

SUMMARY OF THE KEY ASPECTS OF THE LEASE AT WATERFALL

1 LEASE NOT FREEHOLD

- 1.1 The Property is **leased** and not sold and transferred.
- 1.2 The lease is registered on standard terms which cannot be amended.
- 1.3 No transfer duty is payable on the purchase of the leasehold rights.
- 1.4 The Lease is registered for 99 years (the "**Lease Term**") and can be extended repeatedly (an infinite number of times) to bring the Lease Term back to 99 years at any time by paying extension consideration to the lessor in an amount equal to 3% (plus VAT) of the fair value of the leasehold rights ("Extension Consideration").
- 1.5 The leasehold rights can be sold to a third party. Before transferring the leasehold rights, the lessee must first extend the Lease Term back to 99 years and pay (a) the Extension Consideration, (b) a levy stabilisation fund contribution to the residents association in an amount equal to 0.5% of the selling price or fair value of the leasehold title whichever is the greater (c) all rates , taxes and municipal charges (d) levies to the residents association.
- 1.6 If you die and the lease passes to an heir or you divorce and the lease goes to your ex-spouse, then there is no extension of the lease period or extension payment, but arrear rates, taxes and municipal charges and levies must be paid up to date.

2 LEGAL STATUS OF THE LEASE

- 2.1 Once the lease is registered against the title deed of the unit, the leasehold rights is regarded as immovable property in terms of the Deeds Registries Act No 47 of 1937.
- 2.2 The lease can be mortgaged to secure your home loan or other debt.
- 2.3 The lease cannot be cancelled unless you fail to pay (i) rates, taxes, levies and municipal charges payable in respect of the property, and the arrears exceed R10 000 (escalating annually at the CPI increase from 1 January 2018 to the date of the breach); or (ii) you fail to comply with your insurance obligations which includes the payment of levies to the Residents Association, or; (iii) a summons has been received for payment of rates, taxes and municipal charges; or (iv) if you use the property as a primary business for the sale of alcohol or pork, or you operate a place of gambling or prostitution from the property.
- 2.4 After registration you can chose to cancel the lease in terms of the Consumer Protection Act, 2008 but doing so will not cancel your obligations to pay rates, taxes, municipal charges or levies or the amount owed to your bank (secured by a bond over the property). Additionally, you -

- 2.4.1 must vacate the property after your cancellation of the lease;
- 2.4.2 have no claim or right to the improvements made to the property;
- 2.4.3 have no refund claim for any amount paid to the lessor or residents association.
- 2.5 If you
 - 2.5.1 have a bond over the property you need permission from your bank to cancel the lease.
 - 2.5.2 owe money to your bank (bondholder) when the Lease is cancelled, you will continue to owe the money even though the lease has been cancelled and the bank will have the option to acquire and re-sell the leasehold rights.

3 USE OF THE PROPERTY

- 3.1 The property may
 - 3.1.1 be used for residential purposes only in terms of the rules of the residents association, the Town Planning Scheme and applicable Local Government Ordinances.
 - 3.1.2 not be used for the sale of pork products, alcohol, gambling or prostitution as a primary business.

4 RATES, TAXES AND MUNICIPAL CHARGES

- 4.1 You are required to pay all -
 - 4.1.1 rates and taxes payable in respect of the property even though the municipal account is issued in the name of the lessor;
 - 4.1.2 levies to the residents association; and
 - 4.1.3 water and electricity consumption on a pre-paid basis.

5 DATA, VOICE AND TELEPHONE SERVICES

- 5.1 The development has access to a fibre optic network for you to access data, voice and telephone services.
- 5.2 You can contract and accredited ISP for the provision of data, voice and telephone services.

6 PARKING BAYS

- 6.1 Parking bays are allocated to your unit in terms of the rules of the residents association and that the parking bay/s do not form part of the property leased to you in terms of the lease.
- 6.2 Parking bay/s cannot be sold separately from the sale of the unit.