

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 2008 (Act 71 of 2008)

MEMORANDUM of INCORPORATION
of a NON PROFIT COMPANY

REGISTRATION NUMBER

1992/006841/08

NAME OF COMPANY: **WHITE RIVER COUNTRY ESTATE
HOMEOWNERS ASSOCIATION**

CATEGORY OF COMPANY: **NON PROFIT COMPANY (Section 8)**

ORIGINAL REGISTRATION DATE: **25 November 1992**

AMENDMENT DATE: **23 June 2012 (Section 16)**

FORMAT OF MEMORANDUM

Neither the short nor the long standard form of Memorandum for a Non-Profit Company, being Forms CoR.15.1.E and respectively CoR15.1.F, will apply to the Company.

This Memorandum is in a form unique to the Company, as contemplated in section 13(1) (a) (ii) of the Act.

DEFINITIONS

1. In these Articles
 - 1.1 The "Act" means the Companies Act 71 of 2008;
 - 1.2 "Agreement" refers to this Memorandum of Incorporation, which is a contract between the Association and each person who becomes a Member.
 - 1.3 "Association" means the White River Country Estate Homeowners Association;
 - 1.4 "Chairman" means the person elected to serve as the chairman of the Board of Directors of the Association;
 - 1.5 "Directors" means the Board of Directors of the Association;
 - 1.6 "Estate" means the same as Township;
 - 1.7 "Main Objective" means the same as main business as described in Section 6.3;
 - 1.8 "Member" means all natural persons registered as owners on the Title Deed of the property, whether acting personally or in any form of representative or official capacity whatsoever (including but not limited to a Trustee), and all Representatives.
 - 1.9 "Publish" means notice given in writing by letter, which letter can be posted and need not be registered mail, or could be hand delivery to a legal address, or could be send in electronic format, as an e-mail or official newsletter of the Association, or a facsimile or by SMS.
 - 1.10 "Property" refers to any individual erf or stand in the Township
 - 1.11 "Resident" means any person paying rent or occupational rent to a Member, the tenants, to any degree, of members, or any person staying permanently in the Township for a period of 3 months or longer, including ordinarily non-resident members.

- 1.12 “Representative”, in relation to any member not a natural person acting personally, means (in relation to the particular Trust or legal entity/ies registered as the owner):
- 1.12.1 A Company; all of its Shareholders, Directors and Office bearers;
 - 1.12.2 A Close Corporation; all of its members; and
 - 1.12.3 A Trust; all of its Trustees and Beneficiaries.
- 1.13 “Township” means the Townships of White River Extensions: 26 through 33 inclusive; 36; 44; 50 through 56 inclusive; 58 and 59; including the roads and portions of land in between used as parks, sport and/or recreational area, inter connected and managed by the Association.

INTERPRETATION

- 2.1. Words which describe a natural person will also describe an Association, Body Corporate, the Trustees of a Trust or other legal persons, and *vice versa*;
- 2.2 Words which describe the masculine shall also describe the feminine or refer to the neutral. For convenience only, this agreement refers to the masculine singular.
- 2.3 Words which are singular shall include a reference to the plural and *vice versa*;
- 2.4 Annexures to this agreement are an integral part of it;
- 2.5 Reference to a party includes that party's successors and permitted assigns;
- 2.6 Any reference to an enactment is to that enactment as at the date of signature hereof.
- 2.7 Where the day on or by which anything is to be done is not a business day, it must be done on or by the first business day that follows;
- 2.8 When a number of days is prescribed in this agreement, they must be calculated exclusively of the first and inclusively of the last day, unless the last day falls on a Saturday, Sunday or Public Holiday, in which case, the last day shall be the next succeeding day which is not a Saturday, Sunday or Public Holiday;

- 2.9 Any reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- 2.10 The captions appearing in this agreement are for reference purposes only and shall not affect the interpretation hereof;
- 2.11 Where figures are referred to in numerals and words, if there is any conflict between the two, the words must prevail.
- 2.12 Where notice needs to be given in terms of this agreement, the following will apply;
- 2.12.1 A notice may be published by the Association to any member, by any means convenient to the Directors;
- 2.12.2 The onus remains on the member to inform the Secretary of any change in his email, facsimile / telephone number or postal address and to receive written acknowledgement of receipt. In the event that a member does not receive written acknowledgement of receipt from the Association, the change will not be effective against the Association.
- 2.13 Where the Act refers to “a shareholder”, “the holders of a company’s securities”, “holders of issued securities of that company” or “a holder of voting rights entitled to be voted”, the reference must be read to be a reference to the voting members of the Association.

MEMBERSHIP

- 3.1 Every registered owner of a Property in the Township is a Member of the Association. A person or representative becomes a Member of the Association on date of registration of transfer of the property into his name.
- 3.2 A member may not resign from the Association while he is the registered owner; or remains a representative of the registered owner of a Property.

- 3.3 Where two or more people own a Property, the co-owners are seen collectively as one Member, and have the rights and obligations to the Association of one Member. Similarly, where a legal entity defined as a member has one or more Representatives, the representatives are seen collectively as one Member.
- 3.4 The co-owners of a Property are jointly and severally liable for the performance of an obligation to the Association.
- 3.5 All Members must pay levies to the Association and must obey the rules of the Association.
- 3.6 The rights of a Member are terminated on the date that the Property is transferred out of the Member's name. The purchaser of the Property must become a Member of the Association.
- 3.7 Any obligation, known or unknown that a Member may have had to the Association while he was a Member will be enforceable after termination of his Membership.
- 3.8 A member is responsible for the action or inaction of the resident while they occupy the property, and must pay any fines or penalties that may result from their occupation, even if the resident has not signed a contract.
- 3.9 Members must at all-times further the objectives and interests of the Association to the best of their ability; and must obey the rules of the Association made by the Board in terms of this Agreement. Members are responsible to see to its Resident and/or Visitor to obey the rules of the Association.
- 3.10 A Member cannot transfer his rights and obligations to the Association to anybody else, except if he cedes his rights in terms of this Agreement to a bank as security for a mortgage
- 3.11 Members in good standing have the right to use all common property owned or leased by the Association, and are entitled to enjoy all other privileges offered by the Association.

3.12 The Directors may restrict access to, or otherwise suspend the use of common property or leased premises of the Association.

SUSPENSION FROM MEMBERSHIP

4.1 If a Member, having been duly notified and provided reasonable time to rectify, is overdue in paying his levies; or has failed to pay any money to the Association that is owed to it, or has broken the rules of the Association, the overdue Member may be suspended from the benefits of Membership, including use of the paid-for services the Association provides to members.

4.2 The Directors will send a notice to the Member informing him of his suspension, and the reasons for it.

4.3 The member may appeal the suspension by following the arbitration proceedings or dispute resolution processes set out in these Articles.

4.4 The member's suspension remains in force, unless the Directors give notice to the contrary.

4.5 If a Member is suspended for any reason, the Member is not entitled to the privileges of Membership of the Association, which include but are not limited to the paid-for services the Association provides to Members, right to attend or vote at any meeting and to use any electronic security access systems, to advertise in official publications or receive news bulletins, or to enjoy estate agent's or building contractor's privileges.

LEVY

5.1 The Directors of the Association may impose levies on Members of the Association.

5.2 Members must pay levies to cover the expenses of the Association that have been paid or that the Association reasonably believes it will have to pay in the future, for the operation, protection, maintenance; repair and improvement (the "expenses") of the Township and its common properties.

- 5.3 An estimate, in reasonable detail, of the amount of the levy (the “estimate”) must be prepared by the Directors not less than 30 (thirty) days or as soon afterward as may be possible, before the end of the Association’s financial year. The Directors must publish a notice with the estimate to the members within 10 (ten) days of adoption.
- 5.4 The estimate must set out in reasonable detail:
- 5.4.1 the amount that the Directors of the Association believe will be needed to cover expenses for the next financial year;
 - 5.4.2 the deficit from the preceding financial year, if any, and an explanation thereof;
 - 5.4.3 if the Directors deem it necessary, the details of any amount to be held in reserve to meet unexpected costs, or a reserve fund for unanticipated expenses; and
 - 5.4.4 the contribution payable by each individual Member.
- 5.5 When imposing levies, the Directors must, as far as possible:
- 5.5.1 allocate any specific cost of the Association to the Property it relates to;
 - 5.5.2 assign a cost applying generally to a number of Properties to the Properties it relates to, in an appropriate proportion; and
 - 5.5.3 assign the costs relating to the Association generally, to all Properties.
- 5.6 If the Directors do not prepare an estimate in time, the Members must continue to pay the same levy as the previous year. The new levy is payable from the first day of the first month after the Directors have properly distributed the estimate.
- 5.7 The Members must pay levies for each month in advance, on or before the first day of the month. Any amount due by a member by way of a levy and interest shall be a debt due by him to the Association. A member may not choose to pay portion of his levy for any reason relating to his interpretation of service delivery by the Association. The full levy raised is due and payable monthly and the dispute resolution mechanism provided in this agreement must be followed for any other issue.

- 5.8 The Directors may impose a special levy on Members, for any expenses not included in the estimate, and may decide on a method by which the Members must pay the special levy.
- 5.9 The Directors must publish notice of their intention to impose a special levy, at least 30 (thirty) days before its imposition on the members. The notice must specify the reason for the special levy, the amount and the breakdown of the calculations in terms of which the amount was reached.
- 5.10 The Association may charge interest on any amount owing to it. The Directors may decide the rate of interest, which must not be more than allowed by the National Credit Act 34 of 2005.

ASSOCIATION'S PRINCIPLES, RULES AND REGULATIONS

- 6.1 The Members understand that the Township is a residential estate and this character should be preserved. The Members also understand that it is the goal of the Association to make sure that developments in the Township are harmonious and agree with the Township's development plans.
- 6.2 Notwithstanding that members hold title to their individual stands it is recorded that the development of the property is of a homogenous nature and that the Association shall be vested with overall control of all matters affecting the Estate.
- 6.3 The main business of the Association is to promote, advance and protect the common interest of its members and property in the Township and in particular in so promoting such common interest to ensure acceptable aesthetic, architectural and environmental standards in the said Township and to promote and maintain recreational facilities on private public land within the Township. Furthermore, to deal with other matters relating to the Township which are of common interest to all its members, and more particularly to;
- 6.3.1 Develop, administer and maintain the Township in accordance with decisions taken from time to time by the Association;

- 6.3.2 to set rules for the Association and its members as set out in the Act, and to set fines for breaking the rules;
 - 6.3.3 to provide and control security and security systems for the Township and to provide certain communal services to its members, as and when required and approved by the Association for the benefit of all members;
 - 6.3.4 to promote sound relationships with the White River Country Club, including accepting membership of the Club, as approved by the Association;
- 6.4 Notwithstanding the authority provided in this agreement, each member agrees and acknowledges that the Board of Directors' are entrusted with the overall management of the Township including the provision of a security service. It is further acknowledged that the security service is not a service to protect an individual property, but a general security service for the Estate. Each member hereby irrevocably indemnifies and holds the Association and/or Board of Directors free from liability against all claims, losses, liabilities, demands, damages, costs, charges or expenses arising out of the security service hereby provided.
- 6.5 The Members give the Board of Directors the power to set the Rules for the Association and its Members, and to set fines for violation of the rules as contemplated in terms of Section 15 (3) of the Act.
- 6.6 The Rules may relate to:-
- 6.6.1 the standards and guidelines for the design of buildings and outbuildings, or structures of any nature, and additions and alterations to any building, outbuilding or structure erected or to be erected in the Township. In particular, the Association has the right to control the design of the exterior of buildings, outbuildings or structures and the materials and colours to be used to ensure an attractive, aesthetically pleasing and uniform character to the buildings in the Township;

- 6.6.2 the siting of buildings, outbuildings, or structures of any nature, and of any additions, demolitions and re-builds and alterations thereto;
- 6.6.3 the standards and guidelines for the design of site works, buildings, structures, installations and projections on the properties, including aerials, pergolas, side walls or, screens, swimming pools, tennis courts, awnings, jacuzzis, carports and paved pathways;
- 6.6.4 the preservation of the environment including the right to control vegetation and the right to prohibit and/or control the erection of walls, fences, hedges, and plants whether on or within the boundaries of any Property;
- 6.6.5 the right to prohibit, restrict or control the resident's right to engage in any form of business at the residence, including the right to impose additional levies in the event that such use is allowed;
- 6.6.6 the right to prohibit, restrict or control the resident's right to keep any animal which they regard as dangerous or a nuisance;
- 6.6.7 the use, maintenance, repair and replacement of any private or public open space including any roads, road reserves or sidewalks in the Township and of any services, connections and equipment in such areas;
- 6.6.8 the access to and egress from any of the Properties in the Township;
- 6.6.9 the right of employees, contractors or individuals present in the Township for business or commercial purposes to have visitors on the estate;
- 6.6.10 the right to determine and control all security measures in the Township;
- 6.6.11 the placing or fixing of ornamentation or embellishments to the outside of buildings including the power to remove any such object;
- 6.6.12 the conduct of any persons within the Township, to prevent nuisance or inconvenience to any Member;
- 6.6.13 the determination and recovery of charges for water, stormwater, sewerage or electricity consumed on the Properties in the Township (where applicable);

6.6.14 the control and collection of refuse;

6.6.15 the land use of property and registration of service providers, in respect of which a Member may not apply to the Local Town Council or equivalent authority for a change in land use rights without first obtaining the consent of the Directors of the Association. Consent will not be unreasonably withheld; and

6.6.16 the furtherance and promotion of any of the objects of the Association for the better management of the affairs of the Association; or for the advancement of the interests of Members or residents in the association area.

6.7 If the Directors pass a resolution to include, amend or delete (“change”) a rule or fine, they must publish details of the inclusion, amendment or deletion of the rule or fine to the Members of the Association.

6.8 Rules currently in effect remain in effect until notice otherwise is published to Members.

6.9 Any change to the rules or a new rule becomes effective on the date specified in the notice, which may not be less than 7 (seven) business days after Members have received notice of the rule or change.

6.10 The Directors shall be indemnified by the members in respect of any action performed in proper pursuit of the rules.

6.11 A rule and fine contemplated in 6.5 is binding in the interim as specified in Section 15 (4) (c) (i) of the Act and permanently once it has been ratified by an ordinary resolution of the Association.

6.12 A Member is responsible for the actions or inactions of his household, visitors, employees or contractors, and will be fined by the Association, or the Association may take appropriate legal action against him, as if he had infringed the Associations’ rules.

- 6.13 The Association may without affecting its rights fine or take other steps against the individual who actually infringed the Association's Rules.
- 6.14 The Association must advise the Member, and if possible, the individual who infringed the rule of the fact that a fine has been imposed, and the reason for the fine.

ASSOCIATION'S POWER TO ENFORCE ITS RULES

- 7.1 If a Member or Resident or any person for whom a Member or Resident is responsible, has broken the Rules of the Association, the Directors may:-
- 7.1.1 give notice to the Member or Resident concerned which requires him to rectify the breach or make payment of any amount claimed by the Association, within such reasonable period as the Directors may decide; and/or
 - 7.1.2 take or cause to be taken any steps as may be considered necessary to rectify the breach of the rule that the Member or Resident may be guilty of breaching, or recover the debt, and recover any costs of doing so from the Member or Resident concerned, which amount shall be deemed, without the necessity of taxation or debate, to be a debt owing by the Member.
 - 7.1.3 after following due process, enter the Member's property to take any steps necessary to remedy the breach; and/or
 - 7.1.4 impose a system of fines or other penalties. The amount of the fines must be reviewed and confirmed at each Annual General Meeting of the Association, for the year ahead; and/or
 - 7.1.5 take such other steps including proceedings in Court, as they deem reasonably necessary.

- 7.2 Notwithstanding 7.1.1 above, the Directors reserve the right to proceed to rectify or repair any damage to the perimeter fence, entrance gates or security systems without first notifying the Member and they reserve the right to claim such damages from the Member upon submission of proof of the damage.
- 7.3 The Association may sue its Members to recover fines.
- 7.4 If the Association takes legal action in any form against a Member or Resident, the Association may recover its costs from the Member on the attorney and client scale.
- 7.5 If a Member disputes a fine, the Member should follow the process and procedures as stipulated in Section 21 (Arbitration) of this Agreement.

MEETINGS OF THE ASSOCIATION

- 8.1 The Directors must at least once a year call for and hold an Annual General Meeting of the Association, in accordance with the Act. The Annual General Meetings may not be held more than 6 (six) months after the end of every ensuing financial year of the Association.
- 8.2 Annual General Meetings and meetings called in order to pass a special resolution must be called for at least 21 (twenty one) calendar days before the meeting.
- 8.3 Ordinary Meetings or any other meeting must be called for on at least (10) ten calendar days' notice.
- 8.4 Notice of meetings must be published.
- 8.5 Other General Meetings of the Association may be held from time to time as necessary.
- 8.6 The Directors or Members may call for such a meeting in terms of the procedures set out in the Act.

- 8.7 A Members' requisition for a meeting must:
- 8.7.1 be in writing to the Directors;
 - 8.7.2 describe the specific purpose for which the meeting is to be held; and
 - 8.7.3 be made by, or signed by no less than 10 % (ten) percent of the members of the Association entitled to vote on the agenda item for the meeting.
- 8.8 The Secretary of the Association may, if the proposed resolution is received in time, include the proposed resolution in the notice of any meeting the Association has scheduled; or otherwise, after the Member has paid for it, issue a copy of the proposed resolution to all Members by whatever convenient means, as quickly as possible, before the meeting.
- 8.9 Participation in General Meetings of the Association by electronic communication as provided for in Section 63 (2) of the Act will not be allowed.
- 8.10 The accidental omission to give notice of a meeting to any Member does not invalidate a resolution passed at that meeting.

VERIFICATION OF RIGHT TO ATTEND MEETING

- 9.1 A person wishing to attend or participate in a Member's meeting (whether as a proxy or Member), must present reasonably satisfactory identification to the Secretary of the meeting at least fifteen minutes before the time scheduled for the start of the meeting. The Secretary must be reasonably satisfied that the right of the person to attend and vote has been reasonably verified. For the purposes of this article, the following forms of identification shall be reasonably satisfactory: a valid identity document, driver's license or passport (or a certified copy of any of these documents), accompanied by a power of attorney, letter of authority or other instrument appointing the proxy or person to attend the meeting on behalf of a Shareholder.
- 9.2 In the event that the identification process is not completed by the time that the meeting is scheduled to begin, then the commencement of the meeting shall be delayed until the identification process is complete.

PROCEDURE AT GENERAL OR ANNUAL MEETINGS

- 10.1 All business conducted at a meeting, whether at an Annual General or General meeting, will be considered ordinary business and would be resolved by ordinary resolution as contemplated in Section 65 of the Act.
- 10.2 A Special resolution of members is required for the business prescribed in Section 65 (11) of the Act, and must be supported by at least 75 % of the members.
- 10.3 The Chairman of a meeting will be the Chairman of the Association or failing him, the Vice-Chairman.
- 10.4 If neither is present within fifteen minutes of the scheduled start time of the meeting, then the Members present, whether or not a quorum is present, shall choose a Chairman. This decision may not be polled.
- 10.5 The Secretary must keep detailed minutes of the meeting in writing. The Secretary of a meeting will be the Secretary of the Association.
- 10.6 A quorum of Members is 20 % (twenty percent) of the Members entitled to vote, in person or by proxy. (Section 64 (2) of the Act)
- 10.7 If there is no quorum within 30 (thirty) minutes of the scheduled start time the meeting shall stand adjourned, until a date, place and time appointed by the Chairman, which shall not be earlier than 7 (seven) days nor later than 21 (twenty-one) days after the scheduled date of the original meeting. (Section 64 (6) of the Act)
- 10.8 If there is no quorum present within 30 (thirty) minutes of the scheduled start time of the adjourned meeting, the Members present in person or by proxy will constitute a quorum and the meeting may proceed.
- 10.9 A quorum of Members at a General Meeting may make a motion, asking the Chairman of a meeting to adjourn it at any time. The procedures and time frames provided in Sections 64 (10) to (12) of the Act, will apply.

10.10 The agenda at an adjourned meeting must not differ in any material respect from the agenda for the original meeting and no other business may be conducted other than the unfinished business of the original meeting.

10.11 Save as set out above, meetings of the Association are to be convened and conducted in accordance with the Act.

VOTES AND POLLS

11.1 Members who are suspended or not in good standing with the Association may attend meetings of the Association at the discretion of the Chairman, but may not vote at meetings of the Association. They may not appoint a proxy to attend or vote at the meeting of the Association. If they do vote, it will not be counted.

11.2 Each Property has one vote. Only one person may represent the Property and exercise its vote, even if the property has more than one registered owner.

11.3 Any matters put to the vote shall be decided on a show of hands. Proxies may not vote on a show of hands.

11.4 Members, or their proxies, may call for a poll on any vote, either before or on declaration of the result of a vote. A minimum of three Members, or their proxies, must support the call for the poll. Proxies may vote in a poll. A call for a poll may be withdrawn.

11.5 The Chairman of the meeting will direct how the poll will take place. A demand for a poll on a resolution does not mean that the meeting must be interrupted. Other business must continue.

11.6 Save as is required by the Companies Act, voting at a meeting of Members, whether by show of hands or by poll, is decided by a simple majority.

11.7 The Chairman does not have a casting vote. If the number of votes is identical, the resolution is defeated.

- 11.8 If a Member has an objection to the manner in which the meeting was conducted or votes were recorded, he must raise the objection before the close of the meeting. The Secretary must record the Members' objection.
- 11.9 If no objection is raised, the meeting is seen as having been in all respects properly and validly constituted and conducted, and the note of the outcome of any vote to have been correct.

BUSINESS OF AN ANNUAL GENERAL MEETING OF MEMBERS

- 12.1 The Agenda of a Meeting shall be decided by the Directors of the Association.
- 12.2 The Agenda of an Annual General Meeting must include:
- 12.2.1 the business prescribed by Section 62 (3) of the Act;
 - 12.2.2 the election of new Directors of the Association;
 - 12.2.3 consideration of the financial statements of the Association;
 - 12.2.4 The appointment of auditors and their fees.

BUSINESS AND MEETINGS OF THE BOARD of DIRECTORS OF THE ASSOCIATION

- 13.1 The Board of Directors of the Association (the "Directors") may have a minimum of 7 (seven) and a maximum of 15 (fifteen) members.
- 13.2 A Director must be a natural person, and must be an individual or co-owner (or a spouse of either) or a Representative. A Director however, by accepting his appointment to office as such, shall be deemed to have agreed to be bound by all the provisions of these presents.
- 13.3 Subject to the instructions of the Members of the Association in general meetings, the Directors have all necessary powers to manage and control the business and affairs of the Association.

- 13.4 The Directors must meet at least every alternate month to discuss the business of the Association. Minutes must be kept of all meetings. The Chairman or any two Directors may call for an additional meeting at any reasonable time.
- 13.5 The Directors may otherwise regulate their business and meetings as they see fit.
- 13.6 The quorum for a Director's meeting is 51 % (fifty one percent) of the Directors serving at the time.
- 13.7 When a resolution of the Board is called for, the Secretary must record in writing:-
- 13.7.1 the proposed resolution;
 - 13.7.2 the manner in which the vote on the proposed resolution was cast; and
 - 13.7.3 whether the resolution was approved or not
- 13.8 Resolutions of the Board may be:
- 13.8.1 passed by a show of hands;
 - 13.8.2 passed in counterpart, which may include the submission of a Directors vote by electronic communication, provided the motion for such vote was circulated beforehand to all Directors;
 - 13.8.3 passed on a round-robin basis or in any combination of the above.
- 13.9 In order for a resolution to be approved, 51 % (fifty one) per cent of the Directors present at a meeting or serving at the time must approve a resolution. In calculating 51 %, the number will always be rounded to the highest integer.
- 13.10 The Chairman does not have a casting vote. In the event of the number of votes being the same, the motion will be defeated.
- 13.11 Resolutions adopted by the Board are effective as of the date of the resolution.

- 13.12 If the number of Directors is below the minimum number required in terms of this Memorandum, the Directors may not act, except in an emergency or to vote to appoint additional Directors as may be necessary to bring the number of Directors to the minimum number prescribed in this Memorandum.
- 13.13 The General Manager or Managing Agent of the Association shall be the Secretary of the Board of Directors and the Association.
- 13.14 In the event of all Directors resigning at once, the Secretary shall call for a Special General Meeting within 10 (ten) days, for the purpose of electing Directors.
- 13.15 In the event of the Board of Directors taken an ultra vires decision or acting outside its powers, the Secretary shall report such inappropriate decision or action to the Board of Directors with the request to withdraw and rescind such decision or action. Should the Board fail to comply with such demand, the Secretary may call for a Special General Meeting of members to address the matter.
- 13.16 Within 15 (fifteen) days of the Annual General Meeting, the Secretary shall call a meeting of the Board of Directors for the purpose of electing a Chairman and Vice-Chairman to serve till the following Annual General Meeting or for such shorter period as the Board may decide. If no office bearers are present within five minutes of the start of that meeting, the Directors present must elect one of them to hold office for the duration of that particular meeting.
- 13.17 The Board of Directors may introduce a system of portfolio committee's on terms and conditions deemed fit by the Board.
- 13.18 The Board of Directors may delegate their powers to a committee of Members, or such other persons as they think fit, save from the conditions contained in the Act. Any delegation of powers must be by a resolution taken by the Board of Directors.
- 13.19 The Committee's procedures, and its obligation to minute its meetings, are exactly the same as those of the Directors as set out in these Articles, subject to the authority of the Directors.

13.20 All acts done or decisions taken by a Director or Committee or the Secretary within the delegated powers of authority entrusted to him, shall be reported to the next Board of Directors meeting for ratification. No Director or Committee or the Secretary may act outside the delegated powers of authority entrusted to him by the Board of Directors. The Board of Directors must confirm the delegated powers of authority annually at its first meeting.

ELECTION OF DIRECTORS

14.1 The Board of Directors may fill casual vacancies on the Board, which arise between Annual General Meetings.

14.2 At the Annual General Meeting all the Directors then holding office must retire. Retiring Directors may be re-elected.

14.3 The Members of the Association must fill the vacant offices at its Annual General Meeting and may decide to maintain, increase or decrease the number of Directors. A Director is elected to serve the Association from date of election till the next Annual General Meeting. ("corporate year").

14.4 The Directors will be elected in terms of Section 5 (1) of Schedule 1 of the Act as follows:

14.4.1 Nominations for Directors must be submitted to the Secretary on the prescribed form 7 (seven) days prior to the appointed date for the Annual General Meeting. Such nomination must be co-signed by at least 2 (two) members in good standing.

14.4.2 The Nominee must accept in writing his understanding and adherence to the conditions of the Act and in particular Sections 75, 76 & 77 of the Act and must be in good standing with the Association and its rules.

14.4.3 No nomination for Directors will be accepted at the Annual General Meeting.

14.4.4 A Member seeking election as Director must be prepared to address any questions posed to him by the members.

14.4.5 The election of Directors shall be by ballot, unless the number of nominations is equal to or fewer than the number of vacancies to be filled. Proxies may vote on the ballot poll.

14.4.6 Should the number of nominations exceed the number of vacancies for Directors, voting shall be conducted as a series of votes as provided for in Section 68 (2) of the Act.

14.5 If for any reason, the Members are not required to vote on the appointment of new Directors, or the number of Directors newly appointed is less than the required minimum, the retiring Directors who are willing to continue in office, shall be recorded as being re-elected.

14.6 The Association may, by ordinary resolution remove a Director from office before the end of his term and the Board of Directors may request a co-Director to step down, should a Director be in breach of the Act or Rules.

14.7 A Director will not be remunerated for his service.

DISQUALIFICATION OF DIRECTORS

15.1 A Director must vacate his office as a Director of the Association if he:

15.1.1 profits by his office or has an interest in any contract with the Association without the consent of the Board;

15.1.2 becomes of unsound mind;

15.1.3 is provisionally or finally sequestered;

15.1.4 resigns;

15.1.5 ceases to be a Member of the Association;

15.1.6 is found guilty of contravening any condition of this agreement or the Act.

15.2 A Director who has, or will have, any direct or indirect, interest in any contract with the Association must disclose his interest in writing, which disclosure must be recorded in the minutes of a Board Meeting.

- 15.3 The Board of Directors may not enter into a contract in which one of their number has a financial interest, unless 75% (seventy five percent) of the Board approves the arrangement.
- 15.4 The Directors must disclose the nature of the contract and the interest of the Director, at the next Annual General Meeting.

INDEMNIFICATION OF DIRECTORS

- 16.1 The authority of the Company's Board of Directors to advance expenses to a director, or indemnify a director in respect of the defence of legal proceedings, as set out in section 78(3) is not limited or restricted by this Memorandum.
- 16.2 The authority of the Company's Board of Directors to indemnify a Director in respect of liability as set out in section 78(5) is not limited or restricted by this Memorandum.
- 16.3 The authority of the Company's Board of Directors to purchase insurance to protect the Company, or a director, as set out in section 78(6) is not limited or restricted by this Memorandum.

COMMON AREAS OF THE ASSOCIATION, CLEARANCES AND GENERAL

- 17.1 The Association may not sell or sub-divide any of the fixed assets, open spaces, or other natural surrounds (the "common Property") which are registered in its name without a special resolution supported by 75% of the Members, (Section 2 (2) of Schedule 1).
- 17.2 The Directors of the Association may let any portion of common Property, provided that the lease may not be for longer than one year, with an option of renewal.
- 17.3 A Member may not apply to the Local Town Council or equivalent authority for a change in land use rights without first obtaining the consent of the Directors of the Association.

- 17.4 A Member may not transfer his Property without first obtaining a clearance certificate from the Association.
- 17.5 Before issuing a clearance certificate the Member must satisfy the Association that:-
- 17.5.1 the Member does not owe the Association any money;
 - 17.5.2 the transferee has bound himself to be a Member of the Association, and has signed his agreement to this Memorandum; and
 - 17.5.3 at the time of making the application the member does not contravene any of the Rules of the Association.
- 17.6 The special conditions which shall apply to the Association in addition to those prescribed in the Act are as follows:
- 17.6.1 The income of the Association, from all sources, shall be applied solely toward the achievement of its main objectives, as specified in 6.3 and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever, to the members of the Association or to its holding or subsidiary companies; provided that nothing herein contained shall prevent the payment, in good faith, of reasonable remuneration to any officer or servant of the Association or to any member thereof in return for services rendered to the Association.
 - 17.6.2 Upon its winding up, deregistration or dissolution, the assets of the Association remaining after the satisfaction of all its liabilities, shall be given or transferred to some other association or institution or associations or institutions having objects similar to its main object, to be determined by the members of the Association at or before the time of its dissolution or, failing such determination, by the Court.
 - 17.6.3 The construction of all houses and structures in the Township shall comply with the basic design criteria prescribed by the Association from time to time, with special reference to the design, materials to be used, and layout of buildings and structures. The construction and sitting of all buildings and structures will be subject to the prior approval of an aesthetics committee to be appointed by the Board of Directors of the Association.

BOOKS OF ACCOUNT

- 18.1 The Association does not elect, in terms of section 34(2), to comply voluntarily with the provisions of Chapter 3 (Enhanced Accountability and Transparency) of the Act.
- 18.2 The Association does not elect, in terms of section 118 (1)(c)(ii), to submit voluntarily to the provisions of Parts B and C of Chapter 5 of the Act nor to the Takeover Regulations provided for in the Act and will be bound by these provisions only to the extent contemplated in section 118(1)(c)(i).
- 18.3 The accounts of the Association must nevertheless be strictly audited, in accordance with standards to be determined by the Directors from time to time by resolution, and minuted, but which may be no less than those imposed by IFRIS Small Business Compliant auditing.
- 18.4 The financial year of the Association ends on the 31st day of December.

MEMBERS RIGHTS TO INFORMATION

- 19.1 A Member has the right to inspect and make a copy of the following documents as contemplated in sections 24, 26 and 85 of the Act:
- 19.1.1 this Memorandum (as amended);
 - 19.1.2 the record of Directors;
 - 19.1.3 reports presented at an Annual General Meeting;
 - 19.1.4 annual financial statements;
 - 19.1.5 minutes of all Board of Directors' meetings;
 - 19.1.6 written communications sent generally by the Association to all Members;

FENCING

20.1 If the boundary of any member's property is also the boundary of the Township, the member must permit the Association to erect a wall or other type of fence on the immediately adjacent boundary. The Member must not interfere in any way with the wall or fence, and must allow the Association access to the property in order to inspect and repair the wall or fence, as needed from time to time. If a member wants to erect his own wall or fence, the Member must erect it inside the wall or fence the Association has erected and must obey any rules or conditions the Association may set, so that the Association can access the wall or fence from the outside.

ADDRESSES and NOITCES

21.1 For the purpose of this agreement, the Association chooses legal address for service, or *domicilium citandi et executandi* ("*domicilium*") as follows:

Estate Office: 11 Pinehurst Drive

White River Country Estate

Tel: 013- 751 5010

`Fax: 086 295 4498

`E-mail: estate@wrce.co.za

21.2 The Member's *domicilium* address will be the address of the Property.

21.3 The Association or the Member may change its *domicilium* at any time by notice in writing, provided that the new *domicilium* is in the Republic of South Africa and is a physical address at which process can be served. In respect of the Member, no change of *domicilium* will be effective unless the Member can provide written acknowledgement of receipt of the change from the Association.

21.4 Except where the Act prohibits it, or otherwise set out in these Articles, any notice or other communication given in connection with this agreement may be published by any means convenient to the Directors.

- 21.5 Any notice or process delivered on any party in connection with any matter or subject arising out of this agreement or any notice shall be deemed to have been delivered if handed to or placed at the domicilium chosen by either party and it shall not be necessary to hand such process or notice to either party personally.
- 21.6 A notice given as set out above shall be presumed to have been duly delivered on the date of delivery if delivered by hand, e-mail or facsimile and on the fourth day from the date of posting including the date of posting if posted by registered post from within the Republic of South Africa.

ARBITRATION

- 22.1 Except as provided for in clause 7 (seven), if the parties to this agreement disagree on any part of the agreement, or about a situation which arises as a result of this agreement, the dispute shall be settled first by mediation, and then by arbitration.
- 22.2 Any party may demand mediation and then arbitration at any time after a dispute has arisen.
- 22.3 A member must notify the Association of any complaint or disagreement that may lead to mediation or arbitration in writing, within 7 (seven) days of notice of fine or suspension or of his awareness of the potential grounds for dispute.
- 22.4 A Dispute Committee consisting of 3 (three) members, headed by the Chairman of the Board of Directors, or his duly authorised representative must meet with the Complainant within 5 (five) days of notification of a complaint or disagreement, in an attempt to resolve the complaint.
- 22.5 If a mediation resolution is not possible, arbitration must commence within 21 (twenty one) calendar days from the date the outcome of the Dispute Committee is announced.
- 22.6 If possible, arbitration will be completed within 21 (twenty one) calendar days of commencement.

- 22.7 The arbitration will be held by the rules set out in the Arbitration Laws Act No. 43 of 1965, or its amendment but as far as possible the process will be informal.
- 22.8 The parties may have lawyers to represent them in the event of arbitration.
- 22.9 The arbitrator must be settled by the parties. If the disagreement is about:-
- 22.9.1 the law, the person must be a senior attorney or advocate; and
 - 22.9.2 accounting or bookkeeping, an independent chartered accountant or auditor;
and
 - 22.9.3 anything else, a suitably qualified independent person agreed by the parties.
- 22.10 If the parties cannot agree on an arbitrator within 3 (three) days of agreeing to arbitration, the Chairman of AFSA will be empowered to decide on both the nature of the dispute and appoint the arbitrator.
- 22.11 If the parties cannot agree on what the disagreement is primarily about, then a senior attorney or advocate is to be appointed as the arbitrator.
- 22.12 The arbitrators' decision is final. It will have the same effect as a court order on the parties.
- 22.13 If a party does not obey the decision, any other party may go to any court capable of hearing the matter, and have the arbitrators' decision made an order of court.

RULES

23.1 The following rules, made by the Board of Directors and amended from time to time, form an integral part of this Memorandum of Incorporation in terms of Section 15 (3) of the Act 2008 and are binding on all members:

- Access Control Policy
- Building Regulations
- Estate Agents Registration Policy
- Economic Activity Policy
- Holiday Home Policy
- House Rules
- Garden Service Policy
- Private Security Protection Policy

SIGNED

DATE

PRINT NAME

STAND No.