

MANAGEMENT AGREEMENT

On this 10th day of April, 2015, Owner Association of Bradford Park, INC. (the "**Association**"), located in or about Round Rock, Texas, (a community association of approximately 278 Lots) and **Connect Community Management, LLC**. ("**Agent**", "**Manager**"), located at 1850 Round Rock Avenue, Suite 400, Round Rock, Texas 78681, hereby enter into this Management Agreement (the "**Agreement**"), under which the Association hereby appoints **Connect Community Management, LLC**. as its sole and exclusive managing agent. Agent shall perform the following services in the name of and on behalf of the Association, and the Association hereby gives Agent the authority and power required to perform these services.

1. **TERM.** This Agreement shall be effective as of 01/06/2015, and is for a one (1) year term (the "**Initial Term**"). Upon expiration of the Initial Term, this Agreement shall automatically renew for successive twelve (12) month periods (the "**Renewal Term**"), unless either party gives written notice not less than thirty (30) days prior to the expiration of the then current term of the Agreement of its intention not to renew the Agreement. Management Fees, as defined below, shall increase on the first day of each successive Renewal Term by the greater of (i) the Consumer Price Index for the then-current year plus two percent (2%), or (ii) three percent (3%)."
2. **Service Level Agreement** – The Service Level Agreement is all items defined here in
3. **Compensation** – The Association shall compensate the Manager for the Services according to the Management Agreement and Service Level Agreement.
4. **Payment for Services** – The Association shall deliver payments for the due and payable monthly fees (the "**Recurring Monthly Fees**") in the amounts identified in **Section 7** by ACH at the beginning of each month in advance during the Term and otherwise as described herein.
5. **Payment for Additional Services** – The Association shall deliver payments by ACH at the beginning of the following month for services other than specified in the Service Level Agreement or configured in **Exhibit A** in accordance to the then current price list unless otherwise agreed by the Parties in writing.
6. **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.
7. **Management Fee:**

Recurring Monthly Fees				
Item	Service	Explanation	Price	Unit
A	Community Management Services	Includes all services per the Service Level Agreement: Management Services Site Inspection and DRV Management – Twice Monthly Board Meeting Management – QUARTERLY – Two Hour Meetings Assessment Frequency – Annual: Inclusive of initial assessment billing Financial Management	\$875.00	per month
B	Communications	Includes residential portals, website hosting, Conference Room, GotoMeeting for online meetings, 10" Tablets for BOD Meetings.	\$70.00	per month
C	Set-Up Services	Community Set-Up Services – Built Out	\$00.00	ONE TIME
Total Recurring Monthly Fees			\$945.00	per month

- a. **Non-Routine Services.** Agent shall maintain availability for services related to certain non-routine activities, which shall be performed with the prior or implied authorization of the Association's Board of Directors (the "**Board**"). Non-Routine Services may include, but are not limited to, the following: research, court appearances, depositions, consultation with attorneys related to the Association's role as plaintiff, defendant, co-defendant or witness in any action (including court appearances, depositions, and witness testimony), preparation and development of special reports, collation and/or dissemination of records and compilation of information requested by the Board, the Association's attorney, or others, insurance claim administration.
- b. **Periodic Routine Services.** Agent shall perform certain periodic, routine services, including but not limited to mailings, photocopying, sending of registered notices to owner members of the Association (the "**Owners**"), and other items according to the fees set forth in Exhibit A. Changes in fees for Periodic Routine Services will become effective January 1st of each year
- c. If the Managing Agent is to be involved in supervising or coordination projects including the addition

of new amenities, extensive remodeling, rebuilding, or renovation of the common elements, Managing Agent shall be additionally compensated 15% of total project cost by Association as agreed for this service

- d. Charges for services performed under Section 7 (a) shall be at (i) rates mutually agreed upon by Agent and the Association at the time work is authorized, or (ii) hourly rates stipulated in Exhibit A then in effect. Fees for Non-Routine Services shall be recorded by Agent in an itemized form and billed on a monthly basis. Invoices shall be due and payable within thirty (30) days of billing. The Association must identify any billing errors or request any adjustment to any paid bill for Non-Routine Services within thirty (30) days of receipt; otherwise, all bills shall be deemed correct and any rights to adjustments waived. Outstanding obligations to Agent thirty (30) or more days beyond the due date will incur a monthly charge of one and a half percent (1.5%) of the total outstanding amount due Agent, to be calculated on the first day of each month.
8. **ADMINISTRATION OF SERVICES.** Agent will provide the Association with efficient business and financial administration, supervision and/or oversight as required within the Agreement, and advisory services that are consistent within the best interests of the Association and standard industry portfolio management practice. Agent will use its best efforts to systematically respond to the requirements necessary to administer the Association and meet the obligations contained herein. Agent will establish its own internal methods and processes, and the Association agrees that it will not unreasonably interfere with Agent's discharge of its duties. When regarded as necessary in its professional opinion, Agent is authorized to consult with the Association's legal counsel concerning the operation of the Association.

Agent shall administer the Association's affairs in accordance with the provisions of policies adopted by the Board and this Agreement, except any changes by the Board that may have a material effect on the workload of Agent or its schedule shall have the concurrence of Agent's CEO in writing. The Association acknowledges that, at its sole discretion, Agent may enhance its business practice by changing its business procedures from time to time. Such changes, however, will not materially change the service or level of service provided within the scope of this Agreement and shall not result in additional charges to the Association unless approved by the Board or unless such charges are the direct result of measures required to maintain the security of the Association's funds or data, in which case Agent shall immediately advise the Board.

In addition, Agent may engage in agreements with third parties to help subsidize, reduce, or eliminate costs normally incurred by the Association. These activities shall not be considered to be a conflict of interest or otherwise obligate Agent to take any action except as it may agree to with a third party or any Owner.

9. **CONTRACT DOCUMENTS.** Upon commencement of this Agreement, the Association shall provide Agent with:
- a. Specifications for the general and limited common elements (in the case of a condominium association) or common areas (in the case of a homeowners association) and its improvements (the "**Property**");
 - b. Copies of all guarantees and warranties in effect;
 - c. Copies of the recorded Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions and the Bylaws of the Association, as amended (collectively, the "**Founding Documents**");
 - d. Copies of resolutions, policy statements, and rules and regulations in effect that have been adopted by the Board on behalf of the Association, including all properly executed modifications, amendments, changes, or supplements thereto issued subsequent to the execution of the Agreement (collectively, with the Founding Documents, the "**Governing Documents**"); and
 - e. Copies of opening balances, Owner records, books of resolutions, financial reports, and Association state and federal tax returns.

The information and records provided to Agent by any source designated by the Board during the transition to Agent are deemed to be accurate and correct.

10. **LIAISON WITH THE BOARD.** The Board shall appoint a designated Director of the Board to communicate with Agent on any matter relating to the Association (the "**Liaison**"). If no Director is specifically named, the Board President shall serve as the Liaison. Notwithstanding the appointment of one or more Liaisons, Agent shall communicate with the Directors, Officers, and Committee Chairmen of the Association

in the exercise of their mutual and respective responsibilities.

11. FINANCIAL MANAGEMENT. Agent shall assist and/or advise the Board in all matters relating to Association income of any source and expenditures of any nature, including but not limited to the following duties:

- a. **Collections.** Agent shall use its best efforts to collect all general and special assessments as they become due and payable from all Owners as identified on the rolls initially provided Agent by the Association, and as such are changed from time to time by written notification to Agent of changes in individual ownership, and monies due from sources which are obligated to or for the benefit of the Association, using Agents collection policy, procedures and fee schedule billed to residents delinquent accounts and paid by Association when services are rendered. Agent is not liable for ownership changes or charges to units or homes for which Agent has not been notified. The Board authorizes Agent to request, demand, collect, receive, and issue a receipt for charges, assessments, or rents due the Association which may at any time become due by way of legal process or otherwise as may be required for the collection of delinquent assessments from the Owners, except that any refunds that may be due the Association from the IRS shall be monitored and collected by the Association's independent auditor/accountant, and all communications with the IRS will be through the Association's independent auditor/accountant. All expenses related to the collection of delinquent accounts shall be an expense of the Association.
- b. **Deposits.** The Association agrees that for uniform processing and cost efficiencies, Agent will determine the receiving post office, lockbox, and financial institution(s) into which the Association's operating funds are deposited and maintained. All of the Association's account(s) will be established and maintained in a manner to indicate Agent's custodial nature thereof. The financial institution or institutions selected by Agent shall be insured by the federal government; the account or accounts shall be in the Association's name and federal tax identification number; and the Association's funds shall not be commingled with funds of any other party.
- c. **Disbursements.** Agent shall cause disbursements to be made regularly and punctually. Agent shall establish and monitor its internal procedures with regard to purchase order processes, data input, schedules, and generation and disbursement of payable checks. The Association agrees to conform to the schedules established by Agent to ensure timely payment of the Association's obligations and effect an audit trail. Agent is authorized to effect automatic payments, which will require no further action by the Board, for disbursements consisting of: (i) any taxes payable; (ii) insurance premiums; (iii) Agent's monthly compensation for services and expenses; (iv) reimbursable payroll and benefits; (v) utilities; (vi) emergencies constituting a threat to health or safety; and (vii) other expenses that, left unpaid, could adversely impact Agent's reputation or creditworthiness.
- d. **Financial Reports.** Agent shall maintain a record of all income and expenses, assets, and liabilities with a monthly financial statement consisting of a balance sheet, profit and loss statement, and general ledger reflecting actual versus budgeted activity on a cumulative basis from the commencement of the fiscal year until the date of the report to the Board. Agent shall not be obligated to prepare a tax return but may do so at an additional expense if requested. Agent will reconcile the Association's operating accounts on a monthly basis and will timely reconcile Association's investment accounts for which the financial institution does not issue monthly statements, upon Agent's receipt of such statements.
- e. **Investments.** If directed by the Association, Agent will purchase negotiable instruments, certificates of deposit, treasury bills, and other such investments at the rates established in Exhibit A. Any investment service fees will be at the expense of the Association. Agent is not a professional financial advisor and makes no representation to this effect, and Agent does not purport to substitute for the services of such. All risks associated with the decision to buy such financial products shall be borne by the Association.
- f. **Annual Budget and Variances.** No less than thirty (30) days before the end of the fiscal year, Agent shall submit to the Board's Treasurer a baseline budget for the ensuing fiscal year. The current fiscal year operating budget adopted by the Board shall serve as the supporting document for the schedule of assessments of the Owners for the new fiscal year. The budget shall constitute the major control under which Agent shall operate, and there shall be no substantial deviations therefrom, excluding such expenses as utilities, taxes, fuel, license fees, insurance and other expenses not within the control of Agent, except as may be approved by the Board. Agent shall prepare a baseline budget and a final fiscal year operating budget at no additional charge. Agent

shall not be responsible for variances between the budget and actual income or expenditures since the budget is an estimate to be used only as a guide and management tool. It is understood by Agent and the Association that the Association has final approval and is responsible for any omissions or revisions to its budget.

- g. The annual budget adopted by the Board, as well as this Agreement, shall be the conclusive authorization for Agent to cause routine maintenance of the Property to be performed. Agent shall advise the Board in appropriate detail of all such maintenance in the next monthly management report and as reflected in the monthly financial statement.

12. **GENERAL ADMINISTRATION.** Agent shall establish internal procedures to systematically respond to service requests from the Board, Committees, and Owners, consistent with the obligations contained herein. Agent shall assist the Board in the following administrative matters:

- a. **Files and Rosters.** Agent shall maintain records and files of information relative to the administration of the Association and will update the files as circumstances warrant, excluding routine e-mail. Electronic communications such as e-mail or voicemail will not be considered official records of the Association. Such files shall include a roster of known absentee Owners and other data necessary to properly administer the Association's affairs, to the extent that such data has been provided to Agent by the Association, closing attorneys, mortgagees, and others at the point of transfer. Should individual Owners or others not willingly cooperate with the Association or Agent in providing information necessary to maintain up-to-date records, any research cost, including internet searches, to accomplish same shall be an additional Association expense. All office records, books, and accounts maintained either at the Association's offices or in Agent's offices shall be made available for inspection, pursuant to any state regulations, by any and all Owners or their authorized representatives or contract purchasers upon reasonable notice, during regular business hours.
- b. **Meeting Administration and Attendance.** Agent shall supervise the organization of all general membership meetings and, in particular, the Annual Meeting of the Association. Agent shall attend up to twelve (12) Board meetings, up to two (2) committee meetings, and all membership meetings annually. Unless otherwise agreed in advance, evening meetings will be conducted Monday through Thursday. Any meeting which exceeds two (2) hours in duration is subject to extra charges in accordance with the rates in Exhibit A.
- c. **Expenditure Commitment Limits.** Except as otherwise provided in this Agreement, the expenses incurred by Agent for the benefit of the Association shall not exceed the sum of One Thousand Five Hundred Dollars (\$1,500.00) for any one item of repair or replacement, unless specifically authorized by the Board or its Liaison, provided that emergency repairs that involve manifest danger to life or property, are immediately necessary for the preservation and safety of the Property or Owners and their guests, or are required to avoid the suspension of any necessary services to the Association, may be made by Agent irrespective of the cost limitation imposed by this Section.
- d. **Insurance Administration.** Agent shall assist the Board and its qualified insurance broker in meeting the Board's obligation to acquire and maintain all forms of insurance required by the Governing Documents and as dictated by prudent business practice. The Association agrees that its qualified insurance broker is responsible for ensuring the placement of the full scope of insurance necessary for the Association's protection and as required by the Association's Governing Documents.
- e. **Insurance Claims.** Agent shall diligently process all claims for which the Association is responsible. Should Agent perform the tasks of a general contractor, including, but not limited to, acting as the supervisor for construction or reconstruction activities for the Association, or should Agent act as administrator, investigator, supervisor, coordinator, processor, or follow-up for insurance losses or any other insurance claim matters on the Association's behalf, Agent shall be compensated at a rate of ten percent (10%) of the loss. The compensation for this administration shall be included as part of the claim.
- f. **Required Filings and Reports by Agent.** Agent shall prepare for execution and filing by the Association:
 - i. All forms, reports, and returns required by law in connection with unemployment insurance,

disability benefits, Social Security, and other similar taxes now in effect or hereafter imposed, if any (but specifically excluding any income tax returns);

- ii. Resale certificates, as may be required by applicable law, following receipt of a written/electronic request together with the required fee plus postage and inspection for such;
- iii. Mortgage lender letters as may be required by mortgage firms, following receipt of a written/electronic request together with the required fee for such from the mortgage company or other responsible party; and
- iv. Other information, upon written/electronic request, associated with the sale, leasing, or financing of units/homes, as available and when requisite fees are paid.

- g. **Computer Programs.** If Agent provides the computer program software for which Agent holds a license(s), implemented on-site and connected to Agent's computer network, such program shall remain the exclusive property of Agent at all times, and the Association will not take actions or introduce software or other features which may be deemed by Agent to jeopardize any part of Agent's computer network. The Association will confer with Agent before instituting any changes to the Association's network. The Association will not make changes that may cause Agent's software to be inoperable on the site or violate the security of the system or data, or cause Agent to incur additional expense to protect Agent's network, or may interfere with Agent's software requirements necessary to meet the requirements contained in this Agreement. If Agent's employees are required to respond to software or hardware issues at the Association's site that are found to be unrelated to the reliable functioning of Agent's software, an hourly charge in accordance with Exhibit A will be incurred.
- h. **Information Processing.** Agent shall work directly with parties associated with resale processing, lender questionnaires, and other resale related services. Agent may charge such parties a fee for its work related thereto, and such fees will be the direct income of Agent. The Association shall have no right to such fees.
- i. **Administration of Rules.** Agent, in accordance with Board-adopted policies and Exhibit A, shall inform Owners and other residents who may be in violation of the Governing Documents and shall take such actions to attempt to cure such violations as are consistent with Board policy.
- j. **Emergency Services Program.** Agent shall establish and maintain a twenty-four (24) hour, seven (7) days a week, emergency system for communications with Owners. Emergencies include, but are not limited to, no heat, hot water or air-conditioning, electrical failure, suspected gas leaks, fire, broken water pipe or major leak, sewer back-up, property damage (i.e. storm damage, vandalism, etc.) or personal injury. Residents calling the emergency on-call service will be required to provide the Association's name, their name, and a telephone number at which they can be reached. After-hour responses to non-emergencies (as deemed by the management company) will be billed in accordance with Exhibit A.

13. **PHYSICAL SYSTEMS MANAGEMENT.** Agent shall assist the Board and/or the Association's employees and contractors in matters related to the maintenance of the Property.

Agent has no authority or responsibility for maintenance of or repairs to individual dwelling units. Such maintenance and repairs shall be the sole responsibility of the Owners. Each Owner may contract with Agent or Agent's affiliates on an individual basis for the provision of certain maintenance and other related services which will be paid for in accordance with the agreement between Agent and the Owner.

On behalf of the Association, Agent shall secure contracts for the maintenance and physical plant operation of the Property, typically through a competitive bidding process, for Board approval. Agent shall oversee these contracts to ensure the cleanliness and working conditions of all common building areas and equipment, including, as applicable, central systems, light fixtures, fire extinguishers, entry doors, common facilities and areas, etc. Agent shall make periodic inspections of all ground areas and landscaping improvements to determine whether such are receiving adequate care and maintenance. In accordance with the Association's annual budget, Agent may take reasonable steps on the Association's behalf to cure any routine deficiencies noted. Deficiencies of a serious nature will be brought to the attention of the Board.

14. **PERSONNEL** Agent and the Association agree that:

- a. **On-Site Personnel.** On the basis of annual operating budgets, job standards, wage rates, and/or a plan of operation previously approved by the Board or its Liaison, Agent may directly hire, pay, train, supervise, investigate, and discharge the on-site employees who are necessary to properly maintain and operate the Association (the "**On-Site Personnel**"). With respect to costs and liability, such On-Site Personnel, though employees of Agent shall be the financial responsibility of the Association, unless specifically provided otherwise herein. The Association shall reimburse Agent for all of Agent's On-Site Personnel assigned to the Association; such reimbursement shall include salaries, taxes, payroll, benefits, workers' compensation, and Agent's administration costs. The Association authorizes the regular funding of employee expenses by electronic means prior to issuance of payroll in accordance with Agent's payroll and benefits schedules. There shall be no replacement personnel required during routine periods of vacation or sick leave; and
 - b. **Association Employees.** In situations where the Association has its own employees (the "Association Employees"), the Association grants Agent the authority to exercise discretion in hiring, paying, training, supervising, investigating, and discharging the Association Employees; Agent agrees that it will act within the Association's policies and guidelines when exercising this discretion on behalf of the Association. The Association shall bear any and all costs and liability with respect to the Association Employees, and all expenses associated with the Association Employees shall be paid from the funds of the Association under the Association's payroll tax identification number.
 - c. Management fee in Section 7 excludes compensation for section 14.
15. **AGENT'S EMPLOYEES.** "Agent spends significant amounts of time and money to hire and train its employees, subcontractors, partners, officers, and co-owners (collectively, "Partners"), and those Partners of its affiliates, for the operation of this and other associations. The Association derives and benefits from Agent's experience in managing and its hiring and training procedures.

Therefore, if, during the Placement Fee Period, defined below, the Association hires, retains, or contracts, in any capacity, with a past or present Partner who worked directly or indirectly with the Association during the term of this Agreement, then the Association agrees to pay a Placement Fee, which shall be equal to the greater of (i) one (1) year of the Management Fee or (ii) six (6) months of the Partner's compensation from Agent. Both parties agree that the Placement Fee is a reasonable sum due to the extensive training and tradecrafts that Agent provides, as well as expectation of the continued income and allotment of resource.

For purposes of this provision, the Placement Fee Period shall be defined as the Initial Term of this Agreement, any and all subsequent Renewal Terms, and eighteen (18) months immediately following the earlier of (i) the termination of this Agreement for any reason, or (ii) the termination of the Partner's relationship with Agent and its affiliates. In no event shall the Association be obligated to pay the Placement Fee if it hires, retains, or contracts with a party who was not a Partner of Agent or its affiliates during the eighteen (18) month period immediately preceding the termination of this Agreement.

16. **CONTRACT SUPPLIES AND SERVICES PROCUREMENT.** In matters of a routine recurring nature, Agent shall develop and maintain procurement procedures, including the creation of specifications for bids and procurement activities. Such matters may include routine cleaning, painting, decorating, plastering, and other such normal maintenance and repair work as may be necessary, subject to any changes imposed by the Board. Specifications for major capital repairs and replacements, capital improvements, or other work requiring technical assistance by other professionals shall be developed at the Association's expense. The exercise of any obligations and authority under the provisions of this Section shall be in the name of the Association.
17. **ANNUAL AUDIT.** The Association may elect to have an annual audit performed at its own cost. Agent shall cooperate fully with the independent certified public accountant in the conduct of the annual audit, including making all records, books, and accounts available for their inspection and review, and shall do such at no additional expense to the Association provided the audit is completed within ninety (90) days following the close of the fiscal year being audited. Audits will be conducted in Agent's principal office, and auditors will coordinate with Agent for scheduling purposes. The Association acknowledges that Agent cannot be responsible for any discrepancy of records that have been removed from Agent's office by the Association or its representatives prior to the conclusion of any audit. Agent is not responsible for errors, accuracy, or omissions of prior management records, and if association or auditor requests additional help with those records during an audit, a fee will be billed to the HOA at the accountant rate per hour.

18. **INDEMNIFICATION.** The Association, at its sole cost, agrees to indemnify, defend, and hold harmless Agent and its affiliates, and their respective shareholders, members, directors, managers, officers, employees, agents, attorneys, representatives, and assigns (individually and collectively, the "**Agent Indemnitee**") from and against any and all losses, damages, judgments, rulings or settlements, and all reasonable costs, expenses and attorneys' fees (collectively, "**Damages**"), incurred by any Agent Indemnitee related to or arising out of any and all claims or legal, administrative, or regulatory actions and proceedings asserted or brought against such Agent Indemnitee in connection with (a) the performance of the obligations or responsibilities of Agent under the terms of this Agreement, (b) any action taken by any Agent Indemnitee pursuant to the express or implied direction of the Association, or any act or omission taken by any Agent Indemnitee reasonably and in good faith for a purpose that was reasonably believed to be in the best interests of the Association, (c) the operation, maintenance, physical condition, or ownership of the Property, or any alleged acts, omissions, or incidents occurring during or related to the management by Agent under this Agreement, (d) the Association's failure or refusal to comply with or abide by any rule, order, determination, or ordinance or law of any federal, state or municipal authority of which Agent has advised the Association in writing, and (e) the negligence of any employee, contractor, service provider, or agent engaged by Agent in connection with the performance of Agent's responsibilities under this Agreement; provided, however, that the foregoing indemnification shall not extend to (i) any settlement entered into by any Agent Indemnitee without the prior written consent of the Association, which consent shall not be unreasonably withheld, (ii) with respect to any Agent Indemnitee, any Damages that are caused by such Agent Indemnitee's criminal acts, willful misconduct, or gross negligence, or (iii) from any material breach of this Agreement by Agent. The Association's obligation to defend, indemnify, and hold harmless any Agent Indemnitee is subject to the condition that as to any particular event: (x) the Agent Indemnitee shall notify the Association in writing as soon as practicable after notice of any such claim is received, and (y) no Agent Indemnitee shall take any steps which could prejudice the defense thereof or otherwise prevent the Association from fully conducting such defense. In the event a claim is made or an action or proceeding is brought against an Agent Indemnitee but not the Association, or legal ethical requirements would require separate counsel for an Agent Indemnitee to adequately protect its interests, the choice of such counsel shall be made by Agent, subject to the prior approval of the Association, which approval shall not be unreasonably withheld. The Association shall promptly pay the costs of such counsel. The provisions of this Section shall survive the termination of this Agreement.

19. **Limit of Liability**

- a. The aggregate liability of all Agent Indemnitee 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 Agent Indemnitee), except that the limitations set forth in this Section 19 shall not apply to the matters contemplated by Section 18.
- b. **In no event shall any Agent Indemnitee 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.**

20. **INSURANCE.** The Association will, at its sole cost and expense, maintain in full force and effect the following insurance coverages:

- a. Comprehensive general liability coverage with limits of no less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate;
- b. Directors and officers insurance with limits of no less than \$1,000,000 per occurrence and in the aggregate;
- c. Fire and extended coverage for all Association Property;
- d. Coverage for all claims related to the employment of employees, whether those of Agent or the Association; and
- e. Cyber Theft (computer and funds transfer fraud) coverage, with a limit of at least \$1,000,000 for each policy. The policies shall name the Manager as an Insured.

The Association shall name Agent as an additional named insured on the Association's policies of comprehensive general liability, directors and officers, and employment-related insurance, and said insurance policies will cover Agent for any and all claims and losses indemnified by the Association pursuant to this Agreement. The Association shall provide Agent with insurance certificates identifying Agent as additional named insured showing the amount of coverage to be furnished to Agent.

The Association's general liability insurance coverage shall be the primary insurance with respect to Agent and its officers, directors, and employees. Any insurance or self-insurance maintained by Agent shall be in excess of, and not contributing with, the Association's insurance.

If the Association fails to maintain insurance coverages as specified above, Agent, at its discretion and upon written notice to the Board, will be released from this Agreement, and the Association will pay Agent an early termination payment equal to five (5) months of the Management Fee.

21. **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. **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.
 - g. **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 21(g) of any changes to the President's or other Board member's mailing addresses.
 - h. **Financial Accounts** – The Board shall provide specific instructions to the Manager regarding the investment strategy for the Association's financial account(s).
 - i. **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, that is necessary for Manager to fulfill its obligations under this Agreement; (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; (iii) information from the previous manager; or (iv) any information collected or generated during the Term of this Agreement by the Association, the Board or by other third parties (collectively the "**Data**"). Such Data supplied to the Manager shall be deemed to be complete and accurate without further attempts to verify the accuracy by the Manager.

22. **TERMINATION.** This Agreement may be terminated subsequent to initial term by:

- a. Written notice of an intent not to renew not less than ninety (90) days prior to the expiration of the then current term of the Agreement;
- b. Mutual written consent of Agent and the Association; or
- c. Written notice from Agent to the Association in the event that there are insufficient operating funds to continue the operation of the Association, and continuation of such deficiency for a period of ten (10) days after such notice; or
- d. Breach of contract relating to a material term of this agreement that remains uncorrected for a period of thirty (30) days after notice, in writing, is given to the breaching party.
- e. A thirty (30) Days written notice.

Any termination of this Agreement for any reason shall be effective on the last day of the month. Except for termination pursuant to Section 22(b) or termination pursuant to Section 22(d) where Agent is the Defaulting Party, the Association shall be responsible for all Management Fees and fees for Periodic Routine Services and Non-Routine Services through the end of the Initial Term or Renewal Term. All such fees shall be paid no later than five (5) business days prior to the termination date.

23. **TRANSITION.** After receipt of a Notice of Termination, or sixty (60) days prior to the expiration of the Agreement should either party elect not to renew the Agreement, and except as otherwise mutually agreed by Agent and the Association, Agent shall:
- a. Begin the process of transition to the party identified and authorized by the Board;
 - b. Be entitled to reimbursement of costs relating to turnover of records, such as expenses for file folders, boxes, labels, etc., necessary to transition the records in an orderly manner;
 - c. Unless otherwise instructed in writing, pay all invoices for which the Association is responsible which have been received by Agent as of the date of the last routinely scheduled disbursement prior to the last day of the term of the Agreement, except for any invoices in dispute. Agent shall not be responsible in any manner for sums due others by the Association. With respect to any invoices or outstanding sums due Agent which are in dispute, a separate escrow account equal to the amount of such invoices or outstanding sums may be established by Agent from the Association's funds in order to secure payment. As to any other invoices in dispute by the Association, the Association agrees to retain ultimate responsibility to the provider of such services or goods represented by such invoice. Additionally, the Association shall bear the costs of any legal action between itself and the vendor, should such occur, and the Association shall hold harmless and defend Agent from any such obligations. Upon discharge of all obligations as herein cited, any remainder in the escrow account shall become the property of the Association; and
 - d. May arrange, at the Association's expense, for the Association's accountant to conduct a transition audit immediately following the last day of the term of the Agreement. Agent agrees to assist the auditor at no additional expense to the Association, provided the audit is initiated within thirty (30) calendar days and concluded within sixty (60) calendar days of the term of the Agreement. Thereafter, Agent shall be entitled to compensation at the hourly rates stipulated in Exhibit A for such time as the auditor requires of Agent. Audits will be conducted in Agent's principal office, and auditors will coordinate with Agent for scheduling purposes. Agent shall be provided with a full copy of the final audit provided to the Association.

24. WEBSITE PROGRAMS

- a. Agent will not be responsible for any 3rd party websites except for VMS portals. Within a reasonable period after the execution of this Agreement, Agent will cause a VMS portal website (the "**Website**") to be made available to the Association that will contain information specifically related to the Association. Access to the Website will be password protected, for the free and exclusive use of the Association's residents, paid under section 7b. The Website will be operated and maintained by Agent or its service providers and available by hyperlink from Agent's website. The Website will provide various communication tools, which may include calendars, surveys, and forums and account data. All data submitted to the Website by the Association residents and all content contributed by the Association shall be the property of the Association and are hereby licensed to Agent for use in operating and maintaining the Website and related services. The

Website and all computer programs and code used in the operation of the Website, as well as all intellectual property rights therein, shall be the sole and exclusive property of Agent. Revenue generated from the Website through Association-solicited advertising will be the sole property of the Association. All other revenue shall be the sole property of Agent.

- b. The Website may contain links to other websites. Use of these websites is at the user's own risk. Agent is not responsible for and does not endorse the content, products, or services of any third party websites and does not make any representations regarding their quality, content, or accuracy. Agent is not liable for the materials, information, and opinions provided on, or available through, the Website (the "**Site Content**"). Reliance on the Site Content is solely at the user's own risk. Agent disclaims any liability for injury or damages resulting from the use of any Site Content. The Website, the Site Content, and the products and services provided on or available through the Website are provided on an "AS IS" and "AS AVAILABLE" basis. Agent makes no warranty or representation with respect to the quality, accuracy, or availability of the Website and disclaims all warranties of any kind, express or implied, including any warranties of merchantability, fitness for a particular purpose, or non-infringement. In no event will Agent or its licensors or contractors be liable for any damages of any kind, under any legal theory, arising out of or in connection with the use of, or anyone's inability to use, the Website, the Site Content, or any services provided on or through the Website or any linked site, including any direct, indirect, incidental, special, consequential, or punitive damages.
 - c. Cancellation of the Website requires thirty (30) days' written notice by the Association. In the event of the cancellation of the Website, Agent will cause the Website to be shut down.
 - d. Exhibit A sets forth the fees that shall be paid by the Association.
25. **STATUS OF AGENT.** All legally binding instruments shall be executed by the Board's President, Vice President or other authorized designee unless there is an emergency or unless Agent is specifically directed in writing or by Board resolution to execute such instruments on behalf of the Association, in which case only Agent's CEO is authorized by Agent to execute such instruments
26. **AGENT'S RELATIONSHIP TO OTHER ENTITIES.** Exhibit B contains a list of those entities, as of the date of this Agreement, that may perform or deliver goods or services (other than management services) to the Association and with which Agent is affiliated. If in the future Agent becomes affiliated with any entity not identified on Exhibit B, Agent agrees to disclose such relationship to the Board prior to the delivery of goods or services. If Agent is related to or has a financial or business relationship with a Board member, Agent agrees to disclose such relationship. Notwithstanding the foregoing, the Association acknowledges that the following activities do not constitute a violation of this Section:
- a. Agent or its affiliates may earn a profit as a result of operating purchasing plans and programs, the purpose of which is to provide price and quality benefits to the Association and/or its residents; and
 - b. Agent or its affiliates may receive fees from vendors in exchange for Agent's dissemination of marketing information about such vendors to Agent's managed associations (including the Association) and their residents.
- Purchase of any product and/or service which is part of any program or marketing plan operated by Agent or its affiliates is voluntary and is not in any manner required by the provisions of this Agreement.
27. **JURISDICTIONAL REQUIREMENTS.** Agent shall take action as may be necessary to comply promptly with any and all orders or requirements affecting the Property placed thereon by any federal, state, county or municipal authority having jurisdiction over the Association. Agent shall not be obliged to take any action under the provisions of this Section in any event for which Board approval has been requested and not provided, nor whenever the Association is contesting or has affirmed its intent to contest any jurisdictional order or requirement. In the event Agent is so relieved of its obligations, the Association shall hold Agent harmless from and indemnify Agent against any and all consequences of such failure to comply.
28. **NO WAIVER.** Except as otherwise provided herein, no action or failure to act by either of the parties shall constitute a waiver of any right or duty according any of them under this Agreement, nor shall any such action or failure to act constitute a continuing waiver or an approval of any breach hereunder, except as

may be specifically agreed in writing.

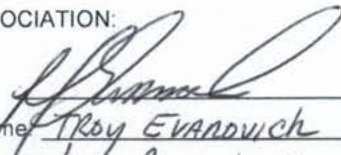
29. **ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Agent shall not assign its interest under this Agreement except in connection with the sale of all or substantially all of the assets of its business or a transfer to an affiliated company. In the event of a sale, Agent shall be released from all liability hereunder upon the expressed assumption of such liability by its assignees.
30. **CHOICE OF LAW.** This Agreement shall be construed in accordance with the laws of the state in which the Property is located. In the event any litigation is initiated to enforce any provision of this Agreement, the substantially prevailing party as determined by the court shall be entitled to recover reasonable attorneys' fees and costs incurred in the litigation.
31. **SEVERABILITY.** The invalidity in whole or in part of any provision(s) in this Agreement shall not affect the validity of the remaining portions or the application of such provisions in different circumstances.
32. **NOTICES.** All written notices required under the Agreement shall be in writing and mailed by Certified Mail, Return Receipt Requested, or by receipted hand delivery to the addresses provided at the end of the Agreement. Notice shall be effective upon delivery, except for notice of change of address which shall be effective upon receipt.
33. **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 33 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 33.
34. **AMENDMENTS.** Except as otherwise provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless in writing and signed by both a duly authorized representative of Agent and a duly authorized representative of the Association.
35. **ENTIRE AGREEMENT.** This Agreement supersedes any and all understandings and agreements between the parties prior to this Agreement and contains the entire agreement of the parties. No oral or written statements whatsoever prior to the execution hereof shall be considered a part hereof.
36. **SIGNATURE.** The manual signature of either party that is transmitted to the other party by facsimile or PDF shall be deemed for all purposes to be an original signature. Either party that delivers a signature page by facsimile or PDF agrees to deliver an original, manually-signed counterpart of such party's signature page to the party who requests it promptly after receipt of such request.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

ASSOCIATION:

By: Molly Salzweide
Name: Molly Salzweide
Title: Secretary, BPHOA
Address: 2905 Donnell Dr.

ASSOCIATION:

By: 
Name: Troy Evanovich
Title: Vice President
Address: 2901 Donnell Dr. Round Rock, TX

AGENT:

By: 
Name: Troy Felding
Title: ~~President~~ President
Address: 1850 ~~Street~~ Round Rock Ave STE 400
Round Rock TX 78681

Exhibit A

A la-carte system: Items only charged if needed or applicable.

As of January 1, 2014

Service	Price	Unit	Categories
1099's	\$210 per community processed	each	Accounting
Invoices/Statements	\$8.95	each	Accounting
Returned check or governing documents replacement fee	\$25.00	each	Accounting
Special Assessments	\$4 per unit	each	Accounting
Access key, remote or coupon replacement fee, plus any applicable third-party charges for supplies	\$25.00	each	Admin
B/W Copies	\$0.18	each	Admin
Boxes - Storage	\$5.00	each	Admin
Faxes	\$1.05	each	Admin
Insurance Settlement Negotiation	10% of Excess Insurance Reimbursement over Actual Damages	each	Admin
Mail outs using South Data	At Market Cost plus 25%	each	Admin
Management Certificate	\$125.00	one time	Admin
Miscellaneous Office Reimbursement	At Market Cost plus 25%	each	Admin
Project Management	10% of Total Project Cost	each	Admin
Records Storage - Electronic, Searchable PDF	\$29.00	per month	Admin
Registered Agent	\$75.00	per year	Admin
Scans	\$0.13	each	Admin
Board Portals	Included in Management Agreement Under Section 7B	per month	Communications
Online Meetings	Included in Management Agreement Under Section 7B	per month	Communications
Residence Portals	Included in Management Agreement Under Section 7B	per month	Communications
Web Portals: Monthly Charge	Included in Management Agreement Under Section 7B	per month	Communications
Web: Non Portal New Websites and Maintenance	Varies by request	one time	Communications
Welcome Letter	\$8.95	each	Communications
Deed Restriction Violation Letter (DRV) in excess of 12% of the total number units visits on a monthly basis. Average class A property is 9%.	\$12.00	each	Deed Restrictions
Base labor rate.	\$85.00	per hour	Various
Sunday/Saturday /Holiday Meetings- Manager	time and one half	per hour	Meetings
Mortgage loan subordination fee	\$250.00	each	Trans/Resale
Refinance, account status, condominium questionnaire submission fee	\$250.00	each	Trans/Resale
Resale Certificate fulfillment fee	\$425.00	each	Trans/Resale
Resale Certificate fulfillment fee – Condominium (with lender questionnaire)	\$475.00	each	Trans/Resale
Transfer fee	\$75.00	each	Trans/Resale

Manager reserves the right to adjust these applicable fees from time to time pursuant to market conditions. Price increase greater than 5% requires board approval.