



Moditlo Estate Home Owners Association NPC

Registration Nr: 2002/013524/08

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CODE OF CONDUCT

FOR DIRECTORS OF THE

MODITLO ESTATE HOME OWNERS ASSOCIATION

THE LEGAL STANDING OF THE MODITLO ESTATE HOME OWNERS ASSOCIATION

The Moditlo Estate Home Owners Association (NPC), Registration No: 2002/013524/08, (MEHOA) is a non-profit company established to protect and advance the communal interest of owners, occupants and other users of any of the properties comprising the Estate.

The main business of the MEHOA is to:

- manage, control, and administer, on behalf of its Members, the Estate in terms of the Companies Act and the approved MOI;
- collect Levies and contributions towards funds of the MEHOA for the attainment of the objects of the MEHOA;
- create Rules of Conduct concerning the conduct, powers and obligations of Members and to ensure that the terms, conditions and obligations as are imposed in the MOI, are enforced equally upon all Members and are adhered to for the benefit of the Members as a whole and subject to such restrictions and/or conditions, restrictions and/or

powers as may be imposed by the Members upon the Directors, in General Meeting, on the basis that all Members shall have equal rights and obligations; and

- to enforce any Rules made.

The **Board of Directors** (BoD) are elected on an annual basis in accordance with the provisions of the MOI to manage the affairs of the estate. The **Directors** need to comply with:

- The qualification and eligibility requirements set out in Section 69 of the Companies Act, to become or remain a Director of the MEHOA;
- be at all times a paid-up Member or a representative of a paid-up Member where the Member is a legal entity, and/or the spouse of a paid-up Member, of the MEHOA;
- may not be in breach of any of his/her obligations as a member of the MEHOA, as stipulated in the MOI or the Rules;
- may not absent himself from meetings of Directors for 6 (six) consecutive months without the leave of the Chairperson.

SCOPE AND NATURE OF THE DUTIES OF DIRECTORS

The Board of Directors is the non-executive body that provides leadership to the HOA. It forms policies and rules, determines strategy and direction, oversees implementation, appoints management and acts as a check and balance for the performance of management. The **Directors** ensure adherence to the governing regulations of MEHOA and to resolve conflicts in managing the estate. In addition, the **Directors** recognise the need to build a strong sense of community among members of the MEHOA and to ensure that the estate looks aesthetically appealing, remains safe and has a strong financial standing and maintains property values. The

Board of Directors are the people to whom the members of the HOA have given their trust and as such, they will expect them to act in their best interests and to safeguard their property investments and lifestyles.

Members also expect a high level of integrity and honesty. It is imperative that the **Directors** are fully aware of the implications and responsibilities of the role that they have accepted.

GOVERNANCE

Governance provides checks and balances against abuse of power and ensures that integrity and honesty are maintained in providing good stewardship in the management and sustainability of the HOA.

A **Director** is placed in a fiduciary position and is required by law to exercise the powers conferred on him/her in the utmost good faith. The governance obligations are:

Common Law obligations – Directors have a special legal relationship to the HOA, in which they owe the MEHOA a duty of trust, reasonable skill and confidentiality, the so-called fiduciary relationship, implying that a **Director** will **AT ALL TIMES** put the interests of the HOA ahead of his/her own interests. The duties of a **Director** are owed to the members of the HOA as a collective, not to any of the HOA members individually.

The fiduciary relationship is:

- A duty of loyalty to the members of the HOA always acting in good faith in the interests of the HOA as a whole, not the interest of an individual or group of individuals;
- A duty of skill, care and diligence, to ensure the HOA is administered in accordance with the law and the MOI.

Companies Act obligations:

- Not use his/her position or any “inside” information to gain an advantage or to knowingly cause harm;
- Exercise company powers and functions in good faith for a proper purpose in the best interests and with care, skill and diligence;
- For any particular matter, take reasonable diligent steps to be informed about it.

Community Schemes Ombud Service Act obligations:

Directors must take their duties seriously and apply themselves diligently by:

- Taking the necessary steps to be properly informed of the obligations of the act;
- Take reasonable steps to obtain sufficient information on matters to be discussed;
- Exercise an active and independent opinion with respect;
- Exercise due diligence on matters decided.

These obligations are in addition to and do not derogate from a Director's fiduciary obligations.

CONDUCT OF DIRECTORS**Directors should act with Integrity and Honesty**

- Avoiding conflict of interest. If there are any, it must be declared;
- Taking no part in reaching decisions where he/she has a personal interest;
- Always acting in the interest of the members he/she represents putting his/her own interest aside;
- Showing no favouritism to any individual member or group of members;

- Acting in the association's best interest also means making decisions on the merits presented, not because you have an axe to grind or a personal agenda;
- Deriving no personal profit from his/her activities;
- Not soliciting or accepting gifts, gratuities, or favours, especially with those given with the intent of influencing a decision;
- Not seeking preferential treatment from other board members, committees, contractors, or suppliers;
- Not advancing a personal cause by using your position on the board or to enhance your financial status through the use of particular contractors or suppliers;
- Acting within the limits of authority of the BoD;
- Treating all matters dealt with by the Board as confidential, even if no longer a director;
- As a collective with fellow **Directors**, taking all reasonable steps to secure and preserve the property of Members; and
- Taking reasonable care to ensure that no other **Director** commits breaches of trust.

Relationships and Communication: Directors must:

- Strive towards building relationships on respect, trust, co-operation and care, recognising they are part of the same team;
- Commit to achieving common goals, maintaining good relationships and continually striving to improve the process of decision making and performance as a team;
- Set an example of humility and demonstrate the value of respect for others in behaviour, language, manners, the tone of voice and all forms of communication, where ideas are examined and criticised, not people;
- In cases of disagreement amongst **Directors**, strive toward consensus, incorporating the wisdom from different viewpoints and accept the leadership and decisions of the Chairman;

- Accept that the Board operates by majority decision and that individual **Directors** must be prepared to support such decisions in public;
- Satisfy himself/herself that adequate management controls are in place;
- Furnish accurate and complete information if requested by members

Directors are not required to be experts in any particular area in which they operate unless they have the relevant professional skills; if they have, they will be judged according to that professional standard, but if not, the standard will be that of the reasonable man.

REMOVAL AS DIRECTOR

As **Directors** must set the example and be above reproach, he/she will be removed as a **Director** after:

- A **Director** and or Member has laid an official complaint that a **Director** is in breach of any provisions of this Code of Conduct;
- Such breach has been investigated by a committee of the **BoD** within 10 business days after the date of the complaint;
- If found in breach, the **Director** to effect the necessary corrective action within 10 business days;
- And if not corrected the **Director** be removed immediately by the **BoD**.

I, _____ the undersigned, have read and understood the **Code of Conduct for Directors of MEHOA** and hereby declare that I will be bound by it in the execution of my duties as a **Director** of the Moditlo Estate Home Owners Association.

Signature:

Date: