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## MANAGEMENT AGREEMENT

THIS AGREEMENT made this 1st day of July 2006, by and between CASITAS MONTANA HOMEOWNERS' ASSOCIATION, an Arizona non-profit corporation, herein after called the "ASSOCIATION," and SNOW PROPERTY SERVICES and Arizona corporation, herein after called the "MANAGER."

### WITNESSETH

In consideration of the terms, conditions and covenants hereinafter set forth the parties hereto mutually agree as follows:

### I

#### PURPOSE

A. The Association hereby appoints the Manager and the Manager hereby accepts appointment, on the terms herein provided, as sole and exclusive managing agent of CASITAS MONTANA HOMEOWNERS' ASSOCIATION, (hereinafter called the "PROJECT").

B. The Manager fully understands that the ultimate responsibility for the operation and management of the project is a function of the Association, and the Association understands that the duties and responsibilities of the Manager shall include only those set forth in this agreement and the operative legal documents governing the Association.

C. It is mutually understood that the authority, duties and responsibilities conferred upon the Manager hereunder are confined to the Project's common elements.

### II

#### MANAGER'S OBLIGATIONS

The Manager shall render such services and perform such duties as follows:

A. Manager shall provide notice to members of the Association that it is the exclusive managing agent for the property and that payment of assessments and maintenance matters should be directed to the Manager after the beginning date of management.

B. Manager will maintain a businesslike relationship with the Association owners and their requests for service and other communications as received.

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C. Manager shall cause the grounds of the Project to be maintained in a clean, neat and workmanlike manner. This includes maintenance of the common elements and/or servicing the common elements, and such other normal maintenance and repair as may be necessary.

D. Subject to the approval of the Association, arrange for the contracting of service, labor and materials necessary to properly operate and maintain the Project. Upon request by the Association, Manager shall procure competitive bids as may be necessary for capital improvements or other major repairs to the common elements. Any such persons or entities shall be independent contractors of the Association and shall be paid by the Association; however, Manager shall direct, supervise and discharge or remove contractors or personnel as necessary. Manager shall make contracts for water, electricity, gas, fuel, oil, telephone, pest extermination and other necessary services as required. Manager shall take necessary action and make arrangements for change in billing addresses as necessary. Manager shall place orders for equipment, tools, appliances, materials and supplies necessary to properly maintain the Project.

E. Manager shall make a routine inspection of the common elements of the Project to look for potential equipment, facility problems and repairs that might be needed. Manager shall not be in breach of this agreement if inability to maintain the property is caused by the failure of the Association to approve necessary work or capital expenditures.

F. Take such action in respect to the Association's financial management and bookkeeping as may be necessary to comply with all orders or requirements affecting the Project imposed by any Federal, State, County or other Municipal authority having jurisdiction here over, including the Board of Underwriters or other similar bodies. The Manager, however, shall take no action if the Association is contesting or has indicated its intention to contest any such order or requirement.

G. Pursuant to the legal operative documents of the Association, Manager shall use its best efforts to collect all assessments levied on the owners. Accounts will be considered delinquent on the 30th day following the due date. The Association authorizes the Manager, after consulting with the Board, to pursue delinquent homeowner accounts, including initiating legal action if necessary in the name of, and at the expense of the Association. Manager shall be fully indemnified by the Association for legal action taken on the Association's behalf for the collection of delinquent assessments if acts are in accordance with the legal operative documents of the Association and in accordance with the legal instruction and opinions of the Manager's or Association's legal counsel. All monies collected by the Manager shall be the Association's and be deposited in the Association's account.

H. From funds collected and deposited in the Association's account provided for hereinafter, Manager shall hold and disburse monies when due for: (1) amounts due and payable to the Manager by the Association in accordance with the terms of this

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Agreement; (2) compensation due to independent contractors for work done for the Association; (3) insurance premiums; (4) taxes, government assessments and similar items levied against the Association property; and (5) all other sums otherwise due and payable by the Association as operating expenses authorized to be incurred under the terms of this Agreement, including salaries of maintenance personnel, contractual obligations or other obligations as may be instructed by the Association in writing. It is hereby understood that the Manager may not obligate the Association to any amount in excess of two hundred and fifty dollars (\$250.00) for any one item without express authorization of the Board of Directors, excepting however, recurring operating charges or emergency repairs involving manifest danger to life or property or immediately necessary for the preservation and safety of the property or for the safety of the members, or required to avoid the suspension of any necessary services to the Association.

I. Subject to the approval of the Association, assist in the purchase of insurance necessary for the proper protection and preservation of the Project, which will include liability and fidelity coverage for officers and directors and, where applicable, the Manager.

J. Manager will provide fidelity insurance coverage for office personnel that handle Association funds, in an amount of \$250,000. Additional coverage above the Manager's limits that may be required by the legal operative documents of the Association shall be provided for by, and at the expense of, the Association. Such coverage shall cover Manager and Association members who handle Association funds and shall be in favor of the Association.

K. Manager shall maintain and keep an accurate, full set of books and records for the Project. Manager shall submit monthly "cash basis" statements to the Board of Directors previous to, or at, the scheduled monthly Board meeting showing the details of the Project's operations. All records shall be open to inspection by the Association, its agents, counsel or auditors at all reasonable hours after reasonable notice. Manager will maintain files on the Association membership and update and create records as membership in the Association changes.

L. Inform all members of the Association of such rules, regulations and notices as may be enacted or promulgated by the Association.

M. Manager shall cause the representative of the Manager assigned to the Project to attend regular Board of Directors meetings.

N. Manager shall assist in the preparation of an annual budget which shall be delivered to the Board of Directors at least thirty days prior to the beginning of each fiscal year, or as directed in the legal operative documents of the Association. The budget shall set forth projected income and expenses for the coming fiscal year.

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O. Manager shall ensure that the Association's annual report is timely and accurately filed with the Arizona Corporation Commission and that any and all income tax statements owing to either the federal or state government are properly and timely filed.

P. Manager shall provide 24-hour emergency services to the Association.

Q. Manager shall deposit all Association funds into a checking account at one of the banks designated by the Board of Directors. Association's funds shall not at any time be commingled with Agent's own funds or with the funds of any other organization services by Agent.

R. Manager agrees to post account payments to Association's operating account within five (5) working days of receipt of payments.

S. No later than five (5) days prior to regularly scheduled board meeting, Manager shall provide copies of the monthly financial report and other matters relevant to the board meeting to the Board members.

T. Manager shall prepare the resale disclosure paperwork and forms that are required to be provided by the Association to potential purchasers. Manager shall charge the Owner of the unit a fee of \$225.00 for this service. The Association shall not be responsible for the payment of this fee. Manager shall obtain the written approval of the Association prior to raising this fee.

U. Manager shall perform weekly inspections of those areas subject to inspection and authority of the Association to assure compliance with maintenance standards established by the Association and shall notify the Owner of any violations found in accordance with the violation policy of the Association.

V. Manager shall maintain in full force and effect for the entire term of this Agreement, general liability insurance in limits of not less than \$1,000,000.00 combined single limits coverage. Manager shall provide proof of such insurance to Association prior to commencement of this Agreement.

W. Manager shall prepare and submit to the Association within thirty (30) days after the end of each calendar year, a statement showing year to date cash receipts and disbursement for the operation of the Association for the preceding year.

III

**DISBURSEMENT OF ASSOCIATION FUNDS**

A. All work performed by the Manager under Section II shall be done not as an employee of the Association, but as an independent contractor, and all liabilities, obligations and expenses incurred thereunder shall be for the benefit of, on behalf of, and at the expense of the Association.

The Manager shall not be obligated to advance or disburse any monies on behalf of the Association, except for funds so held or provided, nor shall the Manager be obligated to incur any liability or obligation on behalf of the Association without reasonable assurance that the necessary funds for the discharge thereof are available or will be promptly provided and the Association will indemnify and hold Manager harmless for any lawful acts taken by Manager for or on behalf of the Association.

B. The Manager shall establish and maintain in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, and in a manner to indicate the custodial nature thereof, a separate bank account(s) for the deposit of operating and reserve funds of the Association. All checks written from bank account will require the signature of the manager and the Board President or Board Treasurer.

IV

**MANAGER'S FEE**

A. The Manager shall be entitled to receive for services rendered under this Agreement an amount not less than **\$200.00** per month.

B. Additional services that are not herein provided for shall entitle the Manager to receive additional compensation from the Association. Additional compensation, if any, shall be agreed to between the Association and Manager in writing before such services are rendered or directed by the Board. A schedule of supplemental charges can be found in "Exhibit A", attached hereto.

V

**TERM AND TERMINATION OF AGREEMENT**

A. Unless canceled as provided below, this Agreement shall take effect on \_\_\_\_\_ 2006, and shall remain in effect for a period of not less than twelve (12) months.

B. In the event a petition of bankruptcy is filed by or against the Manager, or in the event Manager makes an assignment for the benefit of creditors or takes advantage of any insolvency act, either party hereto may terminate this agreement and the

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Association shall automatically have a lien upon all funds held by the Manager for the benefit of the Association. The Association's Board of Directors shall have the right and power to do all things to pursue any legal remedy necessary for the enforcement and foreclosure of said lien.

C. This agreement may be terminated by the Board of Directors, effective the last day of the month following 30 days written notice to Manager, sent certified mail return receipt requested.

D. This agreement may be terminated by the Manager effective the last day of the month following 30 days written notice to the Board of Directors, sent certified mail return receipt requested.

E. Upon termination or expiration of this Agreement, Manager shall within thirty (30) days, or as the parties may otherwise agree prior to said termination or expiration, submit to the Association a final income statement and balance sheet which reflects all monies held by Manager on behalf of the Association and shall release to the Association all such monies and funds. In addition, within thirty (30) calendars days of the effective date of termination of this Agreement, Manager shall return in good condition to Association or the Association's new management agent, all of the Association's property, books and records in the possession of the Manager, including but not limited to the following:

- 1) All lot files of members of the Association;
- 2) Any and all accounting, financial, or other billing records of the Association, including accounting records or payment histories/ledgers for each member of the Association;
- 3) Copies of any and all contracts to which Association is a party;
- 4) General correspondences or communications that have been sent to members of the Association or have been sent on behalf of the Association to third parties;
- 5) Meeting minutes, whether board or annual or special;
- 6) Any and all other property, equipment, tools, records, documents, files, correspondence, computer files of Association or that Manager kept, maintained or created on behalf of the Association in its role as Manager.
- 7) Electronic files of any of the above items.

Manager shall take all reasonable steps to transfer the duties and responsibilities set forth herein to such successor management agent of the Association as the Board shall designate in writing.

Upon termination of Manager, Association shall pay Manager for services performed through the effective date of the termination. The Association shall further be responsible for paying all bills incurred by the Association. Manager shall provide all

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unpaid bills to the Association within five (5) days following the date of termination so that the Association will have the ability to pay such bills by their due dates.

## VI

### GENERAL PROVISIONS

A. This agreement shall inure to the benefit of and constitute a binding obligation upon the parties, their parties, their successors and assigns.

B. Except for willful misconduct or gross negligence, each party agrees to indemnify and hold the other party and employees, officers, or directors harmless in respect to any action, cause of action, suit, debt, cost, claim or demand whatsoever brought by a third party whomsoever in connection with the Project or the performance by either party of any and all of its obligation under this agreement. The provisions of this Paragraph shall survive the termination of this Agreement, and shall continue in full force and effect subsequent to the termination of this Agreement.

C. If conflicting demands are made upon the Manager, whereby more than one group of individuals is claiming to be the Board of Directors of the Association, the Manager may: (1) hold funds or documents until the rights of the contesting parties have been settled by agreement or appropriate court action, and (2) initiate interpleader action in the courts, depositing the funds or documents in dispute with the court, whereupon Manager shall be relieved of all liability arising therefrom.

D. This agreement shall constitute the entire agreement between the parties, and no variance or modification hereof shall be valid or enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this agreement.

E. For the purpose of any notices required by this Agreement, the parties shall use the following addresses:

To Association: 7255 E. Hampton Ave #101-A Mesa, AZ 85209

To Manager: 7255 E. Hampton Ave #101-A Mesa, AZ 85209

Either party may change the above address at any time by providing notice via certified mail, return receipt requested to the other party.

F. This Agreement may not be assigned by either party to the Agreement without the express written consent of the other party.

G. If either party to this Agreement shall be in default under the terms of this Agreement, the other party may bring legal action to enforce the terms of the Agreement or to recover damages for such default, or for any other legal remedy that may be

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available at law or equity. In the event such legal action is brought, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees, cost, and litigation expenses incurred therein.

H. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona and any action brought hereunder shall be brought in a court in Maricopa County, Arizona.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and the year first written above.

**CASITAS HOMEOWERS ASSOCIATION**

By: \_\_\_\_\_  
President

**SNOW PROPERTY SERVICES**

By: \_\_\_\_\_  
Dustin Snow  
Community Manager

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**EXHIBIT A**  
**SUPPLEMENTAL CHARGES**

<b>POSTAGE AND COPIES</b>	-Per piece and/or page	Copies:     \$.15 per page Postage:    US Postal Rate
<b>NEWSLETTERS</b>	-Typing and formatting; time to prepare	Included - Quarterly
<b>LIEN FEES</b>	-Costs for preparation, recording and release of lien (Costs for recording are at the expense of the Association. All costs are billed back to the offending owner/unit.)	\$100.00 per lien

Additional office work and all other items not mentioned above are included in the monthly contract price.