

Organic Growth Premium Investment Club Terms of Service

By registering electronically on www.organicgrowth.co.za as an Organic Growth Premium Club Member you hereby agree to the following terms of service.

The parties agree as follows:

1 INTERPRETATION AND DEFINITIONS

In this Agreement, unless inconsistent with, or otherwise indicated by the context:

- 1.1 “Commencement Date” means, the date of signature
- 1.2 “Date of Signature” means the date of signature of the party so doing last in time or the date of online agreement by the Premium Club Member.
- 1.3 “Net Rental” means the rental charged to a tenant before the addition of service charges, such as but not limited to water, effluent, electricity and body corporate charges
- 1.4 words in the singular include the plural and vice versa;
- 1.5 words importing any one gender include each of the other two genders; and
- 1.6 A reference to a natural person includes a legal persona.
- 1.7 “Premium Club member” means the natural person who signs this agreement (electronically or in writing) and his or her respective trusts and companies and partnerships.
- 1.8 “The Club” means the organic Growth Investment Club.
- 1.9 “OG” means Organic Growth

2 HEADINGS

The headings of clauses are intended for convenience only and shall not affect the interpretation of this agreement

3 ORGANIC GROWTH'S RESPONSIBILITIES

- 3.1 OG will undertake the following as required:
 - 3.1.1 Interview the Premium Club member to establish Premium Club member's affordability and requirements
 - 3.1.2 Source and help source appropriate properties and provide proposals based on the interview 3.1.1 and OG criteria
 - 3.1.3 Establish a Premium Club member specific strategy based on the needs of the Premium Club member
 - 3.1.4 Provide ongoing advice and input with regard to the Premium Club member's portfolio to maximize future capital and rental growth.
 - 3.1.5 Provide a documented "buying a townhouse checklist" to ensure that all factors are considered before the conclusion of a property purchase.
- 3.2 Disclaimer
 - 3.2.1 OG in no way can or does guarantee any specific return on investment to the Premium Club member. All forecasts and estimates are purely based on historical evidence of previous property performance.
 - 3.2.2 All advice is given on a on personal level and in no way provides any form of investment guarantee or advice.

PREMIUM CLUB MEMBER RESPONSIBILITIES

- 3.3 Should the Premium Club member purchase a property through the club, the member will undertake to;
 - 4.1.1 Sign a standard Targer Realty management contract wherein Targer Realty agree to manage the Premium Club members unit/s unit for 13% of net rental per month plus VAT. The 13% management fee is to include normal leasing commission and management fee. (Targer Management contract attached hereto and marked annexure A)
 - 4.1.2 Pay to OG a fee equal to 1% of the purchase price of any properties acquired through or with the coaching assistance of OG (These may be sourced through Targer Realty or an associate registered estate agency). This fee will be payable on presentation to the Premium Club member of an accepted offer to purchase by the seller and all the suspensive conditions have been met.

4.1.3 Should the Premium Club member appoint OG to perform a Due Diligence appraisal/investigation on a property acquired privately by the member, a "1% of purchase price" fee will be payable on completion of the appraisal, irrespective of the outcome of the purchase.

3.4 Performance indemnity

Although OG will assist and coach the Premium Club member through each property deal, the Premium Club member acknowledges that they are ultimately responsible to do their own due diligence in buying each specific property - Thereby being aware of the risks and rewards of such a business venture.

3.4.1 The Premium Club member also indemnifies Organic Growth against any specific business / property performance and returns claims against investment performance.

5 WHOLE AGREEMENT

5.1 This document constitutes the whole of this Undertaking to the exclusion of all else.

5.2 No amendment, alteration, addition, variation or consensual cancellation of this undertaking will be valid unless in writing and signed by both Parties.

6 WAIVER

6.1 No waiver of any of the terms or conditions of this Undertaking will be binding for any purpose unless expressed in writing and signed by both Parties and any such waiver will be effective only in the specific instance and for the purpose given.

6.2 No failure or delay on the part of the Parties in exercising any right, power or privilege will operate as a waiver, nor will any single or partial exercise by the Parties of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7 SEVERABILITY

In the event that any of the provisions of this undertaking are found to be invalid, unlawful, or unenforceable such terms shall be severable from the remaining terms, which shall continue to be valid and enforceable.

8 PROPERTY ACQUISITIONS - STANDARD PROCEDURES

Organic Growth Premium Club Members may acquire property with varying degrees of assistance, coaching and sourcing as follows:

- Buying Order
- Tender
- Assisted Sale
- No Assistance required

8.1 Buying Order

A Premium Club Member may place a “buying order” to request that OG source properties on his/her behalf.

OG will interview the Premium Club Member to establish their property requirements and then purchase properties in line with their requirements.

Every offer to purchase must be made on a sectional title townhouse within the specific geographical areas, and in line with the Organic Growth Investor Club specifications (Their Investment Blueprint).

The properties will be sourced through Targer Realty and Organic Growth who will conduct a due diligence investigation on each property .

A mandate/resolution will be provided for signature by the Premium Club Member which will outline the scope of the buying order.

Each deal will be structured with suspensive (subject to) conditions as follows;

- a. Each offer to purchase is to be suspensive on ;

- i. A due diligence inspection to be completed within X days of acceptance of the offer by the seller.
- ii. The Club Member's written approval of the property after completion of the Due Diligence.
- iii. Bond finance being obtained

FEE STRUCTURE : 1% of purchase price will be payable once the Premium Club member accepts the property and the suspensive conditions have been met. If the Club Member rejects the property, no fees will be payable.

8.2 Tender

Organic Growth will from time to time source properties through their network of agencies and offer them directly to you, the Premium Club members, using a tender process - The rules for each tender will be contained in the respective tender offer.

The tender will be awarded in line with tender rules and then OG will complete the due diligence exercise together with the Premium Club Member,

FEE STRUCTURE : 1% of purchase price will be payable.

8.3 Assisted Sale

Organic Growth assisted sale is the Club's preferred method for privately sourced properties.

The Premium Club member may request that Organic Growth assist with an acquisition that they have sourced on the internet or otherwise.

This may require that the Premium Club member mandate Neil Vorster to represent the buyer to assist in the negotiation and acquisition. In these cases, Targer Realty may (but not necessarily) participate in commissions which will be recovered from the seller or seller's agent, and not the Premium Club member.

Organic Growth will then perform its role of assisting with the selection, sale and completing the due diligence process.

FEE STRUCTURE : 1% of purchase price will be payable.

8.4 No Organic Growth Assistance required

NB This is not recommended for new investors.

Premium Club members are free to source their own properties.

Should a Premium Club member source a property through a non-associated agency/company or private seller. The Premium Club member will do his/her own investment analysis and due diligence.

After transfer, the property may (at the Premium Club member's discretion) be handed over to Targer Realty to manage at the Organic Growth special rate of 13% (combined leasing and management fee) once he/she has taken transfer or occupation, whichever occurs sooner.

FEE STRUCTURE : No Organic Growth fees will be payable.

9 THE ORGANIC GROWTH DUE DILLIGENCE SERVICE

In the event that a property is purchased by a Premium Club Member using one of the methods described above, and a Due Diligence is required. The following procedure will be followed.

9.1 OG will open a shared Drop Box folder for the property concerned.

(www.dropbox.com)

9.2 An Acquisition Check List will be placed in the drop box folder and initiated for the Premium Club member to complete.

9.3 OG will provide a short video overview of the complex.

- 9.4 OG will provide a video of the property, giving an opinion on the general condition of the property and highlighting any special features and visible defects.
- 9.5 OG will assist with collating and collecting of the necessary documents which will be saved in the drop box folder i.e. copies of the sales agreement, lease agreement if applicable, levy accounts, rates accounts, body corporate rules and financials.
- 9.6 OG will inspect, assess and then provide an opinion or advise on the following documents (which will be stored in the dropbox) should anything out of the ordinary be found:
- Lease agreement (if any)
 - Sale agreement
 - Body Corporate Levy account
 - Municipal Rates Account
 - Body Corporate Rules
 - The Body Corporate financials
- 9.7 OG will provide market related estimate of the value of the property based on a Lightstone Report and local area knowledge of the market.
- 9.8 OG will provide a market related estimate of the rental for the property.
- 9.9 The OG cashflow tool will be completed and placed in the Dropbox.

10 OG intellectual property

During the course of presenting investment properties to clients, OG will identify and analyse certain geographical nodes and will further identify and profile individual complexes which offer extra-ordinary value for the investor.

OG will then provide guideline pricing to enable the client to identify a good investment entry price.

OG reserve their rights to this intellectual property and should the client thereafter source a property using the abovementioned nodal and complex information, OG will be considered to the effective cause of the property selection and will therefore be due the 1% OG sourcing fee as per clause 4.1 herein. It would therefore be in the client's best interests to request OG assistance in the acquisition.

--END --

ANNEXURE A

TARGER REALTY (PTY) LTD

2000/000950/07

P.O. Box 70152
BRYANSTON, 2021

E-Mail: office@targer.co.za

Phone 011 285 0966
Fax 011 781 2471

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**Management Contract
(AUTHORITY TO ADMINISTER LEASE)**

1. PARTIES

1.1. Landlord's name :

(hereinafter referred to as the "landlord")

Address: _____

Agency: Targer Realty (Pty) LTD
(hereinafter referred to as the "agent")

Address: Cnr Republic Rd and Woodlands Ave, Hurlingham, Sandton

2. **PROPERTY TO BE MANAGED** (hereinafter referred to as “the property” or “properties”)

2.1 Unit No. _____ **complex** _____

Street Address _____

2.2 Unit No. _____ **Complex** _____

Street Address _____

2.3 Unit No. _____ **complex** _____

Street Address _____

2.4 Unit No. _____ **complex** _____

Street Address _____

2.5 Unit No. _____ **complex** _____

Street Address _____

including following exclusive use areas relating thereto.

3. **PERIOD OF CONTRACT:** 1 year beginning on _____ or date of transfer into the name of the Landlord. (delete what is not applicable).

4. CONTRACT RENEWAL AND TERMINATION:

1. This contract will automatically renew unless, at least one month prior to the termination of an annual period, the Landlord gives written notice of cancellation hereof.
2. Should the property be sold during the initial contract period or any renewals thereafter, this agreement will automatically terminate on transfer to the purchasers name. The agent will do a closure of account reconciliation and any moneys owed to the Landlord by the tenant will be recovered from the tenant's deposit prior to close off of the account.
3. At any time during this contract or renewals thereof, the Landlord may cancel this contract by giving the agent one calendar month's written notice if the agent:
 - a. Does not comply with the code of conduct of the Estate Agency Affairs board
 - b. Acts unlawfully or in gross negligence against the Landlord's interest.
 - c. Commits any material breach of this agreement and fails to remedy such breach within 14 days of written demand by the Landlord.
4. The agent reserves the right to cancel this contract by giving the Landlord 1 month's written notice, if the Landlord does not treat The Targer Realty's staff with due respect and decorum.

5. AUTHORITY TO ADMINISTER LEASE

The landlord hereby authorises and instructs the agent to act as the landlord's agent in carrying out the following functions and duties on the landlord's behalf in respect of the property:

1. The agent has, for the sake of uniformity and effective management, the sole right to let the property and to secure tenants on behalf of the Landlord during the period of the management contract. Lease agreements are to be concluded on the agent's standard lease agreement.
2. The Landlord is permitted to secure his own new tenants on the property on the following terms;
 - a. Targer Realty's standard lease agreement is to be used
 - b. No leasing commission will, in this case, be charged by the agent.
 - c. The tenant will be required to pay the standard lease administration fee to the agent

6. SALE MANDATE

1. In the event that the lessor decides to sell the property during the currency of this management contract, the agent is to be notified and granted a sole and exclusive mandate to sell the property at a price to be agreed for a period of 1 month.
2. In the event of Tenant purchasing the Property within the currency of his lease agreement or within a period of one year from the expiry of the lease agreement, the agent shall be deemed to be effective cause of the sale.
3. Commission in an amount equal to seven and a half percent (7.5 %) plus VAT, calculated on the selling price, shall be payable to the agent on transfer of the property.

7. Financial Administration

The Agent is authorised and instructed to-

1. Collect all rentals as they become due.
2. Collect from the lessee the deposit payable in terms of the lease, retain such deposit in trust and on termination of the lease, administer and apply such deposit in the manner stated in the lease agreement and permitted by the Rental Housing Act 50 of 1990.
3. Pay to the landlord all rental and other moneys collected in terms of the lease agreement, after deduction of disbursements, such payment to be deposited not later than 5 days (five days) after receipt thereof into such bank account as instructed by the landlord in writing.
4. Render to the landlord a statement of account on demand or at monthly intervals, setting out all moneys received and disbursements over the period to which the statement relates.
5. Arrange for the monthly electricity and water, rates and taxes, other municipal charges or levy accounts to be sent to the agent's offices, and pay such accounts.
6. Obtain and retain receipts of all disbursements made by the agent in terms of the lease agreement and make the relevant receipts available to the lessee as required.

8. Inspection and Reporting

The agent is authorised and instructed to-

1. Inspect the property before the lessee moves in and register a list all defects in and to the property and supply the Landlord a written report thereof.
2. Additional inspections may be requested by the Landlord should it be deemed necessary. The agent reserves the right to charge an administration fee for any additional inspections. This report is to be given in writing and will contain:
 - a. The general state of the property.
 - b. Whether the lessee is in breach of any provision of the lease agreement and, if so, the nature thereof.
 - c. Whether any repair work must be done by the landlord in terms of the lease agreement.
 - d. Any other information that may affect the landlord's interest in the lease.

9. Notices and Lease Complaints

The agent is authorised and instructed to-

1. Serve on the lessee such notices pertaining to the lease as the landlord may instruct and serve notices on the lessee to remedy any breach of the lease agreement, forthwith after the agent obtains knowledge of such breach.
2. Follow-up all notices as aforesaid and forthwith report to the landlord in writing if any breach has not been remedied satisfactorily
3. Take legal action against the lessee in respect of any matter relating to the lease;

10. Maintenance and repairs

The agent is authorised and instructed to attend to the repair of all defects in and damage to the property of which the agent is aware, if:

1. The landlord is liable for such repairs under the lease agreement; or

2. The lessee has failed to attend to such repairs despite being obliged to do so in terms of the lease agreement, and such agreement entitles the landlord to make such repairs without further notice to the lessee; or
3. The repairs must be done urgently to prevent damage to the property, burglary and/or vandalism; provided that all such repair work must be carried out by properly skilled tradespersons and the costs thereof may not at any time exceed **R 2000 (Two thousand rand), or any higher amount with prior written consent of the landlord.**
4. Have the property cleaned on termination of the lease, if it has not been handed back by the lessee in clean condition.
5. Attend to the maintenance of the garden and the swimming pool should the agent know that the lessee fails to do so, and no further notice need be given to the lessee in terms of the lease agreement to attend thereto.

11. Key and Lock Management

The agent is authorised and instructed to-

1. Hand over the keys to the property to the lessee when the lease commences and collect all such keys on termination of the lease for safekeeping.
2. Attend to the replacement of all keys not handed back on termination of the lease.
3. The landlord undertakes to reimburse the agent for all expenses incurred by the latter in carrying out the landlord's instructions herein and authorises the agent to deduct such expenses from the rental, the deposit and other moneys collected from the lessee. Any shortfall will be paid to the agent on request.

12. Management take-on procedure

On signature of this contract by the Landlord, he is to provide the agent with the following;

1. Keys and remotes (or inform the agent that the existing tenant has the keys and how many sets of keys and remotes they have)
2. A recent Levy account
3. A recent Municipal Rates account
4. Any existing Lease agreement
5. Pre-lease inspection report, if any
6. Existing tenant's snag list, if any

7. The existing tenant's deposit is to be moved to the agent's trust account if possible. Landlord will need to get permission from tenant to move the deposit to the agent's trust account.
8. The Landlord is to inform any existing tenant that the agent will henceforth be managing the property and all rentals are to be paid into the agents rental account.
9. The Landlord is to inform the body corporate that the agent will henceforth be managing the property and that in future all levy accounts and notifications are to be sent to the agent.

13. Leasing standard operating procedure

While it is impossible to guarantee 100% tenancy and perfect tenant behaviour, the agent undertakes to make every effort to procure suitable tenants and thereafter manage them effectively.

The standard tenant procurement process employed by the agent is as follows:

1. The agent will consult with and inform the Landlord of current market conditions and agreement will be reached as to the appropriate required rental to be achieved.
2. The agent will market the property using their regular proven marketing methods
3. Tenant suitability and vetting process undertaken by the agent is as follows;
 - a. Agent interview and interaction with the prospective tenant. The agent uses his or her experience to determine suitability and long term sustainability of a tenant.
 - b. The tenant must pass a personal credit check with the relevant credit bureau (no personal judgments and debt or rental defaults unless the tenant has proven that they have been rectified or are in the process of being rectified.)
 - c. Relevant FICA documentation is obtained from the prospective tenant.
 - d. Provision of and inspection of the tenant's payslip.
 - e. Verify tenant's employment.
 - f. Provision of and inspection of the tenant's recent bank statement.
 - g. Provision and inspection of the tenant's relevant ID documentation.
 - h. Consultation with the tenant's previous Landlord - if possible.
 - i. Once it has passed the suitability requirements, the tenant will be required to pay to the agent the rental deposit, lease administration fees and the first month's rental.

4. Once a suitable tenant is secured by following the above mentioned procedure, the lease and supporting documentation will be given to the Landlord for approval and signature.
5. The Landlord will retain the original lease agreement and provide the agent with copy by fax or email.
6. Short or late rental payments by tenants by the 7th of the months will incur a penalty of 10% of the unpaid amount. This late payment penalty will be split equally between the Landlord (to cover interest costs) and the agent (to cover debt collection admin)
7. If due to unforeseen circumstances, a lease agreement is signed or renewed and all moneys have been received by the agent, and the Landlord has been un-contactable or has not responded to the agent by the occupation date of the proposed lease, the Managing Director of the agent is hereby authorised to act in the best interests of the Landlord and sign the lease agreement on his behalf and grant the tenant occupation of the property.

I have understood this clause 13.7

Landlord to sign here.....

14. Reasonable Care

1. The agent and its employees shall exercise reasonable care in the carrying out of their functions, but shall not be liable to the Landlord in respect of acts of omission save and except in the case of wilful fraud and gross negligence.
2. The Landlord specifically indemnifies the agent against any action arising from the agent's inability to give occupation of the property to a tenant as a result of the Landlord's breach of any of his contractual obligations in respect of the property.

15. The Rental Housing Act

The agent undertakes not to contravene any provision of the Rental Housing Act 50 of 1999 or any regulation made under the Act insofar the agent acts as the landlord's agent in the performance of the mandate and authority conferred by clause 3.

16. Management fees

The lessor will pay the agent a monthly management fee of 13 % of the monthly rental plus VAT, such fee to be paid immediately after receipt of rental by the agent. The lessor hereby authorises the agent to deduct the fee from the rental when payment thereof is made by the agent to the lessor.

In addition, municipal rates account administration at R 100 plus VAT per month is

required/not required by lessor (delete not applicable) (initial here)

1 INTERNAL LEASING COMMISSION TO AVOID VACANCIES

Should any estate agent in the employ of Targer Realty acquire a new tenant for the premises or renew a lease, a leasing commission of 5% of the capital value of the lease will attribute to **the agent by the agency** as an incentive to procure good tenants as soon as possible and at high rentals.

NB : This commission is included in the abovementioned management fee.

2 TENANT DEFAULT GUARANTEE

Should a tenant default and their lease be subsequently cancelled by the landlord within the first 3 months of the lease, Targer Realty will replace the tenant at no extra cost, and the three month guarantee will be extended to the new replacement tenant.

Since normal leasing commission is included in the abovementioned 13% fee, additional replacement tenants after the three month guarantee period, will attract a leasing commission of 5% of the capital value of the lease plus VAT.

SIGNED AT _____ ON THIS THE _____ DAY OF _____
20....

1. _____
WITNESS

LANDLORD

SIGNED AT _____ ON THIS THE _____ DAY OF _____
20...

1. _____
WITNESS:

TARGER REALTY (PTY) LTD

LANDLORD INFORMATION	
BANKING DETAILS:	
Account Holder's name	
Bank	
Branch	
Branch code	
Account number	

<u>Property description</u>	Unit Complex
Tenant Name and contact details	
Tenant arrears	
BODY CORPORATE:	
Contact Person	
Telephone number	
<u>Property description</u>	Unit Complex
Tenant Name and contact details	
Tenant arrears	
BODY CORPORATE:	
Contact Person	
Telephone number	