

WILDWOOD MANAGEMENT GROUP AGREEMENT

THIS WILDWOOD MANAGEMENT GROUP AGREEMENT ("**Agreement**") signed and made effective as of the ____ day of _____, 2007, ("Effective Date") with services to commence on the ____ day of _____, 2007, ("Commencement Date") by and between _____ - Homeowners Association, a _____, located at _____, _____, Texas, 78____ hereinafter called ("**Association**") and Wildwood Management Group, Inc., a Texas corporation, herein called ("**Managing Agent**," with its principal office located at 2611 North Main Avenue, San Antonio, Texas 78212, (collectively referred herein as the "**Parties**").

W I T N E S S E T H:

WHEREAS, the Managing Agent is in the business of providing property management and compliance services to non-profit homeowners' associations;

WHEREAS, the Association is a non-profit homeowners' association that desires to contract with Managing Agent to provide said services; and

NOW, THEREFORE, for and in consideration of the mutual terms, covenants and conditions set forth herein below, the Association and Managing Agent agree as follows:

ARTICLE I – EMPLOYMENT

The Association hereby appoints the Managing Agent on an exclusive basis to perform the Services as herein provided, and the Managing Agent hereby accepts said appointment, on the terms and conditions herein provided. By means of appointment, the Association herein delegates to Managing Agent, all duties and authority granted to itself and the Board of Directors in respect to administration and enforcement of rules, policies, resolutions, restrictions and covenants, but only to the extent that such delegation does not conflict with the Association's governing documents, declaration and bylaws, or any law or governing ordinances. All deed restrictions and covenant enforcement, maintenance assessment collection, and collection of bids for the Association shall be performed by the Managing Agent as authorized by the Board of Directors. Separately, Managing Agent shall perform additional services as may be requested by the Board of Directors. Managing Agent shall not be responsible or authorized to maintain or supervise any individual owner's units.

ARTICLE II – LIMITATION OF AUTHORITY

It is understood and agreed that the authority and duties conferred upon Managing Agent hereunder are limited as provided herein.

ARTICLE III – TERM

3.01. The term of this Agreement shall be from the Effective Date hereof for a period of one (1) year. In the event the Agreement Effective Date differs from the Commencement Date, the term of this Agreement shall be for one (1) year from the latter of the two dates. This Agreement will automatically renew in successive one (1) year periods, subject to an increase in the management fees at the then effective rates of the Managing Agent, subject to approval by the Parties. In the event the Association decides not to renew said Agreement, the Association shall give sixty (60) days prior written notice of the renewal date, to the Managing Agent in the manner as provided herein.

3.02. Upon termination, Managing Agent will submit to the Association copies of any financial or administrative records applicable to the Association which have not been previously provided, and after the Parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Association will furnish Managing Agent security, in the form of and in a principal amount satisfactory to

Managing Agent, against any outstanding obligations or liabilities hereunder, and Managing Agent will then promptly turn over all monies belonging to the Association. The security will be held by Managing Agent for said length of time, in its sole discretion and judgment, until such time as all Association obligations and liabilities have been satisfied.

ARTICLE IV – MANAGEMENT DUTIES

4.01. On behalf of and as Managing Agent for the Association and under the general supervision of the Board of Directors, Managing Agent shall perform the following services:

a. Provide counseling and advice to the Association, its Board of Directors, and its committees in accordance with the generally accepted industry standards in the area of the community association management. Said Managing Agent will be available to the Association through a manager selected at the sole discretion of Managing Agent.

b. Implement the decisions of the Board of Directors, subject to the compensation schedule and the limitations contained in this Management Agreement and its schedules.

c. Operate and maintain the property according to prevailing community association industry standards consistent with the overall plan of this Association and subject to the directions of the Board of Directors of the Association.

d. Maintain business-like relations with owners/tenants, whose service requests shall be received, considered, and responded to promptly and efficiently. Requests or complaints, which are deemed extraordinary by Managing Agent, shall, after thorough investigation, be reported to the Board with proper recommendations.

e. On the basis of an operating schedule, job standards, and wage rates previously approved by the Association, Managing Agent shall investigate, hire, pay, supervise, and discharge the personnel necessary to be employed in order to properly maintain and operate the Association property. Such personnel shall in every instance be in the Managing Agent's and not the Association's employ. Compensation, related payroll expenses and employee benefits for the services of such employees shall be considered an operating expense of the Association.

f. Notwithstanding, Managing Agent shall not provide risk management evaluation or advice for the purpose of insurability.

4.02. Managing Agent shall render service and perform duties as Managing Agent of the Association, and all obligations or expenses incurred shall be for the account, benefit, on behalf, and at the expense, of the Association except that the Association shall not be obligated to pay overhead expenses of the Managing Agent. Any expenses incurred by the Managing Agent for the account, on behalf, and at the expense, of the Association, shall be paid from the funds of the Association or as may be provided by the Association.

ARTICLE V – ADMINISTRATIVE SERVICES

Managing Agent shall provide the following administrative services:

a. Arrange and organize one Annual Meeting of members and **12** regular meetings of the Board of Directors. Duties will be to arrange the meeting place and mail the notices and agendas. This will include one annual meeting per year. Meetings exceeding 2 hours are subject to an additional hourly rate of \$100.00 per hour;

b. Managing Agent shall prepare resale certificates, statements of account, and other related items and shall record changes of ownership upon receipt of advice of owners, with supporting documentation, for a fee not to exceed Managing Agent's current published rates for such service at the time of service, which fees shall be paid by the seller/grantor of the Unit. In the event of transfer of deed through foreclosure sale, the transfer fee shall be immediately due and payable by mortgagee or other grantee then receiving trustee's deed to property as a result of said sale;

c. All requests for additional copies of Project documents, correspondence, reports, etc., shall be made at the expense of the requesting party;

d. All records, letters and memorandums relating to the operation of the Association will remain the property of the Association and shall be kept at the Managing Agent's principal office or storage facility and shall not be moved to any other location without authorization of the Board. Previous historical record storage shall be the responsibility of the Association;

e. Prepare specifications, solicit bids and negotiate contracts for Board approval for items such as landscape maintenance, yard violation maintenance, or any other services under the jurisdiction of the Association. Managing Agent will oversee all contract work to insure contractual obligations are being met;

f. Work closely with the Treasurer to prepare an annual Budget and present it to the Board sixty (60) days prior to the end of the calendar or fiscal year as applicable;

g. Assist the appropriate committee on a Reserve Study, and five (5) year capital expenditure plan outlining necessary improvements and repairs;

h. Provide full service office, staff, and telephone to communicate with the party regarding Association business. Managing Agent will act as the published point of contact for communication with regard to Association business. Managing Agent will assist in the resolution of any problems or complaints on behalf of the association; and

i. Inventory all furniture, equipment, significant tools and supplies of the Association, or recommend purchase of same where necessary and provide the Board with a copy of the inventory.

ARTICLE VI –PROPERTY MAINTENANCE SERVICE

Managing Agent shall provide the following property maintenance services:

a. Inspect all Association property a minimum of **twelve (12)** times per year for the purpose of determining preventative maintenance and necessary repairs;

b. Solicit bids for repairs on the Association property and present the bids to the Board of Directors. Once the Board has approved the contractor, the Managing Agent will oversee the repair work to require that the contractor meets all the demands of the work required. Managing Agent may, on behalf of the Association, without prior consent, expense amounts not to exceed \$1,000.00, or incur contractual obligations in amounts not to exceed \$1,000.00, as required to address emergency conditions which may involve danger to life or property, or may threaten the safety of the Association's property or the owners or occupants, or may threaten the suspension of any necessary service to the Association, in the sole judgment and discretion of the Managing Agent. Managing Agent shall immediately notify the Board of Directors of any such emergency and of the expenditures required in connection therewith; and

c. Managing Agent will act as a point of contact to receive maintenance of service requests for the Association property and will coordinate with any committees established for such purposes as directed by the Board.

ARTICLE VII – LIAISON WITH THE BOARD

7.01. The Managing Agent shall principally communicate to the Board of Directors and to the Association membership, to the extent practical, through a Board of Directors' appointed liaison. The Board of Directors will, as soon as possible, designate in writing the name, physical address, email address, and phone number of its liaison with the Managing Agent.

7.02. The Board liaison shall be authorized to act on behalf of the Board with the Managing Agent on any matters related to those specific duties of the Managing Agent. The Managing Agent is directed not to accept directions or instructions from anyone else except the Board liaison or the Board of Directors.

7.03. Association agrees that it will not (without Managing Agent's prior written consent) hire or solicit to hire, as an employee, contractor or consultant, any current or former employee of Managing Agent for at least twelve (12) months following the termination of this Agreement.

ARTICLE VIII – COMPENSATION

The total compensation to which the Managing Agent shall be entitled during the term of this Agreement shall consist of fees for recurring routine services and for non-routine services. Payment for Recurring Services shall be due and payable by the first (1st) day of the month for which management services are being performed and by the first (1st) day of the month following rendering of non-recurring services for all other items, except as otherwise provided herein.

ARTICLE IX – RECURRING ROUTINE SERVICES

9.01. Managing Agent shall be compensated for recurring routine services in such amounts as reflected on Exhibit "A", on a monthly basis plus any applicable taxes. Such compensation represents the overhead expenses of the Managing Agent, including salaries of office employees, general and administrative expenses, and travel expenses of officers and employees incurred under this Agreement, and covers fees for basic services, including financial management, general administration, and property management, as more further defined in this Agreement and Exhibits attached to this Agreement. In addition to the compensation set out in the attached Exhibit "A" the Association shall reimburse Managing Agent for all reasonable expenses incurred in the management of the Association. Additionally, some of the tasks performed by Managing Agent consist of a combination of routine and non-routine Services. For these types of services, a portion of the labor performed is included in the monthly fee; however, the following services shall be charged the additional fees as set out in the attached Exhibit "A".

- a. Assessment processing.
 - i. Certified notices are mailed at the rate set on the attached Exhibit "A";
 - ii. Return checks are processed at the rate set out in the attached Exhibit "A", plus postage (said fee being charged directly to the Owner and not the Association);
 - iii. Demand letters are sent at the rate set out in the attached Exhibit "A", plus postage;
 - iv. Affidavit of Lien and Release must be prepared and filed by the Association's legal counsel;

v. Extra assessment billings (on resales, foreclosures, etc.) in excess of one per unit per year will be prepared at the rate set out in the attached Exhibit "A", plus postage; and

vi. Special assessment billings will be prepared and processed at the rate set out in the attached Exhibit "A" plus postage.

b. Community mail-outs will be processed at the rate set out in the attached Exhibit "A" plus postage, reproduction costs and labels.

c. Certified letters processed regarding deed restriction violations will be processed at the rate set out in the attached Exhibit "A" plus postage.

ARTICLE X – NON-ROUTINE SERVICES

10.01. Managing Agent shall maintain availability for services related to non-routine services for which the need may, or may not, arise. Non-routine services may include, but are not limited to, the following:

a. Participation in legal actions initiated by the Association.

b. Negotiations and claims of a protracted nature arising from Warranty claims for work by any contractor prior to the Effective Date of this Agreement.

c. Providing information to a title company, or any other party, to a transfer of property within the subdivision. The party requesting the information shall be charged a transfer fee.

d. Any other services requested of Managing Agent that are not provided within Recurring Routine Service.

e. A supervisory fee of 10% will be charged to oversee any construction or reconstruction services necessary to repair fire, wind, storm, hail or vehicle damage, to the property, in excess of \$20,000.00.

10.02. Charges for services performed under this section shall be (i) at rates mutually agreed upon by Managing Agent and the Association at the time the work is authorized; or (ii) at \$100.00 per professional hour expended unless otherwise mutually agreed in advance of performance of the service to be rendered. The hourly rate shall be billed in quarter hour increments with a one-quarter hour minimum charge. The fee for the completion of any transfer documentation shall be as set from time to time by the Managing Agent and any fees collected shall belong to the Managing Agent, as being earned. Additional charges and reimbursable expenses are more fully detailed in the attached exhibit "A".

ARTICLE XI – INSURANCE

11.01. Managing Agent shall maintain in full force and effect a liability and insurance policy and a workers compensation policy throughout the term of this Agreement and any extensions thereof in said amounts as acceptable to the Association. The Association shall at all times that this Agreement is in full force and effect, maintain directors and officers insurance in amounts and by companies acceptable to Managing Agent as a condition of this Agreement. Said directors and officers insurance shall name the Managing Agent as an additional insured while performing acts in the furtherance of the business affairs of the Association.

11.02. To the extent that the Association has made written request of Managing Agent, it will assist the Association in matters concerning the protection of the Association and its property against risk

as follows: (a) recommend insurance coverages as may be necessary to protect the Association and its property; (b) prepare insurance specifications for bid proposals and secure bids under the direction of the Board; (c) assist in processing insurance claims against the Association's property; and (d) establish and maintain current insurance ticklers for timely renewals of insurance policies, related to common elements. Notwithstanding, Managing Agent shall not provide risk management evaluation or advice for the purpose of insurability.

ARTICLE XII – INDEMNIFICATION

Association shall defend, indemnify, and hold harmless Managing Agent, its agents and employees, from any and all sums paid out by Managing Agent to defend, compromise or settle any claim or any action, suit or proceeding brought against Managing Agent, its agents, and employees, which results from actions by Managing Agent its agents and employees taken pursuant to any provisions of this Agreement, or within the authority granted to Managing Agent herein, or otherwise by the Association; provided that nothing herein shall obligate the Association to any liability for any willful, malicious or illegal conduct, and provided, further, that prompt notice of any claim, for which such reimbursement is asserted by Managing Agent shall be given to the Association and an opportunity afforded to the Association to assume the defense thereof. Notwithstanding anything to the contrary, the failure or delay of notice shall not relieve the Association of its obligations as provided herein. Further, Managing Agent shall reimburse and hold harmless the Association for any and all sums paid out by the Association to defend, compromise or settle any claim, or any action, suite or proceedings brought against the Association which are incurred solely as a result of any willful, malicious or illegal conduct, as may be determined by a trier of fact. This paragraph shall apply only to the sums not covered by the Association's or the Managing Agent's insurance policies and shall not in any way be construed to relieve any insurance company from any obligation under either the Association's or Managing Agent's insurance policies.

ARTICLE XIII – ROLE OF MANAGEMENT

Managing Agent accepts that its function is to assist the Board of Directors in the management of the Association in accordance with this Agreement and the attached exhibits. Notwithstanding the express authority given to the Managing Agent in this Agreement, it is understood and agreed that the Managing Agent shall at all times confer fully and freely with the Board of Directors through its designated liaison in the performance of the services as set forth herein. The Association shall provide to the Managing Agent all of the documents stated on the attached Exhibit prior to the Effective Date of this Agreement.

ARTICLE XIV – FINANCIAL MANAGEMENT

14.01. In accordance with the terms of this Agreement and any attached exhibits, Managing Agent shall assist and/or advise the Board in matters relating to income of any source and expenditures of any nature including, but not limited to, the following:

a. **Collections.** Collect all general and special assessments as they become due and payable from all owners and all monies due from any source, which are obligated to, and for the benefit of the Association. The Board hereby authorizes Managing Agent to request, demand, collect, receive and receipt any and all charges, assessments, or rents 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 or otherwise. Managing Agent will send reminder notices to all delinquent owners. All actions of Managing Agent shall be pursuant to the Resolution of the Board of Directors as amended from time to time. As a standard practice, Managing Agent shall furnish the Board of Directors with an itemized list of all delinquent accounts monthly. Managing Agent shall not be liable to the Association for failure to seek or pursue any obligations for payment for which Managing Agent has not received notice. Such

depository institution shall be selected to meet with requirements imposed by the Deed Restrictions of the Association.

b. **Deposits.** Managing Agent shall deposit all receipts from whatever source, including assessments, in a financial institution or institutions insured by an agency of federal government.

c. **Books and Records.** Managing Agent will provide the management of the Association's financial affairs in accordance with the provisions or policies adopted by the Board of Directors and prevailing industry standards. Managing Agent shall maintain a comprehensive system of office records, books, and accounts in a manner satisfactory to the Board of Directors and as set forth in this Agreement. Managing Agent shall maintain a record of all income and expenses, assets, and liabilities, with a monthly summary statement of the aforementioned items including profit and loss statements reflecting actual versus budget from the commencement of the fiscal year until the date of the report to the Board. Accounting shall be rendered in such a manner that expenses incurred in producing nonexempt function income are clearly identified in order to minimize the tax liability of the Association, to the extent possible. Managing Agent shall supply the information necessary for the Association's accountant to prepare any state and federal tax returns; however, Managing Agent shall not be responsible for the completing or filing of said returns. Managing Agent will prepare and distribute annual financial reports to all owners, upon request of the Board.

d. **Checking Accounts.** Managing Agent will maintain the check register, checks and check book of the Association, causing checks to be prepared for all proper obligations of the Association as received. Managing Agent will make all disbursements from assessments collected for normal recurring expenses as provided in the budget. Managing Agent shall not be liable to the Association for nonpayment of obligations of the Association for which Managing Agent has not received notice.

e. **Copies of Records.** Copies (which may be duplicated) of contracts, filings with public agencies and financial books and accounts shall be maintained at the principal office of the Board. Managing Agent will maintain the original of all documents; however, they all shall be deemed the property of the Association. Managing Agent may charge and retain a reasonable fee to new owners within the Association to record the name and address of any new owners.

f. **Conformance.** Managing Agent will provide management of the Association's financial affairs in accordance with the provisions or policies adopted by the Board of Directors and prevailing industry standards, as set out in this Agreement and the attached Exhibits.

g. **Inspection of Books and Records.** All office records, books and accounts maintained either at the Association's offices or in Managing Agent's office shall be made available for inspection by any and all owners or their authorized representatives, upon reasonable notice, and during normal business hours. Copies of any such record may be furnished to any owner or his representative upon payment of reasonable fees for duplication costs to Managing Agent in the amount set forth in the attached Exhibit "A".

h. **Audit.** Managing Agent shall cooperate fully with the independent certified public accountant, selected by Association, in the conduct of the annual audit, if required, including making all records, books, and accounts available for their inspection and review. The Association may obtain annual audited financial statements prepared by and independent certified public accountant. Association's acceptance of the final report by the auditor will constitute certification and acceptance of Managing Agent's financial efforts for the period audited.

ARTICLE XV – MISCELLANEOUS

15.01. **Modification.** No variation, modification, or changes of this Agreement shall be binding on either party unless it is made in writing and executed by both parties.

15.02. **Applicable Law.** It is understood and agreed that this Agreement shall be construed in accordance with the laws of the State of Texas, and is performable in San Antonio, Bexar County, Texas.

15.03. **Validity.** In the event that any provision hereof is found to be void or unenforceable, all the remaining provisions of this Agreement shall be fully effective and shall not be affected by the void or unenforceable provision or provisions.

15.04. **Conflict of Interest.** Managing Agent shall not accept from any party providing goods and services to the Association, including vendors and independent contractors, any remuneration or consideration in any manner or form, including gifts or favors with a retail value of \$25.00, or more, as consideration for, or inducement to Managing Agent for using the party's goods or retaining their services on behalf of the Association, all such benefits being rightly due the association.

15.05. **Bankruptcy.** If the Managing Agent or Association shall be adjudicated as bankrupt or insolvent and such adjudication is not vacated within thirty (30) days; or if a receiver or trustee shall be appointed and it shall not be vacated within thirty (30) days; or if a corporate reorganization of Association or any arrangement by statute shall be filed, then the same shall be cause for termination of this Agreement.

15.06. **Notice.** Any notice by either party to the other shall be in writing and shall be given, and shall be given, and be deemed to have been duly given to either party when delivered personally or mailed in a registered or certified postpaid envelope addressed to the Party at the address identified herein, or as otherwise designated in writing by the Party.

15.07. **Successors and Assigns.** This Agreement shall inure to the benefit of and constitute a binding obligation upon Managing Agent, the Board and the Association, their heirs, administrators, successors and assigns.

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

MANAGING AGENT:

ASSOCIATION:

Wildwood Management Group, Inc.

BY: _____

BY: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT "A"

MANAGEMENT FEE: _____ per month, payable by the first of each month in advance. A one time takeover fee of _____. (New client management services shall NOT commence until Wildwood receives a fully executed contract, signed by an authorized board member, including the Effective Date and commencement dates of service.)

ROUTINE SERVICE AS CHARGED BY MANAGING AGENT:

Assessment Collections:

Delinquent assessment Notices	\$25.00	each letter
Return check processing fee	\$25.00	each letter
Demand letters – certified mail	\$25.00	each letter
Extra Assessment billings	\$ 5.00	each letter

Deed Restriction Enforcement:

Demand Letters – certified mail	\$25.00	each letter
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EXPENSES AS CHARGED BY MANAGING AGENT:

Postage	Reimbursed at the actual expense of the Managing Agent
Photocopying	\$.20 per copy
Faxes	\$.50 each page in/out
Telephone	Billed back at a flat rate of \$.35 per minute for long distance calls
Supplies	All supplies used or purchased for specific Association projects or business will be billed to the association at our cost plus an administrative fee. (Ex: Administrative/ Physical/ Unit files, document and financial binders, storage boxes, check and statement forms, labels and envelopes, etc.).
On site Personnel	On the basis of an operating schedule, job standards, and labor rates previously approved by the Association, Managing Agent shall investigate, hire, pay, supervise, and discharge the personnel necessary to be employed in order to properly maintain and operate the Association's property. Such personnel shall in every instance be in the Managing Agent's and not the Association's employ. Compensation, related payroll charges and employee benefits for the services of such employees shall be considered an operating expense of the Association.

Other non-contracted services requested by the Association may be charged at rates mutually agreed upon by the parties hereto. Managing Agent reserves the right from time to time to revise its fees for the supplies and services provided to the Association. Managing Agent will provide written notice of any required increase at least thirty (30) days prior to an increase and such revised fees shall become effective upon the beginning of the ensuing monthly period.

ALL CHARGES FOR BASE MONTHLY FEE, NON-ROUTINE SERVICE AS CHARGED BY MANAGING AGENT AND EXPENSES AS CHARGED BY MANAGING AGENT WILL ALSO INCLUDE ANY APPLICABLE SALES TAX.