

**REPUBLIC OF SOUTH AFRICA**

**COMPANIES ACT 1973**

**ARTICLES OF ASSOCIATION**

**OF A COMPANY NOT HAVING A SHARE CAPITAL**

**NOT ADOPTING SCHEDULE 1**

[Section 60(1) Regulation 18(3)]

**SPARREBOSCH HOME OWNERS ASSOCIATION**

(Association incorporated under Section 21)

Registration No of Company

CO/1999/02020/08

Name of Company:

**SPARREBOSCH HOME OWNERS ASSOCIATION**

(Association incorporated under Section 21)

("the Association")

The articles contained in Table A of Schedule 1 to the Companies Act 1973 shall not apply to the Association.

The articles of the Association are as follows:

## INTERPRETATION

1. In the interpretation of these articles of association unless the context otherwise indicates:
  - 1.1 the following words and expressions shall have the following meanings:
    - 1.1.1 “articles” means the articles of association for the time being of the Association;
    - 1.1.2 “authorised representative” means a person authorised in terms of the Companies Act by a company or other body corporate to act as its representative at any general meeting;
    - 1.1.3 “chairman” means the chairman for the time being of the board of trustees appointed in terms of article 40 below;
    - 1.1.4 “club” means the golf club to be established in terms of article 35.2 below and of which ownership will vest in a separate legal entity;
    - 1.1.5 “cluster development” means a cluster housing scheme having a shared or common area for amenities;
    - 1.1.6 “common property” means a part of the township belonging to the Association which is not subject to an exclusive right of use by a member but excludes the golf course land and the club house and the other facilities thereon, including any swimming pool and tennis courts;
    - 1.1.7 “Companies Act” means the Companies Act No 61 of 1973 and any amendment or modification thereof or substitution therefor from time to time;
    - 1.1.8 “Council” means the Municipality of Knysna and its successor/s;
    - 1.1.9 “developer” means PK Development (Pty) Limited and includes its successor in title or assigns;
    - 1.1.10 “developer trustee” means a trustee appointed by the developer;
    - 1.1.11 “development area” means the land comprising Erf 9232 Knysna and such adjoining land as may be acquired by the developer for the purposes of incorporation into the township;
    - 1.1.12 “development node” means a node or area comprising a group of separate erven grouped together in a particular area or node of the township;

- 1.1.13 “development period” means the period from the incorporation of the Association until all the erven and units within the development area have been sold by the developer; alternatively until the developer notifies the Association that it waives the rights herein conferred upon it during the development period;
- 1.1.14 “erf” means an erf in the township, including an erf in a group housing development or cluster development and reference to an “erf” shall include the golf course land and the club house and other facilities thereon, including any swimming pool and tennis courts;
- 1.1.15 “facilities” mean all and any facilities or amenities of whatsoever nature which may be provided within the development area, but excluding the golf course land and the club house, swimming pool, tennis courts and any other facilities thereon;
- 1.1.16 “financial year” means the financial year of the Association which shall run from the first day of March in each year until the last day of February in the subsequent year;
- 1.1.17 “golf course” means the golf course constructed on the golf course land and includes the club house and all sporting, recreational and other facilities controlled by the club;
- 1.1.18 “golf course land” means the land within the township on which the golf course has been constructed and includes the land on which the club house and all other facilities controlled by the club are located, including any swimming pool and tennis court;
- 1.1.19 “group housing development” means a group housing scheme as defined in the scheme regulations to the Land Use Planning Ordinance No 15/1985(C);
- 1.1.20 “hotel sectional title units” means sectional title units attaching to a hotel or forming part of a hotel rental pool agreement;
- 1.1.21 “levy” means the levy or levies referred to in articles 9 and 13 below;
- 1.1.22 “local authority” means the local authority having jurisdiction in respect of the development area or the relevant portion thereof;

- 1.1.23 “managing agent” means the managing agent/s (if any) appointed by the trustee from time to time in terms of article 47 below;
  - 1.1.24 “member” means a member of the Association;
  - 1.1.25 “member trustee” means a trustee appointed by the members;
  - 1.1.26 “memorandum” means the memorandum of association for the time being of the Association;
  - 1.1.27 “minutes” means the minutes of a general meeting or a trustees’ meeting, as the case may be;
  - 1.1.28 “person” means includes a natural person, body corporate, company or an association of persons, as the case may be;
  - 1.1.29 “registered owner” means a registered owner of an erf or unit as registered in the relevant Deeds Office;
  - 1.1.30 “Sectional Titles Act” means the Sectional Titles Act No 95 of 1986 and any amendment or modification thereof or substitution therefor from time to time;
  - 1.1.31 “services” mean such utilities, amenities and services as may be provided by or on behalf of the Association for the registered owners and residence within the township and/or the development area, including the services crossing the golf course land;
  - 1.1.32 “township” means the township known as Sparrebosch comprising the area outlined on the drawing annexed hereto and includes such additional area/s as may be incorporated into the township in terms of article 26.4 below and any reference to the township includes the golf course land;
  - 1.1.33 “trustees” means the trustees of the Association who shall, for the purposes of the Companies Act, be the directors of the Association;
  - 1.1.34 “unit” means a unit (as defined in the Sectional Titles Act) in a sectional title scheme within the township, excluding the hotel sectional title units;
- 1.2 any words signifying the singular shall include the plural and vice versa and any word signifying the masculine shall include the feminine and vice versa;

- 1.3 any word or expression which is defined in the Companies Act and which is not otherwise defined in these articles shall have the meaning assigned thereto in the Companies Act;
  - 1.4 the head notes to the paragraphs to these articles are inserted for reference purposes only and shall not affect the interpretation of any of the provisions to which they relate.
2. Subject to any provisions in these articles to the contrary and notwithstanding any omission of any provision from these articles or the memorandum, the Association may do anything which the Companies Act authorises a company to do if so authorised by its articles.

### **MEMBERSHIP OF THE ASSOCIATION**

3. Membership of the Association shall be compulsory for every registered owner of an erf or a unit.
4. Membership shall commence simultaneously with registration of transfer of an erf or unit into the name of the transferee.
5. Membership of the Association shall be limited to the registered owners of erven or units provided that:
  - 5.1 the developer shall be deemed to be a member of the Association during the development period;
  - 5.2 a person who is entitled to obtain a certificate of registered title in respect of any erf or unit shall be deemed to be the registered owner thereof;
  - 5.3 where any such registered owner is more than one person, all the registered owners of the erf or unit shall be deemed jointly and severally to be one member of the Association and shall nominate one of them to represent them and to vote at meetings of the Association.
6. When a member ceases to be the registered owner of an erf or a unit, he shall ipso facto cease to be a member of the Association, save for the developer who shall remain a member of the Association during the development period.
7. The registered owner of an erf or a unit shall not be entitled to resign as a member of the Association.
8. No member shall be entitled to sell or transfer an erf or a unit unless:
  - 8.1 the transferee becomes a member of the Association;

- 8.2 such member obtains the written consent of the Association which consent shall be given provided that:
- 8.2.1 such member has paid to the Association all levies and any other amounts of whatsoever nature or howsoever arising, owing by such member to the Association; and
  - 8.2.2 the transferee agrees in writing to be bound by the articles and the management and conduct rules of the Association, including specifically the entrenched provisions contained in article 26; and
  - 8.2.3 ~~in the case of the registered owner of an erf, a dwelling house has been erected thereon which has been approved in accordance with the provisions of these articles.~~ *[This sub-clause was deleted as per decision at the Special General Meeting, on 29 September 2009.]*
  - 8.2.4 such member has duly complied with all of the obligations of such member in terms of these articles.

#### LEVIES

9. The trustees may from time to time, impose levies upon the members for the purposes of meeting all the expenses in relation to the common property, facilities and services (~~excluding the golf course land and the golf course, the club house and all facilities and services thereon, including any swimming pools and tennis courts~~) and for the payment of all expenses necessarily or reasonably incurred in connection with the management of the Association and its affairs. In calculating the amount of the levies, the trustees shall take into account income (if any) and by the Association. Provided that levies in respect of the golf course and/or the golf course land may not be imposed by the trustees without a resolution authorising the imposition passed by members by simple majority vote in a general meeting. *[This clause was amended as per decision at the Special General Meeting, on 15 December 2010.]*
10. The trustee committee shall estimate the amount which shall be required by the Association to meet the expenses during each financial year, together with such estimated deficiency (if any) as shall result from the preceding financial year, and shall impose a levy upon the members equal as near as is reasonably practical to such estimated amount. The trustee committee may include in

such levies an amount to be held in reserve to meet anticipated future expenditure not of an annual nature. Every such levy shall be payable by equal monthly installments due in advance on the first day of each and every succeeding month of such financial year.

11. The trustees shall not less than 30 days prior to the end of each financial year give every member at the address chosen by him a written notice of the contribution payable by that member to such expenses and reserve fund.
12. In the event of the trustees for any reason whatsoever failing to prepare and timeously give notice of the estimate referred to article 10 above, every member shall until served with such estimate, continue to pay the levy previously imposed and shall after such notice pay such levy as may be specified in the notice, in the manner specified in the notice referred to in article 10 above, together with any arrear levies.
13. The trustees may from time to time impose special levies upon the members in respect of all such expenses as are mentioned in articles 9 above (which are not included in any estimate made in terms of articles 10) and such levies may be imposed in the sum or by such instalments and at such time or times as the trustees shall think fit.
14. In calculating the levy payable by each member, the trustees shall as far as reasonably practical:
  - 14.1 assign those expenses attributable to a particular erf or unit itself, to the registered owner thereof;
  - 14.2 assign those expenses attributable to a particular sectional title development to the registered owners of units in such development pro rata to their participation quota in terms of the particular sectional title scheme;
  - 14.3 assign those expenses attributable to a particular cluster development or group housing development to the registered owners of erven in such development equally;
  - 14.4 assign those expenses attributable to any other development node (including a single residential development node) to the registered owners of all erven in such development node equally;
  - 14.5 assign those expenses relating to the township generally and/or any other expenses not assigned in accordance with articles 14.1, 14.2, 14.3 or 14.4 above, to the owners of all erven or units equally; provided, however, that the trustees may in any case where the

trustees consider equitable to do so, assign to any member any greater or lesser share of such expenses as may be reasonable in the circumstances.

15. Any amount due by a member by way of a levy shall be a debt due by that member to the Association. The obligation of a member to pay a levy shall cease upon that member ceasing to be a member of the Association, without prejudice to the Association's right to recover arrear levies. No levies paid by a member shall under any circumstances be repayable by the Association upon that member ceasing to be a member. A member's successor in title to an erf or a unit shall be liable as from the date upon which he becomes a member pursuant to the transfer of that erf or unit into his name, to pay the levy attributable to that erf or unit.
16. No member shall be entitled to any of the privileges of membership of the Association unless and until he shall have paid every levy, subscription or other sum (if any) which shall be due and payable to the Association in respect of his membership thereof.
17. The trustees shall be empowered to impose fines in respect of non compliance with the provisions of these articles and/or to charge interest on any arrear levies and to determine the rate of interest from time to time chargeable upon such arrear levies, which shall be in addition to such other rights as the Association may have in law against the members, provided that such interest shall not exceed the rate laid down in terms of the Usury Act, No 73 of 1968 or any statutory modification or re-enactment thereof.
18. The trustees may enter into an agreement or agreements with the developer for the provision of a capital sum and/or the transfer of land and/or equipment to the Association in lieu of levies.
19. Should any dispute arise at any time between the members and the trustees in regard to the determination or calculation of the levies, the decision of the auditors for the time being of the Association (acting as experts and not as arbitrators) in regard to such dispute shall be final and binding on the members and the trustees.
20. In the event of any dispute arising in regard to the determination or calculation of any levy, every member shall until the determination of such dispute, pay the levies determined by the trustees.

#### **RESPONSIBILITIES OF THE ASSOCIATION**

21. The Association shall at all times promote environmental awareness and responsibility within the township and its members from time to time.

22. Management and maintenance of all facilities and private open spaces owned by the Association shall vest in the Association and the management and maintenance of the golf course land, including the golf course, the club house and all other facilities thereon shall vest in the owner of the golf course land, and the Council shall have no responsibility in this regard.
23. Ownership of land components of the development area which are not incorporated into the township shall remain the property of the developer and shall not be subject to the provisions of these articles unless incorporated into the township in terms of article 26.4 below, excluding the golf course land and the golf course, club house and other facilities thereon in respect of which ownership shall vest in the registered owner of the golf course land.
24. Responsibility for the management and control of the township shall be deemed to have been transferred from the developer to the Association on transfer of the first erf in the township, excluding the golf course land and the club house and other facilities thereon in respect of which the responsibility for the management and control shall remain vested in the registered owner of the golf course land.
25. The Association shall be responsible to the Council in respect of the various facilities and private open spaces forming part of the township should provisions of the approval of the township not be complied with at any stage after such facilities and private open spaces have been transferred to the Association.

#### **ENTRENCHED PROVISIONS**

26. The developer has a continuing and permanent interest to ensure that certain basic provisions are entrenched in perpetuity to ensure the success of the development of the development area. Accordingly none of the following provisions of articles 26.1 to 26.9 (both inclusive) may be deleted or varied in any way in terms of article 27 or 123, without the prior written consent of the developer:
  - 26.1 the members of the Association shall be entitled to be members of the club in accordance with the provisions of articles 35.9 to 35.14 (both inclusive);
  - 26.2 any hotel or hotels established or to be established within the development area shall automatically be hotel members of the club in accordance with the provisions of article 35.14;

- 26.3 the Association may register, where necessary, various service servitudes across the township in favour of the local authority, the developer and/or the Association, whether in respect of any separate erven, the common property or the golf course;
- 26.4 the developer has the right at any time to extend or alter the area or composition of the township by requiring the Association to incorporate into the township any part of the development area from time to time which the developer shall be entitled to develop as it may deem fit or by requiring the Association to transfer to the developer any part of the township which is not part of an erf or unit or on which no facilities or amenities are located. Should any part of the development area be incorporated into the township, the developer shall be entitled to require that the first and all subsequent owners thereof become members of the Association in respect of those parts from such date as the developer may determine, and on the same terms and conditions as are applicable to the other members of the Association. The members shall be bound by any such requirement of the developer;
- 26.5 no member shall be entitled to object to the subdivision and/or development of any part of the development area provided that such subdivision and/or development is not inconsistent with the development plan approved by the relevant authorities for that part of the development area;
- 26.6 no erf or unit shall be subdivided or rezoned during the development period without the prior written consent of the developer or without the prior written consent of the Association after the termination of the development period;
- 26.7 the Association shall at all times be entitled to draw electricity from erven adjacent to sprinkler heads in road reserves for the purposes of powering the irrigation system for the verges of such road reserve. The cost thereof shall be borne by the Association but recovered as part of the levy upon members;
- 26.8 ownership of an erf or unit does not confer any right, including that of access, in respect of property owned by the developer, including any right or way or access across such property;
- 26.9 the members acknowledge and agree that the developer, its successor/s in title and its employees have certain rights, including:

- 26.9.1 rights of access across property owned by the Association and across the golf course land;
- 26.9.2 the right to develop other areas in the development area in the future, and also the right to share various services with the Association and to connect any parts of the development area to the services in the township.

### **MANAGEMENT AND CONDUCT RULES**

- 27. Subject to these articles, to any restriction imposed or direction given at a general meeting of the Association and subject to any condition imposed by the local authority, the trustees may from time to time make management and conduct rules, and vary or modify these rules, in regard to:
  - 27.1 the standards and guidelines for the architectural design of all buildings and outbuildings, structures of any nature, swimming pools, tennis courts and all additions and alterations of any such buildings, outbuildings or structures erected or to be erected within the township, and in particular to control the design and colour of the exterior of such buildings, outbuildings or structures and the materials to be used on such exteriors to ensure an attractive and aesthetically pleasing character to all buildings within the township;
  - 27.2 the sitting of all such buildings, outbuildings, structures of any nature within the township, including swimming pools, tennis courts, and all additions and alterations to any thereof;
  - 27.3 the code of conduct applicable to all builders, contractors (including subcontractors) and suppliers within the development or any building, construction or any other work carried on within the township;
  - 27.4 the preservation of the natural environment vegetation and fauna within the township including the right to control, and if necessary, order the removal of vegetation, and the right to prohibit and/or control the erection of fences, and walls whether upon or within the boundaries of any erven;
  - 27.5 the right to prohibit, restrict or control the keeping of any animal which they regard as dangerous or a nuisance;
  - 27.6 the conduct of any persons within the township for the prevention of nuisance of any nature to any member;

- 27.7 the use of services and recreational areas, amenities and facilities (excluding the golf course land and the club house and other facilities thereon) including the right to charge a reasonable fee for the use thereof;
  - 27.8 the maintenance of all buildings, out buildings, structures, improvements of any nature and landscaping within the township;
  - 27.9 the control of the number of occupiers or residents permitted on any one erf or unit;
  - 27.10 the purchase by the Association of any erf or unit should the registered owner hereof fail to commence construction of improvements thereto or fail to complete the same within the time limits prescribed by the Association for these purposes, and generally for the determination of the fair market price and conditions upon which such purchase may be made;
  - 27.11 the admission of any person within the township, and the eviction of any person not entitled to be thereon, excluding the members of the club and bona fide visitors to the club;
  - 27.12 the furtherance and promotion of any of the objects of the Association and/or for the better management of the affairs of the Association and/or for the advancement of the interests of the members and/or the residents within the township.
28. For the enforcement of any of the rules made by the trustees in terms of article 27, or of any of the provisions of these articles generally, the trustees may:
- 28.1 give notice to the member concerned requiring him to remedy such breach within such period as the trustees may determine; and/or
  - 28.2 take or cause to be taken such steps as they may consider necessary to remedy the breach of the rule or provision of which the member may be guilty, and debit the cost of so doing to the member concerned, which amount shall be deemed to be a debt owing by the member concerned to the Association; and/or
  - 28.3 take such action including the imposition of a fine, or proceedings in court, as they may deem fit.
29. Should the trustees institute any legal proceedings against any member or resident within the township for the enforcement of any of the rights of the Association in terms hereof, the

Association shall be entitled to recover all legal costs so incurred from the member or resident concerned, calculated as between attorney and client, including tracing fees and collection commission.

30. In the event of any breach of the rules by the members or 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 trustees may take or cause to be taken such steps against the person actually committing the breach as they may in their discretion deem fit.
31. If any member disputes the fact that he has committed a breach of any of the provisions of the rules made by the trustees in terms of article 27 or any provisions of these articles, a committee of three (3) trustees appointed by the chairman shall adjudicate upon the issue at such time and in such manner and according to such procedure (provided that natural justice shall be observed) as the chairman may direct.
32. Notwithstanding anything to the contrary herein contained, the trustees may in the name of the Association enforce the provisions of any rules by civil application or action in a court of competent jurisdiction and for this purpose may appoint attorneys and counsel as they may deem fit.
33. The Association may in general meeting itself make any rules in regard to any matter and may also vary or modify any rule made by it or by the trustees from time to time.
34. All rules shall be reasonable and shall apply equally to all owners of erven or units put to substantially the same use.

#### **COUNTRY CLUB**

35.
  - 35.1 The registered owner of the golf course land shall at its cost keep and maintain the golf course, the club house and all other facilities thereon in good order and condition and in accordance with the standards of the South African Golf Union (or its successor/s from time to time) for a first class championship golf course.
  - 35.2 The registered owner of the golf course land shall establish and maintain a club exclusively for the golf course, the club house and the club facilities in accordance with the club

constitution to be drawn up by the registered owner of the golf course land which constitution shall not derogate in any way from the provisions of articles 35.6.1 to 35.23.6.

- 35.3 The registered owner of the golf course land shall at its cost manage and control the club, the golf course, the club house and the club facilities to a high standard and in accordance with the standards contemplated in article 35.1 above.
- 35.4 The registered owner of the golf course land shall be responsible for the security of the golf course and the club house and shall provide adequate security to prevent trespassers from crossing the boundary of the Remainder Erf 9232 Knysna.
- 35.5 The registered owner of the golf course land shall at its cost insure and keep insured the golf course, the club house and all other facilities thereon in the names of the registered owner of the golf course land, the developer and the Association for their respective interests for their full replacement cost against the risk of loss, destruction, or damage by fire, storm, flood or any other cause whatsoever and shall submit to the developer and the Association proof of payment of all premiums and other amounts payable in respect of such insurance.
- 35.6 The registered owner of the golf course land shall utilise all entrance fees, annual subscriptions and any other amounts derived directly or indirectly from the golf course, the club house, the club facilities and/or the club solely and exclusively for the direct benefit of the golf course, the club house, the club facilities and the club, including (but not limited to) the following:
- 35.6.1 the maintenance and upkeep of the golf course, the club house and the club facilities;
  - 35.6.2 the payment of all rates, insurance and other expenses of and incidental to the golf course, the club and the club facilities;
  - 35.6.3 the construction of the swimming pool and two tennis courts contemplated in article 35.8 below;
  - 35.6.4 the construction of a golf driving range for the exclusive use of the members of the club on the remaining extent of the farm Noetzie No 394 or on any other property immediately adjacent to the golf course up to a maximum cost of R4 000

000,00 (four million rand) exclusive of VAT, but inclusive of the costs of the acquisition of the land for the golf driving range;

- 35.6.5 the improvement and upgrading of the golf course, the club house and the club facilities from time to time.
- 35.7 To the extent that the entrance fees, annual subscriptions and other amounts derived from the club from time to time are insufficient to meet the expenses contemplated in article 35.6 above, the registered owner of the golf course land shall make the shortfall available to the club and shall fund any loss by the club from time to time.
- 35.8 The registered owner of the golf course land shall construct a swimming pool and two tennis courts on the golf course land at the locations agreed with the developer, subject to a maximum cost of R750 000,00 (seven hundred and fifty thousand rand) exclusive of VAT. The swimming pool and the two tennis courts shall be constructed in accordance with the plans and specifications to be prepared by the developer and approved by the registered owner of the golf course land which approval shall not be unreasonably withheld. Construction shall commence not later than 6 (six) months after 30 November 2001 and shall be completed as soon as is reasonably possible after commencement.
- 35.9 The registered owner of the golf course land shall be entitled to sell memberships of the club to any person/s (hereinafter referred to as "shareholder member/s") by way of shareholding in a company to be formed solely for the purposes of conducting the club provided that the consideration for such membership is utilised solely for the purposes contemplated in article 35.6 above.
- 35.10 No member of the Association shall be obliged to become or remain a member of the Club after 30 November 2001 and shall be entitled to resign as a member of the Club.
- 35.11 Members of the Association as at 30 November 2001 shall be entitled (but not obliged) to become and/or remain members of the club without payment of any entrance or admission fee, but shall be liable for payment of annual subscriptions and the green fees payable by members of the club from time to time (hereinafter referred to as "home owner members").

- 35.12 The annual subscriptions payable by the home owner members of the club shall not exceed the annual subscriptions payable by the shareholder members from time to time by more than 15% (fifteen percent).
- 35.13 The home owner members of the club shall pay the same green fees or playing fees payable by shareholder members from time to time.
- 35.14 The bona fide guests of any hotel or hotels established or to be established within the township or the development area shall be entitled to use the golf course, the club house and the club facilities, provided that the hotel concerned has purchased a corporate membership of the club at the prevailing share price.
- 35.15 The home owner members shall be entitled to the same rights and privileges as the shareholder members, save as may be otherwise provided for in this article 35 and save that the membership of the home owner members shall not be transferable except to the person to whom the erf or unit owned by the home owner member is transferred.
- 35.16 Members of the Association shall be entitled to become shareholder members of the club upon payment of the prevailing share price payable by shareholder members at the time of the application for membership, save that the purchasers of erven or share blocks in the township who become members of the Association after 30 November 2001 shall each be entitled to a discount of R5 000,00 (five thousand rand) off the prevailing share price. For the purposes of this article 35, the term "prevailing share price" shall mean the share price last paid by a bona fide shareholder member pursuant to an arms' length transaction.
- 35.17 The total number of members of the club at any time(s) shall never exceed 1 500 (one thousand five hundred) members, inclusive of home owner members and shareholder members, but excluding social members.
- 35.18 The registered owner of the golf course land shall procure that the golf course, the club house and all other facilities or amenities on the golf course land are kept open to members of the club and visitors on all days and during such times as golf clubs in South Africa are normally open to members and visitors.
- 35.19 The registered owner of the golf course land shall not do anything or permit anything to be done in or on the golf course, the club house and/or the club facilities which may be or may

become a nuisance or annoyance to or any way interfere with the comfort of the members of the Association or any other occupants of the township or hotel site.

35.20 Should any special events be held on the golf course or in the club house or the club facilities, the registered owner of the golf course land shall ensure that the provisions of article 35.19 are duly observed and that there is adequate security, traffic control and parking for such event.

35.21 The registered owner of the golf course land shall at its cost comply with all laws, title deed conditions and other conditions appertaining to the property, the club and the club facilities, including town planning conditions, conditions of rezoning, subdivisions, environmental laws, liquor licensing laws and fire regulations.

35.22 Should the golf course, the club house and/or the club facilities be destroyed or damaged by any cause whatsoever, the registered owner of the golf course land shall at its cost reinstate the same substantially to its previous state as soon as possible in the circumstances or to reinstate the same in an amended form with the written approval of the developer and the Association which approval shall not be unreasonably withheld.

35.23 Should the registered owner of the golf course land:

35.23.1 commit any breach of any of the provisions of articles 35.1 to 35.21 (both inclusive) and fail to remedy such breach within a reasonable time after receipt of written notice from the developer and/or the Association to remedy such breach;  
or

35.23.2 repeatedly breach any of the provisions of articles 35.1 to 35.21 (both inclusive) in such manner as to justify the developer and/or the Association in holding that the conduct of the registered owner of the golf course land is inconsistent with the intention or ability of the registered owner of the golf course land to carry out the terms of articles 35.1 to 35.21 (both inclusive); or

35.23.3 commit an act of insolvency or be placed under sequestration, liquidation or judicial management (whether provisional or final); or

35.23.4 suffer any judgment to be granted against the registered owner of the golf course land and fail to satisfy such judgment or to procure the rescission of such judgment;

then and in any one of such events, the developer and/or the Association shall forthwith be entitled (but not obliged) without prejudice to any of their other rights or remedies, including the right to claim damages:

35.23.5 to purchase the property and take control of the golf course, club facilities and management, together with the golf club, the club house and the club facilities at their fair market value as agreed between the registered owner of the golf course land and the Association, and failing such agreement, as determined by an independent valuer appointed by the South African Institute of Valuers or their successor/s who shall take into consideration any additions or improvements made by the owner to the facilities; or

35.23.6 in the case of article 35.23.1 above, be entitled to remedy such breach and immediately recover from the registered owner of the golf course land the total costs incurred by the developer and/or the Association in doing so.

35.24 If at any time the golf course, the club house and/or the club facilities cease to be used for the purposes of a golf club as contemplated in articles 35.1 to 35.21 (both inclusive), then and in that event ownership of the golf club shall vest in the Association and shall be transferred to the Association at its cost, free of any consideration.

#### **TRUSTEES**

36. The trustees of the Association shall for the development period be divided into two classes, namely developer trustees and member trustees. Upon expiry of the development period there shall only be member trustees.

37. There shall be not more than five (5) trustees of the Association of whom, during the development period:

37.1 two (2) shall be member trustees appointed by the members; and

37.2 the remaining trustees shall be developer trustees appointed by the developer.

After termination or expiration of the development period all the trustees shall be appointed by the members.

38. The first trustees shall on registration of the Association, and after due consultation with the members in regard to the appointment of the member trustees, be appointed in writing by the majority of the subscribers to the memorandum of association of the Association.
39. A trustee shall be a natural person and shall not necessarily be a member of the Association. A trustee, by accepting his appointment to office, shall be deemed to have agreed to be bound by all the provisions of these articles.
40. The trustees shall appoint one of their number to act as chairman for such term as they think fit, but not for longer than such person's tenure as a trustee. During the development period, the chairman shall be one of the developer trustees, unless the trustees otherwise agree.

#### **REMOVAL AND ROTATION OF TRUSTEES**

41. Save as set out in article 43 below, each trustee, except for the developer trustees who shall not be required to rotate on an annual basis, shall continue to hold office as such from the date of his appointment to office until the annual general meeting next following his said appointment, at which meeting each trustee shall be deemed to have retired from office as such but will be eligible for re-election to the board of trustees at such meeting.
42. A trustee shall be deemed to have vacated his office as such upon:
  - 42.1 his having become disqualified to act as a director in terms of the provisions of the Companies Act;
  - 42.2 his being removed from office as provided in section 220 of the Companies Act;
  - 42.3 his estate being sequestrated, whether provisionally or finally;
  - 42.4 the commission by him of any act of insolvency;
  - 42.5 his conviction for any offence involving dishonesty or any other serious criminal offence;
  - 42.6 his becoming of unsound mind or being found lunatic;
  - 42.7 his resigning from such office in writing;provided that anything done in the capacity of a trustee in good faith by a person who ceases to be a trustee, shall be valid until the fact that he is no longer a trustee has been recorded in the minute book of the Association.

43. Upon any vacancy occurring in the trustees prior to the next annual general meeting, the vacancy in question shall be filled by a person nominated by those remaining for the time being of the trustees. Whilst developer trustees are in office the remaining developer trustees shall nominate a person to fill any such vacancy in their number.
44. The developer may remove and replace any developer trustee at any time upon written notice to the remaining trustees.

#### **TRUSTEES EXPENSES AND REMUNERATION**

45. Trustees shall be entitled to be repaid all reasonable and bona fide expenses incurred by them respectively in or about the performance of their duties as trustees as may be approved by the board of trustees.
46. Trustees shall be entitled to remuneration in respect of the performance of their duties as determined by the Association in a general meeting.

#### **POWERS OF TRUSTEES**

47. Subject to the express provisions of these articles, the trustees shall manage and control the business and affairs of the Association, shall have full powers in the management and direction of such business and affairs including the right of appointment and dismissal of any managing agent, may exercise all such powers of the Association and do all such acts on behalf of the Association as may be exercised and done by the Association and as are not by the Companies Act or by these articles required to be exercised or done by the Association in general meeting, subject however to such rules as may have been made by the Association in general meeting or as may be made by the trustees from time to time.
48. Save as specifically provided in these articles, the trustees shall at all times have the right to engage on behalf of the Association the services of accountants, auditors, attorneys, architects, engineers, town planners, managing agents or any other professional firm or person or other employees whatsoever for any reasons deemed necessary by the trustees on such terms as the trustees shall decide.
49. The trustees shall further have the power:

- 49.1 to require that any construction of any nature within the township shall be supervised to ensure that the provisions of these articles and the rules are complied with and that all such construction is performed in a proper and workmanlike manner;
- 49.2 to issue an architectural and environmental design and maintenance manual or instruction in respect of the township, and to ensure that such manual is complied with at all times.
50. The trustees shall have the right to vary, cancel or modify their decisions and resolutions from time to time.
51. The trustees shall be entitled to appoint committees consisting of such number of their members and such outsiders, including a managing agent, as they deem fit and to delegate to such committees such of their functions, powers and duties as they deem fit, with further power to vary or revoke such appointments and delegations as the trustees may from time to time deem necessary.
52. The trustees shall appoint an architectural review committee to exercise the powers set out above in article 49 which may, but shall not necessarily, consist of the following persons:
- 52.1 a practising professional architect or town planner duly qualified to practice as such for his own account in the Republic of South Africa;
- 52.2 one or more trustees;
- 52.3 such other members as the trustees may determine.
53. Members of the architectural review committee shall not be required to be members of the Association.
54. Except for any buildings, outbuildings, structures, additions or alterations to be erected or effected by the developer, all plans for buildings, outbuildings, structures, additions and alterations shall be submitted for approval by the trustees, or any person designated by them for the purpose, who shall not approve such plan unless it shall first have been reviewed by the architectural review committee.

#### **PROCEEDINGS OF TRUSTEES**

55. The trustees may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit, subject to any provisions of these articles.

56. The quorum necessary for the holding of all meetings of the trustees shall be three (3) trustees present personally, provided that during the development period at least one (1) developer trustee shall be present all meetings of trustees to form a quorum. If no quorum is present within fifteen (15) minutes after the time for commencement of the meeting then it shall stand adjourned for seven (7) days, or if that is not a business day, then to the next business day thereafter, and those trustees present at the adjourned meeting shall constitute a quorum.
57. At any meeting of the trustees, each member trustee shall have one (1) vote and each developer trustee shall have three (3) votes.
58. Any resolution of the trustees shall be carried by a simple majority of all votes cast. In the case of an equality of votes for and against a resolution, the chairman of the trustees shall have a second or casting vote.
59. The trustees shall cause minutes to be kept of every trustees' meeting, which minutes shall, without undue delay after the meeting has closed, be reduced to writing and certified correct by the chairman. All minutes of trustees' meetings shall, after certification, be placed in a trustee's minute book to be kept in accordance with the provisions of the laws relating to the keeping of minutes of meetings of directors of companies. The trustees' minute book shall be open for inspection at all reasonable times by any trustee, the auditors, the members and the managing agent.
60. A resolution signed by all the trustees shall be valid in all respects as if it had been duly passed at a meeting of the trustees.

#### **GENERAL MEETINGS OF THE ASSOCIATION**

61. The Association shall within six (6) months after the end of the financial year hold a general meeting as its annual general meeting in addition to any other general meetings during that year, and shall specify the meeting as such in the notices in terms of section 179 of the Companies Act.
62. Such annual general meeting shall be held at such time and place as the trustees shall decide from time to time.
63. All meetings of the members other than annual general meetings shall be called general meetings.
64. The trustees may, whenever they think fit, convene a general meeting. A general meeting may also be convened by the trustees on a requisition made in terms of section 181 of the Companies

Act, or should the trustees not do so, may be convened by the requisitionists as provided for by and subject to the provisions of that section.

#### **NOTICES OF MEETINGS**

65. An annual general meeting and a meeting called for the passing of a special resolution shall be called by not less than twenty one (21) clear days' notice in writing and any other general meeting shall be called by not less than fourteen (14) clear days' notice in writing. 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 shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Association in general meeting, to such persons as are, under these articles, entitled to receive such notices from the Association: provided that a meeting of the Association shall notwithstanding the fact 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 not less than fifty one percent (51%) of the members having a right to attend and vote at the meeting.
66. The annual general meeting shall deal with and dispose of all matters prescribed by the Companies Act, the consideration of the annual financial statements, the election of trustees, the noting of the levy for the financial year during which such annual general meeting takes place, the appointment of an auditor and may deal with any other business laid before it. All business laid before any other general meeting shall be considered special business.

#### **PROXIES**

67. A member may be represented at a general meeting by a proxy, who must be a member of the Association or a director, member, partner or trustee of that member, save for the developer whose proxy need not necessarily be a member.
68. To be effective at a meeting or adjourned meeting, a proxy together with the original or a notarially certified copy of any power of attorney or other authority under which it is signed must be lodged with the Association at least twenty four (24) hours before the commencement of the meeting or adjourned meeting concerned but the trustees may from time to time determine that such documents:
- 68.1 are to be lodged at a particular place; or

68.2 are to be lodged a certain number of hours, not exceeding forty eight (48) in all, before the meeting; or

68.3 may be lodged at any time before or during the meeting.

Notwithstanding the foregoing the chairman of the meeting may agree to accept a proxy tendered at any time before or during the meeting.

69. A proxy shall be valid for an indefinite period unless it is stated on the proxy that it is only to be valid for a shorter period.

70. The instrument appointing a proxy shall be in the following form or as near thereto as circumstances permit:

**SPARREBOSCH HOME OWNERS ASSOCIATION**

I,  
.....  
of

.....  
being a member of Sparrebosch Home Owners Association, hereby appoint:

..... of ..... or failing him  
..... of ..... or failing him  
..... of .....

as my proxy to vote for me and on my behalf at the annual general meeting (or otherwise as the case may be) of the Association to be held on the ..... day of ..... and at any adjournment thereof as follows:

	<b>in favour of</b>	<b>against</b>	<b>abstained</b>
Resolution to			
Resolution to			
Resolution to			

(Indicate instruction to proxy by way of a cross in space provided above.)

Unless otherwise instructed, my proxy may vote as he thinks fit.

Signed this                    day of

\_\_\_\_\_  
Signature

(Note: A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his stead, and such proxy shall be a member of the Association or a director, member, trustee or partner of a member, except for the developer)."

A proxy shall be valid for any adjournment of the general meeting to which it relates unless otherwise indicated on the proxy.

## **QUORUM**

71. No business shall be transacted at a general meeting unless a quorum is present both when the meeting proceeds to business and when any resolution is to be passed. Save as herein otherwise provided, ten percent (10%) of the members present in person or by proxy shall constitute a quorum, provided that at least three (3) members are present in person at such meeting and provided that during the development period, at least one (1) representative of the developer is present at such meeting.
72. If within fifteen (15) minutes after the time appointed for the commencement of a general meeting or within such extended period as the chairman of the board or, in his absence, the deputy chairman, may allow, a quorum is not present, the meeting shall be dissolved if it was convened on requisition. In all other cases the meeting shall stand adjourned to the same place at the same time on the same day of the next week (or if that day is not a business day, the first business day following that non-business day) or to such other place, time and day as the board may determine. If a quorum is not present at such adjourned meeting, the members present shall constitute a quorum.

## **ADJOURNMENT BY CHAIRMAN WITH CONSENT OF MEETING**

73. The chairman of a general meeting may adjourn the meeting from time to time and from place to place if the meeting approves of each adjournment by majority vote. In the event of such an adjournment:
  - 73.1 no notice need be given of the adjourned meeting save for an announcement at the meeting of the date, time and venue of the adjourned meeting (unless the meeting is to be adjourned for thirty (30) days or more in which event notice is to be given in the same manner as for the original meeting);
  - 73.2 only business left uncompleted at the original meeting may be transacted at the adjourned meeting.

## **VOTING RIGHTS OF MEMBERS**

74. Members shall be entitled to vote only on the matters raised at every general meeting.
75. At every general meeting:

- 75.1 each member, present in person or by proxy and entitled to vote, shall have one vote for each erf or unit registered in his name;
- 75.2 if an erf or unit is registered in the name of more than one (1) person, then all such co-owners shall jointly have only one vote;
- 75.3 during the development period, the developer shall be entitled to three (3) times the total number of votes of all the other members of the Association.
76. Save as expressly provided for in these articles, no person other than a member and who shall have paid every levy and other sum (if any) which shall be due and payable to the Association in respect of or arising out of his membership and who is not suspended, shall be entitled to be present or to vote on a question, either personally or by proxy, at any general meeting.
77. Voting at general meetings shall take place by way of a show of hands unless on or before the declaration of the result of the show of hands a poll is demanded according to law.
78. Resolutions shall be passed by simple majority vote, save with respect to amendments of these articles, as provided for in article 120 hereof.
79. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting may direct either at once or after an interval or adjournment.
80. If any difficulty or dispute arises regarding the admission or rejection of a vote or regarding any other matter such difficulty or dispute is to be determined by the chairman whether or not scrutineers have been appointed to count the votes and his decision shall be final and conclusive.
81. A vote cast under a proxy, power of attorney, or other authority which has been revoked shall nevertheless be valid unless:
- 81.1 written notice of the revocation is received by the Association prior to the meeting concerned; or
- 81.2 the chairman of the meeting agrees to accept written or oral notice of such revocation at the meeting.
82. No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is cast and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

83. A declaration made in good faith by the chairman of a general meeting to the effect that, either on a show of hands or a poll, a resolution has or has not been passed (whether by a simple majority, a specific majority or unanimously) shall be final and conclusive and the resolution shall be deemed to have been so passed or not passed, as the case may be.
84. Any resolution which could be passed at a general meeting (other than a special resolution or a resolution to remove a director or auditor) may be passed without a meeting being held if one or more copies of the resolution are signed by or on behalf of all the members entitled to vote.

### **ACCOUNTING RECORDS**

85. The trustees shall cause such accounting records as are prescribed by section 284 of the Companies Act to be kept. Proper accounting records shall not be deemed to be kept if there are not kept such accounting records as are necessary fairly to present the state of affairs and business of the Association and to explain the transactions and financial position of the trade or business of the Association.
86. The accounting records shall be kept at the registered office of the Association or at such other place or places as the trustees think fit, and shall always be open to inspection by the trustees.
87. The trustees shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting records of the Association or any of them shall be open to inspection by members not being trustees, and no member (not being a trustee) shall have any right of inspecting any accounting records or documents of the Association except as conferred by the Companies Act or authorised by the trustees.
88. The trustees shall from time to time, in accordance with sections 286 and 288 of the Companies Act, cause to be prepared and laid before the Association in general meeting such financial statements as are referred to in those sections.
89. A copy of the annual financial statements which are to be laid before the Association in annual general meeting shall, not less than twenty one (21) days before the date of the meeting, be sent to every member of the Association and the Registrar of Companies: provided that this article shall not require a copy of those documents to be sent to any person of whose address the Association is not aware.
90. An auditor shall be appointed in accordance with Chapter X of the Companies Act.

## **SERVICE OF NOTICES**

91. Notices may be given by the Association to any member either personally, or by sending it by post in a prepaid letter addressed to such member at his registered address or at the address (if any) within the Republic of South Africa supplied by him to the Association for the giving of notices to him.
92. Notice of every general meeting shall be given:
  - 92.1 to every member of the Association;
  - 92.2 to the auditors for the time being of the Association;provided that no other person shall be entitled to receive a notice of general meetings.
93. Any notice by post shall be deemed to have been served at the time when the letter containing the same was posted, and in proving the giving of the notice by post, it shall be sufficient to prove that the letter containing the notice was properly addressed and posted.
94. The signature to any notice given by the Association may be written or printed, or partly written and partly printed.
95. When a given number of days' notice or notice extending over any other period is required to be given, the days of service shall not be counted in such number of days or period.

## **INDEMNITY**

96. All trustees and the auditors shall be indemnified against any liabilities bona fide incurred by them in their respective capacities, whether defending any proceedings, civil, criminal or otherwise, in which relief is granted to any person/s by a court.
97. Every trustee, servant, agent and employee of the Association, and the auditors, shall be indemnified by the Association against (and it shall be the duty of the trustees out of the funds of the Association to pay) all costs, losses and expenses (including travelling expenses) which such person or persons may incur or become liable for by reason of any contract entered into, or any act or deed done, by such person or persons in the discharge of any of his/their respective duties.

## GENERAL

98. Whenever they consider that the appearance of any land or building vested in a member is such as to be unsightly or injurious to the amenities of the surrounding area or the property generally, the trustees may serve notice on such member to take such steps as may be specified in the notice to eliminate such unsightly or injurious condition. Should the member fail within a reasonable time, to be specified in such notice, to comply therewith, the trustees may enter upon the land or buildings concerned and take such steps as may be necessary, and recover the costs thereof from the member concerned, which costs shall be deemed to be a debt owing to the Association.

The trustees shall be obliged in giving such notice to act reasonably. In the event of any dispute, the member shall bear the onus of establishing that the trustees acted unreasonably.

99. The registered owner of an erf zoned for residential purposes shall construct and complete the construction of a dwelling house thereon within 4 years after registration of transfer of the erf into his name.

100. Should the registered owner of an erf fail to comply with the provisions of article 99, then the developer shall be entitled to give written notice to the owner to commence construction of a dwelling house or to complete the construction of a partly completed dwelling house within 6 months of giving such notice and if the owner fails to comply with such notice, the developer shall be entitled (but not obliged) to repurchase such erf at a price equal to the following:

100.1 the purchase price at which the registered owner purchased such erf; plus

100.2 in the case of an uncompleted dwelling house, the value of the works constructed on the erf as determined by an independent quantity surveyor appointed by the developer whose valuation shall be final and binding on the developer and owner.

101. ~~No member shall be entitled to sell or transfer any erf until a dwelling has been erected thereon which has been approved in terms of these articles, save that the provisions of this article shall not apply to the golf course land. [This clause was deleted as per decision at the Special General Meeting, on 29 September 2009.]~~

102. No member shall be entitled to subdivide or rezone any erf during the development period without prior written consent of the developer and thereafter without the prior written consent of the trustees.

103. No member or other person shall be entitled to sink or use any boreholes within the township during the development period without the prior written consent of the developer and thereafter without the prior written consent of the trustees.
104. The Association may enter into agreements with any third party for the provision of facilities and services to or for the members and may levy charges in respect of the provision thereof, or may pass on such costs direct to the members.
105. The provisions of these articles shall be binding upon all members and, insofar as they may be applicable to all persons occupying any erf or unit by, through or under any member, whatever the nature of such occupation.
106. No member ceasing to be a member of the Association for any reason shall (nor shall such member's, executors, curators, trustees or liquidators) have any claim upon or interest in or right to the funds or any property or assets of the Association.
107. The Association may claim from any member or his estate any arrear levies and interest or other sums due from him to the Association at the time of his ceasing to be a member.
108. Any person using any of the services, land or facilities of the Association does so entirely at his own risk.

#### **DISPUTES**

109. Any dispute arising out of or in connection with the articles must be determined in terms of articles 110 to 119 (both inclusive), except when an interdict is sought for urgent relief which may be obtained from a court of competent jurisdiction.
110. On a dispute arising, the party who wishes to have the dispute determined must notify the other party thereof. Unless the dispute is resolved amongst the parties to that dispute within fourteen (14) days of such notice, either of the parties may refer the dispute to determination in terms of articles 109 to 119 (both inclusive).
111. If a party exercises his right in terms of article 110 to refer the dispute for determination, such dispute shall be referred to the following who shall in each case have a minimum of ten (10) years experience in their field:
  - 111.1 if the dispute is primarily an accounting matter, a practising chartered accountant;

- 111.2 if the dispute is primarily a legal matter, a practising attorney or advocate;
- 111.3 if the dispute is primarily a matter relating to the measurement in any way of any building construction or any aspect thereof, a practising quantity surveyor;
- 111.4 if the dispute is primarily a matter relating to any defect in any building construction, a practising engineer;
- 111.5 if the dispute relates to any other matter, such other independent and suitably qualified person.
112. If the parties are unable to agree either on the person referred to in article 111 or on the classification of the dispute within a period of seven (7) days of either party having given notice to the other, proposing an appointee or alternative appointees, then the person in question shall be nominated by the President for the time being of the Law Society of the Cape of Good Hope or its successor/s.
113. Any person agreed upon and nominated as aforesaid ("the expert"), shall in all respects act as an expert and not as an arbitrator.
114. The proceedings shall be on an informal basis, it being the intention that a decision should be reached as expeditiously as possible, subject only to the due observance of the principles of justice.
115. The parties shall use their best endeavours to procure that the decision of the expert shall be given within twenty one (21) days or so soon thereafter as possible, after it has been demanded.
116. The decision of the expert shall be final and binding upon all parties and capable of being made an order of court on application by any of them.
117. The costs of and incidental to any such proceedings, including the fees of the expert, shall be in the discretion of the expert who shall be entitled to direct the allocation of the costs, and whether they shall be taxed as between party and party or as between attorney and client.
118. The provisions of articles 109 to 119 (both inclusive) constitute the irrevocable consent of the parties to any proceedings in terms thereof and none of the parties shall be entitled to withdraw therefrom or claim in any such proceedings that it is not bound by such provisions.
119. The provisions of article 109 to this article 119 (both inclusive) shall be deemed to be severable from the rest of these articles and shall remain binding and effective as between the parties

notwithstanding that these articles may otherwise be cancelled or declared of no force and effect for any reason.

#### **AMENDMENT OF ARTICLES**

120. The provisions of these articles may only be amended, but subject always to article 26, by special resolution, which will require the approval of at least seventy five percent (75%) of the total number of votes of members of the Association, given at a general meeting called specifically for such purpose.
121. The notice of such meeting shall, in addition to complying with article 65 hereof, set out in specific terms the proposed amendment of these articles.