

MANAGEMENT AGREEMENT

This agreement is made and entered into by and between VALLEY GREEN VILLAGE WEST HOMEOWNERS ASSOCIATION (hereinafter referred to as "the Association") and PROPERTY MANAGEMENT, INC. (hereinafter referred to as "PMI") in respect to the community known as Valley Green Village West Recreation Association located in Etters, Newberry Township, York County, Pennsylvania.

In consideration of the terms, conditions, and covenants herein contained, the parties mutually agree as follows:

- I. APPOINTMENT OF MANAGING AGENTS. The Association hereby appoints PMI, and PMI hereby accepts such appointment, on the terms and conditions herein contained, as the sole and exclusive Managing Agent of the Association to maintain, operate, manage, and supervise the Association in accordance with the terms and provisions of this Agreement and to otherwise perform the obligations hereinafter set out.

- II. RESPONSIBILITIES OF MANAGING AGENT. As directed by the Board of the Association ("the Board"), PMI shall have the following functions, duties, responsibilities, and authority:
 - A. Administrative Services:
 1. Guide and assist members of the Board in the performance of their obligations.
 2. Guide and assist the Board in the development of policies and procedures.
 3. Assist in the administration of the provisions of the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations, and policies of the Association (the "Governing Documents").
 4. Keep all records of the affairs of the Association and the Board including, but not limited to, the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations, policies, minutes of meetings, copies of contracts, etc. (which documents shall be provided to PMI by the Association) and maintain all such documents in a current status. All such records shall belong to the Association.
 5. Maintain databases of Unit Owners ("Owners"), Officers, and Directors and such other registers or schedules as may be required by the Governing Documents, the initial information for all of which shall be provided to PMI by the Association.

6. Attend to all necessary correspondence as directed by the Board. The Association will be billed at the current billing rate for this service.
7. Assist in resolving individual Owner requests as they pertain to the administration of the Association, and its responsibilities as specified in the Governing Documents and governing "Rules and Regulations".
8. PMI shall furnish certificates relating to assessments and shall record resale changes of ownership on its records upon receipt of notice from Realtors, Title Companies, or the individual Unit Owner. Transfers of ownership and preparation of Resale Certificates shall be processed at an additional fee chargeable to the Seller/Buyer. Copies of the Documents of the Association as provided by the Association are available through PMI at the current billing rate per set, payable directly to PMI by the Seller/Buyer. PMI will not warrant the completeness or legality of any document provided by the Association. Documentation required from the Association for financing or refinancing of units, shall be prepared by PMI on behalf of the Association at an additional fee chargeable to the Buyer/Seller.
9. PMI shall attend the annual meeting of the Association at no additional charge. PMI will attend any additional meetings, either of the general membership or of the Board of Directors, for which the Association will reimburse PMI at the then current billing rate per hour (including travel time). Appearance in court on lawsuits regarding document enforcement and assessment collection will be billed to the Association at the then current billing rate per hour (including travel time).
10. Advising, assisting with, and coordinating amendments of the Declaration, Articles of Incorporation, and/or By-Laws, shall be subject to an additional charge at the then current billing rate per hour.

B. Fiscal Services:

1. Prepare a recommended annual budget. The budget shall be based on prior operating expenditures, estimated future expenses, and required capital reserves. PMI shall not be responsible for any discrepancies between the budget and actual expenses, since the budget is an estimate to be used only as a guide. The budget shall be submitted to the Board for its consideration and adoption. The Board will respond promptly on the budget adoption, prior to the expiration of the current fiscal year.
2. Receive and collect all monthly assessments and other charges due to the Association. Also maintain checking, savings, and other income accounts in the name of the Association at institutions of the Association's choice and maintain comprehensive records thereof, each of such accounts to be separate

and apart from all other accounts of PMI and the amounts therein not to be commingled with any other funds controlled by PMI. Under the terms of this agreement, the Association hereby authorizes any officer(s) of PMI to be empowered to sign check drafts and other bank related documents relating to the Association's accounts. (Officers of PMI are annually designated by PMI's Board of Directors.) Capital Reserves shall be expended and/or invested as specifically directed by the Board, and in accordance with the Governing Documents of the Association.

3. Mail notices of delinquency to any Owner in arrears and exert reasonable efforts and take such reasonable action for the collection of the delinquent assessments as the Board may determine and direct in accordance with the Governing Documents and adopted policy procedures.
4. Make all disbursements from assessments collected for normal recurring expenses as provided in the budget. All expenditures not budgeted shall be made only with the prior approval of the Board, except in the event of emergency situations.
5. Furnish monthly financial statements prepared on a modified accrual basis, which will include all disbursements and will reflect the net cash position of the Association.

C. Physical Management:

1. Direct, and order to be done, those items which are necessary to preserve and protect the Association and maintain the property in accordance with the provisions of the operating budget as approved by the Board.
2. On behalf of the Association, hire and supervise employees required for the operation, maintenance and recreation of the Association. All remuneration payable to such independent contractors and/or salaries, tax, and other expenses payable on account of such employees shall be operating expenses of the Association and shall be paid by PMI as PMI employees out of the funds of the Association.
3. Negotiate and administer on behalf of the Association contracts for water, electricity, landscaping, trash removal, snow removal, painting, and such other services for the Association as may be necessary and advisable. PMI shall also purchase on behalf of the Association such equipment, materials, and supplies for the proper maintenance of the Association in accordance with the budget or by the expressed approval of the Board. All such purchases and contracts shall be in the name and at the expense of the Association.

D. The Board of Directors shall have the following responsibilities:

1. For any general or Board meeting not attended by a representative of PMI, provide to PMI within ten (10) working days a written summary of the meeting and detailed checklist of activity to be handled by PMI.
 2. Provide timely responses to action decisions requested by PMI.
 3. Provide concise, consistent communication to PMI for the advancement and enhancement of the Association, its residents, and its Owners.
 4. The Association agrees to purchase and pay for assessment coupon books for the individual Unit Owners, if requested by the Association.
- E. Notwithstanding anything to the contrary contained in this Article and the limitations herein imposed, PMI may, on behalf of the Association without prior consent, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a danger to life or property, or may threaten the safety of the Association or the Owners and occupants or may threaten the suspension of any necessary service to the Association.
- F. The Association agrees to allow PMI to arrange for maintenance services to the Association, which are not already provided in the approved budget if the cost of such services does not exceed \$500.00. Bidding procedures will not be required by the Association for work estimated to cost less than \$500.00, and PMI will be permitted to contract for such work on behalf of the Association without prior approvals of the Association and without any bidding procedures up to a maximum of \$5,000.00 per calendar year. Any additional work of this type would require Board approval. All such expenses will be made on behalf of the Association, and at the expense of the Association.
- G. Everything performed by PMI under the provisions of this contract shall be done as an independent agent and all obligations or expenses incurred hereunder shall be for the account of, on behalf of, and at the expense of the Association. Any payments to be made by PMI hereunder shall be made out of such sums as are available in the banking accounts or investment accounts of the Association. PMI shall not be obligated to make any advance to or for the account of the Association, or to pay any sums, except out of the funds held or provided as aforesaid, nor shall PMI be obliged to incur any liability or obligation for the accounts of the Association without assurance that the necessary funds for the discharge thereof will be provided.
- H. PMI will conduct inspections of individual properties and common ground in accordance with the Association Covenants and Rules & Regulations every four (4) weeks. PMI will enforce the results of the inspections according to the

Association Bylaws. (See Addendum B; which is the Covenants, Rules and Regulations and Bylaws of the Association).

III. INSURANCE:

- A. PMI shall cooperate in investigating all accidents or claims for damage relating to the ownership, operation, and maintenance of the Association and shall supervise the preparation of claims when required and follow-up on payment.
- B. Investigating, reporting, supervising, and follow-up on payment of insurance claims for damages covered by the Association's insurance shall be subject to an administrative charge of the hourly rate identified in Addendum A, and which shall be regarded as part of the loss and shall be included in the claim.
- C. Insurance Coverage's. The Association shall maintain with respect to the Property (1) commercial general public liability insurance against claims for bodily injury or death and property damage occurring upon, in, or about the Property, in limits of not less than \$2,000,000.00 with respect to injury or death to any number of persons arising out of any occurrence, and not less than \$1,000,000.00 with respect to any occurrence of property damage (the "Liability Insurance"), and (2) special coverage in an amount not less than the full replacement value of the insurable property.
- D. Contractual Liability. The Association's liability insurance shall include contractual liability coverage with respect to the Association's contractual liability obligations pursuant to this Agreement.
- E. Additional Insured. PMI shall be named as an additional insured on all of the Association's insurance policies.
- F. Charges. The Association's insurance shall provide that such insurance may not be terminated or modified without providing PMI with at least thirty (30) days prior written notice.
- G. Waiver of Subrogation. Association shall obtain insurance which contains a waiver of subrogation provision.
- H. Primary Insurance. To the extent a claim or loss is covered by the Association's insurance policies and by any insurance maintained by PMI, the Association's insurance shall be primary.
- I. Certificates. Association shall provide PMI with certificates of insurance evidencing the maintenance of the insurance coverage's required to be maintained by Association pursuant to this Agreement.

- J. Compliance. Failure of the Association's insurance carrier to comply with the above does not relieve the Association from the obligations set forth in this section.

Property Management, Inc.'s Insurance

PMI agrees to maintain, at its cost, the following insurance coverages:

- A. Workers Compensation Coverage. PMI shall maintain Workers Compensation Insurance on its employees (which include PMI lifeguards at the property) in compliance with the statutory requirements of the Commonwealth of Pennsylvania.
- B. Fidelity Bond. PMI shall maintain Employee Dishonesty Coverage and Forgery or Alteration Coverage with limits of \$250,000.00 and \$50,000.00 respectively.

RELEASE AND INDEMNITY. The Association hereby releases PMI and PMI's employees, agents, officers and directors, and any other persons for whose actions PMI is liable or responsible ("PMI-Indemnified Party"), and shall indemnify and hold harmless PMI and any PMI-Indemnified Party, for, from, and against any and all liability, obligation, damages, claims and expenses, including court costs, and attorneys' fees, of any kind or nature resulting from any injuries to or death of any person(s) or damage to property which occurs in or about the Property, the sidewalks, or other areas adjacent thereto ("Claims"), unless such claims are caused or attributable in whole or part to the sole, joint, or concurrent negligent acts or omissions of PMI or any PMI-Indemnified Party.

In any and all claims against PMI or any of their agents or employees by any employee of the Association, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the indemnification obligation under this Paragraph shall not be limited in any way by any limitation on the amount or type of damage, compensation, or benefits payable by or for the Association under workmen's compensation acts, disability benefit acts, or other employee benefit acts.

- IV. TERM OF AGREEMENT. This Agreement shall commence on January 1, 2011, and shall continue for a period of one (1) year. If neither party has given the other ninety (90) days' written notice prior to the anniversary date of this agreement of its desire to terminate this Agreement as outlined in Article V, the terms shall be automatically renewed for an additional one (1) year term, and such renewals shall continue on a year-to-year basis unless terminated as hereinafter provided.

V. COMPENSATION. For PMI's services under this Agreement, PMI shall receive \$7.75 per unit/per month due and payable on the last day of the month during the term of this Agreement. This monthly compensation may be increased annually on the renewal date of this Agreement, at a rate to be negotiated. In addition, PMI shall receive reimbursements as outlined on Addendum A. PMI is authorized and directed to deduct or obtain payment of such compensation when due from the Association's funds regardless of any other payments required to be made at that same time.

VI. MISCELLANEOUS.

A. Notices. Any notice or communication hereunder must be in writing, and shall be personally delivered or sent by overnight express, facsimile, or by registered or certified mail, return receipt requested, and if given by registered or certified mail, same shall be deemed to have been given and received three (3) days after its mailing, postage prepaid, to the address listed below. Such notices or communication shall be given to the parties hereto at the following address:

To the Association at the address of the President of the Association as of the date of the notice or communication.

To PMI at P.O. Box 622, Lemoyne, Pennsylvania 17043-0622.

Any party may at any time, by giving ten (10) days' written notice to the other party, designate any other address in substitution of the foregoing address to which such notice or communication shall be given.

B. Hold Harmless and Waiver of Subrogation. The Association agrees to hold PMI, its directors and officers, employees and agents harmless from all suits in connection with the management of the Association and from liability for injuries suffered by any employee or other person whomsoever, and to carry, at its own expense, the necessary General Liability and Worker's Compensation insurance, if applicable, adequate to protect PMI in the same manner and to the same extent they protect the Board and or the Owners. To the extent that the Association and the board of Directors has insurance, the Association and Board of Directors hereby waives their rights of subrogation and holds PMI harmless for all liability claims arising from bodily injury, property damage, and personal injury. PMI will not be liable for any error in judgment or any mistake of fact of law, or for anything which it may do or refrain from doing, except in cases of willful misconduct or gross negligence. The provisions of this paragraph shall survive the termination of this Agreement.

C. Severability. If any provision of this Agreement shall be determined to be invalid and unenforceable to any extent, the remainder of this Agreement other than that which is determined invalid or unenforceable, shall not be affected thereby, and the remaining provisions hereof shall remain in full force and effect.

- D. Applicable Law. This Agreement shall be construed in accordance with and enforced under the laws of the Commonwealth of Pennsylvania. Venue over any disputes arising under or related to the Agreement/Contract lies solely in the Court of Common Pleas for Your County, Pennsylvania, and both parties agree to personal jurisdiction over them in that venue.

- E. Amendments. This Agreement constitutes the full understanding of the parties and no prior or contemporaneous oral or written representations made by either party shall be binding. This Agreement may be modified only in writing, signed by the Chief Operating Officer of PMI and by the duly authorized representative of the Association.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed on this, the 21ST day of December, 2010.

**FOR: VALLEY GREEN VILLAGE WEST
RECREATION ASSOCIATION**

FOR: PROPERTY MANAGEMENT, INC.

BY: Michelle Nataro

BY: _____

WITNESS: [Signature]

WITNESS: _____

Addendum "A"

ADDITIONAL COSTS PAYABLE TO PROPERTY MANAGEMENT, INC.

PAYABLE BY THE ASSOCIATION

Initial Setup Fee	\$650.00
Internet Portal annual support fee (subject to annual adjustment)	\$250.00
Services outside of management agreement	\$75.00 per hour plus \$75.00 per hour travel time

The specific direct costs associated with mailings and coupon books are shown below (these amounts will be revised as our costs change):

Coupon Books (if requested)	current cost by supplier
Contract Mailing Charge	\$.75 per unit plus postage
All other mailings	Postage cost

PAYABLE BY THE UNIT OWNER

Resale Certificate/Estoppel Certificate	\$150.00
Mortgage Questionnaire	\$ 50.00
Copy of Governing Documents	\$ 30.00
Certified Mailing Charge for delinquencies and/or fines	current cost by US Postal Service