

MANAGEMENT AGREEMENT

MEMORANDUM OF AGREEMENT MADE AND ENTERED INTO BY AND BETWEEN -

THE CONTROLLING BODY OF

RHETULEI RHOGE
HOME OWNERS ASSOCIATION
CO REG NO 2004/027446/08
(Association Incorporated under Section 21)

herein represented by –

Stephan Greyling.....

RUDI BRITZ.....

in their capacity as Directors of the Company
created in terms of the Companies Act
(hereinafter referred to as the Company)

and

PRETOR ESTATES (PROPRIETARY) LIMITED

herein represented by –

NEIL ANDREW COWIE

in his capacity as the duly authorized representative
(hereinafter referred to as the Managing Agent)

[Handwritten signatures and initials]

WITNESS :

WHEREAS the Company has been registered in terms of the Companies Act;

AND WHEREAS the Directors have been duly appointed to their office in terms of the Act;

AND WHEREAS the Directors are desirous of appointing the Managing Agent to perform certain of their functions on their behalf;

AND WHEREAS the Managing Agent is willing to accept such appointment:

NOW THEREFORE THE PARTIES HERETO AGREE AS FOLLOWS:

1. DEFINITIONS

In this Agreement, unless the context otherwise indicates:

1.1 Effective Date

Means the date as specified in paragraph 3 hereof, which is the commencement date of this Agreement

1.2 Rules

Means the Rules pertaining to the Memorandum & Articles of Association, or as agreed by the Shareholders, whichever is applicable

1.3 Directors

Means the Directors of the Company

1.4 Owner

Means the person or entity who is a shareholder in the company.

2. APPOINTMENT

The Directors hereby appoint the Managing Agent which accepts the appointment to act as Managing Agent of the Company on the terms and conditions as set out below.

The Managing Agent shall act on the instructions of the Directors in the performance of its duties and functions set out in this Agreement.

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3. **EFFECTIVE DATE**

The Effective Date is 2010-08-25

4. **MANAGING AGENTS DUTIES**

The duties of the Managing Agent shall be defined as follows:

4.1 Administrative

The Managing Agent undertakes, on behalf of the Company, to:

- 4.1.1. prepare an annual estimate of income and expenditure for submission to the Directors and the Association for approval and the determination of the monthly levies;
- 4.1.2. open a trust account with a Financial Institution in the name of the Company;
- 4.1.3. assist the Directors on replacement values of improvements of the company insurance purposes and arrange for valuations when requested to do so by the Directors;
- 4.1.4. arrange for the insurance of buildings and improvements and any other insurance which the Company may require, when requested to do so by the Directors;
- 4.1.5. assist with the submission of all insurance claims on behalf of the Company when requested to do so by the Directors;
- 4.1.6. assist the caretaker in arranging for such repairs and maintenance of the property owned by the Company, not requiring the advice and supervision of professional engineers, architects or other professional bodies, when instructed by the Directors to do so and to call for quotations when so instructed;
- 4.1.7. assist the caretaker in negotiating with professional firms and others for the determination of specifications of work to be done when requested to do so by the Directors;
- 4.1.8. assist the caretaker in negotiating with outside contractors at the request of the Directors to perform certain services on behalf of the Company
- 4.1.9. assist and advise the Directors on the enforcement of the Resolutions adopted by the Company, when requested to do so by the Directors;
- 4.1.10. Prepare correspondence to assist in the resolution of complaints by residents in the Estates;
- 4.1.11. Assist the Board in ensuring that the Association complies with all relevant Statutory laws and regulations pertaining to the management of the Association;
- 4.1.12. Prepare clearance certificates when requested by the Board of Directors, for approval by the Board.

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4.2 Collection

The Managing Agent undertakes, on behalf of the Company, to :

- 4.2.1. collect into a Pretor Trust Account all income due to the Company including levies and any other income due from all current and future owners and to on a monthly basis deposit surplus income into an interest bearing account in the name of the Company. **All interest earned on such account shall accrue to the Company;**
- 4.2.2. verify and pay all accounts due by the Company, subject to any restrictions imposed or directives given by the Directors;
- 4.2.3. exercise credit control in it's capacity as a debt collector in accordance with the Debt Collector's Act in respect of all amounts owing by owners to the Company to the extent of timeously addressing Letters of Reminder to owners who are in arrear and instituting legal action for the recovery of arrears and interest where necessary. In the case of serious defaulters, such legal action shall include the appointment of and correspondence with attorneys which may, inter-alia, lead to the sequestration of owners. The Managing Agent furthermore undertakes to take such other reasonable steps as may be directed by the Directors for the recovery of arrear amounts, and interest where necessary;
- 4.2.3.1. The defaulting debtor shall be charged an administration fee for each reminder or demand issued by the Managing Agent as set out in Schedule 1 enclosed to this agreement, and which administration fee will be payable by the Company to the Managing Agent but will be recoverable from the defaulting debtor by the Company and debited against the defaulting debtor's levy account (refer to Schedule 1 attached). These fees are charged in accordance with the Debt Collectors Act of which the Managing Agent is a registered member.
- 4.2.4. The Managing Agent will follow the procedure set out hereunder to give effect to paragraph 4.2.1 above :
- 4.2.4.1. levies are to be paid monthly in advance on or before the 1st day of each month;
- 4.2.4.2. Letters of Reminder will be sent by the Managing Agent to those owners who are in arrears as at approximately the 8th day of any month, or on the first working day thereafter;
- 4.2.4.3. a Final Demand will be sent by the Managing Agent to any owner who remains in arrears on approximately the 8th day of the following month, or on the first working day thereafter, requesting immediate payment, following which such owner will be handed over to attorneys for legal procedures to be instituted, including the issuing of Summons;

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- 4.2.4.4. in the event of any owner being handed over to an attorney for collection, such owner will be liable for all legal fees incurred on the attorney-and-own client scale, as well as interest on arrear amounts calculated monthly in advance at First National Bank's prime overdraft rate, as may apply from time to time.

4.3 Accounting

The Managing Agent undertakes, on behalf of the Company, to:

- 4.3.1. keep proper books of account;
- 4.3.2. Provide a monthly detailed income and disbursements schedule to the Directors;
- 4.3.3. Provide monthly un-audited financial statements to the Directors, including income statement, balance sheet, trust account statement and net cash availability of funds;
- 4.3.4. prepare and submit a monthly un-audited levy schedule to the Board of Directors reflecting the amount due by and received from each owner;
- 4.3.5. arrange the annual audit with the Company auditors and, on completion, to submit the audited statements to the members of the Company;
- 4.3.6. attend to statutory payments to the Receiver of Revenue;
- 4.3.7. grant access by appointment at all reasonable times to any member of the Company to inspect the said books and or records;
- 4.3.8. attend to the lodging of Income Tax and other Returns, as required, to the Receiver of Revenue at fees determined from time to time by the managing agent.

4.4 Secretarial

The Managing Agent undertakes, on behalf of the Company, to:

- 4.4.1. attend at the Annual General Meeting of the Company;
- 4.4.2. attend at meetings of the Directors, outside office hours, in an advisory capacity as and when requested, but not exceeding three (3) times per year and not exceeding one hour. Request to attend such meetings must be provided to the Managing Agent with a reasonable notice period. Additional hours or part thereof will be charged at the rate referred to in Schedule 1 to this agreement;
- 4.4.3. attend additional meetings of the Company when requested by the Directors to do so, at the hourly rate as reflected in Schedule 1 with annual escalation as determined by Pretor will be applied from 1 June each year.
- 4.4.4. Attendance at meetings by Departmental heads and/or Directors may be charged at the rates reflected in schedule 1.

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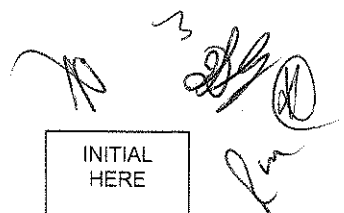


- 4.4.5. keep proper Minutes of meetings attended, as referred to in paragraphs 4.4.1, 4.4.2 and 4.4.3 above, and despatch copies of same to all persons entitled to receive such Minutes;
- 4.4.6. The Directors shall furnish the Managing Agent with copies of Minutes of all meetings of the Directors and of the Company not attended by the Management Agent;
- 4.4.7. arrange venues of meetings, if requested to do so by the Directors;
- 4.4.8. assist and advise the Directors on procedural matters including, inter-alia, General Meetings, Special General Meetings, Quorums, Proxies, Resolutions, Voting Rights, amendment to the registered Company Resolutions and statutory requirements of the Companies Act, Rules and any Annexures thereto;
- 4.4.9. attend to Proxies, Nominations, Agendas and Notices;
- 4.4.10. attend to the drafting and distribution of notices and circulars to owners and to queries, suggestions and complaints, as also the normal correspondence of the Company;
- 4.4.11. furnish the Directors when requested to do so, with copies of correspondence entered into on their behalf;
- 4.4.12. maintain the Minute Books, Attendance Registers.

4.5 Labour

The Managing Agent undertakes, on behalf of the Company, to:

- 4.5.1. pay salaries, wages, PAYE, UIF and Workman's Compensation, etc. It is expressly agreed that the Managing Agent will employ employees on behalf of the Company when request to do so, which employees are employed by the Company and not by the Managing Agent. Any disputes which may arise between the Company and any of its employees in terms of any legislation shall not involve the Managing Agent as a party thereto and it cannot be cited as being the employer of any of the said employees in any action or proceedings as may be instituted, and is therefore not to be held liable or responsible in any way. Any payments as mentioned above, due by the Company, will be made by the Managing Agent on their behalf;
- 4.5.2. the Directors will be responsible for supplying Service Contracts, a Disciplinary Code and Grievance Procedures, as well as the conducting of disciplinary hearings. The Managing Agent can assist in this regard, when requested to do so by the Directors;
- 4.5.3. the Managing Agent will be granted the opportunity to appoint other contractors to perform the duties mentioned above, subject to the approval of the Directors.



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5. INDEMNITY

- 5.1 The Managing Agent shall further be entitled to act in all respects on behalf of and in the name of the Company and/or the Directors as may be necessary for the performance of its duties, subject to the Rules and the directives of the Directors. The parties acknowledge that this Agreement shall not be construed as a delegation by the Directors of their powers or those of the Company, to the Managing Agent;
- 5.2 The Company hereby acknowledges and agrees that the Managing Agents acts as its agent and on behalf of and in the name of the Company and not as principal;
- 5.3 In its capacity as agent, the Managing Agent is hereby indemnified and held harmless by the Company against all costs, losses, expenses and claims which it may incur or become liable for by reason of any act performed by it in the discharge of its duties in terms of this Agreement, unless such costs, losses or claims are caused by the gross negligence, wilful default or fraudulent act of the Managing Agent.

6. REMUNERATION

- 6.1 As consideration for the performance of its duties in terms of paragraph 4 above, the Managing Agent shall be entitled to a monthly administration fee of R 46-00 per stand for 166 stands totalling R 7561 per month excluding Value Added Tax, with effect from the Effective Date;
- 6.2 In subsequent years, remuneration shall be that as stated in the budget as approved at the Annual General Meeting of the Company;
- 6.3 The Managing Agent shall be entitled to:
- 6.3.1 Re-imburement on demand of all bona-fide expenses incurred for the benefit of the Company and or the members thereof. These shall include, inter-alia, the costs of books and stationery reasonably required to keep proper books of account, minute books and attendance registers, as also the cost of stamps, fidelity guarantees, insurance premiums, photostating copies of documents, circulars and minutes. The costs in producing and distributing the monthly financial statements as furnished to the Directors and costs associated with distributing levy statements to owners will be borne by the Managing Agent;
- 6.3.2 The Company will pay the Managing Agent on demand the fee, as reflected in schedule 1, for the following additional services, which are not included in the agreed Management Fee :
- 6.3.2.1 Deed Searches;
- 6.3.2.2 The Registration of House Rules and/or the obtaining of copies thereof from the Registrar of Deeds;
- 6.3.2.3 The supplying and signing of contracts concluded with employees of the Company.
- 6.3.3 Fees payable by the owner to the Managing Agent as referred to in Schedule 1 to the agreement and not included in the agreed Management Fee comprise inter-alia, but not limited to:

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6.3.3.1. the fee payable by the owner in respect of each Clearance Certificate required by such owner for whatever reason, as reimbursement for the expenses incurred in the preparation thereof;

6.4 Appointment as Company Secretary

6.4.1. If appointed as Company Secretary, to perform the statutory requirements prescribed by the Companies Act, including the preparation, submission and payment of company tax returns, registration of Directors and the registration of statutory forms.

6.4.2. The fees for the services as Company Secretary are not included in the rate provided above. They are charged separately as reflected in Schedule 1 as determined by Pretor with annual escalations applied from 1 June each year.

6.5 Web based access to detailed levy account information and owner contact details

6.5.1. Pretor will provide a web-based facility for each owner to have direct on-line web based access to their transaction history and personal contact details as reflected on the Pretor system. This facility will be available via either:

- A dedicated web-site commissioned for the complex, accessible via the Pretor web-site or the complexes own domain name; or
- The Pretor web-site, via a unique log-in and password for each owner.

6.5.2. The above facilities will be provided upon request by the Directors of the Company at an additional cost as reflected in Schedule I as determined by Pretor with annual escalations applied from 1 June each year.

7. DURATION OF THE AGREEMENT

7.1 This Agreement shall commence on the Effective Date and shall endure for a period of one (1) year. The Agreement shall automatically be renewed from year to year and shall remain in force for an indefinite number of years, unless and until it is terminated in terms of the provisions of this paragraph;

7.2 The Company may give notice to the Managing Agent not later than two (2) calendar months before the expiry of any year as referred to in paragraph 7.1 above, of termination of this Agreement at the end of such year, provided, however, that no notice of termination of this Agreement may be given by the Directors at any time where there exists a shortfall in respect of payments due by the Company to the Managing Agent.

7.3 No notice to terminate may be given where the Company is in an overdraft position and/or is indebted in any way to the Managing Agent.

7.4 Without in any way limiting its right to institute a claim for damages of whatever nature, the Managing Agent will be entitled to immediately institute a claim for damages comprising the fees due up to and including the anniversary of the Effective Date, should termination of this Agreement by the Company be executed prior to this date;

7.5 The Directors shall further be entitled to terminate this Agreement forthwith in the event of the Managing Agent breaching any material provision of this Agreement and failing

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to rectify such breach within 15 days of receiving written notice thereof, or being found guilty of conduct which at common law would justify the termination of a contract between master and servant. In such event the Managing Agent shall have no claim whatsoever against the Company, or any of the owners, resulting from such cancellation, provided that there exists no shortfall which is due for re-imburement by the Company to the Managing Agent, in which event termination will only be effected once all outstanding monies are refunded to the Managing Agent;

7.6 The appointment of the Managing Agent may further be terminated and such Managing Agent shall cease to hold office, if –

7.6.1. an order is made for its Provisional or Final Liquidation, or it is placed under Judicial Management;

7.6.2. any of its directors are convicted of an offence involving an element of fraud or dishonesty;

7.6.3. a Special Resolution of the Company to that effect is passed, provided that in such event, the Managing Agent shall not be deprived of any of its rights to claim compensation or damages for Breach of Contract, or any other claim which it may have in law, including the right to remuneration as set out in paragraph 6 above;

7.6.4. each and every annual renewal of this Agreement will be subject to the same terms and conditions as set out herein, except where specifically altered in writing and signed by both parties;

7.7 The Managing Agent shall be entitled to terminate this Agreement at any time by giving two (2) months written notice of termination.

8. ADDITIONAL SERVICES

The Managing Agent shall keep full records of its administration and shall report to the Company all matters, which in its opinion, detrimentally affect the value or amenity of the company's property and any of the units or sections.

9. MONIES

In terms of the Estate Agency Affairs Act 112 of 1976, the Company hereby agrees that the Managing Agent shall be entitled to accept payments from the Company members into the Managing Agents Trust Account.

The Company further agrees that any interest earned on such funds shall not be for the account of The Estate Agency Board, but shall accrue to the Managing Agent.

The Directors hereby request that surplus monies held in the Trust Account be transferred on approximately the 15th day of each month, or as otherwise agreed, to the Company's Investment Account in order that the Company may earn interest for its own account on such funds invested.

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10. **ARTICLES AND MEMORANDUM OF ASSOCIATION AND RULES**

The Managing Agent confirms that he has acquainted himself with the provisions of the Articles of Association and Memorandum and Rules adopted by the Company and holds himself bound thereby and by any Rules as may be amended or adopted by the Company from time to time.

11. **DOMICILIUM CITANDI ET EXECUTANDI**

11.1 The parties choose as their *domicilium citandi et executandi* for purposes hereunder, including the delivery of notices, the addresses set out hereunder :

11.1.1. The Company –

Rietvlei Ridge HOA, Goedehoop

Street, Irene

Postal Address

PO Box 2500, Brooklyn Square

0075

Physical Address

11.1.2. The Managing Agent –

Pretor Estates (Pty) Limited
PO Box 2500, Brooklyn Square, 0075

138 Muckleneuk Street
Nieuw Muckleneuk. Pretoria, 0181

11.2 Every notice given by either party to the other in terms hereof shall be in writing and if sent by prepaid registered post to the chosen domicile of the addressee, shall be deemed to have been received by such other party, unless proved to the contrary, on the fourth business day after posting.

12. **AMENDMENTS**

This Agreement contains the entire agreement between the parties and no variation, amendment, supplement or further Agreement in conflict with the provisions hereof of any kind whatsoever, will be of any force or effect unless reduced to writing and signed by both parties.

13. **BRIDGING FINANCE**

The parties acknowledge that the Managing Agent's trust account as managed on behalf of the Home Owners Association can never be in overdraft and as a result of the above, should disbursements have the effect of placing the bank account referred to in clause 3.1.2 above in an overdraft position, the Managing Agent is hereby authorised to provide, or facilitate the

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provision of, bridging finance to the Home Owners Association. Should the lender required it, an acknowledgment of debt shall be signed by 1 directors of the HOA and the HOA hereby irrevocably confirms that the trustee who signs the aforesaid acknowledgement of debt will be authorised to do so.

SIGNED AT Pretor ON THIS 25 DAY OF Aug 2010

AS WITNESSES:

- 1. Stephan Greyling
- 2. Rudi Britz

[Signature]
DIRECTOR

[Signature]
DIRECTOR

SIGNED AT Rafona ON THIS 26 DAY OF August 2010

AS WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]
MANAGING AGENT

[Signature] 3

[Signature]

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CHARGES AND FEES FOR ADDITIONAL SERVICES
(HOME OWNERS ASSOCIATION)

COMPANY SECRETARY SERVICES*(Excl. VAT)***Income Tax & VAT Services**

Preparation & submission of annual tax returns (IT14 & IRP6's)	Per annum	R1 000-00
Income Tax registration	Once-off	R1 000-00
Preparation & submission of VAT return	Per return	R300-00
Preparation & submission of VAT registration	Once-off	R1 000-00

Statutory Services

Provide & maintain a company register	Once-off	R350-00
Appointment & resignation of company Directors/Auditors etc	Per CIPRO Access	R250-00
Appointment as Company Secretary	Per annum	R500-00
Annual return to Registrar of Companies	Per annum	R275-00
Preparation & submission of Special Resolution	Once-off	R1 100-00
Stationery set-up cost	Once-off	R300-00
Employee – PAYE/UIF Registration	Once-off	R150-00

MEETING FEES

Contractual meetings exceeding two (2) hours	Hourly or part thereof	R250-00
<i>Additional meetings:</i>		
- Attendance by Portfolio Manager	Hourly or part thereof	R250-00
- Attendance by Head of Department/Saturday meetings	Hourly or part thereof	R500-00
- Attendance by Director	Hourly or part thereof	R750-00

OTHER FEES**Fees charged to the owner and payable to Pretor**

Provision of clearance certificate – HOA	Per certificate	R650-00
- Extension	Per certificate	R400-00
HOA Membership form	Per agreement	R150.00
Prescribed Debt Collection Charges		
- Demand letter for arrear levies	Per letter	R 14.00
Prescribed Debt Collection charges		
- Collection commission on arrears (Limited to R315)	Per payment	10%
Deed Search	Per search	R57-00
Letter for contravening house rules (Charged to owner & payable to Pretor)	Per letter	R120-00

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SCHEDULE 1**Other fees charged to the owner and payable to Pretor**

Bank charges - Wages	Per month	R15 + R5-50 per worker
Raising/collection of special levy	Per month	R5 per unit
Obtaining quotations	Per quotation	R50 from 3rd
Take-on fee	Once-off	½ monthly fee / negotiable
Bank Charges		
Less than 30 members		R 10.00 per member
Less than 50 members		R 7.50 per member
Less than 100 members		R 5.00 per member
More than 100 members		R 3.50 per member
Photocopies	Per copy	70c per copy
Full Dedicated Website	Once off	R875.00
	Monthly	R320.00
Access to levy accounts and owner details	Monthly	R220.00

FINANCIAL LENDING SERVICES**Monthly Overdraft (R10, 000 per month)**

Interest rate		Prime + 2%
Admin fee	Once off	R450-00
Document fee	Monthly	R310-00

Monthly Overdraft (R20, 000 per month)

Interest rate		Prime + 2%
Admin fee	Once off	R750-00
Document fee	Monthly	R310-00

Loan Agreement (up to six (6) months)

Terms and conditions to be agreed with Pretor

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