

Sample

MANAGEMENT AGREEMENT

THIS AGREEMENT entered into as of the ___th day of Month, Year by Sample Condominium Homeowners' Association (the "Association"), the Michigan non-profit corporation established to maintain and to manage the affairs of Sample Condominium, a condominium project (the "Project") located in the City of, County of, State of Michigan, which Association has its principal office at 2651 Greenstone Drive, Auburn Hills, Michigan 48326, and Brass Titan Limited Liability Company, a Michigan limited liability company (the "Agent"), which has its principal office at 2651 Greenstone Drive, Auburn Hills, Michigan 48326.

WITNESSETH:

In order to assure professional management of the Project and in consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment of Agent.** Pursuant to its Articles of Incorporation and to the authority granted it in Article XI, Section 5 of the Bylaws, the Association hereby appoints the Agent and the Agent hereby accepts the appointment as exclusive managing agent of the Project subject to the terms and conditions set forth below.
2. **Management Fee.** The Association agrees to pay the Agent a fee of \$15.00 per Unit per month during the continuation hereof. The fee shall be payable to the Agent monthly by the 10th of each month for services rendered during the preceding month and shall constitute the Agent's total compensation for services performed by it under this Agreement during each month.
3. **Duties of Agent.** The duties of the Agent shall be to:
 - (a) Collect all regular assessments, late charges, and special assessments due from the Co-owners pursuant to the Bylaws and Purchase Agreement; provided, however, that the Association shall cooperate with Agent in the collection of all such assessments and shall give Agent all such assistance as it may reasonably request in enabling the collection of such assessments.
 - (b) Cause to be disbursed regularly and punctually from the funds collected under paragraph (a) of this Article and deposited in the special account for the Association, hereinafter provided: (1) salaries and other compensation

due and payable to the employees (if any) of the Association and the taxes payable under paragraph (h) of this Article, (2) fire and other insurance premiums due under paragraph (g) hereof and (3) sums otherwise due and payable by the Association as operating expenses authorized to be incurred by the Agent under the terms of this Agreement, including the Agent's compensation.

All payments to be made by the Agent under this Agreement shall be made out of such sums as are available in the special account of the Association or as may be 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 the special account or other funds provided as aforementioned, nor shall the Agent be obligated to incur any liability or obligation for the account of the Association without assurance that the funds necessary for the discharge thereof will be provided.

(c) Furnish the Board of Directors (or its designees), upon request, with a schedule of all delinquent accounts on or before the last day of each month, and, if specifically authorized by the Board of Directors (or its designees) take such action as shall be permitted by the Bylaws and the laws of the State of Michigan to collect such delinquent assessments.

(d) Cause the buildings, grounds and appurtenances of the Project to be maintained according to such standards as may from time to time be established by the Board of Directors, including but not limited to interior and exterior cleaning, painting and decorating, plumbing, carpentry and such other normal maintenance and repair work as may be necessary, subject to those requirements and limitations imposed by the Master Deed and Bylaws in addition to those contained herein.

For any one item of repair or replacement the expense incurred shall not exceed the sum of \$3,500.00 unless specifically authorized by the Board of Directors; provided, however, that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety of the Co-owners, or required to avoid the suspension of any necessary service to the Project, may be made by the Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if at all possible, confer immediately with the Board of Directors regarding every such expenditure. The agent shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of \$15,000.00, or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the Board of Directors.

(e) Enter into contracts for water, electricity, gas, equipment maintenance and repairs, telephone, vermin extermination, trash removal, landscaping, snow plowing, supplies, chemical treatment and other necessary services, or such of them as the Board of Directors shall approve. Additionally, the Agent shall place orders for such equipment, tools, appliances, materials and supplies as are necessary properly to maintain the Project. All such contracts and orders shall be made in the name of the Association and shall be subject to the limitations set forth in paragraph (d) of this Article. When taking bids or issuing purchase orders, the Agent shall act at all times in the best interest of the Association, but the Agent shall not be responsible for obtaining the lowest price available for the service or commodity purchases pursuant to this Agreement.

(f) 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 thereover, subject to the limitations contained in paragraph (d) of this Article. The Agent, however, shall not take any action under this paragraph (f) so long as the Association is contesting, or has affirmed its intention to contest any such order or requirement. The Agent shall promptly notify the Board of Directors in writing of all such orders and notices of requirements.

(g) Cause to be placed and kept in force all of those insurance policies required by the laws of the State of Michigan and the Bylaws, which insurance coverage shall be carried and administered in accordance with Article IV of the Bylaws. The Agent shall promptly investigate and make a full written report as to all accidents or claims for damages relating to the management, operation and maintenance of the Project, including any damage or destruction to the Project and the estimated cost of repair and shall cooperate and make any and all reports required by any insurance company in connection therewith.

(h) Prepare (or cause to be prepared) in conjunction with an accountant or a similarly qualified professional, if necessary, for execution and filing by the Association all forms, reports and returns required by law in connection with federal and state income tax, Michigan general corporation law, unemployment insurance, workmen's compensation insurance, disability benefits, social security and other similar taxes now in effect or hereafter imposed and also in connection with requirements relating to the employment of personnel.

(i) Prepare, with the assistance of an accountant or similarly qualified professional, if necessary, and in conformity with the provisions of the Bylaws, an

operating budget for the forthcoming fiscal year. Copies of the budget, upon adoption by the Board of Directors, shall be furnished to each Co-owner as provided in the Bylaws, upon request. The Agent shall use its best efforts to operate within the budget as adopted. In the event the Agent foresees a budget overrun, it shall notify the Board of Directors in writing.

(j) Bond, in a manner satisfactory to the Association, all employees of the Agent who handle or who are responsible for handling the Association's funds, without expense to the Association.

(k) Investigate, hire, pay, supervise and discharge any personnel necessary to be employed in order to properly maintain and operate the Project. Any such employees shall be employees of the Association and not the Agent. Compensation for the services of such employees shall be expenses of administration.

(l) Maintain a complete set of books and records relative to the operation of the Condominium Project in accordance with reasonable accounting practice. All such records shall be available for examination by the Directors of the Association or their representatives during normal working hours. No independent audit of the Association's records shall be required. In the event any such audit is required by the Association, the cost of providing the same shall be paid entirely by the Association.

(m) Maintain records showing the complaints and service requests made by each Co-owner together with the action taken with respect to each such request. The Agent, in its discretion, or upon the request of the Board of Directors, shall report all such requests to the Board of Directors with appropriate recommendations.

(n) Establish and maintain in a bank authorized to do business in Michigan a separate bank account or accounts as agent and trustee for the Association for the deposit of the Association's funds. The Agent shall have authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement and for the payment of the management fee provided herein.

(o) Do all other things which are reasonably required to maintain the Project in conformity with such standards as the Board of Directors may from time to time establish and which the Bylaws and the laws of the State of Michigan permit the Board of Directors to authorize and to delegate.

4. **Indemnification and Liability of Agent.** The Association hereby agrees to indemnify and save harmless Agent from all losses, expenses or damages of any nature whatsoever in connection with the management of the Project and from liability for injury to any person or property on, about or in connection with the Project from any cause whatever, unless such costs, expenses, damages or liabilities be caused by the Agent's own gross negligence or willful misconduct. The Agent shall not be liable to the Association or to any other person for any error in judgment or for doing or omitting to do any matter or thing pursuant to the terms of this Agreement except in cases of willful misconduct or gross negligence.

5. **Relationship of Agent to Other Entities.** Agent, its officers, employees, partners, directors, shareholders, affiliates and others connected therewith or otherwise related thereto are, or may be, officers, employees, partners, directors, members, shareholders, trustees, beneficiaries, relatives, affiliates of or otherwise related to the (a) Association, (b) the successor Developer of Sample Condominium, and/or (c) contractors or agencies hired by Agent which are furnishing services or supplies to Sample Condominium Homeowners' Association. The Association, on behalf of itself and members, acknowledges and expressly consents to any and all of such relationships.

6. **Assignability.** The Agent may assign this Management Agreement to any other person or entity so long as such assignee shall undertake in writing to assume and perform the obligations of Agent hereunder.

7. **Effective Date.** This Agreement shall take effect on June 7, 2006, and shall continue until ninety (90) days after the First Annual Meeting of Members of the Association. This Agreement shall be automatically renewed at the expiration of such term, or any subsequent term, for an additional period of twelve (12) months, unless the Association gives the Agent written notice of termination at least thirty (30) days before expiration of the current term. Notwithstanding the foregoing, however, the Association may, with thirty (30) days prior written notice, terminate this Agreement on the transitional control date or at any time within ninety (90) days thereafter. The "transitional control date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

8. **Termination.**

a. During the initial and renewal terms specified in Section 7, this Agreement shall be terminable by either party without cause at the end of any calendar month upon ninety (90) days written notice by either party to the other.

b. In the event a petition in bankruptcy is filed by or against Agent, or in the event that it shall make an assignment for the benefit of creditors to take advantage of any insolvency act, either party hereto may terminate this Agreement, without notice to the other, but prompt advice of such action shall be given to the other party.

c. If this Agreement is terminated during any renewal term by the Association it shall pay to the Agent, as liquidated damages, not as a penalty, an amount equal to 20% of the Agent's unrealized income by reason of such termination. As used in this paragraph (c), the Agent's "unrealized income" means the gross amount of compensation which the Agent would have received hereunder, but for such termination, during the period beginning on the date of termination and ending on the last day of such renewal term of this Agreement.

9. **Final Accounting.** Upon termination, the contracting parties shall account to each other with respect to all matters outstanding as to the date of termination and the Association shall furnish the Agent security satisfactory to the Agent against any outstanding obligations or liabilities which the Agent may have incurred hereunder.

10. **Effect of Agreement.** 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 which shall be executed and approved in the same manner as this Agreement.

[Signatures appear on the following page]

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

**BRASS TITAN LIMITED
LIABILITY COMPANY**, a Michigan
limited liability company, Agent

**SAMPLE CONDOMINIUM
HOMEOWNERS' ASSOCIATION**,
a Michigan non-profit corporation

By: _____
Peter C. Cubba, Manager

By: _____
Association, President