

Amended 22<sup>nd</sup> October 2009

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SCHEDULE – ANNEXURE A2

USE AGREEMENT

AGREEMENT ENTERED INTO BETWEEN; C J REED INVESTMENTS SHARE BLOCK (PROPRIETARY) LIMITED

(Hereinafter with its successors in title and assigns called “the Company”) of the one part;

And .....

As registered holder for the time being of the Share Block as hereafter defined in the Company and also for each successive holder or purchaser, whether under a suspensive condition as to the passing of ownership or otherwise from time to time of the Share Block (hereinafter called “the Member”) of the other part.

THIS AGREEMENT WITNESSES:

1.

DEFINITIONS:

For the purposes of this agreement, unless the context otherwise requires it:

- 1.1 “The Property” Shall mean the Immovable Property owned by the Company.
- 1.2 “The Site” Shall mean Site Number \_\_\_\_\_ as situated within the property.
- 1.3 “The Premises” shall mean the building erected upon the site.
- 1.4 “The Share Block” shall mean Share Block Number \_\_\_\_\_ in the Share Capital of the Company and to which the site is linked pursuant to the Articles of Association of the company.
- 1.5 “The Act” shall mean Share Blocks Control Act 1980.
- 1.6 “The Sectional Titles Act” shall mean the Sectional Titles Act 1971.
- 1.7 Words and expressions utilised in the agreement shall have the meanings ascribed to them as set out in the Act and the Sectional Titles Act;
- 1.8 Where the masculine gender is used, this shall include the feminine and neuter and vice versa, and the singular shall include the plural.

2.

RIGHT TO THE USE OF PORTION OF PROPERTY:

2.1 The member shall have the sole right to the exclusive use, occupation and enjoyment, free from the payment of any rental therefor, of the site.

2.2 The member shall have the right to the use and enjoyment in common with other members of the Company and occupants of the remainder of the Property of such portions of the Property as are not reserved for the exclusive use of any person, subject however, to such terms and conditions as may be imposed by the directors of the Company from time to time.

2.3 the rights of the Member hereunder shall endure for so long as he continues to be the beneficial owner of the Share Block and remains in fulfilment of all the terms and conditions of this agreement.

3.

USE:

The site shall be used by the Member for residential purposes and no other purpose whatsoever. The site shall be used and occupied personally by the member and no more than seven persons in all, including the Member, as specified in schedule "A" annexed hereto. In the event of the rights of use herein being held by a Company or other body corporate, such occupation shall be subject to the prior approval of the directors of the Company, which approval shall not be unreasonably withheld.

The owner of the Share Block No's 62 and 63 has the right to sub-divide his shares giving use of the sites so created to himself or his successors in title on the same basis as applies to the Share Block governed by thus Use Agreement. The right of sub-division is conditional upon the said owner providing substantially the same facilities for instance in relation to the provision of water and recreation amenities as exist in the rest of the Property. The said sub-division shall not detract from the quality of usage enjoyed by the members.

4.

RULES AND MANAGEMENT REGULATIONS:

The Member agrees that the Company's directors insofar as it shall not contrary to the provisions of this agreement, shall be entitled at all times to lay down terms and conditions of occupancy and use, in respect of the site and from time to time to vary, alter or amend the same. Such terms and conditions shall only be binding upon the member after they have been ratified by the members of the Company for the time being, which ratification may be given either in writing or at a general meeting of the Company, and the Member has been given notice thereon. In the event of there being any conflict between such Management Regulations and this Agreement, the provisions of this Agreement shall prevail.

4.1 No animals or pets shall be kept or harboured on the site, unless this has been expressly permitted in writing by the Directors.

4.2 No motor vehicles may be repaired within the boundaries of the Property.

4.3 Motor vehicles shall not be parked in a place that has not been set aside or demarcated for this purpose and shall at no time be permitted to obstruct any roads.

4.4 No airgun or catapult shall be used within the boundaries of the Property and the trapping of and interfering with birds or animals is expressly forbidden.

4.5 The privacy of others shall be respected at all times and the conduct of a Member or visitor that is likely to give offence to other residents or their visitors will not be tolerated. All persons are especially requested not to walk across any site other than his or her own.

4.6 Undue noise from radios, television sets, the playing of musical instruments and any other noisy activity will be deemed to and constitute an annoyance to others will not be tolerated at any time. Quiet shall be maintained between 23.00 hrs and 07.00 hrs.

4.7 No peddling, soliciting or commercial enterprise other than those operated or sanctioned by the Directors shall be permitted within the boundaries of the Property.

4.8 No motor bikes are allowed onto the property or to be ridden in the park.

4.9 Right of Admission is reserved to the Members and their families only and all visitors will require Directors approval before entering the Property.

4.10 The Member shall not allow any of his possessions whatsoever or rubbish, debris, dirt, or refuse to be left on the site, nor shall he allow linen or clothing to be hung anywhere other than in the places especially designated therefor from time to time.

4.11 The Member shall not store or harbour on the site or under Caravans or Mobile Homes, any goods which may vitiate any fire insurance policy held by the Company or increase the premium payable in respect of such policy or which may create health hazards.

4.12 The member shall not cause or permit any disorderly conduct of whatsoever nature in the site or do or permit any act, matter, or thing in or about the same which shall constitute or cause a nuisance or any inconvenience to the staff employed by the Company upon the Property, to the Company, or to any other occupant of the remainder of the Property.

5.

SERVICES:

No liability shall devolve upon the Company because of any interruption or failure of any electrical and/or water services that may be supplied by the Company, irrespective of the cause thereof, nor for any consequential damage the Member may incur by reason of such failure or interruption.

6.

LETTING:

The member may let or part with occupation of the said site provided:

6.1 That no such letting and/or parting with occupation shall in any way release the Member from any of his obligations to the Company hereunder.

6.2 that as a condition precedent to any such letting and/or parting with occupation, the Member shall secure from the Lessee, or the person to whom occupation is given, as the case may be, an undertaking in favour of the Company that such lessee or person shall duly observe all such regulations and conditions as are contained herein and which may be reasonably considered as being applicable to a lessee. Such undertaking shall be on the terms as the Directors of the Company shall from time to time require.

7.

MAINTENANCE:

7.1 The Member shall at all times at his own expense maintain the buildings on the site, including without limitations all electrical wiring and fittings, plumbing installations and apparatus and all fittings whatsoever in good and sound order and repair and in a toughly clean, tidy and tenantable condition and shall be responsible for all maintenance, repairs, replacements of whatever nature, including without limitations, all painting, repairs and if necessary, the cleaning of any blockages of drains, sewers, plumbing and sanitary equipment and connections and the maintenance and replacement thereof and all repairs and renovations to the site of whatever nature, the Company having no liability thereof.

7.2 Where any dispute arises as to whose liability it is to maintain any portion of the site or of the Property, such dispute shall be determined by the Directors of the Company, and the decision of the Directors shall be final and binding on the parties to the dispute.

7.3 The Member shall effect renovations and repairs subject to prior consent and specifications of the Company. Should the Member neglect to affect any repairs and/or renovations after 14 days of being instructed to do so by the Company, the Company may affect such repairs and/ or renovations and claim the cost thereof from the Member.

8.

RIGHTS AND DUTIES OF MEMBERS IN RELATION TO PREMISES

8.1 The Member may make improvements to the interior of the building on the site, but no structural alterations, fences or additions to the water, gas, sewage, electrical or plumbing installations may be effected without the written consent of the Directors having been previously obtained and the subject to such conditions as the Directors may impose.

8.2 It shall be the Member's responsibility to affect his own insurance in respect of the contents of the buildings of the site and to pay all insurance premiums in respect thereof.

## LEVIES:

- 1.1 The Directors of the Company shall establish and maintain a levy fund, to which end they shall from time to time make levies upon the members of the Company in such amounts as are in their opinion sufficient for the repair, upkeep, control, management and administration of the Company and of those portions of the Property for which individual members are not personally liable, for the payment of rates and taxes, and any other local authority charges on the property, any charges for the supply of electrical current, gas, water, fuel and sanitary and other services to the Property for which individual members are not personally liable, and services required by the Company, for the covering of any losses suffered by the Company, for the payment of any premiums of insurance.
- 1.2 The Directors shall estimate the amount which shall be required by the Company to meet the aforesaid expenses during each operational year or any portion thereof and shall make a levy upon the members of the Company equal as nearly as is reasonably practical to such estimated amount. The Directors may include in such levies and amount to be held in reserve to meet any anticipated future expenditure not of an annual nature, such as expenses to be incurred for redecoration or renovation of the Company's property or any part thereof. Every such levy shall be made payable by equal monthly instalments, due in advance on the first day of each and every succeeding month of each operational year. For the purposes of the clause the operational year of the Company will run from the 1<sup>st</sup> day of March in each year to the last day of February in the following year.
- 1.3 The Directors may from time to time make special levies upon the members of the Company in respect of all such costs, expenses and requirements as are mentioned in clause 9.1 and such levies may be made payable in one sum or by such instalments and at such time or times as the Directors shall think fit.
- 1.4 Notices shall be given in the respect of the levies payable by members of the Company, and such notice shall be subject to the provisions relating to the notices in the Articles of Association.
- 1.5 Every levy which is made by the Directors pursuant to those provisions shall be made upon the members of the Company in equal proportions.
- 1.6 In the event that the Company converts the property to a development scheme under the Sectional Title Act as contemplated in the Section 8(3) of the act, then as concerns any units in the scheme which have not been transferred by the Company to any of its members, the contributions payable by the company to the Body Corporate shall be levied by the Company against the members of the Company who have not received transfer of their respective units and such levy each member who has not so received transfer bears to the total number of the remaining issued shares in Trustees of the Body Corporate pursuant to item 8(2) of schedule 1 of the act.
- 1.7 Any amount due by the Member of a way of a levy or instalment of a levy shall be a debt owed by the Member to the Company and shall be recoverable by the Company. The obligation of the member to pay levy shall cease upon lawful termination of the member's right of use, save that any arrears levies to the date of such termination shall nevertheless be recoverable by the Member. No levies and no part of any levy paid by the Member shall be

refundable by the Company on the termination of the Members right of charge interest on the overdue amount at current bank overdraft interest rates.

- 1.8 Undeveloped sites shall only pay a levy to cover their portion of the municipal rates charged on the land. This expense i.e., land rates is to be allocated on the same basis as for developed sites.

10.

LOAN OBLIGATIONS:

10.1 The member shall lend to the Company free of interest the amount allocated to the Share Block in terms of schedule "A" annexed hereto, which amount, together with any other amount or amounts that may be owing by the Company to the Member on Loan Account if any, shall be repayable by the Company at the option of the Company as the Company may from time to time elect, save that any such loans shall be repaid if the Company is wound up. The decision of the Company contemplated herein shall be determined by a resolution of at least seventy five percent (75%) in number of the members of the Company, excluding from such members the Share Block developer, having the right to vote at the relevant meeting and holding in the aggregate at least seventy five per cent of the total numbers of votes of all those members, but excluding from such number of votes the vote held by the Share Block developer.

10.2 After the Member has advanced the full amount of his loan obligation as allocated to him, the Company shall upon the Member's request be obliged to furnish to the member a certificate or other evidence of the fact that the full amount has been advanced by the Member.

11.

CESSIONS OF LOANS ADVANCED BY MEMBERS:

Moneys advanced from time to time by the Member to the Company shall be deemed to be ceded to the Company as security for the Member's outstanding obligations to the Company from time to time, such cession to be in the nature of a continuing covering security. The Member's right, title and interest in and to such advances or any portion thereof, may not be ceded by the member to any third party, for any reason whatsoever, without the prior written consent of the Company, save and except upon a sale by the member of his shares and loan account in the Company. In the event of any such cession being effected with the consent of the Company, such cession shall nevertheless be of no force or effect as against the Company in the event of the member committing a breach of his obligations entitling the Company to enforce the provisions of clause 15 hereof in which event any claim of the cessionary shall only be satisfied after all amounts owing to the Company by the Member have been discharged. The Company shall, however, give the same notice to the cessionary in terms of clause 15 to enable the cessionary to remedy the Member's shares if applicable no shares shall be sold or disposed of without the Member's loan account, and likewise no loan account shall be sold or disposed of without the Member's shares.

12.

CESSION OF MEMBER'S RIGHTS:

The Member shall only be entitled to cede his right, title and interest in and to this agreement, provided always that he sells his shares in manner provided by and subject to the Articles of his Association of the Company and the terms of this agreement, and thereby confers upon such person the right to occupy the said site provided however, that in the case of a purchaser who has purchased the shares on suspensive conditions and has not yet taken transfer of those shares , the Purchaser shall be required to obtain the prior consent of the Sellers to the sale of those shares and the cession of his rights herein. Before transfer is effected into the name of the transferee the Company shall require satisfactory proof that the Member has ceded his right, title and interest in and to this agreement to the transferee, and that the transferee has duly assumed all the transferor's right, title and interest in and to his loan account with the Company has simultaneously been ceded to the transferee.

13.

RIGHTS AND OBLIGATIONS OF THE COMPANY

13.1 It shall be the duty of the Company at its own expense:

13.1.1 to maintain in good order and repair and in clean and tenable condition the roads, buildings, recreation facilities, lawns, pathways and all such other portions of the Property which re not reserved for the exclusive use of the Member.

13.1.2 To affect such insurances over and in respect of the Property against damage in association with any relevant resolutions passed by the members of the Company from time to time at general meetings of the Company, and to renew such policies.

13.2 The Company shall not be responsible for the repair and renovation of any portion of the property reserved for the exclusive use of the member unless the Directors otherwise determine.

13.3 The Company shall at all times, through its servants, be entitled to inspect the said site occupied be the member and if dissatisfaction with the condition thereof, it may call upon the member to carry out the obligations imposed upon him by the terms of this agreement. Should the Member fail to maintain the said site in good order and condition, the Company shall after fourteen (14) days' written notice to the Member be entitled without prejudice to any other rights it may have, to put the same into good order and condition at the expense of the Member, and to recover from the Member any expenditure thereby incurred.

The company's duly authorised agent or workmen shall be permitted on any site in the said property at any reasonable hour of the day if authorised be the Directors or the Secretary, Manager or Supervisor acting under powers delegated be the Directors in order to examine same or to effect repairs thereto, or to any part of the said property.



14.

#### RESPONSIBILITY FOR LOSS

The Company shall not be responsible for any loss, damage or injury which the member, or any person occupying the site through or at the instance of the member, which the member may sustain on the site or in or about the Company's property by reason of any act whatsoever, or neglect on the part of the Company or the Company's servants, nor shall the Company be responsible for any loss, damage or injury of any description which the member or such person may sustain by reason of the Property or the building on the site at any time falling into defective state, or by reason of any repairs, renovations and/or maintenance work to the rest of the Property which are effected by the Company or by the occupant thereof, or by reason of such repairs, renovations and maintenance work not being effected timeously or at all, and the Member shall not be entitled for any of the reasons aforesaid or for any other reason whatsoever to withhold any payment due to the company.

15.

#### TERMINATION

This agreement shall only remain in full force and effect for so long as the Member is the holder or beneficial owner of the Share Block or remains entitled to the transfer thereof, provided that:

15.1 Should the Member commit any breach of any of the provisions of this agreement or of the concurrent agreement of sale in terms of which the Member acquired the Share Block, or of any of the Management Regulations made in terms of clause 4 above, which is capable of being remedied, and should the Member fail to remedy such breach within fourteen (14) days of the date of delivery by hand or posting by prepaid registered post of a written notice calling upon him to remedy the same, or

15.2 in the event of the Member committing or suffering the commission of any breach of any term or condition of this Agreement or of the said Management Regulations, which breach is of such a nature or occurrence that cannot practicably be remedied subsequent upon the giving of a period of notice of six (6) months after the due notice in writing has been given to the member requiring the member to desist from and/or not to repeat or suffer the repetition of the breach complained. Then the Company shall be entitled, notwithstanding any prior waiver on its part or any of its rights, and without prejudice to any other rights it may have, to cancel the agreement forthwith and:

15.3 to obtain repossession of the said site and for that purpose to take whatever action may be necessary for the immediate ejection of the Member or occupier from the said site, without prejudice to the Company's rights to claim to whatever moneys may be owned to it, and such damage as the company may sustain by reason of the Member's breach or default, including legal expenses of whatever nature; and

15.4 without prejudice to the Company's right to sell the said Share Block/s at any stage, together with the Member's loan account, but subject always to the prior rights of any pledgee seller of the Share Block from whom the member acquired such Share Block, the Company shall have the right, as

agent for and on behalf of the member and as procurator in rem suam to let the said site and to collect all rents and money payable by the tenant in respect of his occupancy thereof, and to deduct therefrom any moneys whatsoever that may be owed by the member to the person from whom the member acquired the Share Block and thereafter that may be owed to the Company; and

15.5 without prejudice to any other rights, but subject to the rights of any pledges Seller and with his consent, the Company may sell the said Share Block and the amount advanced by the member, for and on behalf of the member. The proceeds received by the Company from the said sale shall be applied, firstly in reduction of any indebtedness of the member to the person from whom the Member acquired the Share Block, and thereafter to the Company, whilst any surplus shall be paid over to the member.

## 16.

### DAMAGE TO BUILDING:

Should the premises and/or any building and /or any facility on the site be destroyed by fire or any Act of God, the Company agrees that it will as soon as is practicable repair and/or rebuild the same. The Member shall have no claim against the Company by reason of the site being unfit for occupation or for any other reason whatsoever. The Company, however, reserves to itself the right to change or vary from the form of construction of the premises or building or facility on such rebuilding or repairing, but the member shall have same accommodation as regards position and area of building enjoyed by him prior to destruction in such altered or varied construction. In the event of any damage to the premises, whether by fire, accident or otherwise (other than interior damage, or damage to any portion of the building for which the Member is liable) which renders valueless or substantially reduces the value of any right or occupation of the Member, it shall be the duty of the Company to make good such damage as soon as is reasonably possible. There shall however, be no obligation on the Company to compensate the Member for any loss of occupation or use relating from such damage to the premises or to the building or to the facility.

Notwithstanding the above, the Company shall not be bound to expend any more in fulfilling any of its said obligations than sum which it shall receive from its insurers arising from any of the aforesaid contingencies.

17.

#### WARRANTY

The Company hereby warrants: that the beneficial owner of the Share Block in the Company as originally constituted has concluded written agreements of Use with the Company in respect of each site in the Property, each of the agreements being subject to the same terms and conditions as are herein contained.

18.

#### LATITUDE

No latitude, relaxation, indulgence or extension of time may be allowed to the Member in respect of any matter or thing which the Member is bound to perform or observe in terms hereof, shall under any circumstances be deemed to be a waiver of the Company's rights and the Company shall at all times be entitled to require strict and punctual compliance with each and every provision hereof.

19.

#### STATUTES

In the event that any provision of this Agreement conflicts with the Act or the Sectional Titles Act, the Act or as the case may be the Sectional Titles Act will prevail.

SIGNED BY THE COMPANY ACTING THROUGH ITS DULY AUTHORISED OFFICER AT

\_\_\_\_\_ THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

AS WITNESSES

1. \_\_\_\_\_

\_\_\_\_\_

The Company

2. \_\_\_\_\_

SIGNED BY THE MEMBER AT \_\_\_\_\_ THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

AS WITNESSES

1. \_\_\_\_\_

\_\_\_\_\_

The Member

2. \_\_\_\_\_