

MANAGEMENT AGREEMENT

FOR

(NAME OF ASSOCIATION)

Agreement made this _____ day of _____, 20____, between (Name of Association) hereinafter called the “Association”, organized and established in accordance with a plat recorded in Liber ____ of Plats, pages __ through __, with the Register of Deeds in the County of _____, State of Michigan, and Salisbury Systems and Solutions, LLC, hereinafter called “Agent”.

WITNESSETH

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

APPOINTMENT OF AGENT

(a) The Association hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided as exclusive managing agent for (Name of Association) located in the County of _____ State of Michigan, and consisting of _____ assessable dwelling units.

(b) The Agent fully understands that the function of the Association is the operation and management of the Common facilities and recreational facilities; and the Agent agrees, notwithstanding the authority given to the Agent in this Agreement, to conger fully and freely with the Directors of the Association in the performance of its duties as herein set forth and to attend membership or Director meetings monthly as determined by the Association. It is further understood and agreed that the authority and duties conferred upon the Agent hereunder are confined to the common area and recreational facilities and the restricted common area and facilities as defined in the Master Deed. Such authority and duties do not and shall not include supervision or management of individual units.

MANAGEMENT ORIENTATION

(c) In order to facilitate efficient operation, the Association shall furnish the Agent with a complete set of the plans and specifications of the Association. Copies of guarantees and warranties pertinent to the construction of the Association’s common and recreational facilities in force at the time of the execution of this Agreement shall be furnished to the Agent.

MANAGEMENT EMPLOYEES

(d) The Agent shall hire in its own names all managerial personnel necessary for the efficient discharge of the duties of the Agent hereunder. Compensation and tax liabilities for the services of such employees shall be the responsibility of the Agent. The Agent shall indemnify and hold harmless the Association, and members of the Board of Directors from any loss, damage (including incurred costs and attorney fees) resulting from any acts or omissions of any employees of the Agent. Notwithstanding the above,

the Association shall indemnify and hold harmless the Agent from any loss, damage (including incurred costs and attorney fees) resulting from any acts or omissions of “contractors” employed by of for the Association. I.e., Snow Removal Contractors, General Maintenance Service Companies, Lawn Service Contractors, etc.

(e) The property manager’s function shall be to take charge of all management operations including but not limited to:

1. Necessary purchasing to maintain the common areas (with approval of the Board of Directors of its designates.)
2. Disposition of resident complaints.
3. Assist various committees, i.e., financial, architectural, social, newsletters, welcome packets, safety, grounds, communications, etc.
4. Enforcement of the Association in attaining maximum economies via recommendations and analysis of assessment income, insurance costs, tax basis, maintenance repairs, etc.
5. Development of specifications and bid proposal formats which are readily comparable and uniform for Board review.
6. Review of accounts payable prior to payment to insure satisfactory completion of work and services. Note: With regard to this item, the Agent without prior approval of the Board of Directors or its designate may make no payments. All bills will be submitted to the Board and/or its designate for such approval prior to issuing any checks for payment.

(f) The Agent shall also handle day to day accounting and certain clerical functions including:

1. Recording and distributing co-owner calls for appropriate action by the property manager or Board of Directors.
2. Collecting of assessments and performing all bookkeeping requirements.

INSPECTION OF PROPERTY

(g) The Agent shall render services and perform duties as follows:

(h) Immediately ascertain the general condition of the property common area and recreational facilities. Agent agrees to weekly community visits to continue to ascertain and evaluate the condition of the owner’s homes and common areas. During the winter months of November – March agent will make bi-weekly community visits.

SERVICE REQUESTS AND COMPLAINTS

(i) Maintain businesslike relations with Owners whose service requests shall be received, considered, recorded and attended to in a systematic fashion in order to show the action taken with respect to each. Complaints of a serious nature shall, after thorough investigation, be reported to the Association with appropriate recommendations.

COLLECTIONS

(j) Collect all yearly assessments, late charges, fines or other sums due from Owners, all sums due in consequence of the authorized operation of facilities in the community maintained primarily for the benefit of the Owners. The Association hereby authorizes the Agent to request, demand, collect, receive, and receipt for any and all charges which may at any time be or become due to the Association and to take such action in the name of the Association by way of legal process or otherwise as may be required for the collection of delinquent monthly assessments. As a standard practice, the Agent shall furnish the Association with an itemized list of all delinquent accounts at the next scheduled Association Board meeting.

ASSOCIATION STANDARDS AND FINANCIAL LIMITATIONS

(k) Cause the recreational building, appurtenances and common grounds of the Association to be maintained according to standards acceptable to the Association, including but not limited to interior and exterior cleaning, painting, and decoration, plumbing, carpentry, and such other nominal maintenance and repair work as may be necessary, subject to any limitations imposed by the Association in addition to those contained herein. Notwithstanding this authority as to emergency repairs, it is understood and agrees that the Agent will, if at all possible, confer immediately with the Association regarding every such expenditure. The Agent shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of Two Hundred (\$200) Dollars, or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the Association, in writing.

COMPLIANCES

(l) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county, or municipal authority having jurisdiction there over and orders of the Board of Fire Underwriters or other similar bodies, subject to the same limitations contained in Paragraph (e) of this Article in connection with the making of repairs and alterations. The Agent, however, shall not take any action under this Paragraph (e) so long as the Association is contesting, or has affirmed its intention to contest any such order or requirement. The Agent shall promptly, and in no event later than seventy-two (72) hours from the time of their receipt, notify the Association in writing of all such orders and notice of requirements.

CONTRACTS AND PURCHASES

(m) Subject to approval by the Association, make contracts for water, electricity, gas, fuel, telephone, vermin extermination, and other necessary services, or such of them, as the Association shall deem advisable. Also, place orders for such equipment, tools, appliances, materials and supplies as are necessary properly to maintain the communities' common areas and recreational facilities. All such contracts and orders shall be made in the name of the Association and shall be subject to the limitation set forth in Paragraph (d) of this Article. When taking bids or issuing purchase orders, the Agent shall act at all times under the direction of the Association, and shall be under a duty to secure for and credit to the latter any discounts, commissions, or rebates obtainable as a result of such purchases.

INSURANCE COVERAGES

(n) When authorized by the Association in writing, cause to be placed and kept in force all forms of insurance needed adequately to protect the Association's common areas and recreational facilities as its respective interest appears (or as required by law); including but not limited to workers compensation insurance, public liability insurance, boiler insurance, fire and extended coverage insurance, and burglary and theft insurance. All of the various types of insurance coverage required should be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Association. The Agent shall promptly investigate and make a full written report as to all accidents or claims for damage or destruction to the Association's common elements and/or recreational facility.

RELATIONSHIP OF AGENT TO OTHER ENTITIES

Agent represents and warrants that:

(o) It is not receiving nor will receive in the future any form of compensation, pecuniary or non-pecuniary, from any contractor, subcontractor, tradesman, material man, supplier, engineer, or from any other source other than from the Association by reason of the existence of performance of this Agreement; and

(p) It is free to enter into this Agreement and has not entered into any other agreement, which, in any way interferes, or conflicts with the obligations to be performed hereunder.

(q) If Agent, its officers, partners, and directors connected therewith are, or may be officers, employees, partners, major shareholders, directors of or otherwise related to the contractors or agents hired by the Agent, the Agent agrees to disclose such relationships to the Association, and obtain approval for same before any contract is executed or consummated.

PAYMENT OF PAYROLL, TAXES, AND RESERVES

(r) As applicable, from the funds collected and deposited in the special account hereinafter provided, cause to be disbursed regularly and punctually (1) salaries and any other compensation due and payable to the employees of the Association, and the taxes payable under paragraph (1) of this Article; (2) fire and other property insurance premiums and the amount specified in the Community Documents for allocation to the Reserve Fund for Replacement and to the General Operating Reserve, and (3) sums otherwise due and payable by the Association as operating expenses authorized to be incurred under the terms of this Agreement, including the Agent's fee. After disbursement in the order herein specified, any balance remaining in the special account may be disbursed or transferred from time to time, but only as specifically directed by the Association in writing, but such balance must be within the limits of the fidelity bond which shall be in an amount equal to three months gross collection.

REPORTING FORMS

(s) Working in conjunction with an accountant, prepare for execution and filing by the Association all forms, reports, and returns required by law in connection with unemployment insurance, workman's compensation insurance, disability benefits, social security, and other similar taxes now in effect or hereafter imposed and also requirements relating to the employment of personnel.

OFFICE RECORDS

(t) Maintain a comprehensive system of office records, books, and accounts in a manner certifiable to the Association, which records shall be subject to examination by their authorized agents at all reasonable hours.

ANNUAL BUDGET

(u) The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year, which may be required for the fulfillment of the Association's responsibilities, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for replacement of improvements that must be replaced on a periodic basis should be established in the budget and funded by regular assessments rather than by special assessments. Upon adoption of an annual budget by the Board of Directors, the assessment for said year shall be established based upon said budget.

LEASES AND PERMITS

(v) Agent shall not act as a rental or leasing agent for any individual Co-owner but only for the Association and accordingly shall not be held accountable for any actions or defaults of any tenants in the Community.

ADMINISTRATION OF RULES AND REGULATIONS

(w) It shall be the duty of the Agent at all times during the term of this agreement to operate and maintain the Association according to the highest standards achievable consistent with the overall plan of the Association. The Agent shall see that all Owners are informed with respect to such rules, regulations, and notices as may be promulgated by the Association from time to time.

OBLIGATIONS

(x) Everything done by the Agent under the provisions of Article Fourth shall be done as Agent of the Association, and all obligations or expenses incurred there under shall be for the account, on behalf, and at the expense of the Association, except that the Association shall not be obligated to pay the overhead expenses of the Agent's office. Any payments to be made by the Agent hereunder shall be made out of such sums as are available in the special account of the Association, or as maybe provided by the Association. The Agent shall not be obligated to make any advance to or for the account of the Association or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Agent be obligated to incur any liability or obligation for the account of the Association without assurance that the necessary funds for the discharge thereof will be provided.

BANKING

(y) The Agent 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 as Agent of the Association for the deposit of the monies of the Association, with authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to the Agreement, and for the payment of the Agent's fee, all of which payments shall be subject to the limitations in the Agreement. Collection of assessments due shall be promptly deposited as received.

(z) Any online banking will be voted upon by the Board of Directors. At any time the Board chooses to commence online banking the following stipulations will be in effect: all invoices will be scanned and sent electronically (via email) to the Board Member(s) in charge of approval at which time that Board Member will either approve or deny the request to send a check via online banking. During the time of an approved vote to begin online banking, the Agent will hold and bear the sole responsibility of the funds in the bank account. Every month the Agent will supply each Board Member with a copy of all checks sent out for that month.

COMPENSATION

The compensation, which the Agent shall be entitled to receive for all services performed under this Agreement, shall be a fee computed and payable monthly in an amount equivalent to the following:

(\$xxxx.xx) per year paid in twelve (12) equal payments of (\$x,xxx.xx) the last week prior to the 1st of the billed month.

COMPENSATED EXPENSES

(a) All costs of Association letterhead, mailing labels, envelopes, corporate checks, and supplies used "exclusively" for the Association shall be an expense of the Association and the payment for same shall be made direct to suppliers or reimbursed to the Agent as evidenced by billings and/or invoices for same.

(b) The Association shall be billed "actual costs" for all mailings of newsletters, bulletins, flyers, budget letters, special notices to Co-owners, and any other required or requested documents. For example, costs of printing and postage. There shall be NO CHARGE for time or processing by the Agent in the preparation of the above.

(c) By way of example, but not limited to the following, charges for postage will be based on upon the prevailing postage rates as the date of posting, i.e., .49 cents per ounce for first class mailing as of this date. Costs for envelopes, mailing labels, or other printing stock shall be billed at cost at the most favorable rates obtainable based on quantity and quality of materials used.

(d) There will be a fee of five hundred (\$500) per Amendment Event and an additional three hundred (\$300) for any subsequent events required to complete the Amendment Event.

(e) There will be a fee of two hundred and fifty (\$250) per homeowner plus court costs for a Small Claims suit. A **Board Member** must be in attendance at court with me (court rules). This fee shall include up to 3 court appearances with a rate of \$20/hr after.

(f) Any compensation for requested services deemed necessary by the Board of Directors not mentioned within this contract will be negotiated as they arise.

TERM OF CONTRACT AND TERMINATION

(g) This Agreement shall be in effect for a term of _____ (___) year(s), from _____, 20____ through _____, 20____. This Agreement shall be terminated and (except as to liabilities or claims which shall have accrued or arisen prior to such termination) all obligations hereunder shall cease upon the happening of the following:

(h) If a Petition in Bankruptcy is filed by either the Association or Agent, or if either party shall make an assignment for the benefit of creditors, or if either party avails itself of insolvency laws, or if either party discontinues business, the other party may terminate this Agreement forthwith by serving notice upon the other party by certified mail.

(i) This Agreement may be terminated by either party “without cause”, upon ninety (90) days written notice to the other party. There shall be no penalties or liquidated damages of any type owing by either party to the other because of premature termination of this Agreement, and the parties are left to their respective claim for damages for any breach hereunder.

(j) Upon termination, the Agent shall submit to the Board of Directors a financial statement of the affairs of the Association as of the date of termination within thirty (30) days of such date of termination. Upon termination, the Agent shall submit to the Board of Directors all of the records, including electronics and computer data maintained under Articles Second, Third, and Fourth of this Agreement within seven (7) days of the date of termination.

(k) After the contracting parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Association shall furnish to an escrow agent appointed by the parties, security, as agreed by both parties, against any outstanding obligations or liabilities which the Agent may have incurred hereunder. After the period of Forty-five (45) days the escrow agent shall account to both parties and pay any excess monies back to the Association.

ARBITRATION

Arbitration shall apply as follows:

(m) Disputes, claims, or grievances arising out of or relating to the interpretation of the Management Agreement, if any, or any disputes, claims, of grievances arising among or between Management or the Association as represented by the Board of Directors shall, upon the election and written consent of the parties to any such disputes, claims, grievances be submitted to arbitration and the parties thereto shall accept the arbitrator’s decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association as amended from time to time and in effect hereafter, shall be applicable to such arbitration.

(n) Neither the Association nor Managing Agent shall be precluded from petitioning the courts to resolve any such disputes, claims, or grievances.

(o) Election by the Managing Agent and the Association to submit any such dispute, claim, or grievance to arbitration shall preclude such parties from litigating such dispute, claim, or grievance in the courts.

DEFINITIONS

As used in this Agreement:

(p) The term “assessments” shall mean those yearly rates established by the Association, which the Co-owners are bound to pay as their share of the common expenses under the By-Law Documents.

(q) The term “gross collections” shall mean all amounts actually collected by the Agent, either as assessments or as rents.

(r) The term “ Association” as used herein shall mean the Michigan non-profit corporation to serve as the homeowners association for the Subdivision, and its successors and assigns.

(s) The term “Agent” as used herein shall mean the property management company, its officers, and/or assignees.

SUCCESSORS AND ASSIGNEES

(t) This Agreement shall insure to the benefit of and constitute a binding obligation upon the contracting parties, the mortgages pursuant to the By-Laws, their respective successors and assigns, and to the extent that it confers rights, privileges, and benefits upon the contracting parties, the same shall be deemed to inure to their benefit.

(u) This Agreement shall be assignable by the Agent solely upon prior written consent of the Board of Directors of the Association.

MODIFICATIONS TO AGREEMENT

(v) This Agreement shall constitute the entire Agreement between the contracting parties, and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing executed and approved in the same manner as this Agreement.

ACKNOWLEDGMENT

(w) For the convenience of the parties, this Agreement has been executed in several counterparts, which are in all respects similar and each of which shall be deemed to be complete in itself so that any one may be introduced in evidence or used for any other purpose without the production of the other counterparts. Immediately following endorsement of the consenting parties, counterparts will be furnished to

the consenting parties so that each may be advised of the rights, privileges, and benefits that this Agreement confers.

SAVING CLAUSE

(x) If any article, section, paragraph, clause, or phrase of this Agreement shall, by any State, Federal, or other Law, or by any decision of any court, be declared of held illegal, void, or unenforceable, the remaining portions of this Agreement shall continue to be valid and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by themselves subscribed on the day and year first above written.

(NAME OF ASSOCIATION)

President (Social)

Vice President (Traffic & Safety)

Treasurer (Finance)

Secretary (Communications)

At Large (Grounds)

and

SALISBURY'S SYSTEMS & SOLUTIONS

DATED: _____

DEDRA SALISBURY

Owner/Property Manager