanings so defined; and
- 1.18. words in the singular number shall include the plural and words in the plural number shall include the singular and words importing the masculine gender shall include feminine, and words importing persons shall include bodies corporate.

2. **PUBLIC COMPANY**

- 2.1. The company is a non-profit Public Company.

3. **PRELIMINARY**

3.1. If the provisions of this Memorandum of Incorporation are in any way inconsistent with the provisions of the Companies Act, the provisions of the Companies Act shall prevail, and these provisions of the Memorandum of Incorporation shall be read in all respects subject to the Companies Act.

3.2. Notwithstanding the omission from this Memorandum of Incorporation or any provision to that effect, the company may do anything which the Companies Act empowers a company to do if so authorised by its Memorandum of Incorporation.

4. **MAIN OBJECTS AND BUSINESS OF THE COMPANY**

4.1. The main object of the company is to carry on, to promote, to advance and to protect communal interests, the safety and welfare of the members of the company, including, but not limited to, by maintaining the open spaces, by controlling the aesthetic appearance of land and dwellings, including landscaping, buildings and improvements on the property, by controlling traffic, by implementing security measures for the controlled access to the property, by collecting trash and by cutting the grass, trimming the edges, weeding, tidying and watering the common area gardens on the property.

4.2. The main business which the company is to carry on the business of promoting, advancing and protecting the interests, safety and welfare of the members of the company, including, but not limited to, by:

- 4.2.1. ensuring compliance by the members of the company to the Conditions of Establishment of the Township or any servitude on the property; and
- 4.2.2. to enforce the Rules created in terms of Paragraph 8; and
- 4.2.3. to administer the general security arrangements on the property, controlling the access to and exit from the property, determine the nature and type of security to be provided from time to time by the company to its members; and
- 4.2.4. to consider and consent to applications for proposed consolidation or subdivision or rezoning or notarially tying of any erf or land; and
- 4.2.5. to stipulate the landscaping and aesthetic conditions in respect of any land or dwelling erected on any land or to be erected on any land; and
- 4.2.6. to maintain all internal services including all civil, roads, water, storm water, sewerage and electrical reticulation systems on the property.

5. **MEMBERS**

- 5.1. The following persons shall be members of the company, namely any person who is the registered owner of any freehold residential erven on the property on the land and will include: the trustee in an insolvent estate, a liquidator or trustee elected in terms of the Agricultural Credit Act, 28 of 1966, the

liquidator of a company or close corporation which is a member, the executor of a member who has become deceased, or a representative of a member, recognised by law of a member who is a minor or of unsound mind or is under disability if such trustee, liquidator, executor or representative is acting within the scope of his authority.

5.2. No other person than a person referred to in Article 5.1 shall be entitled to be a member of the company.

5.3. Where two or more persons are registered as the co-owners of freehold residential erven, all the registered owners of the freehold residential erf shall be deemed to be one member of the company.

5.4. Subject to Article 5.5, when a member ceases to be the registered owner of the freehold residential erf, he shall *ipso facto* cease to be a member of the company;

5.5. A member shall not sell or otherwise agree to alienate the freehold residential erf of which it is the registered owner unless it is a condition of such agreement that:

5.5.1. the person to whom the freehold residential land is to be sold or otherwise to be alienated (*the transferee*) has bound himself, to the satisfaction of the company, as a contract for the benefit of the company, to become a member of the company upon transfer of such land to him; and

5.5.2. The registration of transfer of the freehold residential land to the transferee shall *ipso facto* constitute the transferee as a member of the company.

5.6. A member may not resign as a member of the company.

5.7. The company shall keep a register of members at the place and in the manner specified in the Companies Act.

6. **DUTIES OF MEMBERS**

6.1. Each and every member shall abide by the Memorandum of Incorporation of the company.

6.2. Each and every member shall pay the levies and special levies as raised by the company on due date.

6.3. Each and every member shall maintain his erf in a clean and tidy condition.

7. **LEVIES**

7.1. The directors shall annually, prior to the end of each financial year, prepare, establish and maintain in their opinion, an itemised estimate of the anticipated income and expenditure (which may include a reasonable provision for contingencies) of the company during the ensuing financial

year, which shall be called a common levy fund for the purposes of meeting all expenses which the company has incurred, or which the directors reasonably anticipate the company will incur, in the furtherance of the company's objects as stated in this Memorandum of Incorporation.

7.2. During and up to the end of each annual financial period of the Company contributions to the common levy fund shall be made in equal monthly contributions by the members who are the registered owners of the freehold residential erven and on the following participation quota:

7.2.1 as to 100% (One Hundred *Per Centum*) of the contribution of the total common levy fund in equal shares by the members who are owners of the freehold residential erven; and

7.2.2 any member who has consolidated or notarially tied two(2) or more portions of land as shown on a general plan, shall be liable to contribute monthly his share in respect of each such consolidated/tied portion owned by him.

7.3. Provided further, that members who have not commenced building on their freehold residential erven on the 01st of January 2012 and completed by the 31st of December 2012, shall be liable to contribute monthly double his share in levies in respect of each such portion owned by him for the first year following the 31st of December 2012, contribute monthly triple his share in levies in respect of each such portion owned by him for the second year following the 31st of December 2012, contribute monthly four times his share

in levies in respect of each such portion owned by him in the third year following the 31st of December 2012 and contribute five times his share in levies in respect of each such portion owned by him in the fourth year following the 31st of December 2012 as well as thereafter until building commences on his portion and completed to the satisfaction of the directors of the company.

7.4. The directors shall estimate the amount required to be levied upon the members during such ensuing financial year and impose levies upon the members in such estimated amount. Such amount shall be payable in 12(twelve) equal monthly instalments due in advance on the first day of each and every month of the financial year.

7.5. The directors may from time to time make special levies upon the members who are liable in terms of paragraph 7 and call upon members to make special contributions in respect of all such expenses as are mentioned in paragraph 7 above (which is not included in any estimates made in terms of Paragraph 7.2).

7.6. Such special levies may be made payable in one sum or by such instalments, with or without interest and if with interest, at such rate as may be determined by the directors, and at such time or times as the directors shall think fit.

7.7. A member shall not be entitled to withhold payment of any levy or special levy due by him to the company for any reason whatsoever.

- 7.8. Interest shall be payable on arrear levies at such rate as determined by the directors from time to time.
- 7.9. Any amount due by a member by way of a levy or interest thereon shall be a debt due by him to the company.
- 7.10. Where two or more persons are registered as the owners of the land, their liability to pay levies shall be jointly and severally.
- 7.11. The obligation of a member to pay levies shall cease upon him ceasing to be a member, without prejudice to the company's rights to recover arrear levies an interest thereafter.
- 7.12. No levies or interest paid by a member shall under any circumstances be repayable by the company upon the Member ceasing to be a member of the company.
- 7.13. A member's successor-in-title to the freehold residential erf land shall be liable, with effect from the date upon which he becomes a member pursuant to the transfer of such freehold residential erf, to pay the levy attributable to that freehold residential erf.
- 7.14. A member shall be liable for and pay all legal costs, including costs as between attorney and his own client, and any collection commission, expenses and charges incurred by the company in obtaining the recovery of

arrear levies or any other arrear amounts due and owing by such member to the company or imposing the Rules of the company.

7.15. No member shall be entitled to the privileges of membership unless and until he shall have paid every levy, special levy and interest thereon, or any other sum, if any, which may be due and payable by that member to the company, from whatsoever cause arising.

8. **RULES**

8.1. Subject to any restriction imposed or direction given at a general meeting of the company, the directors may from time to time make, add to, amend, repeal or suspend rules regarding:

8.1.1. the design, building and aesthetic control of any improvements to be erected on the freehold residential erven and/or existing dwellings and/or the open spaces and/or any facilities which may exist on the property which are intended for the general use, enjoyment and amenity of the members, and

8.1.2. the security and safety of the property and all persons thereon, and

8.1.3. the preservation of the environment including the right to control the prevention of the removal of indigenous trees and shrubs and to require the cultivation of trees and other vegetation, and

- 8.1.4. the conduct and behaviour of any member, his tenant, family, visitor or servant, and
 - 8.1.5. the standards and guidelines for the design and layout of all areas to be landscaped and to be laid out as garden areas to ensure an attractive and aesthetically pleasing character to the Property, and
 - 8.1.6. the screening of loading and unloading areas, backyard areas, refuse collection areas and storage areas, including the design materials and construction thereof.
- 8.2. For the enforcement of any of the rules made by the directors in terms hereof, the directors may:
- 8.2.1. take or cause to be taken such steps as they may consider necessary to remedy the breach of the rule of which the member may be guilty (including, without limiting the generality of the foregoing, summarily terminating the supply of services to the member's land and/or denying or restricting access to the property by the member), and debit the cost of so doing to the member concerned, which amount shall then be deemed to be a debt owing by the member concerned to the company;
or
 - 8.2.2. take such other action such as arbitration or disciplinary hearing by the directors or court proceedings, as they may deem fit.

- 8.3. In the event of any breach of the rules by any member's household, or his guests, or lessees, such breach shall be deemed to have been committed by the member himself, but, without prejudice to the foregoing, the directors may take or cause to be taken such steps against the person actually committing the breach as they in their discretion may deem fit.
- 8.4. In the event of any member disputing the fact that he has committed a breach of any of the rules aforesaid, a committee of three directors, appointed by the chairman of the company, shall adjudicate upon the issue at such time and in such manner and according to such procedure as the chairman may direct.
- 8.5. Notwithstanding the foregoing, the directors may in the name of the company enforce the provisions of any rules by proceedings in a court of competent jurisdiction and for this purpose may appoint such attorneys and counsel as they may deem fit.
- 8.6. It shall be the duty of the manager, or such other person or body as may be empowered by the directors, to ensure compliance by the members with the rules, and to this end to issue such notices or do such things as may be necessary or requisite.
- 8.7. Each member undertakes to the company that he shall comply with any rules made in terms of this paragraph 8.

9. **MAINTENANCE**

The directors shall have the power, without prejudice to any other rights of the company:

- 9.1. To whenever they consider that the appearance of any freehold residential erf or any building thereon or any landscaping as unsightly or injurious to the amenities of the surrounding area or the property generally, to serve notice on such member to take steps as may be specified in the notice to rectify such unsightly or injurious condition within a stated period; and
- 9.2. should a member on whom a notice in terms of paragraph 9.1 is served fail to take such steps to rectify the unsightly or injurious conditions as may be specified in the notice within the stated period, the company may take such steps as may be necessary to rectify such unsightly or injurious condition and to recover the costs of so doing from the member concerned which costs shall be deemed to be a debt owing by such member to the company.
- 9.3. To from time to time determine the routine maintenance requirements of the open spaces and to instruct the manager to attend to such maintenance requirements on behalf of and at the cost of the company.
- 9.4. To pay the costs of employing and housing an estate manager and/or such staff members as they deem necessary to further the company's objects.

10. **AESTHETICS**

10.1. No member may:

10.1.1. make any improvement of whatsoever nature on the freehold residential erven without the prior written approval of the directors;

10.1.2. erect any improvement of whatsoever nature on the freehold residential erven without the prior written approval of the building plans by the Company in respect of such improvement to be erected;

10.1.3. subdivide any freehold residential erf;

10.1.4. erect any fencing or walling on the land or the property other than as prescribed by the directors from time to time in the rules referred to in paragraph 8;

10.1.5. install television, radio aerials, satellite dishes or solar heating panels which are exposed to view from any building on the estate without the prior written approval of the company;

10.1.6. make any additions or extensions to any building on the freehold residential erven or erect any further building or structure, in particular but not limited to carports, garages, servants quarters, store rooms, lean to, pergolas, sheds and caravan shelters, whether of a temporary or permanent nature, without the written approval of the company

which approval shall not be unreasonably withheld unless the directors of the company are of the opinion that such building or structure is inconsistent with the standard of finishes, architectural style and appearance of the existing buildings on the property or is likely to impair the stability of any existing building.

- 10.1.7. Consolidate 2 (two) or more freehold residential erven, without the prior written consent of the Company

11. **AMENITIES**

- 11.1. The directors shall have control of all social and recreational facilities and amenities situated on the open spaces and may accept and/or amend, add to or delete from time to time such rules as they may consider necessary for the use of any such facilities and amenities by members, including the charging of such fee as they may deem reasonable for the use thereof.

- 11.2. The directors may establish or permit the establishment of clubs or associations of members to control and regulate the use of any such social and recreational facilities and amenities and may delegate to the committees of such clubs or associations any or all of their functions, powers and duties in relation to the particular facility or amenity convened as they may deem fit.

12. **MANAGER**

12.1. The directors may from time to time, and shall if required by the members of the company in general meeting, appoint in terms of a written contract a managing agent, manager or managers with specified functions of control, manage and administer the company and to exercise such powers and duties as may be entrusted to a manager/managing agent, including the power to collect contributions levied.

12.2. The directors shall ensure that there is included in the contract of appointment of the manager a provision to the effect that if he is in breach of any of the provisions of his contract, or if he is guilty of conduct which at common Law would justify the termination of a contract between master and servant, the directors may, without notice, cancel such contract of appointment and the manager shall have no claim whatsoever against the company or any of the members as a result of such cancellation.

12.3. The contract with the manager/managing agent shall further provide for the appointment to be terminated and the manager/managing agent shall cease to hold office if:

12.3.1. where the manager/managing agent is a company or close corporation, an order is made for its provisional or final liquidation, or, where the manager is a natural person, he surrenders his estate as insolvent or his estate is sequestrated, whether provisionally or finally;
or

- 12.3.2. the manager is convicted of an offence involving fraud or dishonesty, or, where the manager/managing agent is a company or close corporation, any of its directors is convicted of an offence involving fraud or dishonesty; or
- 12.3.3. A special resolution of the members of the company is passed to that effect, provided that in such event the manager/managing agent so removed from office shall not be deprived of any right he may have to claim compensation or damages for breach of contract.
- 12.4. The manager/managing agent shall keep full records of his administration and shall report to the company on all matters which in his opinion detrimentally affect the value or amenity of any freehold residential erf, the Property or open spaces.
- 12.5. The directors shall give reasonable prior notice to the manager/managing agent of all meetings of the directors and the manager /managing agent shall be entitled to be present thereat.
- 12.6. The directors shall from time to time furnish to the manager/managing agent with copies of the minutes of all meetings of the directors and of the company.

12.7. Should there be no manager in office at any time, then all references in this Memorandum of Incorporation to the manager shall be deemed to be a reference to the directors.

13. **RESTRICTIONS ON TRANSFER OF THE LAND**

13.1. No member shall transfer the freehold residential erf of which he is the registered owner unless:

13.1.1. the company, under the hand of the managing agent or manager or a director, has certified in writing that the member has fulfilled all his financial obligations to the company in respect of the period up to and including the date specified in such notice; and

13.1.2. the transfer takes place prior to or on that specified date; and

13.1.3. the proposed transferee has agreed in writing to become a member of the company and such written agreement has been lodged with the company; and

13.1.4. a clearance certificate has been issued by the company that the dwelling conforms to the Rules of the Company in respect of that dwelling and all improvements erected on that stand.

13.2. The company may claim from any member or his estate any arrears or levy or interest or other amount due by him to the company at the time of his ceasing to be a member.

14. **MEETINGS OF MEMBERS**

14.1. The company, at such time as prescribed in the Companies Act, shall hold general meetings of members to be known and described in the notices calling such meetings as annual general meetings.

14.2. The directors may, whenever they think fit, convene a general meeting, and a general meeting shall also be convened on a requisition by members representing not less than one-twentieth of the total voting rights of all the members of the company having at the date of the lodgement of the requisition a right to vote at general meetings of the company or, in default, may be convened by the requisitions as provided by and subject to the provisions of the Companies Act.

14.3. If at any time there shall not be within the Republic sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

14.4. Every meeting of members shall, unless otherwise resolved by the directors, be held on the property or in the city or town in which the company's registered office is for the time being situated.

- 14.5. Subject to the provisions of the Companies Act relating to the meetings of which special notice is required to be given, an annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 (twenty-one) clear days' notice in writing at the least, and a meeting of the company, other than an annual general meeting or a meeting for the passing of a special resolution, shall be called by (14) fourteen days' notice in writing at the least.
- 14.6. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting and, in case of special business, the general nature of the business, and shall be given, in a manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company at a meeting of members, to such persons as are, under this Memorandum of Incorporation, entitled to receive such notices from the company, provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed by a majority in number of the members having right to attend and vote at the meeting.
- 14.7. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

15. **PROCEEDINGS AT MEETINGS OF MEMBERS**

15.1. All business that is transacted at a general meeting, and all that is transacted at the annual general meeting, with the exception of:

15.1.1. the consideration of the audited financial statements,

15.1.2. the election of auditors, and

15.1.3. the fixing of the remuneration of the auditors shall be deemed to be special business.

15.2. Business may be transacted at any meeting of members only while a quorum is present.

15.3. Save as herein otherwise provided, the quorum at a meeting of members shall be 25% (twenty five per centum) of the total number of members entitled to vote, personally present or represented by proxy and entitled to vote.

15.4. If within thirty minutes from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved and in any other meeting convened by the directors it shall stand adjourned to the same day in the next week, at the same time and place or, if that day be a public holiday, to the next succeeding day other than a public holiday, and if at such adjourned meeting a quorum is not

present within thirty minutes from the time appointed for the meeting the, subject to the Companies Act, the members or member present shall be a quorum.

15.5. The chairman, if any, of the board of directors shall preside as chair at every meeting of members of the company.

15.6. If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unable or unwilling to act as chair, the members present shall choose some director or, if no director be present or, if all the directors present decline to chair, they shall choose some member present to chair the meeting.

15.7. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned as a result of a direction given in terms of any applicable provision in the Companies Act, notice of the adjourned meeting shall be given in the manner prescribed by such provision but, save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

15.8. At any meeting of members a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the

result of the show of hands, a poll is demanded by any person entitled to vote at the meeting and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by particular majority, or lost, and an entry to that effect in the minute book of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recoded in favour of, or against, such resolution.

- 15.9. No objection shall be raised as to the admissibility of any vote except at the meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any objection shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
- 15.10. If a poll is duly demanded it shall be taken in such manner as the chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Scrutineers shall be elected to declare the result of the poll, and their decision, which shall be given by the chairman of the meeting, shall be deemed to be the resolution of the meeting at which the poll is demanded.
- 15.11. In the case of an equality of votes, whether on a show of hands or on a poll; the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

16. **VOTES OF MEMBERS**

16.1. At any meeting of the company each member of the company, present in person or represented by proxy, or, if a member is a body corporate duly represented, shall have 10(ten) votes for each of the freehold residential erven of which he is the owner;

16.2. A proxy need not be a member of the company.

16.3. The form appointing a proxy shall be in writing under the hand of the appointer or his agent duly authorised thereto in writing or, if the appointer is a corporate body, under the hand of an officer or agent authorised by that body. The holder of a general or special power of attorney given by a member shall be entitled to vote, if duly authorised under that power to attend and take part in the meetings and proceedings of the company or companies generally, whether or not he be himself a member of the company.

16.4. The form appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the registered office of the company not less than twenty-four hours (or such lesser period as the directors may unanimously determine in relation to any particular meeting) before the time for holding the meeting (including an adjourned meeting) at which the person named in the form proposes to vote, and in default, the form of proxy shall not be treated as valid. No form appointing a proxy shall be valid after the

expiration of six months from the date when it was signed, except at an adjourned meeting unless otherwise specifically stated in the proxy itself.

- 16.5. Subject to the provisions of the Companies Act, a form appointing a proxy may be in any usual or common form.

17. **DIRECTORS**

- 17.1. Unless otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four) no more than 10 (ten);

- 17.2. The company may from time to time at any meeting of members, increase or reduce the number of directors.

- 17.3. A director need not be a member of the company.

- 17.4. Unless otherwise decided by a meeting of members any casual vacancy occurring in the board of directors may be filled by the directors.

- 17.5. The company, at a meeting of members, or the directors, shall have power at any time, and from time to time, to appoint any person as a director but so that the total number of directors shall not at any time exceed the maximum number fixed by or in terms of this Memorandum of Incorporation.

18. **REMUNERATION OF DIRECTORS**

18.1. The remuneration of the directors shall from time to time be determined by the directors, having regard to the general principle that directors should not be remunerated. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors including those of attending and travelling to and from meetings of the directors or any committee of the directors or at any meetings of members of the company.

18.2. The directors may pay any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration as they may determine.

19. **ALTERNATE DIRECTORS**

19.1. Any director shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate to more than one director or where an

alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.

19.2. The alternate directors, whilst acting in the place of the alternate directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of this Memorandum of Incorporation or if the director was appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

20. **BORROWING POWERS OF DIRECTORS**

20.1. The directors may in their discretion from time to time, raise or borrow from the members or other persons any sums of money for the purpose of meeting the objects of the Company as set out in this Memorandum of Incorporation without limitation.

20.2. The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of Paragraph 20.1 or the payment of any debt, liability or obligation whatsoever of the company or a third party, in such manner and upon such terms and conditions in all respects as they think fit.

21. **GENERAL POWERS AND DUTIES OF DIRECTORS**

21.1. The business of the company shall be managed by the directors who may exercise all such powers of the company as are not prohibited by the Companies Act or by this Memorandum of Incorporation required to be exercised by the company at any meeting of members, subject nevertheless to provisions of this Memorandum of Incorporation and of the Companies Act and to such regulations being not inconsistent with this Memorandum of Incorporation or the Companies Act, as may be prescribed by the company at any such meeting, but no regulation made by the company at such meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

21.2. The directors may from time to time appoint one or more of their body to the office of managing director for such period and generally on such terms as they may think fit. The appointment of a managing director shall cease *ipso facto* if he ceases for any reason to be a director, or if the company at any meeting of members shall resolve that his tenure of the offices of managing director is determined.

21.3. The directors may from time to time entrust to and confer upon a managing director for the time being such of the powers vested in them as they may think fit, and may confer such powers for such time and to be exercised or such objects and upon such terms and with such restrictions as they may think expedient, and they may confer such powers either collaterally or to the

exclusion of, and in substitution for, all or any of the powers of the directors, and may from time to time revoke or vary all or any of such powers.

21.4. The directors shall have the power from time to time to delegate to any one of their body or to any other person, whether in the Republic or not, such of the powers as are vested in the directors pursuant to the Companies Act or under this Memorandum of Incorporation, as they may deem fit.

21.5. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit, any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors. Save as aforesaid, the meetings and proceedings of a committee consisting of more than one member shall be governed by the provisions of this Memorandum of Incorporation regulating the meetings and proceedings of directors.

21.6. The directors shall not be entitled to undertake on behalf of the company any works of a capital nature, without the sanction of a resolution of the company in a general meeting.

22. **DISQUALIFICATION AND PRIVILEGES OF DIRECTORS**

22.1. A director shall cease to hold office as such if:

- 22.1.1. he ceases to be a director by virtue of any of the provisions of the Companies Act or becomes prohibited from being a director by reason of any Order made under the Companies Act; or
- 22.1.2. his estate is sequestrated or he files for a petition for the surrender of his estate or an application for an administration order, or if he commits an act of insolvency as defined in the insolvency law for the time being in force, or if he makes any arrangement or composition with his creditors generally; or
- 22.1.3. he is found lunatic or becomes of unsound mind; or
- 22.1.4. he is removed by a resolution of the company as provided in the Companies Act; or
- 22.1.5. he resigns his office by notice in writing to the company; or
- 22.1.6. a notice removing him from office is signed by members having a right to attend and vote at a meeting of members who hold more than 75% (seventy five percent) of the total voting rights of all the members who are at the time entitled so to attend and to vote and is delivered to the company or lodged at its registered office; or
- 22.1.7. he is otherwise removed in accordance with any provisions of this Memorandum of Incorporation.

22.2. No director or intending director shall be disqualified by his office from contracting with the company in any manner whatsoever, provided that the director shall notify the other directors at the earliest opportunity of the nature and extent of any direct or indirect material or financial interest he has in any contract with the Company.

22.3. Such director shall be entitled to vote at any board meeting or otherwise in relation to such contract as freely as if he were not interested therein and he shall be reckoned for the purpose of constituting a quorum of directors.

23. **PROCEEDINGS OF DIRECTORS**

23.1. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

23.2. The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

23.3. Unless otherwise resolved by the directors, all their meetings shall be held on the property or in the city or town where the company's registered office for the time being is situated.

23.4. Questions arising from any meeting of directors shall be decided by a majority of votes.

- 23.5. The chairman shall not have a second or casting vote in the case of an equality of votes.
- 23.6. The directors may determine what period of notice shall be given of meetings of directors and may determine the means of giving such notice. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from the Republic, but notice of any such meeting shall be given to his alternate, if he has appointed one, provided that such alternate is in the Republic.
- 23.7. Unless otherwise determined by the directors, a quorum shall consist of 3 (three) directors. For the purpose hereof a director who has authorised another director to vote for him at a meeting in terms of Paragraph 19 shall, if the director so authorised is present at the meeting, be deemed to be present himself and each director whose alternate is present at a meeting (even if the latter is alternate to more than one director) shall be deemed to be so present.
- 23.8. The continuing directors (or sole continuing director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this Memorandum of Incorporation as a quorum, the continuing director or directors may act only for the purposes of summoning a general meeting of the company. If there are no directors or directors able and willing to act, and no specific provision is made in this Memorandum of Incorporation for the appointment of directors,

then any two members may summon a general meeting for the purpose of appointing directors.

23.9. Subject to the Companies Act, a resolution in writing signed by the sole director or by all the directors for the time being present in the Republic and being not less than are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. Provided that were a director is not present in the Republic, but has an alternate who is, the resolution may consist of several documents, each signed by one or more directors of their alternates.

23.10. A director unable to attend a directors' meeting may authorise any other director to vote for him at that meeting, and in that event the director so authorised shall have vote for each director by whom he is so authorised in addition to his own vote. If both the director so authorised and an alternate of the director who granted the authority are present at the meeting, the alternate shall not be entitled to vote on behalf of the absent director. Authority in terms of this Article must be in writing (which may take the form of a telegram, e-mail or telefax) and must be handed to the person presiding at the meeting at which it is to be used.

24. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding it, the directors present may choose one of their number to be chairman of that meeting.

25. **VALIDITY OF ACTS OF DIRECTORS AND COMMITTEES**

25.1. As regards all persons dealing in good faith with the company, all acts done by any meeting of the directors, or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or continuance in office of any such directors or persons acting as aforesaid, or that they or any of them were disqualified or had ceased to hold office or were not entitled to vote, be as valid as if every such person had been duly appointed or was qualified or had continued to be a director or was entitled to vote, as the case may be.

26. **ACCOUNTS**

26.1. The directors shall cause such accounting records as are prescribed by the Companies Act to be kept.

26.2. Such accounting records will fairly represent the State of Affairs and Business of the company and will explain the transactions and the financial position of the company. The accounting records shall be kept at the registered office of the company or at such other place as the directors think fit.

26.3. The directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the

accounting records of the Company or any of them shall be open for inspection by Members not being directors, and no Member shall have any right of inspecting any accounting records or documents of the company except as conferred by the Companies Act or authorised by the directors or the company in general meeting.

27. **ANNUAL FINANCIAL STATEMENTS AND INTERIM REPORTS**

27.1. The directors shall from time to time, in accordance with the Companies Act, cause to be prepared and laid before the company at the company's annual general meeting such annual financial statements.

27.2. A copy of the annual financial statements which are to be laid before the company in Annual General Meeting, shall not less than 21 (Twenty One) days before the date of the meeting, be sent to every Member of the company provided that this Article shall not require a copy of those documents to be sent to any person of whose address the company is not aware of.

28. **AUDITORS**

28.1. An Auditor shall be appointed in compliance with the Companies Act.

28.2. The appointment, powers, rights, remunerations and duties of the Auditors shall be regulated by the provision of the Companies Act.

29. **RESERVES**

29.1. The directors may set aside out of the profits of the company or contingencies as budgeted for and carry to reserve such sums as they think proper.

29.2. All sums standing to the credit of revenue and general reserve shall at the discretion of the directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the company, for repairing, improving or maintaining any property of the company, for meeting losses on realisation of, or writing down investments either individually or in the aggregate, or for any other purpose to which profits of the company may appropriately be applied. Pending such application such sums may either be employed in the business of the company (without being kept separate from other assets of the company) or be invested and may not be repaid to members.

29.3. The directors may divide the reserve into such special reserves as they think fit and re-allocate the amounts of such reserves either in whole or in part to other special or general reserves and may consolidate into one reserve any special reserves or any parts of special reserves into which the reserve may have been divided. The directors may also carry forward any profits without placing them to reserve.

30. **NOTICES**

- 30.1. A Notice by the company to any member shall be regarded as validly given if it is delivered personally to the member, or sent by prepaid registered post to him at his registered address or emailed to him by electronic communication at an email address which was provided in terms of paragraph 5.7 read with paragraph 30.2.
- 30.2. A member entitled to a notice shall be bound by every notice given in terms of paragraph 30.1. The company shall not be bound to enter any person in the register of members until that person gives the company details of the member's physical address, as well as a postal and email address to enter on the register in terms of paragraph 5.7.
- 30.3. Any notice if given by post, shall be deemed to have been served on the day following that on which the letter or envelope containing such notice is posted, and in proving the giving of the notice sent by post, it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the Post Office. Any Notice by hand and by email shall be deemed to have been served on the same day of transmittal by hand or email.
- 30.4. When a given number of days' notice or notice extending over any period is required to be given, the days of service shall not be counted in such number of days or period.

31. **INDEMNITY**

Every director, manager and officer of the company and every person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out of the funds of the company against all liability incurred by him as such director, manager, officer or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

32. **WINDING – UP**

32.1. The company does not have a share capital.

32.2. The liability of each member is limited to the following amount upon the company being wound-up in that each member undertakes to contribute to the assets of the company while he is a member or within one year after he has ceased to be a member upon the company being wound- up, the amount of R1,00 (One Rand) in respect of each freehold residential stand of which he is the owner.