

Avenue Home Realty Inc.

MANAGEMENT AGREEMENT

(Private and Confidential)

CONDOMINIUM CORPORATION

NO. _____

[Corporation Name]

Calgary, Alberta

Table of Contents

| | |
|--|---|
| ARTICLE I: INTERPRETATION..... | 5 |
| ARTICLE II: TERM | 7 |
| 2.1 Term | 7 |
| ARTICLE III: SUPERVISION BY THE BOARD..... | 8 |
| 3.1 Supervision by the Board | 8 |
| ARTICLE IV: MANAGEMENT SERVICES..... | 8 |
| 4.1 Management Services | 8 |
| (a) Corporate Funds..... | 9 |
| (i) Disbursements..... | 9 |
| (ii) Insurance..... | 9 |
| (iii) Reserve Fund..... | 9 |



- (iv) General Maintenance and Repairs 10
- (v) Investments 11
- (b) Maintenance of Common Property 11
- (c) By-Law Advisement 11
- (d) By-Law Enforcement 11
- (e) Common Property Deficiencies 12
- (f) Insurance Claims 12
- (g) Communication to the Owners 12
- (h) Builder Liens 13
- (i) Performance by Contractors 13
- (j) Long-Term Contracts 13
- (k) Scheduled Maintenance 13
- (l) Inspection Schedule 14
- (m) General Authority 14
- (n) Emergencies 15
- (o) Fire and Safety 16
- (p) Change of Personnel 16
- (q) Meeting Notification 16
- (r) Information 16
- ARTICLE V: ADMINISTRATIVE SERVICES 17
- 5.1 Administrative Services 17**
 - (a) Books and Records of the Corporation 17
 - (b) Financial Reporting 17
 - (c) Budget Preparation 18
 - (d) The Register 18
 - (e) Accounts Receivable 19
 - (f) Accessibility 19
 - (g) Approval of Invoices 19
 - (h) Estoppel Certificates 19
 - (i) Preventative Maintenance 20
 - (j) Errors and Omissions Coverage 20

ARTICLE VI: ADMINISTRATION OF CONTRACTS..... 20

6.1 Administration of Contracts..... 20

 (a) Approval of the Board 21

 (b) Spending Restrictions..... 21

 (c) Filing of Return..... 21

ARTICLE VII: ACCESS..... 21

7.1 Access 21

ARTICLE VIII: MANAGER’S REMUNERATION..... 21

8.1 Manager’s Remuneration 21

ARTICLE IX: PLANS AND SPECIFICATIONS..... 24

9.1 Plans and Specifications..... 24

ARTICLE X: REPAIRS 24

10.1 Repairs..... 24

ARTICLE XI: LIAISON OFFICERS 24

11.1 Liaison Officers..... 24

ARTICLE XII: BOARD COOPERATION..... 25

12.1 Board Cooperation..... 25

ARTICLE XIII: INDEMNIFICATION..... 25

13.1 Indemnification 25

ARTICLE XIV: COMPREHENSIVE LIABILITY INSURANCE 25

14.1 Comprehensive Liability Insurance..... 25

ARTICLE XV: MISCELLANEOUS 26

15.1 Fiduciary Relationships 26

15.2 Owner Relationship..... 26

 (a) Board and Mortgagees..... 26

 (b) Owners..... 27

 (c) Reporting to Board..... 27

 (d) Social Events..... 27

15.3 Deficit Financing 27

15.4 Amalgamation 27

ARTICLE XVI: TERMINATION 27

16.1 Termination..... 28

ARTICLE XVII: NOTICE 29

17.1 Notice..... 29

ARTICLE XVIII: SUCCESSORS AND ASSIGNS 30

18.1 Successors and Assigns..... 30

ARTICLE XIX: GENERAL..... 30

19.1 General..... 30

(a) Severability 30

(b) Agency Relationship 30

(c) Time of the Essence 31

(d) Interpretation..... 31

(e) Covenants 31

(f) Entire Agreement 31

(g) Governing Law 31

(h) Best Efforts 31

(i) Arbitration 32

(j) Authorized Signees..... 32

CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT is made the [DAY] of [MONTH], [YEAR].

BETWEEN:

CONDOMINIUM CORPORATION NO. [NUMBER]
(the “Corporation”)

-and-

Avenue Home Realty Inc..
(the “Manager”)

RECITALS

WHEREAS:

- A. The Corporation has been created pursuant to the laws of Alberta by registration under the *Condominium Property Act* (Alberta), RSA 2000, c C-22 of a condominium plan number [NUMBER], registered in the Land Titles Office in Calgary, Alberta, in respect of the land, building, and common property (including any interest appurtenant hereto) and located at nominally [ADDRESS] consisting of [NUMBER AND TYPE OF UNITS] hereinafter referred to as the (**"Property"**).
- B. The Corporation wishes to retain the Manager to manage the Property and the assets of the Corporation and the Manager agrees to do so, in accordance with the terms and conditions of this agreement, hereinafter referred to as the (**"Agreement"**).
- C. The parties agree that, in consideration of the promises and the mutual covenants and agreements herein contained and other valuable consideration, the Corporation appoints the Manager and the Manager hereby accepts appointment as the exclusive manager of the Property and the assets of the Corporation on the terms and conditions hereinafter set forth.

ARTICLE I: INTERPRETATION

- 1.1** Unless a contrary intent is expressed in this Agreement, the terms used herein shall have ascertained to them the definitions contained in the *Condominium Property Act* (Alberta), RSA 2000, c C-22 as amended from time to time, and the Regulations made thereunder as amended from time to time, the Act and Regulations are hereinafter collectively referred to as (the **"Act"**).
- 1.2** Attached as schedule "A" to this Agreement are the by-laws of the Corporation as stated at the time of this Agreement (the **"By-laws"**).

- 1.3** Article, Schedule and Section headings shall not affect the interpretation of this Agreement.
- 1.4** A reference to this Agreement or to any other agreement or document referred to in this Agreement is a reference to this Agreement or such other agreement or document as varied or novated (in each case, other than in breach of the provisions of this Agreement) from time to time.
- 1.5** Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.6** Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.7** This Agreement shall be binding on and ensure to the benefit of the Parties and their respective successors and permitted assigns and references to a Party shall include, as applicable, that Party's executors and other legal personal representatives, successors and permitted assigns.
- 1.8** Wherever the words "including", "include" or "includes" are used in this Agreement, those words shall be interpreted to mean "including without limitation", "include without limitation" or "includes without limitation".
- 1.9** A reference to a company shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.10** A reference to writing or written includes email (unless otherwise expressly provided in this Agreement).
- 1.11** Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12** Unless otherwise provided, a reference to a law or statute is a reference to it as it is in force at the date of this Agreement provided that, as between the Parties, no

- 1.13** amendment, extension or re-enactment made after the date of this Agreement shall apply for the purposes of this Agreement to the extent that it would impose any new
- 1.14** or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party.
- 1.15** A reference to a law or statute shall include all subordinate legislation made as at the date of this Agreement under that law or statute.
- 1.16** Any obligation on a Party not to do something includes an obligation not to allow that thing to be done.
- 1.17** References to times of day are, unless the context otherwise requires, to mountain standard time and references to a day are to a period of 24 hours running from midnight on the previous day.
- 1.15** All monetary amounts expressed in this Agreement shall be in Canadian dollars unless specifically stated otherwise. All payments required under this Agreement shall be made in Canadian dollars.

ARTICLE II: TERM

2.1 Term

The Corporation hereby appoints the Manager, subject to overall control of the Board of Directors of the Corporation and to the specific provisions hereof, to manage the Property commencing on the [DATE], the "initial term" and thereafter renewed for additional **one (1) year** periods, each a "renewal term", from year to year unless on or before sixty (60) days prior to the expiration of the initial term, or any renewal term, either party hereto shall notify the other in writing that it elects to terminate this Agreement at the end of the said term or renewal term, as the case may be, subject however to earlier termination as hereinafter provided in Article XVI or in accordance with the Act. The Board of Directors of the Corporation is hereinafter referred to as the (the "**Board**").

ARTICLE III: SUPERVISION BY THE BOARD

3.1 Supervision by the Board

Each party hereto acknowledges and agrees that this Agreement is subject to the provisions of the Act and the By-laws of the Corporation insofar as they are applicable to this

Agreement and in the event of any conflict between the Act or the By-laws and this Agreement the parties undertake to negotiate in good faith an amendment to the offending clause(s) of this Agreement.

The Manager represents and warrants that it is familiar with the Act and with the terms of the By-laws registered pursuant to the Act in connection with the Property as of the date of this Agreement and its management of the Property shall be subject to the specific instructions of the Board. The contract documents which govern the relationship of the parties hereto consist of this Agreement, the By-laws, Rules including all modifications, amendments and changes issued subsequent to the execution of this Agreement, except that changes in any such document subsequent to the effective date thereof shall require the concurrence of the Manager to the degree that such changes alter its responsibilities or rights under this Agreement. The rules and regulations of the Board, the Owners and the Corporation as amended from time to time are hereinafter referred to as the (the “**Rules**”). The owners of the units in the Property are hereinafter referred to as the (the “**Owners**”).

ARTICLE IV: MANAGEMENT SERVICES

4.1 Management Services

The Manager shall assist the Board in the management, supervision, administration and control of the Property and of the assets of the Corporation. The Manager will, at all times, follow the direction of the Board and endeavor to act in the best interests of the Corporation. The Manager shall conduct its duties consistent with the requirements of the Act, By-laws, and Rules specifically, and, in general, consistent with federal, provincial and municipal laws and regulations as they pertain to the operation of the Corporation and of the Property.

Without limiting the generality of the above, the Manager shall perform, in particular, the following specific duties, subject to the direction of the Board:

(a) Corporate Funds

Collect and receive for the Corporation all monies payable pursuant to the By-laws by the Owners or others and to deposit the same forthwith and directly in a separate bank account to be opened with an institution allowed by the Act, and maintained by the Manager in the name of the Corporation. The Manager shall have the authority to sign for such accounts and use such monies on behalf of the Corporation as follows:

(i) Disbursements

To pay all amounts properly incurred by or on behalf of the Corporation. The Manager will require prior Board approval for expenses that exceed the **Manager's spending limit of \$2,500.00**. At the Corporation's request the Manager shall undertake sub-meter readings and the charge-back of those associated utility readings relating to individual units within the Property, provided that the Manager shall provide such additional services at remuneration agreed to between the Corporation and the Manager.

(ii) Insurance

To pay for the insurance required by the Corporation in accordance with the provisions of the Act and By-laws, with the amounts of such insurance to be as directed by the Board.

(iii) Reserve Fund

To deposit to the credit of the Corporation in a separate account for major repair and replacement of the common property and assets of the Corporation, on a monthly basis, the proportionate amount of the total budgeted expenditure allocated by the Corporation in its budget statement for the establishment of the reserve fund, and to ensure that such monies so allocated by the Corporation are not used or employed by the Manager in the payment of operation expenses from the general operating account.

Under the direction of the Board, the Manager shall arrange for, at the Corporation's expense, the preparation of an annual report respecting the reserve fund setting out:

- A. the amount of the reserve fund as of the last day of the immediately preceding fiscal year;
- B. all the payments made in and out of the reserve fund for that year and the sources and issues of those payments; and
- C. a list of the depreciating property that was repaired or replaced during that year and the costs incurred in respect of the repair or replacement of that property.

The Manager will arrange for the preparation of a reserve fund study and a reserve fund plan in accordance with the provisions of the Act.

(iv) General Maintenance and Repairs

To repair and maintain or cause to be so repaired and maintained, those parts of the property and assets of the Corporation which require repair and maintenance by the Corporation in accordance with the provisions of the By-laws.

Without limiting the generality of the foregoing, to arrange for (subject to subsection (m) below) the supply as may be required of electricity, water and other services and to arrange through use of Property employees and/or independent contractors as in each instance may seem the most desirable for the effective and economical operation, maintenance and repair of the Property and its equipment so as to comply with the regulations and requirements of which the Manager is notified by the local Board of Health, Police and Fire Departments and any other Municipal, Provincial and Federal authorities having jurisdiction which affect the Property. Such arrangements shall include where applicable to the Property, and subject to subsection (m) below, the hiring and maintenance of such staff on behalf of and at the expense of the Corporation as may be required at all times promptly and efficiently to carry out the foregoing, and any other requirements and instructions of the Board.

(v) Investments

The Manager shall develop and monitor an investment program in accordance with the Act and as approved by the Board from time to time to obtain a high return on all cash deposits of the Corporation including interest accumulating in surplus cash and in long-term reserve accounts and, in this endeavor, the Manager shall invest all surplus cash and reserves in term deposits, interest bearing accounts or other guaranteed investment certificates, as directed by the Board, in the same manner and in the same Institutions as set forth in Section 4.1(a).

(b) Maintenance of Common Property

To establish a long-term preventative maintenance program in consultation with the Board relating to all aspects of the physical components of the Property, general maintenance procedures and employees of the Manager and any employees or agents of the Corporation.

(c) By-Law Advisement

To advise and consult with the Board with respect to any other or further By-laws and Rules which in the opinion of the Manager ought to be established to further the congenial and acceptable operation of the Property for the common benefit of the Owners.

(d) By-Law Enforcement

To take such action within its power to enforce the terms of the Act, the By-laws, and any Rules or amendments to any of the foregoing which may be in force from time to time, in the name and subject to the direction of the Board, and to initiate legal action as directed by the Board, in the name of and at the expense of the Corporation. To establish and/or update basic Rules in consultation with the Board. At the Corporation's request, to perform unit By-law inspections and renovation agreement inspections relating to the Property. The Manager shall provide such additional services at an agreed upon remuneration between the Corporation and the Manager.



(e) Common Property Deficiencies

To ensure that any building deficiency required by the Corporation to be repaired or rectified by the declarant builder and/or developer is corrected and to pursue the correction of any building deficiency short of legal action under any warranty applicable to the Property and in this regard the Manager represents and warrants that it is familiar with the filing requirements of the Alberta New Home Warranty Program and National New Home Warranty Program. Any legal action initiated by the Corporation or against the Corporation by another party in the connection with inherent building defects or lawsuits, including the undertaking of negotiations, performance audits, mediation, arbitration or court attendance, discoveries or special reporting related to the same, which results in additional labor, material and time required by the Manager, shall be billed to the Corporation as additional charges in excess of the terms as specified in this Agreement.

(f) Insurance Claims

To negotiate all insurance policies and arrange for any appraisals in connection therewith which may be required by the Corporation pursuant to the By-laws, and to supervise insurance or other claims by or against the Corporation and to see that the rights of the Corporation in respect to such claims are protected including the filing of notices of claim but not including the adjusting of any loss. Specific project tracking or supervision of large insurance claims which results in additional labor, material and time required by the Manager, shall be billed to the Corporation as additional charges in excess of the terms as specified in this Agreement. The Manager shall be entitled to charge a **fee equal to 10% of the claim value** to the Corporation and will become part of the claim amount, where the Insurance Company requires the Board to get quotes. This amount will be the same whether the claim is passed or not passed through the Corporation.

(g) Communication to the Owners

To forthwith after their enactment and registration, where applicable, communicate to all the Owners the text and import of any further By-laws or Rules or amendments thereto and to distribute newsletters to all owners at regular intervals upon being directed to do so by the Board provided all printing costs shall be at the Corporation's expense. The Manager shall have the authority to distribute to all owners a satisfaction survey as to the services of the Manager.

(h) Builder Liens

To use all reasonable efforts to ensure that no claim or lien shall be filed in respect of any work which may be carried out on behalf of the Corporation against the title to the Property and if a claim or lien shall be filed in respect of such work the Manager shall forthwith take all necessary steps, at the cost of the Corporation, to have the same removed and discharged.

(i) Performance by Contractors

To use reasonable efforts to ensure that contracts and agreements between the Corporation and any supplier or service personnel are performed in accordance with their terms and to inform the Board in the event performance is considered by the Manager to be inadequate or contrary to the agreed terms. Where services are properly performed and/or materials provided in accordance with the contract, the Manager shall arrange for prompt payment of invoices.

(j) Long-Term Contracts

The Manager, having received prior written approval from the Board, shall act as the agent of the Corporation in entering into such term contracts or agreements in excess of 12 months.

The Manager shall supply, at the Boards request, the Corporation with copies of all current contracts and agreements which obligate the Corporation for terms greater than twelve (12) months. The Manager shall advise the Corporation of the necessity of renewal or cancellation of the foregoing, with such notice that the Board may approve of or terminate such contracts and agreements so as to provide uninterrupted service to the Corporation.

(k) Scheduled Maintenance

Duly approved by the Board, to arrange for the preparation of such work as may be necessary to direct on a regular basis the activities of all persons employed to work at the Property and to provide such supervision as may be reasonably necessary.

To prepare and provide to the Board a job description for maintenance staff and cleaners, specifying the frequency of performance of major responsibilities; to provide the necessary supervision of these employees and tradespeople required from time to time on the Corporation's site, it being understood that these employees and tradespeople will take their direction only from the Manager's authorized personnel.

(l) Inspection Schedule

To prepare, specify and present a schedule duly approved by the Board and to arrange for the preparation of such work as may be necessary to direct on a regular basis the activities of all persons employed to work at the Property and to conduct an inspection at least once a month, of the Property and to complete a checklist in respect of the common elements and compliance by the Owners with the Act, the By-laws and the Rules.

(m) General Authority

Subject to approval of the Board either for specific contracts and agreements or generally for certain classes of contract or agreements, generally to do and perform and where desirable contract as agent for and in the name of the Corporation for all things desirable or necessary for the proper and efficient management of the Property (including the giving of proper attention to any complaints and endeavoring as far as is economical to reduce waste) and to perform every other act whatsoever in or about the Property to carry out the intent of this Agreement provided, however, that the Manager shall not authorize any work, repairs, alterations or maintenance estimated to cost in excess of **\$2,500.00** for any one item without first obtaining the Board's approval to proceed with such work except for monthly or recurring operating charges, and provided further that in the case of any work, repairs, alterations or maintenance estimated to cost in excess of **\$2,500.00** the Manager shall obtain the prior written approval of the Board. The Board shall provide its approval or other direction to the Manager within **seven calendar (7) days** of receipt of the Manager's written request for approval. In the event the aforementioned approval or other direction is not provided within the said **seven calendar (7) day** period the Manager may use its own discretion, acting reasonably to proceed as if it had received prior Board approval. If in its opinion there exists a hazardous situation which could cause personal injury or damage to the Property of the Corporation or its equipment or contents or which could impair the value of the Owners' investment or which could

cause the suspension of any service to the Corporation at a time when the Corporation or its representatives cannot be reasonably located for the purpose of giving approval for such work, or if failure to do such work might expose either the Corporation, the Board or the Manager or any of them to the imposition of penalties, fines, imprisonment or any other substantial liability, then the Manager is hereby authorized to proceed with such work as in its sole and absolute discretion it reasonably determines to be urgently necessary for the protection and preservation of the Property of the Corporation or its equipment or contents or the Owners, investment therein or to protect the Corporation, the Board or the Manager from exposure to fines, penalties, imprisonment or any other substantial liability subject, however in each and every instance to the Act. The Manager shall in the case of a hazardous situation report to the Corporation as soon as possible. The Manager, its servants or agents or employees has all the rights of the Corporation under the Act to enter any unit with or without the consent of the unit owner or owners to effect such necessary work which, in its sole and absolute discretion, acting reasonably, it determines to be urgently necessary for the protection and preservation of the Property of the Corporation or its equipment or contents or the Owner's investment therein or to protect the Corporation, the Board or the Manager from exposure to fines, penalties, imprisonment or any other substantial liability.

(n) Emergencies

The Manager will at all times keep the Board advised of the telephone number(s) at which an agent or employee of the Manager may be reached at any time during normal business hours with respect to any infraction of the By-laws or any other Rules, or at any time during the day or night in respect of any emergency involving the Property and assets of the Corporation. The Manager will deal promptly with such infractions and immediately with any emergency arising in connection with the maintenance and operation of the Property and assets of the Corporation. The Manager shall deal in the first instance with minor emergencies and infractions and shall forthwith report to the Board any major emergency or persistent, flagrant or serious violation of the Act, the By-laws, or any other Rules. It is understood and agreed by the parties hereto that the Manager shall in its discretion determine whether or not an emergency exists and whether or not such emergency is of a minor or major nature.

(o) Fire and Safety

To record and put into practice a formal fire and safety plan, the costs of which shall be borne by the Corporation, which shall at minimum include:

- (i) compliance with the Alberta Fire Code;
- (ii) identification of all residents requiring assistance in the event of an emergency; and
- (iii) identification and elimination on a planned basis of hazards to safety.

The Corporation represents that the Property currently complies with all such requirements and agrees to indemnify and hold the Manager, its employees, servants, and representatives harmless of and from all loss, penalties, damages, cost, expense, fines and liability whatsoever which may be imposed by reason of any present or future violation or alleged violation of such laws, statutes, ordinances or regulations.

(p) Change of Personnel

In the case of a change of property manager, building manager, or other personnel assigned to the Corporation, the Manager shall notify the Corporation in writing.

(q) Meeting Notification

The Manager or an officer or employee thereof shall, at the request of the Corporation, attend [NUMBER] meetings of the Board of the Corporation per year for a maximum period of two (2) hours per meeting to be held during a week day or evening and one (1) Annual or Special Meeting of the Owners per year for a maximum period of two (2) hours per meeting to be held during a week day or evening and, if the Corporation requires additional or extended attendance, the Corporation shall pay the Manager One Hundred (\$100.00) dollars per hour for any such further attendance. The Manager shall not be required to record minutes of the meetings of the Board or Annual or Special meetings of the Corporation.

(r) Information

To receive in writing (except in case of emergency) and co-ordinate the disposition of, requests for information and service concerning or relating to the duties and

obligations of the Manager as provided by this Agreement, in all cases referring to the Board such requests as involve policy decisions or interpretations of the Act, By-laws and Rules.

ARTICLE V: ADMINISTRATIVE SERVICES

5.1 Administrative Services

The Manager agrees that during the term of this Agreement, it will provide all management services required in connection with the entire undertaking of the Corporation as may be necessary in the performance of its duties, provided, however, that the Manager shall not be responsible for the duties of the Board or Officers of the Corporation. Without limiting the generality of the foregoing, the Manager shall perform the following specific duties:

(a) Books and Records of the Corporation

To keep the Corporation's books of account and retain full and proper records regarding all financial transactions involved in the management of the Property and forward to the Corporation each quarter a statement of receipts and disbursements summarizing the transactions made during the preceding quarter and as more particularly described in subsection 5.1(c) herein below. All books and records kept in relation to the management of the Corporation shall be the property of the Corporation and upon termination of this Agreement shall be forthwith surrendered to the Corporation or to a representative of the Corporation designated in writing. Any time during the term of this Agreement and any renewal period, the said books of account and records shall be accessible to the Board and the Officers of the Corporation who shall have access at all reasonable times during business hours upon **forty-eight (48) hours** written notice to inspect and examine the same. Until expiration or earlier termination of this Agreement, the Corporation's books and records of accounts shall be physically kept with the Manager.

(b) Financial Reporting

To provide the Board of Directors with monthly and year-to-date itemized unaudited financial statements showing:

- (i) corporation income and expenses;
- (ii) dollar amount of common expenses charged;
- (iii) dollar amount of each disbursement as compared with budget expenses by budget categories;
- (iv) the unit numbers and names of the unit owners of the Corporation who are delinquent in payment of their required contribution to common property and the amount of each delinquency;
- (v) the name and amounts of other delinquent accounts; and
- (vi) particulars of accounts, term deposits, securities and any other instruments respecting investment income and other assets and liabilities of the Corporation in accordance with generally accepted accounting principles as at the date of the financial statement.

All accounting and financial reporting which is required under the terms of this Agreement to be provided by the Manager to the Corporation shall be in accordance with the reasonable requests of the Corporation's auditors as to format and shall be provided within the reasonable time limit prescribed by the Corporation's auditors.

(c) Budget Preparation

To prepare and present to the Board at least **forty-five (45) days** before the commencement of each fiscal year during the term of this Agreement an estimated budget in writing for the following year and for the approval of the Board and to consult with the Board whenever it appears desirable or necessary to revise the Owners' contributions.

(d) The Register

To maintain the Corporation's records in accordance with the Act and to use its best efforts to keep an up-to-date record of the names and addresses of all unit Owners and of any tenancies of which it has knowledge.

If the Corporation receives notices or notifications from registered mortgagees or any other persons claiming an interest in the unit or the common property, the Corporation shall forthwith communicate that information to the Manager.

(e) Accounts Receivable

The Manager, without limiting its covenants as hereinbefore contained shall, in addition to its covenant to enforce the Act, By-Laws and Rules as hereinbefore contained, actively pursue the collection of outstanding condominium contributions from Owners and tenants respectively at all times and with a view to reducing these receivables to the lowest balance. The Manager upon direction of the Board, shall file a caveat for any outstanding arrears and initiate legal action at the specific direction of the Board from time to time and filings shall be an additional cost to the Corporation and assessed, by the Corporation, in the same manner as common expenses pursuant to the Act, subject to the Corporations right to recover these costs from the Owner or tenant.

(f) Accessibility

To properly maintain the records of the Corporation as required by the Act and to make available at reasonable times during business hours upon **forty-eight (48) hours** written notice, whenever requested, to the Corporation, its auditors and other designated representatives, all books and records pertaining to the operation of the Property and business of the Corporation.

(g) Approval of Invoices

To make all disbursements properly incurred for and on behalf of the Corporation with the approval of the Board pursuant to Section 6.1(b) herein, provided however that the approval of the Board shall not be required prior to payment by the Manager of any items of expense as to which the Manager has discretionary spending power pursuant to Section 4.1(m) herein.

(h) Estoppel Certificates

To prepare and execute, under corporate seal, estoppel certificates in the form prescribed by the Manager and to issue and provide estoppel certificates together with the statements and information to any person or persons acquiring an interest in any unit in the condominium plan within the time permitted for the delivery of such certificates, information and statements.

The Manager is responsible for the accuracy and completion of all information contained in the estoppel certificate; however, the Manager shall not be liable for any information within the knowledge of the Board but not communicated to the Manager and which should be included in the estoppel certificate.

The Manager shall be entitled to a fee, as established by the Manager from time to time, at market rates, from the person requesting the estoppel certificate for the preparation and issuance of the certificate and related documentation. The delivery and photocopying expenses of reproducing the Corporation's documents shall be borne by the Corporation, except to the extent recovered as part of the fee.

(i) Preventative Maintenance

Establish in conjunction with the Corporation and maintain a preventative maintenance program for all major electrical and mechanical equipment in accordance with the recommendations of the manufacturers or suppliers thereof. The Corporation shall make available to the Manager all working drawings, as-built blueprints, maintenance and operating manuals for mechanical and electrical systems within its control.

(j) Errors and Omissions Coverage

If requested by the Corporation and at the Corporation's expense, the Manager shall obtain and maintain Errors and Omissions coverage in an amount of not less than \$2,000,000.00 for the Manager, employees, and agents. The Errors and Omissions coverage shall not be terminable by either the insurer, the Corporation, or the Manager unless sufficient prior notice of cancellation has been personally delivered to an officer of the Corporation and the Manager.

ARTICLE VI: ADMINISTRATION OF CONTRACTS

6.1 Administration of Contracts

The Manager may contract on behalf of the Corporation with any person, firm or corporation to perform any work or services for the Corporation within the scope of the Manager's duties under this Agreement subject however to the following provisions:

(a) Approval of the Board

Any contract to perform work or services entered into by the Manager shall be, unless otherwise instructed by the Board, for reasonable consideration usual in the industry and be budgeted for by the Corporation, save and except for printing, photocopying, long distance telephone charges and related disbursements for the Manager for which the Manager shall be reimbursed by the Corporation.

(b) Spending Restrictions

Where the cost of performing work or services exceeds the sum of **\$2,500.00** the Manager shall submit written tenders for presentation to the Board and shall obtain the written approval of the Board prior to entering into the contract.

(c) Filing of Return

In connection with all contracts to perform work or services entered into by the Manager, it shall execute and file necessary documents and do and perform all acts required under the laws of any Federal, Provincial, Municipal or other paramount governmental body or authority.

ARTICLE VII: ACCESS

7.1 Access

Subject to the relevant provisions of the Act and the By-laws, the Manager and its employees, agents and servants may enter a unit or exclusive use area of the common elements in order to perform its duties hereunder, provided always that the Manager shall give reasonable notice to the unit owner of its intention to enter the unit or exclusive use area, save only in the case of an emergency or extended absences in which case prior notice shall not be required.

ARTICLE VIII: MANAGER'S REMUNERATION

8.1 Manager's Remuneration

The Corporation shall pay to the Manager monthly, on the first day of each and every month, for its managerial services hereunder during the term of this Agreement, fees equal to the sum of [\$AMOUNT] per month from [DATE] and thus on the anniversary date each year thereafter the then current fee will increase by a percentage equal to the cost of living change from the same month of the immediate year previous, as determined by Statistics Canada's last monthly published Consumer Price Index for the City of Calgary. Said fee shall not include Goods and Services Tax, legal and audit expenses or liability and insurance premiums.

The Corporation shall reimburse the Manager for all reasonably incurred costs, including, but not limited to bank charges, mailing, record retention, NSF charges, long distance telephone calls, photocopying and unit charge-backs.

Notwithstanding any other provision of this Agreement to the contrary, in addition to the management fees, and at the Corporation's request and if the Manager's agreement to perform any design and construction services relating to the Property other than those contemplated pursuant to this agreement, the parties shall agree upon the additional remuneration to the Manager for such services in advance. Without limiting the generality of the foregoing, the Board agrees that if they wish the Manager to perform services relating to the Major Repairs and Replacements of the Property, the Manager shall be entitled to be paid an additional fee for such services as follows:

- (a) for tendering, contract administration and construction supervision a **minimum fee of 10%** of the total project costs for capital expenditures between \$10,000 and \$75,000; 9% of total capital expenditures between \$76,000 and \$175,000; 8% of total capital expenditures between \$176,000 and \$399,000 and 7% of total capital expenditures over \$400,000; and
- (b) for design co-ordination and preparation of working drawings, a **minimum fee of 6% project costs.**

In addition to the compensation payable to the Manager pursuant to Article VIII hereof, the Corporation agrees to pay to the Manager the sum of **One Hundred (\$100) Dollars** for each hour spent by the Manager in performing the extra or additional services not specifically provided for in this Agreement, including, but not so as to limit the generality of the foregoing:

- (c)

- (d) The time of the Manager incurred in calculating billing and collecting interest and arrears (as directed by the Corporation) on delinquent assessments and charges;
- (e) The time of the Manager incurred in preparing and implementing additional budgets or special assessments;
- (f) The time of the Manager (plus costs and disbursements) incurred in the proceedings under the *Provincial Court Act*, RSA 2000, c P-31, pursuant to Section 36 (1) the Act (such costs to be charged to the Owner);
- (g) The time of the Manager (plus costs and disbursements) incurred in performing extraordinary or additional clerical services such as the preparation and circulation of notices and newsletters and general correspondence of the Corporation and in producing and providing documents required to be given by the Corporation pursuant to the Act (such services to be charged to the person requesting such services, where possible);
- (h) The time of the Manager incurred in investing surplus funds of the Corporation, unless such funds are deposited in an interest-bearing savings account or a special term deposit at the bank of the Manager; and
- (i) The time of the Manager (plus costs and disbursements) incurred in imposing and collecting deposits under Section 53 (3) of the Act, giving notices to give up possession of units under Section 54 (1) of the Act and making applications to the court under Section 55 (1) and 56 (1) of the Act under Section 4.1 (e) hereof (such costs to be charged to the Owner).

The Corporation also agrees to pay additional compensation to the Manager based on the Manager's current fee schedule for:

- (j) Preparing and distributing arrears letters (1st letter at no charge) and filing of Caveats; and
- (k) Producing and providing documents required to be given by the Corporation pursuant to the Act.

Notwithstanding any other provision of this Agreement to the contrary in addition to the Manager's compensation, the Corporation shall pay to the Manager an amount equal to any and all goods and services taxes imposed upon the Manager. The amount of such goods and services taxes so payable by the Corporation shall be calculated by the Manager in accordance with the applicable legislation and shall be paid to the Manager at the same time as the amounts to which goods and services taxes apply.

The Manager shall be entitled to draw any monthly amounts from the Corporations bank account (but not any reserve fund account) held by the Manager and approval of the Board shall not be required.

ARTICLE IX: PLANS AND SPECIFICATIONS

9.1 Plans and Specifications

Any plans, drawings, specifications and architectural or engineering assistance which may be necessary or desirable to enable the Manager to discharge its duties pursuant to this Agreement, shall be provided at the expense of the Corporation provided, however, that the Board or its designated representatives from time to time shall authorize the retaining of any outside consultants to provide such assistance before any expense is incurred.

ARTICLE X: REPAIRS

10.1 Repairs

Notwithstanding any other provision of this Agreement, the Manager is given no authority or responsibility for maintenance of or repairs to the units, which shall be the sole responsibility of the owners individually, save and except in those circumstances where the Corporation has an obligation to repair the units after damage whether in accordance with the Act or otherwise upon the express written direction of the Board.

ARTICLE XI: LIAISON OFFICERS

11.1 Liaison Officers

The Corporation shall advise the Manager in writing from time to time as required of the names of those officers, directors or other representatives who are authorized to act for and on behalf of the Corporation to enable the Manager to consult with the Corporation or obtain the Corporation's approval before proceeding with any work, act, or actions. The Board shall designate from time to time a single individual and an alternate to be consulted in such person's absence, who shall be authorized to deal with the Manager on any matter relating to the management of the Property. The Manager is directed not to accept directions or instructions with regard to the management of the Property from anyone else. In the absence of any designation by the Board, the Chairman or President of the Board shall have this authority.

ARTICLE XII: BOARD COOPERATION

12.1 Board Cooperation

The Corporation agrees to cooperate with the Manager to the extent required to perform expeditiously, efficiently and economically the management services required under this Agreement, and to provide such evidence of authority by way of certified resolution or otherwise and such specific directions as the Manager may reasonably require.

ARTICLE XIII: INDEMNIFICATION

13.1 Indemnification

The Corporation shall, at its sole expense, during and after the termination of this Agreement, indemnify and save the Manager completely free and harmless from any and all damages or injuries to person or property, or claims, actions, obligations, liabilities, costs, expenses and fees by reason of any cause whatsoever when the Manager is carrying out the provisions of this Agreement or acting upon the direction of the Corporation.

ARTICLE XIV: COMPREHENSIVE LIABILITY INSURANCE

14.1 Comprehensive Liability Insurance

The Corporation agrees to take out or authorize the Manager to arrange for comprehensive liability insurance on the Property to a limit of **not less than \$5,000,000.00** inclusive and further agrees that the Manager shall be named as an insured party along with the Corporation as their interest may appear in each such policy or policies which shall provide protection against any claims for personal injury, death or property damage or loss, for which either the Corporation or the Manager might be held liable as a result of their respective obligations, and the Corporation further agrees such policies of insurance shall contain a provision whereby the insurer waives its rights of subrogation against the Manager, the employees of the Manager and those for whom the Manager is at law responsible and, if so requested, to provide the Manager with a Certificate of Insurance in respect of any such policy which shall include an undertaking that the Insurer will

provide the Manager with at least **thirty (30) days** prior written notice of cancellation or any material change in the provisions of any such policy.

Notwithstanding anything to the contrary herein contained, under no circumstances shall the Manager be liable to the Corporation for the value, cost or amount of any loss or damages to the Property or any contents against which the Corporation is insured and thereby entitled to indemnification from its insurer.

ARTICLE XV: MISCELLANEOUS

15.1 Fiduciary Relationships

The Manager may engage any parent or subsidiary corporation or any person, firm or corporation associated, affiliated or otherwise connected with it (hereinafter referred to as the "**Affiliate**") to perform any work or services for the Corporation within the scope of the Manager's duties under the provisions of this Agreement, without being in breach of any fiduciary relationship with the Corporation, subject to the following provisions:

- (a) Where the cost of performing such work or services does not exceed the sum of Twenty-Five Hundred Dollars (**\$2,500.00**) in respect to any one expense, the Manager shall be entitled to have such work or services performed by such Affiliate;
- (b) Where the costs of performing such work or services does exceed the sum of Twenty-Five Hundred Dollars (**\$2,500.00**) in respect to any one expense, the Manager shall either first obtain the approval of the Board or obtain written tenders from parties other than such Affiliate and have the work performed by such Affiliate at a cost not exceeding the lower of the tenders unless the work by such Affiliate was already approved by the Board.

15.2 Owner Relationship

- (a) Board and Mortgagees

The Manager shall promptly deal with all reasonable queries, requests or complaints by the Board or any mortgagee of a unit relating to the management of the Property or the duties or obligations of the Manager pursuant hereto, and to record in writing any such queries, requests or complaints and the eventual disposition thereof.

(b) Owners

The Manager shall maintain professional business relations with Owners whose service requests relating to the common property shall be received, considered and recorded in formal fashion in order to show the action taken with respect to each request. Complaints relating to common property, the maintenance and repair of which are the responsibility of the Corporation, shall be attended to by the Manager in a timely and attentive manner.

(c) Reporting to Board

The Manager shall keep the Board of Directors apprised of such inquiries, complaints, or requests, their treatment and disposition in its monthly reports.

(d) Social Events

The Manager shall, if so requested by the Board, arrange for social events for the Corporation, as an additional service at a cost agreed upon by the Manager and Corporation in advance.

15.3 Deficit Financing

Under no circumstances shall the Manager advance funds to the Corporation on a temporary loan basis whether interest is charged to the Corporation or not in the event of a cash deficit occurring in the Corporation's current expense account; the Manager shall notify the Board of any anticipated cash deficit and the Board shall take immediate steps to obtain the necessary funds to cover any such deficit pursuant to the Bylaws of the Corporation by either the levying of a special assessment, the delivery of a revised budget, or the exercise of its borrowing authority on behalf of the Corporation.

15.4 Amalgamation

The Manager shall, if so requested by the Board, arrange for the preparation of amalgamation as an additional service at a remuneration rate agreed upon by the Manager and Corporation in advance.

ARTICLE XVI: TERMINATION

16.1 Termination

(a) Notwithstanding any other provisions hereof, this Agreement shall terminate upon any of the following events:

- (i) The insolvency or bankruptcy of the Manager or upon the Manager taking steps to wind up its business voluntarily or otherwise;
- (ii) On the termination of the condominium status of any building within the Condominium Plan as it presently exists or as it may be amended;
- (iii) If the Manager is negligent in performing its duties hereunder or is insubordinate; or
- (iv) Upon sixty (60) days written notice mutually agreed to by both parties.

(b) In the event of any defect, failure or omission on the part of the Manager, save and except those set forth in Section 16.1(a) hereof, the Corporation shall give the Manager **thirty (30) days** written notice to cure such defect, failure, omission, breach or default and provided that such defect, failure, omission, breach or default is within the control of the Manager and can reasonably be cured. Should the same not be cured or dealt with to the reasonable satisfaction of the Corporation by the Manager, this Agreement shall terminate on the last day of the month during which such further notice was given.

(c) It is understood that the procedures required for the takeover and turnover of this property require considerable extra work for the Manager. In the event that this agreement is terminated by the Corporation within the first **twelve (12) months** (other than pursuant to Section 16.1(a) or (b)) and as compensation for the extra effort required, the Manager shall be entitled to payment of an additional two month's fee beyond the month in which the agreement terminates. This subsection is relevant only for the first (1st year of this Agreement).

(d) Upon termination of this Agreement:

- (i) The Manager shall as soon as possible thereafter pay over any balance in the Corporations trust account remaining to the credit of the Corporation (less any amounts necessary to satisfy commitments

- (ii) properly made by the Manager to others prior to the date of termination) and shall as soon as possible thereafter render a final accounting to the Corporation.
- (iii) The Manager shall surrender to the Corporation within **Forty-Five (45) days**, all contracts, records, files and other documents or other information relating to the Property and the Corporation shall pay to the Manager any monies due to it as of the date of termination.
- (iv) After such termination and for the purpose of settling any dispute or defending any claim, the Corporation shall provide access to the Manager at all reasonable times and upon reasonable notice access to all such contracts, records, files and other documents or information subsequent to the termination of this Agreement. The Corporation shall preserve and maintain such records for no less than 2 years following the termination of this Agreement.
- (v) The Manager shall as soon as possible turn over all keys to the Property in its possession or in the possession of any of its employees. The Manager shall also turn over the possession of any area (such as management offices) located on the Property under its control.
- (vi) If it has not already been done, the Corporation shall assume the obligation of any and all contracts which the Manager has properly made for the purpose of arranging the services to be provided pursuant to this Agreement.

ARTICLE XVII: NOTICE

17.1 Notice

Any notice required to be given by either party to the other shall be sufficiently given if delivered or mailed by prepaid registered post addressed to the Corporation at the residence on the Property of its President or designate from time to time holding office and to the Manager at such address as the Manager may from time to time designate by written notice, and any such notice shall be conclusively deemed to have been given and received at the time of its personal delivery by one party to any officer or director of the other, or in the

event of service by mail, on the 3rd business day after the day of such mailing, provided that if normal mail service is disrupted by any reason, then so long as such disruptions exist, any notice required or permitted to be given hereunder shall be delivered personally.

ARTICLE XVIII: SUCCESSORS AND ASSIGNS

18.1 Successors and Assigns

This agreement may be assigned by the Manager upon written approval by the Corporation which shall not be unreasonably withheld or delayed.

ARTICLE XIX: GENERAL

19.1 General

(a) Severability

If any portion of this Agreement shall be for any reason declared invalid or unenforceable, the validity of any of the remaining portions of this Agreement shall not be thereby affected, and such remaining portions shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated, and it is hereby declared the intention of the parties hereto that they would have executed the remaining portions of this Agreement that might be declared invalid.

(b) Agency Relationship

Notwithstanding anything herein, the relationship of the parties hereto shall be that of principal and agent, and all duties to be performed by the Manager under this Agreement shall be for and on behalf of the Corporation. In taking any action under this Agreement, the Manager shall be acting as agent for the Corporation, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of principal and agent, or as requiring the Manager to bear any portion of losses arising out of or connected with the ownership or operation of the Property. Nor shall the employees of the Manager at any time during the period of this Agreement be considered a direct employee of the Corporation. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement,

excepting that the Manager is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

(c) Time of the Essence

Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

(d) Interpretation

All references to the Corporation or the Manager or other under this Agreement shall be construed and adjusted for the applicable gender and number, regardless of the gender and number in which they are expressed.

(e) Covenants

All provisions of this Agreement creating obligations on any party hereto shall be deemed to be and shall be construed as covenants.

(f) Entire Agreement

This agreement embodies the entire agreement of the parties with regards to the matters contained herein, and no other agreement shall be deemed to exist except as entered into in writing by both parties to this Agreement.

(g) Governing Law

This Agreement shall be interpreted, construed, administered and enforced exclusively in accordance with the laws in force from time to time in the Province of Alberta.

(h) Best Efforts

The parties agree that all their actions in fulfilling their respective duties will be conducted professionally using their best efforts, acting reasonably and with due diligence.

(i) Arbitration

All disagreements arising between the Manager and the Corporation with respect to this Agreement or any matter arising hereunder shall be finally settled by arbitration, by which the Manager and the Corporation agree to be bound. Such arbitration shall be conducted by a single arbitrator. The arbitrator shall be selected by agreement between the Manager and the Corporation. If the Manager and the Corporation have not selected an arbitrator within thirty (30) days of notice to commence arbitration, the arbitrator shall be appointed by the court in accordance with the *Arbitration Act*, RSA 2000, c A-43, as amended from time to time. The seat of the arbitration is Alberta. All arbitrations shall be conducted in Calgary, Alberta unless otherwise agreed upon by the Manager and the Corporation.

(j) Authorized Signees

This Agreement will not be binding or enforceable unless signed by one Director on behalf of the Manager and one Director on behalf of the Corporation.

[Signature Page Follows]

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attached by the hands of their respective officers duly authorized in that behalf this [#] day of [MONTH], [YEAR].

CONDOMINIUM CORPORATION NO. [#]

Per: _____
Director

Per: _____

Avenue Home Realty Inc.

Per: _____
Director

Per: _____
Broker

SCHEDULE “A”

[ATTACH CURRENT VERSION OF THE CORPORATION’ BY-LAWS]