

ASSOCIATION MANAGEMENT SERVICE AGREEMENT

Cottaes at Wingate Phase II Homeowners Association, Inc.

THIS ASSOCIATION MANAGEMENT AGREEMENT (the “**Agreement**”), having an effective date of _____ (“**Effective Date**”), is made by and between Cottaes at Wingate Phase II Homeowners Association, Inc., a South Carolina Nonprofit Corporation (herein referred to as the “**Association**”), and Kuester Management Group, LLC, a North Carolina limited liability company, located at 130 Ben Casey Drive, Fort Mill, South Carolina 29708, Attn: Bryan Kuester, telephone: 803-802-0004, or at support@kuester.com (herein referred to as “**Manager**”). The Association and the Manager are collectively referred to herein as the “parties” and individually as a “party” to this Agreement.

RECITALS:

1. Association, through its Board of Directors (the “**Board**”) is charged under its Governing Documents (defined below) with the duty of administering the operation of all its common areas and facilities.
2. Manager is an industry-credentialed community association management firm, engaged in the operation and management of properties including, but not limited to, community and homeowners associations in the state in which the Community (defined below) is located.
3. Cottaes at Wingate Phase II Homeowners Association, Inc. is presently planned as residential project located near the intersection of Gaston Farm Road and Fishing Creek Church Road in the Town of Chester, Chester County, South Carolina (the “**Community**”) developed by Dream Finders Homes (the “**Declarant**” or the “**Developer**”) with a proposed total of approximately 400 improved residential lots with a home built thereon upon completion (all of which are collectively referred to herein as “**Units**”) covered by this Agreement. There are or may be adjacent properties being developed into residential dwellings located within and outside of the Community and sold by other builders, but those developments are separate and unrelated to this Agreement.
4. Except as otherwise provided herein, capitalized words and phrases used herein shall have the meanings given to those terms in the Governing Documents (as defined below) for the Association.
5. This Agreement constitutes the only agreement of the Parties as to the subject matter of this Agreement. As of the Effective Date, the parties agree that this Agreement supersedes in its entirety any prior understandings or written or oral agreements between such parties respecting the subject matter of this Agreement, save and except those written agreements entered into contemporaneously herewith or as are expressly referred to herein.

For and in consideration of the performance of the duties and obligations hereunto, the parties agree:

ARTICLE I **Description of Association**

1.1 Definitions:

- a. **“Association”** shall mean a corporation formed under the North Carolina Nonprofit Corporation Act or an unincorporated North Carolina Association, its successors and assigns. As used in this agreement, “Association” shall specifically represent Cottaes at Wingate Phase II Homeowners Association, Inc.
- b. **“Base Fee”** shall mean the monthly fee identified in Section 7.2 and covers Manager’s basic contractual services and usual and customary office expenses, exclusive of all extraordinary services which may occur by Board direction as identified in Articles VII and VIII of this Agreement.
- c. **“Board”** or **“Board of Directors”** shall mean the Board of Directors of the Association, elected pursuant to the Bylaws of the Association.
- d. **“Budget”** shall mean a written, itemized estimate of the expenses expected to be incurred by the Association in performing its functions under its Governing Documents during a fiscal period.
- e. **“Common Area”** shall mean all the real property and improvements, including without limitation, streets, open parking areas, landscape areas and recreational facilities, which are owned or controlled by the Association for the common use and enjoyment of all the owners of Units.
- f. **“Common Interest Development”** means any of the following or combination thereof:
 - A condominium project
 - A planned development
 - A stock cooperative
- g. **“Definitions”**. The terms **“Association”**, **“Owner”**, or **“Manager”**, herein or any pronoun used in the place thereof, shall mean and include the masculine and the feminine, the singular or the plural number and jointly and severally, individuals, firms or corporations, and each of their respective successors, executors, administrators, and assignees as the context so indicates.
- h. **“Governing Documents”** shall mean the Declaration (with all exhibits thereto) and other recorded and unrecorded documents, including but not limited to, Articles of Incorporation, Bylaws and operating rules, regulations and restrictions of the Association adopted from time to time by the Board, and Resolutions of the Board of Directors, which govern the establishment, maintenance and operation of the Common Interest Development or Association and all as may be modified from time to time.
- i. **“Assessments”**. As used in this Agreement, the term **“Assessments”** shall mean those rates established and approved by the Board of Directors, which the Association members are bound to pay as their share of the common expenses.
- j. The term **“Association”** as used herein shall mean an association consisting of all the Owners of units in the Common Interest Development (**CID**) organized under the laws of the State for the purpose of administering the Common Interest Development (**CID**) established by the Declaration of Covenants, Conditions, and Restrictions (“**Declaration**”) for the real property.
- k. The term **“Lifestyle Community”** refers to a community that offers life-enriching programs and amenities for and to Association members and their guests.
- l. The term **“Age 55 and Older Community”** refers to a community intended for occupancy by persons age 55 years and older, as defined in the Housing for Older Persons Act of 1995, 46 USC 3601.

1.2 Miscellaneous. In consideration of the covenants herein, the Association enters into this Agreement with the Manager to manage the Community for the compensation provided in Article VII and for the term as set forth in Section

2.1 and subject to the terms and conditions set forth hereafter which are incorporated and made a part of this Agreement. These documents are to be construed as one integrated written Agreement between the parties.

This written Agreement supersedes any and all prior representations, understandings and communications, and may be modified only by written agreement of the parties. Any oral agreements or modifications are expressly invalid. This written agreement is to remain confidential between the Board and Manager unless required for disclosure under applicable law or unless responsive to a legal proceeding.

This Agreement will be construed in accordance with, and governed by, the laws of the State. If any term, provision, covenant or condition of this Agreement, including the Scope of Services, should be found by a Court of competent jurisdiction to be invalid, all other provisions shall continue in full force and effect and shall in no way be affected, impaired or invalidated.

If any legal proceeding is necessary to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees and legal costs, in addition to any other relief to which such party may be entitled. The parties agree that this Agreement shall be effective as of the date set forth in the Term of this Agreement (Section 2.1).

If the Association is incorporated, it is understood and so assured by the signer that the person signing on behalf of the Association is a duly elected officer thereof and has corporate authority to execute contracts. If Association is unincorporated, and this Agreement is signed by both parties prior to the first (organizational) homeowners meeting, it is understood and assured by the person signing on behalf of Association that the Association automatically assumes or will assume the full legal obligations of this Agreement for the full Term stated in this Agreement and that no provisions to the contrary are or will be included in the Association's Covenants, Conditions and Restrictions or Bylaws.

The following Sections shall remain in full force and effect and shall survive the expiration or termination of this contract: Article V, Section 5.16, Article VII, Section 7.4 (a); and, Article XI, Sections 11.3 and 11.4.

ARTICLE II **General Conditions**

2.1 Retention of Manager. During the Initial Term of this Agreement and any applicable Renewal Term, if any (as defined below), the Association hereby exclusively engages and appoints the Manager to manage the Association under the sole direction and pleasure of the Board of Directors upon the terms and conditions hereinafter set forth. Manager will employ and assign one portfolio manager as a Community Association Manager, to oversee management of the Association. The Association hereby retains Manager to manage the operations of the Association on the terms and conditions set forth in this Agreement for an initial term of twelve (12) months commencing on the Effective Date as established on page 1 of this Agreement (the "**Initial Term**"). Unless terminated earlier, this Agreement shall automatically renew for a like term at each anniversary of the Effective Date, subject to the non-renewal and termination provisions contained in this Agreement (collectively, the "**Renewal Term**"). The Initial Term and the Renewal Term are collectively referred to herein as the "**Term**". **This contract shall carry through for six (6) months following the turnover from the Declarant to Owner control, at which time a new agreement shall be negotiated with the Owner elected Board of Directors.**

2.2 Status of Manager. The relationship between the Association and Manager is one of Principal and Agent and Manager is an independent contractor of the Association. Manager will deliver services reasonably necessary to provide Association with management services on behalf of the Association's Board of Directors, and strictly within the scope of this Agreement (collectively, the "**Work**"). Association shall not have any right to exercise any control, direction and supervision over Manager or any employees or agents of Manager with respect to the Work to be performed or the manner in which such Work is performed.

2.3 Role of Manager. Manager shall, at the direction of the Board, assist the Board in the management, operation and administration of the Association. Manager shall use its best efforts to perform its duties under this Agreement in accordance with the Governing Documents. The Association retains the primary responsibility for enforcement of provisions of the Governing Documents and contractual agreements and assumes liability for any and all acts and occurrences that relate to the actions of the Association and its actions concerning the real property covered by this Agreement. Manager shall have absolutely no authority to execute or enter into contracts on behalf of the Association unless specifically directed in writing to do so by Board resolution. Manager will undertake reasonable efforts to

implement the lawful decisions of the Board of Directors and in accordance with the Terms and Conditions of this Agreement, subject to the compensation schedule set forth herein. Manager will not be obligated to implement any decision which:

- a. is contrary to the terms of this Agreement, applicable laws or Governing Documents,
- b. would involve transactions or services outside the Manager's expertise, knowledge or licenses, or
- c. would involve transactions or services, which are not set forth in this Agreement.

It will be the responsibility of Manager, during the Term of this Agreement, to perform the duties as set forth in this Agreement, consistent with the plans and directives of the Board of Directors, and to perform such other acts as are reasonably necessary to discharge Manager's responsibilities. Manager shall be available at reasonable times to confer with the Board and its representatives regarding the performance of the services set forth herein.

2.4 Delivery of Association Records. As soon as reasonably practical after the Effective Date of this Agreement, the Association shall deliver to Manager all applicable documents and records relating to the management of the Community, including, without limitation: budgets; financial statements; bank statements; a list of assessment balances for each owner; maintenance records; outstanding bills; copies of service contracts; certifications; and licenses held by the Association; copies of Association insurance policies; income tax returns; a list of all employee and contractors; copies of the Governing Documents; a list of the names and addresses and telephone numbers of the owners; the plans and specifications for the Community; an inventory of the equipment and personal property of the Association; and guarantees and/or warranties affecting Association. If the above records are not available, or if available records are incomplete or inaccurate, Manager will evaluate and report the status of such condition to the Board to the extent that Manager can, through a reasonable effort, determine or detect said deficiency or inaccuracy.

2.5 Registered Agent. Manager shall be appointed Registered Agent for the Association for the purpose of accepting all legal process on behalf of the Association. The Association reserves the right to change its Registered Agent at any time during the Term of this Agreement by notifying Manager, in writing, of the change and the effective date thereof. The Manager has no right to unilaterally do so.

2.6 Acknowledgement of Responsibility for CTA Filings. The ASSOCIATION acknowledges that while the MANAGER will assist the Board of Directors with the required CTA filings, the ultimate responsibility for ensuring the annual report is properly filed and updated as board members change rests with the ASSOCIATION. The ASSOCIATION recognizes that the MANAGER holds no responsibility for filing the required forms and agrees to hold the MANAGER harmless for any penalties incurred as a result of the ASSOCIATION's failure to properly file the CTA Beneficial Ownership Information (BOI) with FinCEN.

2.7 Property Tax Exemption and Reduced Tax Status Assistance. Kuester Management Group agrees to assist the Association, upon the Association's request, with efforts to obtain property tax exemption and/or reduced tax status. However, Kuester Management Group is not responsible for ensuring that all forms required by any government entity are received, completed, or processed correctly, nor will it be liable for any tax implications resulting from forms not being properly filed or processed in a timely manner. It is the sole responsibility of the Association's Board of Directors to ensure that the Association's tax status is properly obtained, maintained, and compliant with applicable county officials and regulations.

ARTICLE III **Administrative Management**

3.1 Scope of Article. Manager shall perform the following routine general administration services set forth in this Article III.

3.2 Attend Board Meetings. Attend up to **five (5) regular Board meetings per year**, as may be directed by the Board. Manager will attend meetings scheduled at a mutually agreeable and reasonable time on a Monday, Tuesday, Wednesday or Thursday, except holidays. Manager shall not be obligated to attend meetings on Fridays, weekends or holidays or for more than two (2) hours for any single meeting. The Board shall give Manager reasonable advance notice of such meetings. Association agrees to comply with all applicable statutes regarding notice to members of board meetings.

3.3 Attend Annual Meetings. Manager shall attend up to one (1) regular annual meeting per year scheduled on any mutually agreeable Monday, Tuesday, Wednesday or Thursday, except holidays. Manager shall not be obligated to attend meetings on Fridays, weekends or holidays or for more than two (2) hours for any single meeting, unless agreed to by the Leadership Team of the Manager.

3.4 Special Meetings and Committee Meetings. Manager will not be obligated to attend special meetings of the membership or of the Board of Directors, nor will Manager be obligated to attend committee meetings. However, if Manager is requested to attend and accepts, Association will pay Manager for management time and travel time according to the rate schedule outlined in this Agreement.

3.5 Minutes. **Manager shall take, or cause to be taken, minutes and prepare a record of action taken at Board** and general membership meetings attended pursuant to this Agreement, and shall maintain a chronological file of all duly adopted minutes and resolutions (with all originals placed into the files of the Association, with a pdf copy promptly forwarded by e-mail to the Board of Directors or Board of Director's designated party, which remain subject to change from time to time.

3.6 Meeting Notices, Agendas and Coordination. Manager shall schedule, notice and coordinate the Board and general membership meetings, and shall prepare necessary materials such as notices, agendas, reports, ballots, proxies and similar items at the Association's sole cost and expense. Manager shall prepare and distribute complete Board and membership meeting agendas and supplementary materials at least five (5) business days prior to any such meeting.

3.7 Correspondence. Manager shall receive and review Association correspondence and shall prepare and send such correspondence as may be appropriate. Manager will provide, at Association's sole cost and expense, material and expertise in the development of methods of communication to the homeowners (rules and regulations, etc.) as necessary. Special mailings and newsletters requested by the Board as prepared by the Association shall be duplicated and mailed at the expense of the Association. All requests for duplication of additional copies of Governing Documents, correspondence, reports, etc. will be at the expense of the Association. Manager, at its own discretion, may send up to one (1) mailing per month to notify members of Association issues or concerns, provided that the cost for such mailing is within the scope of the Association's annual operating budget. If such cost is outside of the scope of the Association's annual operating budget, Manager shall first obtain written approval from the Board. Manager shall provide an electronic quarterly newsletter to the membership no later than the end of the first month of each quarter.

3.8 Records and File Maintenance. Manager shall maintain a system of books and records consistent with Articles V and VI of this Agreement. Manager shall maintain possession of all records of the affairs of the Association throughout the term of this Agreement. Copies of contracts, filings with public agencies (e.g., business licenses, tax, real estate regulatory filings and Secretary of State annual reporting documentation) and financial books and records shall be maintained at the principal office of the Manager in accordance with Association's recorded Records Retention Policy. Manager shall only be responsible to retain those records which have been provided to it and shall have no liability for any deficiency or inadequacy of records resulting from a failure of Association or Board to provide said records to Manager. Any and all records may be kept in electronic format only as described in Section 6.5 of this Agreement, except where an original set is also required (e.g., the Entity Book and deeds). While Manager will put forth every effort to maintain Association records in good order, Manager makes no representation or warranty as to the accuracy and/or completeness of such records. Accuracy and/or completeness of the Association records remain the responsibility of the Association. All entries into the Minute Book, insurance renewals, tax returns and contracts, among possibly others specified by the Association from time to time, shall be sent electronically to the Association's designee. **Manager will track corporate annual report filings (with the Secretary of State, Real Estate regulatory agency, Department of State (as applicable), among any others that may be applicable to its operations) and very promptly cooperate with Association's filing agent or the Board's then current in-house legal designee with regard to providing information in this regard.**

3.9 Rule Enforcement. Manager shall assist in interpretation of the rules of the Association and assist the Board in enforcing the Governing Documents to the extent that it does not constitute the practice of law and shall have no obligation to provide legal advice to Association or Board. **Manager will provide one (1) compliance inspection per month to review the compliance of all lots within the Community.** Manager will provide notice delivery via postal service and email (as provided by Owner) immediately following the inspection. Additional compliance inspections can be requested by the Board of Directors for an additional charge as described in the attached Schedule A.

3.10 Insurance Liaison. Manager shall obtain and submit an insurance program for Board review, and provide liaison services with Association's insurance brokers and/or Managers. In Developer's sole discretion and without obligation, Developer may choose to procure separate, stand-alone insurance for the Association prior to turnover for which Association agrees to name Manager as an additional insured on all General Liability policies. Association agrees to maintain these policies in an amount of not less than one million dollars (\$1,000,000) aggregate each and to provide Manager with 30 days' notice prior to a change in policy. Association shall provide manager with a certificate of insurance for each policy not later than the tenth (10th) day following the commencement of this Agreement. If Association does not purchase a stand-alone policy, the Developer of the Community agrees to name Manager as an additional insured on all General Liability policies. The Developer agrees to maintain these policies in an amount of not less than one million dollars (\$1,000,000) aggregate each and to provide Manager 30 days' notice prior to a change in policy. Notwithstanding the foregoing, Developer will procure insurance policies that comply with State law as may be amended from time to time. Developer shall provide Manager with a certificate of insurance for each policy not later than the tenth (10th) day following the commencement of this Agreement. Developer will coordinate the timing and placement of any such separate, stand-alone coverage and Manager is not authorized to procure any insurance on behalf of the Association without the involvement and express approval of Developer during the Declarant-control period. To the extent this Agreement survives turnover, Manager shall timely coordinate with the Developer to secure all applicable insurance required by the Declaration that will no longer be maintained by the Developer.

3.11 Office Hours. Manager shall maintain normal office hours within at least the following local time periods: 8:30 a.m. to 5:00 p.m., Monday through Thursday, and 8:30 a.m. to 12:00 p.m. on Friday, except holidays, for communications related to Association business, and shall provide an after-hours emergency telephone number and/or answering service.

3.12 Complaint/Service Request Procedures. Manager shall develop and maintain a program to promptly respond to all reasonable complaints and requests for maintenance repairs and minor alterations in accordance with the procedures and guidelines adopted by the Board. Manager shall report monthly, or sooner depending on the extent and nature of the complaint (and also make available online upon request of the Board) to the Board on all such complaints and requests to the extent that Manager, in its sole discretion, feels said complaints or requests represent a legitimate or reasonable cause for consideration by the Board. Manager shall prepare and distribute to the Board members a guide outlining complaint and service request procedure.

3.13 Emergency Services. Manager shall provide after-hour answering service to address emergencies related to Association property. Association acknowledges that Manager is not a security provider and shall have no responsibility for the safety, health or security of members of the Association nor shall Manager be liable for any damages resulting from said safety, health or security issues.

3.14 Sale/Resale Information. Manager shall prepare, distribute and process information required of the Association with respect to the sale or transfer of a Unit. Board shall make a diligent effort to immediately inform the Manager of any upcoming or known changes to the Association's assessments, amenities, use rights, or Governing Documents that would trigger a change to any existing new or resale buyer's disclosures specifically regarding same. Manager may charge a reasonable fee for the same.

3.15 Documents to Prospective Purchaser. Upon written request of an appropriate party pursuant to State law, Manager shall, within 5 business days of the delivery of the request, provide such owner with the summary disclosure statement and other such information or documentation as the requesting party may be entitled under the Governing Documents and State law. For avoidance of any doubt, Manager may provide this information via a web-based system such as Homewise.

As permissible by law, production and distribution costs for the aforementioned documents will be borne by the Unit Owner. On sale or resale manager will only provide information to the owner and is not authorized to provide information to agents, buyers, appraisers, loan officers or any other third-party entity other than an escrow officer with an open escrow, except as otherwise specifically provided in this Agreement. Manager shall be responsible for ensuring that the Association's current Governing Documents are made available for inspection and review by new tenants and purchasers.

3.16 Cooperation with Declarant's Sales Personnel. Manager shall coordinate and cooperate with Declarant's sales personnel to ensure that community information, Governing Documents and financial information is current and correct and available for distribution to prospective purchasers. **Manager will provide a sales information sheet,**

potential buyer information sheet, and new owner information sheet along with any additional handouts required for owners to procure utility services, including but not limited to: trash service paid for by the Association.

3.17 Changes in the Law. Manager shall use best efforts to stay up to date and promptly advise the Board on Legislative Changes affecting similarly situated associations and member required responsibilities in conjunction with Association counsel, as applicable. However, Manager will not be obligated to provide legal interpretation or advice to the Board.

ARTICLE IV **Property, Landscape and Lifestyle Management (As Applicable)**

4.1 Scope of Article. Manager shall, at the direction of the Board, assist the Board in the creation, implementation and administration of a maintenance program covering those areas for which the Association has responsibility under the Governing Documents, and, as part of that program shall, at the Board's direction, perform or cause to be performed the following routine property management services set forth in Article IV at the sole expense of the Association.

4.2 Ordinary Maintenance/Repair of Common Area. Manager shall schedule and monitor maintenance and repair of the common area which Manager, in its best judgment, believes to be reasonable or necessary to preserve the appearance of the Community or at the direction of the Board, including, but not limited to, the following (to the extent applicable to the specific Community under this Agreement); common area structures, streets, walks, and gutters; pool(s); spa(s) sauna(s) and related equipment; painting; plumbing; janitorial services; trash collection; garages/carports; and landscape areas. Routine maintenance is a core management function. Management is also responsible for overseeing capital repairs and replacements authorized by the Board in accordance with the Association's reserve study. Manager is authorized to initiate routine repairs to the common areas and facilities, so long as such repairs and maintenance are in compliance with the Board's adopted management plan for the Association. **Manager will perform no less than one monthly general reviews of the Association common areas and facilities from ground level.** and will submit findings, action taken and recommendations to the Board of Directors, to assist in preserving the aesthetics of the common areas. Manager shall not be required to view the common areas during its reviews from any other perspective than from ground level, or in multi-level buildings, from floors where residents would normally access, Manager shall make a good faith effort to alert the Board of any health or safety hazards on the property of which Manager is aware. However, notwithstanding any other provision in this agreement, Manager shall never be responsible for or liable for damage to any person or property resulting from lack of maintenance or deficiency in maintenance.

4.3 Major Repairs/Alterations of Common Area. Any repairs, structural changes, alterations or additions to the common area, or any portion thereof, that requires an expenditure of more than **\$1,000.00** shall be deemed major repairs/alterations and require specific Board authorization.

4.4 Bids for Hiring, Supervising and Discharging Third Party Contractors. The Board shall select all contractors, vendors and service providers for non-routine services and/or major repairs, unless Manager is instructed by the Board (by Board resolution) to make such selection. For any project in excess of \$1,000, Manager, at the request of the Board, shall obtain a maximum of three (3) competitive bids from insured (and licensed, as applicable) vendors who are not related to Manager, or vendors that provide Manager with commissions or "finder's fees" or other compensation for contracted work, and submit them to the Board. The Board shall follow a RFP process and procedures relating to the handling of competitive bids as provided in the Manager's best practices.

The Board shall then decide which company or professional to hire to perform major repairs. Manager may, as requested by the Board, coordinate and monitor the work in progress, including without limitation, the obtaining of contract documents, certificates of insurance, copies of bonds, warranties, verification of license and good standing with the respective State, references, releases of liens and other necessary or prudent documentation (as required by law or as requested by the Board), but shall not supervise or be responsible for the satisfactory completion of the work. The Board shall hire an oversight supervisor, if appropriate, and that party shall supervise and ensure satisfactory completion of the work. Specifications for all items shall be included with the Board's request, and the Board shall be solely responsible for establishing the standards, specifications or criteria for work to be let out for bid.

Manager will endeavor to make helpful suggestions; however, the final decision in establishing standards, specifications and criteria shall be the Board's and Developer's. Manager shall also cooperate with and assist professional consultants retained by the Board for specialized functions such legal, accounting and other services.

Manager will, upon receipt of the Board's resolution, discharge Association contractors that the Board decides are not performing up to the standards, specifications or criteria established by the Board of Directors. Manager, on the basis of an operation schedule, job standards and compensation rates approved by the Association may, as requested by the Board, investigate, secure and pay third parties in order to maintain and operate the Association. **Any contract for such third-party contractors will be a direct contract between the Association and the third-party contractor, and Manager will act solely as the Manager of the Association in negotiations and maintenance of said contract, and not as a contracting party.** Compensation for the services of all third-party contractors shall be paid by the Association. Under no circumstance does Manager make any representations or warranties for the work performed by any third-party contractor. Manager is specifically not responsible for the quality of work performed by any vendor hired by the Association.

4.5 Property Inventory. Manager shall maintain a full inventory of all Association property with complete records regarding the acquisition and disposition of such property, as required for a comprehensive reserve study.

4.6 Work Order Processing. Manager shall accept and respond to work order requests received from owners and shall report on the status of the requests and work in progress to the Board on a periodic basis (or internet access as determined by Manager) in the manner requested by the Board. Maintenance requests received from owners may be addressed without specific approval of the Board for routine maintenance and repair to the extent that they do not violate any other provision of this Agreement.

4.7 Board and Common Area Turnover. Board shall provide advance notification to Manager and take all appropriate actions in accordance with State statutes with regard to turnover of Board seats and Association common areas. In this regard, Manager shall adhere to Developer's turnover procedures set forth in Schedule "B" hereto, as may be amended from time to time, to ensure that all records obtained or in the possession of the Association, including, without limitation, permits, bonds, deeds and leases, relating to the transfer of all real and personal property to the Association are retained, documented and secured.

At the initiation of the Developer, Manager shall attend any requested Common Area turnover meetings with vendors, and shall follow Developer's Common Area Turnover processes and procedures.

4.8 Lifestyle Management (As Applicable). For both Lifestyle and Age 55 and Older Communities, Manager shall employ and supervise all personnel necessary and desirable for the purpose of providing lifestyle-related services to the Association (hereafter "Lifestyle Personnel"). Such lifestyle services may include, but are not limited to, health and wellness programs, social and cultural activities, and concierge-type services.

4.9 Lifestyle and Other Onsite Personnel (As Applicable). Lifestyle Personnel may include, but are not limited a full-time on-site Community Manager, Fitness Center Director, and Activities Director. All Lifestyle personnel shall work exclusively for the Association, and not provide services to Manager for its office operations or for other properties it manages. Other Onsite Personnel shall be determined on an as needed basis by the Board of Directors at the recommendation of the Manager. Manager shall be responsible for employee-related reporting requirements in accordance with Section 5.11 hereof. Pre-employment background and sex-offender registry checks will be performed, and benefits, uniforms, insurances and workers' compensation coverage will be provided by Manager with costs invoiced to the Association. The total expenditures for such Personnel shall not exceed the amount as set forth in the current-year's approved operating budget, without prior Board approval.

In addition to the requirements of Section 11.3 hereof, Association shall not, and will not permit, any affiliated organization or institution to employ or offer to employ any Personnel during the time such services are being provided by Manager hereunder, without Manager's prior written consent.

4.10 HOPA Compliance. For Age 55 and Older Communities, Manager shall be responsible for all ensuring compliance with all requirements of the Federal Housing for Older Persons Act of 1995, 46 USC 3601, as may be amended from time to time. Manager shall also be responsible for enforcement of the Association's age verification policy.

4.11 Licenses and Reporting. For Lifestyle and Age 55 and Older Communities, Manager shall be responsible for security and maintaining required licenses for public performance of performance of music and movies, and for any reporting requirements under such licenses. For purposes of this agreement, a “public performance” is one that occurs either in a public place or any place where people gather; and includes one that is transmitted, for example, by radio, television broadcasts, music-on-hold, cable television, and by the internet. The cost for securing and maintaining such licenses shall be borne by Association under its annual operating Budget.

ARTICLE V **Financial Management**

5.1 Maintenance Assessments. Manager will prepare and mail statements of account regularly to the appropriate parties in accordance with the Association’s billing cycle or collection policy as detailed in Section 5.4 below and will record and timely deposit assessment payments within three (3) business days of receipt. The Association shall instruct the parties to mail their assessment payments to the association’s bank as agreed upon by Manager and the Board of Directors. Manager shall provide, at Association’s cost, invoices and mailing envelopes.

5.2 Assessment Collection & Deposit. Manager will provide for the collection and deposit of all maintenance assessments, and establish, at its sole discretion, a separate checking account or accounts, with any federally insured institution(s), as is customary with other Associations managed by Manager for the deposit and protection of Association’s operating funds. Manager shall deposit all monies collected by Manager into the appropriate Association account(s) within three (3) business days of receipt. Manager shall cause to be prepared and mailed assessment courtesy statements to the membership as the Board may direct, and shall bill the owners, as necessary, for other assessments, fees and charges levied by the Association. Manager shall cause the collection and, as necessary, the receipt for all assessments, fees, charges or other income received by the Association. Manager shall also maintain the records of the Association’s interest-bearing reserve accounts pursuant to a reserve schedule to be provided by Association, along with such other funds as Board may direct.

5.3 Association Operating Funds. Manager will establish and maintain Association funds, in a bank of Manager’s choice, whose deposits are federally insured, and in a manner to indicate the custodial nature thereof, a separate bank account as Manager of the Association for the deposit of monies of Association. From funds collected, Manager will cause to be paid the expenses for the operation of Association in accordance with the approved budget or as otherwise authorized by the Association’s Board of Directors. Any service fees charged for banking services or account maintenance by the bank shall be the responsibility of the Association and shall be a charge against Association’s operating and/or money market accounts.

5.4 Delinquent Accounts. Manager is authorized to implement the Association’s delinquency control and collection policy approved by the Board (“**Collection Resolution**”) and take reasonable steps for collection of delinquent accounts. Manager shall cause delinquent assessment records to be maintained in accordance with the Association’s records retention policy or as required by law and shall submit to the Board a monthly aged delinquent assessment list at each regular Board meeting or as otherwise directed by the Board. Manager shall act as liaison between the Board and retained counsel and/or a collection service to provide the information and records necessary to pursue collection of delinquent accounts. Manager will have authority to cause to be recorded a lien against the delinquent owner’s unit in accordance with the Declaration and the Collection Resolution. The Manager is authorized to assess the delinquent account a late charge and a delinquent processing charge, along with other charges for collection and lien fees, reflective of the costs of collection, accounting, payment-plan monitoring and legal proceedings. Late charges are to be deposited into the account of the Association and shall be used to reimburse Manager for the expenses incurred throughout the collection process as outlined in the Schedule A. Statutory interest may be charged commencing 30 days after any due date or as provided in the Governing Documents or State Statutes. Reasonable costs of collection, including reasonable attorney’s fees actually incurred, are authorized to be charged and collected in accordance with this Agreement, applicable law and in accordance with any contract between the Association and a collections agency. Manager may only institute legal proceedings on behalf of the Association for the foreclosure of those liens or other encumbrances or for collection of unpaid assessments upon the Board’s approval. Once an attorney is retained by the Collections Resolution, Manager may accrue legal fees to the Association’s account in accordance with the Association’s agreed upon fee schedule with said attorney. Fees in excess of the agreed upon rate may not be incurred in excess of **\$1,000.00** for any one matter without approval from the Board.

5.5 Escrow Services. Manager is authorized to respond to requests from either Title companies or the Owner for release of information related to the sale or refinance of the Owner’s Unit. Manager will prepare a Statement of

Account, Estoppel Certificate, or Resale Certificate upon demand on behalf of the Association and provide document packages upon request by either party. Manager shall be responsible to respond to any third-party requests for Homeowner Certification Questionnaires.

Upon request, Manager will fax/e-mail/ or post to the Board of Directors a notice of escrow requesting their response to the seller. **Manager will charge all fees related to escrow services as stipulated in Schedule A.**

5.6 Disbursement Authorization. Manager shall cause regular disbursements from Association's operating accounts for all expenses and obligations authorized to be paid by and on behalf of the Association as set forth in this Agreement. Manager is authorized to utilize all fraud control systems and methods available to Manager for the protection of Association's funds.

Association acknowledges Manager's role as Paymaster; accordingly, such disbursements may be made via paper drafts or electronically at the discretion of Manager.

Manager shall have no authority to authorize transfers from Association's reserve accounts. Manager makes no warranty or representations regarding the security or yield of any reserve investment. Except for the disbursements provided for above, all reserve account disbursements will be requested in writing by the Board of Directors or be recorded in official meeting minutes.

5.7 Invoice Approval. Manager shall review and submit to the Board for approval any invoices that the Board has not pre-approved as part of the Budget and shall promptly report to the Board all apparent discrepancies or irregularities in invoices or Association expenditures that come to Manager's attention. Manager shall submit all invoices for unbudgeted items and other unapproved expenditures to the Board for review and approval prior to payment.

5.8 Invoice Payment. **Manager shall not make any single unapproved expenditure, as described in section 4.3, above, nor incur any obligation exceeding \$1,000.00 without prior Board approval, except in case of an emergency threatening life or property or suspension of necessary utility or public services.** In such an emergency, Manager shall attempt to contact a member of the Board for expenditure approval, but if unsuccessful, Manager is authorized to act in any reasonable manner to address the emergency situation.

5.9 Financial Report Preparation. Manager shall maintain complete and accurate financial books and records for the Association in accordance with generally accepted accounting practices, including a balance sheet, a general ledger and subsidiary journals utilizing a double entry method of accounting, separate and apart from those of any other entity. On a monthly basis, Manager shall prepare and submit to the Association the financial reports listed on Schedule C to this agreement.

5.10 Annual Statements. Manager will cooperate with auditors in their performance of audits and reviews of Association's records and their preparation of applicable tax returns in accordance with Federal and State tax law, North Carolina Statutes, and the documents of the Association. The Association is responsible for retaining the services of a CPA to perform these duties.

5.11 Payroll Accounting for Employees (As Applicable). Manager shall be responsible for payroll and payroll accounting for employees assigned to Association. Association shall be responsible for ensuring that sufficient funds are available in Association's operating bank account to fund all payroll and related employment obligations. Manager shall advise the Association when a cash shortfall is anticipated. In the event that funds on deposit in the Association operating account are insufficient to fund an upcoming payroll, Manager will notify the Association and the Association shall be responsible for immediately depositing additional funds into its operating account. For the purposes of this agreement the word 'immediate' is defined as within five business days.

Manager shall be responsible for compliance with all laws, regulations and tax requirements relative to payroll and employment, with all such expenses to be considered operating expenses of the Association and covered from Association revenues or other Association funds. Manager shall be responsible for resolving any issues related to employee compensation, unemployment claims and benefits.

Manager shall be responsible for providing (either directly or through an employee-leasing company) workers' compensation coverage as may be required for all such employees. The expense of such coverage shall be a budgeted Association operating expense.

5.12 Tax Return and Audit Preparation. Manager shall assist the Association and its bookkeeper, certified public accountant or other financial consultant in preparing tax returns, audits and financial reviews. Manager shall distribute copies of the year-end financial review to the membership within one hundred and twenty (120) days after the close of the Association's fiscal year or as otherwise required by law.

5.13 Budget Preparation. Manager shall assist in the preparation of an annual operating budget as required by the Governing Documents and State law so that it is available to the Board not less than sixty (75) days prior to the earlier of the: 1) beginning of the Association's fiscal year; or 2) annual meeting of the Association, unless the Board elects to distribute a summary of the pro forma operating budget. If the Board elects to distribute a summary and any member requests a copy of the full financial statements to be mailed to the member, Manager shall send a copy by first-class mail within five (5) days of the request. Any budget draft will be subject to final approval by the Board of Directors and the Board shall retain full responsibility for the appropriateness of data contained in the budget. Any decision to adopt Association's proposed budget, or to amend it for adoption will be reserved to and exercised solely by the Association's Board of Directors. If the board fails to approve a budget prior to the beginning of the next fiscal year, Manager may utilize and rely upon the last approved budget by the Board as an interim budget until the Board approves a budget.

5.14 Reserve Study Preparation. Upon receipt of a request from the Board to conduct a reserve study, Manager shall use a competitive bidding process for the preparation of a periodic reserve study, in which Manager is expressly **excluded** from participation in such bidding. **At a minimum, this includes a complete reserve study every five (5) years (beginning with the Association's first year of operation), and annual funding updates.** Unless the Board approves a different fee, this compensation shall not exceed the amount allocated for a Reserve Study in the Association's approved budget.

5.15 Lien Enforcement Policy and Practices. Manager shall assist in the preparation of the annual statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for the collection of delinquent assessments against Association members, and distribute the statement to the membership during the ninety (90)-day period immediately prior to the commencement of the Association's fiscal year.

5.16 Liability for Use of Financial Statements. The Association shall have exclusive responsibility for the content and use of all approved financial statements, budgets and other financial documents prepared by or at the direction of the Association. The Association hereby agrees to indemnify and hold Manager harmless from all claims, expenses, actions, liabilities and damages (including attorney's fees and litigation costs) arising out of the content or use of all such documents.

5.17 Funding Requests. Manager shall request funding requests on a quarterly basis from the Developer following the procedure developed by the Developer. The quarterly funding request shall be prepared with known financials, projections, and reviewed by a member of the Manager's Leadership Team prior to submission to the Board of Directors. Such funding requests shall be provided to the Board of Directors at least thirty (30) days prior to the start of the fiscal quarter. Additional funding requests for additional community needs such as landscaping, furniture, and common area improvements approved by the Board of Directors or its liaisons, may be submitted on an as needed basis.

ARTICLE VI **Records Retention and Inspection**

6.1 Records Storage and Inspection. The Association's current records shall be kept at the Manager's office. Records will be maintained electronically to the fullest extent possible (with coordination regarding access granted to Association's designees, to the extent feasible), and paper documents destroyed after being converted to electronic format. Except for materials designated as confidential by the Board, such records shall be available for inspection and copying by any and all Unit Owners or their authorized representatives during Manager's normal business hours, in accordance with State laws and Association's Governing Documents, Monday through Friday, excluding holidays. Manager shall be entitled to charge and receive fees for copying and document research, and for the time required to schedule and monitor such a review, as set forth in Article VII and Schedule A. Manager shall be entitled to reasonable notice of not less than the statutory requirement prior to such inspection or copying of records. The Board of Directors shall approve a Records Retention policy that complies with applicable State law which specifies the length of time documents retained. In addition, the Board shall approve a Records Inspection Policy outlining fees that the Association shall charge for the production of records that complies with applicable State law.

Access to confidential materials shall be allowed only as required by law or as authorized by the Board. Manager will not release such information to third parties without Board authorization unless responding to a subpoena or court order, or as otherwise required by law.

6.2 Homeowner Lists. Manager shall maintain a current roster of the names, addresses and to the extent readily available, telephone numbers of all Unit Owners. Reasonable efforts will be made to keep this list accurate, but it shall be the responsibility of the Association to advise Manager of address or ownership changes. Manager shall not be obligated to search official records for such transfers of ownership unless specifically requested to do so by the Board at hourly rates set forth in this Agreement. Manager will record changes of address of ownership upon advice (in writing) from owners or escrow, with supporting documentation.

6.3 Correspondence. Manager will maintain documents and complete files for all current correspondence relating to Association, such as incoming unit owner correspondence, violation and architectural control letters, contracts, purchase orders, filing with public agencies, insurance policies and information and other related documents required by the Association's Records Retention policy.

6.4 Association Property. All records and correspondence regarding Association are and will remain the sole property of Association. Manager agrees to immediately return any and all such records and correspondence to the Association, or to an entity or person designated by the Board of Directors upon termination of this Agreement. Such records will be available for pick up at Manager's office or such other designated location as may be agreed upon. Electronic media, such as computer tape, discs, and general electronically stored databases are the sole property of Manager, and any duplication or transference of information shall be at the sole discretion of the Manager with all costs and charges to be paid by the requesting party.

6.5 Paperless Office. Manager operates a paperless office with regard to internal operations, and as is usual and customary in such environments, reserves the right to create all files as electronic documents for file, as well as to convert all existing paper files into an electronic medium for the corporate archives of the Association. Files will be stored using normally accessible formats (.doc, .pdf, .xls, etc.). Manager will provide these files to the Association in an acceptable electronic format at completion of the Agreement or as otherwise requested by the Board. Manager will, upon request, provide the Board with electronic Board Packets for their meetings, in lieu of the paper version in accordance with Article VII. Paper versions of the packet will result in the customary fees for copying, binding, postage, etc.

ARTICLE VII Compensation of Manager

7.1 Scope of Article. Unless otherwise specifically agreed in writing, Manager shall be compensated under this Agreement exclusively as provided in this Article.

- (a) Management fees payable in advance of each month in accordance with this Article.
- (b) Reimbursable and non-routine charges in accordance with this Article.

Manager reserves the right to modify the cost of all fees and services under Sections 7.2, 7.3, 7.4 and Schedule A at its sole discretion on an annual basis and with at least sixty (60) days advance notice. Fees may increase annually based on the State Consumer Price Index for All Urban Consumers with a base of the year and date of this Agreement. The compensation outlined in this section is in addition to any fees for the other services provided for elsewhere in this Agreement.

7.2 Routine Services. The Association shall pay Manager a base monthly fee for those routine services specified in Articles II, III, IV, V, and VI. The base monthly fee of \$750.00, or \$7.50 per Unit, whichever is greater, shall be net to Manager and is exclusive of the Association's operating expenses and costs.

Cost of routine services will be increased consistent with cost-of-living increases, or as otherwise agreed upon by the Board, annually at the beginning of the Association's next fiscal year. Schedule A services may be increased as needed but no more than 5% per calendar year based on increases in cost of living or cost of materials (gas, paper, etc.). Such increases will not need approval by the Association. Increases other than those listed above may only happen with Board approval.

7.3 Additional Compensation. In addition, the Association shall pay Manager additional compensation in accordance with Schedule A to this Agreement.

Association understands that these items that may be charged to an owner's account directly, or paid by the owner to Manager directly, as an accommodation to the Association and keep costs down but are in fact fees due Manager by the Association. The Association agrees to pay any fees not collected and to collect from the owners themselves and agrees that should the Association desire that homeowners pay these fees directly to the Association.

7.4 Non-Routine Services. Manager may, at the request of the Board, perform certain non-routine services for additional compensation per Schedule A, and travel expenses actually incurred, or at such other rate of compensation as may be agreed upon in writing by Manager and Association in advance. Non-routine services, including, but not limited to, the following:

- (a) Participating in any type of lawsuit or administrative proceeding, including without limitation lawsuits or proceedings involving the Association or any of its members, officers, directors, employees, Managers or contractors, or in any way related to Association business, Association property, collection of delinquent assessments and/or enforcement of the Governing Documents. Should Manager be subpoenaed for records, Manager will charge Association for the time required to respond to the subpoena, at its then-current billing rate for such management services. This Section shall remain in full force and effect and shall survive the expiration or termination of this Agreement.
- (b) Providing assistance in the investigation, evaluation and presentation of claims arising from defective workmanship, defective materials and/or substandard services in the development of construction of the Community.
- (c) Processing insurance claims involving bodily injury and/or property damage beyond preparation and submission of the original claim. Any such charges by Manager shall be submitted to the insurance company as part of the claim. Manager shall, to the extent that coverage is reasonably available and to the extent that Association is willing and able to purchase said coverage, endeavor to obtain coverage for the Association as required by the Board and state laws, including proper filing of claims.
- (d) Providing assistance in remediation and restoration efforts associated with damage to the common area and/or individual unit(s), without regard to the cause, if such effort is required to exceed 3 hours of Manager's time for a given incident. Manager will notify the Board in writing for authorization before proceeding with additional work.
- (e) Pursuing and prosecuting claims for delinquent assessments or other receivables.
- (f) Carrying out corrective work to a Unit separate and apart from the common area.
- (g) Attending more meetings of the Board, Committees or general membership than required under Article III, above.
- (h) Preparing or causing to be prepared architectural or landscape specifications, schematics, construction estimates, construction drawings and contracts for major renovation or repair of the common area.
- (i) Providing assistance in emergency situations or responding to resident complaints at times other than normal working hours (8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays). Emergency calls during non-working hours requiring Manager to travel to the Community will be billed at one and one-half (1.5) times the rate for non-routine services with a minimum two (2) hours charge per site visit.
- (j) Revision of the Community's Governing Documents, but excluding revision of rules, regulations and policies of the Association which shall be included in routine services.
- (k) Negotiation and management of contracts for non-routine services (such as capital improvements) with outside contractors that involve a contract price in excess of \$5,000.00.

- (l) Organizing, participating in and documenting common area acceptance and/or the release of bonds or other financial assurances which guarantee completion of the common area.
- (m) Organizing, participating in and documenting incorporation of the Association.
- (n) Maintaining any type of roster or other information on non-owner residents.
- (o) Participating in the initial sale, resale, financing or refinancing of a unit other than to provide information and documentation as set forth in Section 3.15 of Article III, above, or as otherwise required of the Association by law.
- (p) Assisting in adhering to requirements of laws and regulations that may be passed during the term of the Agreement, which require Manager's participation.
- (q) It is expressly understood by the Association, that reports on Manager's actions, financial matters, collection actions, or other activities, that would normally be provided at Board meetings (included in Board Packets), if requested between such Board meetings, will be billed in accordance with Schedule A.
- (r) Time spent modifying Association procedures and policies necessitated by changes in the state and federal statutes applicable to the Community and/or Association.
- (s) Discovery on Association's acts prior to the original commencement date of this Agreement.
- (t) Participation in property transfer to new Manager (or Board member(s) if self-managed) at termination of Manager's contract for whatever cause; including but not limited to, site walks, system(s) training, orientation, or similar actions. Fees may be required for this service to be paid in advance at Manager's sole discretion. This Section does not apply to the transfer of the Association's books and records.
- (u) Time spent developing a program to implement the Association's maintenance manual, if the manual was prepared by any person or entity other than the Management Company. Prior to billing for such time, Manager will perform an initial review of the manual, and provide the Board with an estimate of how many management hours will be required to put the necessary systems in place for implementation.

7.5 Documentation of Non-Routine Services. All compensation for non-routine services shall be supported by a statement summarizing the time and activity required to complete the requested non-routine service or an agreed upon flat rate will be determined prior to the requested service being provided.

7.6 When Compensation is Due. The Association shall pay Manager the basic fee for routine services monthly in advance on or before the tenth (10th) day of the month during which such services are to be performed, and for non-routine services on or before the (10th) day of the month following submission of a statement for items of additional compensation as provided in this Article. Delinquent invoices will be charged a late fee of eighteen percent (18%) per annum or one and one-half percent (1.5%) per month compounding monthly on the unpaid balance.

ARTICLE VIII **Special One-Time Services As Requested**

8.1 Special Services. At the written request of the Board, Manager may at Manager's option, provide special one-time services at additional compensation as provided in Section 7.3 of Article VII, above, or if not listed on Schedule A then at Manager's then-current billing rate for such management services, or at such other rate of compensation as may be agreed upon in writing by Manager and Association, which may include, without limitation, the items detailed in paragraphs 8.2 through 8.5 below.

8.2 Resident Orientation and Participation Program. Prepare a program for resident orientation, leadership recruitment and training for the purpose of achieving membership/Owner participation in the Association.

8.3 Governance Manual. Prepare and maintain a current Governing Documents manual to inform the general membership of the Association's operations, its organizational structure, the manner of conducting meetings and adopting policies and procedures and setting forth the policies and procedures already in effect.

8.4 Plan of Management. Prepare a plan of management that sets forth the long-range financial goals and objectives of the Association.

8.5 Employee Policy Manual. Prepare an employee policy manual which should include job descriptions, benefits program, hiring and firing procedures, and compensation policies.

ARTICLE IX **Insurance and Indemnification**

9.1 Maintenance of Insurance by Association. Only in the event Developer has expressly agreed to allow the Association to obtain its own stand-alone policy, the Association agrees to purchase and maintain a policy of Commercial general liability insurance with a limit of no less than \$1,000,000 per occurrence in coverage for bodily injury (including death), property damage and contractual liability for all loss, liability and expenses, including costs of defense, arising out of or in any way connected with the maintenance, repair or condition of the managed premises: All-Risk Property Insurance in limits sufficient for replacement cost of the Association property; Directors and Officers Liability Insurance with limits of at least \$1,000,000; Crime and Fidelity Insurance with limits of at least \$100,000; and any other such insurance or limits that the Board shall deem necessary or as required by North Carolina law. The insurance policies will cover Manager, by means of listing Manager as an additional insured on each policy, for any and all claims and losses indemnified by Association pursuant to Section 9.3. Such insurance shall be primary and non-contributory to any insurance maintained by Manager and shall include a cross-liability endorsement. To the extent applicable, the Association shall deliver to Manager a certificate of insurance evidencing such policy(ies) within ten (10) days of execution of the Agreement, and such certificate shall provide that Manager be given thirty (30) days' notice of cancellation or diminution in coverage.

Manager will maintain communication with Association's insurance broker and will assist the Board in reviewing and renewing insurance coverage. The Board of Directors is solely responsible for maintaining insurance coverage for the Association, and for ensuring the adequacy of coverage.

All insurance coverage shall be subject to any conditions, restrictions, and limitations contained in the Governing Documents. All insurance coverage required shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Board. Manager shall promptly investigate and report to the Board as to all accidents and/or claims for damage relating to the management, operations and maintenance of the common areas, including any damage or destruction of the common areas and shall cooperate and make any and all reports reasonably required by any insurance company in connection with any claim by the Association. Manager may charge a reasonable fee for processing claims, which shall be included in such claim and submitted to the insurance underwriter as further set forth below.

9.2 Maintenance of Insurance by Manager. Regardless of the provisions of indemnification set forth herein, Manager shall maintain in force, during the term of this Agreement, comprehensive general liability insurance and such other forms of insurance, in such amounts as may be reasonably required in writing by the Association. Upon request, Manager shall deliver to the Association a certificate of insurance evidencing such policy within ten (10) days of execution of this Agreement, and such certificate shall provide that the Association be given thirty (30) days' notice of cancellation or diminution in coverage (or upon request), except for issues of non-payment which requires ten (10) days' notice.

Specifically, during the Initial Term, or any Renewal Term, Manager shall procure and maintain on its own behalf, the following insurance coverage:

- i) Commercial General Liability, in an amount of no less than \$1 million per occurrence for bodily injury and property damage, for claims arising out of the performance of the Manager under this Agreement;
- ii) Workers Compensation, in full compliance with the requirements of the state(s) in which the Manager operates, covering all employees of Manager;

iii) Commercial Crime/Employee Dishonesty in an amount no less than \$500,000, covering Manager's responsibilities in managing the funds of the Association as required under this Agreement.

9.3 **Indemnification.** Association hereby indemnifies and holds harmless Manager and its officers, directors, stockholders, members, employees and managers, against any and all losses, claims, damages, liabilities, judgments, costs and expenses (including without limitation, fees and other disbursements of counsel and other expenses incurred by Manager or any of them in connection with any judicial, governmental or regulatory investigation or proceeding) arising from or against Manager for any act or omission by the Association or its members, Board of Directors, employees or managers that results from (i) any act or omission by the Association, its members, directors, officers, employees or agents other than Manager which violates any law, ordinance, statute, regulation or ruling of any county, municipal, state, federal, or governmental authority, (ii) any act by Manager undertaken in compliance with instructions of the Board or within the scope of Manager's duties herein, which does not amount to an independent act of gross negligence or a breach of contractual duty on Manager's part, or (iii) negligence on the part of the Association or its members, Board, or officers.

Neither Manager nor any of its stockholders, officers, employees or agents shall be personally liable in any fashion for any contract made in compliance with the provisions of this Agreement so long as the contract, at the time it was entered into, was in the best interest of the Association and was entered into in accordance with the Association's qualification protocol for contracting with respect to its budget, termination rights, proper licensing and insurance requirements for all vendors.

The provisions of this section 9.3 shall survive any termination of this Agreement.

ARTICLE X **Termination and Transition**

10.1 **Notice of Termination.** Upon 90 days written notice, this Agreement may be terminated by either party, with or without cause and without penalty, provided that the termination shall be effective at the end of the third calendar month following the month during which notice is given (except in the case of either party's failure to cure a material breach as set forth below). Notwithstanding the above, upon either party's failure to cure a material breach of this Agreement following ten (10) days prior written notice, this Agreement may be immediately terminated. Notice under this section shall be given to the addresses set forth in Section 11.12. Notwithstanding anything in this Agreement to the contrary, all services rendered by Manager under this Agreement (after application by Manager of the retainer set forth in Article VII, Section 7.1A above), shall be paid to the Manager within thirty (30) days of the effective date of termination. **Upon termination or expiration of the contract, MANAGER will charge ASSOCIATION one (1) month of management fee for the transfer and transition of ASSOCIATION.**

10.2 **Cooperation in Transition.** Manager shall continue to perform all its duties and responsibilities under this Agreement after notice of termination until the termination date. Manager and Association agree to cooperate fully with one another to transfer Association property, to execute the necessary documents, and to take whatever other action may be necessary prior to termination, to cause an orderly transition of Association management to a new Manager. Upon termination of this Agreement, Manager shall, within thirty (30) days of the contract end date, or as the parties may otherwise agree prior to the termination of this Agreement, submit to the Board a final income statement and balance sheet which reflects all monies held by Manager on behalf of the Association.

10.3 **Condemnation.** Upon taking of the entire or a substantial portion of the Community through lawful condemnation proceedings by any governmental party, either party may terminate this agreement by serving 30 days' written notice by certified mail to the other party.

10.4 **Notice of Nonperformance of Duties.** It is the responsibility of the Association's Board of Directors to ensure that all Association practices are performed in accordance with Association guidelines, this Agreement, State law, and are approved by the Board. It is the responsibility of the Board to supervise all Association practices and activities. If the Board notices that the Managing Agent is not performing its tasks in accordance with Association guidelines, this Agreement, dedicatory instruments, or State law, it shall notify the Managing Agent of any such failure within sixty (60) calendar days of said alleged non-compliance. After a period of sixty (60) calendar days all actions taken by the Managing Agent shall be deemed to be proper unless notification of non-compliance is received by the Managing Agent prior to

their expiration. This will not waive Managing Agent's duty to comply, even after the sixty (60) calendar days have expired.

10.5 Termination Audit. Promptly following the termination or expiration of this Agreement, the Association may engage, at its sole cost and expense, the services of a certified public accountant to perform a full audit of the books and financial records of the Association (such audit to be referred to herein as the "Termination Audit"). Provided that the Termination Audit is performed within one hundred twenty (120) days after the termination or expiration of this Agreement, the Manager shall provide such assistance as may reasonably be required by the Association's auditor for the satisfactory performance of thereof at no cost to the Association. Any services or assistance to be provided by the Manager in connection with the Termination Audit after such time period shall be compensated at the rates then in effect with respect to Additional Services.

ARTICLE XI **Miscellaneous**

11.1 Conflict of Interest. Manager shall not accept from any party providing goods and services to the Association, including vendors and independent contractors, any remuneration or consideration in any manner or form as consideration for or inducement to Manager for using the party's goods or retaining their services on behalf of the Association. All such benefits shall be the property of the Association.

11.2 Affiliated Interest. Manager shall not enter into any agreement to provide goods or services to the Association with any party, partnership, corporation, or other entity related to or affiliated with Manager, its directors, officers, or employees without prior written disclosure to the Board.

11.3 Manager's Employees. Manager spends significant amounts of time and money to hire and train employees for the operation of this and other Associations. Association derives and benefits from Manager's experience in managing, and their hiring and training procedures. **Association agrees it will not solicit to hire, retain, or contract with any past or present employee, partner, officer, or co-owner of Manager or its divisions in any capacity whatsoever for a period of twenty-four (24) months following the termination of this Agreement or any extension thereof. Association agrees to pay Manager the sum equal to the employee's last annualized salary paid by MANAGER as liquidated damages if it breaches this provision of the Agreement.** Both parties agree that this is a reasonable sum due to the extensive training and trade secrets that Manager provides, as well as expectation of continued income and allotment of resources, and further with respect to the difficulty in establishing the amount of actual damages.

Association recognizes that Manager is legally obligated to take reasonable measures to protect its employees from harassment. On rare occasions, those measures may include limiting communications with a homeowner or board member who has displayed abusive behavior, including verbal abuse, toward Manager's employee(s). Association understands Manager's duty to address such harassment and acknowledges that Manager may limit its employees' communications, telephonic or otherwise, with any individual at Manager's sole discretion. If feasible in such a situation, Association furthermore agrees to take reasonable measures to assist Manager in precluding the recurrence of abusive or harassing behavior.

11.4 Company Trade Secrets. The parties will have access to and be dealing with trade secrets of the other party, such as: the intellectual property held by each party, confidential information pertaining to business plans, client/customer lists; procedures, processes and documentation relating to management of the respective parties' businesses; and programs, software, procedures and techniques relating to data processing and financial reporting. Each party agrees to hold any such trade secrets or confidential information, attained during the course of this Agreement, in the strictest confidence, and shall retain a total confidentiality, giving value to protecting them from the other party's competitors. This provision shall survive the termination of this Agreement. All materials of a confidential nature, prepared and utilized in Manager's performance of their duties under this Agreement, shall remain the exclusive property of Manager and shall be retained in Manager's possession. The terms of this Section 11.4 survive the termination of this Agreement.

11.5 Bankruptcy/Insolvency. This Agreement may be terminated at the option of the Association: if the Manager shall be adjudicated as bankrupt or insolvent and such adjudication is not vacated within thirty (30) days; or if a receiver or trustee shall be appointed and it shall not be vacated within thirty (30) days; or if a corporate reorganization of Manager or any arrangement by statute shall be filed; or if Manager shall make an assignment for the benefit of creditors.

11.6 Advances and Charges. Manager will not be required to perform any act or duty hereunder involving the expenditure of money unless sufficient Association funds are available. Therefore, if at any time the funds in the possession of the Association are not sufficient to pay the charges incident to this Agreement, Manager shall not be responsible to advance its own funds for any reason, and the Association agrees, in such cases, that upon notice thereof by Manager, the Association shall make immediate arrangements to make funds available to cover the insufficiency. Manager shall promptly notify Association of any deficiency in the account necessary to pay the charges incident to this Agreement.

11.7 Board Communications. Manager shall receive communications and directions of a non-policy nature from any Association director and shall act with the assumption that said director is acting on behalf of the entire Board. Should a conflict arise between directors, Manager shall consider the President as representative of the Association with authority to act on behalf of the Association. Should the President be unavailable to resolve such a conflict, the Vice President shall serve in this capacity. The Board understands that Manager will not react to the directions of any single Board member who attempts to change the Association's policies or contractual obligations. Changes to the Association's policies or contracts require a resolution of the Board.

The Board of Directors understands its fiduciary duties and agrees to govern the Association in a business like manner, acting in good faith and in the best interest of the Association and in accordance with the adopted community management plan, the Association's Governing Documents and applicable state and federal laws. Manager may, but is not required to, submit any matter, direction, instruction or the like to the Board of Directors and shall then follow the direction of the Board of Directors.

11.8 Third Party Certificates. Upon request, Manager will provide lender certificates, sometimes known as HOA Certificates, HOA Certifications, Condo Certifications, etc. (collectively "**Lender Certificates**") in connection with a resale or refinance by a member of the Association. Manager has no obligation to provide any additional documents, other than those required by law. If authorized, Lender Certificates will be provided for a fee as outlined in Schedule A, and only under the following conditions:

- (a) In the event of a resale, an official request for a Lender Certificate must be received. Additional fees will apply for the documents as outlined in Schedule A.
- (b) Both Buyer and Seller (or Owner, in the event of a refinance) must complete the request form supplied by Manager and indemnify and/or hold harmless the Association, its agents, and its Board before any Lender Certificate can be completed.
- (c) The fee for Lender Certificates is a fee due to the Association; however, to reduce administrative costs to the Association, the payment will be made directly to Manager. Payment must be made in advance, in the form of cashier's check, credit card or money order, and is nonrefundable.
- (d) If the Association so indicates below, Manager will offer the option of providing its own certificate form ("**Manager's Certificate Form**"), or for an additional fee, Manager will fill out a third-party Lender Certificate but will only answer those questions that the Association's attorney has advised the Association that it is able to answer. If a third-party Lender Certificate is completed, Manager will include a signature block or overtype the signature block to include a disclaimer.
- (e) If the Board elects to authorize completion of third-party Lender Certificates, the Association shall, on a one-time basis per lender, have the Association's attorney review the third-party Lender Certificate. The attorney will advise the Association on which questions should not be answered and will provide an explanation for each.
- (f) If Manager's Certificate Form is requested, Manager will provide the completed form within 10 days of receipt of payment and all required documents. If a third-party form is requested, Manager will provide the completed form within 20 days of receipt of payment and all required documents.

Please select ONE of the following options:

Option 1: Manager will not provide Lender Certificates on behalf of the Association.

- Option 2:** Under the conditions outlined above, Manager will only provide Manager's Certificate Form on a resale or refinance, and will not fill out third-party certificates.
- Option 3:** Under the conditions outlined above, Manager will offer the choice of providing Manager's Certificate Form or filling out third-party Lender Certificates on a resale or refinance (only if a prior legal review of the particular certificate has been undertaken, and only including those questions that the Association's attorney has advised the Association it may answer).

The Board understands that Lender Certificates are not legally required forms, and if any information on a completed certificate conflicts with a legally required disclosure, the legally required disclosure shall prevail.

11.9 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Association. This Agreement shall be binding on the parties hereto, their heirs, executors, administrators, successors and assignees, and constitutes the full agreement except that subsequent changes or additional provisions must be in writing and executed by both parties. Notwithstanding the preceding sentence, the Manager shall not assign its interest under this Agreement except in connection with the sale of all or substantially all of the assets of its management business. In the event of such a sale, Manager shall be released from all liability by the Association.

11.10 Arbitration.

a. All claims, disputes and other matters in question between the Association and Manager that arises out of or relates to this Agreement or performance of services under the Agreement, whether arising in contract or tort (hereinafter referred to collectively as "**Arbitrable Matter**"), shall be decided by binding arbitration in accordance with the Arbitration Rules of Procedures of the American Arbitration Association ("AAA") for commercial disputes in effect at the time the request for arbitration is submitted and in accordance with the State law, as the same may be amended from time to time.

b. Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with AAA. The demand shall be made within a reasonable time after the Arbitrable Matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

c. The arbitrator shall decide whether the dispute is an Arbitrable Matter. In addition, the arbitrator shall award to the prevailing party its costs and attorney's fees actually incurred.

d. Either party shall within fifteen (15) days of receipt of the date that the hearing time and date is set, have the right to demand in writing, served personally or by facsimile, that the other party provide a list of witnesses it intends to call designating which witness will be called as expert witness, and a list of documents it intends to introduce at the hearing. A copy of such demand shall be served on the arbitrator. Such lists shall be mutually exchanged and served personally or by facsimile on the opposing party within fifteen (15) days thereafter. Copies thereof shall be served on the arbitrator. Listed documents shall be made available for the inspection and copy at reasonable times prior to the hearing.

e. Depositions for discovery shall not be taken unless leave to do so is first granted by the arbitrator and in no event is any party entitled to more than four depositions, two percipient and two experts.

f. Neither party shall be entitled to serve any form of written discovery request (interrogatories, requests for admission, requests for authentication, requests for document production or written depositions) on any other party in the arbitration. The only document productions allowed shall be done pursuant to the demand above.

11.11 Access. In order to perform the duties hereunder, Manager shall have access to Association property and to other properties to the extent afforded the Association pursuant to the Governing Documents.

11.12 Notices. All notices required or permitted under this Agreement shall be in writing and shall be delivered in person, deposited in the regular United States Mail, postage prepaid, certified or registered mail/return receipt requested, facsimile (with confirmed receipt), or sent by a recognized national overnight courier, with confirmed receipt (e.g., Federal Express) addressed as follows:

All notices to Manager shall be in writing and mailed postage prepaid to the current or last known business address of Manager as indicated on Page 1. All notices to the Association shall be addressed to the current President of the Board at the Association's current address of Record.

Notices shall be deemed to be given or received on the date of actual receipt (or of attempted delivery) at the applicable address or at such other address as a party may direct from time to time, upon written notice to the other party at least ten (10) days prior to the proposed change of address.

11.13 Review of Agreement. Association and Manager acknowledge that they have carefully read and reviewed this Agreement and each term and provision contained herein and by execution of this Agreement show their informed and voluntary consent thereto. The parties hereby agree that, at the time this Agreement is executed, the terms of this Agreement are commercially reasonable and effectuate the intent and purposes of the Association and Manager with respect to the service agreement.

11.14 Disclaimer. No representation or recommendation is made by the Manager or its employees as to the legal sufficiency, legal effect, or other consequences of this Agreement. The parties shall rely solely upon the advice of their own legal counsel as to the legal and other consequences of this Agreement.

[signatures appear on the following page(s)]

IN WITNESS WHEREOF, the parties hereto agree to the terms, conditions, and provisions specified by this Management Service Agreement, as of the day and date first above written.

ASSOCIATION:

Cottaes at Wingate Phase II Homeowners Association, Inc

By: _____

Name: _____

Title: _____

Date: _____

MANAGER:

Kuester Management Group, LLC

By: _____

Name: _____

Title: _____

Date: _____

Witness: _____

Name: _____

Title: _____

Date: _____

Schedule A

Schedule of Fees and Reimbursable Costs

Management Fee

| Service | Units Requested | Cost Per Month |
|-------------------------------------|--|-----------------|
| Financial Management | | Included |
| Homeowner Services | 400 Singel Family | Included |
| Community Manager Services | Up to 8 hours per month | Included |
| Community Meetings/Board Meetings | Up to 5 per year | Included |
| Compliance Inspections | Up to 11 per year | <u>Included</u> |
| Total Monthly Management Fee | \$1,000.00 per month, or \$10.00 per door, whichever is greater | |

Administrative Costs

| Expense | Fee |
|--|--|
| Compliance Letters | \$2.50 per letter |
| Copies | \$.22-.55 per copy |
| Postage | Actual cost |
| Statements/Vendor Payment Processing | \$1.55 per statements/Vendor Payment |
| Mileage | Billed at current IRS rate |
| Lamination Services | \$3.30 per page (standard 8x10 page) |
| Amenity Access Device Activation | \$4.80 per device (billable to homeowner) |
| Collection Services | ½ of late fees, interest and fines collected |
| Delinquent Account Turnover | \$89.25 per account |
| Storage of Records | \$440 per year (billed semi-annually in Jan. & July) |
| Coordination of Federal & State Taxes | Fee varies based on selected provider |
| Processing of Architectural Applications | \$38.00 per application |
| Coordination of Clubhouse Reservations | \$58 per reservation |

Professional Service Fees

| Service | Fee |
|--|---|
| Additional Board Meetings/Hours | \$125 per hour |
| Emergency Afterhours (claim mitigation) | \$125 per hour |
| Preparation of IRS Forms (1099 & 1096) | \$18.00 per form |
| Special Assessment Billing | \$8.25 per account |
| Coordination of Professional Audit | \$365 |
| Transfer of Ownership Fee | Varies (typically \$200, billable to homeowner) |
| Legal Litigation Coordination | \$125 per hour |
| Registered Agent | \$120.00 per year (billed annually in January) |
| Financial Account Management (over 3) | \$12.00 per month/account |
| Capital Project Management (over \$10,000) | 10% of project |
| Insurance Claim Management | 10% of project |
| Association Document Filing | \$55.00 per document + filing costs |
| Non-Routine Services | \$35 to \$175 per hour |
| Association Record Transfer Fee | One (1) month management fee |

Prices reflected on this sheet may be adjusted from time to time based on changes in the costs associated with services provided. Costs will not increase by more than 5% per year.

Developing Communities – Outside of Contract Scope of Work

Pre-Start Date Activities

Available at Additional Cost as Requested

| Activity | Hours | Cost |
|---|---------|----------|
| Build Out Budget Development | 4 Hours | \$500.00 |
| Governing Document Review | 3 Hours | \$375.00 |
| Amenity Policies and Procedures Set-up | 4 Hours | \$500.00 |
| Architectural Guidelines and Handbook Development | 3 Hours | \$375.00 |
| Board of Directors Binder | 2 Hours | \$250.00 |

Post Start Date Activities

Additional costs not included in the monthly management fee.

| Activity | Hours | Cost |
|---|-------------------|-------------------------------|
| Amenity Device On-Boarding | Flat Fee | \$250.00 |
| Amenity Device Handouts – In Person | 2 Hours (Per Day) | \$250.00 |
| Amenity Device Bulk Mailing | 3 Hours | \$375.00 |
| Committee Set-up | 2 Hours | \$250.00 |
| Committee Coordination | Flat Fee | Additional \$75.00 per Month |
| Resident Advisory Committee Set-up | 3 Hours | \$375.00 |
| Resident Advisory Committee Coordination and Meetings | Flat Fee | Additional \$125.00 per Month |

Turnover Options

Developer shall select at time of meeting being called

| | | |
|--|----------|----------------------------|
| <u>Community Turnover – Basic</u> <ul style="list-style-type: none">• Turnover Meeting Preparations<ul style="list-style-type: none">• Turnover Meeting• Election Coordination• Basic Board Training Videos/Access• Turnover Coordination per Schedule B | | Included |
| <u>Community Turnover - Standard</u> <ul style="list-style-type: none">• Above Items• Attendance at Turnover Meeting with Developer<ul style="list-style-type: none">• Two Hour Board Training Session• Two Additional Monthly Meetings | Flat Fee | One Time \$500.00 Charge |
| <u>Community Turnover – Premium</u> <ul style="list-style-type: none">• Above Items• Four Additional Monthly Meetings• Attendance at Two Turnover Meetings with Developer<ul style="list-style-type: none">• Coordination of Turnover List Upkeep | Flat Fee | One Time \$1,000.00 Charge |

Schedule B

Turnover and Transition – Summary of Process & Checklist

The following is a summary of the processes and documents to be followed, reviewed, and collected prior to the transition from developer to resident control of a residential community.

Responsible Parties:

- Developer: DV
- Management Company: MC
- Attorney: ATT
- Post-Turnover Management Company: PTMC

Part A: Critical Dates

| Item | Date |
|---|------|
| Deadline for nominations | |
| Deadline for Candidate Information Sheets | |
| Turnover Meeting | |
| Deadline for Turnover of Documents | |

Part B: Tasks

| Action | Responsible Party(ies) | Completion Date | Comments |
|--|------------------------|-----------------|----------|
| Prepare and mail election notices per Managers best practices | MC | | |
| Conduct internal walkthrough of Association property to identify potential issues and develop punch list (No Homeowners) | MC, DV | | |
| Review walkthrough punch list and determine items that will be completed (No Homeowners) | DV | | |
| Coordinate necessary or desired repairs to punch list items | DV | | |
| Confirm financial records meet State statutory requirements | MC | | |
| Obtain reserve study update if study completed more than 3 years prior to turnover date | MC | | |
| Verify all permits are in compliance and transfer to Association, as appropriate | DV | | |
| Update mailing addresses and ensure tax forms submitted for common property owned by Association | MC | | |
| Prepare Basecamp Project for Incoming Homeowner Board of Directors | MC | | |

| | | | |
|--|--------|--|--|
| Prepare ballots, sign-in sheets, voting proxies and all other records relating to membership voting | MC | | |
| Provide plans and specifications utilized in the construction of the common area improvements or other property that the Association is obligated to maintain, repair or replace | DV | | |
| Provide Certificates of Completion, if any | DV | | |
| Ensure Insurance Policies Transitioned to Homeowner Control from Developer Control | MC, DV | | |
| Provide any permits issued to Association by governmental entities | MC, DV | | |
| Provide Information on any and all warranties in effect | DV | | |

Part C: Document Review and Assembly

Property Restriction Documents

- Copy of declaration of restrictions
- Copy of all amendments to declaration
- Copy of all Notices of Annexation, or similar document, annexing property into community
- Copy of all Supplemental Declarations, or similar document, listing additional restrictions for certain areas of the community
- Copies of all rules, regulations, and procedures adopted pursuant to the declaration and/or bylaws
- Copy of any design guidelines or integrated pest management plans
- Current abstract certificate for property owned by the Association

Property Owners Association Governing Documents

- Copy of the Articles of Incorporation, including amendments
- Copies of the Bylaws, including all amendments
- Meeting minutes
- Copy of Document Retention Policy
- Copy of Enforcement Policy
- Copy of Assessment Collection Policy
- Copies of all other Association Policies

Transition Meeting Documents

- Copy of Board and Membership meeting notices
- Copy of Board and Membership meeting minutes
- Copy of Board unanimous consents (appointing officers, ratifying past actions, etc.)
- Copy of Board resignations
- Vote tabulations for homeowner election of Board members

Financial Documents

- Copies of annual federal tax returns since the date of incorporation up to past seven (7) years
- Copies of annual state franchise tax filings since the date of incorporation up to past seven (7) years
- Copies of any tax exempt election
- Copies of the Association budgets (pro-forma build-out and adopted during the last for last seven (7) years
- Audits of the Association's books for the last seven (7) years
- Balance sheet and statement of cash flows for the last seven (7) years
- Copies of any outstanding collection issues

Insurance Documents

- Insurance Agent contact information
- Copy of general liability policy with limits for the last five (5) years
- Copy of property policy with limits for the last five (5) years
- Copy of D&O policy with limits for the last five (5) years
- Copy of fidelity policy with limits for the last five (5) years
- Copies of any additional policies
- Listing of active insurance claims including related correspondence

Common Area Documents

- Inventory of all property owned by the Association
- List of all areas maintained by the Association
- Initial reserve study and all updates prepared by third party
- As-built drawings of all buildings, facilities, irrigation, and water and sewer systems that the Association will maintain
- A complete set of landscape drawings and specifications showing all plants and lawns
- A schedule of quantities, such as square feet of private roadway
- Copies of all third-party warranties
- Specifications and a list of manufacturers of paints and roofing materials used in common areas
- A complete list of the common area construction subcontractors and their principals with contact information

Miscellaneous Documents

- A review of all Secretary of State filings and registered agent and registered office designations for the Association
- A complete list of all Association members (homeowners)
- Original copies of all contracts signed by the developer-controlled board
- Original copies of any property management agreements entered into on behalf of the Association
- Original copies of all Association employment contracts

Schedule C Reports Package

The following is a list and description of required monthly reports to be provided by Manager.

ALL COMMUNITY TYPES

Operations Reports:

- Management report narrative summarizing operational activities for the past month, status of work in process, homeowner communications, physical plant maintenance, and, if applicable, golf and/or food and beverage
- Collections report narrative summarizing delinquency and collections activity, attorney correspondence, and homeowner payment plans
- Compliance report narrative summarizing covenant violation activity for past month
- Minutes of prior month's Board meeting
- Agenda of current Board meeting

Financial Reports:

- Income and expense statement with current period and year-to-date budget comparisons;
- Balance sheet showing assets, liability and equity, and reserves;
- Aged owner balance of homeowner accounts showing current, 30, 60, and 90 day balances;
- Accounts payable open report showing detail for invoices pending payment;
- Prepaid assessments report showing lot number, homeowner name and prepaid balance amount;
- Disbursements journal showing disbursement date, check number or EFT reference, disbursement amount, vendor name, vendor invoice number and corresponding general ledger account number;
- General ledger trial balance showing date, amount, source (e.g., accounts payable, journal entry, reserves), and description for each line item; and,
- Bank accounts reconciliation, including copies of bank statements and APR for each bank account.

LIFESTYLE COMMUNITIES

In addition to the foregoing reports, the following monthly reports are required for lifestyle communities:

- Fitness center report summarizing fitness center activity, equipment condition, accidents, etc. for the past month
- Lifestyle report summarizing community events, participation, revenue and expenses for past month, and status upcoming events; activity card activation/deactivation summary; and, licensing reporting (e.g., ASCAP, SESAC, MPLC, etc.)
- Committee reports summarizing activity for the past month and including a summary of committee voting
- Club reports summarizing activities, participation, revenue and expenses for past month

AGE 55 AND OLDER COMMUNITIES

In addition to the foregoing reports, the following monthly reports are required for communities intended for occupancy by persons age 55 and older:

- New resident report summarizing change in occupancy for past month, including age-qualification of new occupants
- All reporting required pursuant to the Association's age-verification policy