

**ASSOCIA[®] MORRIS PROPERTY MANAGEMENT, INC.
ASSOCIATION FINANCIAL MANAGEMENT AGREEMENT**

PARTIES:

THIS AGREEMENT, which shall take effect on the **first day of January, 2009**, by and between **Stillwater Homeowners Association**, hereinafter called "Association," and **Morris Property Management, Inc., (MPMI)**, hereinafter called "Agent," AGREE AS FOLLOWS:

APPOINTMENT:

The Association hereby appoints Agent and Agent hereby accepts the appointment under the terms and conditions hereinafter provided as exclusive agent of the Association to provide the services identified herein. This agreement supercedes all agreements previously entered into between Association and Agent.

LIMITATION OF AUTHORITY:

It is understood and agreed that the authority and duties conferred upon Agent hereunder are limited and confined to the performance of duties for the Association as defined in Article X, Section 4 of the Association's By Laws, and such other duties as expressly agreed by the parties herein.

AGENT'S DUTIES:

Agent shall render services and perform duties as Agent of the Association and under the supervision of the Board of Directors, as follows:

Fiscal and Accounting Services for the Association will include the following:

1. Assist in the preparation of an Annual Budget at least 60 days prior to the end of the fiscal accounting year, which will serve as the basis for monthly maintenance fees for the ensuing year.
2. Monthly preparation and distribution of Financial Statement prepared on a cash basis to the Board of Directors at the expense of the Association.
3. Preparation and posting of individual unit owner ledgers.
4. Preparation and mailing of delinquent notices. Copies and postage expense to be paid by the Association.
5. Reasonable follow-up on all delinquencies to effectuate collections of all amounts owed. If all reasonable efforts fail, however, agent shall refer the account to

the Board of Directors for disposition. All fees incurred in this effort such as copies, postage and filing fees to be paid by the Association.

6. Preparation of correspondence and reports in regards to finances relative to requests by the Board of Directors at the expense of the Association.

7. Assist in performance of audits in harmony with auditors appointed by the Board of Directors.

8. Make all disbursements from monies collected as directed and authorized by the President, Treasurer, or Board of Directors.

9. Prepare, file, and deliver to the Treasurer, all tax documentation, including any federal and state returns, schedules, or other forms at a fee disclosed in advance by Agent to be paid by the Association.

10. Notwithstanding any provision in this Agreement to the contrary, Association may engage such other persons or entities, including itself, to undertake, in whole or in part, the services identified above, provided that the Association gives Agent thirty (30) days notice of its intention to engage other parties or entities. Any such engagement by the Association shall not reduce the compensation owed to Agent under this Agreement, and Association shall be responsible for all such costs and expenses in addition to the fees payable to Agent pursuant to this Agreement.

Records and Correspondence:

1. Agent shall maintain all financial records of the Association, and shall produce and/or copy such records upon request by any officer, director, or Association Member during reasonable business hours in accordance with Article XII of the Association's By Laws.

2. Agent shall record changes of ownership's upon receipt of advice of Owners, with supporting documentation. Such transfers of ownership shall be processed at an additional fee chargeable to the buyer/seller of a residence upon their request.

3. With the exception of notices of delinquency mailed by Agent, correspondence/letters drafted, written and mailed on behalf of the Association shall be at a cost of \$10.00 per letter. Association shall be responsible for actual postage on all correspondence and letters mailed by Agent, including notices of delinquency.

4. Special mailings of newsletters of newsletters requested by the Board of Directors shall be duplicated and mailed at the expense of the Association.

5. Agent shall research and maintain all data pertaining to new or transfers of ownership, including transfers of voting rights.

6. All requests for duplication of additional copies of Association documents, correspondence, reports, etc. be at a standard charge to the requesting party.

UNDISCLOSED FEES:

Agent agrees not to collect or charge any fees other than those listed on Exhibit A, Schedule of Charges, attached to this Agreement, and incorporated herein by reference.

GENERAL EXCISE TAXES:

Any reimbursable payments under this Agreement for which Agent shall be required to pay general excise taxes or any other taxes shall be reimbursed by the Association.

BANK ACCOUNT(S):

Agent shall maintain a bank account(s) whose deposits are insured by the Federal Deposit Insurance Corporation, in a manner to indicate the custodial nature thereof, for the deposit of the monies of the Association and to draw thereon for any payments authorized by the President, Treasurer or Board of Directors to be made by the Agent to discharge any liabilities or obligations of the Association, including those incurred pursuant to this Agreement.

HOLD HARMLESS:

The Association agrees to indemnify, protect, hold harmless and defend the Agent, its officers, directors, and employees from and against all claims, demands, suits, damages or costs and expenses, including court costs and attorneys' fees, that (1) arise under or relate to this Agreement and (2) are the result of any act, omission, or direction of the Association. Nothing contained within this provision, however, shall require Association to indemnify or hold harmless Agent from any claims or actions resulting from acts or omissions which constitute gross negligence or willful misconduct on the part of Agent or any of Agent's employees or agents.

Agent agrees to indemnify, protect, hold harmless and defend Association from any and all claims, demands, suits, damages or costs and expenses, including court costs and attorneys' fees, asserted against or incurred by Association by reason of any gross negligence or willful misconduct by Agent or any of Agent's employees' or agents unless Association shall have approved the same in writing or participated therein. This indemnity shall not be applicable with respect to acts of Agent duly authorized and performed in accordance with the terms and provisions of this Agreement.

Notwithstanding anything in this Agreement to the contrary, the parties shall retain all of their respective rights and remedies, whether legal, equitable, or otherwise, against the other for any acts or omissions relating to the performance of this Agreement causing loss, injury, or harm.

TERM:

The term of this agreement shall be for a **minimum** term of **two (2) years** beginning on January 1, 2009. This Agreement shall be automatically renewed for like two-year periods of time at the end of each period, unless either party gives the other **sixty (60) days written notice prior to the specified expiration date.**

In the event a petition in bankruptcy is filed by/or against the Agent, or in the event that it shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may immediately terminate this Agreement, with notice to the other party, and shall be relieved from any and all further obligations or responsibilities under this Agreement on and after the date such notice of termination is given to the other party.

EARLY TERMINATION:

Except as otherwise provided herein, either party may terminate this agreement prior to the initial or extended expiration date provided the following conditions are met: The terminating party must submit in writing its reasons for seeking early termination. The non-terminating party shall have sixty (60) days to resolve the issues identified by the other party. In the event these identified issues have not been resolved to the satisfaction of the terminating party in that party's sole and unreviewable discretion, then the terminating party may give final written notice of its intention to terminate this Agreement and shall be relieved from any and all further obligations or responsibilities under this Agreement effective as of 12:01 a.m. on the date specified for termination in the written notice. The date specified for termination in the written notice of termination shall not be less than thirty (30) days from the date of the giving of the notice of termination by the terminating party.

AGENT'S FEE:

The compensation which the Agent shall be entitled to receive for all services performed under this Agreement shall be **\$450.00 per month** paid in advance at the first of each month.

DEDUCTION OF AGENT'S COMPENSATION:

The Association shall be obligated to pay, and Agent shall receive as compensation for its services under this Agreement the sum provided for in the above paragraph at the times wherein set forth. Unless otherwise directed by the President or Board of Directors, Agent is entitled to deduct such compensation when due from the funds then in its possession regardless of any other payments then required by it to be made. Agent's compensation covers normal and usual administration expenses of Agent. Association shall be obligated to pay unusual expenses of Agent if requested by actions of the Board including costs of travel.

AGREEMENT TO BE CHANGED IN WRITING ONLY:

This Agreement shall constitute the entire Agreement between the Contracting Parties, and no variance or modification thereof shall be valid and enforceable, except by an agreement in writing signed by the party to be charged.

NOTICES:

Any notice by either party to the other shall be in writing and shall be given and deemed to have been duly given, if either delivered personally or mailed in a registered certified post paid envelope addressed to the party.

SUCCESSORS AND ASSIGNS:

This Agreement shall inure to the benefit of and constitute a binding obligation upon the Board of Directors and the Association, and Agent, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year indicated below:

Association: STILLWATER HOMEOWERS ASSOCIATION

BY: *Mark A. Lawrence* (President) DATE: 1/6/09

Agent: MORRIS PROPERTY MANAGEMENT, INC.

BY: *Judy R. Rose* DATE: 1-13-09

Associa[®] Morris Property Management

Exhibit A Schedule of Charges

1. Administrative collection fee \$10.00 per month payable by the delinquent owner.
2. Eighteen cents (\$.18) for each photocopy of documents not covered in the Management Agreement (late notices, violation letters, etc.).
3. \$.40 (includes label, standard envelope, folding, insertion of up to two (2) items, and delivery to postal service) per special mailing not covered in the Management Agreement.
4. Postage to be billed at cost plus .02 cents.
5. Long distance calls billed at cost.
6. Hourly fees currently being charged for additional services such as attendance in connection with litigation, special meeting attendance, major project construction supervision, newsletter preparation, etc. is as follows:

Executive Personnel	\$100.00 per hour
Community Manager	\$ 65.00 per hour
Accounting Personnel	\$ 40.00 per hour
Clerical Personnel	\$ 35.00 per hour
7. \$10.00 Lien Intent Processing fee (\$5.00 retained by the HOA), \$150.00 Lien Processing Fee payable by the Association for each lien filed and \$75.00 Judgment Processing Fee per judgment filed. This amount is charged to the delinquent homeowners account by the Association.
8. Association fee coupon books will be charged to the Association at \$4.50 per book with envelopes. Amount subject to change with 30 day notice.
9. Custom Reports quoted upon request.
10. Transfers of ownership shall be processed at an additional fee chargeable to the Buyer/Seller through closing. Transfer packages can be tailored to the Board of Directors preference.
11. A charge of \$30.00 will be assessed to a members account upon receipt of a check, which has been returned from the Associations bank due to non-sufficient funds to offset Managements expense to process the check.
12. 1099's will be processed at \$10.00 each which includes preparation and submission of form 1096.

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Schedule of Charges
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13. Year End 1120 tax preparation will be charged at cost plus a \$50.00 CPA administrative assistant fee.
14. Newsletters are charged at \$.35 per page for productions and color copies.
15. Websites not included in the management fee are charged as follows:

1 – 100 homes	\$40 month
101 – 200 homes	\$50 month
201 – 300 homes	\$60 month
300 – 600 homes	\$65 month
Each 300 after	add \$5 month
16. Governing Documents are \$30.00 per copy and charged to the requesting party.
17. Storage of Association records for two years is at no charge. All records stored older than two years are charged at \$5.00 per month per legal size banker's box.

All prices are subject to change with negotiated 30 day notice.

