

INDEPENDENT CONTRACTOR AGREEMENT

This INDEPENDENT CONTRACTOR AGREEMENT (this "Agreement") is entered into and shall become effective as of the 1ST day of January, 2014 by and between the **Fossil Ridge Metropolitan District** a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and **Overlook Property Management, Inc.**, a Colorado Corporation (the "Independent Contractor"). The District and the Independent Contractor are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating and maintaining certain public facilities and improvements for itself, its taxpayers, residents and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire and retain agents, employees, engineers and attorneys; and

WHEREAS, the District desires to engage the Independent Contractor to perform certain additional services as are needed by the District to serve the property within and without its boundaries.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

TERMS AND CONDITIONS

1. **SCOPE OF SERVICES.** The Independent Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Services"), using the degree of skill and knowledge customarily employed by other professionals performing similar services in the area of the District. Exhibit A may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in Exhibit A, the terms in the body of this Agreement shall govern. The Independent Contractor shall perform the Services in a good and workmanlike manner, using reasonable diligence and caution, and in strict accordance with this Agreement. The Independent Contractor shall remove all surplus and discarded materials, rubbish and shall leave the District property in a neat and presentable condition. The Independent Contractor shall be solely responsible for restoration of all areas and properties that have damaged by his/her operations and shall undertake the same with reasonable diligence and as expeditiously as possible. In the event that the District provides the Independent Contractor with notice of required restoration and the Independent Contractor fails to restore or

otherwise correct the damages noticed within fifteen (15) days, the District may restore the damage as it deems necessary, in its sole discretion. The Independent Contractor agrees that it shall reimburse the District for any expenses or costs incurred by the District in connection with such restoration and failure to do so within 15 days of invoicing by the Districts shall result in all such amounts accruing interest at the rate of 10% per annum.

The District agrees to provide Independent Contractor with copies of reports, correspondence, estimates, plans and other documentation, as may be necessary and reasonably requested by the Independent Contractor, and access to the site as needed by the Independent Contractor to perform the Services. All work product produced and all information collected by either the Independent Contractor or the District in connection with the Services shall become and remain the sole property of the District.

2. TERM OF AGREEMENT/RENEWAL. This Agreement shall become effective as of the date first above written and shall terminate on December 31, 2014, unless otherwise terminated by either Party in accordance with this Agreement. Notwithstanding the foregoing, this Agreement shall automatically renew on January 1st of each succeeding year for an additional one (1) year term unless: 1) terminated by the Parties in writing at least thirty (30) days prior to the automatic renewal date; 2) terminated by the Parties pursuant to this Agreement; 3) failure by the District to budget and appropriate funds for the succeeding year; or 4) upon completion of the Services contemplated herein.

3. SPECIAL SERVICES. The District may, in writing, request the Independent Contractor to provide special services not contemplated in Exhibit A. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Independent Contractor and the District pursuant to a written service order executed by an authorized representative of the District and the Independent Contractor.

4. TIME OF THE ESSENCE. The Services shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement. It is agreed that time is of the essence in the performance of all Services contemplated in this Agreement.

5. COMPENSATION AND INVOICES.

A. Services. Compensation for the Services provided under this Agreement shall be in accordance with the "Fee Schedule", attached hereto as Exhibit B. The Independent Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in Exhibit B of this Agreement, unless said reimbursement or compensation is approved in writing by the District in advance of incurring such expenses. Any direct reimbursable costs for materials will be reimbursable at the Independent Contractor's actual cost, provided that the Independent Contractor shall notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services.

B. Invoices. Invoices for the Services shall be submitted monthly during the term of the Agreement and shall contain an itemized statement showing the names, classifications and hours for each individual and any District project and/or cost codes as provided in any applicable written service order. The District shall be charged only for the actual time and direct costs incurred for the performance of the Services.

6. CHARGES AND COSTS. The Services to be provided by the Independent Contractor shall be at its sole cost, risk and expense, and no part of the cost thereof shall be charged to the District, save and except the payments to be made by the District to the Independent Contractor for the Services performed.

7. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of satisfactory and detailed invoices for that portion of the Services performed and not previously billed.

8. INDEPENDENT CONTRACTOR. The Independent Contractor is an independent contractor and nothing herein shall constitute or designate the Independent Contractor or any of its employees or agents as employees or agents of the District. The Independent Contractor shall have full power and authority to select the means, manner and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District will not be responsible for Independent Contractor FICA taxes, health or life insurance, vacation or sick-time, or any other form of taxes, benefits or insurance. The Independent Contractor shall be responsible for its safety, the safety of its employees, the public and the work site in general and shall comply with all applicable provisions of local, state and federal laws, regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970 (OSH Act).

9. ILLEGAL ALIENS. The Independent Contractor hereby states that it does not knowingly employ or contract with illegal aliens and that the Independent Contractor has participated in or has attempted to participate in the E-Verify Program (formerly known as the Basic Pilot Program) (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. The Independent Contractor affirmatively makes the follow declarations:

A. The Independent Contractor shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated herein and will participate in the E-Verify Program or Department Program (as defined in §8-17.5-101, C.R.S.) in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated herein.

B. The Independent Contractor shall not knowingly enter into a contract with a subcontractor that fails to certify to the Independent Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated herein.

C. The Independent Contractor has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Department Program.

D. The Independent Contractor is prohibited from using either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

E. If the Independent Contractor obtains actual knowledge that a subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, the Independent Contractor shall be required to:

i. Notify the subcontractor and the District within three (3) days that the Independent Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien.

ii. Terminate the subcontract with the subcontractor if within three (3) days of receiving the notice required above the subcontractor does not stop employing or contracting with the illegal alien; except that the Independent Contractor shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

F. The Independent Contractor shall comply with any reasonable request by the Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.

G. If the Independent Contractor violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the District may terminate the Agreement. If the Agreement is so terminated, the Independent Contractor shall be liable for actual and consequential damages to the District.

10. INDEPENDENT CONTRACTOR'S INSURANCE. The Independent Contractor shall acquire and maintain, during the entire term of this Agreement, Colorado statutory workers' compensation insurance coverage, commercial general liability insurance coverage, automobile liability insurance coverage and professional liability insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. The District shall be named as an additional insured on the Independent Contractor's commercial general liability insurance. Any such policy of insurance obtained to comply with this Paragraph 10 shall provide that the District shall receive (30) days written notice prior to the cancellation of any such policy. Independent Contractor shall also provide the District with thirty (30) days written notice prior to the material modification of such policy.

11. CONFIDENTIALITY AND CONFLICTS.

A. Confidentiality. During the performance of this Agreement, if the Independent Contractor is notified that certain information is to be considered confidential, the Independent Contractor, on behalf of its employees, agrees to enter into a confidentiality

Agreement. Any information deemed confidential by the District and given to the Independent Contractor by the District, or developed by the Independent Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Independent Contractor shall hold in strict confidence, and shall not use in competition, any information which the Independent Contractor becomes aware under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, might reasonably be construed to be contrary to the best interests of the District.

B. Conflicts. Prior to the execution of, during the performance of this Agreement and prior to the execution of future agreements with the District, the Independent Contractor agrees to notify the owner of conflicts that impact the Services to the District.

12. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Independent Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Independent Contractor of the invoices representing the work by which such materials were produced. The Independent Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services, shall make them available for the District's use and shall provide such copies to the District upon request.

13. NO RIGHT OR INTEREST IN DISTRICT ASSETS. The Independent Contractor shall not have any right or interest in any of the District assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the services contemplated herein.

14. INDEMNIFICATION. The Independent Contractor hereby agrees to indemnify and hold harmless the District and each of its directors, employees, agents, and independent contractors, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, and expenses, including reasonable attorneys' fees, to the extent caused by the negligence, or criminal act or willful misconduct or omission of the Independent Contractor or any of its agents or employees. The provisions of this Paragraph shall survive termination of this Agreement.

15. ASSIGNMENT. The Independent Contractor shall not have the right or power to assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted assignment, delegation or subcontracting of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

16. SUB-CONTRACTORS. The Independent Contractor shall not subcontract any Services without prior written approval by the District. Independent Contractor agrees that each and every agreement of Independent Contractor with any sub-contractor to perform Services under this Agreement shall be terminable not-for-cause. The Independent Contractor further agrees that all such sub-contracts shall be terminated immediately upon termination of this Agreement.

17. TERMINATION. This Agreement may be terminated by the Independent Contractor upon delivery of thirty (30) days prior written notice to the District and by the District by

giving the Independent Contractor fifteen (15) days prior written notice. If this Agreement is terminated, the Independent Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination by either Party hereto, the Independent Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. Such transition shall be complete and all time associated with such transition shall not be billed by the Independent Contractor to the District.

18. DEFAULT. In addition to the termination provisions in Paragraph 17, if either Party to this Agreement fails to perform in accordance with the terms, covenants and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, after giving ten (10) days written notice to the other Party of the alleged default, and upon said Party in default having failed to cure said breach within ten (10) days, the other Party shall have the option to terminate this Agreement and pursue any remedy available by law or in equity.

19. NOTICES. Any notices or other communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either Party hereto, by the other Party shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the Party to whom it is addressed or in lieu of such personal services, three days after deposited in the United States' mail, first-class postage prepaid, properly addressed to the Parties at:

To the District: Fossil Ridge Metropolitan District No. 1
c/o Overlook Property Management
6860 S. Yosemite Court Suite 2000
Centennial, Colorado 80112

With a copy to: WHITE, BEAR & ANKELE
Professional Corporation
1805 Shea Center Drive, Suite 100
Highlands Ranch, Colorado 80129

To the Independent Contractor at: Overlook Property Management
6860 S. Yosemite Court Suite 2000
Centennial, Colorado 80112

Either Party may change its address for the purpose of this Paragraph by giving written notice of such change to the other Party in the manner provided in this Paragraph 19.

20. AUDITS. The District shall have the right to audit any of the Independent Contractor's books and records which may be necessary to substantiate any invoices and payments hereunder (including, but not limited to, receipts, time sheets, payroll and personnel records) and the Independent Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years thereafter and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

21. ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Independent Contractor and the District.

22. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

23. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

24. CONTROLLING LAW. This Agreement shall be governed by and construed in accordance with the law of the State of Colorado.

25. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. Under no circumstances shall this Agreement constitute, or be considered as, a multiple-fiscal year obligation of the District. The District's obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

26. COMPLIANCE WITH LAW. This Agreement shall be performed in accordance with, and to the extent permitted by, all applicable laws, rules, regulations, ordinances and/or similar directives of the jurisdiction in which this Agreement is performed. The Independent Contractor declares that it has complied with all Federal, State and local laws, rules, regulations, ordinances and/or similar directives regarding business permits, certificates and licenses that are required to provide the services under this Agreement.

27. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to constitute a waiver, in whole or in part, of any of the District's rights and protections under the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S., as amended from time to time.

28. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been

prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

29. SEVERABILITY. If any portion of this Agreement is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Agreement, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

30. NO THIRD PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

31. CAMPAIGN CONTRIBUTIONS. To the extent this Agreement may be construed to be a 'sole source contract' within the meaning of Article XXVIII of the Colorado Constitution, the Independent Contractor hereby agrees to comply with the provisions of section 16 thereof.


32. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank].

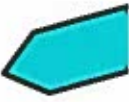
IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

DISTRICT:

Fossil Ridge Metropolitan District No. 1,
a quasi-municipal corporation and political
subdivision of the State of Colorado



President
AUTHORIZED BOARD MEMBER



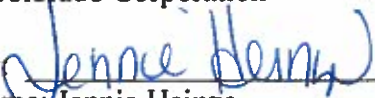
ATTEST:




Secretary

INDEPENDENT CONTRACTOR:

Overlook Property Management, Inc.,
a Colorado Corporation

By 

Name: Jennie Heinze
Title: President



**EXHIBIT A
SCOPE OF SERVICES**

ARTICLE I - GENERAL

1. Management fully accepts that its function is to assist the Board of Directors in the operation and administration of the District. Notwithstanding the express authority given to Management in this Agreement, it is understood and agreed that the Management shall, at all times, confer fully with the Board of Directors in the performance of the services set forth hereinafter, including but not limited to attendance at Board Meetings.
2. Management shall assist and/or advise the Board of Directors in all matters relating to income of any source and expenditures of any nature, including but not limited to performance of the following duties:
3. Collect all general and special assessments as they become due and payable each month, from all Owners, and all monies due from any sources which are obligated to and for the benefit of the District. The Board of Directors hereby authorizes Management, as its agent to request, demand, collect, receive and receipt any and all charges, assessments or rents which may at any time become due by the way of legal process or otherwise, as it may be required for the collection of delinquent accounts in its Status Report.
4. Deposit all receipts from whatever source including assessments in a financial institution or institutions insured by an agency of the federal government, in an account or accounts not co-mingled with any other party.
5. From the funds deposited in the District accounts, cause to be disbursed regularly and punctually: (1) any taxes payable; (2) fire and other insurance premiums; (3) compensation due and payable to independent contractors hired pursuant to the authority herein contained, including Management's compensation; (4) the amounts specified in other reserve accounts; (5) amounts payable as approved budgeted operating expenses; (6) other expenses incurred by a valid Board of Directors' resolution; and (7) amounts for any emergencies as described in 3.06. After disbursements in the order herein specified, any balance remaining in the District account may be disbursed or transferred, from time to time, but only as specifically directed by the Board of Directors in writing.
6. Maintain a record of all income and expenses and assets and liabilities, with a summary statement of the aforementioned items, including a profit and loss statement reflecting actual versus budget, from the commencement of the fiscal year until the date of the report to the Board of Directors.
7. Monitor an investment program, as approved by the Board of Directors, to optimize on operations, e.g., reserve accounts, insurance fees, escrows, deposits, etc. Invest all reserves in interest bearing accounts, as directed by the Board of Directors.

8. Provide the management of the District's financial affairs in accordance with generally accepted accounting principles and within the provisions of policies adopted by the Board of Directors. Management will also assist an independent payroll processing company, paid for by the District, in all aspects of payroll processing and State and Federal Employment Tax Filings as may be required by the Board.

GENERAL ADMINISTRATION

1. Management shall assist and/or advise the Board of Directors in all matters of administration, including but not limited to the following:
2. Maintain a District property inventory system together with the maintenance of appropriate accounting records.
3. Maintain a record file containing papers relative to administration and ownership and update the file as circumstances warrant. Such files shall contain a complete roster of resident owners, absentee owners, and resident renters.
4. Advise the Board of Directors in or initiate itself general correspondence dealing with business matters of the District between governmental officials, independent contractors, Owners and other entities with which the District or its representative have a business relationship, and maintain an index recording file thereof.
5. Assist the Board of Directors in the administration of provisions of District instruments and the policies, rules and regulations contained in valid Board resolutions.
6. Attend up to six (6) Board of Directors meeting per year and one (1) Annual Membership meeting, for up to two (2) hours per meeting, per year. If a meeting is rescheduled with less than 48 hour's notice given to Management, the District will be billed at a rate of
7. \$ 75.00 per hour. All meeting dates, will be scheduled at the mutual convenience of both parties. Management has no obligation to attend meetings on weekends and holidays, except in an emergency threatening health, safety and welfare of Residents or property. If other meetings are required, see Exhibit "B" for non-routine services.
8. The payment of any one item of repair or replacement; expenses incurred by Management shall not exceed the sum of \$ 500.00 unless specifically authorized by the Board of Directors provided, however, that emergency repairs involving the preservation and safety of the District complex or for the safety of the Residents, or required to avoid the suspension of any necessary services to the District may be made by Management, with reasonable measures to first be taken to contact a Board Members of the District, irrespective of the cost limitation imposed by this paragraph.

9. Inform the Board of Directors, on a continuing basis, concerning legislation, decisions, tax rulings, insurance and financial practices pertaining to District, which come to Management's attention.
10. Report to the Board of Directors on any actual/or anticipated violations of the District Instruments, Rules and Regulations, or Board Resolutions, which come to Managements attention, and take action within its scope of authority to seek cures for such violations.
11. Assist the Board of Directors in the development of good communication with Owners and a high level of Owner participation in the affairs of the District, including but not limited to assisting in the preparation of orientation material for new owners and mailing notices of meetings, reports and periodic newsletters. Communication with absentee owners shall also be maintained. Also, cause all notices acquired by the Act and the District instruments, or as directed by the Board of Directors, to be sent to the appropriate or designated recipients.
12. Management shall provide the proper organization of meetings of the District, including preparation of reports, selection of materials and procedures, and securing necessary personnel.

PROPERTY MANAGEMENT

1. Management shall assist and/or advise the Board of Directors and/or contractors of the District in all matters related to the maintenance of the Common areas; specifically:
2. Cause the common and limited common areas of the District complex, if any, to be maintained according to standards established by the State of Colorado and/or the City and County of the property, the District Instruments and the Board of Directors. The standards and actions related thereto shall include, but not be limited to the following:
3. Maintain comprehensive procurement procedures, including but not limited to the creation of standard specifications for bids in matters of a recurring nature, regardless of the amount of monies involved or complexity of services desired.
4. Implement a preventive maintenance program for all real and personal property, as approved by the Board of Directors, with this program to be developed and maintained on a regular basis reflecting useful life cycles of common element components and/or equipment.
5. Oversee the operations of all contractors who perform work for the District in the District complex, including but not limited to investigation as to bonding, insurance materials, workmanship and warranties, and by reviewing work of contractors and enforcing the conditions of those contracts.

6. Inspect the cleanliness and working conditions of all common building areas and ground areas including light fixtures, trash and storage rooms, sprinkler systems, driveways, sidewalks and landscaping, as applicable, and to determine whether such are receiving adequate care and maintenance.
7. Make recommendations for capital improvements and any other recommendation as may be appropriate for the improvement of the community.
8. Establish and maintain a 24-hour, seven-day-a-week maintenance and emergency system, including but not limited to the retention of an answering service for communication with the Residents. The maintenance and emergency support system shall include the retention of qualified and/or licensed personnel of firms in all trades deemed necessary to maintain the District at all times in a decent, safe and sanitary condition. Retained personnel or firms shall be subject to call whenever a matter affecting health, safety or a reasonable level of personal discomfort arises.

CONTRACTING POLICIES

1. Except as approved by the Board of Directors or permitted herein, contractors shall be selected pursuant to competitive bidding procedures and written specifications. Management shall submit a recommendation to the Board of Directors containing Management's evaluation of the bid and its adherence to the specification, and information on the past experience and such other information as may be helpful to the Board of Directors.
2. After selection, Management shall oversee the activities of the Contractor, including but not limited to the receiving of warranties and releases of liens. Review of the quality of workmanship and enforcement of Contractor's warranties shall be the duty of Management. Management also shall fully cooperate with consultants that may be retained by the Board of Directors to accomplish specialized functions for the District in the areas of law and public accounting.

BUDGETS

1. The Budget shall serve as the supporting document for the schedule of assessments of the Owners for the new fiscal year. The Budget shall also constitute the major control under which Management shall operate, and there shall be no substantial deviations there from, excluding such expenses as utilities, license fees, insurance and other expenses not within the control of Management, except as may be approved in advance in writing by the Board of Directors.

2. Management shall assist the Board of Directors and Treasurer in the preparation of the operating and capital budgets of the District, including but not limited: at least sixty (60) days before the start of the fiscal year, Management shall submit to the Treasurer a proposed budget for the ensuing fiscal year. This proposed budget shall include an analysis of repair and maintenance needs, operating expenses and any capital improvements anticipated for that period. Reserve Fund requirements shall also be included in the proposed budget, if applicable. During the budget review period, Management shall promptly reply to inquiries from the Board of Directors and Treasurer on matters concerning the proposed budget.
3. Management shall develop and administer a program to process reasonable requests and emergency notices from all Residents for maintenance repairs and minor alterations.

BOOKS, RECORDS, INSPECTION AND AUDIT

1. Management shall maintain a comprehensive system of office records, books and accounts in a manner satisfactory to the Board of Directors and/or as set forth in this Agreement for all matters related to assessment collection and operating expenses, only. Financial statements will be completed on a quarterly basis. Copies (which may be duplicated) of contracts and filings with public agencies, and financial books and accounts shall be maintained by the Secretary of the District. Originals of all records will be maintained by Management; however, they shall be deemed the property of the District.
2. All records, books and accounts maintained at Management's offices shall be made available for inspection by any and all Owners or their authorized representatives, upon 24 hour notice, during normal business hours.
3. Management shall cooperate fully with the independent accountant selected by the Board of Directors in the conduct of a periodic audit or review as required by the Board of Directors or the District Instruments, including making all records, books, and accounts available for their audit or review, if applicable.

INSURANCE

1. Management shall assist the Board of Directors in ensuring that advisable insurance covering the District, its property and activities in effect, when authorized by the Board of Directors in writing. When authorized by the Board of Directors, Management shall cause to be placed and kept in force all forms of insurance to protect the District, Owners

and mortgagees holding mortgages covering the District, as their respective interest may appear (or as required by law or the District instruments), including but not limited to Directors/ Officers and public liability insurance, equipment insurance, fire and extended coverage insurance and burglary and theft insurance.

2. All of the various types of insurance coverage required shall be placed with such companies in such amounts and with such beneficial interest appearing therein as shall be acceptable to the Board of Directors and to the mortgagees holding mortgages secured by any of the District property.
3. Management shall promptly investigate and make a full report on all accidents and claims for damage relating to personal injury in the common elements or relating to the management, operation, maintenance and welfare of the District property, and shall cooperate and promptly make any and all reports to an insurance company in connection therewith.

TERMINATION AND RENEWAL

After receipt of a Notice of Termination, and except as otherwise directed by the Board of Directors, Management shall:

1. Stop such work under the contract on the date and to the extent specified in the Notice of Termination;
2. Place no further orders to subcontractors for materials, services or facilities, except as may be necessary for completion of such portion of the work under contract that is not terminated;
3. Terminate all orders and subcontractors to the extent that they relate to the performance work terminated by the Notice of termination;
4. Assign to the District, in the manner, at the times and to the extent directed by the Board of Directors, all of the rights, titles and interests of Management.
5. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval of the Board of Directors; to the extent it may be required. This approval shall be final for all the purposes of this clause;
6. Complete performance of such part of the work as shall not have been terminated by the Notice of Termination.
7. Within three (3) weeks of the Notice of Termination, a representative of the District, or its designated Agent, shall have the full right to enter the principal premises of Management to review the District records and make an itemized claim for the

delivering, no later than the last day of the contract period, of such records as the District's representative determines. The Agent shall not be entitled to any compensation or reimbursement of costs for activities relating to the turnover of records, providing the District pays the cost of reproducing any records Management deems necessary to its continuing interests in the period following termination date of the contract. This latter provision is not intended to cover total duplication of records, but to afford the Agent the opportunity to retain copies of such documentation as may be material in any further claim regarding Management's performance during the contract period under its responsibility.

8. A date and time shall be set for a meeting to take place in Management's principal office, on or before the last day of the term of the Agreement, for the purpose of turning over to the District all requested records, all funds and deposit accounts (except for any escrow account established under these provisions), and to execute any agreements and releases relating to the conclusion of contractual obligations. The District shall not withhold funds owed to Management, due to the termination of the contract by either party for any reason.

REPORTS AND FILINGS

1. Management shall prepare a packet to be presented prior to the regular meeting of the Board of Directors. This report shall normally contain the following information:
2. Status of Maintenance: progress of subcontracted repair and maintenance work, emerging problems with grounds and buildings, and recommendations for further action.
3. Status of Finances: balance sheet, income statement, general ledger entries, delinquent accounts, year-to-date summaries of assessments, expenses, budget deviations and future trends in receipts and expenditures and such other items necessary for prudent business interpretations and administration of the District's financial affairs.
4. Status of Administration: significant violations of the bylaw and rules and other regulations; actions involving security, vandalism and insurance claims; and all other matters not falling within the categories of maintenance and finance.

MISCELLANEOUS -AFFILIATED INTEREST

Management shall not enter into any agreement to provide goods and services to the District with any party, partnership, corporation or other entity related to or affiliated with Management, its directors, officers and employees without prior written approval of the Board of Directors.

EXHIBIT B FEE SCHEDULE

During the term of this Agreement the District shall pay to Management the following compensation:

MANAGEMENT FEE

For management services provided to the District as set forth herein, compensation shall be \$600.00 per month plus \$2.81 per month/per home sold and closed.

In addition the following Fees may be charged:

ADMINISTRATIVE FEE

Minutes: Management shall complete one set of Board of Director per meeting. All other minutes will be charged at a rate of \$50.00 per set of minutes.

Meetings: See Article III, Section 3.05 of this agreement.

Clerical: Management shall be reimbursed at the rate of (*Included*) per hour for additional clerical services relating to the Association and not specifically stated in this Agreement. Such service would be utilized to complete special project's as directed by the Association such as mass mailings to membership, adherence to State Laws, etc.

FINANCIAL

1. **Legal Action Fee:** Management shall charge a fee of \$ 75.00 per hour for services and labor performed on behalf of or as a result of the Association's participation in legal action or legal action against the Agent while acting on behalf of the Association, including but not limited to researching documents, records, and files; attending special meetings, preparing correspondence; telephone communication; testifying at trials or settlement conferences; and any other activity of function the Independent Contractor is required to perform in connection with such action.
2. **District Employees - Stipend:** In the event the District requires Independent Contractor to perform payroll transactions for an employee of the District, Management shall recommend the service of an outside payroll contractor for this service, to be paid by the District.
3. **Postage:** Management shall charge Association for reimbursement of all costs of postage.
4. **Special Assessments:** Management will provide accounting for special assessments for the District at a rate of \$ 1.00 per unit, per month during the period the special assessment is due and payable

GENERAL ADMINISTRATION

a.	Address Labels	\$.10
b.	White Envelopes	\$.12
c.	Window Envelopes	\$.12
d.	Copies	\$.15
e.	Computer Copies	\$.12
f.	Letterhead	\$.15
g.	Grey Envelopes	\$.15
h.	Large Manila Envelopes	\$.25
i.	Postage	Prevailing Rate (Bulk Rate for Eligible Mailings)
j.	Fax	\$.35

TRANSFER FEES

Transfer fees are a buyer/seller transaction and does not involve the Association monetarily. The Association hereby authorizes Overlook to collect a transfer fee, which such transfer fees will be within local industry standards for all new and resale closings.

EXHIBIT C
INSURANCE REQUIREMENTS

1. Workers' Compensation Insurance in accordance with applicable law.
2. Comprehensive general liability insurance in the amount of \$1,000,000.00 combined single limit bodily injury and property damage, each occurrence; \$2,000,000.00 general aggregate.
3. Automobile liability insurance in the amount of \$1,000,000.00 combined single limit bodily injury and property damage, each accident.
4. Professional liability insurance in the amount of \$1,000,000.00 each occurrence.