



Community Association Management Agreement

Southchase Phase 1A Parcels 14 & 15
homeowners ass

7/1/2009

Confidential

Management Agreement

This management agreement (this "**Management Agreement**") along with the Standard Terms and Conditions (as amended) and the Service Level Agreement (as amended) set forth the mutual understanding of the **Manager** (as defined in **Exhibit A**) and the **Association** (as defined in **Exhibit A**) with respect to the management of the Association and the common area described in the Association's Organizational Documents (as defined in **Section 2**) (the "**Common Area**"), and carrying out other duties, all as described below and collectively referred to as the "**Agreement**". The Manager and the Association are referred to in this Agreement from time to time collectively as the "**Parties**" and each individually as a "**Party**."

- 1. Appointment and Acceptance** – The Association hereby engages the Manager as the Association's agent for the purpose of managing the Association, the Common Area and carrying out other specific duties described in this Agreement, and the Manager hereby accepts such engagement and agrees to provide the Services (as defined in **Section 4**), all subject to the terms and conditions contained in this Agreement.
- 2. Authority; Power** – The engagement contemplated by **Section 1** includes the authorization of Manager to act on behalf of the Association and the Board of Directors of the Association (the "**Board**") in any and all matters affecting the management of the Association and the Common Area, subject to the provisions of (i) this Agreement, (ii) the Association's Articles of Incorporation; Bylaws; and Declaration of Covenants, Conditions and Restrictions, in the version most recently received by Manager (including any other documents of similar import, the "**Organizational Documents**"), (iii) any applicable laws and (iv) any written instructions of the Board or the Association's President delivered to Manager subject to the provisions of **Sections 1 and 2 of the Standard Terms and Conditions**. Both Parties have the power to execute this Agreement and to perform its obligations under this Agreement and both Parties have taken all necessary action to authorize such execution and performance.
- 3. Term** – The term of this Agreement will commence on the date set forth on **Exhibit A** (the "**Commencement Date**") and is for the period indicated on **Exhibit A** (the "**Initial Term**") and will be automatically renewed for sequential terms per **Exhibit A** unless one Party gives the other Party written notice of termination at least sixty (60) days prior to the end of the Initial Term or any subsequent term. The Initial Term and any subsequent terms are referred to in this Agreement collectively as the "**Term**." The Term is subject to earlier termination as provided elsewhere in this Agreement.
- 4. Service Level Agreement** – The Service Level Agreement attached to this Management Agreement is part of this Agreement and sets forth the mutual understanding between the Parties regarding the services to be performed, the term, and the pricing.
- 5. Compensation** – The Association shall compensate the Manager for the Services according to the Management Agreement and Service Level Agreement.
 - (a) **Payment for Services** – The Association shall deliver payments for the monthly fees (the "**Recurring Monthly Fees**") in the amounts identified in **Exhibit A** by ACH at the beginning of each month during the Term and otherwise as described herein.
 - (b) **Payment for Additional Services** – The Association shall deliver payments for services other than specified in the Service Level Agreement or configured in **Exhibit A** (the "**Additional Services**") at the rates indicated or in accordance to the then current price list within Thirty (30) days of the invoice, unless otherwise agreed by the Parties in writing.
 - (c) **Sales Tax and Fees** – In the event that a sales tax is imposed on the payment and receipt of the Recurring Monthly Fees or other amounts payable to Manager under this Agreement, then the Association shall be responsible for the payment of such sales tax in the amount required by law.
 - (d) **Annual Escalation** – The Recurring Monthly Fees identified in **Exhibit A** are for the initial contract period from the Commencement Date to the end of the first full calendar year included in the Term. Beginning on January 1st of each succeeding calendar year, the Recurring Monthly Fees shall increase, either by the annual escalator percentage rate equal to the Employment Cost Index, or shall increase in accordance with the approved annual budget, whichever is higher. The Employment Cost Index (ECI) portion of the price adjustment will be equal to the percentage increase, if any, of the ECI data for the most recently completed four calendar quarters at the date of the escalation. ECI will be determined by use of the ECI index series based on the U.S. Average and the Service Producing series title, all as reported by the U.S. Bureau of Labor Statistics at www.bls.gov.
- 6. Indemnification**
 - (a) The Manager shall indemnify and hold harmless the Association and its directors from and against any and all loss, cost, damage, liability, and expense (including court costs and reasonable attorney's fees) arising out of any acts or omissions of the Manager while performing the Manager's duties and obligations under this Agreement that constitute willful misconduct or gross negligence.
 - (b) The Association shall protect, defend, indemnify, and hold harmless the Manager, its parent entity and each of its subsidiaries and their respective officers, directors, managers, partners, employees and representatives (each a "**Manager Party**") from and against any and all loss, cost, damage, liability, and expense (including court costs and reasonable attorney's fees) arising out of the performance by the Manager of its obligations and duties hereunder in accordance with the terms hereof, **including any negligent actions taken by or on behalf of Manager in accordance with instruction from the Association in accordance with Sections 1 and 2 of the Standard Terms and Conditions**; provided, however, this Section shall not apply to any willful misconduct or gross negligence of the applicable Manager Party.
- 7. Limit of Liability**
 - (a) The aggregate liability of all Manager Parties under this Agreement shall not exceed an amount equal to the aggregate amount of Recurring Monthly Fees payable to Manager during a three (3) month period of the Term (and recovery of such amount shall be the exclusive remedy against the Manager Parties), except that the limitations set forth in this **Section 7** shall not apply to the matters contemplated by **Section 6**.
 - (b) **In no event shall any Manager Party be liable for consequential, special, indirect or incidental damages, including but not limited to any damages resulting from loss of use or lost profits or lost savings arising out of or in connection with this Agreement, whether in an action based on contract, tort (including negligence) or any other legal theory, even if the Association has been advised of the possibility of such damages. Except for the services to be provided by Manager expressly described herein, Manager specifically disclaims any and all warranties of any kind, whether express, implied or statutory, including any warranties of merchantability and fitness for a particular purpose.**
- 8. Standard Terms and Conditions** – The Standard Terms and Conditions attached to this Management Agreement is part of this Agreement and sets forth the mutual understanding between the Parties regarding the additional terms and conditions.
- 9. Amendment** – No amendment, modification or waiver of any of the provisions of this Management Agreement, or any future representation or promise, shall be binding upon the Parties unless agreed to in writing by the Party to be bound thereby.
- 10. Termination**
 - (a) **Termination by Agreement** – This Agreement may be terminated by mutual written consent of the Manager and the Association at any time.
 - (b) **Termination upon Breach** – A Party may terminate this Agreement by delivery of written notice to the other Party (the "**Defaulting Party**") in the event the Defaulting Party breaches this Agreement and that breach is not cured within thirty (30) days after delivery to the defaulting party by the other Party of written notice of that breach.
 - (c) **Termination upon Dissolution; Insolvency** – Notwithstanding the provisions of **Section 10(b)**, Manager may terminate this Agreement immediately upon dissolution of the Association or by written notice to the Association if there are insufficient operating funds to continue the operation of the Association and such deficiency continues for a period of ten (10) days after written notice of such deficiency from the Manager to the Association.

If this Agreement is consistent with your understanding of our arrangement, please sign below and return a signed copy of this letter to the Manager. We look forward to working with you in this arrangement.

ASSOCIATION:	MANAGER:
Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Service Level Agreement

This Service Level Agreement sets forth the mutual understanding of the **Manager** (as defined in **Exhibit A** of the Management Agreement) and the **Association** (as defined in **Exhibit A** of the Management Agreement) with respect to the service level of the management of the Association and the common area and carrying out other duties, all as described below and is part of the Management Agreement between the Manager and the Association along with the Standard Terms and Conditions. The Manager shall perform management services on behalf of the Association in good faith, with commercially reasonable care, in the manner Manager believes to be in the best interest of the Association and otherwise in accordance with this Service Level Agreement as outlined herein (the "**Services**"), subject to the satisfaction of the Association's duties and responsibilities as outlined in the Standard Terms and Conditions. Services that are not specifically identified herein, and that are not specifically identified in Exhibit A as agreed upon services to be performed, are not included as part of Manager's obligations under the Management Agreement. Additional services such as those listed under Additional Services below are available at the then current price schedule or at rates mutually agreed upon by Association and Manager at the time the work is authorized or as otherwise agreed. This Service Level Agreement is subject to change from time to time by the Manager; please consult the RealReports Board Portal for the current version.

Community Management Services	
<p>1. Board Member Relationship Management</p> <ul style="list-style-type: none"> a) Provide new board of directors orientation and training b) Respond to board member questions and issues no later than the next business day c) Resolve conflicts and disputes between board members d) Provide advice to board members e) Maintain thorough familiarity with the bylaws and restrictions f) Monitor and disseminate new legislation, ordinances, court cases and other information pertinent to the Association g) Monitor and disseminate public notices/information pertinent to association <p>2. Annual Meeting Management</p> <ul style="list-style-type: none"> a) Update list of all Owners, declarants and other attendees b) Prepare meeting agenda, meeting packet and board books c) Issue meeting notices and proxy statements d) Oversee registration of all attendees e) Run the meeting if requested by the Board f) Give annual Manager's report g) Explain financial condition and budget information h) Publish meeting minutes within 30 days <p>3. Service Provider Relationship Management</p> <ul style="list-style-type: none"> a) Provide Service Provider Management system b) Assist Board in the preparation of bid specifications c) Manage competitive bid process as needed for large jobs d) Analyze bids e) Selection of vendors, scheduling and inspection of work 	<ul style="list-style-type: none"> f) Invoice approval and payment process (all utilities are to be paid by EFT if the vendor accepts EFT) <p>4. Access Control Management</p> <ul style="list-style-type: none"> a) Manage access control systems b) Manage and distribute access control media (extra fee applies for the fulfillment of a 2nd key or replacement card, key, tag or remote)¹ <p>5. Architectural Control Committee Management¹</p> <ul style="list-style-type: none"> a) Receive requests and copies of plans from Owners b) Forward request to board committee c) Notify Owner of the status <p>6. Resident Service Center (RealService)</p> <ul style="list-style-type: none"> a) Provide Resident Service Center System b) Provide trained Resident Advisors to provide personalized, multi-channel service and distribute information as appropriate c) Provide after-hours emergency call handling system d) Maintain Owner database with contact history and interaction notes e) Monitor calls for quality of service and survey resident satisfaction <p>7. Board Portal² (RealReports)</p> <ul style="list-style-type: none"> a) Provide web-based document archive b) Provide web-based reporting system with DRV, call log, delinquency, AP, lot, directory, financial summary and benchmarking reports <p>8. Resident Portal² (RealReports)</p> <ul style="list-style-type: none"> a) Provide web-based document archive b) Provide web-based resident service system Owner statements, assessment information, deed restriction information, directory, online payments and online service request forms
Community Inspection Services	
<p>9. Site Inspection and Deed Restriction Management (RealInspect)</p> <ul style="list-style-type: none"> a) Provide Deed Restriction Management system b) Maintain Association restrictions information database c) Provide continuing deed restriction awareness content through articles for the newsletter and/or special mail-outs d) Inspect property for compliance with restrictions 	<ul style="list-style-type: none"> e) Manage Deed Restriction Committee input f) Manage Owner complaints of violations g) Notify Owners and builders of violations via standard notices h) Manage Owner disputes of violations i) Maintain violation log
Board Meeting Services	
<p>10. Board Meeting Management</p> <ul style="list-style-type: none"> a) Prepare preliminary meeting agenda and meeting notice b) Prepare and publish board meeting packet 	<ul style="list-style-type: none"> c) Participate in the meeting per the meeting frequency in Exhibit A d) Present Manager's report
Financial Management Services	
<p>11. Association Affairs Management</p> <ul style="list-style-type: none"> a) Provide designated place of business b) Provide designated representative c) Manage corporate records book d) Provide records storage e) Facilitate inspection of books and records by Owners (prior appointment required, extra fees apply)¹ f) Manage minutes book g) Serve as a liaison with attorneys h) Prepare and file any applicable state-mandated reports such as the management certificate and other applicable reports i) Monitor other legal issues and prepare reports as appropriate <p>12. Financial Management (RealFinance)</p> <ul style="list-style-type: none"> a) Provide Accounting and Financial Software b) Manage Accounts Payable c) Manage Accounts Receivable d) Manage General Ledger e) Prepare annual budget and forecast f) Bank account maintenance (additional fees apply for bank loan management) g) Reconcile monthly bank statements h) Manage disbursements 	<ul style="list-style-type: none"> d) Perform CC&R document processing e) Generate resale certificates¹ <p>15. Transfer Process Management¹</p> <ul style="list-style-type: none"> a) Provide Transfer Process Management database b) Manage plat and lot/unit owner database c) Update Association records for new owner d) Generate transfer documentation <p>16. Refinance Process Management¹</p> <ul style="list-style-type: none"> a) Provide Refinance Process Management database b) Answer tax service, title company and mortgage company inquiries c) Coordination of subordination agreement requests d) Generate refinance documentation <p>17. Tax Management</p> <ul style="list-style-type: none"> a) Provide Tax Management system b) Manage property taxes c) Maintain updated plat information d) Maintain updated property tax information e) Maintain property tax jurisdictions f) Maintain property tax accounts, parcel identifiers and property tax invoice payments g) Collate information for Federal tax return preparation and coordinate with the tax preparation firm on the filing

¹ Additional service fees apply and are billed directly per the then current price schedule to the Owner or paid through the Association as necessary if not paid directly.

<ul style="list-style-type: none"> i) Facilitate cash management j) Prepare standard monthly financial reports by the 20th day following month-end with standard account codes k) Prepare standard year-end financial reports by the 45th day following year-end with standard account codes 	<ul style="list-style-type: none"> h) Collate the information for the state return and coordinate with the Federal Income tax preparer on the filing (extra fees apply in the event tax returns are not current or exemption filings are incomplete)
<p>13. Manage Owner Assessments (RealPay)</p> <ul style="list-style-type: none"> a) Issue standard assessment coupons or statements b) Issue replacement coupon books¹ c) Manage EFT/ACH payment process d) Manage credit card payment process (additional bank fees may apply to the Owner) e) Collect and post to proper bank account f) Process checks without coupons and returned checks 	<p>18. Insurance Management</p> <ul style="list-style-type: none"> a) Assist with the application for the following insurance policies as requested: liability; property; worker's compensation; Directors & Officers; Errors & Omissions; b) Assist with the application for and secure a Fidelity Bond as needed c) Maintain Association insurance policies including expiration dates and renewals
<p>14. Resale Process Management¹</p> <ul style="list-style-type: none"> a) Provide Resale Process Management database b) Answer tax service, title company and mortgage company inquiries c) Answer homeowner inquiries 	<p>19. New Owner Welcome Process (RealWelcome)</p> <ul style="list-style-type: none"> a) Mail out a welcome letter b) Maintain and update welcome packet and/or make information available online c) Distribution of access cards/keys to amenities as appropriate d) Alert board to new owners (made available online)
<p>Administrative and Collections Services</p>	
<p>20. Fulfillment Management</p> <ul style="list-style-type: none"> a) Provide community mailing services for regular mailings, special notices and annual meeting notices as required up to the maximum number of mass mailings at three pages each in black and white b) The number of mailings and pricing per Exhibit A are for each full calendar year and will be prorated for any partial calendar year c) Pricing in Exhibit A includes all copies, faxes, office supplies and standard postage 	<ul style="list-style-type: none"> c) Create legal referral packet and submit to Association's attorney d) Coordinate with the Association attorney post referral e) Process bankruptcy correspondence and file Proof of Claim on behalf of Association f) Receive, research, review and process foreclosure documents for subsequent conveyance and collection g) Provide delinquency report h) Assess, collect and post late fees i) Pricing in Exhibit A includes all copies, faxes, office supplies and standard postage
<p>21. Delinquent Assessment Collections (RealCollect)</p> <ul style="list-style-type: none"> a) Provide delinquency management system b) Create and mail standard delinquency notices 	
<p>Community Communications Services</p>	
<p>22. Newsletter Publishing Service² (RealNews)</p> <ul style="list-style-type: none"> a) Create logo for use with the Newsletter b) Scan and format logo c) Layout newsletter template d) Write, edit and format articles e) Take, scan and format photos f) Maintain resident database g) Publish, print and mail newsletter (postage costs are included) with a maximum of two edit revisions h) Post newsletter to RealReports board portal i) Post newsletter to RealWeb website (if applicable) 	<p>23. Website Software and Hosting Service² (RealWeb)</p> <ul style="list-style-type: none"> a) Set-up hosting agreement b) Domain registration c) Scan or format photographs provided by Association d) Create logo, scan and format for use with the Website e) Design the website f) Set-up the named Association Administrator access and provide up to one hour of e-mail support per month during Manager's regular business hours g) Provide Association with hosted Website
<p>Set-Up Services</p>	
<p>24. New Community Set-Up Services (RealSetUp)</p> <ul style="list-style-type: none"> a) Dedicatory instrument document scanning b) Vendor contract and insurance policy scanning c) DRV master configuration d) Maintenance master configuration e) Assessment rules configuration f) Collections process configuration g) Create Community Information Summary h) Create Amenity Summary 	<ul style="list-style-type: none"> i) Create Legal Summary j) Create community forms k) Lot/unit set-up l) Owner information input m) Bank account set-up n) Financial records input o) Financial report mapping p) Budget input
<p>Additional Services</p>	
<p>25. Other Additional Services</p> <ul style="list-style-type: none"> a) Any time spent on litigation or insurance settlement support, any audit support time and any financial due diligence or research for any financial period that has been closed for over 60 days b) Any time spent on natural disaster response and recovery management c) Any on-site management compensation expenses for recruiting, payroll, taxes, unemployment insurance, benefits, mileage, cell phone and other employee-related expenses are passed-through and Manager is paid a surcharge of 10% of the total compensation expenses d) Any board or resident disputes that require Manager involvement in excess of one hour per week e) Any meeting time in excess of the amount agreed to in Exhibit A and any time spent attending any committee meetings (does not apply for on-site personnel) f) Any construction or repair project management for projects over \$5,000 g) Any customized reports, customized letters or customized procedures in terms of: financial and assessment management, deed restriction management, welcome program management or collections management h) Any special assessments or special credits i) Any third-party coupon costs j) The administration of any DRV fines k) The fulfillment of any DRV letters in excess of 10% of the total number of units on a monthly basis l) Any architectural control consulting or approval process 	<ul style="list-style-type: none"> m) The fulfillment of any collection letters in excess of 5% of the total number of units on a monthly basis, the fulfillment of any attorney referrals in excess of 2% of the total number of units on a monthly basis, and the fulfillment of any debit statements n) Any third-party collections fees, lien fees, foreclosure fees, bankruptcy fees or legal fees associated with collections o) Administration or management of multiple payment financing arrangements including but not limited to bank loans, insurance policy financing or insurance premiums billed in installments p) The physical fulfillment of any access cards, keys, tags, remotes, replacement governing documents or replacement coupons¹ q) The processing of any amenity rental fees or move-in or move-out fees r) The processing of any tenant/homeowner applications s) Any RealNews edit revisions that exceed 2 revisions per issue t) Any RealWeb set-up time that exceed 10 hours and any RealWeb email support time that exceeds 1 hour per month u) Any third-party website support v) Any request for proposals for unfunded projects over \$5,000 w) Any bank accounts in excess of three accounts x) Any lot/unit owner direct utility billing performed by Manager y) Any mailing that exceeds three pages, any certified mailings, any special handing, any non-standard postage, inclusion of return envelopes, any customized printing or mailing with color stock or color print, or any mailings in addition to the maximum number per the contracted service level in any calendar year or prorated partial year

² Each Party agrees that Manager is free to sell and insert advertising in RealNews, RealWeb, RealWelcome and the RealReports portals.

Standard Terms and Conditions

This Standard Terms and Conditions document sets forth the mutual understanding of the **Manager** (as defined in **Exhibit A** of the Management Agreement) and the **Association** (as defined in **Exhibit A** of the Management Agreement) with respect to the specific terms and conditions as described below and is part of the Management Agreement between the Manager and the Association along with the Service Level Agreement (these three documents are hereafter referred to as the "**Agreement**"). The Standard Terms and Conditions are subject to change from time to time by the Manager; please consult the RealReports Board Portal for the current version.

1. Manager's Duties and Responsibilities

- (a) **General** – The Manager shall perform management services on behalf of the Association in accordance with the Service Level Agreement.
- (b) **Licensure** – The Manager shall obtain all licenses, permits and approvals as are necessary to fulfill its obligations under this Agreement.
- (c) **Employees of the Manager** – The Manager shall assign a specific individual to be the primary representative of the Manager (the "**Manager Representative**") in carrying out its responsibilities in this Agreement. The Manager is free to hire employees and/or independent contractors at its discretion and may, at its discretion from time to time, change the Manager Representative by delivering to the Association notice of that change. Upon written request from the Board for a change in the Manager Representative, the Manager shall make a change if reasonably possible.
- (d) **Communications** – The Manager intends to communicate primarily through Manager Representative to the President of the Association. The Manager may communicate directly with the Board and committee members as necessary in support of their duties pertaining to their office and with the Association property owners ("**Owners**") as necessary in carrying out the Manager's authorized actions contemplated under this Agreement, including communications via email and the Board Portal. Manager and Manager's Representative shall be fully entitled to act on behalf of the Association or the Board upon (i) authority delegated under this Agreement; (ii) instructions (oral or written) received from the Board or the President of the Association; (iii) communications occurring in meetings of the Board or its committees; or (iv) instructions posted on the Board Portal. Manager may act in reliance upon any instruction, instrument or signature reasonably believed by Manager to be genuine. In the event of conflicting instructions from the Board, Manager will seek and follow instructions from the Board President for resolution and clarification. The Manager will notify the Association pursuant to this Section 1(d) of any changes to its mailing address.
- (e) **Response Time** – The Manager shall use commercially reasonable efforts to respond to each communication from the Association prior to the end of the business day following delivery of verbal or electronic communication and within one business week for written communication. Association understands that Manager represents other clients and the Association (through its President or its Board) and Manager shall mutually agree upon a reasonable time to respond or complete an assigned task and that, lacking such agreement, it shall be the sole determination of the Manager to use its reasonable discretion to prioritize the task given its other responsibilities and the appropriate level of urgency or entity.
- (f) **Financial Accounts**
 - (i) **Operating Account** – The Manager is authorized to establish and maintain bank account(s) in the name of the Association for the Association's operating funds with a federally-insured financial institution selected by Manager. The account shall include as signatory the Manager and such other persons as the Board may approve from time to time. The Manager shall not commingle any of the Association's operating funds with any funds or other property of the Manager or of any other person or entity, except for cash receipts and other situations where it is not possible to keep funds separate, which Manager may deposit to a central account, provided an equivalent amount is promptly deposited to the Association account.
 - (ii) **Reserve Account** – The Manager is authorized to establish and maintain one or more reserve account(s) in the name of the Association for the Association's reserve funds in accordance with the Board's instructions. All reserve accounts established for the Association shall include as signatory the Manager and such other persons as the Board may approve from time to time. The Manager shall not commingle any of such funds with any funds or other property of the Manager or of any other person or entity. The Association agrees that the Manager is not a financial advisor or investment manager and does not recommend investment strategies for the Association.
 - (iii) **Disbursement Authority** – The Manager is granted the authority to make all required disbursements at the Manager's own discretion for the Association as evidenced by invoices, written bills or statements, such disbursements to be made from assessments collected from Owners' ("**Assessments**") and as provided in the Board-approved budget or otherwise authorized. In the event that there is no approved budget in the current year, the previous year's budget shall prevail or apply. The Manager is granted the authority to make all required funds transfers between the Associations Operating and Reserve Accounts as needed to facilitate the Association's proper cash management. The Manager shall not be obligated to make any advance to or for the account of the Association or to pay any sum, except out of the Assessments, nor shall the Manager be obligated to incur any liability for the account of the Association. All non-budget expenditures and emergency expenditures are subject to specific Board authorization.
- (g) **Manager's Insurance** – The Manager shall maintain in full force and effect a comprehensive general liability policy of insurance insuring against damages to property and death of, or injury to, persons resulting from the acts and omissions of Manager in performing its duties and obligations and otherwise carrying out its responsibilities, under this Agreement. The Manager shall additionally maintain in full force and effect a Worker's Compensation Insurance policy according to prevailing state statute.
- (h) **Competitive Bids** – Large capital expenditures shall be awarded on the basis of competitive bidding with multiple written bids where possible and practical and accompanied by Manager's summary and analysis as to the most acceptable or suitable bid. The Association shall be free to accept or reject any and all bids.

2. Association's Duties and Responsibilities – The Association shall (or shall cause its Board to) fulfill the following duties and responsibilities:

- (a) **General** – The Board shall exercise oversight and governance of the Association and provide such guidance and policies to the Manager as necessary so that the Manager can efficiently carry out its duties contemplated in this Agreement. The Board shall not inhibit the Manager in any way in the performance of the duties required by this Agreement and to do so is considered a breach of this Agreement.
- (b) **Policies** – The Board shall clearly communicate in writing its policies to the Manager pertaining to deed restriction enforcement guidelines, architectural guidelines and general community activities.
- (c) **Committees** – The Board shall establish and maintain committees in accordance with the Organizational Documents to facilitate the operation of the Association.
- (d) **Budgets** – The Board shall be responsible for the approval of the annual operating budgets and the reserve budget and for setting the assessments, both regular and special in nature.
- (e) **Licensure** – The Association shall maintain all licenses, permits and approvals as are necessary to operate the Association.
- (f) **Association Insurance** – The Association shall maintain in full force and effect at all times and at its own expense, at a minimum, a general liability policy of one million dollars (\$1,000,000). Manager shall be named as an additional insured on the Association's general liability policy, along with a waiver of subrogation reasonably acceptable to Manager, and, if reasonably available, on the Association's other policies as called for in this Agreement. Following written notice from Manager that the Association does not have evidence that General Liability coverage is in full force and effect, Manager may, but is not obligated to, secure such coverages or policies on behalf of the Association. Association agrees to cooperate with Manager to apply for and have such coverages or policies and to pay for such policies. Should the Association fail to do so, it shall constitute a breach of this Agreement by the Association.
- (g) **No Other Manager** – The Association shall not engage any other person or entity with respect to managing the Association or the Common Area during the Term of this Agreement.
- (h) **Communications** – The Association and the Board shall communicate primarily through the President of the Association to the Manager Representative, and each such communication (oral or written) from the President or any other member of the Board is deemed to be made with the full authorization of the Association and the Board. The Board and committee members shall use all reasonable efforts to respond to all Manager communications (from the Manager Representative or otherwise) in a timely fashion according to the agreed upon due dates in order to facilitate the operation of the Association, including any communications via the Board Portal. The Association will notify the Manager pursuant to this Section 2(h) of any changes to the President's or other Board member's mailing addresses.

- (i) **Financial Accounts** – The Board shall provide specific instructions to the Manager regarding the investment strategy for the Association’s financial account(s).
- (j) **Association Data** – The Association shall promptly deliver to the Manager complete and accurate (i) data pertaining specifically to the operation of the Association, such as lists of the members of the Board, the Association’s officers and the Owners and their respective addresses, phone numbers and e-mail addresses, the Association’s financial reports and Organizational Documents, (collectively the “**Data**”), that is necessary for Manager to fulfill its obligations under this Agreement and (ii) copies of all legal documents applicable to the Association and the Common Area (as well as any amendments to such documents), including without limitation any renderings of plat maps, each in an electronic format acceptable to Manager.
- 3. Actions Upon Termination** – Upon expiration or termination of this Agreement the Parties’ rights and obligations shall include the following:
- (a) Within two business days of Termination of this Agreement, the Manager shall deliver the following items to the Board or its designated representative: keys to common areas, personal property of the Association, petty cash and physical files in Manager’s possession
- (b) Within ten days of Termination of this Agreement, the Manager shall deliver the following items to the Board or its designated representative: lot/unit owner roster as of the final day of management, copies of all of the governing documents, copies of all vendor contracts and contact information, copies of all insurance policies, copies of all board clarifications, resolutions and policies, bank names, federal employer tax identification number, account numbers, contact information and balance information, check to fund the community’s new operating account and check(s) to fund reserve account(s)
- (c) Within thirty days of Termination of this Agreement, the Manager shall deliver the following items to the Board or its designated representative: copies of all documents in Manger’s possession except information deemed by Manager to be proprietary in nature (such delivery may be in electronic format as determined by Manager), financial statements for the final accounting period and all funds of the Association subject to the limitations stated below
- (d) The Association’s access to the Board Portal shall remain in effect for thirty days following the expiration or termination of this Agreement to facilitate the Board’s retrieval of information.
- (e) Upon expiration or termination, all unpaid management fees, reimbursable expenses and other expenses due to Manager shall immediately become due and payable. The Association shall allow the Manager to offset such amounts against Association funds held or controlled by Manager and Manager shall have a security interest in all funds, records and other property held by Manger to insure payment in full.
- (f) At any time following thirty days after the expiration of this Agreement and upon completion of the Manger’s responsibilities above, any responsibility of Manager to Association shall cease. Any requests for documents, records or information of any sort shall be subject to the Manager’s then current price schedule for such services.
- 4. Intellectual Property Rights of Manager**
- (a) The Association acknowledges and agrees that, during and after the Term, except for the rights granted to the Association under this Agreement, the Association shall have no right, title or interest in, to and under any and all Intellectual Property Rights (as defined in [Section 4\(d\)](#)) relating to, arising out of or in connection with (i) the Manager’s corporate or any other business names or logos, (ii) the Services, (iii) the software (use code and source code) and other technology used by the Manager to provide the Services, including without limitation programs, methods of processing, improvements, modifications, enhancements and other proprietary rights inherent in and appurtenant thereto (the “**Applications**”), or (iv) any user manuals or other documentation prepared by or on behalf of the Manager describing the Services, the functionality of any of the Applications or the methods of providing the Services (the “**Documentation**”).
- (b) The Association shall not, and will cause each of its affiliates and representatives not to, (i) make any modifications to or derivations of the Applications, the Services or the Documentation or (ii) reverse engineer or otherwise attempt to reproduce all or any part of the Applications. If the Association or any of its affiliates or representatives make any modification, alteration or enhancement with or without the Manager’s written consent to the Applications, the Services or the Documentation, such modification, alteration or enhancement, including all Intellectual Property Rights related thereto, will be and remain the sole and exclusive property of the Manager.
- (c) The Association will ensure that any proprietary notices or legends of Manager contained in or on any copies of the Applications, the Services or the Documentation remain in or on the original and copies thereof. The Association will not attempt to obtain or to adversely affect any Intellectual Property Rights relating to, arising out of or in connection with the Applications, the Services or the Documentation or any part thereof.
- (d) Under this Agreement, the term “**Intellectual Property Rights**” means any and all patents (including all reissues, divisions, continuations and extensions of such patents), patent applications, trademarks, trademark registrations, servicemarks, trademark registration applications, tradenames, any other names and slogans embodying business, product or service goodwill or any copyrights, designs, trade secrets, inventions, know-how, processes or other confidential or proprietary information.
- 5. Intellectual Property Rights of Association** – The Association hereby grants the Manager the unrestricted right, subject to [Section 6](#), to use the Data in the performance of Manager’s obligations under this Agreement. Manager acknowledges and agrees that, during and after the Term, except as contemplated by this Agreement, Manager will have no right, title or interest in, to and under any and all Intellectual Property Rights relating to the Data.
- 6. Confidentiality**
- (a) Unless directed to do so by the Board, the Manager shall not release or distribute the names, addresses, emails or phone numbers of Association members to third parties without the consent of such members except as required to fulfill its duties as Manager or by law.
- (b) In connection with this Agreement, each Party will disclose (the “**Disclosing Party**”) to the other Party (the “**Recipient**”) certain oral and written information and material concerning the Disclosing Party’s business, including, but not limited to information regarding the Services, Applications and Documentation disclosed by the Manager and information regarding the Data disclosed by the Association, together with any other information disclosed by a Disclosing Party to Recipient and marked as confidential (such information and material of any Party, together with information pertaining to the economic terms of this Agreement, is referred to in this Agreement as “**Confidential Information**”). Each Party agrees that it will hold the Confidential Information of the Disclosing Party in strict confidence and will not disclose any of such information to any person or entity other than to Recipient’s officers, directors, managers, partners, employees, independent contractors, attorneys, accountants and current or prospective lenders or investors; provided, however, that Recipient shall cause all such persons to comply with the terms of this [Section 6](#) and the related provisions of [Section 3\(d\)](#). The obligations contained in this [Section 6](#) shall not apply to information that: (i) is developed by Recipient independent of the Disclosing Party and its Confidential Information, as evidenced by written or electronic documentation; (ii) has passed into the public domain through no act or omission of Recipient in violation of this Agreement; (iii) is lawfully received by Recipient from a third party that, to Recipient’s knowledge after due inquiry, does not breach an obligation of confidentiality relating to such information; or (iv) is required to be disclosed by Recipient pursuant to an applicable regulation (including as a result of filings with the Securities and Exchange Commission) or an order issued by a court of law or any federal, state or municipal regulatory or administrative agency or any other applicable law or legal process.
- 7. Injunctive Relief** – Notwithstanding any other provision of this Agreement, the Parties understand and agree that remedies at law would be inadequate in the case of any breach of the provisions of [Sections 2\(a\), 4, 5, 6, and 8\(m\)](#), and the Parties agree that each Party will be entitled to equitable relief, including the remedy of specific performance, without posting of bond or other security, with respect to any breach or attempted breach of such provisions.
- 8. General**
- (a) **Entire Agreement** – These Standard Terms and Conditions, as hereafter amended, along with the Service Level Agreement and the Management Agreement, set forth the entire agreement and understanding between the Parties relating to the subject matter hereof and supersedes all previous agreements between the Parties, whether written or oral, with respect to the subject matter hereof.
- (b) **Notices** – All notices and other communications hereunder shall be in writing and shall be delivered personally or by overnight courier or facsimile with proof of delivery or mailed by U.S. mail to the applicable Party at the address provided by the other party in accordance with Sections 1(d) and 2(h) (or such other address specified by like notice).
- (c) **Force Majeure** – No Party shall be liable for failure of performance under this Agreement (except for failure to pay amounts owing) due to war (declared or undeclared), fire, flood, interruption of transportation, embargo, accident, explosion, governmental order, regulations, restrictions, rationing or by strike, lockout or

any other cause beyond the reasonable control of such Party. Any suspension of performance by reason of this provision shall be limited to the period during which such cause of failure exists, and any Party that is not performing hereunder in accordance with this [Section 8\(c\)](#) shall immediately resume its performance hereunder at the time such cause of the failure no longer exists. Any such suspension shall not affect the running of the Term. Notice of any such disability and any abatement shall be promptly delivered to the other Party by the Party claiming the benefit of this [Section 8\(c\)](#).

- (d) **Severability** – If any provision contained in this Agreement shall be held to be invalid, illegal or unenforceable under present or future laws effective during the term hereof, then such provisions shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically by the Parties as a part hereof a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable, and the parties hereby agree to such provision.
- (e) **Waiver** – The waiver by either Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.
- (f) **Assignability; Binding on Successors; No Third-party Beneficiaries** – This Agreement is fully assignable without consent of either Party. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties, their successors and assigns. No provisions of this Agreement are intended, nor will be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any other person or entity, except as specifically provided in this Agreement with respect to the Manager Parties and the Association Parties.
- (g) **Interpretation** – When a reference is made in this Agreement to a Section or Exhibit, such reference shall be to a Section or Exhibit of or to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” or words of similar import. “Business Day” means any day other than any Saturday, Sunday and any other day on which banks chartered by the U.S. government are authorized to be closed.
- (h) **Counterparts; Facsimile Signatures** – This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. A photographic, photostatic, facsimile or similar reproduction of a signature of this Agreement by or on behalf of any Party shall be regarded as signed by that Party for the purposes of this Agreement.
- (i) **Governing Law** – This Agreement shall be governed by and construed in accordance with the laws of the state applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions thereof. The Parties agree that any action or proceeding arising out of or related in any way to this Agreement and not required to be resolved by an arbitrator pursuant to [Section 8\(i\)](#) hereof, may be brought only in a court of competent jurisdiction sitting in the county where the property to be managed is located. The Parties hereby irrevocably and unconditionally consent to the jurisdiction of any such court and hereby irrevocably and unconditionally waives any defense of an inconvenient forum to the maintenance of any action or proceeding in any such court, any objection to venue with respect to any such action or proceeding and any right of jurisdiction on account of the place of residence or domicile of any party thereto.
- (j) **Dispute Resolution** – Except for any injunctive relief, as provided for in [Section 7](#), which may be pursued without regard to this [Section 8\(j\)](#), any dispute between any Manager Party and any Association Party relating to, arising out of, or in connection in any way with, the transactions contemplated hereby shall attempt to be settled first by mutual agreement, then, by binding mediation or arbitration to be conducted in the city and state where the Association is located.
- (k) **Attorneys Fees** – In case any action or proceeding is brought under this Agreement, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys fees.
- (l) **Survival; Limitations Period** – Notwithstanding any other provisions in this Agreement, [Sections 5, 6, and 7 of the Management Agreement](#), all [Sections 3\(d\), 4, 5, 6, 7, and 8](#) shall survive the termination or expiration of the Term, in whole or in part. **A Party (including any Manager Party and Any Association Party) shall assert any cause of action or other claim (including under [Section 6 of the Management Agreement](#)) against a Party relating to, arising out of or in connection with this Agreement within twelve (12) months of the time the person or entity knew or should have known of such claim, otherwise, any right to any such claim will have been forfeited.**
- (m) **Non-Solicitation** – In consideration of the disclosure of confidential information and in furtherance of the obligations of the Manager under [Section 1](#), the Association shall not, during the Term or at any time for one year after the Term, directly or indirectly solicit for employment or hire or utilize the services of any employee, representative or consultant of the Manager or assist any third party so doing.
- (n) **Cumulative Remedies** – Any exercise by a Party hereto of its rights under this Agreement shall be cumulative and in addition to any other remedies to which that Party may be entitled.
- (o) **Status** – The Manager shall at all times during the Term be and act as an independent contractor of the Association with respect to its rights and obligations under this Agreement. This Agreement does not, and shall not be deemed to; create a joint venture, partnership or employer-employee relationship between the Association and the Manager. The Parties agree that Manager is deemed not to have the duties of a trustee or other fiduciary with respect to the Association, the Owners or the Board, or any of the tasks Manager shall perform for the Association.



Quote To
 Flavio Antonino
 Southchase Phase 1A Parcels 14 & 15 homeowners ass
 12015 Prairie Meadows Drive
 Orlando, FL

Quote ID Date
 1322SJ 5/10/2009

Contract Details

Association Legal Name	Southchase Phase 1A Parcels 14 & 15 Homeowners Association, Inc.
Manager	RealManage, LLC
Branch	Orlando
Commencement Date	7/1/2009
# of Complex Amenities	1
# of Current Units - SF	294
# of Buildout Units - SF	294
# of Current Units - TH	0
# of Buildout Units - TH	0
# of Current Units - Condo	0
# of Buildout Units - Condo	0
# of Current Units - Commercial	0
# of Buildout Units - Commercial	0
Initial Term (Years)	3
Renewal Term (Years)	3

Description	Rate	Qty	Amount
Management Services			
Community Management Services			
Base Community Management Services			
Amenities Management Services			
Management Services - Single Family			
Access Control Management			
Community Inspection Services			
Site Inspection and DRV Management - SF - Monthly Inspections			
Board Meeting Services			
Board Meeting Management - Quarterly - Two Hour Meeting			
Financial Management Services			
Financial Management			
Assessment Management - Quarterly Assessments			
			<u>Total Monthly Management Fee: \$1,185.04</u>
Set-Up Services			
Community Set-Up Services - Built Out			\$750.00
			<u>Total One-Time Set-Up Fee: \$750.00</u>

Other Terms

Administrative Services Management includes all administrative expenses such as copies, faxes, envelopes, labels, mileage, telephone, storage, office supplies and postage and is billed as follows:

- \$1.00 per mailing or notice (other than a DRV notice or a late/collections notice) of up to three pages each (any mailing consisting of more than three pages is subject to a custom quote);
- \$7.00 per deed restriction violation (DRV) notice.
- Delinquent Assessment Collections Management (RealCollect) includes all copies, faxes, envelopes, labels, mileage, telephone, storage, office supplies and postage and is billed at \$12.50 per statement or collections letter notice.

The Association retains all late fee revenue charged to the lot/unit owner. Any third-party legal fees for the actual lien filings, foreclosure filings or bankruptcy filings are not included and are billed separately by the applicable third party.