

CL 2006233848

OR 3284/1993

EXHIBIT "E"

The initial copy of the Management Agreement.

ASSOCIATION MANAGEMENT AGREEMENT

THIS ASSOCIATION MANAGEMENT AGREEMENT ("Agreement") is made and entered into this 9th day of August, 2004, by and between The Villas at Reunion Square Condominium Association, Inc., a Florida nonprofit corporation whose address is 215 Celebration Place, Suite 200, Celebration, Florida 34747 ("Association"), and Ginn Property Management, LLC, a Georgia limited liability company, whose address is 215 Celebration Place, Suite 200, Celebration, Florida 34747 ("Manager") and the legal representatives, successors and assigns of the parties hereto.

W I T N E S S E T H:

WHEREAS, the Association is the entity responsible for operation of The Villas at Reunion Square Condominium ("Condominium") created pursuant to that certain Declaration of Condominium of The Villas at Reunion Square Condominium, as the same may be amended from time to time ("Declaration"); and

WHEREAS, the Association is desirous of entering into this Agreement for the purpose of engaging Manager to furnish management services to the Condominium for the Association; and

WHEREAS, the Manager is desirous of furnishing such management services to the Condominium for the Association.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein and Ten and No/100 dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by and between the parties as follows:

1. **Recitals and Terms.** The above recitals are true and correct. The terms used in this Agreement shall be defined in accordance with the Declaration, unless the context otherwise requires.
2. **Engagement.** The Association does hereby employ the Manager as the manager of the Condominium and the Manager hereby accepts such engagement.
3. **Term.** The term of this Agreement shall commence as of the date hereof and have effect for a period of five (5) years from the date of execution hereof (hereinafter referred to as "initial term"). The Association shall have the right to terminate this Agreement as provided in Chapter 718. The Manager shall have the unequivocal right, at any time either during the initial term or thereafter, to cancel this Agreement upon not less than sixty (60) days' written notice to the Association. Provided, however, if the Association cancels any portion of this Agreement or if a court declares any portion hereof invalid or unenforceable, which in the reasonable discretion of the Manager makes the performance of the balance hereof impractical, or in the event budget constraints prevent Manager from managing, operating, and maintaining the Association and Condominium property in conformity with a first class standard as defined below the Manager may cancel the Agreement upon not less than thirty (30) days' notice to the Association and it shall be understood that, for the purposes of this Agreement, cancellation was made by the Association.

The parties acknowledge that all of the Manager's personal and intellectual property related to its operation of the Condominium, including, but not limited to, Manager's trade name, trademarks, service marks, and software programs and the trade names, trademarks, service marks, and software programs of Manager's affiliates or subsidiaries ("Materials"), is and always shall be the personal property of the Manager. The parties expressly agree that upon termination of this Agreement due to the expiration of its term, due to cancellation or due to default (as set forth in paragraphs 30 and 31 below) the Association shall abstain from using the Materials and shall return any Materials in its possession to the Manager within fifteen (15) days after termination of this Agreement. Within fifteen (15) days of such termination, all interior and exterior signs and graphics bearing any of the Materials, shall be physically removed from the premises or otherwise covered or obliterated so as not to be visible to the public, all at the Association's expense. After termination of this Agreement, under no circumstances shall the Association, or

any person acting in the name of the Association, directly or indirectly hold itself or the Condominium out to the public as being or remaining affiliated with the Manager.

4. **Renewal.** This Agreement shall automatically renew itself for successive periods of five (5) years each, unless sooner terminated in accordance with its terms.

5. **Manager's Responsibilities.** The Manager shall be responsible for the efficient and satisfactory management, operation and maintenance of the Association and Condominium Property. In this regard, all responsibilities held by the Manager and every act performed by the Manager as further authorized or delineated in this Agreement shall be as agent for the Association. The Association hereby acknowledges and agrees that pursuant to the terms of this Agreement and in consideration of the management fee described in paragraph 14 below, the Manager shall perform itself, hire personnel to perform or procure providers to perform all services necessary for the operation and the maintenance of the Condominium in a reasonable and professional manner, and shall supervise the performance of all services provided to, or on behalf of, the Association pursuant to this Agreement. Notwithstanding any provision in this Agreement to the contrary, the Association agrees to reimburse the Manager for any and all costs incurred by the Manager in connection with the performance of its duties hereunder including the salaries, benefits, fees, taxes and other costs incurred in connection with all persons employed at the Condominium on behalf of the Association, whether employees of the Manager, the Association, or any other providers of services.

a. **Employees.** The Manager shall hire, pay and supervise the necessary employees to properly, adequately, safely and economically perform the duties and responsibilities of the Manager set forth herein, subject to budgetary limitations established by the Association; and the Manager shall hire, pay and supervise employees to provide for services not obtained by a separate provider pursuant to paragraph 5.b. below. Any persons actually hired by the Manager shall be the employees of the Manager rather than of the Association, unless the Manager specifically hires the employees to be employees of the Association. The Manager, in its absolute discretion, may determine to discharge and cause to be discharged any employee or subcontractor so hired. Pursuant to Section 718.3025(1)(d), *Florida Statutes*, the Manager shall employ a minimum of one person to perform its duties pursuant to this Agreement, and shall hire and supervise such additional employees as may be required from time to time in its sole discretion. All matters pertaining to the employment, interviewing and screening process, supervision, compensation, promotion and discharge of employees of the Manager and the Association are the responsibility of the Manager. The Manager shall carry workers compensation insurance for its employees as required by law. Where legally permitted to do so, Manager or its affiliate may elect to self-insure its worker's compensation coverage and to charge the Association (and reimburse itself) for a reasonable reserve for such coverage. Any worker's compensation claims made for any period in which Manager self insures coverage shall be the sole cost and expense of Manager and no such claims or awards shall be charged to the Association, except to the extent of any deductible which may be part of Manager's self-insurance program. Notwithstanding any provision in this Agreement to the contrary, the Association agrees to reimburse Manager for any and all costs incurred by the Manager in connection with the performance of its duties hereunder including the salaries, benefits, fees, taxes and other costs incurred in connection with all persons employed on behalf of the Association, whether employees of Manager, the Association, or any other providers of services.

The Association acknowledges that with respect to employees who are needed only on a part-time basis in connection with the management, operation and maintenance of the Association and the Condominium Property, such employees may also be used by Manager, or a corporation or person controlled by, under common control or affiliated with Manager at other projects managed by Manager, or a corporation or person controlled by, under common control or affiliated with Manager.

b. **Procurement of Separate Providers of Services.** The parties expressly agree that the Manager may procure necessary services for the Condominium from third parties, from the Developer, or may provide such services itself. The Manager shall deal at arm's length with all third parties and shall serve Association's interests at all times; provided, however, that nothing contained herein shall prevent Manager from procuring necessary services from an affiliate on terms and conditions no less favorable to Association than those that would be generally demanded by unaffiliated persons or entities for comparable services, if applicable, or for the sale or lease of comparable goods. All services procured by the Manager, regardless of source, shall be provided on a flat fee per service basis; provided, however, those services which cannot practicably be provided on a flat fee

per service basis, as determined by the Manager in its sole discretion, will be provided directly by the Manager on a cost basis.

In procuring providers of specific services from any source pursuant to its authority hereunder, the Manager shall enter into service agreements on behalf of the Association based upon the following factors:

- (1) the quality of work obtainable for the desired level of service, and
- (2) a reasonable practicable price for the service obtainable in the local market.

The Manager shall use its best judgment in evaluating these factors with respect to each proposed service; provided, however, nothing contained herein shall require the Manager to obtain the lowest price available as to any service, material or purchase, or in instances where bids are obtained, to accept the lowest bid.

The Manager shall have the authority to enter into any service agreements contemplated pursuant to this section in the Manager's name, as determined by the Manager in its sole discretion. The Manager may also propose to the Board that the Association enter into such contract directly. In the event of such proposal, the Manager and Association hereby agree to use commercially reasonable discretion in determining whether to execute on their own behalf such service agreements as are deemed necessary by the Manager from time to time to effectuate the obligations set forth in this Agreement. Any agreements entered into pursuant to this section shall be a Common Expense of the Association.

6. **Power and Duties.** To meet its obligations set forth in paragraph 5 above, the Manager, to the exclusion of all persons, including the Association and its members, shall have all the powers and duties of the Association as set forth in the Condominium Documents (except such thereof as are specifically required to be exercised by the Association's directors or members under Florida law). By way of illustration and not of limitation, the Manager's powers and duties hereunder shall include the following:

a. Condominium Operations. The Manager shall be responsible for: (i) the general operation of the physical properties that constitute the Association Property and the Condominium Property, including buildings, improvements, and the operation of any surface water management system, wetland mitigation and any other similar obligations set forth in the Condominium Documents; (ii) security; and (iii) any other Condominium operational matters. Manager, and persons designated by Manager, are authorized to enter into Units for the purposes set forth in this subparagraph. The Manager shall ensure that Condominium operation services are performed as required.

b. Maintenance and Repair. The Manager shall be responsible for the maintenance and repair of the Condominium Property and the Association Property, including the Common Elements of the Condominium to the extent that the Association is required to maintain and repair same, as provided in the Condominium Documents and to the extent directed to do so by the Board. Manager, and persons designated by Manager, are authorized to enter into Units for the purposes set forth in this subparagraph. Maintenance and repair services shall be performed as required.

c. Accounting and Financial Reporting. The Manager shall have the following powers and shall be responsible for the following duties concerning accounting and financial reporting services for the Condominium:

(1) Establishment and Administration of Association Bank Accounts. The Manager shall ensure that all funds collected from the assessment of Owners or otherwise accruing to the Association are deposited in accounts with a bank or other institution as permitted by applicable Florida law, in the name of the Association with suitable designations indicating the source of the funds. In the alternative, the Manager is authorized to invest collected funds on behalf of the Association; provided, however, that such

investments are permitted by Florida law. Reserves and operating funds of the Association shall not be commingled unless combined for investment purposes. The Manager shall ensure that all funds collected are kept separately, and not commingled with similar funds collected on behalf of other condominium or timeshare associations, or other clients. The Manager shall not be liable for any loss resulting from the insolvency of any depository or the loss from any investment.

The Manager is authorized to draw on the Association accounts for any payments to be made by the Manager to discharge any liabilities or obligations incurred pursuant to this Agreement, for the payment of the Management Fee (as defined herein) or any other disbursements properly incurred on the Association's behalf. Services to be performed pursuant to this paragraph shall be performed as required.

(2) Maintenance of Books and Records. The Manager shall ensure that the Association's financial records, books, accounts and other official records are maintained as provided by Chapter 718 and the Condominium Documents, and that certificates of account are issued to members of the Association, their mortgagees and lienors upon request without liability for errors unless made as a result of gross negligence or willful misconduct. Such records shall be kept at the Condominium and shall be available for inspection by Association members or their authorized representatives at reasonable times. Upon reasonable notice, the Manager shall produce copies of any such records at the Association's expense for members of the Board. All books and financial records of the Association shall be made available by the Manager to the Division of Florida Land Sales, Condominiums and Mobile Homes ("Division") for inspection upon request at the Association's expense. Storage of records shall be at the Association's expense. Services to be performed pursuant to this paragraph shall be performed quarterly, or more often if necessary, with the exception of the issuance of certificates of account which shall be performed as required.

(3) Annual Financial Reporting. The Manager shall ensure that, within ninety (90) days of the end of the fiscal year, or annually on a date as provided in the Association's Bylaws, a financial report for the preceding fiscal year of the Association is prepared in accordance with generally accepted accounting principles, Section 718.111(13), *Florida Statutes*, and Chapter 61B-22, *Florida Administrative Code*. Within twenty-one (21) days after the financial report is received by the Association, the Manager shall mail or hand deliver to each Owner at the address last furnished to the Association by the Owner, either, a copy of the financial report, or a notice that a copy of the financial report will be mailed or hand delivered to the Owner upon receipt by the Association of a written request from the Owner. Services to be performed pursuant to this paragraph shall be performed annually.

(4) Preparation of Annual Tax Returns. The Manager shall ensure that competent, professional assistance is engaged, as necessary, for the preparation of any tax returns or forms or other filings required by any local, state or federal agency, and the Manager will provide any assistance necessary or requested in the compilation of financial data from the books and records of the Association required for the completion of these filings and returns. Services to be performed pursuant to this paragraph shall be performed annually.

(5) Maintenance of Owners' List. The Manager shall maintain among its records and provide to the Division upon request a complete list of the names and addresses of all Owners of Units in the Condominium.

(6) Pay Bills and Costs. The Manager shall check for accuracy all bills or invoices received by the Association for services, work and supplies in connection with maintaining and operating the Association; provide the day-to-day bookkeeping services and procedures necessary to pay the proper bills and costs of the Association, the payroll of its employees, and any other debts incurred by the Association. This service shall include, but not be limited to, keeping all accounts payable records for the Association and performing all services in connection with the payment of bills, payroll, and other such items as may be provided for in the budget. Services to be performed pursuant to this paragraph shall be performed as required.

d. Annual Budget. Annual budget services shall include the preparation of a recommended annual budget for review by the Board, which shall in turn either adopt a final annual budget or refer such adoption to a meeting of the Association in compliance with Chapter 718 and the Condominium Documents.

Should a special assessment be required during the year, it shall be recommended and presented to the Board or the Association for adoption in compliance with Chapter 718 and the members of the Association shall be advised thereof and the share of any such special assessment shall be payable by each of the members pursuant to the Condominium Documents. The Manager shall use its best efforts to ensure that annual and special assessments are collected from the members for each Unit based upon the foregoing. Services to be performed pursuant to this paragraph shall be performed annually or as needed.

e. Compliance with Laws. The Manager is authorized to and shall be responsible for taking such action as may be necessary to comply with all laws, statutes, ordinances, and rules of all appropriate governmental authorities and with the rules and regulations of the National Board of Fire Underwriters (or in the event it shall terminate its present functions, those of any other body exercising similar functions). The Manager shall be responsible for complying with all community association management license requirements applicable to condominiums. Services to be performed pursuant to this paragraph shall be performed as required.

f. Coordination of Owner Meetings.

(1) The Manager shall ensure that a representative of the Manager attends all official meetings of all Owners and that notices of all such meetings are delivered via U.S. mail or personal delivery to all Owners at the last address shown in the Association's official records and in accordance with the Association's Bylaws.

(2) The Manager shall be responsible for providing assistance to the Board in preparing an agenda for all such meetings and in preparing any reports, charts or other materials for presentation at such meetings that are requested by the Board. The Manager shall also be responsible for preparing a draft of the minutes of all such meetings for review and approval by the Association's secretary.

(3) Services to be performed pursuant to this subsection f. shall be performed as required.

g. Coordination of All Board Meetings.

(1) The Manager shall ensure that a representative of the Manager attends all meetings of the Board and that notices of all such meetings are delivered via U.S. mail or personal delivery to all members of the Board.

(2) The Manager shall be responsible for providing assistance to the Board in preparing an agenda for all such meetings and any reports, charts or other material for presentation at such meetings that are requested by the Board. The Manager shall also be responsible for preparing a draft of the minutes of all such meetings for review and approval by the Association's secretary.

(3) Services to be performed pursuant to this subsection g. shall be performed as required. If meetings of the Board are held more frequently than monthly, the Association shall compensate the Manager for additional costs, including, but not limited to, additional management fees and expenses incurred by the Manager.

h. Rules and Regulations. The Manager shall be responsible for the proposal to the Board of rules and regulations as it deems advisable for the use and occupancy of the Condominium Property all subject to the approval of the Board at a meeting of the Board in accordance with Florida law. The Manager shall be responsible for enforcing the Condominium Rules and Regulations. The Manager shall be responsible for determining, in its sole discretion, all activities and programs to be carried on as to same and shall employ the personnel or contract for the service required therefor as it determines in its sole discretion. Manager, and persons designated by Manager, are authorized to enter into Units on behalf of the Association in accordance with the Association's rights set forth in the Condominium Documents. Services to be performed pursuant to this paragraph shall be performed as required.

i. Alterations and Additions. The Manager shall be responsible for ensuring that alterations or additions to the Common Elements or Limited Common Elements of the Condominium Property are made as authorized by the Board and the Association's members where required, pursuant to and in accordance with the Condominium Documents. Services to be performed pursuant to this paragraph shall be performed as required.

j. Employment of Professionals. The Manager shall retain and employ such professionals and such other experts whose services may be reasonably required to effectively perform its duties and exercise its powers hereunder and shall employ same on such basis as it deems most beneficial. Services to be performed pursuant to this paragraph shall be performed as required.

k. Damage to Property. If repair or restoration of the Condominium Property or any portion thereof, including any Unit, Units or the Common Elements, is required due to loss by act of God, or by other cause, which is other than normal wear and tear, and which loss is less than "major damage," as defined in the Condominium Documents, then in such event the Manager shall be authorized and empowered to determine, and recommend to the Board to make assessments for the costs of repairing and restoring such loss among the Owners in such proportions as required by the Condominium Documents, notwithstanding the fact that said loss or damage was, or was not, covered by insurance, and said total assessment shall be equal to the cost of said repair which shall include the costs of the Manager's personnel, and overhead, materials and equipment, and any and all other contractors, subcontractors or materialmen as are required. The Manager shall collect assessments adopted by the Board on behalf of the Association. Should the loss be covered by insurance, the proceeds thereof shall be applied as a credit against the total costs of said repair and restoration in such proportions as hereinbefore set forth in this paragraph. It shall be presumed that the first monies disbursed in payment of costs of repair and restoration shall be from insurance proceeds, where such are received, and then from assessments collected and, should there be a surplus of such funds, the said surplus shall be distributed to or on behalf of the Owners, as provided in the Condominium Documents. Services to be performed pursuant to this paragraph shall be performed as required.

l. Insurance. The Manager shall be responsible for obtaining and maintaining all insurance policies in the name of the Association required to be obtained and maintained by the Association pursuant to Chapter 718 and the Condominium Documents. The Manager is hereby authorized to act as agent for the Association, each Owner, and for each owner of any other insured interest and, further, to adjust all claims arising under the insurance policies subject to the provisions of the Condominium Documents. The Manager is also authorized to file lawsuits in the name of the Association as directed by the Board and deliver releases upon payments of claims; to otherwise exercise all of the rights, powers and privileges of the insured parties, and if the Association is acting as Insurance Trustee, to receive on behalf of the Association and all insured parties, all insurance proceeds, subject to the provisions of the Condominium Documents. The cost of all insurance obtained hereunder shall be a Common Expense of the Association. Services to be performed pursuant to this paragraph shall be performed as required.

m. Liens for Assessments. As directed by the Board, the Manager will cause to be prepared and filed, liens on behalf of the Association against the Units/Condominium Parcels of any Owner who fails to pay his assessments or maintenance fee as required and provided in the Condominium Documents. The Association also authorizes the Manager to assign the collection of any such liens to a third party as it deems advisable in the Association's best interest. The Manager is further authorized to utilize the services of a collection agency and/or attorney for collection of delinquent accounts and to charge the delinquent Owner for such costs as permitted by applicable law. Services to be performed pursuant to this paragraph shall be performed as required.

7. Fiduciary Duty. The Manager shall act in a fiduciary capacity with respect to the proper protection of and the accounting for the Association's assets. In this capacity, the Manager shall deal at arm's length with all third parties and shall serve the Association's interests at all times; provided, however, that nothing contained herein shall prevent the Manager from procuring necessary services from an affiliate on terms and conditions no less favorable to Association than those that would be generally demanded by unaffiliated persons or entities for comparable services, if applicable, or for the sale or lease of comparable goods.

This Agreement shall not be construed as prohibiting the Manager, or any firm or corporation or any related person or entity controlled by the Manager, from conducting or possessing an interest in any other

business or activity, including, but not limited to, the ownership, financing, leasing, operation, development, management and brokerage of real property.

8. **Authority to Purchase Materials and Supplies.** The Manager shall have the authority to purchase equipment, tools, vehicles, appliances, goods, supplies and materials as shall be reasonably necessary to perform its duties and responsibilities pursuant to this Agreement. Purchases shall be in the name of the Association and shall be a Common Expense of the Association. All purchases made pursuant to this paragraph shall be made on an as required basis. The Manager may purchase such materials from an affiliate on terms and conditions no less favorable to Association than those that would be generally demanded by unaffiliated persons or entities for comparable services, if applicable, or for the sale or lease of comparable goods. Notwithstanding anything contained herein to the contrary, all personal property of the Manager, including property acquired by the Manager with its own funds, during the term of this Agreement, shall remain the property of the Manager regardless of the use of such property in carrying out the Manager's duties and obligations under this Agreement.

9. **Independent Contractor.** The parties hereby agree and acknowledge that the Manager is an independent contractor of the Association.

10. **Common Expenses.** All assessments, including the Manager's fee, overhead and expenses, made by the Manager pursuant to this Agreement shall be Common Expenses of the Condominium.

11. **Application of Assessments.** The Manager shall, in its sole discretion, apply assessments collected in such a manner as to properly discharge its obligations under this Agreement. Reserves and operating funds of the Association shall not be commingled unless combined for investment purposes.

12. **Aid and Assistance.** The Association shall aid and assist the Manager, in any reasonable manner requested by the Manager, in collecting assessments and effectuating the purposes of this Agreement.

13. **Deficits.** Notwithstanding any provision contained in this Agreement or the Condominium Documents to the contrary, the Manager shall not be required to undertake to pay any costs or expenses for the benefit of the Association or its members from its own funds, and shall only be required to perform its services and make disbursements to the extent that, and as long as, the payments of assessments received from the Association or its members are sufficient to pay said costs and expenses in full. If it shall appear to the Manager that said assessments are insufficient to pay the same, and to adequately provide full reserves, the Manager shall forthwith determine, assess and collect from the Association or its members such additional assessments as are required.

14. **Management Fee.**

a. **Management Fee.** The Manager shall provide the services required of it hereunder, for which services the Association shall pay to the Manager an annual management fee equal to twelve percent (12%) of the Association annual budget excluding reserves and ad valorem taxes. Payment of the annual management fee shall be in addition to any other reimbursable expenses paid to the Manager by the Association pursuant to the terms of this Agreement including, but not limited to, expenses reimbursed pursuant to paragraph 14(b.) below. Notwithstanding the provisions of the foregoing, the parties understand and agree that the provisions of this paragraph which, subject to its terms, fix the fees hereunder for a specified time, are made in recognition of the fact that all of the active functions of the Association have been delegated to the Manager hereunder. However, if the Association undertakes any action or incurs any expense in addition to those actions or expenses incurred by the Manager, or as set forth in the budget prepared by the Manager, the same shall be paid by the Association.

b. **Separate Cost Items.** To the extent not included in the Association's Estimated Budget, the Association will pay or reimburse Manager separately for the following services or costs as further referenced in Exhibit "A" attached to and made a part of this Agreement:

(1) **On-Site Employee Expense.** The Manager shall select, employ and supervise any and all on-site employees, for the Association's benefit. All expenses incident to employment of such

personnel, including salary, vacation, holiday and sick leave pay, payroll taxes, worker's compensation, unemployment compensation and any other employer taxes or fees, will be borne by the Manager and charged back to the Association.

(2) **Association Employee Expense.** The Association may elect to have the Manager handle the payroll and personnel services of any current Association employees, for which the Association will pay the Manager a monthly amount equal to ten percent (10%) of the employee's monthly total gross payroll.

(3) **Postage, Printing and Duplication.** Postage, printing and duplication costs for individual assessment statements, delinquent notices, distribution of membership rosters, minutes, Association documents, newsletters and any other reports, forms, letters, and correspondence, having to do with Association business.

(4) **Telephone and Facsimile.** Telephone and facsimile costs incurred in performing Association business.

(5) **Materials, Supplies and Services.** All costs expended by Manager for materials, supplies and services other than Manager's overhead expense of office operation.

(6) **Sales Tax.** All applicable sales tax, if any.

(7) **Lien Fee.** Association will pay Manager a fee for any lien action taken by Manager at the direction of the Association.

Notwithstanding the provisions of the foregoing, the parties understand and agree that the provisions of this paragraph which, subject to its terms, fix the fees hereunder for a specified time, are made in recognition of the fact that all of the active functions of the Association have been delegated to the Manager hereunder. However, if the Association undertakes any action or incurs any expense in addition to those actions or expenses incurred by the Manager, or as set forth in the budget prepared by the Manager, the same shall be paid by the Association.

15. **Special Services.** The Manager is authorized to assess a special assessment against an Owner to recover the cost of providing special services on behalf of and at the request of that Owner in a reasonable amount determined by the Manager.

16. **Interference.** For so long as this Agreement remains in effect and is not properly terminated by the Association as herein provided, the Association shall not unlawfully interfere nor permit, allow or cause any of its officers, directors or members to unlawfully interfere with the Manager in the performance of its duties or the exercise of any of its powers hereunder.

17. **Indemnification.**

a. **Indemnification of Association.** To the extent the Association is not fully recompensed by insurance, the Manager agrees it will indemnify, defend, save, and hold the Association harmless from and against any liability for any loss, damages, liabilities, claims, costs, and expenses, including, without limitation, reasonable attorneys' and other professionals' fees and expenses, arising out of or in any way related to (i) Manager's operations or business other than in connection with the administration nor performance of its duties under this Agreement; or (ii) the gross negligence, willful misconduct or fraud committed by the Manager, its officers or directors. Manager shall have no liability hereunder to the extent the Association is reimbursed for its loss from the proceeds of insurance, and, with respect to such coverage, the Association agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on Manager for indemnity.

b. **Indemnification of Manager.** To the extent the Manager is not fully recompensed by insurance, the Association, its members and employees will, and do hereby indemnify, defend, save, and hold the Manager (and its officers, directors, shareholders, agents, employees, and affiliates) free and

harmless from and against any liability for any and all loss, damages, liabilities, claims, costs and expenses, including, without limitation, reasonable attorneys' and other professionals' fees and expenses, arising out of or in any way related to administration and performance of (i) Manager's duties under this Agreement; or (ii) any other matter related to, or in connection with the Condominium from any cause whatsoever, unless, in each case, such loss, damages, liabilities, claims, costs and expenses shall be solely attributable or caused by the gross negligence, willful misconduct or fraud committed by the Manager, its officers, directors or the senior manager for the Condominium. The acts or omissions (including grossly negligent, willful, or fraudulent acts or omissions) of Manager employees or agents, other than officers, directors or the senior manager for the Condominium, shall not be imputed to the Manager's officers, directors, or senior manager for the Condominium, or be deemed to be Manager's gross negligence, willful misconduct or fraud, unless such acts or omissions result directly from the gross negligence or willful misconduct of the Manager's officers, directors or senior manager for the Condominium in supervising such employees or agents. The Association shall have no liability hereunder to the extent the Manager is reimbursed for its loss from the proceeds of insurance, and, with respect to such coverage, the Manager agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on the Association for indemnity. The Manager shall be designated as an additional insured in the comprehensive public liability policy obtained by or for the benefit of the Association, and any additional premium therefor shall be the responsibility of the Association.

Without in any way limiting the generality of the foregoing, upon expiration or earlier termination of this Agreement, Association will indemnify, defend, and hold Manager (and its officers, directors, shareholders, employees and affiliates) free and harmless of from and against any liability for any loss, damages, liabilities, claims, costs and expenses arising out of or relating to any of the provisions of the Employee Retirement Income Security Act of 1974, the Multi-Employer Pension Plan Amendments Act of 1980 ("MEPPA"), the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and the Workers Adjustment Retraining and Notification Act ("WARN"), all as amended, with respect to (i) any withdrawal liability (as described in Section 4201 of MEPPA) incurred in connection with the discontinuance of contributions to any Multi-Employer Pension Plan to which Manager may make contributions on behalf of persons employed at the Condominium but only to the extent such withdrawal liability is attributable to benefits accrued by employees of Manager in respect of services performed pursuant to this Agreement; (ii) any other funding obligations arising under the foregoing except to the extent resulting from Manager's gross negligence or willful misconduct; (iii) any costs, expenses, liabilities, or losses incurred by Manager in connection with compliance, after the date of expiration or earlier termination of this Agreement, with COBRA obligations in respect of the Condominium in excess of employee premiums; (iv) any fines, interest, excise taxes or penalties which may be assessed against Manager in respect to the operation and administration of any employee benefit plan to the extent attributable to such plans having been made available to employees of management company for the Condominium unless such fines, interest, excise taxes or penalties are due to the gross negligence, willful misconduct or fraud committed by the Manager; or (v) liabilities, costs, expenses, claims, or damages payable under WARN with respect to the termination of employment of employees by Manager in connection with the expiration or earlier termination of this Agreement.

18. **Assignment.** The Manager may assign this Agreement, upon the consent of the Board, which consent will not be unreasonably withheld, to (a) an affiliate; or (b) to any assignee who also acquires all, or substantially all, of the assets of Manager, including the right to use the Materials and agrees in writing to personally assume, perform and be bound by all the terms, covenants, conditions and agreements in this Agreement. Manager's liability hereunder shall terminate upon such assignment except for those that have accrued before the effective date of the assignment. Except as otherwise provided in this paragraph, the Manager may not assign its rights and duties under this Agreement without the prior written consent of the Association, which may give or withhold its consent in its sole discretion; however, nothing herein shall restrict the right of the Manager to subcontract for or otherwise procure the services of third parties pursuant to subparagraph 5.b. above. Upon such assignment and assumption, the party named as the Manager herein shall be released from any and all obligations hereunder except those which have accrued before the effective date of the assignment. Thirty (30) days' advance notice of the assignment shall be delivered to the Association.

19. **Amendments of Documents.** If the Board shall make any amendments to the Condominium Documents that impair or prejudice the rights of the Manager, as determined by Manager in Manager's commercially reasonable discretion, such amendments shall be considered a default under this Agreement.

20. **Ownership of Manager.** The Manager and The Villas at Reunion Square, LLC, which is the developer of the Condominium, share common ownership and are affiliates.

21. **Vehicular Parking and Storage.** The Manager shall have the power to regulate all vehicular parking in accordance with the Condominium Documents. The Manager shall regulate the use of the storage areas on the Condominium property, if any, in accordance with the Condominium Documents.

22. **Governing Law; Waiver of Jury Trial; Venue of Actions.** This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Florida. The parties hereby waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against the other concerning the interpretation, construction, validity, enforcement or performance of this Agreement or any other agreement or instrument executed in connection with this Agreement. In the event any such suit or legal action is commenced by either party, the other party hereby agrees, consents and submits to the personal jurisdiction of the Circuit and County Courts of the Ninth Judicial Circuit, in and for Osceola County Florida ("Osceola Courts"), with respect to such suit or legal action, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said Osceola Courts, and each party hereby waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in said Osceola Courts. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

23. **Waiver.** No waiver of a breach of any of the covenants contained in this Agreement shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

24. **Time of the Essence.** Except as otherwise specifically set forth herein, time is of the essence for all terms of this Agreement.

25. **Modification.** No modification, release, discharge or waiver of any provision hereof shall be of any force, effect or value unless in writing and signed by the parties to this Agreement.

26. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto, and neither party has been induced by the other by representations, promises or understandings not expressed herein, and there are no collateral agreements, stipulations, promises or understandings whatsoever, in any way touching the subject matter of this instrument, or the instruments referred to herein that are not expressly contained herein or in the Condominium Documents.

27. **Partial Invalidation.** The invalidity in whole or in part of any covenant, promise or undertaking, or any section, subsection, sentence, clause, phrase or words, or of any provision of this Agreement shall not affect the validity of the remaining portions hereof.

28. **Gender and Number.** Whenever the context hereof so permits, the use of plural will include the singular, the singular the plural, and the use of any gender will be deemed to include all genders.

29. **Notices.** Except as may be otherwise provided herein, any notice, demand, request, consent, approval or communication under this Agreement shall be in writing and shall be deemed duly given or made: (i) three days after being deposited, postage prepaid, in the U.S. mail, certified or registered mail with a return receipt requested, addressed to the party at the address shown above; (ii) when delivered personally to the party at the address specified above; (iii) when delivered by a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the party as specified above; or (iv) when delivered by facsimile transmission with confirmed receipt of transmission. A party may designate a different address for receiving notices hereunder by notice to the other parties.

30. **Default by Association.** If the Association or its members shall interfere with the Manager in the performance of its duties or exercise of its powers hereunder, or if the Association shall fail to promptly do any of the things required of it hereunder and such failure or interference continues for fifteen (15) days after the Manager has given written notice of such failure or interference to any officer or director of the Association, the Manager may thereupon declare this Agreement in default. Upon default, the Manager may, in

addition to any other remedy given it by agreement or in law or equity, (i) bring an action against the Association for damages or injunctive relief, and (ii) the Association shall be liable for the Manager's reasonable attorneys' and other professionals' fees and costs incurred thereby. All rights of the Manager, upon default, shall be cumulative and the exercise of one or more remedies shall not be deemed to exclude or constitute a waiver of any other additional remedy.

31. **Default by Manager.** In addition to the rights of the Association under Section 718.3025(2), *Florida Statutes*, failure of the Manager to substantially perform its duties and obligations under this Agreement shall be grounds for the Association to cancel this Agreement as its only other remedy, provided said termination is accomplished pursuant to Chapter 718. In no event shall the Manager be liable to the Association or Owners for damages, except as heretofore provided.

32. **Excusable Delays.** In the event that the Manager shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, Act of God, or any other reason beyond the Manager's control, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

33. **Termination of Condominium.** If the Condominium shall be terminated as set forth in the Declaration, then this Agreement shall automatically terminate.

34. **Employment Matters upon Termination.** Association acknowledges that the termination of this Agreement will result in the termination of the employment of any employees hired by Manager to perform the duties and responsibilities of the Manager set forth herein; provided, however, that Association acknowledges that Manager shall have the right to make offers of employment to any management personnel then employed for employment at other resorts managed by Manager. Association agrees that it shall indemnify, defend and hold Manager, and each of Manager's shareholders, officers, directors, employees and agents, completely free and harmless from any and all manner of liability, claim, loss, damage or expense of any employees of Manager (notwithstanding the continuation of their employment at the Condominium as employees of Association or a successor manager), including, without limitation, accrued payroll, accrued benefits such as vacation pay and sick days and other employment liabilities (including severance obligations) up to the date of such termination, any multi-employer withdrawal liability, obligations under then existing or subsequently negotiated collective bargaining agreements, and any liabilities or obligations under WARN and other requirements applicable to severance or termination of employment.

The Association may not hire, or contract for management services, any current, future and/or former employee of Manager during the term of this Agreement and for a period of two (2) years after termination of this Agreement, unless agreed upon in writing by the Manager. The Association and the Manager hereby stipulate that, as between them, this provision is important and material, and if breached by the Association, will gravely impact upon the business of the Manager and shall entitle the Manager to all remedies available to it in equity and/or at law. This provision shall survive termination of this Agreement for a period of two (2) years.

35. **Reasonableness Standard for Consents.** Under any circumstance in which this Agreement requires one party to consent to the actions of the other party, the party whose consent is required shall not withhold such consent unreasonably.

36. **Attorney's Fees.** In the event any party initiates action to enforce its rights hereunder, the prevailing party shall recover from the non-prevailing party or parties its reasonable expenses, court costs and reasonable attorneys' and paralegal fees, whether suit be brought or not. As used herein, expenses, court costs and attorneys' and paralegal fees include expenses, court costs and attorneys' fees incurred in any appellate proceeding. All such expenses shall bear interest at the highest rate allowable under the laws of the State of Florida from the date the prevailing party pays such expenses until the date the non-prevailing party repays such expenses. Expenses incurred in enforcing this paragraph shall be covered by this paragraph.

37. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and date first above written.

ASSOCIATION:

THE VILLAS AT REUNION SQUARE CONDOMINIUM ASSOCIATION, INC., a Florida nonprofit corporation

By: Robert F. Masters

Name (Printed): Robert F. Masters

Title: President

MANAGEMENT COMPANY:

GINN PROPERTY MANAGEMENT, LLC, a Georgia limited liability company

By: Melissa Shane

Name (Printed): Melissa Shane

Title: Sr. VP

Exhibit "A"

Per Section 14(b) of Agreement, the current reimbursement amounts for certain services or costs are shown below. Manager reserves the right to increase or decrease these amounts from time to time, in Manager's reasonable discretion.

Photo Copies	\$ 0.15 Per Copy
Facsimile	.15 Per Fax
Legal File Folders	0.09 Per Folder
Hanging File Folders	.32 Per Folder
Cardboard Storage Box	1.50 Per Box
Postage Regular	.02 Over UPS Rate
Certified	1.00 Over UPS Rate
Labels	.26 Per Sheet
Window Envelopes	.08 Per Envelope
Standard Envelopes	.06 Per Envelope
9 x 12 Envelopes	.05 Per Envelope
10 x 13 Envelopes	.09 Per Envelope
Long Distance Phone Charges	Per Phone Company Rate
Records Storage	Per Storage Company Rate
Newsletter Production	25.00 Per Hour
Additional Board Meetings	60.00 Per Hour
Lien Fee	100.00 Per Lien Filed
Architectural Review Admin.	200.00 Per Submittal