

**ASSOCIATION MANAGEMENT AGREEMENT
BETWEEN
TRI-CITY PROPERTY MANAGEMENT SERVICES INC.
AND
PRESCOTT SUMMIT PROPERTY OWNERS**

PARTIES: Tri-City Property Management Services, Inc.
760 S. Stapley Dr.
Mesa, AZ 85204
(hereinafter referred to as TCPM or Manager)

and

Newport Heights, also known as Prescott Summit
(hereinafter referred to as Association)

PROJECT: Prescott Summit (hereinafter referred to as the Community)

In consideration of the mutual promises set forth below, the Parties hereto, each intending to be legally bound, agree as follows:

1. **Employment.** The Association hereby retains the services of TCPM to act as its community association manager, subject to the terms and conditions contained herein.

2. **Contracting Term:** The Association hereby appoints the Manager as its exclusive community association manager for a period of ~~thirty nine~~ ³⁹ months ~~(39)~~ months beginning November 1, 2023 and ending December 31, 2026. At the end of the contracting period and each twelve (12) month period thereafter, the price in effect shall be automatically increased by the greater of the Consumer Price Index – All Urban Consumers (Half 1) of each year or 3%. Thereafter, unless either party proposes a change, the agreement shall automatically renew for an additional term of one (1) year. Notwithstanding the following, either party may terminate this Management Agreement ~~at any time~~ with or without cause by giving at least ninety (90) days' notice of cancellation to the other party.

3. **Management Services.** TCPM agrees to provide the following services and perform the following duties:

a) **Bookkeeping.** Maintain adequate bookkeeping records and produce monthly financial reports, on the ~~cash~~ ^{accrual} basis of accounting, including at least the following:

1. Balance Sheet
2. Statement of Cash Receipts & Disbursements – Operating (Budget Comparison)

3. Statement of Cash Receipts & Disbursements – Reserve (Budget Comparison)
4. Monthly Recap of Cash Receipts & Disbursements
5. Cash Disbursements Report
6. Aged Owner Balances
7. Bank Statements with Reconciliation Reports
8. General Ledger

TCPM further agrees to present a proposed annual budget for the Association, at least sixty (60) days before the end of the present fiscal year.

- b) **Collection of Assessments.** Collection of annual dues and fees from Association members. Collection of Special Assessments, if voted in by the membership, as stated in the attached Exhibit A. The Association, through its Board, authorizes TCPM to take such action as may be necessary to collect unpaid assessment payments. The Association expressly authorizes TCPM to process, impose, record and release liens against the property of individual members, said cost to be paid up-front by the Association, charged back to the individual members, and refunded to the Association when collected. In the event it becomes necessary to seek remedy through the courts, proceedings shall be brought in the name of the Association and only upon the direction of the Board.
- c) **Inquiries.** Respond to inquiries and requests from the Association, from its Board and its members and from third parties that deal with Association business and responsibilities.
- d) **Compliance.** Comply and maintain compliance of the Association with all applicable state and federal laws, the governing documents of the Association, and its rules and regulations.
- e) **Insurance.** Coordinate with the Association's designated broker, and at the direction of the Association and subject to its approval, the acquisition of personal injury, property damage, public liability, fire and extended coverage, theft and vandalism, all casualty risks, fidelity coverage, and other insurance which should be maintained for the benefit of the Association. All such insurance shall name TCPM as an additional insured.
- f) **Insurance Claims.** File, collect and monitor all Association insurance claims.
- g) **Financial Management.** TCPM shall receive and process member assessments set by the Board and shall deposit all monies received in a FDIC financial institution chosen by TCPM, utilizing a lockbox system, into an operating account, in the name of the Association. This same account shall be used for the Association's accounts payables, which shall be paid, including the payment for management services and reimbursements to TCPM, when due.

As determined by the Board, monies will also be maintained in interest-bearing savings accounts, in the name of the Association for excess working capital and long-term capital investments. TCPM will maintain two (2) accounts at no cost to the association, provided that the accounts are maintained at the designated financial institution referred to above. TCPM does not provide investment advice. All investments shall be the responsibility of the Board. The Association acknowledges that its decision to transfer into a financial institution or depository other than principal financial institution selected by TCPM may result in monthly service charges from the financial institution to the Association to cover the lockbox and administrative costs on the Association account(s).

- h) **Statutory Agent.** Qualify and act as Statutory Agent for the Association, if requested.
- i) **Common Elements/Member Compliance.** The Manager will visit the community twelve (12) times per year, on a monthly basis, to view the common elements, reporting deficiencies to the appropriate association vendor. The visit will also be for purposes of determining compliance of Association members with the governing documents.
- j) **Meetings.** The Manager will attend, either in person or via a web solution, quarterly board meetings and the annual membership meeting.
- k) **Portal.** An integrated web portal is included in this contract.
- l) **Emergencies.** In the event it becomes necessary for TCPM to arrange for emergency repairs or maintenance needed to preserve and protect the health, safety and welfare of a member of the Association or the Common Elements from imminent danger or to avoid the suspension of any essential service or utility to the Community, TCPM is authorized to take such action as it deems appropriate. TCPM agrees first to use reasonable efforts to contact a designated Board member to obtain consent for TCPM to deal with the emergency action
- l) **Coordination of Contracts.** The Association Manager may, subject to the direction and approval of the Board, coordinate contracts with any person, company or agency for the delivery and supply of water, natural gas, fuel oil, telephone, vermin extermination, plumbing repairs, landscape maintenance or other essential services as the Board may direct. TCPM shall attempt to secure contracts which represent the best possible combination of price and service quality. Neither TCPM nor any of its stockholders, officers, employees or agents shall be liable in any fashion, including personal liability for any contract made in compliance with the provisions of this Agreement. The Association shall indemnify and hold TCPM harmless for any such liability as provided herein.

m) **Books and Records.** TCPM shall maintain, in its office, Association information for the current year including files, ledgers, journals and other records. The Association's accounting books and records shall be open and subject to examination by any member of the Association during normal business hours. Financial records for the current and proceeding two years will be maintained at our office. All previous records will be transported to an offsite storage facility.

4. **Compensation:** The Association shall pay TCPM the following compensation:

- a) Management fee of One Thousand & No/100 Dollars. (\$1,000.00) per month, through December 2024 for its management services. In as much as this is a 3-year contract, the management fee will increase for calendar years 2025 and 2026 by the greater of 3% or the CPI as denoted in Section 2 – Contracting Terms. The management fee is invoiced at the start of the month for that month's services. Management fees and incidental charges will be taken as an electronic draft.
- b) Additional fees apply per hour for attendance by TCPM employees at any meeting in excess of more than one (1) meeting per month, as well as the annual meeting. Further, additional fees will also apply for attendance at any meeting that exceeds two hours in length. See Exhibit A.
- c) If the Association becomes involved in litigation with any party other than TCPM, TCPM shall be paid for any portion of an hour for time spent in connect with the litigation, including preparation for. See Exhibit A.
- d) If an unforeseen circumstance occurs to the Association that requires services of TCPM employees over and above normal contractual time obligations, TCPM shall be paid per hour in connection with the circumstance. See Exhibit A.
- e) The Association will pay TCPM such other costs as stated with Exhibit "A" attached hereto and made a permanent part of this agreement. TCPM will charge delinquent homeowners, on behalf of the Association and its governing documents (and/or Arizona Statute), a late fee on the *15th day of month, based upon the statutory rate of the greater of \$15.00 or 10% of the assessment/or the amount required by governing documents*). *A fee equal to 67% of the late fees collected will be paid to the manager, at the end of each month.*

Further, should the board waive late fees in a repayment agreement, amnesty program, write down of the debt or other write off other than due to a posting error or courtesy waiver, the 67% of the waived fees will be paid to TCPM.

In the event of a change in late fees, based upon a change in the Association's documents, the percentage allocation above will still remain in effect.

- f) **TCPM shall charge the interest on the total of unpaid assessments based upon the maximum rate permitted by law, or 12% per annum, as of the last day of the month.**
- g) A Resale Disclosure Fee as set forth on Exhibit A will be payable to TCPM at close of escrow for each lot or residence sold. TCPM provides this special service in order to expedite transactions within the Community. The Disclosure Fee will be assessed to the owner/member (seller) and billed directly to the escrow company. This is not a charge to the Association and the Association will not be responsible for nonpayment of said fee by owner. TCPM will provide a review of violations, assessments, liens, compliance matters and records, prepare reports, and provide copies of governing documents and reports necessary to complete the Disclosure process as required under Arizona State Statutes.
- h) In the case of foreclosure of a lot/unit within the community and/or the filing of bankruptcy by a member of the association, TCPM will be required to split the account ledger. The split will be made, either as of the date of the filing of the bankruptcy or date of foreclosure. TCPM will continue to apply the established collection policy to the accounts, as prescribed by law and the policy established by the board for such accounts. The Association may still pursue the past due balance against the prior owner through a personal judgment or by turning the debt over to a commercial collection agency. At the time of the foreclosure, fees pertaining to the tax research, the disclosure and the transfer of ownership will be added to the account for collection. Should the tax research, disclosure and transfer fee be waived, as well as any past late fees or other collection costs, the manager will be paid for those fees from the Association's funds. Late fees will be subject to the percentage split noted in 4.e above.

5. **Non-Solicitation of Employees.** TCPM shall provide a qualified Association Manager, or other personnel requested by the Board (hereinafter referred to as "TCPM employees") to perform the duties outlined herein. Any such person(s) shall be exclusive TCPM employees and TCPM shall have the sole right to hire, supervise, discipline, control and discharge any such employee. The Association shall have no right to hire, supervise, discipline, discharge or control TCPM employees.

The Association agrees for a period of one year after the term of this Agreement, it will not hire, solicit, interfere with or entice away any TCPM employee and the Association further agrees that TCPM may apply for an injunction restraining the breach of this provision. This paragraph does not apply to Association employees who were employed by the Association prior to and during the term of this contract.

6. Termination of Contract:

- a) Termination without Cause: ^{1st 90 days} This Agreement may be terminated without cause by either party hereto ~~at any time~~ and the termination shall be effective **no less than ninety (90) days** after written notice of either party to the other, but under no circumstances shall such termination be effective until the latter of the last day of the month or the expiration of 90 days, whichever is longer. Notice shall be deemed to have been given when deposited in the United States mail properly addressed to a representative addressed for that party.
- b) Termination by Breach: This Agreement may be terminated upon the occurrence of any material breach hereof upon ninety (90) days written notice from the non-breaching party, provided that the breach has not been cured within the 90-day notice period. Failure to give such notice shall constitute a waiver of the non-breaching party's rights to terminate the Agreement as provided for in this section.
- c) Prior to termination of records, and due to the nature of the collection and escrow services provided, all contractual percentages for fees remaining on the account ledgers of the association membership will be paid to TCPM, in the same manner they would be if paid or waived by the board.
- d) Duties after Termination or Expiration: Upon termination or expiration of this Agreement, the Manager shall within thirty (30) days, or as the parties may otherwise agree prior to the termination of this Agreement, submit to the Board a final income statement and balance sheet which reflects all monies held by the Manager on behalf of the Association. Further, within ten (10) days after the effective date of termination of this Agreement each party shall return to the other party any and all accounting books, keys, tools, equipment or any other property belonging to the other party. All files and databases, whether in written or digital formats, that are maintained for the Association by the Manager shall remain the property of the Association. Association databases shall be downloaded in digital format and provided to the party directed by the Association.

7. Indemnification:

- a) The Association shall hold harmless, defend and indemnify the Manager from all claims, demands, costs, judgments, expenses and attorneys' fees resulting from or arising out of the acts, omissions or negligence of the Association.
- b) Manager shall hold harmless, defend, and indemnify the Association and the Board from all claims, demands, costs judgments, expenses and attorneys' fees resulting from or arising out of the acts, omission, or negligence of the Manager or its agents, servants, and employees.

- c) If Association employs employees or engages the services of independent contractors, it shall hold harmless, defend, and indemnify TCPM from all claims, demands, costs, judgments, expenses and attorneys' fees resulting from or arising out of the acts, omissions or negligence of said employees and/or independent contractors. This includes any worker compensation claims or tort claims filed by Association employees or independent contractors against TCPM.

8. Association Employees: In the event the Association employs employees, the Association is solely responsible for those employees. TCPM employees have no right to control, hire, fire, discharge, or discipline Association employees. If Association has employees, it will acquire and maintain worker compensation insurance for these employees. It will ensure that all its employees are eligible to work in the United States. TCPM reserves the right to require Association to prove that it has worker compensation insurance and that its employees are eligible to work in the United States.

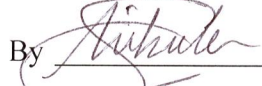
9. Miscellaneous:

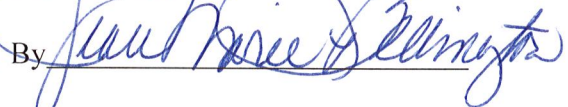
- a) The provisions of this Agreement are intended to be enforceable in accordance with their terms, and whenever possible this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any clause of this Agreement shall be prohibited by or invalid under such law, such clause shall be deemed ineffective to the extent of such prohibition or invalidity and such clause shall be severed from the remainder of this Agreement without invalidating the remainder of any provision containing such clause or the remaining provisions of this Agreement.
- b) Any notices required by this Agreement shall be made in writing and shall be delivered in person, by U.S. Mail or by a nationally recognized overnight carrier to the party's address as set forth in this Agreement. Notices shall be deemed received upon delivery or tender.
- c) This agreement shall be enforced and interpreted pursuant to the laws of the State of Arizona.
- d) Time shall be deemed to be of the essence for any and all terms of this agreement.
- e) In the event of litigation, the prevailing party shall be awarded all of its reasonable costs and attorney's fees incurred therein.
- f) The rights and obligations placed on the Association under this Agreement may not be assigned; all successors and permitted assigns of the parties shall be bound by the terms hereof.

In witness whereof the parties hereto have caused this Agreement to be executed as of the date indicated above.

**Prescott Summit Property
Owners Association**

**Tri-City Property Management
Services, Inc.**

By 
Name JOS NIKULA


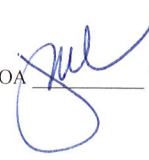
By 
Name Jean-Marie Bellington

Title PRESIDENT

Title President

Date 11-24-23

Date 11/29/23

 HOA  TCPM (Initials)

TRI-CITY PROPERTY MANAGEMENT

FEE SCHEDULE (EXHIBIT A)	
SERVICES	FEES
Monthly Management Fee	Per Contract
Special Board Meeting or Any Meeting more than outlined in contract	\$75 for any portion of an hour.
Meetings in excess of 2 hours, or on Friday after 4pm, Weekend or Holiday	\$75 for any portion of an hour.
Litigation Preparation / Court Attendance / Mediation / Arbitration Support / Insurance Claim Administration	\$75 for any portion of an hour.
Excess Time/Unforeseen Circumstances	\$75 for any portion of an hour.
ADDITIONAL CHARGES	
Office material, supplies and miscellaneous services:	
Copies	\$0.15 per page
Scans/Images	\$0.05 per page
Envelopes	\$0.10 each (#10), \$0.45 (lg env.) + specialty env.
Coupon payment book	\$5 each
Statements	\$1 each
Postage	At cost
Certified Mail	USPS at cost, plus \$2.50 service charge
Disbursements	At cost (currently \$0.35)
Deliveries	\$15 plus Federal Mileage Rate
Purchases	Reimbursed at cost + (greater of 5% or \$35 admin. fee)
Conference call service	Reimbursed at cost + (greater of 5% or \$10 admin. fee)
Mail Services, Folding, Stuffing	At cost (outsourced)/\$0.10 per unit (in-house)
FAX	\$0.15 per page received/printed; \$0.50 per pg. /dist sent
Records Inspection & Investigation	\$25 to 50/hr. [Adm./Mgmt.]
Record Retrieval/Return	\$35 per box (next day) Prices higher for Rush
Access Control monitoring and programming for Gates in Communities (pool, pedestrian, vehicle access)	\$30 per month, per gate
Gate code changes	\$5 per unit (if changed annually, no charge for bi-annual changes)
Special Assessment Bookkeeping	\$2 per unit (1 pymt or 1st month) Reduced 50% for subsequent payments
Insurance Billings / Tracking	\$5 per unit/lot (to bill owners or track insurance coverage)
1099 Forms (w/ 1096 Transmittal)	\$15 first; \$10 each additional
Minutes	Negotiated and paid to the Individual Manager
AZ Corporation Commission Report/Filing	\$45 + reimbursement of filing fees
Newsletter/Handbook Preparation	\$25 per page
Records Retention/Storage	\$1 per month/box or container
Violations with Embedded Photos	\$1 per letter (Violations without photos, at cost)
Coordination of Payroll with Payroll Service (HOA responsible for all charges, taxes and insurance).	\$50 per payroll (Includes 1 employee), \$10 each additional employee (up to 5 employees), \$5 each employee thereafter.
COLLECTION CHARGES - PLACED ON HOMEOWNER ACCOUNT	
Lien Fees (*)	\$150 + recording costs (includes release)
Lien Releases (*)	\$50 (plus recording costs) if lien placed by another party.
NSF Charges (*)	\$35 or current bank charge (split between HOA & TCPM)
Bankruptcy Monitoring/Proof of Claim	\$50 to \$75
Foreclosure Monitoring/Excess Proceeds	\$25 and \$50 / Excess (non-judicial) \$75
Ownership Research/Changes	\$85 (or current vendor cost)
Skip Tracing	\$25 to \$50
Late Charges / Late Notices	Per Contract
Rental Registration	\$25
Rental Registration Late Fee	\$15
Deed Changes	\$50 (Individual/trust transfers) to \$120 (Other non-escrow transfers)
ESCROW CHARGES - PAID BY BUYER/SELLER	
Transfer Fee (*)(**)	\$120
Disclosure Fee (*)(**)	\$255 plus \$25 document fee

(*) Collection and Escrow Charges noted are subject to change without contract negotiations

(**) For most transfers of ownership these fees are charged in the aggregate of \$400.00 pursuant to state law. However, some non-arms length transactions may result in these charges being broken down based upon the transfer of ownership or the need to provide certain disclosure items, thus the reason that we have reported these numbers separately. It should also be noted that pursuant to state law, a RUSH fee of \$100.00 and an update fee of \$50.00 may also be charged through escrow.

Date Signed: 10/24/23

Effective Date: 10/29/23

HOA NAME: Prescott Summit

HOA

TCPM

Sinda Wirtanen (signature)
Jana Marie Wellington (signature)