

GARLINGTON HOMEOWNERS ASSOCIATION

CHAIRMANS REPORT TO THE 2010 AGM

Good Evening Ladies and Gentlemen.

I would like to welcome you all to this 3rd Annual General Meeting of the HOA, particularly as it is the first to be held in our own Country Café. It is good to see so many members have taken the time to attend.

Before I proceed further I would like to thank my fellow directors for the time, effort and expertise they have devoted to the affairs of the Homeowners Association in what has generally been an uneventful but busy year. They are obviously suckers for punishment as all have agreed to serve again for the coming year. As no new nominations have been received for the two vacancies for elected by the Members, Messrs Rob Stuart Hill and Conrad Vermaak, both residents on the estate, will continue to serve. Messrs Andrew Mophew, Sean Moffatt and I have been appointed by the developer to represent its interest on the Board. I will continue as chairman.

For those of you who are unaware of it, the developer is entitled to appoint three board members during the 5 year development, which expires in 2012.

Again, a word of thanks to our loyal and hard working staff, Jerry Van Rooyen, the estate manager and his team who keep the estate looking good, to Larika the financial administrator who now administers a substantial budget and to Louise the secretary who does most of the administration. Larika had

a few sleepless nights when the VAT inspectors did an audit but everything was fine.

There are two issues of paramount importance for an estate like Garlington.

The first is money and the second is security.

On the financial side no one has packed for Perth with our money. We have R300 000 in the bank and are owed a further R163 000 by members for unpaid levies. This figure is high but is secured by the properties of the 25 defaulters as they cannot sell the properties without consent from the Association, which consent will not be granted unless the conveyancer's agree to settle the outstanding amounts from the proceeds of the sale. Two owners who owe a combined R75 000 have been handed over for collection. A further R45 000 of the total comprises the levies on properties in the process of transfer. Many owners stop paying the levy when they sign a deed of sale. Each person whose levy is in arrears pays interest at prime plus four percent plus R100 a month as an administration fee.

I am happy to report that security during the year has been excellent. Your Board is very vigilant about security and constantly monitors the performance of IPSS and its guards.

The past year has been quite busy for the estate as a number of development projects have been completed by both the developer and the association.

The Gym, pool and steam room were opened last year and Nicolson's Country

Café was opened this year. Jonty is fast establishing a reputation as a top chef and Tanya is a very gracious hostess. I brought Jonty's mentor, Richard Poynton, who owns and runs Cleopatra at Kamberg, to Nicholsons and he was very impressed with the décor, ambience, service and quality of the food. That is high praise from one of the country's top chefs. For those of you who know Richard, he likes to cook with butter, cream and egg yolks and did comment that Jonty's food was tending towards health farm standards as Jonty had replaced cream with yoghurt in his recipes. Neither Tanya or Jonty knew Richard was coming.

The fibre optic telephone system was commissioned and while there are still hiccups the system seems to be getting more reliable.

The HOA has started construction of a cricket net next to the tennis courts. It will be finished in time for the cricket season.

The only outstanding facility which the developer is still to construct is the golf driving range. The tee and bunker have already been constructed. The driving range will be done in early spring.

Your Board has decided to replace the security car as it is falling to pieces. It has been agreed to buy a new bakkie for Jerry, a Ford ,while his bakkie will be given to the security patrol as hopefully it is a sturdier vehicle than the current car. We will pay R100 000 in cash for this vehicle and finance the balance approximately another R100 000.

The Board is considering three other projects for the immediate future.

These are

1. the installation of a self service diesel pump,
2. the construction of garages, offices, changing rooms and a canteen for Jerry, his staff and equipment and
3. a backup water supply.

We currently pay approximately R3000 per month to lease the current mobile office. All the equipment sits out in the sun and rain. It needs shelter to maintain its value. The new building will be built on the site to the right of the contractor's gate as you leave the estate. This site is owned by the HOA.

The self service diesel pump will be installed on the same site. The survey showed that there would be consumption of approximately 10 000 litres per month and this would yield a profit of R4000 per month for the HOA while saving the members a total of R4000 per month. The only cost to the HOA will be the construction cost of a concrete bund on which the tank would sit and the cost of the addition to the pump to make it dispense a particular number litres or a particular value of diesel. The tank and the pump will be supplied by the diesel supplier at no cost.

The last project is to link the existing borehole to the water reticulation system to provide supply when the Municipal system fails. The Board is currently waiting for costs for this proposal.

The Board is concerned about the future supply of water to the parts of Hilton North of the N3. Supply is already erratic and future development will further stress the system. The uMngeni Municipality had planned to install a new pipeline from the Reservoir near Cowan House to Hilton College but before this could be done the control of water supplies was handed to the uMgungundlovu Municipality and despite pressure from the Developer and the uMngeni Municipality the project has yet to be implemented.

Members should note that all these projects will be funded from levy and stabilization fund income and no special levy is planned.

I wish to touch on two other topics and these are the Building Clause and the roads.

Approximately 190 properties at Garlington have been sold of which 170 were sold during 2007. To date only 61 building plans have been approved. This leaves a balance of 109 plots for which no plans have been approved.

In every deed of sale for a property sold by the developer, there was a building clause stating that the purchaser had to commence construction of the house within 5 years of taking transfer. That means, for the first 109 properties, that construction must start between June and September 2012

which is 2 years away. Construction must be completed within twelve months or by September 2013. If construction is not completed then the owner has to pay the HOA 1% of the initial purchase price per month. If the initial purchase price was R300 000 then this penalty amounts to R3000 per month or R36 000 per year.

An owner may apply to the developer for a 2 year extension to the building start date, at a cost of 5% of the initial sale price. For a R300 000 property this amounts to R15 000.

The developer keeps half this amount and pays the other half to the HOA.

If the house is not completed within a further 12 months then the developer may either purchase the property at the original sale price less 10% or the property must be put up for auction.

Thus the important dates are Mid 2012 to start building or apply for an extension.

Mid 2013 to complete building.

Mid 2014 to start building after purchasing an extension to the building period.

Mid 2015 to complete building after purchasing an extension.

If you don't build and don't purchase an extension you will pay the 1% of purchase price penalty until the house is complete.

Please note that if you purchased your property from another owner and not the developer, the time periods apply from the date of transfer from the developer to the first owner, not the date you took transfer.

You are probably all aware that the roads on the estate were not built to the standard designed by the engineers and as specified in the contract. Layer works are of substandard material and some layers are missing entirely. The developer paid for the roads that were specified in the contract and the consulting engineers should have ensured that the roads were built according to the specifications and the contractor should have built the roads according to the specifications. Obviously this will affect the life span of the roads. The developer has therefore issued summons against both the engineers and the contractors. If the case goes to trial and a judgment is issued then the developer has agreed to hand the amount of the judgment less the costs over to the HOA. If a settlement is offered then the matter will be referred to an extraordinary general meeting of the HOA to decide whether to accept or reject the settlement. Again the developer has agreed to pay the proceeds of a settlement to the HOA.