

Full Service Management Agreement

This Full-Service Management Agreement (“Agreement”) is made by and between **Progressive Property Management, Inc., dba Progressive Association Management** (“Company”), a California Corporation, and **NAME OF HOA** (“Association”), a California non-profit corporation **START DATE**.

WITNESSETH

In consideration of the mutual promises, covenants and conditions herein contained, the parties agree as follows:

The Association hereby appoints Company, and Company hereby accepts, on the terms and conditions as provided herein and as described in Sections 3, 4, and 5, as the Company to manage the Association.

The Company shall be subject to the authority of the Board of Directors and shall carry out the responsibilities contained in this Agreement or as specifically directed by members of the Board of Directors, including all motions and resolutions passed by the Board of Directors of the Association.

1. GENERAL CONDITIONS

- 1.1. Retention of Company.** The Association hereby retains Company, and the Company hereby agrees to perform, as the exclusive Company of the operations of the Association on the terms and conditions set forth in this agreement for a term of one (1) year commencing the 1st of **START DATE**. The Association property (hereinafter “Property”) is located in **CITY, CA** and consists of **OWNER #** dwelling units.
- 1.2. Status of Company.** Company shall be an agent acting on behalf of the Association as a disclosed principal with respect to the matters covered by this Agreement; provided, however, Company shall have no authority to execute or enter into contracts on behalf of the Association.
- 1.3. Role of Company.** (A) Company shall assist the Board in the management, operation and administration of the Association. Company shall use its best effort to perform its duties under this agreement in accordance with the Association’s governing documents, including its declarations, by laws, rules and regulations and other duly enacted policies and procedures (collectively referred to as the “Project Documents”) and the generally accepted industry standards in the area of Association management. Company shall be available at reasonable times to confer with the Board and its representatives regarding the performance of the services set forth herein. B) Company shall make reasonable efforts to implement the Association’s decisions subject to the compensation schedule set forth in this writing Agreement. However, the Company shall not be obligated to implement any decision by the Association which is: contrary to industry standards, applicable law or governing documents; involving transactions or services not expressed in this Agreement or in which Company has no expertise, knowledge or necessary licenses. Company may perform such acts and deeds on behalf of the Association which may include the hiring of professionals at the Association’s expense, as are only reasonable, necessary and proper in the discharge of Company’s duties under this agreement. C) The Company fully understands that the function of the Association is the operation and management of the complex, and the Company agrees to confer fully and freely with the Directors of the Association in the performance of its duties as herein set forth. It is further understood and agreed that the authority and duties hereby conferred upon the Company are limited to the common area and facilities as deemed in the CC&R’s of the Association. Such authority and duties do not, and shall not, include supervision or management of family units.



1.4. Employees of the Company. The Company spends significant amounts of time and money to hire and train employees for the operation of this and other associations. The Association derives the benefit of Company's experience in operating this Association, and of hiring and training procedures. Association realizes the time and expense Management incurs to obtain qualified personnel, and the Association thereon agrees not to offer or accept for hire any employee or former employee for a period of six months after the employee's termination. Should the employee or association violate the terms of this section, the Company may bring legal action requesting both legal and equitable relief from the courts. Each further recognizes that in the event legal action is necessary to enforce the terms of this section, attorney fees may be awarded to the prevailing party as well as costs of suit incurred therewith.

1.5. Delivery of Association Records. As soon as reasonably practical after the date of commencement of this Agreement, the Association shall deliver to Company all documents and records relating to the management of the project. If the records are not available, or if available records are incomplete or inaccurate, the Company will evaluate and report the status of such conditions to the Board and an accounting reconstruction fee may be charged.

2. DEFINITIONS

- 2.1. "Managing Agent"** identifies the Company or its employee for purposes of identifying the agent for service of process only. In all other instances the Company is an Independent Contractor.
- 2.2. "Association"** shall mean the planned development named herein, organized to provide easement of enjoyment of common areas for members and guests.
- 2.3. "Board"** shall mean the persons appointed by the developer or duly elected by Association members who shall be responsible for the operation of the Association in accordance with the Articles of Incorporation, by laws and Covenants, Conditions and Restrictions and any other applicable documents.
- 2.4. "CC&R's"** shall mean the Covenants, Conditions and Restrictions, a document recorded in the office of the of County recorder which defines the operation of the planned development named herein.
- 2.5. "Common Area"** shall mean the real property and facilities thereon designed for common use by members, tenants and their guests.
- 2.6. "Members"** shall mean every person or entity who is recorded owner of a residential unit in the planned development named herein as defined in the CC&R's.
- 2.7. "Property Manager"** shall mean an employee of the Company, responsible for providing services listed under the "Duties of Property Management" section of this agreement.
- 2.8. "Assessments"** shall mean those monthly rates established by the Association which the members are bound to pay as their share of the common expenses under the Bylaws and/or the CC&R's.
- 2.9. "Gross Collections"** shall mean all amounts actually collected on behalf of the Association by the Company, either as assessments, rents, penalties, or collection costs.
- 2.10. "Tract"** shall mean the common area, buildings, equipment and appurtenances under the jurisdiction of the Association as described in the Articles of Incorporation, Bylaws, and



Covenants, Conditions and Restrictions.

3. DUTIES OF PROPERTY MANAGEMENT

- 3.1. Attend Board Meetings.** The Company shall attend one Board meeting monthly. The Company shall not be obligated to attend Board meetings on weekends or holidays or for more than two (2) hours for any single meeting. Attendance at additional meetings, or in excess of 2 hours, will be charged at \$60.00 per hour. The Board shall give Company reasonable notice of such meetings and make an effort to accommodate conflicts in Company's schedule.
- 3.2. Attend Annual Meetings.** Company shall attend one (1) annual membership meeting. Company shall not be obligated to attend meetings on weekends or holidays or for more than two (2) hours for any single meeting. Attendance at additional meetings, or in excess of 2 hours, will be charged at \$60.00 per hour.
- 3.3. Meeting Notices, Agenda and Coordination.** Company shall schedule, notice and coordinate Board and general membership meetings, and shall prepare necessary materials such as notices, agenda, reports, ballots, proxies and similar items to be used at the meeting. Company shall produce and deliver a Board package at least five (5) days prior to each Board meeting. Company shall produce meeting minutes and maintain current all minutes. Minutes originated by the Company shall be kept in electronic format.
- 3.4. Owner Roster.** Company shall maintain a current roster of the names, addresses, email addresses and, to the extent readily available, the telephone numbers of all members. Company shall record changes in ownership upon receipt of supporting documentation. Company is not obligated to discover transfers of ownership or tenant relationships not reported to Company or to search county records for evidence regarding ownership.
- 3.5. Correspondence.** Company shall receive and review Association correspondence, and shall prepare and send such correspondence as may be appropriate. Company shall create and maintain a separate file entitled "Attorney Correspondence/Documents" containing all correspondences and other documents prepared by the Association's general counsel. Said file shall be available to the Board of Directors upon request. At no time shall any of the documents contained in the Attorney Correspondence/Documents file be disclosed to members of the Association or third parties without the prior written consent of a majority of the Directors and Legal Counsel.
- 3.6. Record and File Maintenance.** Company shall maintain the records and files relating to the operation and Company of the Association.
- 3.7. Sale/Resale Information.** Company shall provide escrow holders information and documents as requested in writing as required by California Civil Code **§4525**. The Company will charge fees to the escrow holder for services rendered. The Association shall not be responsible for Fees associated with documents not purchased by the seller, as stated in California Civil Code section 4530(d). Company shall be required to disclose whether or not it, or any employee of the Company, receives a referral fee or monetary benefit from a third-party document provider distributing documents pursuant to California Civil Code sections **4528** and **4530**.
- 3.8. Office Hours & Emergency Services.** Company shall maintain normal office hours Monday through Friday (except holidays) for communications related to Association business, and shall



provide a 24-hour (365 days per year) answering service for **EMERGENCY** assistance as may be necessary for the health, safety and well-being of the occupants of the property.

- 3.9. Rule Enforcement.** Company shall assist the Board in enforcing the Project Documents and take necessary action with Board authorization to correct conditions contrary to the project documents, including but not limited to, monitoring, tracking and following-up on CC&R and rules and regulations violations within the community, as directed by the Board. Company will write and mail letters requesting corrective action. Company will assist Board in preparing or revising Rules and Regulations and required member notices. Company will also assist Board and Legal Counsel when addressing violations and rules, as may be required.
- 3.10. Insurance Liaison.** Company shall obtain quotes and submit for Board review, and provide liaison services with Association's insurance brokers.
- 3.11. Books and Records.** The Company shall retain all financial records for at least seven (7) years after the Certified Public Accountant audit. In the event this agreement shall be terminated, all Association records not required by a Certified Public Accountant to verify cash receipts and disbursements in Company's statements subsequent to the last certified audit, shall be made available to a successor Company's statements, remaining records shall be made available.
- 3.12. Ownership of Records.** All records and correspondence regarding the Association are and will remain the sole property of the Association. Company agrees to return any and all such records and correspondence to Association, or to an entity or person designated by the Board of Directors upon termination of this Agreement. Such records will be available for pick up at Company's office or such other designated location as may be agreed upon. Documents in electronic format shall be provided via that same format.
- 3.13. Inspection.** Except for materials designated as confidential by the Board, all books and records maintained either at the Association's offices or in Company's offices shall be made available for inspection by any and all members or their authorized representatives, upon reasonable notice, during normal business hours as required by the Davis-Stirling Act. Access to confidential materials shall be allowed only by written authorization of the board. Company may charge reasonable cost for copies and services rendered.
- 3.14. Management of Vendors.** (A) The Board shall select all contractors, vendors and service providers. After selection and retention, Company shall schedule and monitor the activities of the contractors, vendor or service provider, and keep the Board apprised of its status and process warranty claims. (B) Company shall cooperate and assist professional consultants retained by the Board for specialized functions such as legal, accounting and other services. Said services may be subject to compensation as "special services", if such services are as defined in Section 5, Paragraph 5.2, below. Pursuant to California Civil Code section 5375.5, Company shall disclose to the Association all potential conflicts of interest when presenting the Association with a vendor's bid/contract for consideration.
- 3.15. Ordinary Maintenance/Repair of Common Area.** Company shall inspect entire Common Area and identify maintenance and care problems, as well as identify other deficiencies in the common areas or facilities, and document violations for Board action. Arrange for correction of deficiencies when the cost shall not exceed the expenditure authorized below, or as specifically approved by the Board. Present major deficiencies and estimate of cost or correction for the Board's approval prior to commencement or work. Company will provide regular on-site



inspections of the Association's common areas and facilities during normal business hours and in accordance with appropriate safety standards. The frequency of said inspections will be at the discretion of the Company, but in no event shall be less than one (1) per month. Said site inspection may occur on the same day as the monthly Board meeting as addressed in Section 3.1.

3.16. Major Repairs/ Alterations of Common Area. Any repairs, structural changes, alterations or additions to the common area, or any portion thereof, that requires an expenditure of more than \$500 shall be deemed major repairs/alterations and require specific Board authorization.

3.17. Specification/Bid Preparation for Major Repairs. Company, at the request of the Board, shall obtain up to three (3) competitive bids for the work and submit them to the Board. The Board shall then decide which Company or professional to hire to do major repairs. Company shall obtain contractors' licenses and insurances as necessary. Company shall coordinate and monitor the work in progress, but shall not supervise or be responsible for the satisfactory completion of the work. The Board shall hire a construction supervisor, if appropriate, and that party shall supervise and ensure satisfactory completion of the work. All contracts shall be made in the name of the Association and be executed by the Board.

3.18. Architectural. Company shall receive applications for proposed architectural alterations which shall be submitted to a committee or the Board for approval.

4. DUTIES OF FINANCIAL MANAGEMENT

4.1. Assessment Collection. The Company shall mail each Association member a monthly invoice which shows a proper balance, charges, credits and a current balance. The Company shall include a return envelope for making the assessment payment. The Company shall furnish them at its expense. The Association shall reimburse the Company the cost of postage required to mail them. If the Association shall change the assessment rate without timely notice to the Company, necessitating an extra mailing, the Company shall be reimbursed for all costs. Late charges shall be collected for the benefit of the Association, for an extra bookkeeping charge of fifty percent (50%) of each charge, whichever is greater. Special assessments shall be collected for the Association for an extra bookkeeping charge of One Dollar (\$1.00) per debit when the assessment applies equally to all members of the Association, or Three Dollars (\$3.00) per debit when a special assessment applies to individual members. If a special assessment shall be billed for a period greater than three (3) months, the Agent shall charge a fee for only three (3) months unless the Association requests separate billing of the special assessment.

4.2. Deposit of Collections. All assessments and other funds received for the Association shall be deposited in a commercial account bearing the Association name, insured by the Federal Deposit Insurance Corporation of Company preference (located in the State of California), which may be changed from time to time, from which payments or transfers to other accounts shall be made as required. Any balances remaining in the Association's operating account for any given month of operation shall remain in that account unless the Association's Board of Directors, by written resolution, directs otherwise.

4.3. Disbursements. Company shall regularly disburse from Association's operating accounts all expenses and obligations authorized to be paid by and on behalf of the Association as set forth in this agreement. Company shall have no authority to sign checks or authorize withdrawals or authorize transfers from Association's reserve accounts.



- 4.4. Delinquency Follow-Up.** (A) Company shall be responsible for collecting delinquent assessments and other charges in accordance with the policies and procedures of the Association. Company shall maintain delinquent assessment records and submit to the Board a monthly aged delinquent assessment list at each regular Board meeting or as otherwise directed by the Board. (B) Company shall act as a liaison between the Board and retained counsel and/or a collection service to provide the information and records necessary to pursue collection of delinquent accounts. Company may charge an additional fee for filing and releasing liens, and for costs associated with participating in any collection action as provided in Paragraph 4.10 of Article 4 and Attachment "B".
- 4.5. Invoice Approval/Payment.** Expenses of predictable amounts for contracted terms, utilities and taxes shall be paid automatically or upon receipt of statements. Other expenses shall be paid only after Board approval. This specification does not include payroll services or insurance for Association employees (if any).
- 4.6. Payroll Accounting for Employees.** This specification does include payroll services and insurance for employees of the Company. It does not include payroll services or insurance of the Association employees such as security guards, handymen, etc. Should the Association desire to enter into Employer-Employee Relations, the Company shall arrange for payroll services and insurance at Association expense.
- 4.7. Financial and Report Preparation.** Financial reports shall be furnished to the Association within fifteen (15) days after the end of each calendar month which shall include but not be limited to;
- 4.7.1.** Beginning cash balance.
 - 4.7.2.** Receipts for members or other sources, both for the month and the year to date.
 - 4.7.3.** Disbursements by item, both for the month and the year to date.
 - 4.7.4.** Ending cash balance.
 - 4.7.5.** Detailed records of each check drawn.
 - 4.7.6.** A roster of members by account number and alphabetical order, showing assessment balances at the end of the month.
 - 4.7.7.** A copy of checking account statement with reconciliation.
- Company will also provide monthly reports allowing the Board to comply with the monthly financial review required by Civil Code **§5500**.
- 4.8. Tax Return, Review and Audit Preparation.** At the conclusion of the Association's fiscal year, records maintained by the Company shall be made available to an independent Certified Public Accountant for an audit and preparation of tax returns. The Accountant's fee shall be borne by the Association. The Company shall make records available for examination by authorized persons(s) other than a Certified Public Accountant or Association Board Member for a fee of thirty Dollars (\$30.00) per hour, payable at the time of examination. It shall be the responsibility of the Board of Directors to select and engage a Certified Public Accountant to perform the Annual Financial Review or Audit and prepare the Association Federal and State year-end income tax returns. The responsibility of Company shall be limited to providing all financial records for review and office space for the accounting firm engaged by the Board of Directors.
- 4.9. Budget Preparation.** Company shall assist in the preparation of a *pro forma* operating budget as required by Civil Code **§5300(b)(1)** so that it is available to the Board not less than ninety



(90) days prior to the beginning of the Association’s fiscal year. Company shall distribute to members copies of the *pro forma* operating budget not less than thirty (30 days or more than ninety (90) days prior to the beginning of the Association’s fiscal year. Company shall also prepare the Annual Budget Report as required by Civil Code **§5300** and the Annual Policy Statement as required by Civil Code **§5310**.

4.10. Policies for Enforcing Assessments. Company, on an annual basis, shall distribute the Association collection policy, which may be revised from time to time as California law changes or collection methods are found that improve receipts. A fee (attachment B) shall be charged to the Association and added to each delinquent account sent a notice which shall be by first class certified mail. In accordance with the collection policy, a “Notice of Delinquent Assessment” shall be prepared by Company and recorded in the county office containing the property. To cover cost of title verification, drawing and notary of document, recording fee and mailing a copy of the recorded document, a fee (see attachment B) shall be charged to the Association and added to the delinquent account.

The Association, by acceptance of this contract, may authorize the Company to prepare, sign, and record a “Notice of Delinquent Assessment’ on its behalf. Once a “Notice” has been recorded, unless Association directs otherwise, the delinquent account shall be assigned to collection.

4.11. Reserve Study. Association shall schedule and coordinate preparation of a periodic reserve study required by Civil Code **§5550**.

4.12. Liability for Use of Financial Statements. The Association shall have sole responsibility for the content and use of financial statements, budgets, reserve studies and other financial documents prepared by or at the direction of the Association. The Association hereby agrees to indemnify and hold Company harmless from all claims, expenses, actions, liabilities and damages (including attorney’s fees and litigation costs) arising out of the content or use of all such documents, except those caused by Company’s intentional or willful misconduct, or gross negligence or fault, or arising out of acts or omissions of Company outside the course and scope of its agency relationship with Association. All draft financial statements, proposed budgets, draft reserve studies and/or financial documents prepared pursuant to Civil Code **§5300** shall be marked “DRAFT” until approved by the Board.

4.13. Disbursement Authorization: Company is authorized and shall make all disbursements from Association funds for liabilities incurred on behalf of Association. Association acknowledges Company’s role as “Paymaster”; accordingly, such disbursements may be made via paper drafts or electronically at the discretion of Company. Company is authorized to utilize all fraud control systems and methods available to Company for the protection of Association’s funds. Company is hereby authorized to make any non-budget expenditures as provided in this section at its own discretion up to **\$1,500.00**. In addition, Company shall have the authority to make normal and usual expenditures as prescribed by the Board and/or by the Association’s approved operating budget. Company will obtain approval for any extraordinary expenses of the Association as needed. Company to disclose monthly and in writing to the Board all expenditures made under contract authority for Board approval in the monthly consent calendar.

Emergency repairs involving imminent danger to life or property or immediately necessary for the preservation and safety of the property, or for the safety of the Members, or required to avoid the suspension of any necessary service to the complex, may be made by the Company



irrespective of the cost limitation imposed by this section. Company will establish Association's reserve accounts at Association's direction. Company makes no warranty or representations regarding the security or yield of any reserve investment. Except for the disbursements provided for above, all reserve account distributions will be signed by two members of the Board.

Transfers of funds out of the Association's reserve or operating accounts shall not be authorized without prior written approval from the Board unless the amount of the transfer is less than ten thousand dollars (\$10,000) or five percent (5%) of estimated income in the annual operating budget, whichever is lower.

5. COMPENSATION OF COMPANY

5.1. Routine Services. (A) The Association shall pay Company a monthly fee equal to **BASE MANAGEMENT FEE** per month for those routine services specified in Sections 3 and 4. (B) The Association shall pay Company additional compensation for service charges listed in Attachment "B", at the rates therein listed.

5.2. Special Services. Company may, at the request of the Board, perform special services for compensation at the rate of \$60.00 per hour, plus travel time and service charges listed in Attachment "B" or at such rate of compensation as may be agreed upon in writing by Company and Association. Special services shall include any services not specifically designated herein as routine services, including, without limitation, the following:

5.2.1. Participating in the preparation of specifications, schematics, construction estimates, construction drawings and contracts for major renovation or repair of the common area.

5.2.2. Providing assistance in emergency situations or responding to resident complaints at times other than normal working hours. Emergency calls during non-working hours requiring Company to travel to the project will be billed at the rate for special services with a minimum two (2) hour charge per site visit.

5.2.3. Revision of the project declarations, Articles of Incorporation and Bylaws; provided, however, revision assistance of rules, regulations and policies of the Association shall be part of routine services.

5.2.4. Participating in the initial sale, resale, financing or refinancing of a unit other than to provide information and documentation as set forth in California Civil Code **§4525**.

5.2.5. Providing assistance as required by Association attorney in defense of legal actions brought against Association occurring during the period of time Company is employed. Company shall be paid its hourly fee, as defined in Attachment "B", for such assistance.

5.3. Documentation of Special Services. All compensation for special services shall be supported by a statement itemizing the time and activity on a daily basis and recorded in increments of one-tenth (1/10) of an hour.

5.4. Special Mailings. Upon Board direction, provided with reasonable notice, the Company shall perform special mailing services with material, handling and postage at Association expense.



5.5. When Compensation is Due. The Association shall pay Company the basic fee for routine services monthly and for special services payable at the end of the month in which services have been provided.

5.6. Notice of Termination/Renewal. This *Specification and Contract* shall remain in effect for one (1) year, but may be terminated, with or without cause, by:

5.6.1. Notwithstanding anything to the contrary herein, Association may terminate this Agreement at any time, and with or without cause, upon thirty (30) day prior written notice to the non-terminating party, unless such termination is by the Association for cause, in which event, no prior written notice is required. Management may terminate this Agreement at any time, with or without cause, upon sixty (60) day prior written notice.

5.6.2. Mutual written consent of Company and the Association; or

5.6.3. Written notice from Company to the Association in the event that there are insufficient operating funds to continue the operation of the Association, and continuation of such deficiency for a period of ten (10) days after such notice.

Any termination of this Agreement for any reason shall be effective on the last day of the month. Upon termination of this Agreement, all undisputed amounts due and owing to Company are due and payable at the time that the records of the Association are returned to the Association or its designated representative. At the Board's request, Company will reasonably assist any successor management company with transition of management services during the notice period. The right and ability of the Association to terminate this Agreement for cause shall be in addition to (and shall not waive or limit) the rights and remedies available to Association as a result of the act or occurrence giving rise to such for cause termination.

5.7. Release of Records. All property manager records will be made available immediately upon termination of service. All accounting records for audited periods will also be made available immediately. Paid bills, cancelled checks and deposit tickets for an unaudited period will be made available to the Association when:

5.7.1. CPA audit has been completed, or

5.7.2. The Association President or Treasurer state, in writing, that Company furnished financial reports have properly accounted for all Association funds, or

5.7.3. The Association President or Treasurer agree, in writing, to compensate Company fifty cents (\$0.50) per copy to cover cost of dismantling files, copying and reassembling files and also to provide Company a copy of CPA audit evidencing satisfactory accounting for all funds when completed at year end.

6. COMPLIANCE WITH GOVERNMENTAL REGULATION

6.1. Governmental Citations. If the Association receives a notice of inspection or violation from any Federal, State or Municipal Agency, Company will notify the Association and provide all available information with respect to the problem. If a violation notice identifies specific repairs and remedies to be performed, Association shall promptly decide what action is to be taken and notify Company accordingly. In the event that the Association decides to contest the notice or fails to authorize the required repairs, Association hereby agrees to indemnify and hold harmless Company, and Company's agents, Independent Contractors or employees from any and all expenses, damages, liabilities, claims, civil actions, criminal actions, causes of actions, demands, debts, judgments and causes of every kind of nature whatsoever, including without



limitation attorney's fees and costs of litigation and investigation, arising or alleged to have arisen, directly or indirectly, which Company may face because of failure of Association to make the required repairs.

7. INSURANCE

7.1. Maintenance of Insurance by Association. The Association will, at its sole cost and expense, maintain in full force and effect the following the following insurance coverages:

- 7.1.1. Comprehensive general liability coverage with limits of no less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate;
- 7.1.2. Umbrella or excess liability insurance with limits of not less than \$1,000,000 per occurrence and in the aggregate;
- 7.1.3. Directors and Officers insurance with limits of not less than \$1,000,000 per occurrence and in the aggregate;
- 7.1.4. Coverage for all claims related to the employment of employees, whether those of the Company or Association; and
- 7.1.5. Fidelity/dishonesty insurance to bring Association into compliance with Civil Code **§5806**.

The Association shall name Company as additional named insured on the Association's policies of comprehensive general liability, umbrella or excess liability, directors and officers, and employment-related insurance, and said insurance policies will cover Company for any and all claims and losses indemnified by the Association pursuant to this Agreement.

7.2. Maintenance of Insurance by Company. Regardless of the provisions of indemnification set forth herein, Company shall maintain in full force and effect, during the term of this Agreement, the following insurance coverages:

- 7.2.1. Comprehensive general liability with limits of no less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate;
- 7.2.2. Fidelity Bond or Insurance with limits of no less than \$3,000,000 per occurrence and in the aggregate.
- 7.2.3. Errors and Omissions with limits of no less than \$500,000 per occurrence;
- 7.2.4. Commercial Auto Policy or Endorsement to General Liability Policy with Combined limits of \$1,000,000 per accident;
- 7.2.5. Liability Insurance in the amount of One Million Dollars (\$1,000,000); and
- 7.2.6. Workers Compensation Insurance with a limit of \$1,000,000.

The Company, through its insurance agent(s) shall deliver to the Association certificates of insurance and declaration pages evidencing the above insurance requirements prior to the effective date, and provide certification to Association identifying Association as an additional insured and to show that the following policy(s) are in full force and effect that shall indicate thirty (30) days prior to notice of cancellation shall be provided in writing.

7.3. Indemnification and Defense. The Association hereby agrees to indemnify, hold harmless, and defend Company, and its directors, officers and employees from and against any and all claims, costs, suits and damages, including attorney's fees, arising out of the performance of this Agreement, except claims arising from Company's fraud, criminal acts, acts of willful misconduct



or gross negligence, or acts covered by the fidelity bond held by Company. "Hold harmless" shall include but not be limited to, bearing all court costs, attorney's fees, and judgments rendered against Company for any and all acts covered by this section.

Company shall indemnify, protect, defend and hold the Association harmless from and against any and all third party claims, demands, actions, proceedings, suits, losses, damages, liabilities, costs and expenses, including, without limitation, attorney's fees and costs arising, directly or indirectly, out of Company's fraud, criminal acts, gross negligence or willful misconduct, and all Damages arising in connection with Company's hiring, supervising, training, directing, managing, and discharging of employees and independent contractors, including without limitation matters relating to compensation, violation of laws, withholding of taxes and any other employer-employee related matter except to the extent that any such actions, causes of actions, claims, costs or damages arise as a result of the express directive of the Association or the Association's failure to fund amounts when due hereunder, or are costs set forth in an approved operating budget or otherwise approved by Association in writing ("Company's Employment Practices Indemnity").

7.4. Association Insurance. Company shall prepare and distribute to the owners, a summary of Association's insurance coverage as required by Civil Code **§4525**.

7.5. Tender of Claim to the Association's Insurance Carrier. Company shall not tender any claim to the Association's insurance carrier without receiving written consent by the Board and notifying the Association's general counsel, in writing.

8. MISCELLANEOUS

8.1. Performance Guarantees: This is a **disclosure** regarding the limitations and responsibilities of Company with regards to the Performance Guarantees. All the guarantees are included with the base management fee agreed to by the Association.

8.1.1. Response Guarantee: If an owner, tenant or board member calls, texts or emails Company, Company will respond within 48 hours (2 business days), or Company will deduct \$100 from that month's management fee.

8.1.2. Vendor Guarantee: If a vendor Company recommends to perform work for the Association does not complete that job as promised, and does not agree to complete the task to Association standards, Company will deduct \$100 from that month's management fee.

8.1.3. Service Guarantee: The Association's assigned Community Manager will manage no more than 400 members or 4 Associations with 100 or more members. If the Association is not satisfied with their Community Manager, another one will be assigned upon request.

8.1.4. Satisfaction Guarantee: If the Association is not satisfied with the service of Company, Association may cancel the contract at any time with 30-day notice.

8.2. Disclosure. This Disclosure is intended to provide Association and its Board of Directors with notice that the following companies are Affiliates or Preferred Vendors of Company. Progressive Association Management provides services to vendors including financial institutions and makes various services and products at reduced pricing, through its banking and Preferred Vendor programs. These banking services are provided at no cost to the Association or Company, although Company may receive fees from vendors and such fees may be shared with Affiliates.



Affiliates may also provide services to one another. Through these Affiliates, Company can offer quality services tailored to its clients' needs at competitive prices that are generally unavailable to Associations not under management by Progressive Association Management.

8.2.1. Affiliates:

- 8.2.1.1.** Progressive Property Management, Inc. – Residential management services.
- 8.2.1.2.** Sierra Maintenance Services – Property maintenance.
- 8.2.1.3.** Partners Real Estate Group – Residential real estate sales.
- 8.2.1.4.** NHD Partners – Property disclosure.
- 8.2.1.5.** Enterprise Bank & Trust – Financial institution of choice.
- 8.2.1.6.** Ally Escrow, Inc. – Escrow settlement services.

8.2.2. Any affiliate relationship will be disclosed to the Association at the time of presentation or proposal of services as well as within the final agreed services contract. Except for the placement of the operating bank account, the Association is not required to use the services of these companies as a result of its contractual relationship with Company. There are other service providers offering similar services and Company encourages its Associations to solicit proposals to determine the best services and rates available.

- 8.3. Jurisdiction and Venue.** The parties hereto agree that the State of California is the proper jurisdiction for litigation of any matters relating to this Agreement, and service mailed to the address of Association set forth herein shall be adequate service for such litigation. The parties further agree that Orange County, California is the proper place for venue as to any such litigation.
- 8.4. Partial Invalidity.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereof.
- 8.5. Marginal Captions.** The various headings and numbers herein and the grouping of the provisions of this Agreement into separate articles and paragraphs are for the purpose of convenience only and shall not be considered a part thereof.
- 8.6. Successors in Interest.** The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assignees of all the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder. Company shall not assign its interest under this Agreement except in connection with the sale of all or substantially all of the assets of its business or transfer to an affiliated company and with the approval of the Board, which shall not be unreasonably withheld.
- 8.7. No Oral Agreements.** This Agreement covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Agreement, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein, and there are no oral agreements. Association acknowledges that no representations or warranties of any kind or nature not specifically set forth herein have been made by Company or its agents or representatives.
- 8.8. Authority.** In the event that Association is a corporation or a partnership, each individual executing this Agreement on behalf of said corporation or said partnership, as the case may be,



represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said corporation, or in accordance with the Partnership Agreement, if a partnership, and that this Agreement is binding upon said corporation or partnership in accordance with its terms. Association agrees to deliver forthwith the Company a certified copy of such resolution of the Corporation, if Association is a corporation, or a copy of the Partnership Agreement and a copy of the Certificate of Limited Partnership or Statement of Partnership, if the Association is a partnership.

- 8.9. Notices.** Wherever in this Agreement it shall be required or permitted that notice and demand be given or served by either party to this Agreement to or on the other, such notice or demand shall be given or served in writing and shall not be deemed to have been duly given or served unless in writing, and personally served or forwarded by certified mail, postage prepaid, addressed in the manner provided, as allowed. Notices to Company shall be addressed to Association Administrator, *Progressive Association Management* at: 1290 N. Hancock St., Ste. 202, Anaheim, CA 92807. Notices to Association shall be addressed to **NAME OF HOA**. Either party may change such address by written notice by certified mail to the other. Any notice or demand given by certified mail shall be effective one (1) day subsequent to mailing. Notices to Association shall be addressed to the Association's President and to the Association's Secretary at their respective mailing addresses as reflected in the Association's membership roster and copied to Association legal counsel.
- 8.10. Representation.** Each of the parties hereto warrants and represents to the other (i) that each of the provisions hereof has been negotiated between parties, (ii) that each provision hereof is consideration for every other provision, (iii) that it has read this entire contract and (iv) that it agrees to each and every provision thereof.
- 8.11. Legal Expenses.** In the event of any action or proceeding brought by either party against the other under this Agreement, the prevailing party shall be entitled to recover for the fees of its attorneys in such action or proceeding, including costs of appeal, if any, in such amount as the court may judge reasonable as attorneys' fees. The "prevailing" party shall be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover his costs shall not be entitled to recover attorneys' fees. Attorneys' fees shall be counted in calculating the amount of a judgment for the purposes of determining if a party is entitled to recover costs of attorneys' fees.
- 8.12. Choice of Law.** The agreement shall be governed by the laws of the State of California.
- 8.13. Labor Dispute.** In the event of a labor dispute between an employee of Company and the Association, Company shall indemnify, hold harmless and defend the Association, its Directors, Officers, and members from any and all claims, losses, liability, and damage (including, but not limited to, court costs and reasonable attorney's fees) arising from employee's employment as a Community Manager for or staff member of the Association. No act or statement by the Association or any of its Directors, Officers, committee members, members, or employees can in any way limit or otherwise reduce Company's indemnification and reimbursement obligation set forth herein.
- 8.14. Independent Contractor.** Except as other provided herein, Company recognizes that Association does not have any control, either direct or indirect, over the employee(s) of Company. Therefore, Agent shall take any and all steps necessary to ensure that their employee(s) is/are properly executing duties and responsibilities under this Agreement. Failure to do so shall constitute a material breach of this Agreement.



8.15. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original instrument. Counterparts which show execution of this Agreement by a Party, transmitted by fax or other electronic transmission, shall be deemed an original instrument for purposes of establishing execution and delivery of this Agreement by the Parties whose signatures appear thereon.

8.16. Waiver of Right to Jury Trial. COMPANY AND ASSOCIATION EACH WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY ASSOCIATION AND ASSOCIATION ACKNOWLEDGES THAT NEITHER COMPANY NOR ANY PERSON ACTING ON BEHALF OF COMPANY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY IS EFFECT. ASSOCIATION FURTHER AKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. ASSOCIATION FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISIONS AND AS EVIDENCE OF THIS FACT, HAS PLACED ITS INITIALS BELOW.

Initial _____ Initial _____ Initial _____ Initial _____ Initial _____

9. NON-SOLICIATION OF COMPANY STAFF

9.1. Non-Solicitation. Association agrees that, during and for a period of one (1) year after the terms of this Agreement, Association will not, directly or indirectly, induce or attempt to induce any Company employee or consultant to discontinue employment with Company or offer or accept for hire any of Company’s employees. Association understands and agrees that Company spends a significant amount of time in hiring and training its employees and developing its relationships with its consultants.

9.2. Financial Recourse. Association understands and agrees that if Association, directly or indirectly, either for Association or for any other person or entity, induces or attempts to induce Company’s employees or consultants to discontinue employment with Company, interferes with those relationships, or accepts for hire any of Company’s employees, such conduct may cause irreparable harm. Association also understands and agrees that in addition to any equitable relief available to Company, because it may be difficult to ascertain and impractical or extremely difficult to fix and actual monetary amount of damages, Association shall be liable to Company in an amount, as liquidated damages, equal to the compensation paid to said employees/consultants for the twelve (12) months immediately preceding such event. This sum is agreed upon not as a penalty, but to replace and retrain said employee and/or consultant.

10. DISPUTE RESOLUTION

10.1. Mediation: Company and Association agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party **(i)** commences an action without first attempting to resolve the matter through mediation, or **(ii)** before commencement of an action,



refused to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

- 10.2. Arbitration of Disputes:** Association and Company agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Both parties agree to use. Judicial Arbitration and Mediation Services (“JAMS”), 500 N State College Blvd., 14th Floor, Orange, CA 92868, (714) 939-1300 or ADR Service, Inc., 19000 MacArthur Blvd., #550, Irvine, CA 92612, (949) 863-9800.
- 10.3. AGREEMENT NOT EFFECTIVE UNTIL SIGNED BY COMPANY.** THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL EXECUTED BY COMPANY AND DELIVERED TO ASSOCIATION. THE SUBMISSION OF THIS FORM OR AGREEMENT TO ASSOCIATION BY COMPANY, OR COMPANY’S AGENT, DOES NOT CONSTITUTE AN OFFER TO MANAGE. NO EMPLOYEE OR AGENT OF COMPANY OR ANY PERSON WITH WHOM ASSOCIATION MAY HAVE NEGOTIATED THIS AGREEMENT HAS AUTHORITY TO MODIFY THE TERMS HEREOF OR TO MAKE ANY AGREEMENTS, REPRESENTATIONS OR PROMISES UNLESS THE SAME ARE CONTAINED HEREIN OR ADDED TO HERETO IN WRITING.



11. OFFER AND ACCEPTANCE

11.1. The consideration for providing service with the effective date of **START DATE** described in the Contract for Full Service Management of **#OWNERS** owners shall be **BASE MANAGEMENT FEE (Written in Dollar)** per month. Please refer to Attachment “B” for additional fees that may apply.

11.2. IN WITNESS WHEREOF, the parties have duly executed this Agreement together on this day and year first above written in Anaheim, California.

“COMPANY”

This contract is respectfully submitted by the undersigned for Progressive Property Management, Inc., dba **Progressive Association Management**:

By: _____

Date: _____

“ASSOCIATION”

This contract is hereby accepted by the undersigned Board of Directors for **NAME OF HOA**:

By: _____

By: _____

By: _____

By: _____

By: _____

Date: _____



ATTACHMENT “C”

Schedule of Fees/Costs to Seller, Buyer & Third Party

NAME OF HOA

Effective Date:

Monthly Base Management Fee:

Full Service Management Agreement

START DATE

BASE MANAGEMENT FEE

Lien on Delinquent Homeowner (\$1,800+ in Past Dues)...	\$400.00
Intent to Lien Letter (60+ Days Past Due).....	\$255.00
Release of Lien (Does not Include Recording Fee).....	\$225.00
Rush Processing (24 Hours) Account Transfer.....	\$300.00
Rush Processing (2 Days) Account Transfer.....	\$200.00
Processing (3-5) Account Transfer.....	\$100.00
Transfer Fee.....	\$415.00
Demand Statement.....	\$300.00
Loan Certification Letter.....	\$185.00
Move-In Fee.....	\$125.00
Regular Minutes of Meetings.....	\$75.00
Rush Processing.....	\$50.00
CC&Rs.....	\$45.00
Articles of Incorporation.....	\$35.00
By-Laws.....	\$35.00
Operating Rules.....	\$20.00
Annual Budget.....	\$35.00
Financial Statement.....	\$35.00
Certificate of Insurance.....	\$35.00
Financial Audit/Review.....	\$35.00
Litigation Disclosure Letter.....	\$35.00
Management Liability Certificate.....	\$35.00
Miscellaneous Forms.....	\$25.00
Age Restrictions (if any).....	Included in CC&Rs
Rental Restrictions.....	Included in CC&Rs
Assessment & Reserve Funding Disclosure.....	Included in Budget
Insurance Summary.....	Included in Budget
Assessment Enforcement Policy.....	Included in Budget
Regular Assessment.....	Included in Statement
Special Assessment.....	Included in Statement
Emergency Assessment.....	Included in Statement
Approved Changes to Assessment.....	Included in Statement
Notice of Violations.....	Included in Statement

(SOME FEES SUBJECT TO CHANGE WITHOUT NOTICE)