

MANAGEMENT AGREEMENT

THIS AGREEMENT made effective this _____ day of _____, 20____,

AMONG:

CONDOMINIUM CORPORATION NO. [TBD],

a corporation created under the *Condominium Property Act* of Alberta
(the "**Corporation**")

-and-

TBD

a corporation validly existing under the laws of the Province of Alberta
(the "**Manager**")

-and-

WATERCREST TOWNHOMES (WATERFORD) INC.

a corporation validly existing under the laws of the Province of Alberta
(the "**Developer**")

WHEREAS:

- A. The Corporation was created pursuant to the provisions of the *Condominium Property Act*, being Chapter C-22 of the Revised Statutes of Alberta, 2000, as amended, together with related Regulations (collectively, the "**Act**") upon the registration of Condominium Plan TBD (the "**Condominium Plan**");
- B. The common property and the property and assets of the Corporation on the Condominium Plan (collectively, the "**Common Property**") are situated in the City of Calgary, Alberta, in the condominium project known as Watercrest Townhomes on the lands and premises described as: **Condominium Plan TBD; Units 1 to 12;**
- C. The Corporation wishes to have the Common Property and the Corporation's property and assets managed by professional management and desires to appoint the Manager to manage the Common Property, subject to the terms and conditions herein contained; and
- D. The Manager wishes to manage the Common Property and the Corporation's property and assets and agrees to accept its appointment as manager, in accordance with the terms and conditions herein contained.

NOW THEREFORE in consideration of the covenants and agreements herein contained, and the sum of One (\$1.00) Dollar paid by each party hereto to the others (the receipt and sufficiency of which is hereby acknowledged by each of the parties), the parties hereto covenant and agree as follows:

APPOINTMENT AND TERM

1. The Corporation hereby appoints the Manager to be its sole and exclusive representative, manager and agent, subject in all respects to the overall control and instructions of the Corporation and its Board of Directors (the "**Board**") and to the specific provisions of this Agreement and the provisions of the Act, to manage the Common Property for an initial term of **One (1) Year** commencing on **TBD** and ending on **TBD** and thereafter for successive periods of one year from time to time unless, on or before the date that is Sixty (60) days prior to the expiration of the initial term or any renewal term as the case may be, either the Corporation or the Manager delivers notice to the other in writing stating that it elects to terminate this Agreement at the end of the said period, subject to prior termination in accordance with this Agreement, and for the purposes thereof, in the name of the Corporation, to act on its behalf in carrying out the duties of the Manager, as manager, as set out herein, and to enter into such contracts and agreements in the name of the Corporation as may be necessary in the performance of such duties as sole and exclusive representative, manager and

agent of the Corporation.

2. The Manager hereby accepts such appointments as sole and exclusive representative, manager and agent of the Corporation and hereby covenants and agrees to manage the Common Property and the property and assets of the Corporation on behalf of the Corporation in a faithful, diligent and honest manner and that it shall, in all respects, be subject to the specific instructions of the Corporation and its Board and to each and every term and condition of this Agreement, and further agrees to carry out forthwith the instructions of the Corporation and its Board.

THE MANAGER

3. The Manager acknowledges that it has received and is familiar with the terms of the Bylaws of the Corporation as heretofore passed by the Corporation and registered with the Land Titles Office.
4. The Manager agrees to perform the following services in the name of and on behalf of the Corporation and the Corporation hereby gives the Manager the authority and powers required to perform these services:
 - a. The Manager shall collect and receive all monthly assessments, contributions, levies and other amounts due to the Corporation for the management, administration and operation of the Common Property and the administration of the units contained within the Condominium Plan (the “Units”) including any special levies, contingency and reserve funds included therein or relating thereto provided that while the Manager shall make its best efforts to collect such amounts, the Manager shall not be responsible for failure to collect delinquent assessments and contributions or other charges except for the sending of notices of delinquency monthly unless otherwise instructed by the Corporation. When authorized by the Corporation, the Manager shall prepare, register and discharge caveats on behalf of the Corporation pursuant to the Act at the expense of the Corporation. The Manager and the Corporation may mutually agree to assess additional amounts against defaulting Unit owners in collecting the arrears. The Corporation hereby authorizes the Manager, as its agent, to charge interest on the arrears of assessments of defaulting Unit owners in accordance with the bylaws of the Corporation. It is acknowledged that the Manager will register caveats on those Units whose condominium fees remain unpaid for a period of three (3) consecutive months unless otherwise directed by the Corporation.
 - b. The Manager shall maintain records showing all receipts and expenditures relating to the Common Property and shall promptly submit to the Corporation a cash receipts and disbursements statement for the preceding month and a statement indicating the balance or deficit in the Manager's account for the Common Property on or before the Fifteenth (15th) day of the following month.
 - c. The Manager shall prepare and submit to the Corporation on or before the First (1st) day of the month preceding the opening month of the next fiscal year for the Corporation, a recommended budget for the operation and management of the Common Property for the next fiscal year showing the anticipated receipts and expenditures for such year and shall assist the Corporation in determining the appropriate amount of assessments or contributions to be paid by each Unit owner for common and administrative expenses as required by the Act and the Bylaws of the Corporation and shall recommend such revisions thereof as may from time to time be appropriate and shall administer such funds on behalf of the Corporation. No action or purchases under the budget shall be undertaken until the budget (in original or modified form) is first approved by the Board.
 - d. The Manager shall keep and maintain all records, receipts, invoices and all other documents relating to the Common Property (the “Financial Records”) and the Board shall at all times have the right to inspect the Financial Records. Within Thirty (30) days after the end of each fiscal year, the Manager shall submit to the Corporation a summary of all receipts and expenditures relating to the Common Property for the preceding year, provided that this service shall not be construed so as to require the Manager to supply an accounting audit. Any accounting audit required by the Corporation shall be prepared at the Corporation's

expense by accounts selected by the Corporation. The Manager agrees to supply the Corporation, in addition to the statements of receipts and disbursements hereinbefore referred to, an annual summary by month of the total receipts and disbursements for the previous year.

- e. Subject to the provision of the Bylaws and at the direction and expense of the Corporation, the Manager shall cause the Common Property to be maintained according to appropriate standards of maintenance consistent with the character, age, size and location of the buildings located on the Condominium Plan as it presently exists or as it may be amended, including without limitation:
 - i. cleaning, painting and such other regular maintenance and repair work of that part of the Common Property as may be necessary or as directed by the Corporation;
 - ii. spring and fall major clean up;
 - iii. maintenance of the lawns, flower beds, shrubs and trees;
 - iv. clearing of snow, ice (including sanding and salting as required), slush and debris from the common driveways, parking areas and walkways so as to keep the said areas safe and clean in appearance;
 - v. such other regular maintenance and repair work as may be necessary or as directed by the Corporation;
 - vi. inspecting the Common Property at least once per week; and
 - vii. in the event the Corporation requires a planned program of rehabilitation or restoration of part or all of the Common Property and the Manager is expected to coordinate and/or supervise such program, the Corporation acknowledges that a separate fee may be charged by the Manager, such fee to be negotiated between the parties prior to any commencement of such program.
- f. On the basis of the budget, job standards and wage rates previously approved by the Corporation, the Manager shall negotiate agreements with, hire, supervise and discharge engineers, janitors, grounds workers and other personnel required to maintain and operate the Common Property. All such personnel shall be employees of the Corporation and not of the Manager. All salaries, taxes and other expenses payable on account of such employees shall be common expenses of the Corporation.
- g. The Manager shall use its best efforts to ensure that no claim or lien shall be filed in respect of any work which may be carried out on behalf of the Corporation and if any such claim or lien shall be filed the Manager shall forthwith take all necessary steps to have same removed, discontinued and discharged.
- h. The Manager shall execute and file all returns and other instruments and do and perform all acts required of the Corporation as an employer in respect of government insurance contributions and deductions, Canada Pension Plan contributions and payments and the Canada *Income Tax Act* and any other contributions or payments required under any social, labour or tax legislation in force 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 and directions).
- i. Subject to the direction of the Corporation, the Manager shall negotiate and execute on behalf of the Corporation contracts for water, electricity, gas, and such other services servicing the Common Property as may be necessary or desirable (but not any individually metered Units). The Manager shall also purchase on behalf of the Corporation such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the Common Property. All such purchases and contacts shall

be in the name and at the expense of the Corporation. The Manager shall not collect or charge any undisclosed fee, rebate or discount and if any should be received by the Manager the same will be held for and credited to the account of the Corporation and the Manager shall credit the Corporation with any discounts, commissions or rebates obtainable as a result of purchases made on behalf of the Corporation or in pursuance of this Agreement. The Manager must disclose to the Corporation any shareholder position it holds in any company offering services to the Corporation.

- j. The Manager will pay from the funds it receives from the Corporation, as and when same are due, all taxes payable by the Corporation, all applicable building and insurance premiums on policies of the Corporation, utility rates and other municipal or governmental charges, and all other charges or obligations incurred by the Manager on behalf of the Corporation pursuant to the terms of this Agreement or pursuant to any other authority granted by the Corporation.
- k. The Manager shall maintain appropriate records of and shall assist and make recommendations in the placement of all insurance coverage required to be carried by the Corporation pursuant to the Act or the Bylaws of the Corporation. The Manager agrees to advise the Corporation of the nature and extent of the insurance coverage required to be carried by the Corporation and make recommendations with respect to replacement value appraisals. It is understood and agreed that the placement of any insurance on behalf of the Corporation by the Manager shall only be upon written instructions from the Corporation to the Manager and the Manager will be held harmless in the event of any claim, suit or charge by any person whatsoever with regard to inadequate insurance coverage. The Manager shall cooperate with the Corporation in investigating and reporting all accidents or claims for damage relating to the ownership, operation and maintenance of the Common Property and the Units including any damage or destruction thereto.
- l. The Manager shall use its best efforts in the coordinating of schedules for purchasers and other occupants of Units for moving their personal effects in or out of the Units.
- m. The Manager shall keep the Corporation and all Unit owners advised of the telephone number(s) at which an agent or representative of the Manager may be reached at any time during normal business hours in respect of any breach or violation of the Bylaws or of any rules and regulations for the time being in force of the Corporation. The Manager shall also keep the Corporation and Unit owners advised of the telephone numbers at which its representative(s) can be reached at other than normal business hours in the event of an emergency. The Manager shall forthwith report to the Corporation any major emergency or any persistent, flagrant or serious violation which might reasonably be expected to be brought to the attention of the Corporation. It is understood and agreed by the parties hereto that the Manager shall in its discretion (acting reasonably) determine whether or not any emergency exists and whether or not such emergency is of a minor or major nature. The Manager shall deal promptly with such infractions and deal immediately with any emergency arising in connection with the maintenance and operations of the Common Property which is determined as such by the Manager (acting reasonably).
- n. The Manager shall, based on the information and documents made available to it, keep an up-to-date record of the names and addresses of all Unit owners and any lessee thereof which it has knowledge of. If the Corporation receives notices or notifications from registered mortgagees or other persons claiming an interest in a Unit, the Corporation shall forthwith communicate that information to the Manager.
- o. The Manager, on behalf of the Corporation, shall on application of a Unit owner, purchaser or mortgagee, or the solicitors thereof, or any person authorized in writing by him provide estoppel certificates as anticipated by the Act within Ten (10) days of receiving that request, which estoppel certificates shall include all of the statements required. The Manager shall as authorized in the Bylaws, be entitled to collect from and charge the requesting party, for its own account, a reasonable fee to compensate it for the expenses it incurs in producing and providing the materials referred to herein on behalf of the Corporation. The Manager

shall allow and coordinate any request under the Act for inspection of records.

- p. The Corporation shall advise the Manager of any leases or other dispositions of the Common Property or any part thereof made by it and the Manager shall maintain records of such dispositions.
 - q. The Manager at the direction of the Corporation, agrees to register at the Land Titles Office any change in address for service of the Corporation or any change in the Board in the forms required by the *Land Titles Act* (Alberta) and the Regulations passed pursuant thereto and to comply with any reasonable request for the names and addresses of the persons who are members of the Board.
 - r. The Manager shall assist, advise and co-operate with the Corporation in providing any documents requested by governmental authorities having jurisdiction in that regard.
 - s. The Corporation and the Manager shall periodically consult with each other with a view to revising the Bylaws and any rules and regulations to further the harmonious and satisfactory operation of the Common Property and administration of the Units for the common benefit of all Unit owners. At the request and cost of the Corporation, the Manager agrees to forward to the Unit owners copies of any revised Bylaws, rules or regulations with a covering explanatory letter of memorandum.
 - t. The Manager shall act as a liaison, agent or representative between the individual Unit owners and the Developer, the Corporation or any mortgagee of the Condominium Plan.
 - u. Subject to the direction of the Corporation and at the expense of the Corporation, the Manager agrees to:
 - i. commence and prosecute proceedings to enforce sanctions as provided in the Bylaws pursuant to Section 36(1) of the Act;
 - ii. impose and collect deposits under Section 53(3) of the Act, give notice to give up possession of Units under Section 54(1) of the Act and make application to the Court under Sections 55(1) or 56(1) of the Act. The Corporation shall pay to the Manager **\$150.00** per hour plus costs and expenses reasonably incurred for the time of the Manager spent in Court on behalf of the Corporation pursuant to this Paragraph.
 - v. Subject to the direction of the Corporation, the Manager, on behalf of the Corporation, agrees to account for deposits pursuant to Section 53(3), (4), and (7) of the Act.
 - w. The Manager shall not be responsible for failure to have performed any of the above services caused by strikes, unavoidable casualties or for any cause beyond the control of the Manager except lack of finances of the Manager.
5. In discharging its responsibilities under Paragraph 4 hereof, the Manager shall not make any single expenditure nor incur any non-recurring contractual obligation exceeding **Five Hundred Dollars (\$500.00)** without the prior written consent of the Corporation UNLESS such expenditure or obligation is provided for in the current budget of the Corporation provided that no such consent shall be required to repay any advances made by the Manager under the terms of Paragraph 7.b. Notwithstanding the limitations imposed by the preceding sentence, the Manager may, on behalf of the Corporation without prior consent, expend any amount or incur a contractual obligation in any amount, required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Common Property or Units or its owners or occupants or may threaten the suspension of any necessary service to the Common Property or Units.
6. Notwithstanding any other provision of the Agreement, the Manager is given no authority or responsibility for maintenance of or repairs to Units that do not form part of the Common Property. Such maintenance and Repairs shall be the sole responsibility of the owners Individually.

7.

- a. The Manager agrees that all monies collected by it on behalf of the Corporation shall be deposited and kept in an account in the name of the Corporation (separate from the Manager's personal account) in a Canadian Chartered Bank, Trust Company or Treasury Branch. Funds surplus to the current requirements of the Corporation shall from time to time be deposited in interest-bearing term deposits with such bank or trust company. The Manager agrees to advise the Corporation of the rate of interest being earned on all term deposits and/or savings accounts. The manager agrees to research the various financial institutions to determine the most advantageous term deposit interest rate available to the Corporation. The Manager shall, at its discretion, place such term deposits with the financial institution of its choice, unless specifically advised otherwise by the Corporation. The Manager and the Corporation acknowledge that they are aware of the investment limitations of the Act.
- b. All expenses of operation and management of the Common Property may be paid from the funds received from or on behalf of the Corporation and held by the Manager; the Manager is authorized to pay any amount owed to the Manager by the Corporation from such account at any time without prior notice to the Corporation. The Manager shall have no obligation to advance funds to the Corporation for any purpose whatsoever. At its option, however, the Manager may, upon written request of the Board of the Corporation, advance funds to the Corporation. The Corporation shall pay interest on such advances at the rate of Royal Bank of Canada Prime Rate plus One (1.0%) percent per annum.
- c.
 - i. The Manager agrees that all its employees who handle or are responsible for the safekeeping of any monies of the Corporation are bonded to the Manager by a fidelity bond at the sole cost of the Manager. Evidence of such bonding shall be delivered to the Corporation within thirty (30) days of the execution of this Agreement and from time to time thereafter at the request of the corporation.
 - ii. Upon receipt of appropriate written instructions, the Manager agrees to effect the issuing of a fidelity bond, for the benefit of and naming the Corporation, directly from a bonding agency to the Corporation and to cause a certificate of such fidelity bond to be forwarded to the Corporation. All costs associated with this fidelity bond shall be at the expense of the Corporation. This fidelity bond shall not be less than \$25,000.00 but otherwise shall be more or less equal to the total of the following:
 1. One month's total condominium contributions of the Corporation or 1/12 of the total annual condominium contributions for all Units (excluding any special assessments) whichever is the greater;
 2. A sum representing the average monthly amount of cash the Manager tends to hold on behalf of the corporation;
 3. All contingency, repair and replacement reserve funds in the hands of the Manager.

THE MANAGER'S FEE

8. The Corporation shall pay to the Manager as compensation for the services to be rendered by the Manager in accordance with this Agreement, the sum of **\$[X].00** Dollars per month, plus GST, to be payable on the First (1st) day of each and every month during the term of this Agreement. Notwithstanding the foregoing, the monthly fee shall be **\$26.00** dollars per month plus GST per door for substantially completed Units in the Condominium Plan until such time as the Developer has officially turned over control of the Board to the Unit owners.
9. The Manager or an officer or employee thereof shall, unless otherwise directed by the Corporation, be available to attend meetings of the Board during normal business days of Monday to Thursday not to exceed Six (6) one and a half hour meetings per annum. In addition, the Manager also agrees to attend the Annual General Meeting of the Corporation. In the event that the Board requires the

Manager to attend additional meetings or attend meetings for greater than one and a half hours per meeting, the Manager shall be entitled to receive for such additional meetings for such excess time:

- a. **\$120.00** per hour plus GST between 8:30am and 8:30pm on a weekday; and
 - b. **\$175.00** per hour plus GST after 8:30pm or on a Saturday, Sunday or civic or statutory holiday.
10. The Manager shall keep copies of the official records of the Board but shall not be required to record the minutes of the meetings. The Board shall keep all official records in a safeplace.
11. The Board shall, from time to time, designate a single individual who shall be authorized to deal with the Manager on any matter relating to the management of the Common Property. The Manager is directed to not accept directions or instructions with regard to the management of the Condominium from anyone else. In the absence of any other designation by the Corporation, the President of the Board shall have this authority.
- 12.
- a. The Manager shall have no authority without express written direction to the contrary, to make any physical or structural changes in the Common Property or to make any other major alterations or additions in or to any building or equipment therein, except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Common Property and Units or the safety of owners and occupants or are required to avoid the suspension of any necessary service to the Common Property or the Units.
 - b. The Manager is given no responsibility for compliance by the Corporation or by any of the owners, in respect of any ordinances, law, rules or regulations and whether municipal, provincial, federal or made by any public authority or official thereof having jurisdiction over it, except to notify the Corporation promptly, or forward to the corporation promptly, any orders, complaints, warnings, notices, summonses or like documents received by it relating to such matters. The Corporation represents that, to the best of its knowledge, the Common Property complies with all such requirements and agrees to indemnify and hold harmless the Manager, its agents, servants and employees of and from all loss, cost, damage, expense or liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, rules or regulations, except where unlawfully or negligently omitted or violated by the Manager or any of its agents, servants or employees.
13. At all times the Manager shall act in the best interest of the Corporation and in so acting, the Manager shall not be influenced to the detriment of the Corporation by reason of any financial or other relationship it may have with any other person, firm or corporation. All information on the development, management or disposal of the Common Property, or any Units or parts thereof and of the Corporation whether financial or otherwise, shall be treated and forever held confidentially, and this provision shall survive any termination of this Agreement

THE CORPORATION

14. The Corporation agrees:
- a. To Pay all expenses incurred by the Manager including without limitation, legal fees and disbursements on a solicitor/client basis for counsel employed to represent the Manager or the Corporation in any proceeding or suit involving an alleged violation by the Manager or the Corporation or any one or more of them, of any provision, statute, ordinance, law or regulation including without restriction the generality of the foregoing, a law relating to environmental protection, fair housing or fair employment (unless in either case the Manager is finally adjudicated to have personally and not in a representative capacity violated such provision, statute, ordinance, law or regulation), but nothing herein contained shall require

the Manager to employ counsel to represent the Corporation in any such proceeding or suit.

- b. To provide the Manager with all documents and records available to the Corporation which may be required by the Manager to properly manage and operate the Common Property and perform its duties hereunder.
- c. To Provide the Manager with a registered copy of the Bylaws of the Corporation and to notify the Manager from time to time of any amendments thereto.

NOTWITHSTANDING the foregoing, the Corporation shall not be obliged to make any payment or to reimburse the Manager for any cost or expense incurred by the Manager while acting outside of the scope of its authority under the Agreement or in conducting or operating its own business or offices.

THE ACT

- 15.
 - a. The Corporation and the Manager shall abide by the Act, or any legislation passed in substitution thereof or replacement thereof, and the Bylaws of the Corporation as amended from time to time, and each acknowledges and agrees that this Agreement is subject to the provisions of the Act and the Bylaws insofar as they are applicable to this Agreement and in the event of any conflict between the Act or the Bylaws and any provision in this Agreement, the Act or the Bylaws shall prevail. The Manager agrees that it will perform its duties and obligations in a manner consistent with the Bylaws of the Corporation and acknowledges the provisions of Section 17 of the Act.
 - b. Words and expressions which have a special meaning assigned to them in the Act or the Bylaws of the Corporation have the same meaning in this Agreement unless a contrary intent is expressed in this Agreement.

TERMINATION

- 16. Notwithstanding any other provisions hereof, this Agreement shall (at the election of the Corporation in respect of subparagraphs (c) and (d) of this Clause which election shall be made in writing and secured upon the Manager), immediately terminate upon the occurrence of any of the following events:
 - a. The insolvency or bankruptcy of the Manager or upon the Manager taking any steps to wind up its business voluntarily or otherwise or to assign itself into bankruptcy;
 - b. On the termination of the condominium status of any building within the Condominium Plan as it presently exists or as it may be amended;
 - c. If the Manager is insubordinate, reckless or negligent in performing its duties hereunder;
 - d. If the Manager shall be in breach of trust of any monies of the Corporation;
 - e. If the Corporation gives the Manager at least Sixty (60) days written notice to terminate this agreement and the stated notice period has elapsed; or
 - f. If the Manager ceases to be a licensed brokerage with the Real Estate Council of Alberta.
- 17. In the event the Corporation advances any complaint, defect, failure or omission on the part of the Manager (save and except those set forth in Clause 16 hereof) or any breach or default by the Manager, the Corporation may give the Manager Fifteen (15) days' notice to cure such complaint, defect, failure or omission, and should the same not be cured or dealt with to the reasonable satisfaction of the Corporation within such time, then upon written notice given by the Corporation to the Manager, this Agreement shall terminate on the last date of the month in which such further notice was given notwithstanding anything to the contrary contained in this agreement.

18. Upon termination of this Agreement:

- a. The Manager shall, within sixty (60) days thereafter, render a final accounting to the Corporation and pay over any balance in the Manager's account remaining to the credit of the Corporation less any amounts necessary to satisfy commitments made by the Manager to others prior to the date of termination;
- b. Surrender all postdated cheques from Unit owners, together with their accounts receivable balances and address and all keys to the premises in its possession;
- c. The Manager shall, within sixty (60) days thereafter, deliver to the Corporation all contracts, records, files and other documents or information which may be pertinent to the continuing operation of the Common Property and Units;
- d. The Corporation shall assume the obligations of any and all contracts which the Manager has made for the purpose of arranging the services to be provided pursuant to this Agreement.

THE MANAGER'S INSURANCE

19. Without restricting the generality of any other provisions of this Agreement, the Manager shall provide maintain and pay for the following insurance coverage:

- a. General Liability Insurance in the amount of **\$5,000,000.00** per occurrence in the name of the Manager and include the Corporation as additional insured, but only with respect to liability arising out of its sole negligence, for claims arising out of the operations of the Manager as set out under the Agreement. General liability insurance shall be maintained from the date of the Agreement until the termination of the Agreement.
- b. Automobile Liability insurance on all owned and non-owned automobiles of the Manager in the amount of \$2,000,000.00 if automobiles are required to perform the services set out under this Agreement.
- c. All risks contractors equipment and/or property insurance covering tools and equipment owned and/or leased by the Manager required in fulfilling its obligations under the Agreement.
- d. An employee fidelity bond in the amount of \$25,000.00 covering dishonest acts of employees. The bond shall extend to loss of property incurred by the Corporation as a result of dishonest acts of the Manager's employees.
- e. Property managers' errors and omissions insurance in the amount of \$1,000,000.00 per claim with an annual aggregate of \$1,000,000.00 covering errors and omissions of the Manager in carrying out the services outlined in the Agreement. The Manager shall provide evidence of insurance within 10 days of executing the Agreement and provide the Corporation 30 days' notice of cancellation of any of the insurance coverages listed herein.

If the Manager fails to provide or maintain insurance as required then the Corporation shall have the right to provide and maintain such insurance. The cost therefore shall be payable by the Manager to the Corporation on demand or the Corporation may deduct the costs thereof from the monies which are due or may become due to the Manager.

INDEMNITIES

20. The Corporation shall indemnify the Manager from and against any and all claims, losses, actions, suits, proceedings, causes of action, demands, damages, fines, duties, judgements, executions, costs, charges, payments and expenses including any professional consultant and legal fees on a solicitor and his own client basis (collectively, "**Claims**"), including without limitation those in

connection with third party bodily injury (including death), personal injury, illness or discomfort or damage to property (collectively, "**Damage**"), due to or arising out of the performance by the Manager of any of its obligations under this Agreement or out of the use, administration or control of the Common Property or assets of the Corporation within the scope of this Agreement unless occasioned wholly or in part by any fault, default, negligence, act or omissions by the Manager or any of its directors, officers, servants, employees, contractors or agents or any persons over whom the Manager may reasonably be expected to exercise control over or is at law responsible (the "**Management Persons**").

21. The Corporation shall indemnify the Developer from and against any and all Claims or Damages due to or arising from any breach by the Corporation of any of its obligations under this Agreement or occasioned whole or in part by any fault, default, negligence, act or omission by the Corporation or any of its directors, officers, servants, employees, contractors or agents or any persons over whom the Corporation may reasonably be expected to exercise control over or is at law responsible.
22. The Manager shall indemnify the Corporation and the Developer from and against any and all Claims or Damages due to or arising from any breach by the Manager of any of its obligations under this Agreement or occasioned wholly or in part by any fault, default, negligence, act or omissions by the Manager or any of the Management Persons, or resulting from any act by the Manager or any Management Person which is outside the scope of this Agreement.

PROVISIONS RELATING TO THE DEVELOPER

23. Notwithstanding anything to the contrary herein contained and without limiting the generality of any of the foregoing, until such time as (i) the Developer has officially turned over the Board to the Unit owners, (ii) the Developer has sold all Units that it owns, and (iii) all applicable Developer warranty, Alberta New Home Warranty and any other statutory warranty periods have expired:
 - a. The Manager shall:
 - i. Take direction and instructions from the Developer as to the performance of the duties of the Manager hereunder;
 - ii. In the event the Manager receives notice of any failure, default or omission on the part of the Manager under this Agreement from the Developer, the Manager shall cure such default, failure or omission within Five (5) days, and should same not be cured within such time, the Developer may give the Manager notice of termination of this Agreement, and in such event, this Agreement shall terminate on the date specified in the Developer's notice and in such event the termination provisions of this Agreement shall apply.
 - iii. Complete all items required for the maintenance of the Common Property, as outlined in the maintenance plan(s) provided to the Manager by the Developer, and complete all checklists required by the Developer relating to such maintenance plan(s) and provide copies of such checklists or provide such reports as are required by the Developer for the monitoring or tracking of adherence to and completion of such maintenance plan(s) as required by the Developer. The obligations contained in this paragraph are material obligations of the Manager under this Agreement and it is expressly acknowledged for certainty that a failure to comply with such maintenance plan(s) shall constitute a material breach of this Agreement and in such event the indemnity provisions of this Agreement shall be fully applicable including without limitation with respect to warranty work or other repair or replacement that the Developer is required to perform as a result of the Manager's failure to comply with such maintenance plan(s).
 - iv. Maintain the Common Property as required under this Agreement to the standards required by the Developer, and in the event that the Developer determines in its sole discretion that the Manager is not adequately maintaining the Common Property, the Developer shall provide written notice to the Manager and the Manager shall have a period of five (5) days to remedy such default, and if not remedied within such period the Developer may (but is not obligated to) complete such work as is required to remedy

such default and the Manager shall forthwith reimburse the Developer for the costs thereof. It is expressly acknowledged by the Manager that the Developer requires the Common Property to be maintained to a high standard in order to facilitate the sale of all Units owned by the Developer.

- v. Be solely responsible for providing the Developer with access to all locked areas of the Condominium Plan as and when required by the Developer for any reason whatsoever, it being acknowledged by the Manager that the Developer shall not have any access to any locked areas without the presence of the Manager.
- b. The Board and the Manager or any one of them shall Not hire or contract for any person to carry out any of the duties required under this Agreement or any maintenance, administration or operation of the Common Property or the Corporation, including without limitation any person for mechanical, electrical, plumbing, HVAC, landscaping, snow removal or cleaning, without the prior written approval of the Developer.
- c. This Agreement shall not be amended, assigned or terminated without the prior written consent of the Developer, which consent may be arbitrarily withheld.
- d. The Developer may terminate this Agreement for any reason whatsoever upon thirty (30) days' notice to the other parties and in such event the termination provisions of this Agreement shall apply.

GENERAL

24. Any notice, direction or other instrument required or permitted to be given under this Agreement shall be in writing and shall be sufficiently given if served personally by delivering same to any officer of the party to be served or may be given by registered mail postage prepaid or by fax or email or other electronic means, addressed as follows:

To: Condominium Corporation No. **TBD**
[ADDRESS]
[ADDRESS]
Fax: _____
Email: _____
Attention: Board of Directors

To: Condominium Management Corp. **TBD**
[ADDRESS]
[ADDRESS]
Fax: _____
Email: _____
Attention: _____

To: **WATERCRESTTOWNHOMES (WATERFORD) INC.**
Fax: _____
Email: _____
Attention: _____

and if mailed as aforesaid, same shall be deemed to have been received and to be effective on second business day after it was mailed, provided however, that in the event of any interruption of normal mail service by strike or lockout or similar event, the notice shall be deemed to have been received by the seventh business day following restoration of normal mail service, and if faxed or emailed, same shall be deemed to have been received and to be effective when faxed or emailed, or to any other address that any party may designate to the others in writing.

25. This Agreement shall be non-assignable by the Manager without the prior written consent of the Corporation, which consent may be arbitrarily withheld. A change in control of the Manager from that

as it exists as of the date of this Agreement shall constitute an assignment by the Manager hereunder.

26. Subject to Section 25 above, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
27. This Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. When (i) the Developer has officially turned over the Board to the Unit owners, (ii) the Developer has sold all Units that it owns, and (iii) all applicable Developer warranty, Alberta New Home Warranty and any other statutory warranty periods have expired, the Developer shall automatically be removed as a party to this Agreement and relieved of any obligations it may have hereunder, without the requirement of amending this Agreement.
28. The parties shall carry out their respective obligations hereunder in good faith.
29. The parties hereto have had sufficient opportunity to review and negotiate the terms hereof prior to executing this Agreement, and this Agreement shall not be interpreted in favour of one party or against one party due to the fact that another party may have drafted this Agreement or a portion of it.

[Remainder of page intentionally left blank, signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

**CONDOMINIUM CORPORATION NO.
TBD**

Per: _____ c/s
Name: _____
Title: _____

**CONDOMINIUM MANAGERS
TBD.**

Per: _____ c/s
Name: _____
Title: _____

WATERCREST TOWNHOMES (WATERFORD) INC.

Per: _____ c/s
Name: _____
Title: _____