ROBERTSON
LEEFSTYL LANDGOED

HOMEOWNERS ASSOCIATION (HOA)

FINANCIAL POLICY

Version 1

August 2025

1. INTRODUCTION

The purpose of this Financial Policy is to ensure that the Association remains financially sustainable through the enforcement of strict financial control and management of risks. The Financial Control Protocol forms part of the Financial Policy and should be read as such.

This Financial Policy must be read with and is subjected to the Constitution of the RLE HOA. If any discrepancy exists, the Constitution will prevail.

2. DEFINITIONS

2.1 "Association" means the Robertson Lifestyle Estate Home Owners Association (sometimes also referred to as Property Owners Association) and abbreviated as HOA.

2.2 "Board" means the Board of Trustees of the HOA (also referred to as Trustee Committee or Trustees).

2.3 "Development Period" --- As defined in paragraph 1.1.13 of the Constitution of the Association, as revised in 2025.

2.4 "Estate Administrator" means the person or company appointed to manage the mostly financial and secretarial affairs of the Association.

3. PRINCIPLES

3.1 Adherence to sound principles of strict financial control, transparency, accountability and long-term sustainability.

3,2 Stewardship of levies and assets on behalf of all HOA members.

3.3 Surplus levy income is allocated to capital and maintenance reserve funds.

3.4 Capital gains are not be utilized to fund operating expenses.

4. GOVERNANCE

4.1 All authority levels for any kind of expenditure will be guided by the Financial Authority Schedule.

4.2 All decisions and procedures must be consistent with the Constitution of the Association and the Financial Control Protocol.

5. ACCOUNTING POLICIES

The Association's principal accounting policies are set out in the Audited Annual Financial Statements and are in accordance with SARS, IFRS and the Companies Act of South Africa 71 of 2008.

6. BUDGETS / FINANCIAL PLANNING

6.1 The Annual Operating and Capital Expenditure budgets shall be aligned with the Association's financial year-end.

6.2 The Annual Capital Expenditure Budget shall be prepared to reflect the key strategic priorities for Robertson Lifestyle Estate. Time limits for execution of the capital projects must be included in the budget.

6.3 The Finance Committee, in consultation with relevant stakeholders on the Board of Trustees, the Estate Manager and the Estate Administrator prepares the Operating and the Capital Expenditure budgets. The budgets are circulated to all the Trustees at least six weeks before the end of the current financial year, for review and revision, as appropriate.

6.4 The Chairman of the Finance Committee shall present the final budgets to the Board of Trustees for final approval no later than 2 weeks before financial year-end.

6.5 The approved budgets must be circulated to HOA members at least 14 days before the AGM and are ratified by the members of the HOA at the AGM.

7. AUDITED FINANCIAL STATEMENTS

7.1 Year-end financial statements must be submitted to the appointed auditors within 1 month of the year-end to enable timely presentation of the audited statements at the AGM.

7.2 Audited Annual Financial Statements will be approved by the members at the relevant Annual General Meeting.

7.3 The appointment of External Auditors by the Board will be ratified by the members at the same Annual General Meeting.

7.4 External Auditors to rotate on a 5-year basis in accordance with good corporate governance.

8. CAPITAL AND MAINTENANCE RESERVE

8.1 A minimum reserve fund must be established and maintained. The ideal minimum reserve fund required must be informed by a model that takes into account current operational expenditure trends, expected cost of maintenance of existing assets (as determined by the 5-year maintenance plan to be drafted and maintained by the Finance Committee) as well as eventual replacement of those assets.

8.2 As a guide, the reserve should be equal to at least 25% of the annual operating budget post-development period.

9. INVESTMENT (LIQUIDITY)

9.1 Available reserves must be transferred into short-term financial instruments that are risk free, tax beneficial and accessible at short notice. Longer-term instruments must be considered, as and when the level of the reserve fund warrants such investment. The Finance Committee will make recommendations to the Board of Trustees in respect of the prevailing short-term and longer-term instruments into which reserve funds should be placed.

9.2 Engagement in any form of speculative trading is not allowed.

9.3 Debit card transactions are controlled and reconciled by both the RLE HOA Finance Committee and the Estate Administrator on a monthly basis.

10. BORROWING

10.1 Subject to any restriction imposed or direction given at a general meeting of the Association, the Trustees may borrow from members or other persons or entities any sums of money for the purpose of meeting the objectives and business of the Association not included in the Association's financial policy and as set out in the Constitution of the Association or related Legislation.

10.2 The Trustees may secure the payment or repayment of any sums of money borrowed in terms or the payment of any debt, liabilities or obligation whatsoever of the association in such manner and upon such terms and conditions as they resolve upon in their discretion.

10.3 Prior to engaging in any form of borrowing, the Finance Committee must:

10.3.1 Identify the Association's debt capacity,

10.3.2 Verify debt affordability and the HOA's ability to service debt,

10.3.3 Review all potential funding sources, 10.3.4 Ensure that all borrowing is subject to compliance with the Constitution and the Companies Act where applicable.

10.3.5 Report the outcome of the above to the Board.

11. DEBT COLLECTION

11.1 Debtor's accounts are processed on the 20th of each month. If the 20th falls over a weekend, the accounts will be processed the following Monday.

11.2 Accounts are due on the first day of the following month.

11.3 Payments that are made by debtors up until the 19th of each month will reflect on member's statements.

11.4 Interest is charged at prime +2,5% on accounts that are in arrears of 30 days or more.

11.5 Notices are issued via email to debtors who are more than 30 days in arrears, and the total outstanding amount is payable by the 15th of the following month.

11.6 Final notices are issued to debtors that are +60 days in arrears, payable by the 15th of the following month.

11.7 Debtors that do not respond to the notice by mail and registered post are followed up with a courtesy call.

11.8 If there is no response to the above procedures it is at the discretion of the Board to initiate any of the following steps:

11.8.1 Allow debtor for deferred arrangement.

11.8.2 Take legal action to recover overdue amounts:

11.8.3 Interest will be raised against debtor accounts while the legal action is in process.

11.8.4 All legal costs incurred will be for the delinquent Member's account.

11.9 Any request for deferment / restructuring is to be in writing and must be approved by the Board of Trustees.

11.10 The appointed legal Debt Collector will bill all costs of collection to the Association, to be recovered from the owner.

11.11 The Estate Administrator shall maintain a live record of any debtors that have been handed over as well as a record of all associated costs.

12. BAD DEBT WRITE-OFF

12.1 Doubtful debts must be identified and estimated at the early stages of the debt collection process.

12.2 Bad debt expense must be recognized before the debts actually become uncollectible.

12.3 Bad debt will only be written off if there are no other options to collect the debt.

12.4 All bad debt write-offs must be documented, supported by a write-off report, and approved by a Board resolution in line with the Financial Authority Schedule.

13. INCOME OTHER THAN LEVY INCOME

13.1 The Estate receives additional income from the following sources:

13.1.1 Interest on Investments.

13.1.2 Fines.

13.2 Any income other than levy income is taxable under South African law.

14. BUILDING DEPOSITS

14.1 All building deposits are paid into an investment account.

14.2 Interest received on the account is for the benefit of the Association.

14.3 Building deposits will only be refunded after the following process has been completed:

14.3.1 An inspection is completed by the ARC.

14.3.2 The inspection report is filed with the Estate Administrator.

14.3.3 The Board of Trustees authorises the refund, save for non-refundable costs.

14.4 Building inspection costs, damage repair costs and any other relevant penalties will be deducted from the building deposit prior to refund.

15. CREDIT & CREDITOR PAYMENTS

15.1 Authority to approve payment to any creditor is guided by the Financial Authority Schedule.

15.2 Payment must be made according to creditor's terms and conditions.

15.3 Only electronic banking methods are used to pay creditors. No cash payments may be made.

15.4 Payments are authorised by the Chairpersons of the HOA Board of Trustees and Finance Committee respectively and then processed by the Estate Administrator.

15.5 The Estate debit card is issued to the Estate Manager who has discretionary powers for purchases. This card is only to be used for Estate-related purchases and purchases must be in line with the Financial Authority Schedule.

15.6 Credit purchases (purchasing on account) will not be allowed.

16. ASSETS

16.1 The writing off and disposal of assets shall follow the Financial Authorisation Schedule.

16.2 An asset register of all immovable and movable assets with an initial value of Two Thousand Rand (R2 000) or more must be kept. The assets register must be updated every 12 months.

16.3 Insurance schedules shall be updated every 12 months when the Association's asset register is updated.

17. PROCUREMENT OF GOODS & SERVICES

17.1 **General:**

17.1.1 The procurement process of goods and services of both operational and capital nature must be fair, transparent and cost-effective.

17.1.2 Three (3) written quotes / tenders must be obtained for all goods and/or services procured with a contract value greater than R5,000 to ensure competitive prices and value for money.

17.1.3 When goods or services are procured on behalf of the RLE HOA the following additional criteria must be considered: Quality, Conflict of interest, After-sales maintenance / support and the Preference for local suppliers.

17.1.4 Any contract awarded to a related party, where a conflict of interest has been identified, must be disclosed to members at the next AGM and listed in the Annual Financial Statements.

17.2 **CAPEX Procurement:**

17.2.1 In addition to the provisions of paragraph 17.1, all Capital procurement contracts must include a Service Level Agreement (SLA). As a minimum, SLA's must include the following:

17.2.2 A clear statement of compliance with applicable legal requirements.

17.2.3 A binding, time-based, measurable statement of vendor / system performance characteristics, applicable to the construction phase, the implementation phase and the operational phase of the Capex project.

17.3.4 Penalties and/or remedies in the event of the vendor failing to meet any performance standards as described in the SLA.

17.3 **Entering into / Renewal of Contracts with Service Providers:**

17.3.1 Contracts are to be entered into with regular service providers for essential services, such as maintenance, utilities, security services and the like.

17.3.2 Contracts must be reviewed and changed as required by the Trustees at financial year-end.

17.3.3 Renewal of service contracts must be subject to the same level of scrutiny as new Capex projects, to ensure transparency and competitiveness.

17.3.4 Any increase in contract fees requires a Board resolution before any contract is renewed.

17.4 **Conflict of Interest / Related Parties:**

No goods and/or services may be procured from any Member, Trustee, Staff member or their direct family without written approval by the full Board, and clear declaration of interest as a related party in the Audited Annual Financial Statements.

18. CLEARANCE

18.1 The Estate Administrator is mandated to issue clearance certificates on behalf of any of the Association's members.

18.2 No clearance will be issued unless all levies, special levies, building-related fines, penalties or the cost of repair of damages have been paid in full.

19. GENERAL

19.1 Expenditure which requires Board approval can be approved via round robin voting.

19.2 Round robin decisions must be concluded within 5 working days and ratified at the next Board meeting.

19.3 The Estate Manager may incur emergency expenditure exceeding limits as set out in the Financial Authority Schedule subject to prior approval of such expenditure being communicated to and approved by majority of Trustees, including the Finance Committee Chairman and the Board of Trustees Chairman.

20. POLICY REVIEW

This policy shall be reviewed annually by the Finance Committee and Board of Trustees to ensure legal compliance, financial best practice and transparency. Changes must be documented and approved by Board resolution.

21. FINANCIAL AUTHORITY SCHEDULE

	ACTION	WHO
1	Appointment of External Auditors	Board, ratified by Members at the AGM
2	Approval of Auditors' Fees	Board
3	Amendments to Financial Policy	Board
4	Approval of Annual Financial Statements	Board, ratified by Members at the AGM
5	Approval of Annual CAPEX Budget	Board, ratified by Members at the AGM
6	Approval of Annual Operating Budget	Board, ratified by Members at the AGM
7	Choice of Legal Representative on ad hoc basis	Board
8	Institution of Legal Action (excluding debtors) by / against the HOA	Board
9	Institution of Legal action against Debtors	Board, HOA Legal Representative
10	Incurring legal costs (not budgeted) --- Debtors or other	Board
11	Operating expenses (budgeted)	Finance Committee
12	Operating expenses (not budgeted for / exceeding budget): (a) ≤ R3,000 per expense / budget item (b) > R3,000 but ≤ R30,000 per expense / budget item (c) > R30,000	 Estate Manager Finance Committee Board
13	CAPEX (budgeted)	Board
14	CAPEX (budgeted for but exceeding budget): (a) ≤ 30% per expense / budget item (b) > 30% per expense / budget item	 Board Board & FinCom Unanimously, If not Special GM
15	CAPEX (not budgeted for) (a) ≤ R30,000 per expense / budget item (b) > R30,000 per expense / budget item	 Board Board & FinCom Unanimously, If not Special GM
16	Appointment of Administrator	Board
17	Approval of Administrator's Fees	Board
18	Opening / Closing of Bank accounts	Board Unanimously, with Resolution
19	Issuing of guarantees	Board
20	Bad debt write offs (debtors)	Board
21	Sale of immovable assets	None --- Prohibited
22	Sale of movable assets	Board
23	Write off of assets	Board
24	Approval of Insurance policies	Board
25	Vendor selection for SLA's	Board
26	Any form of borrowing	Board

22. CHANGE CONTROL

In order to track changes and to ensure that the most recent version of the document is in use details of all changes are inserted in the table below.

Change Nr	Details of Change	Version Nr	Date of Approval
0	First issue drafted by Shortt, Conradie & Smit	01	27 Aug 2025

23. AUTHORIZATION

Signed at Robertson on ***27 August 2025*** .

JF van Zyl

DEVELOPER

JD Smit

RLE HOA CHAIRPERSON