

S&S SERVICES GROUP, LLC/
DBA COMMUNITY ASSOCIATION MANAGEMENT SERVICES (CAMS)

SERVICES AGREEMENT

~~9/28/2020~~

THIS AGREEMENT, made and entered into on this day, Sept 22, 2020 by and between BLUEWATER COVE HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (the "ASSOCIATION"), and S&S SERVICES GROUP, LLC/ DBA COMMUNITY ASSOCIATION MANAGEMENT SERVICES (CAMS), a North Carolina Limited Liability Company (the "Management Company").

WITNESSETH:

WHEREAS, the ASSOCIATION is made up of owners of Lots/Units in a planned community created under North Carolina law (the "Property"); and by its Articles of Incorporation and Declaration, the ASSOCIATION is vested with certain powers and charged with certain duties relative to the operation and administration of the Property; and,

WHEREAS, the Property includes Lots/Units, and other appurtenances and facilities, more particularly described in the Declaration; and,

WHEREAS, the nature of the Lots/Units, together with other appurtenances and facilities, and the complexity and burden of the operational and administrative duties and responsibilities of the ASSOCIATION may require the engagement of a professional community association management company; and,

WHEREAS, the orderly and uniform administration, operation, maintenance and management of the Property are necessary and essential for the promotion and preservation of the Property and protection of property values therein, including the value of Lots/Units; and,

WHEREAS, the Management Company is in the business of providing management services to organizations similar to the ASSOCIATION, and the ASSOCIATION now desires to engage the Management Company to provide services as described herein below to the ASSOCIATION, and the Management Company now desires to provide such services to the ASSOCIATION as more fully described herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises, covenants, agreements, and conditions hereinafter set forth, and for other good and valuable considerations, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

I. **ENGAGEMENT.** The ASSOCIATION hereby engages the Management Company, and the Management Company hereby accepts such engagement, on the terms and conditions hereinafter provided, as exclusive managing agent of the ASSOCIATION, located in Swansboro, Onslow County, North Carolina. The ASSOCIATION consists of 89 billable lots and/or single family homes at the inception of this Agreement, together with any common elements, common areas, and with such other lots, units, common elements, or common areas as may be added from time to time (each a "Lot/Unit" or collectively, the "Lots/Units").

II. **TERM.** The term of this Agreement shall commence as of November 1, 2020, and shall continue in full force and effect for a period of twenty-four (24) months ("Initial Term"). This agreement shall renew automatically for successive twenty-four (24) month periods (each successive twenty-four (24) month period being hereinafter referred to as a "Renewal Term") without further action by the parties, unless either party sends written notice to the other party of their intent to terminate, not less than ninety (90) days prior to the expiration date of the Initial Term or any Renewal Term.

III. **DUTIES OF THE ASSOCIATION.** The ASSOCIATION, acting by and through its Board of Directors, shall be responsible for the administration of the programs, services, activities and violation procedures as established in the governing documents of the ASSOCIATION including, without limitation, the Declaration, Articles of Incorporation, By-laws, Rules & Regulations and policies of the Board and the ASSOCIATION (the "Association Documents"). The ASSOCIATION, acting through the Board of Directors, does not, by the execution of this Agreement, transfer control of the ASSOCIATION or its responsibilities to the Management Company.

At any time during the fiscal year of the ASSOCIATION, if the Management Company determines that the assessments or the collection of assessments are such as to be insufficient to pay the common expenses of the ASSOCIATION as they become due, the Board of Directors, upon the written request and notice by the Management Company, shall provide the funds or make a special assessment to remedy the anticipated insufficiency. Failure by the ASSOCIATION to provide the funds shall be a material breach of this Agreement; and in such event, the Management Company has the option to immediately terminate this Agreement notwithstanding the termination provisions provided in Section VIII of this Agreement.

The ASSOCIATION shall make available to the Management Company, upon request, originals or duplicate copies of all Association Documents together with all other records, accounts and other documents as are reasonably related to the operation and administration of the ASSOCIATION and the properties the ASSOCIATION is obligated to manage, administer and maintain pursuant to the Association Documents. The ASSOCIATION and the Board of Directors shall provide such cooperation and assistance to the Management Company upon request as are reasonably related to the performance of the duties of the Management Company under this Agreement.

IV. **AUTHORITY AND DUTIES OF THE MANAGEMENT COMPANY.** The Management Company shall assist the Board of Directors of the ASSOCIATION (the "Board") in the administration of the Property as is hereinafter more specifically set forth. The Management Company shall be responsible for directing the implementation of the general management policy decisions of the Board with respect to the Property and affairs of the ASSOCIATION, and shall act subject to the Board's authorization with respect to matters of policy, but shall be entitled to exercise its reasonable discretion in the details of implementation of such policies. Subject to the direction of the Board, the Management Company's functions, duties, responsibilities, and authority may include the following:

A. **Accounting/Finance**

1. Preparation of an annual operating budget setting forth projected revenues and expenditures for the new accounting year based upon anticipated operations and taking into account the

general condition of the ASSOCIATION and the objectives for the ensuing year. The budget will be submitted to the Board for its approval not later than sixty (60) days prior to the commencement of the new accounting year, or, if applicable, thirty (30) days prior to the date of the Annual Meeting of the members of the ASSOCIATION. The Management Company shall not be responsible for any discrepancies between the budget and actual expenses, the budget being an estimate to be used only as a guide.

2. Preparation, review, and analysis of monthly financial reports on a modified accrual basis of receipts and disbursements, itemized according to the budget. These statements shall be submitted to the Board monthly not later than the 25th day of the following month. This report will include: a balance statement, income and expense report, check register for the period; receipts and disbursements for the ASSOCIATION; bank reconciliation, bank statements, delinquency and prepay report. If the 25th day falls on a Holiday or Weekend, the Management Company shall submit these statements by the first business day following the 25th.

3. Maintenance of accounting records in a manner to facilitate an annual audit by an independent certified public accountant. The accounting records shall be kept at the office of the Management Company and shall be available for inspection by the ASSOCIATION's Officers and Board during regular business hours.

4. Preparation of an annual letter to members of the ASSOCIATION enclosing the adopted budget and outlining the assessment for each Lot/Unit as computed by reference to the appropriate section of the Association Documents.

5. Receiving assessments which may be or become due to the ASSOCIATION. The Management Company shall have the authority to bill, request, demand, collect, receive and give receipt for assessments, which may be due to the ASSOCIATION. If any assessment is not timely paid, the Management Company, pursuant to the Association Documents and at the cost and expense of the ASSOCIATION may, in the name of the ASSOCIATION, institute an action at law only against the defaulting Lot/Unit owner for the unpaid assessment. The Management Company has no authority to institute legal action to foreclose a lien against a defaulting Lot/Unit owner unless so requested by the Board.

6. Management Company shall assist the Board and its legal counsel in the collection of general and special assessments as they become due and payable.

Enforcing the ASSOCIATION's collection policy for delinquent members, as required, including: (a.) Serving notices on delinquent members, and/or (b.) Institute proceedings for the collection of outstanding balances, and/or (c.) Settle, compromise or release any action, claim or demand.

Delinquent follow-up notices include collection letters and such other delinquent notices, as may be required by the governing documents of the ASSOCIATION and/or collection policy and procedures approved by the Board, shall be prepared and mailed by the Management Company. The administrative collection fee for the processing of collection letters and the NSF (non-sufficient funds) processing fee are specified in Exhibit B attached hereto. Collection letters, as stated herein, shall be defined as any delinquency notices prepared and mailed for individual owners' accounts thirty (30) days or more past due.

7. Depositing of funds collected from the ASSOCIATION's Members or otherwise accruing to the ASSOCIATION in a federally insured, industry related financial institution, selected by the Management Company, indicating the agency or custodial nature thereof.

8. Processing, checking and paying common expenses and obligations of the ASSOCIATION out of the funds being held by the ASSOCIATION in accordance with this Agreement. The Management Company shall not undertake to pay common expenses of the ASSOCIATION from the Management

Company's own funds, but shall only be required to pay common expenses of the ASSOCIATION to the extent that revenue has been received from the ASSOCIATION.

9. Purchasing with funds of the ASSOCIATION, equipment, office supplies, tools, goods, supplies, and materials as shall be reasonably necessary to perform the Management Company's duties hereunder, including the maintenance, upkeep, repair, replacement, refurbishing, preservation and administration of the ASSOCIATION. Purchases shall be made in the name of the ASSOCIATION. When making purchases, the Management Company shall make an effort to obtain the best price available for comparable quality products or services.

10. Approve expenditures and invoices within budget and for non-budget expenditures up to One Thousand Five Hundred and no/100 Dollars (\$1,500.00).

11. Cost of production, mailing, coupons/statements, faxes, and envelopes is at the cost of the ASSOCIATION as further described in Exhibit A and Exhibit B attached hereto.

12. Handling of correspondence related to business matters concerning financial transactions of the ASSOCIATION.

13. Assisting a Certified Public Accountant in its preparation of the annual federal tax returns and annual state of North Carolina non-profit corporation tax returns, provided that the ultimate responsibility for the contents of said returns is that of the Certified Public Accountant, to be paid for separately by the ASSOCIATION. ✓

14. If requested by the ASSOCIATION, Management Company will pay ASSOCIATION taxes and assessments levied against the Common Elements of the ASSOCIATION or any part thereof. Taxes and assessments will be borne by the ASSOCIATION and paid by Management Company from the ASSOCIATION's funds. The ASSOCIATION will have the responsibility of listing the Common Elements of the ASSOCIATION with the appropriate tax authorities.

15. Management Company will secure the approval of ASSOCIATION prior to making any expenditure or incurring any liability or obligation not reflected on the operating budget in excess of One Thousand Five Hundred and no/100 Dollars (\$1,500.00), in which case, Management Company will give ASSOCIATION prompt notice of the amount and the reason for any unbudgeted expense, unless, in the judgment of the Management Company, an emergency expense is necessary for the preservation and safety of the Common Elements of the ASSOCIATION or life on the Common Elements of the ASSOCIATION. Immediately after such emergency expense, Management Company will send ASSOCIATION a report of repairs made and the expense.

B. Administrative

1. Conferring freely and fully with the Board when so requested by the Board in connection with the performance of the Management Company's duties. The Management Company shall be available to attend a maximum of four (4) quarterly Board meetings per year for a maximum of two (2) hours per meeting. The ASSOCIATION shall prepare minutes of the meetings of the Board, and the Management Company shall send a copy to each Board member and take whatever follow-up action is directed by the Board.

2. Attending one (1) Annual Meeting of the members of the ASSOCIATION and one (1) Organizational Board Meeting per year. In addition, the Management Company shall assist the Board in preparing for the Annual Meeting.

3. Assisting the Officers and the Board in maintaining the ASSOCIATION's minutes, membership list, and other records required to be kept by the ASSOCIATION. Such records shall be kept

by the Management Company and shall be available for inspection by the Board and members of the ASSOCIATION in accordance with policies adopted from time to time by the Board.

4. Recommending brokers to the Board to assist with the determination of the form(s) of insurance needed to protect the ASSOCIATION, and which may be required to comply with the provisions of the Association Documents, and assisting the Board in acquiring insurance policies for the ASSOCIATION as outlined in the Association Documents. The Management Company shall be named an additional insured on the ASSOCIATION'S general liability insurance policy and on the ASSOCIATION'S directors' and officers' liability insurance policy, which policies shall be maintained in full force and effect during the entire term of this Agreement. The ASSOCIATION shall provide the Management Company with evidence of such coverage upon the written request of the Management Company.

5. Negotiating, at the direction of the Board and on behalf of the ASSOCIATION, maintenance and service contracts that are needed by the ASSOCIATION. All such contracts shall be in the name of and at the expense of the ASSOCIATION. The Management Company shall not be responsible for the performance of any such contracts or the quality of the services provided there under, having exercised due diligence in administration.

6. All vendors must provide a W-9 and a Certificate of Insurance in compliance with the Association's insurance requirements unless an exception has been granted by the Board, in order for payment to be processed.

7. Assisting the preparation and distribution of bulletins to the general membership relating to affairs of the ASSOCIATION and changes in the Association Documents, which may have been adopted by the Board.

8. At the expense of the ASSOCIATION, retaining and employing attorneys at law, accountants, insurance brokers, and such other experts and professionals whose services are reasonably required by the Management Company to effectively perform its duties hereunder.

9. Assisting the Board, appointed Committees and the ASSOCIATION personnel in the enforcement of the Association Documents.

10. Timely response to communications with the President of the ASSOCIATION or Designee is of the essence.

C. Property Supervision

1. The Management Company shall cause the buildings, facilities, common areas, and common elements, as defined or detailed in the Association Documents as being a responsibility of the ASSOCIATION, to be maintained and repaired as may be necessary, and as directed by the Board. With the assistance and/or guidance of ASSOCIATION appointed Committees, arranging for the maintenance and repair of the grounds, lands, appurtenances and the common elements and limited common elements of the ASSOCIATION. For any item of repair, replacement or refurbishment, the expense incurred may not exceed amount budgeted for such repairs or the sum of One Thousand Five Hundred and no/100 Dollars (\$1,500.00), unless specifically authorized by the Board; except, however, that emergency repair involving manifest danger to persons or property, or which is immediately necessary for the preservation or safety of the Property or for the safety of persons, or which is required to avoid suspension of any necessary services to the Property or ASSOCIATION, may be made by the Management Company irrespective of the above limitation. Notwithstanding this authority as to emergency repairs, it is understood that the Management Company will, if possible, confer immediately with the Board regarding emergency expenditures. The cost and expenses of such maintenance and repairs shall be the responsibility of the ASSOCIATION and contracts with third parties for such maintenance and repairs shall be in the name of the ASSOCIATION. The Management Company shall not be responsible for the performance of any contracts with said third

parties, nor shall the Management Company be responsible for the quality of the services provided by said third parties.

2. Two Property inspections will be performed on the common elements of the Property monthly. ✓

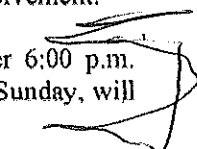
3. During one of the property inspections noted above, a Property inspection will be performed on the lots/units monthly to ensure compliance with the ASSOCIATION's governing documents. An additional fee for compliance letters will be charged to the ASSOCIATION, as noted on Exhibit B.

D. Extraordinary Services

1. Relative to casualty loss, if maintenance or restoration of the ASSOCIATION Property, or any portion thereof, including any loss by act of God, or other cause which is other than normal wear and tear, then in such event the Management Company shall, if authorized by the Board, undertake to arrange for the repair and restoration of said loss after funds have been collected and the Board has approved the plan of restoration. The Management Company shall make recommendations to the Board as to determine, assess, charge and levy the costs of repair and restoration of such loss among the Property owners consistent with Association Documents or in such proportions as it deems advisable, notwithstanding the fact that said loss or damage was, or was not, covered by insurance.

In addition to the compensation described in Article V, the Management Company shall be entitled to be compensated by the ASSOCIATION if coordination services in connection with insurance claim rehabilitation, litigation, construction, remodeling, renovations and capital improvements are requested. Such compensation will be on an event by event basis and may include reimbursement for payroll costs to staff managers, assistant managers, concierge, security and maintenance personnel to the extent same are under the direct employ of the Management Company or its affiliated companies. ASSOCIATION shall also permit the Management Company to obtain pricing for insurance claim rehabilitation, litigation, construction, remodeling, renovations and capital improvements from affiliates of the Management Company; provided that ASSOCIATION shall have no obligation to select any affiliate of the Management Company to perform such work and the Management Company shall not retain an affiliated company to perform any work at the Subject Property without approval by the Board of Directors of the ASSOCIATION or, as applicable, the Executive Board of the ASSOCIATION (The "Board") or by the individual designated from time to time by the Board. For insurance losses, this coordination fee shall be 10% of the total loss for any losses less than \$50,000. The coordination fee for losses in excess of \$50,000 shall be determined on a case by case basis. This additional fee may be included in any such insurance claim and submitted to the ASSOCIATION insurance provider for payment. However, the Management Company shall be entitled to the additional fee irrespective of any reimbursement by the ASSOCIATION'S insurance policies.

2. The Management Company will act as an ASSOCIATION witness or representative when involved in legal or administrative proceedings, as authorized by the Board of Directors for an hourly charge to include travel time, plus reimbursement of documented association expenses with such involvement.

3. The Management Company's attendance at board meetings that begin after 6:00 p.m. Monday-Thursday, or after 3:00 p.m. on Friday, or for meetings that are held on Saturday or Sunday, will be subject to hourly charges as outlined in Exhibit A and Exhibit B attached hereto. 

4. The Management Company may prepare and file quarterly employment returns with the Internal Revenue Service and the State of North Carolina, relating to unemployment taxes, employee withholding, and social security taxes.

V. **MANAGEMENT COMPANY'S COMPENSATION.** For the performance of the Management Company's duties as set forth herein, the ASSOCIATION agrees to pay the Management Company's compensation fees as specified in Exhibit A, attached hereto and hereby incorporated herein by reference. Payment to the Management Company shall be due and payable in advance at the first of each month. A late fee of 1.5% per month shall be added to any fee or fees due and remaining unpaid by the end of the month, in which the service is rendered. This late fee shall continue to accrue on any portion of any outstanding balance, on a daily basis, due until the balance is paid current.

The parties agree that the Board and the Management Company shall revise the compensation rates (to include payroll administrative charge, if applicable) provided in Exhibit A on an annual basis. Accordingly, the Management Company's management fee shall be increased annually by the greater of (i) the rate of inflation based upon the Consumer Price Index as published in the Wall Street Journal or other recognized financial reporting organization acceptable to both parties, or (ii) three percent (3%).

On a monthly basis, the Management Company shall collect from the ASSOCIATION reimbursement for all expenses such as administrative supplies (including, but not limited to, copies, envelopes, postage, paper, coupons, checks, long distance telephone charges, etc.) and repair/maintenance of ASSOCIATION-owned computer equipment by Management Company personnel. The reimbursement of administrative supplies, the administrative collection fee for the processing of collection letters, and the NSF (non-sufficient funds) processing fee are specified in Exhibit B attached hereto.

VI. **ACCESS TO PROPERTY.** The ASSOCIATION grants to the Management Company access at all times to all the common elements and limited common elements within the Property of the ASSOCIATION to carry out the duties set forth in this Agreement. Subject to the provisions of the Association Documents, the ASSOCIATION grants to the Management Company access to each Lot/Unit as may be necessary for the maintenance, repair or replacement of the common elements or limited common elements contained therein or accessible there from or for the making of emergency repairs necessary for the common elements or limited common elements or any Lot/Unit.

VII. **REPAIRS TO LOTS/UNITS.** This Agreement neither contemplates nor is the Management Company responsible or required to perform the upkeep and repair of personal property of an owner or the Lots/Units he/she owns except to the extent the ASSOCIATION is obligated to perform pursuant to the Association Documents. However, the Management Company may, where a failure to maintain or repair the individual owner's property places in jeopardy the Property, perform such maintenance or repair necessary to prevent any damage or destruction to the Property.

VIII. **DEFAULT.**

A. **By the ASSOCIATION.** If the ASSOCIATION or its members shall interfere with the Management Company in the performance of its duties and the exercise of its powers hereunder, or if the ASSOCIATION shall fail to promptly do any of the things required of it in amounts sufficient to defray in full the Management Company's costs and expenses as herein defined, and to otherwise pay all of the sums mentioned in the Association Documents, then the Management Company, thirty (30) days after having given written notice to any member of the Executive Committee (officers), may declare this Agreement to be in default. Upon default, the Management Company may, in addition to any other remedy given it by agreement or in law or in equity, bring an action against the ASSOCIATION for damages and/or specific performance and/or such other rights and remedies as it may have. All such rights of the Management Company upon default shall be cumulative.

B. **By the Management Company.** Failure by the Management Company to substantially perform its duties and obligations under this Agreement for a continuous period of ninety (90) days after written notice of default from the ASSOCIATION, specifying the default complained of, shall be grounds for the ASSOCIATION's termination of this Agreement.

The ASSOCIATION may terminate this agreement in the event Management Company breaches this agreement. The ASSOCIATION must give the Management Company written notice of the alleged breach and the Management Company shall have a Thirty (30) day period after receipt of the written notice to cure said breach. Provided that if the alleged breach is of such a nature that it reasonably requires in excess of Thirty (30) days to cure and the Management Company undertakes action to cure said breach within the Thirty (30) day period and diligently pursues to cure said breach then there will be no further default. However, if the Management Company does not cure the breach as permitted above, then the ASSOCIATION may notify the Management Company, in writing, that this agreement is being terminated, which termination shall be effective Ninety (90) days from the date of said notification.

IX. **ASSOCIATION EMPLOYEES.** Any employee hired for the ASSOCIATION shall be an employee of the Management Company and thus must comply with all Management Company's policy and procedures in as much as the Management Company is the payroll administrator and liable for all payroll taxes and responsible for compliance with all state and federal employment and benefit regulations. Unless expressly agreed in writing by the Management Company, the hiring authorization and operational supervision of such employee(s) shall ultimately be the responsibility of the ASSOCIATION. All costs of such employees, including, but not limited to salary, payroll tax, required benefits, workman's comp coverage, general liability exposure costs, administrative expense and training costs necessary to maximize the competency and effectiveness of the employee shall be part of the operating expense of the ASSOCIATION and shall be paid out of the funds of the ASSOCIATION to the Management Company. ASSOCIATION further agrees to defend and indemnify Management Company for all costs and expenses incurred in the defense or settlement of any employment-related lawsuit or administrative proceeding filed by any such employee challenging any hiring, termination, or other employment action requested or directed by ASSOCIATION.

X. **INDEMNIFICATION.**

A. **By the ASSOCIATION.** To the fullest extent permitted by applicable law, the ASSOCIATION shall and does hereby agree to hold harmless and indemnify the Management Company, its officers, directors, successors and assigns, and employees (hereinafter referred to as the "Management Company Indemnities"), from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "Liabilities"), of any nature, except for intentional acts of wrong doing, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries or death of any person, or damages to or loss of any property) of any person or entity, directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of the ASSOCIATION, any of their respective employees, agents, servants, officers, directors, or anyone that either the ASSOCIATION controls or exercises control over. The ASSOCIATION shall add the Management Company as an "additional insured" on all of the ASSOCIATION's General Liability, Errors & Omissions and Preferred Liability Policies.

The ASSOCIATION shall promptly advise the Management Company in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and the ASSOCIATION at the ASSOCIATION'S expense, shall assume on behalf of the Management Company Indemnities, and conduct with due diligence and in good faith, the defense thereof with legal counsel satisfactory to the Management Company; provided, however, that the Management Company Indemnities shall have the right, at their own option, to be represented therein by advisory council of their own selection and at their own expense.

In the event of the failure by the ASSOCIATION to fully perform its obligations in accordance with this Agreement, the Management Company Indemnities, at their option, and without relieving the ASSOCIATION of its obligations hereunder, may so perform, but all costs and expenses so incurred by the Management Company Indemnities in that event shall be reimbursed by the

ASSOCIATION to the Management Company Indemnities, together with interest on the same from the date any such expense was paid by the Management Company Indemnities until reimbursed by the ASSOCIATION at the highest lawful rate of interest allowed under applicable usury laws of the State of North Carolina. The indemnification hereunder shall not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and effecting the validity or enforceability of the indemnification obligations hereunder, such legal limitations are made a part of said indemnification obligations and shall operate to amend said indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, said indemnification obligations shall continue in full force and effect.

B. **By the Management Company.** The Management Company hereby agrees to hold harmless and indemnify the ASSOCIATION, its officers, directors and members (hereinafter referred to as "ASSOCIATION Indemnities"), from and against all Liabilities arising out of or in any manner in connection with the Management Company's willful misconduct or gross negligence in the performance of the duties, obligations and responsibilities assumed by the Management Company under this Agreement.

The ASSOCIATION shall have no obligation to indemnify, defend, and save the Management Company harmless from any acts of gross negligence or willful and intentional acts of the Management Company or acts exceeding the scope of the Management Company's authority.

The Management Company shall promptly advise the ASSOCIATION in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and the Management Company at the Management Company's expense, shall assume on behalf of the ASSOCIATION Indemnities, and conduct with due diligence and in good faith, the defense thereof with legal counsel satisfactory to the ASSOCIATION; provided, however, that the ASSOCIATION Indemnities shall have the right, at their own option, to be represented therein by advisory council of their own selection and at their own expense.

In the event of the failure by the Management Company to fully perform its obligations in accordance with this Agreement, the ASSOCIATION Indemnities, at their option, and without relieving the Management Company of its obligations hereunder, may so perform, but all costs and expenses so incurred by the ASSOCIATION Indemnities in that event shall be reimbursed by the Management Company to the ASSOCIATION Indemnities, together with interest on the same from the date any such expense was paid by the ASSOCIATION Indemnities until reimbursed by the Management Company at the highest lawful rate of interest allowed under applicable usury laws of the State of North Carolina. The indemnification hereunder shall not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and effecting the validity or enforceability of the indemnification obligations hereunder, such legal limitations are made a part of said indemnification obligations and shall operate to amend said indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, said indemnification obligations shall continue in full force and effect.

The Management Company, at all times during the term of this Agreement and at the Management Company's cost, shall maintain and keep in full force and effect (a) a general liability insurance policy in an amount of not less than \$1,000,000.00 and (b) an employee dishonesty and fraud insurance coverage covering all employees and officers of the Management Company insuring the full and faithful accounting to the ASSOCIATION for all moneys for which the Management Company is accountable to the ASSOCIATION, its officers, directors and members. Proof of such insurance shall be provided to the ASSOCIATION within thirty (30) days of the date of this Agreement and such insurance shall provide that it cannot be terminated without thirty (30) days prior notice to the ASSOCIATION.

C. **Survival of Indemnification**. The provisions of this Paragraph X shall survive the termination of this Agreement, and shall continue in full force and effect subsequent to the termination of this Agreement.

XI. **ADDITIONAL SERVICES TO PROPERTY OWNERS**. The provision of services (including, without limitation, the provision and/or preparation of documentation and information regarding assessments) to individual Property owners, or prospective purchasers, with respect to the sale of a Lot/Unit shall not be a duty of the Management Company under this Agreement. However, the Management Company may provide such services to Property owners and/or prospective purchasers for an additional fee charged directly to the Lot/Unit owner or prospective purchaser. Such fees shall be established and agreed upon by the Management Company and the Lot/Unit owner or prospective purchaser requesting such services, prior to the provision of such services.

XII. **SECURITY**. The Management Company shall not in any way be considered an insurer or guarantor of security within the Property. The Management Company shall not be liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. The Board on behalf of the ASSOCIATION, all owners and occupants of any dwelling, tenants, guests and invitees of any owner, as applicable, acknowledges that the Management Company does not represent or warrant that any fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices, or other security systems (if any are present) will prevent loss by fire, smoke, burglary, theft, hold-up or otherwise, nor that fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices or other security systems will in all cases provide the detection or protection for which the system is designed or intended. The Board on behalf of the ASSOCIATION, each owner and occupant of any dwelling and each tenant, guest and invitee of an owner, as applicable, acknowledges and understands that the Management Company is not an insurer and that each owner and occupant of any Lot/Unit and each tenant, guest and invitee of any owner assumes all risks for loss or damage to persons, to Lots/Units and to the contents of Lots/Units and further acknowledges that the Management Company has made no representations or warranties nor has the ASSOCIATION, any owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices or other security systems recommended or installed or any security measures undertaken within the property.

XIII. **SEVERABILITY**. If any section, subsection, sentence, clause, phrase or word of this Agreement shall be and is for any reason held or declared to be inoperative or void, such holding will not affect the remaining portion of this Agreement, and it shall be construed to have been the intent of the parties hereto to agree without such inoperative or invalid part therein and the remainder of this Agreement, after the exclusion of such parts, shall be deemed and held to be valid as if such excluded parts had never been included herein.

XIV. **ENTIRE AGREEMENT**. This document contains the entire agreement between the parties hereto and can be amended only by written instrument signed by all of the parties hereto.

XV. **HEADINGS**. The paragraph captions or headings contained in this agreement are for informational purposes only and shall not be used in the interpretation of any paragraph or part thereof.

XVI. **ASSIGNMENT**. This Agreement shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective successors and assigns.

XVII. **GOVERNING LAW**. The parties hereto agree, notwithstanding the principles of conflicts of laws, that the internal laws of the State of North Carolina shall govern and control the validity, interpretation, performance, and enforcement of this Agreement. The parties hereto further agree that any action relating to this Agreement shall be instituted and prosecuted in the Courts of the County of New

Hanover, State of North Carolina, and each party hereto hereby consents to the jurisdiction of said courts and waives any right or defense relating to such jurisdiction and venue.

XVIII. **NOTICES.** All notices hereunder shall be in writing and shall be personally delivered, sent electronically, or sent by a nationally recognized overnight courier for next day delivery. Notice shall be deemed given and received when personally delivered, upon confirmation of receipt when sent electronically, or one business day after deposit with a nationally recognized overnight courier for next day delivery.

Such notices or communications shall be given to the parties hereto at the following addresses:

To the ASSOCIATION:

BLUEWATER COVE HOMEOWNERS ASSOCIATION, INC.

1417 White Heron Lane
address

Swansboro, NC 28584
city, state, zip

To the Management Company:

**S&S SERVICES GROUP, LLC/
DBA COMMUNITY ASSOCIATION MANAGEMENT SERVICES**
1612 Military Cutoff Road, Suite 108
Wilmington, NC 28403

Any party may at any time, with reasonable notice to the other party, designate any other address in substitution of the foregoing addresses to which such notice or communication shall be given.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the day and year first above written.

ASSOCIATION:

BLUEWATER COVE HOMEOWNERS ASSOCIATION, INC.

By: Randy Shaffer, President 22 September 2020
date

RANDY SHAFFER
print name 20-3611697
Association's Federal ID #

MANAGEMENT COMPANY:

**S&S SERVICES GROUP, LLC/
DBA COMMUNITY ASSOCIATION MANAGEMENT SERVICES (CAMS)**

By: Michael Stonestreet
President 9/28/2020
date

EXHIBIT A

MANAGEMENT COMPANY'S COMPENSATION

For the performance of the Management Company's duties as set forth in this Agreement, the ASSOCIATION agrees to pay the Management Company's fees as follows:

1. The one-time **Fee for Standard Set up of Initial Files**, the member database and review current contracts, accounting reports and other association records & policies, if received from the ASSOCIATION in a timely and orderly fashion, is **Three Hundred and no/100 Dollars (\$300.00)**. New ASSOCIATION setup is considered extraordinary, rather than standard, if required documentation is not provided in a timely manner. Examples of extraordinary setup services are numerous requests for information from the Board or previous management, researching/requesting lot/unit street address, correcting financial information including Accounts Receivable. The Board will be notified *in advance* if Extraordinary Services are required.
2. The ASSOCIATION shall pay the Management Company's **Management Fee** for the performance of the Management Company's duties as set forth in Article IV, Sections A, B, and C of this Agreement, the sum of **Six Hundred Twenty-Five and no/100 Dollars (\$625.00) per month**.
3. The fee for unusual **Extraordinary Services** as set forth in Article IV, Section D, or not set forth in this Agreement, or any other services mutually agreed by the parties to be performed by the Management Company are published in the Extraordinary Services Section of Exhibit B attached herewith. The Management Company will be responsible for notifying and obtaining written approval from an authorized Board member or representative *prior* to performing any service for which the Management Company will claim such additional compensation.
4. The Management Company shall record changes of ownership upon receipt of supporting documentation. Although the Management Company shall make every attempt to keep ownership records current the Management Company shall not be held liable for the errors and omissions of the closing attorney and/or seller. Such change of ownership shall be processed at a fee to the buyer/seller of a lot/unit. This Certificate of Assessment is published in Exhibit B attached hereto.
5. The Management Company shall by request fill out various property questionnaires for lender and/or real estate transactions, often called Planned Urban Development (PUD) statements, for a fee as published in Exhibit B attached hereto. This is not a charge to the ASSOCIATION.
6. Architectural Review Administration Processing and Inspection Services are available, if the Board so chooses, for the following fees:

- Modification to Existing Homes -\$50.00 (including inspections)

The Architectural Review cost may be offset by the review fees charged by the ASSOCIATION to owners and builders.

7. If the ASSOCIATION requests onsite employees, all costs of such employees, including, but not limited to salary, payroll tax, required benefits, workman's compensation coverage, general liability exposure costs, administrative expense and training costs necessary to maximize the competency and effectiveness of the employee shall be part of the operating expense of the ASSOCIATION and shall be paid out of the funds of the ASSOCIATION to the Management Company. All onsite employees will be employees of the Management Company and exclusively

assigned to the ASSOCIATION and will be billed back to the ASSOCIATION, plus a Human Resource & Payroll Administrative charge, each payroll period. The administrative charge is twelve percent (12%) of employee gross cost, but is subject to review and possible change. This charge includes the following services, but is not limited to:

- Operation of a full-service Human Resources Department (to which the board and on-site Associates would have access).
- Benefit Administration (including health insurance & life insurance)
- All Human Resources Data Processing
- Administration of Workers Compensation Claims
- 401K Administration
- New Associate Orientation Programs
- On-going Human Resources Education- Including Performance Management Education, Safety/OSHA Education, Conducting Interviews and Evaluations Workshops, as well as Harassment Avoidance.
- W-2 Statement

8. The password-protected Association Website/Owners' Account Portal charges are waived.

EXHIBIT B**CAMS ADMINISTRATIVE PRICING**

Item	Fee/Rate
Owner Expenses:	
Certificate of Assessment; Rush Charge (3 or 1 Business Days)	\$175 each; \$100 or \$200 additional \$50 update
Delinquency Processing –	
Application for Lawsuit/Judgment.....	\$25 each
Foreclosure Processing.....	\$150 each
Pre-lien Notice.....	\$65 each
Non-Sufficient Check (NSF).....	\$30 each
Bankruptcy Notices.....	\$50 each
Payment Plan Processing (charged at Inception)	\$10/month
Refinance Certificate/PUD Statements/Questionnaires; Rush Charge (3 Bus. days)	\$175 each; \$100 additional
Association Expenses:	
Billing/Collection Statement (Includes copy, coupon, envelope & postage)	\$2.50 each
Checks (Includes check stock, envelope & postage)	\$1.05 each
Compliance Letter	\$2.50 each; (Certified = \$10 each)
Copies	15¢ each (BW); 50¢ each (Color)
Electronic Vendor Payment Processing	50¢ each
Envelopes – large/ medium/ small	75¢ each/ 60¢ each/ 25¢ each
Exit Fee (one-time at association departure)	One-month management fee
Extraordinary Services– (<i>billed in ¼ hour increments; ¼ hour minimum</i>)	
Designated Manager or Sr. Management Personnel	\$125 per hour
Technology Consultant	\$125 per hour
Accounting Manager	\$75 per hour
Insurance Claim Consultant.....	\$75 per hour
Administrative/Clerical Personnel (to include meeting minutes)	\$50 per hour
Mail – Hand Processing (mailers over 10 pages)	50¢/package
Network & Storage – electronic & physical (Includes storage, delivery, p/u)	\$12.50/month
Non-Partnered Bank Investment Account Administration (<i>post 01/01/19</i>)	\$35/month per account
On-Site Software/Hardware	At Cost + Setup/Maintenance
Payment Coupon Booklets	\$6 each
Postage & Handling	At Cost
Preparation of Account Statement	\$10 each
Preparation of Form 1099 and 1096	\$10 each
Secretary of State Filings (Registered Agent & Principal Office)	\$50 Total
Special Assessment Set Up	\$2.50/door/year
Welcome Letter	\$2.30 each

Pricing is subject to change without notice, pending market changes.
CAP0120

CONFIDENTIALITY NOTICE: This contract is the property of S&S Services Group, LLC/DBA Community Association Management Services (CAMS) and contains information that is confidential, privileged, proprietary, or otherwise legally exempt from disclosure or use other than its intended purpose, in whole or in part, without the expressed written permission of S&S Services Group, LLC/DBA Community Association Management Services (CAMS).



CAMS PROFESSIONAL MANAGER CODE OF ETHICS



The CAMS' Manager/Management Company Shall:

1. Comply with current bylaws, standards and practices as may be established from time to time by Community Associations Institute ("CAI") subject to all federal, state and local laws, ordinances, and regulations in effect where the Manager practices.
2. Participate in continuing professional education through CAI and other industry related organizations, including monthly in-house continuing education training.
3. Act in the best interests of the client; refrain from making inaccurate or misleading representations or statements; not knowingly misrepresent facts to benefit the Manager.
4. Undertake only those engagements that they can reasonably expect to perform with professional competence.
5. Exercise due care and perform planning and supervision as specified in the written services agreement, job description or duly adopted Board policies.
6. Disclose all relationships in writing to the client regarding any actual, potential or perceived conflict of interest between the Manager and other vendors. The Manager shall take all necessary steps to avoid any perception of favoritism or impropriety during the vendor selection process and negotiation of any contracts.
7. Provide written disclosure of any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client.
8. Ensure that homeowners receive timely notice as required by state statutes or legal documents and protect their right of appeal.
9. Disclose to the client the extent of fidelity or other contractually required insurance carried on behalf of the Manager and/or client and any subsequent changes in coverage, which occur during the Manager's engagement if the amount is lower than the contract amount requires.
10. See that the funds held for the client by the Manager are in separate accounts, are not misappropriated, and are returned to the client at the end of the Manager's engagement; Prepare and furnish to the client accurate and timely financial reports in accordance with the terms of the services agreement, job description or duly adopted Board policies.
11. Recognize the original records, files and books held by the Manager are the property of the client to be returned to the client at the end of the Manager's engagement; maintain the duty of confidentiality to all current and former clients.
12. Refrain from criticizing competitors or their business practices; Act in the best interests of their Employers; Maintain a professional relationship with our peers and industry related professionals.
13. Conduct themselves in a professional manner at all times when acting in the scope of their employment.
14. Not engage in any form of price fixing, anti-trust, or anti-competition.
15. Not use the work products of colleagues or competing management firms that are considered proprietary without the expressed written permission of the author or the management firm.