

MANAGEMENT AGREEMENT

Between

**2360236 Ontario Ltd.
O/A HARRIS MANAGEMENT GROUP | HMG**

In Agreement With

Bruce Standard Condominium Plan No. XX

CONDOMINIUM MANAGEMENT AGREEMENT

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CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT made the ____ day of _____ 201____.

BETWEEN:

Bruce Standard Condominium Plan no. XX

(hereinafter called the "Corporation")

OF THE FIRST PART;

- and -

HARRIS MANAGEMENT GROUP | HMG

(hereinafter called the "Manager")

OF THE SECOND PART

WHEREAS the Corporation has been created pursuant to the *Condominium Act 1998*, amended by 2000 c 26, as proclaimed May 5, 2001, as amended, by registration of a Declaration and a Description registered in the Land Registrar for the Land Titles of the Regional Municipality of Bruce County, the common elements of which (including the land and any interest appurtenant to the land described in the Description) and located at 764 Goderich Street, Saugeen Shores in the municipality of Port Elgin, consisting of 11 units, are hereinafter referred to as the "Property";

AND WHEREAS the Corporation desires the Manager to manage the Property and the assets of the Corporation and the Manager desires to do so, in accordance with the terms and conditions of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESS that in consideration of the premises and the mutual covenants and agreements herein contained and other valuable consideration, the Corporation appoints the Manager and the Manager hereby accepts appointment as the exclusive Manager of the Property and the assets of the Corporation on the terms and conditions hereinafter set forth;

I. AGREEMENT

Unless a contrary intent is expressed in this Agreement the terms used herein shall have ascribed to them the definitions contained in the *Condominium Act, S.O., 1998*, Part 1(1), as amended and the regulations made thereunder (the "Act"). Any reference to the *Condominium Act* shall be deemed to include, at any given time, reference to all amendments thereto and any enactment of subsequent replacements legislation. Headings are for convenience only and shall not effect the interpretation of this Agreement.

II. TERM

The term of this Agreement shall extend from **dd/mm/yyyy** to **dd/mm/yyyy**, and thereafter shall continue in full force and effect from month to month unless terminated by:

(a) a notice in writing given by either party to the other not less than sixty (60) days during the term of this Agreement or any renewal thereof, provided, however that the Corporation shall be permitted to make payment in lieu of all or part of the notice period or

(b) in accordance with the provisions of Paragraph XVI.

III. SUPERVISION OF THE BOARD

The Manager acknowledges that it is familiar with the Condominium Act and applicable Regulations and with the terms of the Declaration and By-Laws registered pursuant to the Act connection with the Property as of the date of this Agreement and its management of the Property shall be subject to the specific instructions of the Corporation as expressed by its Board of Directors and to each and every term and condition in this Agreement contained, and it further agrees to carry out expeditiously the instructions of the Board of Directors. The contract documents which govern the relationship of the parties hereto consist of this Agreement, the Declaration, By-Laws, Rules and Resolutions of the Board and of the Unit Owners (the "Owners") including all modifications, amendments and changes issued subsequent to the execution of this Agreement, except that changes materially in any such document subsequent to the date hereof shall have the concurrence of the Manager to the degree that such changes alter its responsibilities under this Agreement with respect of the said altered responsibilities

IV. MANAGEMENT ASSISTANCE AND DUTIES

The Manager shall utilize its experience and knowledge to assist the Board of Directors of the Corporation in the management, supervision, control and administration of the Property and of the assets of the Corporation. In this regard, the Manager accepts the relationship of trust and confidence established between itself, the Board of Directors, and the Owners by virtue of entering into this Agreement. The Manager covenants to furnish its best skill and judgment and to cooperate in furthering the interests of the Corporation. The Manager agrees to furnish efficient business administration and supervision of a high quality and experienced condominium manager and to perform its responsibilities, both administrative, financial and advisory, in the best manner, consistent with effective management techniques and in the most expeditious and economical manner consistent with the best interests of the Corporation. The Manager shall conduct its duties consistent with the requirements of the Act, the Declaration, By-Laws and Rules of the Corporation specifically, and, in general, consistent with federal, provincial and municipal laws and regulations as they pertain to the operation of the Corporation and of the property and to the employment of all staff employed by the Corporation who are under the supervision of the Manager.

The Manager acknowledges that its services to be provided to the Corporation under this Agreement shall be deemed to be extended as necessary following proclamation of the *Condominium Act, 1998*, so as to accommodate any change in the objects and duties of the Corporation, including, but not limited to, the Corporation's obligation to control, manage and administer the Property and to maintain and repair the common elements or units

The Manager shall immediately become familiar with all of the provisions set out in the major agreements, resolutions, policies and professional opinions applicable to the Corporation.

The Manager shall perform, in particular, the following specific duties, subject to the direction of the Board:

(a) Corporation Funds

to collect and receive in trust for the Corporation using appropriate collection procedures, all monies payable pursuant to the Declaration and By-Laws by the Owners or others and to deposit the same forthwith in a separate account with a Canadian chartered bank and maintained by the Manager in the name of the Corporation. All such monies shall thereafter be held in trust by the Manager and be used to perform the duties of the manager, which include but are not limited to:

(b) By-Law Enforcement

to take such action within its power short of legal action to enforce the terms of the Act, the Declaration, the By-Laws, and the Rules and amendments to any of the foregoing which may be in force from time to time subject to the direction of the Board, and to initiate legal action as directed by the Board at the expense of the Corporation.

(c) By-Law Advisement

to advise and consult with the Board with respect to any further By-Laws, Rules and

Regulations which in the opinion of the Manager ought to be established to further the harmonious and satisfactory operation of the Property and as may be beneficial under the *Condominium Act 1998* and Regulations passed pursuant thereto.

(d) Maintenance of Common Elements

to establish a long-term preventive maintenance program in consultation with the Board relating to all aspects of the physical components of the Property and to prepare for the Board's approval general maintenance procedures and schedules to be followed by the Manager and any employees of the Corporation.

(e) Common Element Deficiencies

to use its best efforts to ensure that any building deficiency required by the Corporation to be repaired or rectified by the declarant/builder is corrected and to pursue the correction of any building deficiency short of legal action under any warranty applicable to the Property; in this regard the Manager represents and warrants that it is familiar with the filing and general requirements of the Ontario *New Homes Plan Warranties Act*, and of the procedures to be followed under that statute in order to protect the interests of the Corporation. Any legal action initiated by the Corporation or against the Corporation by another party and/or any action initiated by the Corporation or another party in the connection with inherent building defects, Declaration, By-law and/or Rule infractions which results in additional time, labour and material required by HARRIS MANAGEMENT GROUP | HMG as the manager shall be billed to the Corporation as additional charges in excess of the terms as specified in the management agreement hereby provided.

(f) Communication to the Owners

prepare and distribute newsletters to all owners at regular intervals upon being directed to do so by the Board, provided that the content of such newsletter shall be supplied by the Board. To forthwith after their enactment communicate to all Owners the text and import of any further By-Laws or rules and regulations or amendments thereto provided that printing, postage and photocopying expenses shall be borne by the Corporation.

(g) Insurance Claims

to obtain for submission to the Board a minimum of three quotations where available by the Corporation's selected broker for all insurance policies of the Corporation due to expire; to make arrangements to ensure that the policies of insurance are properly placed without lapse in coverage; to arrange for any appraisal in connection therewith which may be required by the Agreement documents or the Board.

To take prompt action to deal with any occurrence of personal injury (including death) or property damage of which the Manager or its representatives are made aware and may result in:

1. any claim by the Corporation under any of its insurance policies
2. any claim by the Corporation against an Owner for damage resulting from the Owners default in the performance of an obligation to maintain and repair, or
3. any other claims by or against the Corporation.

To monitor and report to the Board, or if prompt action is required, to an appropriate officer of the Corporation, developments in the processing of insurance or other claims by or against the Corporation, and see that the rights of the Corporation in respect of such claims are protected, including the filing of a notice of claim by excluding the adjusting of any loss.

(h) Inadequate Performance by Contractors

to use reasonable diligence to ensure that contracts and agreements between the Corporation and any supplier or service personnel are performed in accordance with their terms and to inform the Board in the event performance is considered by the Manager to be inadequate or contrary to the agreed terms and where services are properly performed and/or materials provided in accordance with the contract, and to take advantage of all trade discounts by prompt payment of trade invoices.

(i) Construction Liens

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

(j) Employee Records

if applicable, execute and file all returns and other instruments and do and perform all acts required of the Corporation as an employer of on-site personnel in respect of employment insurance contributions and deductions, Canada Pension Plan contributions and payments, the Income Tax of Canada and any other employee and employer contributions or payments required under any social, labour or tax legislation enforced from time to time, and in connection therewith the Corporation agrees, upon request, to execute and deliver promptly to the Manager all necessary powers of attorney, notices of appointment and like approvals or directions.

(k) Supervision of Employees

to direct and periodically supervise any and all persons employed pursuant to this Agreement for the operation and maintenance of any equipment in existence or which might be in existence and which the Corporation desires or is obliged to operate and maintain, and to arrange and be responsible for any technical instructions of personnel employed at the Property which may be required for the proper operation and maintenance of such equipment.

On the basis of the budget adopted by the Corporation, the Manager shall negotiate agreements with, supervise and discharge all necessary personnel required including union negotiations to properly and physically maintain the Property.

All such on-site personnel shall be employees of the Corporation and not of the Manager, but such personnel shall be supervised by the Manager. All salaries, taxes and other expenses payable on account of such employees shall constitute common expenses of the Corporation and not expenses of the Manager.

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

To prepare as required from time to time, written performance evaluations of all employees of the Corporation who are under the supervision of the Manager, and to submit such evaluations to the Board for their review.

(l) Inspection Reports

To conduct at minimum monthly and in most cases bi-weekly inspections and additional inspections as may be required from time to time of the Property and to complete a monthly report setting out the status of the ongoing maintenance and repairs lobe completed in respect of the property as well as compliance by Owners with the Act, the Declaration, the By-Laws and the Rules (i.e. to stipulate infractions and the steps taken to correct same), and at the expense of the Manager present the said report to the Board as part of the Manager's Report once monthly. One copy of correspondence issued and/or received by an owner will be forwarded to the Board at the Manager's expense.

(m) General Authority

subject to approval of the Board either for specific contracts and agreements or for certain classes of contracts or agreements, generally to do and perform and where desirable contract as agent for and in the name of the Corporation for all things desirable or necessary for the proper and efficient management of the Property (including the giving of proper attention to any complaints and endeavouring as far as is economical to reduce waste) and to perform every other act whatsoever in or about the Property to carry out the intent of this Agreement provided, however, that the Manager shall not authorize any work, repairs, alterations or maintenance estimated to cost in excess of \$1,000.00 for any one item or project without first obtaining the Board's approval to proceed with such work except for monthly or recurring operating charges, and provided further that in the case of any work, repairs, alterations or maintenance estimated to cost in excess of \$1,000.00 the

Manager shall obtain the prior written approval of the Board. For all such expenditures that require the approval of the Board, the Manager for the Board's review will obtain at least two quotations. Furthermore, if in its opinion there exists a hazardous situation which could cause personal injury or damage to the Property of the Corporation or its equipment or contents or which could impair the value of the Owners' investment or which could cause the suspension of any service to the Corporation at a time when the Corporation or its representatives cannot be reasonably located for the purpose of giving approval for such work, or if failure to do such work might expose either the Corporation or the Manager or both to the imposition of penalties, fines, imprisonment or any other substantial liability, then the Manager is hereby authorized to proceed with such work in its discretion it reasonably determines to be urgently necessary for the protection and preservation of the Property of the Corporation or its equipment or contents or the Owners' investment therein or to protect the Corporation or the Manager from exposure to fines, penalties, imprisonment or any other substantial liability, subject always to Sections 89-90, 91-92 of the *Condominium Act 1998* and any subsequent equivalent provision. The Manager shall in the case of a hazardous situation report to the Board as soon as possible. The Manager, in any hazardous situation, may enter any unit with or without the consent of the Owner to perform such work or repairs as it reasonably determines be urgently necessary for the protection and preservation of the Property and the assets of the Corporation for any equipment or chattels, or to protect the Corporation and the Manager from exposure to fines, penalties, imprisonment or any other substantial liability provided that in the event such entry is made, the Manager shall use reasonable efforts to ensure that at least two people are present in the unit for the entire duration of the entry.

(n) Materials, Equipment and Supplies

to purchase subject to (m) above and on behalf of the Corporation such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the Property. All such purchases and contracts shall be in the name of and at the expense of the Corporation.

(o) Inventory

to maintain a current list of all inventory and equipment of the Corporation as part of the Corporation's records.

(p) Emergency Situations

The Manager shall at all times keep the Board of Directors advised of the telephone number or numbers at which an agent or employee of the Manager may be reached at any time during normal business hours in respect to any infraction of the Declaration, the By-Laws, or the Rules, or at any time during the day or night in the event of any emergency involving the Property and assets of the Corporation. The Manager will make all arrangements to deal promptly with such infractions and immediately with any emergency arising in connection with the maintenance and operation of the Property and assets of the Corporation. In this regard, the Manager shall deal with all emergencies and infractions and shall forthwith report to the Board of Directors any major emergency or persistent, flagrant or serious violation of the Declaration, the By-Laws, or the Rules.

(q) Occurrence Report

The Manager shall prepare for the Board an occurrence report in respect of any significant accident, emergency, breakdown or other situation or occurrence which in the opinion of the Manager ought to be brought to the attention of the Corporation or its Board of Directors. The Manager shall further follow up the occurrence so reported and report to the Board of Directors of the Corporation on the disposition of the said occurrence or as required by the Board. One copy of the occurrence report and any related material will be forwarded to the Board at the Managers expense.

(r) Information

to receive in writing (except in case of emergency) and coordinate the disposition of, requests for information and service concerning or relating to the duties and obligations of the Manager as provided by this Agreement, in all cases referring to the Board of Directors such requests as involve policy decisions or interpretations of the Declaration, By-Laws and Rules and Regulations of the Corporation. One copy of correspondence issued and/or received by the Manager will be forwarded to the Board at the Manager's expense.

(s) Notice of Meetings

at the request of the Board, schedule and arrange facilities for all annual, general or special meetings of the owners and deliver to the Owners such notices and other information as is required in connection with the holding of such meetings provided that printing costs, envelopes, postage and photocopying expenses shall be borne by the Corporation. The Manager shall prepare notices of meetings and other information in sufficient quantity for distribution to all persons entitled to receive same. With respect to meetings of the Board, the Corporation shall notify the Manager as to the place, date and time of such meetings. The Manager shall if so requested, attend up to six meetings of the Board each calendar year, up to two special meetings of the Board and two meetings of the Condominium Corporation each calendar year; and prepare an annual management report to be placed on the agenda of each annual general meeting attend a minimum of four regular meetings of the Board annually.

V. MANAGEMENT SERVICES

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

(a) Books and Records of the Corporation

to keep the Corporation's books of account and retain full and proper records regarding all financial transactions involved in the management of the Property and to forward to the Corporation (Board of Directors) each month a statement of receipts and disbursements summarizing the transactions made during the preceding month and as, more particularly described in paragraph (c) herein below. All books and records including but not limited to contracts, files, plans, drawings, specifications, architectural and engineering documents, manuals, maintenance and repair logbooks and correspondence, in all forms including those stored electronically kept in relation to the management of the Corporation shall be the property of the Corporation and upon termination of this Agreement shall be forthwith surrendered to the Corporation or to a representative of the Corporation, designated in writing. Any time during the term of this Agreement and any renewal period, the said books of account and records shall be accessible to the Board of Directors and the officers of the Corporation, who shall have free access at all reasonable times to inspect and examine same.

(b) Current Electronic Maintenance Records

The Manager will maintain current comprehensive electronic records in the form of an electronic database including, but not limited to:

- (i) Individual unit records to be maintained in detail including maintenance inquiries, tenders and quotes, work completed and when along with specific authorization if necessary;
- (ii) Records of all general inquiries made by owners of the Corporation either verbally or in writing (c)

Annual Budget

to prepare and present to the Board with a conservative effort of at least one (1) month before the commencement of each fiscal year during the term of this Agreement an estimated budget, the Manager shall furnish to the Board, in writing, an estimated budget for such year, setting forth by categories, the Manager's best estimate of all expenses of the operation of the property for the coming year including, without limiting the generality of the foregoing, (if applicable) any taxes payable by the Corporation, insurance premiums, water, gas and electric rates and costs of all repairs, renewals, maintenance and supervision of the property. Upon request of the Board or whenever, in the opinion of the Manager, any change from the expenditure forecast in the Annual Budget makes it desirable to do so, the Manager will submit to the Board a supplementary Budget covering the expenses of the operation of the property for the then remaining portion of the current fiscal year. Upon request of the Board, the Manager shall assist the Board with preparation of a long-range budget for the Corporation.

(e) Financial Reporting

(i) To provide the Board of Directors at the expense of the Manager, with monthly and year-to-date itemized unaudited financial statements showing:

- A. Corporation income on a cash or an accrual basis;
- B. dollar amount of common expenses collected;
- C. dollar amount of each disbursement as compared with budget expenses by budget categories;
- D. the names of the members of the Corporation who are delinquent in payment of their required contribution to common expenses and the amount of each delinquency;
- E. the names and amounts of all other delinquent accounts;
- F. particulars of accounts, term deposits, certificates and any other instruments respecting investment income and other assets and liabilities of the Corporation in accordance with good accounting principles as at the date of the financial statement;
- G. particulars of significant variations from budget;
- H. income and expense statement;
- I. Balance sheet.

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

(iii) If requested by the Treasurer, provide the Treasurer of the Corporation on a monthly basis with a copy of the following:

- A. General bank statement summary;
- B. Reserve Fund bank statement summary;
- C. Bank Reconciliation for General Account;
- D. Bank Reconciliation for the Reserve Account;

(d) The Register

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

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

(f) Access to Books and Records

to make available at reasonable times whenever requested by an Owner of the Corporation, its auditors and other designated representatives all books and records pertaining to the operation of the Property and the business of the Corporation.

(g) Approval of Invoices

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

(h) Status Certificates

to prepare for execution by the Corporation or, where a resolution of the Board has been made, by the Manager, under corporate seal, Status Certificates in the form prescribed by regulation pursuant to the Act and to issue and provide Status Certificates together with the statements and information required pursuant to the Act to any person or persons entitled to same under the Act within the time permitted for the delivery of such certificates, statements and information prescribed in the Act.

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

The Manager shall be entitled to the fee prescribed by regulation pursuant to the Act for the preparation and issuance of the Status Certificate and related documentation. The photocopying expenses of reproducing the Corporation's Declaration, By-laws and Rules shall be borne by the Corporation.

(i) Managers Report

at the expense of the Manager, present to the Board in writing at each regularly scheduled Board meeting with the Manager a Managers Report, to serve as a written form of communication from the Manager to the Board. This Managers Report shall reflect the directives of the Board to the Manager and shall cause to show the actions of the Manager with respect to those directives of the Board. One copy of any and all correspondence received by the Manager with respect to the operation of the Corporation shall be available for examination by the Board of Directors at the expense of the Manager.

(j) Printing and Secretarial Services

- (a) the monthly minutes of meetings of the Board shall be distributed to each Board member by the Manager, provided the contents of the minutes are provided by the Secretary of the Board or such other Director or Officer appointed by the Board. At the Board's request, independent secretarial services required to be provided by the Manager under this Agreement shall be at a cost to the Corporation of One Hundred and Fifty Dollars (\$150.00) per meeting or such other rate to be negotiated.
- (b) When extra copies of correspondence or reports are requested by the Board of mailers specified in IV. (i), (q), (r), V. (h) and XV. (e) (ii) the costs incurred shall be at the expense of the Corporation.

(k) Fidelity Bond

the Manager shall obtain and maintain a fidelity bond for and in respect of any of its employees or representatives dealing in any manner whatsoever with the trust accounts or monies of the Corporation in an amount of not less than \$500,000.00 per occurrence with loss payable to the Corporation. The fidelity bond shall not be terminable by either the insurer or the Manager unless sufficient prior notice of cancellation has been personally delivered to an officer of the Corporation other than the Manager.

VI. EMPLOYMENT OF CONTRACTORS

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

(a) Approval of Board of Directors

in addition to the requirements of Article IV(m) herein, any contract to perform work or services entered into by the Manager shall be for a reasonable consideration usual in the industry and be budgeted for by the Corporation.

In the event that any contract for work or services shall be for a consideration in excess of that usual in the industry or in excess of that budgeted for by the Corporation, then prior to entering into such contract the Manager shall first obtain a resolution of the Board

approving such contract.

(b) Spending Restrictions

where the cost of performing such work or services exceeds the sum of \$1,000.00 the Manager shall submit at least three written tenders for presentation to the Board and shall obtain the approval of the Board prior to entering into the contract.

(c) Filing of Returns

in connection with all contracts to perform work or services entered into by the Manager, it shall execute and file necessary documents or Returns (including H.S.T.) and do and perform all acts required under the laws of any federal, provincial, municipal or other paramount government body or authority.

VII. ACCESS TO UNITS

Subject to the relevant provisions of the Act, the Declaration and By-Laws, the Manager and its agents, servants and employees may enter a unit or exclusive use area of the common elements in order to perform its duties hereunder, provided always that the Manager shall give reasonable notice to the unit owner of its intention to enter the unit or exclusive use area, save only in the case of an emergency or extended absences in which case prior notice shall not be required provided that in the event such entry is made, the Manager shall use reasonable efforts to ensure that at least two people are present in the unit for the entire duration of the entry.

VIII. MANAGER'S COMPENSATION

The Manager shall be paid as compensation for its management services rendered under this Agreement the following fees:

A monthly fee during the term hereof equivalent to \$27.00 per unit (excluding H.S.T.) for the duration of years one through three of the contract.

The Manager's fee includes all office expenses directly related to this Agreement and to the performance of the duties of the Manager hereunder.

The parties agree that at the expiration of the term of this Agreement resulting in a renewal of the term as hereinbefore provided, the Manager's fee will be renegotiated with the Corporation within sixty (60) days of the expiration of the term and the revised and agreed upon fee shall be acknowledged in writing by both parties and appended to this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, in addition to the management fees, the Corporation shall pay to the Manager an amount equal to any and all goods and services taxes imposed upon the Manager with respect to management fees or any other amounts payable by the Corporation to the Manager under this Agreement.

The amount of such goods and services taxes so payable by the Corporation shall be calculated by the Manager in accordance with the applicable legislation and shall be paid to the Manager at the same time as the amounts to which goods and services taxes apply.

IX. UNIT REPAIRS

Notwithstanding any other provision of this Agreement, the Manager is given no authority or responsibility for maintenance of or repairs to the units which shall be the sole responsibility the Owners individually, save and except in those circumstances where the Corporation has a legal obligation to repair the units after damage or in accordance with Sections 89, 90, 91, 92 of the Act upon the express written direction of the Board.

X. PLANS AND SPECIFICATIONS

Any plans, drawings, specifications and architectural or engineering assistance which may be necessary or desirable to enable the Manager to discharge its duties pursuant to this Agreement shall be provided at the expense of the Corporation; PROVIDED, however,

that the Board or its designated representative from time to time shall authorize the retaining of any such assistance before any expense is incurred therefore.

XI. BOARD CO-OPERATION

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

XII. LIAISON OFFICER

The Corporation shall advise the Manager in writing from time to time as required of the names of those officers, directors or other representatives who are authorized to act for and on behalf of the Corporation to enable the Manager to consult with the Corporation or obtain the Corporation's approval before proceeding with any work, act or actions. The Board shall designate a single individual who shall be authorized to deal with the Manager on any matter relating to the management of the Property. The Manager is directed not to accept directions or instructions with regard to the management of the Property from anyone else without the prior written approval of those authorized officers, directors or other representatives. In the absence of any other designation by the Board, the President of the Board shall have this authority.

XIII. INDEMNIFICATION

The Corporation shall, during and after the termination of this Agreement, indemnify and save the Manager completely free and harmless from any and all damages or injuries to person or property, or claims, actions, obligations, liabilities, costs, expenses and fees by reason of any cause whatsoever when the Manager is carrying out the provisions of this Agreement or acting upon the directions of the Corporation unless as a result of the negligence, wrongful act, or fraud of the Manager or any of its employees.

The Manager shall, during and after the termination of this Agreement, indemnify and save the Corporation completely free and harmless from all damages or injuries to person or property, or claims, actions, obligations, liabilities, costs, expenses and fees by reason of any cause whatsoever, if the Manager has not carried out the provisions of this Agreement, or if caused as a result of the negligence or an illegal or dishonest act of the Manager or any of its employees. The Manager must obtain and maintain adequate Errors and Omissions Insurance against the Managers liability to the Corporation.

XIV. COMPREHENSIVE LIABILITY INSURANCE

The Corporation agrees to take out or authorize the Manager to arrange for comprehensive liability insurance on the Property to a limit of not less than \$5,000,000.00 inclusive and further agrees that the Manager shall be named as an insured party along with the Corporation as their interest may appear in each such policy or policies which shall provide protection against any claims for personal injury, death or property damage or loss for which either the Corporation or the Manager might be held liable as a result of their respective obligations, and the Corporation further agrees, if so requested, to provide the Manager with a Certificate of Insurance in respect of any such policy which shall include an understanding that the Insurer will provide the Manager with at least ten (10) days prior written notice of cancellation or any material change in the provisions of any such policy.

XV. MISCELLANEOUS

(a) Investment of Capital Surplus and Reserve Account Monies

the Manager shall invest capital surplus and reserve account monies in suitable securities and investments permitted under the Act in order to obtain the highest possible rate of return on such monies for the benefit of the Corporation unless a designated funds manager has been appointed by the Board to oversee such activities.

(b) Deficit Financing

unless the Board has specifically authorized such procedure, under no circumstances shall the Manager advance funds to the Corporation on a temporary loan basis whether

interest is charged to the Corporation or not in the event of a cash deficit occurring in the Corporation's current account. The Manager shall notify the Board of any anticipated cash deficit and the Board shall take immediate steps to obtain the necessary funds to cover any such deficit pursuant to the By-Laws of the Corporation by either the levying of a special assessment, the delivery of a revised budget, or the exercise of its borrowing authority on behalf of the Corporation.

(c) Collection of Accounts Receivable Including Common Expenses

the Manager shall, in addition to its covenant to enforce the By-Laws of the Corporation as hereinbefore contained, actively pursue the collection of outstanding common expenses from owners (and where appropriate under Section 87 of the Act, tenants) with a view to reducing these receivables to the lowest minimum monthly balance and without incurring additional cost save in those instances where legal action including the filing of notices of lien pursuant to Sections 85 and 86 of the Act is required.

The Corporation will reimburse the Manager for correspondence issued by registered mail and/or by courier. It is agreed and understood that the Manager at their discretion may cease distributing and/or forwarding correspondence (notice of arrears) to owners who are continually in arrears of common element fees.

It is understood that the Manager shall instruct the Corporation's solicitor to file a notice of lien in the appropriate Land Registry Office at least three (3) weeks prior to the limitation prescribed in the Act or as directed by the Board of Directors, after the date on which the Owner first defaults. Within forty five (45) days of the arrears first arising, the Manager shall send, by way of regular mail, at least one (1) letter to any Owner in default of his/her contributions, in the form prescribed under the Condominium Act 1998, and shall forward a copy of same, with evidence that notice was sent, to the Corporation's solicitor with instructions to lien the unit.

In the event that the Manager fails to ensure the filing of a notice of lien by the Corporation's lawyer covering the arrears of common expenses, interest charges and legal costs within the time specified under the Act resulting in any loss or any additional cost to the Corporation, the Manager shall be directly liable for same to the Corporation.

(d) Fiduciary Relationships

the Manager may engage any parent or subsidiary corporation or any persons, firm or corporation associated, affiliate or otherwise connected with it (hereinafter called the "affiliate") to perform any work or services for the Corporation within the scope of Managers duties under the provisions of this Agreement without being in breach of any fiduciary relationship with the Corporation, provided the Manager discloses to the Corporation that it intends to engage an affiliate and the Manager has obtained at least two additional quotations from other competent suppliers or contractors who are not affiliates of the Manager and the Board has approved the work or service to be performed by the Managers affiliate.

(e) Owner Relationships

the Manager shall:

(i) Promptly deal with all reasonable queries, requests or complaints by the Board, Owner, or any mortgagee of a unit relating to the management of the Property or the duties or obligations of the Manager pursuant hereto, and to record in writing any such queries, requests or complaints and the eventual disposition thereof. The Board will receive one copy of correspondence at the Managers expense.

(ii) Maintain business-like relations with owners of units whose service requests relating to the common elements shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each request. The Manager in as prompt and diligent manner as possible shall attend to complaints relating to common elements, the maintenance and repair of which are the responsibilities of the Corporation. One copy of correspondence referred to above, will be forwarded to the Board at the expense of the Manager.

(f) Professional Development

the Manager and its representatives shall diligently and at the Manager's expense, further develop the level of professionalism and continually upgrade its knowledge by enrolling in recognized property and condominium management curriculum and seminars, including those offered by the Association of Condominium Managers of Ontario (ACMO) and the Canadian Condominium Institute (CCI). Additionally, if not already obtained, the Manager and its representatives will pursue and obtain at the Manager's expense, the designation of Registered Condominium Manager (RCM) at the earliest opportunity.

The Manager and its representatives will diligently and at its own expense gain a thorough knowledge of the new *Condominium Act 1998*.

XVI. TERMINATION

(a) Either party may at its option terminate this Agreement without cause upon sixty (60) days written notice to the other, and upon such termination the Manager shall surrender to the Corporation all contracts, records, files and other documents or information which may be pertinent to the continuing operation of the property and the Corporation shall pay to the Manager any monies due to it as of the date of termination. For a period of 12 months after such termination and for the purpose of settling any dispute or defending any claim, the Corporation shall provide access to the Manager at all reasonable times and upon reasonable notice access to all such contracts, records, files and other documents or information subsequent to the termination of this Agreement.

(b) Upon termination of this Agreement and in addition to the Manager's obligations described in paragraph (a) above,

(i) the Manager shall as soon as possible thereafter pay over any balance in the Manager's trust account remaining to the credit of the Corporation (less any amounts necessary to satisfy commitments properly made by the Manager to others prior to the date of termination) and shall as soon as possible thereafter render a final accounting to the Corporation; and

(ii) the Manager shall turnover all keys to the Property in its possession or in the possession of any of its employees; and

(iii) the Corporation shall assume the obligation of any and all contracts which the Manager has properly made for the purpose of arranging the services to be provided pursuant to this Agreement; and it is understood that

(iv) the obligations upon the Manager to account shall survive the termination of this Agreement.

(v) the Manager shall do everything in its power to assist in the smooth transfer of management of the Property.

(c) In addition to the rights of the parties described in paragraphs (a) and (b), this Agreement shall terminate immediately upon the happening of any of the following events:

(i) the insolvency or bankruptcy of the Manager, or upon the Manager taking steps to wind up its business voluntarily or otherwise (including but without limiting the generality of the foregoing, if the Manager has a petition for a receiving order filed against it; if the Manager makes a proposal in bankruptcy; if the Manager makes an assignment of its property for the benefit of its creditors generally; or if a receiver of a trustee is appointed to manage or investigate the affairs of the Manager); or

(ii) the termination of the government of the property by the Condominium Act;
or

(iii) the Manager is insubordinate, reckless or grossly negligent in performing its duties hereunder.

XVII. NON-REGISTRATION OF AGREEMENT

The Manager agrees not to register or cause this Agreement or notice thereof to be

registered against the title to any unit, or any part of the common elements of the Property.

XVIII. NOTICE

Any notice required to be given by either party to the other shall be sufficiently given if delivered or mailed by prepaid registered post addressed to the Corporation at the residence of the President from time to time holding office and to the Manager at 698 Goderich Street, PO Box 2302 in the city of Port Elgin N0H 2C0, in addition 5-420 Erb Street West Suite #238 in the city of Waterloo, N2L 6K6 both located in the province of Ontario, and any such notice shall be conclusively deemed to have been given and received at the time of its personal delivery by one party to an officer or director of the other, or in the event of service by mail, on the next business day after the day of such mailing, provided that if normal mail service is disrupted by reason of strikes, walkouts, slowdowns or other irregularities, then so long as such disruptions exist, any notice required or permitted to be given hereunder shall be delivered personally or otherwise shall be deemed to be ineffective for all purposes hereof.

XIX. PARTIAL INVALIDITY

If any portion of this Agreement shall be for any reason declared invalid or unenforceable, the validity of any of the remaining portions of this Agreement shall not be thereby affected, and such remaining portions shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated, and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Agreement without including therein any such portions thereof that might be declared invalid.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attested by the hands of their respective officers duly authorized in that behalf, this ____ day of _____, 201____.

HARRIS MANAGEMENT GROUP | HMG

Per: _____
Steven Harris (President)

Per: _____

_____ Name

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attested by the hands of their respective officers duly authorized in that behalf, this ____ day of _____, 201____.

Bruce Standard Condominium Plan no. XX

Per: _____

_____ (President - please print)

Per: _____

_____ (Secretary - please print)