

BLUEWATER COVE HOMEOWNER'S ASSOCIATION

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this the 17th day of June 2009, by and between the **BLUEWATER COVE HOMEOWNER'S ASSOCIATION**, Inc., a non-profit corporation, organized and existing under the laws of the State of North Carolina, hereinafter referred to as the "ASSOCIATION" and **BLUEWATER GMAC REAL ESTATE**, a North Carolina Corporation, hereinafter called the "MANAGER,"

WITNESSETH:

WHEREAS, the Association is a corporation, the Members of which are the owners of lots in a residential Community known as Bluewater Cove, hereinafter referred to as "Association" by its Declaration and is vested with certain powers and charged with certain duties relative to the operation of the Association; and,

WHEREAS, the complexity and burden of the duties and the responsibilities of the Association under the Declarations allows for the employment of a manager; and,

WHEREAS, Manager is an experienced professional property management firm desirous of furnishing professional management services for the Association;

NOW, THEREFORE, in consideration of the mutual promises made in this Agreement, the parties agree as follows:

1. **ENGAGEMENT.** The Association hereby appoints the Manager and the Manager hereby accepts the appointment on the terms and conditions hereinafter provided as exclusive management agent for the Residential Community known as Bluewater Cove located in Stella, in the County of Carteret, State of North Carolina. Manager serves as an independent contractor for the Association and is not an agent or employee.

2. **TERM.** The term of the Condominium Property Management Agreement shall remain in full force beginning on May 1, 2009, and continuing through April 30, 2010. This Agreement may be renewed for an additional one (1) year with the Manager submitting a new Agreement to the Board of Directors for a review and execution sixty (60) days prior to the termination of the current agreement period. This Agreement may be canceled by either party without cause of penalty, by providing sixty (60) days prior written notice of such cancellation to the other party.

3. **POWERS AND DUTIES OF THE MANAGER.** The Manager shall Assist the Board of Directors of the Association, hereinafter referred to as "Board", in the administration of the Association as hereinafter more specifically set forth. It is not the intention of the parties to transfer control of the Association's corporate officers or directors or the responsibility thereof to the Manager. The Manager 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 be subject to the Board with respect to matters of policy, but shall be entitled to exercise its discretion in the details of the implementation of such policies.

4. SERVICES PERFORMED.

A. Accounting and financial -

1) Manager will prepare a proposed annual operating Budget setting forth projected revenues and expenditures for the new accounting year based upon anticipated operations. The budget proposal will be submitted to the Board, or the Board appointed Budget Committee, for approval, no later than forty-five (45) days prior to the commencement of the new accounting year for adoption.

2) Manager will prepare, review and analyze monthly financial reports prepared on an accrual basis of all receipts and disbursements, itemized according to the Budget and submit the statements to the Board, and/or any designated officer(s) or Committee Member(s).

3) The Manager shall maintain all accounting records in a manner to facilitate an annual audit and the preparation of tax returns by an independent accountant approved by the Board. Such records shall be kept at the office of the Manager, but shall be available for inspection by the Association's Officers and the Board during regular business hours. All financial and accounting duties will be performed in the home office located in Emerald Isle, North Carolina, by the Manager.

4) Manager shall prepare an annual letter to all of the Members of the Association enclosing the adopted Budget and outlining the assessment for each lot owner as computed by reference to the appropriate sections of the Declaration.

5) Manager shall be the exclusive receiving agent for the Association to receive all assessments which may be due to the Association. In the name of the Association, the Manager shall have the authority to bill, request, demand, collect, receive and give receipt for all assessments which may be due to the Association.

6) If any assessment, special assessment, fee, fine or cost of any nature is not timely paid, the Manager, pursuant to the Declarations and Chapters 47A and 47C of the North Carolina General Statutes, may file a claim of lien on the property and enforce the claim of lien by filing a civil action and reducing that action to Judgement. Judgement shall include all sums owed to the Association, including reasonable legal fees and costs. Subsequent to Judgement, but before collection of the Judgement, the Manager shall receive authority from the Board of directors before proceeding with collection of the Judgement, which may include, sale of the affected property.

The Manager shall provide to the Board of Directors, at each regular Board Meeting a summary of all unpaid assessments and actions taken to date.

7) Manager will be responsible for processing, checking and paying in a timely manner, all expenses and obligations of the Association out of the funds being held by the Association in accordance with this Agreement and pursuant to the then approved Annual Budget, except in the case of emergency expenditures necessary to maintain essential services of

the Association or where such expenditures are necessary to maintain the Association in the reasonable judgement of the Manager. Such payments may be subject to budgetary or cash flow limitations, in which event the Manager will consult with the Treasurer of the Association to obtain Board approval.

8) Manager will notify the Board immediately if the amount of the assessments or the receipt of assessments are such as to be insufficient to meet the disbursements of the Association as they become due, the Manager shall, by written notice, inform the Board of the facts and request that the Board provide the funds or call for a special assessment to remedy the anticipated deficiency. The Manager shall not undertake to pay the expenses of the Association from the Manager's own funds, but shall only be required to pay the expenses of the Association to the extent that revenue has been received from the Association's Membership.

9) Manager will handle all of the correspondence relating to the business matters concerning financial transactions of the Association.

10) The Manager will deposit all funds collected from the Association's Members or otherwise accruing to the Association, in an account or accounts of the Association in banks and/or savings and loan associations selected by the Manager and approved by the Board, provided such account or accounts shall be covered in whole or in part by FDIC and/or FSLIC Insurance, with suitable designation indicating their source. The Board gives the Manager approval to deposit any and all funds in interest bearing accounts with the interest being paid to the Association.

11) The Manager shall purchase out of the funds of the Association equipment, tools, goods, supplies, materials and services as shall be reasonably necessary to perform its duties, including maintenance, upkeep, repair, replacement, refurbishing, preservation and administration of the property as aforesaid. Wherever possible, purchases shall be made in the name of the Association. When making purchases, the Manager shall make an effort to obtain the best prices available and to use bulk purchasing power whenever available.

12) The Manager shall arrange for and assist in the preparation of annual federal tax returns and annual State of North Carolina non-profit corporate tax returns.

13) In addition to the above, the Manager shall perform those additional duties listed in EXHIBIT B attached.

B. ADMINISTRATIVE -

1) Manager shall confer freely and fully with the Board and the Officers of the Association, when requested by them, in connection with the performance of the Manager's duties. The Manager will be available to attend all Board Meetings. The Manager will assist in preparing the Notice of Board Meetings, Agendas, record and process the Minutes for mailing to each Board Member and/or the Association Members, as directed by the Board.

2) Manager will assist the Officers and Board in maintaining the Association's Minute Book, Membership List and other records required to be kept by the Association. Such records will be available for use and inspection by the Association during normal business hours. All administrative duties will be performed from Manager's Main Office located in Emerald Isle, North Carolina.

3) Manager has the right, but not the duty to make recommendations to the Board of Directors as to the form or forms of insurance needed to protect the Association, and which may be required to comply with the provisions of the Declaration, when requested. Manager will assist the Board in acquiring insurance policies for the Association as outlined in the documents and if delegated by the Board, will obtain bids for, contract to purchase and actually purchase such insurance for the Association.

4) Manager will assist the Appointed Committee(s) in preparing and distributing Bulletins to the general membership relating to the affairs of the Association and/or new policies approved by the Board.

5) Manager will take such action as may be necessary to comply with all laws, statutes, ordinances or rules of all appropriate governmental agencies.

6) Manager, at the direction of and with the approval of the Board, and at the expense of the Association, may retain and employ attorneys at law, accountants, engineers, architects and such other experts and professionals whose services are reasonably required by Manager or Board to effectively perform its duties and exercise its powers hereunder.

7) Manager will assist the Board, Officers and Appointed Committee(s) in the enforcement of Rules and regulations adopted by the Association.

8) Manager will be available from time to time to work with any contracted experts and professionals hired by the Association.

9) Manager will be responsible for all administrative work required for processing re-sales and transfers of property, to include, if applicable, notifying the Board of re-sales and transfers, providing assessment payment status information for legal authorities and keeping permanent files of new owners.

C. PROPERTY SUPERVISION -

1. Manager will, with the assistance and/or guidance of the Association's Appointed Committee(s), and subject always to the availability of funds provided by the Association, cause the buildings, facilities, grounds, lands, appurtenances and those portions of the General and Limited Common Elements owned by the Association to be maintained and repaired, including, but not limited to, landscaping, re-landscaping, painting, roofing, cleaning and such other normal maintenance and repair work as may be necessary. Manager will inspect, with the assistance and/or guidance of any Association Appointed Committee(s), the General and Limited common Elements owned by the Association to ensure that the maintenance sub-contractor(s) are causing the grounds, lands, appurtenances and those other portions of the General and Limited Common Elements owned by the Association to be reasonably maintained and repaired in accordance with the specifications as has been agreed to between the maintenance sub-contractor(s) and the Board. For any one item of repair, replacement or refurbishing of the General and Limited Common Elements, which is not specified in the current Association budget,

the Manager is limited in its authority to approve any such expenditure(s) to the sum of One Thousand and No/100 dollars (\$1,000.00), unless specifically authorized by the Board. It is understood that the Manager will confer immediately with the Board regarding emergency expenditures.

7) Manager shall be available to negotiate and manage, at the direction of the Board and on behalf of the Association, maintenance and service contracts that are needed or requested by the Association.

D. MAINTENANCE AND STAFFING -

1) Manager will oversee swimming pool maintenance, including the purchase, at Association's expense, chemicals and supplies necessary to ensure the proper operation of the Association's swimming pools and related facilities. The swimming pool monthly maintenance will be billed to the Association.

E. CASUALTY LOSS, RESTORATION AND IMPROVEMENTS -

Manager will assist the Board in filing insurance claims, coordination with insurance adjusters, filing necessary proofs of loss and other required documentation, and the coordination of restoration, repair or improvement efforts relative to Acts of God, casualty of loss, restoration or improvements efforts of the Association as directed by the Board.

Manager will make recommendations to the Board to determine, assess, charge and levy the costs of the loss, restoration or improvement in the event the casualty loss or damage was, or was not, covered by insurance. Any assessment will equal the costs of said repair(s) and restoration, plus a sum to be paid to Manager for its services.

F. OTHER SERVICES -

1) Manager, when authorized by the Board, will be available as an Association witness or representative when involved in any legal lawsuits.

2) Manager shall be available to prepare, coordinate, attend and handle the necessary follow-up for all Special Membership Meetings.

5. MANAGER'S COMPENSATION.

A) Compensation to the Manager beginning May 1, 2009 through April 30, 2010 shall be a total of \$100.00. A compensation increase will be reviewed for the renewal period beginning May 2010.


6. DISCLOSURE.

Manager will provide advance notice of and full disclosure to the Board of any and all business relationships and/or financial interests it may have with any vendor, contractor or other service provider that Manager represents. Failure on the part of the Manager to provide proper notice of this information to Association will subject Manager to make financial recompense to the Association for any monetary loss or damage the Association sustained as a result of Manager's failure to provide said notice and disclosure.

9. 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 operative 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 have never been included herein.

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


Bluewater Cove Homeowners Association

By 
President

ATTEST:

Secretary
(CORPORATE SEAL)

BLUEWATER ASSOCIATES OF EMERALD ISLE, INC.

By: 
Woody Warren
President

ATTEST:

Secretary
(CORPORATE SEAL)