



ASSOCIATION MANAGEMENT AGREEMENT

The _____ ASSOCIATION'S Board of Directors hereby exclusively appoints Agent, F. M. Swigard, Inc., d.b.a. Premiere Property Services, to manage the Association in accordance with its covenants, conditions and restrictions, bylaws and all Federal and State laws including Washington State Homeowners' Association Legislation of 1995 for a period of one year beginning on the _____ day of _____, 20__ and ending on the _____ day of _____, 20__. At the end of said term this contract reverts to a month to month agreement.

Association and Agent hereby agree to perform and/or provide the following:

1. SETS UP / MAINTAIN CURRENT OWNER DATA BASE: Agent will update Association owner data records when receiving notification of a sale from escrow companies or by checking county records department. Twice a year Agent will provide an Owner or Division Lot Directory to the Association's Board Secretary.

2. OPEN/MAINTAIN BANK ACCOUNT AND PROVIDE ACCOUNTING:

A. Agent will open a separate account in the Trust Account of F. M. Swigard, Inc. held at WA Trust Bank and audited by WA State.

AND

Agent may open and maintain a separate bank account for savings/reserves in the name of the Association at WA Trust Bank, Spokane, WA. The Association will pay all expenses for said bank account including deposit slips and bank service charges. The Association's Treasurer or other Board member may be additional signer on savings/reserves bank accounts set up on the behalf of the Association in order to access account information. Agent will deposit and transfer Association funds as instructed in writing by the Board of Directors.

B. Agent will report savings accounts activity to the Association. These account statements will be provided on the monthly/quarterly financial reports provided to the Board.

C. Agent will provide monthly financial reports to the assigned Board member. The reports may include four (4) of the following:

- | | | |
|---------------------|--|-----------------------|
| a. Income Statement | d. Budget Report | g. Delinquency report |
| b. Expense Register | e. Receivables Report | h. Other |
| c. Balance Sheet | f. Bank Accounts Reconciliation Report | |

D. Agent may arrange to have an accountant complete a tax return for the Association and mail it to the IRS by March 15th or assist the Board in filing the 1120H form. Agent shall provide 1099-MISC tax forms to vendors earning more than \$600. 00 in a year

and submit the forms to the IRS. Any Association employees will be handled as agreed between the Board and the Agent.

E. Agent shall prepare and mail or deliver to each property owner an annual financial statement and budget provided/approved by the Board.

F. Agent shall make available to any member of the Association, the accounting records for examination with 5 days notice.

The owner requesting the documents will be responsible for the charges of \$1.00/page which covers Premiere's expenses for materials and handling.

3. COLLECT ASSOCIATION DUES:

A. Agent shall bill Lot Owners in accordance with the governing documents. Premiere offers billings on annual, semi-annual, quarterly or monthly coupons basis.

B. Agent shall send Late Notices to Lot Owners who have failed to pay Association dues. Postage and materials will be billed to the Association.

C. There are two notices available for use in accordance with board policy; 1) Past Due statements with late fees, 2) Notice of Intent to Lien and proceed with collection.

D. Agent shall supply documents and coordinate with the Association's attorney in order to file liens in accordance with the Association's lien policy and WA codes. Information required by the attorney may be billed to the Association ie: full set of By Laws and CC&Rs.

E. Agent shall request attorney file Satisfaction of Liens when lien amounts are paid in full.

4. ATTEND BOARD MEETINGS: Agent may attend scheduled Board meetings, if requested & accepted, provide copies of inspection reports when applicable and correspondence since the last meeting and answer any questions pertaining to financial statements and operations and management of the Association. Board agrees to supply Board meeting minutes to Agent.

5. ENFORCE ASSOCIATION'S COVENANT, CONDITIONS & RESTRICTIONS

A. Agent shall perform one quarterly inspection of the common areas and the lots paying attention to the condition and noting all owners' covenant violations. A report of findings may be made in writing to the designated Board member. The inspection report will include the address and the violation of the owner. The tour is usually scheduled for the last third of each quarter.

B. Agent shall send covenant violation letters that have been authorized by the Board. A copy of the CC&R's article and section number would be attached to the letter to the lot owners and/or their tenants, when applicable, in accordance with the Association's violation letter sequence policy. A copy of these letters will be given to the Association's Board President monthly. The Association will be charged for each letter based on time and expenses. The charges may be passed through to the owner receiving the violation correspondence.

C. Board members may submit a Violation Letter request in writing instructing Agent to send a covenant violation letter to a lot owner and their tenants, when applicable.

D. Agent shall notify Board of covenant violation complaints received from individual lot owners and tenants and follow-up as directed by the Board. Agent will send these individuals confirmation that their complaints were received and under consideration by the Board.

E. The Board shall instruct Agent to assess fines and file liens in accordance with the Association's CC&R's and adopted fine policy.

F. Agent shall communicate to the Board all lot owners and tenants' response to violation notice(s). Agent shall follow-up as directed by the Board.

G. Agent shall notify Board of requests for hearings, notify all parties of date, time and place the hearing is scheduled, and notify all parties of the Hearing Board's decision.

H. Agent agrees to forward all Architectural requests from lot owners or their tenants to the Association's Architectural Control Committee Chair immediately upon receipt. The Committee Chair agrees to follow up and respond to requests unless otherwise agreed by Agent. Agent will receive a copy of chairs' response for the Association's permanent records.

6. RETAIN LEGAL SERVICES: Agent will retain the services of an attorney designated by the Board, at the expense of the Association, for the following reasons;

A. When authorized by the Board to send correspondence to lot owners for covenant violations.

B. When authorized by the Board for interpretation of the Association's CC&R's, Bylaws, Federal and State Laws.

C. As otherwise authorized by the Board.

7. COMMON AREAS MAINTENANCE: Agent shall follow maintenance instructions given by the Board, Landscape Committee Chair, and/or Architectural Committee Chair.

A. Agent is authorized, at the expense of the Association, to arrange for necessary repairs and/or supplies needed to maintain the Association's common areas.

B. Agent shall assist in securing bids for maintenance or improvements when requested by the Board. Agent will verify that the final charges comply with the accepted bid/s.

C. The Association understands and accepts that maintenance or repairs may be performed by corporations/individuals related to the Agent and in all situations, charges will be at competitive prices and relationship disclosed.

D. The Board may review maintenance of the Associations' common areas and contracting procedures and require changes as needed.

E. 'Extensive' projects will require compensation for property manager's additional time. These related charges would be negotiated between Board and Agent.

F. All vendors must be licensed in WA State. All federal and state tax information must be provided before checks will be written to vendors for services.

8. ARRANGE AND ATTEND ASSOCIATION MEETING: Board may direct Agent to arrange for and mail notices to one General Meeting per year to each lot owner. Mailing will include an agenda, proxy for voting and financial reports. This one meeting notice is provided free. Handling, materials, postage and copy fees will be applied to additional meeting notices.

A. The Agent may preside over the meeting or attend to deliver reports per the Board's decision.

B. The night of the annual meeting the Agent may provide a sign in sheet for lot owners. Agent may also provide election ballots, when applicable, for each lot owner/s' who's Association dues are current.

C. Additional mail-out inserts sent with the notices and any copied information provided by Agent at the night of the meeting may be provided at additional cost to the Association.

D. Agent may arrange and attend more than one General Meeting in a year. There may be an additional cost to the Association.

9. RETAIN INSURANCE COVERAGE AND FILE CLAIMS:

A. Association agrees to have adequate property damage and liability insurance coverage for the common areas and improvements. Association will carry Board officers' liability insurance coverage. Agent is to be identified as 'additionally insured' by Association insurance policies.

B. Agent may provide, when requested by the Board, names of insurance companies who offer homeowner association insurance policies.

C. Agent shall have an insurance policy that adequately covers the operation of the property management company and provide a proof of insurance to the Board.

D. Agent shall contact insurance agent to file claims for damage to common areas, and follow up with the claim's adjuster providing full reports to the Board.

10. ASSIST ESCROW AGENTS: Agent shall provide assessment information to sales closing agents. The information will include assessment status and satisfaction of liens. The Association will be charged Welcome Packet price which may be agreed upon between parties. The Association will be billed for filling out Resale Certificates, Association verifications and/or providing supporting documents on all sales.

Agent suggests a transfer fee paid to the Association by each buyer upon each sale be assessed to cover the costs of the above.

11. ASSIST WITH AUDITS: Agent shall recommend a firm or firms able to perform financial reviews for the Association. Agent shall provide the accounting record requested.

12. MANAGEMENT FEE CHARGES: The Association agrees to pay Agent, a management fee of _____ (\$_____) per month.

It is understood by all parties that the following services are included with the fee.

- A. Accounting services and providing reports to the Board monthly.
- B. Making, receiving and directing communications for the Association.
- C. One general meeting notice to be provided, if requested.
- D. Homeowner coupons or periodic statements will be provided for billing.
- E. Pursuit of owner delinquencies for no handling charge.
- F. Annual Non-profit Corp. forms will be filed with WA State.
1120H information will be provided for filling out and filing with the IRS.
(There is a handling charge for this service)
- G. Agent may act as the Association Agent of Record, if requested.
- H. Additional services are available in accordance with this agreement. (See #13)

13. CHARGE FOR EXTRA SERVICES: In addition to management fees, the Association will be charged separately for the following services: SEE ATTACHED SHEET

A. A welcome packet may be sent to new owners charging materials, copies, handling plus postage. The Association will provide the Agent with or approve the contents of the Welcome Packet. The packet may be up to 10 pages. Packet price may be agreed.

B. Newsletter charges are as follows. The Board provides a finished newsletter. Copies are \$.10 per side per page up to 100 & \$.05 per side per page for additional copies. Mailing charges are materials, copies, handling and postage when applicable.

C. Special Mail-outs: Copying is \$.10 per side per page up to 100 copies and \$.05 per side per page for additional copies. Mailing charges are materials, copies, handling and postage. Other services will be billed based on time and expenses.

D. Special Projects: Association may request Agent to perform special projects. Agent will provide Association with a cost and will be charged based on time, materials and expenses.

E. Time charges currently are: Manager at \$50.00/hr and staff at \$20.00/hr. Charges may be changed with a 30 Day notice to the Board stating the increase.

14. TERMINATE CONTRACT: Either party may give a written notice to the other party requesting termination of this agreement before the end of the stated term. Said notice must be given at least 30 days before the last day of a calendar month or it will not terminate until the last day of the following month. In the event this agreement is canceled within the first year, a termination fee of \$500.00 will be charged to the Association unless said termination is for agent's proven misconduct.

15. INDEMNIFY AGENT: Association agrees to indemnify and hold Agent harmless against any and all claims arising from the condition of the property, acts of Agent or contractors hired by Agent, legal fees or other expenses by Agent in connection with legal action taken for any claim with expressed or implied consent of the Association.

16. ALLOWABLE LEGAL FEES FOR PARTIES: In the event of any controversy, claim or dispute between the parties arising out of this agreement, the prevailing party shall be entitled to recover from the other party reasonable attorney's fees, costs and expenses. Both parties agree to submit and settle by arbitration all disputes arising out of this contract.

17. SET UP/ INVENTORY LIST & STORING RECORDS: Association agrees to provide Agent with the items requested on the set-up list. Agent will maintain the on-going records of the Association. These items and records will be returned to the Association's Secretary when this agreement is terminated.

18. WA EMPLOYMENT REQUIREMENTS: All contractors must be licensed, bonded and insured as required by WA Labor & Industries and the state of Idaho. Proof must be provided to agent.

19. LIABILITY: Except for Agent's willful misconduct, Association shall indemnify and save Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities or damages from or connected with the management of the property by Agent or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to Agent.

20. WA CORPORATION: The Association recognizes that Agent is a corporation and as such, may merge with another corporation that is engaging in real property management business or may sell substantially all of its assets out of the ordinary course of business to another property manager who would be successor to Agent. This agreement shall be binding upon the successors and assigns to the Agent and the Association and any other property manager to whom this contract may be assigned. Association agrees that such assignment shall not be a breach of this contract so long as the successor to Agent performs all of the terms of this agreement in accordance with the standards of the Agent.

THIS AGREEMENT SHALL BE BINDING ON THE PARTIES HERETO. ANY CHANGES TO THIS AGREEMENT MUST BE IN WRITING AND SIGNED BY ALL PARTIES CONCERNED.

Agent: _____ Date: _____

Association Officer: _____ Title: _____ Date: _____

Association Officer: _____ Title: _____ Date: _____

Association Officer: _____ Title: _____ Date: _____

Association Officer: _____ Title: _____ Date: _____

SET UP CHECK LIST HOMEOWNER ASSOCIATIONS

- SIGNED PROPERTY MANAGEMENT AGREEMENT
- COPY OF C, C & R's, BY-LAWS AND ARTICLES OF INCORPORATION
- LIST OF OWNERS – ALL INFORMATION – PAST YEAR PAYMENT HISTORY
- LIST OF BOARD OFFICERS: NAMES, ADDRESSES, PHONE NUMBERS
- LIST OF COMMITTEES: CHAIR PERSON, PHONE NUMBER
- PLAT MAP / STREET MAP
- LIST OF VENDORS CURRENTLY USED AND PHONE NUMBERS
- LIST OF UTILITY COMPANIES, ACCOUNT NUMBERS, PHONE NUMBERS
- SCHEDULE FOR DUES BILLING WITH DATES TO MAIL STATEMENTS.
- RULES, FINES POLICY
- CERTIFICATION OF INSURANCE - LIABILITY AND DIRECTORS & OFFICERS
COVERAGE
- FINANCIAL REPORTS – CURRENT AND PAST YEAR
- SIGNED BANK ACCOUNT SET UP FORMS
- FEDERAL TAX I.D. NUMBER – 1120H REPORTS FOR PAST YEARS
- WA UBI NUMBER, COPIES OF LAST NON-PROFIT CORP. REPORT
- OTHER: _____