

**MANAGEMENT
AGREEMENT**

By and Between:

FirstService Residential Texas, Inc.,
a Texas Corporation
dba FirstService Residential
(hereinafter referred to as “Agent”)

3102 Oak Lawn Avenue, Suite 202
Dallas, Texas 75219

and

The Homestead at Carrollton, Phase I Homeowners’ Association, Inc.
a Texas non-profit association
(hereinafter referred to as the “Association”)

Commencement Date:
June 1, 2016

MANAGEMENT AGREEMENT

The Association hereby appoints Agent and Agent hereby accepts such appointment on the terms and conditions herein contained in this Agreement and to achieve the objectives as hereinafter set out. Each **Party**, and together, the **“Parties”** to this Agreement are FirstService Residential Texas, Inc., dba FirstService Residential and The Homestead at Carrollton, Phase I Homeowners’ Association, Inc.

ARTICLE I. DEFINED TERMS

As used herein, the following terms have the following meanings:

“Agent” means FirstService Residential Texas Inc., a Texas Corporation dba FirstService Residential which is an Independent Contractor, authorized to act within the scope of this Agreement as expressly set forth herein, unless and until the Board of the Association duly acts to expand or modify the authority of Agent, which must be set forth in writing and approved by both Parties before it will be effective. All subsequent references to FirstService Residential or to Agent shall include its officers, directors, employees, and agents.

“Agreement” means this Agreement, all applicable Addenda referenced herein, as same may be amended from time to time in accordance with the provisions of this Agreement.

“Assessments” means those monthly, special and individual assessments and other fees and charges, as may be applicable and further described in the Governing Documents, for which Owners are obligated to pay.

“Association” means The Homestead at Carrollton, Phase I Homeowners’ Association, Inc., a Texas nonprofit corporation.

“Board” means the Board of Directors of the Association as same may be elected and constituted from time to time in accordance with the Bylaws of the Association.

“Budget” means the annual budget established by the Board to pay Common Area expenses, and other costs and expenses of the Association, as further described in the Governing Documents.

“Commencement Date” means the date this Agreement becomes effective between the Parties, as set forth in the cover page.

The **“Common Areas”** means the elements, property, and improvements specified in the Governing Documents as belonging to or to be maintained by the Association. This may include, but is not limited to elevators, buildings and building systems, mechanical equipment, walks, clubhouses, swimming pools, amenity centers, recreational facilities, playgrounds or parks.

“Emergency” is a situation which, in the reasonable and professional opinion of the Agent, involves manifest danger to persons or property, or in which an action is immediately necessary to preserve and ensure safety of property and persons or to avoid interruption or suspension of any necessary services provided to Owners or the Association.

The “**Governing Documents**” means the Declaration, Articles of Incorporation or Certificate of Formation, Bylaws, Rules and Regulations, Design Guidelines, Policies, Plats, and any other dedicatory instruments including amendments thereto, pertaining to the **Association**, which have been recorded in the Official Public Records of the County in which the real property subject to the **Governing Documents** is located.

“**Operating Account**” means the bank account(s) which contains funds used for general operations, the payment of operating expenses and other costs and expenses as permitted by and further described in the Governing Documents, and the use of which funds shall be subject to the Governing Documents.

“**Owner**” shall have the meaning as set forth in the Governing Documents.

The “**Reserve Account**” means any restricted or unrestricted bank account(s) which the **Association** may maintain separate from the **Operating Account** for repair and replacement of facilities and improvements in the **Common Areas** in accordance with the **Governing Documents**, if applicable.

ARTICLE II. AGENT SCOPE OF WORK

2.1. General Duties and Responsibilities

The duties and responsibilities of Agent are to assist the Board in the operation and administration of the Association as set forth in this Agreement. By virtue of entering into this Agreement, Agent will furnish its best skill and judgment and will cooperate in furthering the interests of the Association in regard to the management, operation and maintenance of the Common Areas as they are defined in the Governing Documents. Agent shall perform all duties set forth herein, or duties as the Board may otherwise reasonably direct, to the best of its ability and as promptly as circumstances allow. The Agent shall also be responsible for implementing any decisions and policies duly established by the Board. The Board, on behalf of the Association, exclusively possesses the right, power, duty and authority for all financial decisions made for the Association, and the Board shall be responsible for enforcing the provisions of the Governing Documents and any other contracts or agreements it entered into on behalf of the Association. Agent’s employee training and development will be aligned with FirstService Residential Standard Operating Procedures. The Association will cooperate with Agent to the extent reasonably necessary to allow Agent to perform its duties and discharge its responsibilities under this Agreement expeditiously, efficiently and economically.

2.2. Custom and Practice

Agent shall undertake reasonable and customary efforts to implement the decisions of the Association, by and through the Board or its authorized members, if applicable. However, Agent shall not be obligated to implement any decision which (i) does not comply with, or violates, applicable law or the Governing Documents, (ii) involves transactions or services about which Agent has no expertise, knowledge, or licenses and which inexperience has been disclosed to Board, or (iii) involves transactions or services which are not included in this Agreement, and which the Board has not otherwise authorized per Section 2.1 of this Agreement. Agent shall not be compelled to do any act or follow any directive made by the Board that it believes, in good faith, is in violation of this Agreement, the Governing Documents or any applicable law, and such failure to act shall not be deemed a breach of this Agreement. If the Association believes otherwise, then at the expense of the

Association, the Parties agree to seek an independent opinion of the requested act prior to Agent implementing such directive.

2.3. Addenda; Incorporation

Agent's general duties and responsibilities owed to the Association and Agent's standard scope of services are those specified under Section 2.1 of this Agreement. Certain Addenda may be attached to this Agreement which Addenda contain separate and distinct service offerings by Agent, and which Addenda shall be incorporated herein by reference for all intent and purposes and shall be considered a part of this Agreement. Specific duties to be performed by Agent for the Association that may be defined in each selected Addendum shall become a part of Section 2.1 of this Agreement as if set forth herein verbatim. Any compensation amounts set forth in any Addendum will be billed to the Association in addition to the compensation specified under Article IV below. When appropriate, a duly authorized representative of Agent possessing the requisite power and authority may execute Addenda on behalf of Agent.

2.4. Financial Management

2.4.1 Association Funds

Agent shall take receipt of payments resulting from Assessments and other payments to the Association. All payments received on behalf of the Association, from whatever source, shall be deposited in a financial institution or institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits shall be made to the appropriate account, as described in this Section 2.4, which accounts shall be in the name of the Association. Association funds shall not be commingled with funds of any other party.

2.4.2 Operating Account

The Association's Operating Account will be established at a bank selected by Agent, which complies with the requirements set forth herein, and all Assessments, and other sums collected for the payment of Common Area expenses, regular maintenance and repair, day-to-day operational matters and administration of the Association are to be deposited in the Operating Account. Payments by the Association for Common Area expenses, regular maintenance and repair, day-to-day operational matters and administration of the Association, including Agent's compensation, shall be paid from the Operating Account. The Association will maintain sufficient funds in the Operating Account to enable Agent to meet the Association's payment obligations in a timely manner and will provide such assurances as may be reasonably requested by Agent regarding the availability of funds to pay particular obligations of the Association.

2.4.3 Reserve Account

Upon direction from the Board, the Agent will establish and maintain the Reserve Account(s) for the sums not expended from the Operating Account that may accumulate from time to time and may be deposited into any such Reserve Account as determined by Agent.

2.4.4 Collection of Assessments.

The Association through its Board authorizes Agent to take such action or to engage third-parties as may be necessary to collect unpaid periodic assessment payments which are due from Owners pursuant to the Governing Documents. The Association expressly authorizes Agent to pursue delinquent accounts in accordance with applicable law and the procedures set forth in the Governing Documents for the Association, with all such costs of collection, to be paid by the Association and charged back to the individual homeowner as and to, the extent permitted by applicable law and the Governing Documents and, upon Board approval, institute legal proceedings through the Association's legal counsel on behalf of the Association for the foreclosure of those liens or other encumbrances and for the collection of unpaid assessments or other charges, including costs of collection. In the event it becomes necessary to institute legal proceedings, those proceedings shall be brought in the name of the Association, upon the direction of the Board. Agent is authorized to waive late fees as a one-time courtesy to an owner who becomes delinquent and rectifies delinquency, not to include hard costs.

2.4.5 Financial Records

Agent shall maintain current account records for the Association including files, ledgers, journals and other records. The accounting books and records shall be open and subject to examination by Board at any time through an online portal operated by Agent on behalf of the Association. After the Commencement Date, Agent agrees to provide by the twentieth (20th) of each month or on a quarterly basis, in the discretion of the Board, a financial statement reflecting financial information for the prior month(s). In the event the twentieth (20th) of a month falls on a Saturday, Sunday, or national holiday, the financial statement shall be delivered by close of business on the next business day. Agent shall assist auditors appointed by the Association in the performance of audits and reviews of the Association, as directed by the Board. Agent has the authority to charge the Association an hourly fee, as defined in Exhibit A to this Agreement, for any financial services, special reporting, and projects requested by the Board which are considered over and above the services to be provided by Agent under the terms of this Agreement.

2.4.6 Transfer of Ownership

An administrative fee for ownership transfers and/or resale certificate disclosure fees will be payable to Agent by any new Owner at the close of escrow for each lot or unit sold during the term of this Agreement, as may be provided in Exhibit A to this Agreement. Such fees pay the costs for Agent to generate the necessary forms customarily used in real estate transactions in compliance with state law.

2.4.7 Budget

Agent, with the assistance of the Treasurer of the Association, shall prepare an annual Budget for the Association. This Budget shall contain the information set forth in the Governing Documents which includes, without limitation, projected costs and expenses for operating and administering the Association. Agent shall submit the projected annual Budget to the Board for its consideration and adoption no later than sixty (60) days prior to Association's fiscal year end. Agent shall perform its obligations and duties under the Agreement in accordance with the approved Budget. The Association will approve the annual Budget in accordance

with the Governing Documents, but in no event shall the approval be given less than thirty (30) days prior to the end of the preceding fiscal year.

2.4.8 Disbursements

From the funds collected and deposited in the Association account(s) described in this Section 2.4, payments and other necessary disbursements will be made regularly and punctually according to the procedures mutually agreed upon by the Association and Agent and which payments will be made from the proper accounts pursuant to the Governing Documents and any other applicable federal and state law.

2.5 Management and Administration

2.5.1 Maintenance

Agent shall inspect the Common Areas under the Association's control to ensure such areas meet the standards set forth in the Governing Documents or any other state and local laws and to determine if such property is receiving adequate care and maintenance. Agent shall cause the Common Areas to be maintained according to the Governing Documents or other reasonable standards established by the Board. Reasonable standards include, but are not limited to, ongoing regular maintenance of all systems and property located in the Common Areas, including landscaping and all other customary maintenance repairs as may be reasonable and necessary. This agreement does not contemplate Agent's oversight of capital improvement projects, renovations of Common Areas, or improvement projects which, at Agent's sole discretion, are determined to be outside the scope of ongoing regular maintenance. Agent shall not expense any single item not contemplated by the Budget in excess of One Thousand and No/100 Dollars (\$1,000.00) unless authorized by the Board, or in the event of an Emergency.

2.5.2 Emergencies

In the event of an Emergency, Agent is expressly hereby authorized to take any action as it deems necessary and reasonable utilizing its professional judgment. Agent agrees that in the event of an Emergency, it will contact and confer with a Board member as soon as is reasonably possible (and in any event within forty-eight (48) hours) to advise the Board of the specific details of the Emergency situation.

2.5.3 Service Requests

Agent agrees to record and investigate all service requests from Owners and respond to and reasonably correct matters related to such requests, subject to the limitations imposed herein. Any such request which cannot be corrected due to limitations in this Agreement, or which in the professional opinion of Agent is frivolous, unreasonable or impractical, shall be timely reported to the Board.

2.5.4 Contract Services

Agent may, subject to the prior approval of the Board, contract with any person, company, agency or entity for the delivery and supply of water, natural gas, fuel, oil, communications, pest extermination, plumbing repairs, landscaping or such other services as the Board directs, in the performance of regular ongoing maintenance. All of such contracts shall be in the name

of the Association, and shall be reviewed, approved and executed by an authorized Director. Agent may also contract for tools, equipment, appliances, materials and supplies as may be necessary to fulfill its obligations imposed by this Agreement or otherwise carry out instructions made by the Board. Agent shall oversee the activities of any contractors performing work for the Association, including but not limited to keeping on file: certificates of insurance, copies of bonds, manufacturer's warranties and releases of liens. In all cases, Agent shall attempt to secure the best possible prices and results for any contract contemplated hereunder. Contracts shall comply with the Governing Documents. Neither Agent nor any of its stockholders, officers, employees or agents shall be personally liable in any fashion for or under any contract made pursuant to this Agreement which has been duly approved and executed by the Board. Agent shall not be obligated to interview and solicit bids from more than three (3) third parties for each kind of service to be supplied to the Association. Agent shall use reasonable commercial efforts in researching vendors and contractors, but cannot and does not make any warranties or representations of the capability or quality of the work or services of any particular vendor or contractor.

2.5.5 Subcontractors

Except as approved by the Board, or as otherwise permitted herein, contractors shall be solicited pursuant to competitive bidding procedures and written specifications. Agent shall submit recommendations to the Board containing evaluations of the bids and their adherence to the specifications, information on past experience working with contractors and such other information as may be necessary and desirable to the Board in making a final selection.

2.5.6 Meetings

Agent will prepare and deliver notices and information for meetings of the Board and annual and special meetings of the Members at the direction of the Board and in accordance with the Governing Documents of the Association and state law. The Board shall be responsible for taking minutes of any meeting unless the Board requests that Agent perform such duty on behalf of the Board in advance of the meeting. Agent will conduct one annual meeting of the Members and will attend quarterly Board meetings for up to two (2) hours per meeting, at no additional charge. Attendance at annual Member meetings and quarterly Board meetings shall be limited to normal business hours or Monday through Thursday evenings. Attendance required at such meetings which exceeds the parameters of this Section 2.5.6 may be accommodated by Agent for an additional charge as may be stipulated in Exhibit A to this Agreement. Agent shall be responsible for preparing and presenting reports regarding operations of the Association as the Board may reasonably request in advance of meetings.

2.5.7 Governing Documents Enforcement

Agent shall identify violations of the Governing Documents and assist the Board in implementing enforcement programs. Agent shall inspect the community subject to the Governing Documents on a monthly basis and issue corrective notices, as appropriate. Agent shall assist the Board or the Architectural Control Committee in processing requests for approvals from Owners for modifications or construction, including plans and specifications, and requests for variances from the Governing Documents. Agent shall provide information to the Association's Board and/or Architectural Control Committee in accordance with Agent's expertise in the area of association management. Notwithstanding the foregoing, the

responsibility for design review on new home construction shall be the responsibility of the Association, and/or its Declarant as outlined in the Governing Documents, and Agent shall never provide nor be responsible for any aspect of design review process for new home construction unless such services are specifically requested by the Board with the understanding that such services will be rendered as decided by both parties and in accordance within a separate Addendum to this contract. This Agreement shall not require and does not contemplate Agent maintaining leases in place on homeowner owned properties, enforcing leasing requirements, conducting background checks for tenants, or monitoring leasing caps for or on behalf of the Association. Should these services be required, Agent may enter into agreement with the Association to provide such services in the form of an Addendum to this Agreement.

2.5.8 Notices and Publications

Agent shall assist the Association in notifying Owners of all policies, rules, and regulations adopted by the Board during the term of this Agreement and enforceable against Owners in accordance with the Governing Documents. Such notices shall contain and shall be delivered in accordance with the Governing Documents. With respect to facilitating communications between and among Owners and the Board, the Agent will, at the direction of the Board: (i) assist the Association in the creation and/or maintenance of an Association website, which shall be for an additional cost(s) and described in Exhibit A to this Agreement; (ii) assist the Association with newsletter communications by accepting print ready newsletters, in electronic format, and/or causing the newsletter to be printed and distributed to Owners at the Association's expense; or (iii) coordinate the receipt of content for the newsletter, format the newsletter for publication, and cause it to be printed and distributed to all Owners at the Association's expense.

2.5.9 Insurance

Agent shall contract with any insurer authorized to do business in Texas to procure insurance for and in the name of the Association with the coverage types and requisite amounts set forth in the Governing Documents and any other insurance that the Board desires or deems necessary pursuant to the Governing Documents. This insurance includes, but is not limited to, casualty insurance, general liability insurance, worker's compensation insurance, directors and officers insurance, fire and extended coverage insurance. Agent agrees to investigate and timely notify the appropriate insurer of any claim, loss or accident and shall take the necessary steps available to it to effect a prompt disposition of said claim or loss. The Association shall provide a certificate of coverage to Agent naming Agent as an additional insured along with a waiver of subrogation. Insurance provider for the Association shall be required to provide the Association a written thirty (30) day notice of cancellation; and shall further be required to provide Agent with a copy of same notice.

2.5.10 Governmental Regulations

Agent shall at all times perform the services contemplated by this Agreement in compliance with the Governing Documents and any applicable rule, regulation, notice, order, directive, ordinance, or statute of any federal, state, municipal or other governmental agency having authority over the Association. Agent agrees to promptly notify the Board of its receipt of any official notification of a violation of any matter described in this Section 2.5.10.

2.5.11 Management of Access Systems and Reservations of Amenities

Management of key cards, fobs, and other access devices on behalf of the Association requires upkeep and maintenance of access systems both on site and at the corporate offices, in cases where there is no on-site office location. The association shall cover their pro-rata share of maintenance and upkeep to those systems, and subscriptions for third party vendors. Costs for upgrades to access systems and issuance of access devices shall be charged to the Association pursuant to Exhibit A.

ARTICLE III. COMMENCEMENT

As of the Commencement Date, the Association will promptly provide the Agent with accounting and other records of the Association in its possession, including membership lists, Governing Documents, minutes of meetings, account balances and history, and other corporate records, for Agent's use in performing duties herein. The Association will pay any expenses, including legal or accounting fees, incurred by the Agent as a result of Agent incurring costs in identifying and rectifying any inaccurate or incomplete records of the Association. Within sixty (60) days from receipt of requested financial records, Agent shall supply a financial statement to the Association. Agent will be responsible for making historical records available in an online system, in accordance with the Governing Documents, and the Association will be responsible for costs incurred by Agent in relation thereto which are outlined in Exhibit A which includes costs for scanning and clerical time. Should the Association choose to maintain/store hard copies of records, rather than maintaining them online, Association shall cover the cost of storage in an off-site storage location selected by Agent. From the Commencement Date, all documents produced or received on behalf of the Association shall be maintained in an online system and shall remain the property of the Association at all times.

ARTICLE IV. COMPENSATION

Agent shall be compensated according to the following schedule, the current fees being due and payable in advance on the first (1st) day of the month.

4.1 Management Fee

The monthly management fee is \$2,489.00. This monthly rate shall increase four percent (4%) on each annual anniversary date of this Agreement. The monthly management fee shall be for Agent's performance of routine services contemplated by this Agreement and overhead expenses of Agent, which includes salaries of Agent's employees, general and administrative expenses, financial management, general administration and operations management.

4.2 Staffing

If on-site administrative, maintenance and housekeeping staff are required by the Association, they shall be employees of Agent. The Association shall be responsible for payment of certain costs associated therewith, and Agent shall be responsible to provide certain services associated therewith, all of which costs, services and other applicable terms and conditions are more particularly described in that certain Addendum for Staffing Services entered into by Agent and Association, a copy of which shall be attached to this Agreement and incorporated herein by reference when applicable.

4.3 Administrative

The attached Exhibit A further describes the costs of certain periodic administrative services related to mailings, photocopying, and other similar type items. Such anticipated administrative expenses will be billed at a flat rate of \$1.25 per home and will be billed to the Association separately, due and payable on the dates set forth in such bills. Should any unforeseen expenses fall outside of the regular monthly services, the Board will be apprised and those costs will be billed to the Association.

4.4 Insurance Claims

4.4.1 Insurance Claim Administration

In the event the Association elects to restore Common Areas or other portions of the Association following insurable claims for damage caused by tornadoes, fires, floods, the Association agrees to reimburse Agent five percent (5%) of the total cost of the restoration project for the additional administrative burden Agent will incur in claim administration and coordinating the repair and restoration process.

4.4.2 Restoration of Common Elements

Should restoration of the insured Common Area be outside the regular scope of Agent's maintenance duties specified herein, and in addition to costs referenced in Section 4.4.1, Agent may also charge costs to the Association for services performed related to restoration of the Common Areas up to and including creating specifications and scope of work, competitive bidding, and project management, a proposed cost of which will be provided to the Association in advance in the form of an Addendum. Acceptance of such proposal will be at the discretion of the Board. Should the Board determine that an alternate solution for project management is preferable, the Board shall be fully responsible for the oversight of all aspects of the restoration, including supervision of all contractors and project manager(s).

4.5 Construction Projects

Should the Association elect to implement a capital improvement project, renovations of Common Areas, or improvement projects which are outside the regular scope of Agent maintenance duties as specified herein, Agent may charge costs to the Association for responsibilities related to managing such project, up to and including creating specifications and scope of work, competitive bidding, and project management, a proposed cost for which will be provided to the Association in advance in the form of an Addendum. Acceptance of such proposal will be at the discretion of the Board. Should the Board determine that an alternate solution for project management is preferable, the Board shall be fully responsible for the oversight of all aspects of the restoration, including supervision of all contractors and project manager(s).

4.6 Staff Participation

Agent has the authority to charge the Association an hourly fee as defined in Exhibit A to this Agreement in exchange for services rendered and which are not specifically contemplated under this Agreement. Such services include, but are not limited to, coordination of professional legal services, court preparation and appearance time on all cases for Small Claims, Justice or any Court, or special projects. Agent shall assist the Association's legal counsel in preparing for trials, legal matters, mediations or hearings involving the Association, in exchange for the hourly fee as described in the applicable Addendum. In the event professional legal services coordination is deemed appropriate by

legal counsel for the Association for any legal proceedings brought against an Owner, fees paid by the Association shall be the responsibility of and charged back to the individual Owner to the extent allowable by applicable law.

ARTICLE V. INDEMNIFICATION; LIMITATION OF LIABILITY

5.1.1 AGENT SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE ASSOCIATION, AND ITS RESPECTIVE AFFILIATES, PARTNERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS FROM AND AGAINST ALL SUITS, PROCEEDINGS, CLAIMS, DAMAGES, LIABILITIES, COSTS AND EXPENSES (EACH A "CLAIM"), INCLUDING REASONABLE ATTORNEYS' FEES AND OTHER DEFENSE COSTS, TO THE EXTENT ARISING OUT OF THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD BY AGENT, WHOSE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD HAS BEEN DETERMINED BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION.

5.1.2 THE ASSOCIATION SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS AGENT AND ITS AFFILIATES, PARTNERS, MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS AND AGENTS (INDIVIDUALLY AND COLLECTIVELY THE "AGENT INDEMNITEES") FROM AND AGAINST ALL CLAIMS, INCLUDING REASONABLE ATTORNEYS' FEES AND OTHER DEFENSE COSTS, ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT, EXCEPT TO THE EXTENT THAT ANY SUCH CLAIM ARISES OUT OF THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD OF THE AGENT, WHOSE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD HAS BEEN DETERMINED BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION. IT IS THE EXPRESS INTENT OF THE PARTIES THAT THE AGENT INDEMNITEES BE INDEMNIFIED AGAINST THEIR OWN NEGLIGENCE (BUT NOT FOR THEIR GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD).

5.2 Limitation of Association Liability

Agent hereby acknowledges and agrees that (a) neither Association nor any present, former or future Member, manager or partner (general or limited) of Association, nor any principal, partner, Member, manager, officer, director, shareholder, agent, employee, service provider, representative or affiliate of Association shall have any personal liability of any kind or nature whatsoever for or by reason of any matter or thing arising under, related to or in any way connected with this Agreement and the rights and obligations of the parties hereunder, and (b) the liability of the Association for any losses, liabilities, obligations, claims, judgments, costs, expenses or damages (including reasonable legal fees and expenses) incurred by Agent, directly or indirectly, as a result of, arising out of or relating to this Agreement, a breach by Association hereunder (collectively, "Association Damages") shall be limited, in the aggregate, to Association Damages arising from events covered by insurance maintained by Association pursuant to the Governing Documents, the Act, the full amount of the insurance proceeds actually recovered by Agent from such insurance coverage (not to exceed the specific coverage amounts set forth therein) (or the proceeds of the insurance coverage Association should have maintained if Association complied with the Governing Documents). Agent shall look solely to insurance maintained pursuant to this Agreement for the enforcement of its rights hereunder or the satisfaction of any liability of

Association to Agent. In the event that a claim has no insurance coverage under an insurance policy as stipulated in this agreement, this limitation shall not apply.

5.3 Limitation of Liability of Agent

Notwithstanding any provision in this Agreement to the contrary, the liability of Agent for any losses, liabilities, obligations, claims, judgments, costs, expenses or damages (including reasonable legal fees and expenses) incurred by Association, directly or indirectly, as a result of, arising out of or relating to this Agreement, a breach by Agent hereunder, the Association, and/or the performance of the Services hereunder (collectively, "Agent Damages") shall be limited, in the aggregate, to Agent Damages arising from events covered by insurance maintained by Agent pursuant to this Agreement, the full amount of the insurance proceeds actually recovered by Association from such insurance coverage (not to exceed the specific coverage amounts set forth therein) (or the proceeds of the insurance coverage Agent should have maintained if Agent complied with this Agreement). Association agrees to look solely to such insurance maintained pursuant to this Agreement with respect to Agent Damages covered by such insurance.

The provisions of this Article V shall survive the expiration or termination of this Agreement.

ARTICLE VI. AGENT INSURANCE

Agent, at its sole cost and expense, shall procure and maintain in full force and effect at all times during the term of this Agreement: (i) a policy or policies of commercial public liability insurance, the limits of which shall be in the amount of not less than One Million and No/100 Dollars (\$1,000,000.00) per single occurrence in respect to injury to persons (including death); property and property damage or destruction, including loss of use thereof and such excess policy to be in the amount of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; (ii) worker's compensation insurance in an amount not less than the minimum required pursuant to the laws of the state of Texas; and (iii) a fidelity bond in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00). All such insurance policies set forth above shall provide for at least thirty (30) days written notice to the Association prior to cancellation, change or nonrenewal. Certificates of Insurance for all policies shall be provided to the Association upon request.

ARTICLE VII. DEFAULT

In the event the Association is in default of payment of any amount set forth in this Agreement, and such default continues for a period of thirty (30) days after Agent has delivered written notice thereof to the Board, such default shall be cause for termination of this Agreement by Agent upon thirty (30) days written notice to the Board. If the Association fails to cure the default within thirty (30) days after receipt of the termination notice, Agent shall have the right to terminate the Agreement.

ARTICLE VIII. TERM OF AGREEMENT

This Agreement shall remain in effect for a term of one (1) year from the Commencement Date. This Agreement shall automatically renew for an additional term of the same length of the original term (one year)

under the same terms and conditions unless either party delivers written notice to the contrary to the other party not later than sixty (60) days prior to the expiration of the then current term.

ARTICLE IX. TERMINATION

This Agreement may be terminated by either Party hereto, with or without cause, upon not less than sixty (60) days prior written notice, sent by certified mail, return receipt requested to the other Party. The effective date of termination shall be specified as being the last day of a month (“Termination Date”).

9.1 Duties after Termination

Within thirty (30) days of the Termination Date, Agent will submit to the Board a final income statement and balance sheet which reflects all sums held by Agent on behalf of the Association for purposes of payment of all outstanding bills, costs and expenses of the Association. Further, within ten (10) days of Termination Date, each Party shall return to the other Party any and all accounting books and records, keys, tools, computers, telephones, electronic or mechanical equipment, or any other property belonging to the other Party. Agent shall take all reasonable steps to transfer the duties and responsibilities set forth herein to such successor agent of the Association, as the Board shall designate in writing.

9.2 Employees

At any time during the term of this Agreement or within the period of two (2) years immediately following the Termination Date, the Association shall not employ or hire in any capacity, whether as an employee, consultant, or independent contractor, any Employee of Agent. “Employee of Agent” means any existing or former employee of Agent who was employed by Agent within twelve (12) months immediately prior to the Termination Date. In the event the Association hires an employee during the term of this Agreement or within the period of two (2) years immediately following the Termination Date, the Association, by its execution of this Agreement, agrees to pay Agent, as liquidated damages and not as a penalty, an amount equivalent to one (1) year’s annual salary for each such Employee. The obligation to pay liquidated damages as provided herein shall be in addition to any compensation set forth in this Agreement.

9.3 Compensation Upon Termination

In the event of termination by the Association, Agent shall receive all compensation earned through the Termination Date.

ARTICLE X. STATUTORY AGENT

Agent is appointed statutory agent for the Association for the purpose of accepting all process on behalf of the Association. However, this appointment is not applicable in the event process may issue by or from Agent against the Association or the Board; service of such process may be made upon the President of the Board.

ARTICLE XI. MANDATORY AGENT DISCLOSURE

11.1 FirstService Corporation

Agent or its affiliated companies may be engaged in enterprises other than association full service or financial management. For purposes of this Section, a company is deemed to be an Affiliate of Agent

where there is a common ownership of the company through Agent's ultimate parent company, FirstService Corporation [NASDAQ: FSRV] or Agent directly. These activities may include, but are not limited to: budget and planning consultation with developers, brokerage services, rental management for Members, escrow services, Website and technology services, insurance and other financial products. The Association acknowledges that Agent's Affiliates shown below may receive compensation from the Association for services rendered directly by such Affiliate to the Association provided that the Association approves such services. Such fees may be shared with Affiliates.

11.2 FirstService Financial, Inc.

In addition, FirstService Financial, Inc. (FFI) aggregates the purchasing resources of more than 6,500 residential communities representing in excess of 1,500,000 homes located throughout North America. As a result, FFI provides services to vendors including financial institutions and makes available various services and products at reduced pricing, through its national banking and approved vendor programs. FFI services are provided at no cost to the Association or Agent, although FFI may receive fees from vendors and such fees may be shared with Affiliates. Affiliates may also provide services to one another. See Section 11.3 below.

11.3 Affiliated Companies

This Disclosure is intended to provide Association and its Board with notice that the following companies are Affiliates with FirstService Residential Texas, Inc. Through these Affiliates, Agent can offer quality services tailored to its clients' needs at very competitive prices that are generally unavailable to associations not under management by FirstService Residential Texas, Inc.

Affiliates:

FirstService Association Consulting, LLC

FirstService Financial Inc. ("FFI")

Worthington Insurance Brokers

FFI Premium Finance

Colliers International

Certa Pro Painters

Euclid Management Company, Inc.

FS Insurance Brokers, Inc.

MarWest Commercial Real Estate Services, LLC

MarWest Commercial Property Management Services, Inc

California Closets

American Pool Enterprises

Paul Davis Restoration

Field Asset Services

Poolman 2000, Inc.

Association Escrow Services, Inc.

FirstService Residential, Inc.

Any affiliate relationship will be disclosed to the Association at the time of presentation or proposal of services as well within the final agreed services contract. Association is not required to use the services of these companies, except for the operating bank, as a result of its contractual relationship with Agent. There are other service providers offering similar services and Agent encourages its Associations to solicit proposals to determine the best services and rates available.

ARTICLE XII. DISPUTES; NOTICE

12.1 Dispute Resolution

In an effort to mitigate costs of litigation, and to the extent in compliance with the Governing Documents, the Association and Agent agree to seek amicable resolution of any disputes between such Parties involving this Agreement during the term of this Agreement. The Parties will make

reasonable efforts to timely meet in person to discuss any current conflicts and disagreements regarding this Agreement and to make good faith efforts to find prompt resolution regarding such conflicts and disagreements. Nothing in this Section 12.1 is intended to deny any Party any right to which any Party may be entitled under federal or state law or the Governing Documents with regard to any legal claims that may arise or be brought by either Party in connection with this Agreement.

12.2 Notice

All notices required under this Agreement shall be deemed to be properly served if reduced to writing and sent by (i) certified or registered mail; (ii) Federal Express or similar overnight carrier; or (iii) personal delivery by courier and the date of such notice will be deemed to have been the date on which such notice is delivered or attempted to be delivered as shown by the certified mail return receipt, overnight carrier receipt or courier delivery receipt. Each Party to this Agreement shall have the right to change its notice addresses provided hereunder, or to provide the address of any assignee permitted hereunder, to any other location within the continental United States by giving notice thereof in the manner set forth herein to the other Party at least five (5) days' prior to the occurrence of such address change.

Notices shall be sent to the following addresses:

To the Association: At the address of the President of the Association on the date of the notice or communication.

To Agent: FirstService Residential
Cindy Huey, President
3102 Oak Lawn Avenue, Suite 202
Dallas, Texas 75219

ARTICLE XIII. GOVERNING LAW

The Parties agree that the laws of the State of Texas shall govern all questions of law or disputes arising from or connected with this Agreement.

ARTICLE XIV. EXECUTION OF AGREEMENT

For the convenience of the Parties, this Agreement will be executed in the exact duplicate. The Parties agree that each fully executed original copy of this Agreement may be introduced into evidence in any Court of competent jurisdiction for any purpose.

ARTICLE XV. AMENDMENTS; ENTIRE AGREEMENT

This Agreement constitutes the full understanding and Agreement of the Parties and no prior or contemporaneous oral or written representations made by either Party shall be binding. This Agreement may be modified only in writing signed by the President of Agent and by the duly authorized representative of the Association.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the _____ day of _____, _____ to be effective as of the Commencement Date.

Association:

For and on behalf of the Board of Directors of The Homestead at Carrollton, Phase I Homeowners' Association, Inc., a Texas nonprofit corporation

By: _____

Name: _____

Title: _____

Agent:

For FirstService Residential Texas, Inc. dba FirstService Residential

By: _____

Name: _____

Title: _____

Exhibit
Scope of Work Requirements
Homestead at Carrollton HOA

Management Reporting

The Management Company shall prepare each month a summary report of major events and issues. This report would provide details about any “incidents,” seasonal activity, violations, delinquencies and collection efforts, major expenditures, details of all work orders or specific tasks requested and the status of completion.

Financial Reporting

The Management Company should submit financial reports in Excel format to assist the Board with analysis. Monthly reports should include a comparison between actual revenues and expenses (including capital expenses), to budget. Any variance in any line item in excess of 5% should have a narrative explanation for the variance.

In addition to the monthly report, an on-going “rolling 12 months” report should be prepared which includes all budgeted line items, including capital expenditures, with actual monthly results in successive columns, and a “12-month total.” This analysis should include a cash position analysis at the bottom that details beginning cash account balances each month for each of the Association’s bank accounts, additions or deductions to this balance, and resulting ending month cash balances.

These analyses should be supported with copies of bank statements, cash reconciliation analysis, and a balance sheet.

A “look-forward” Cash Flow forecast analysis should be prepared monthly. Based on the current cash balances, and budgeted “go-forward” 12 months of revenue and expense, this analysis will show the anticipated ending cash balance for each of the successive future 12 months. The purpose of this analysis is to confirm that there is adequate revenue to cover the Association’s expenses or identify a future cash shortage (including timing of this shortage) so as to enable advance corrective actions.

Other customary financial documents, such as the general ledger, balance sheet, delinquency detail, etc., should be provided monthly.

Bank Accounts

The Management Company shall assist the Board to establish multiple bank accounts for the benefit of the Association. These accounts include the following:

1. **Operating Account:** This account is for the day-to-day operations of the Association and the Management Company will have access to this account for purposes of depositing revenue, and paying expense. Quarterly (at the end on the month when dues are due), following collection of the Quarterly Assessments (dues), excess cash from this account shall be transferred to an “Operating Reserve” account. A balance equal to no more than three months operating expense (based on the go-forward cash analysis) shall remain in this account at the time of this quarterly transfer to provide for the operating needs of the Association until the next Assessment (dues) is due.
2. **Operating Reserve Account:** This account should be interest bearing. Disbursement from this account should be allowed only with dual signatures from the President of the Board and another Board member. Signature cards should be actively maintained and updated as needed to reflect any changes to the membership of the Board. Proceeds from this account can be used to advance additional cash, if needed, to the Operating Account, to pay for specific capital improvements, or other specific needs as approved by the Board.

- 3. Capital Reserve Account:** This account should be interest bearing. Disbursement from this account should be allowed only with dual signatures from the President of the Board and another Board member. Signature cards should be actively maintained and updated as needed to reflect any changes to the membership of the Board. Proceeds from this account can be used to pay for Capital improvements as periodically planned for pursuant to a reserve study, or other specific needs as approved by the Board.

No account balances at any one single bank should exceed in total the FDIC insurance limits (currently set at \$250,000). If account balance exceed this limit, proactive action should be taken to set up additional accounts at other banks so that the full amount of all Association's deposits are always protected by FDIC insurance.

Special Needs Checks

Occasionally it may be necessary to cut checks for special needs, such as to reimburse a Board Member or volunteer for expenses they have advanced the Association, to fund petty cash or to pay a vender on short notice. In such a case, the Management Company needs to be able to cut and deliver a check within three days' notice.

Service Contracts & Annual Rebids

The Management Company will maintain and update a schedule of all service contracts. This schedule should detail all contracts for service, and include key information such as: name of vender, date of contract expiration, brief description of services provided, monthly expense, automatic renewal provisions (if any), requirements for termination (what advance notice is required etc.). This includes contracts for utilities.

Annually, at minimum, the Management Company should proactively re-bid all service contracts (including utility contracts) well in advance of the current contract's expiration. The results of the bidding efforts should be presented to the Board for decision prior to awarding any contracts.

The Management Company will meet with service contract vendors, on site if necessary, as often as needed to ensure full quality service is provided.

Requested Capital Improvement Bids or Other Needs

If it becomes necessary to have work done for the Association that is not part of the scope of work provided by Service Contracts, the Management Company will obtain at least two bids for anything costing over \$1,500 and three bids minimum for amounts over \$3,000. The Board may also obtain independent bids. The results of the bids should be presented to the Board for decision prior to awarding any contracts.

Insurance & Annual Rebids

The Management Company should maintain and update a schedule of all insurance policies. This schedule should detail all coverage limits, and include key information such as: name of insurance company, date of policy expiration, brief description of coverage, deductibles, and other pertinent information.

All Insurance policies should be proactively re-bid well in advance of each Policy's expiration. The results of the bidding efforts should be presented to the Board for decision prior to renewing any policy. The Board may direct other specifics about how this process is to be handled to ensure the best coverage at the lowest cost is secured.

Supervision of Service Contracts

The Management Company will monitor all service providers to ensure they are adequately providing the level of service for which they have been contracted. The HOA Board should not need to bring inadequate service to the attention of the Management Company, nor should the HOA Board have to provide direction to the Management Company to take corrective actions. The Management Company should take proactive actions to monitor the quality of the Homestead neighborhood and take actions as needed without the need for the HOA Board to request action.

Landscaping

The Management Company will assist the HOA Board in periodically inspecting The Homestead neighborhood common areas to confirm the quality of the grounds, and the level of service provided are adequate. During the growing season (April – October) inspections should be made a minimum of once every 10 days. During dormant months (November – March) inspections should be made a minimum of once a month. Proactive action should be taken to take corrective actions with the Landscape Vender(s) to ensure any deficiency is corrected. Seasonal requirements, including tree pruning in winter, mulching in spring, targeted efforts to improve conditions of grass as needed, replacement of dead plants etc should be scheduled and occur without the need for Board direction.

Replacement Reserve Management and Study

The Association's replacement reserve study should be updated when needed. Each year, the Management Company should take proactive action to inspect all items which the replacement reserve study indicates is scheduled for replacement or maintenance to determine if the indicated work is needed, or if the indicated work can be postponed to a future year. The HOA Board should be advised of the recommended replacement / maintenance work for the given year and competitive bids should be obtained and submitted for Board review and approval.

The Management Company will assist the HOA Board in updating the replacement reserve study in accordance with the decisions made each year about items to postpone or to reflect better estimates of actual costs. Annually, following completion of the given year's capital expenditures (at the same time as when the Operating Budget is prepared), an analysis should be made to confirm that the level of Capital Reserve balances, which are maintained by the Association, is adequate. Anticipated Reserve Balance needs should always be fully funded. If it becomes necessary for the annual deposits into the Capital reserve account to change, this should be reported to the Board and factored in when preparing the next year's budget.

Budget

The Management Company shall prepare an operating budget by September of each year and present it to the Board for review and approval. Support documentation for the budget should be provided, including historical operating expenses and the results of any service contract re-bidding. The Homestead of Carrollton community should be maintained and operated in a top-quality manner. If Assessments (dues) are not adequate to cover all operating expenses, then the Management Company should also prepare a recommendation for increases in Assessments to increase the Association's revenue to cover needed operating expenses.

Home Sale Certificate / Ownership Transfer

The Management Company will work with Homeowners on a timely basis to prepare and issue sale certificates and other required paperwork to facilitate the sale of homes. This service shall include delivery to

new Homeowners of a “welcome package” approved by the Board. This welcome package should be updated as needed to reflect any changes in the processes or circumstances of the Association or neighborhood. The cost for preparing and administrating this paperwork shall be paid for by the sellers and buyers of the home and shall not be an Association expense. The fees charged for this and related services will be disclosed as part of the bid and management agreement.

The Management Company will proactively monitor the MLS or similar systems to identify homes that go on the market for sale, or are subject to foreclosure. Upon becoming aware that a Home is up for sale, or subject to foreclosure, but no later than upon a request for a Home Sale Certificate; a thorough, detailed, complete inspection of the home should be conducted, and any violations noted (the typical violation process should be followed). The Home Sale Certificate should clearly document those items (and corresponding deadlines for cure) which either the current Homeowner must cure prior to transferring title, or which the new homebuyer must assume responsibility for. The Management Company should inform the existing Homeowner (the seller) he or she shall remain personally liable for all costs and fines outstanding.

Invoicing

The Management Company shall handle Assessment invoices and send via U.S. mail. Homeowners will receive individual invoices (no “coupon books”), which will clearly indicate that each Assessment is due the 1st day of each due date (each January, April, July and October). Any Assessment not paid within 30 days of the due date (10 days for special assessments) are delinquent. All delinquent accounts will be charged monthly late fees equal to 10%-per-year interest; charged from the due date (the 1st) on the entire balance owed until paid off in full. This balance should compound monthly.

Reports

The Management Company will provide copies of reports to Board members as reasonably requested, even if these reports are available via “self help” on a portal somewhere. These reports would include such things: violation notices, delinquency records, budget variances, work orders completed or underway, etc.

Mailings

The Management Company should be able to do at least four mailings per year under the management contract. Additional mailings may be requested at an agreed upon fee. Mailings would include two annual meeting announcements, major policy changes or other pertinent information that must go to all residents.

Real Estate Taxes

The Management Company will actively, without the need for Board direction, protest (or cause to be protested) all Real Estate assessments that impact the Association, if this action is determined to be strategically beneficial.

Assessments/Collections

The Management Company will handle invoices for all assessments, which are due the first day of the month for: January, April, July and October of each year. Any Assessments not paid within 30 days of the due date (10 days for special assessments) are delinquent and will trigger the collection process.

If an assessment becomes delinquent, the Management Company will send a second “Reminder Notice” via U.S. mail that will include the amount of the unpaid assessment owed, collection fees, and any interest charges (10% interest (0.1 / 12 per month) will be charged from the due date (the 1st) on the entire balance owed).

If an assessment has not been paid within 60 days following the due date, the Management Company will send a notice, via certified mail, return receipt requested, and via first-class U.S. mail. This notice shall include:

1. The unpaid assessments, interest, and collection costs claimed to be owing
2. A statement that if either the delinquency is not paid off in full within 30 days, or if the Owner does not dispute in writing the amounts due within 30 days, the delinquency will be assumed valid and will be referred to legal counsel for collection; including the possibility of foreclosure, and that once referred for collection all attorney fees and related costs will be charged to the Homeowner.
3. A statement that the Homeowner's voting rights and rights to use the common areas will be suspended.
4. Such other information required per statutes, if any.

The Management Company will diligently and proactively, without the need for Board direction, turn over to legal counsel accounts which have become delinquent in accordance with the standards the Board provides. Currently these standards include: any account which is past due in an amount equal to four Assessment installments, or more than \$1,000.

Violations and Fines

The Management Company is responsible for assisting the Board in enforcing actions related to violations set by the Association's Board and/or its DCCRs through regular inspections (see next section "Inspections"). Violations will be verified by a field observation conducted by the Management Company. These field inspections may be backed up with inspections from an officer or member of the Board, a member of the Architectural Control Committee, or a member of any other committee established by the Board for this purpose.

The Management Company will inform Homeowners about possible fines that may be imposed if a Violation (as stated in the Association's DCCRs) is not fixed within a certain time period. Currently the fine for violations is \$10 per day after the following series of warnings. The Management Company must be capable of calculating and invoicing fines equaling \$10 per day for violators and either add them to assessment statements or send out separate invoices as necessary. Warnings include:

1. ***Report of Violation (courtesy notice)***. A timely written report shall be prepared by the field observer for each Violation. The Management Company will send a Courtesy Notice of Violation by first-class mail or delivery method approved by the Board. This notice will include the following:
 - a. Identification of the nature and description of the Violation(s).
 - b. Identification by street address and legal description, if available, of the Lot on which the Violation exists.
 - c. Identification of the authority establishing that the subject improvements, modifications, etc. constitute a Violation(s).
 - d. Date of the verification observation and name of the person making such observation.
 - e. Actions to take to fix the violation.
 - f. Notice of a deadline before a Notice of Violation will be sent. This deadline may change, but currently for issues such as general lawn conditions (grass height, trash, or other easily corrected situation) this deadline should be 1 week, for major capital items such as fence repair/replacement or painting, 30 days. For major capital items, the violation notice should also include any explanatory document which the Board provides that details the process of notices and avoidance of fines.
 - g. Explanation that the Association is not required to send this "courtesy" notice and may in the future send a "Notice of Violation" without first sending a "Courtesy Notice".

2. **Notice of Violation.** If the violation stays unfixed and is observed again during a field inspection (after the deadline specified in the “courtesy notice”), the Management Company will send a Notice of Violation by first-class mail or delivery method approved by the Board. This notice will include all of the first Courtesy Notice of Violation notice information and the following:
 - a. If the Violation is corrected or eliminated within a reasonable time (such “deadline” time to be specified) after the Owner's receipt of the First Standard Notice that a fine will not be assessed and that no further action will be taken. To clarify: This notice should explain that the Homeowner is now accruing \$10 per day fines as of the date of this notice, but any accumulated fines will be waived if the violation is cured by the deadline. This deadline may change, but currently for issues such as general lawn conditions (grass height, trash, or other easily corrected situation) this deadline should be 1 week, for major capital items such as fence repair/replacement or painting, 270 days.
 - b. Information regarding fines that may be imposed to the Homeowner.
 - c. For major capital items, the violation notice should also include any explanatory document which the Board provides that details the process of notices and avoidance of fines.
 - d. Information that the Board may take corrective actions to cause a violation to be corrected. The costs for correcting a violation will be recovered from the Homeowner. The Association and its agents and contractors will not be liable for trespass or any damages or costs alleged by virtue of actions taken to correct a violation.

3. **Final Notice of Violation** and the fine to be imposed. The Management Company will send to the Homeowner by U.S. mail and by certified mail, return receipt requested when the violation has not been corrected within the time period specified in the Notice of Violation. This Final Notice of Violation will explain the amount of the fine that has been imposed. To clarify: since the violation was not cured by the deadline specified in the initial Notice of Violation, an amount equal to \$10 per day should be charged to the Homeowner’s account; that is, for example, if the Homeowner was given 270 days to fix a violation but they failed to do so, they now, to date, have already incurred a \$2,700.00 fine, and additional fines of \$10 per day should continue to be charged to the Homeowner’s account until such time as the violation is cured. The notice will also include:
 - a) Information to the recipient on the ability to deliver a written request for a hearing to the Board of Directors within thirty (30) days from the receipt of the Final Notice of Violation.
 - b) Information to the Homeowner that if he or she wants a written notice of correction or elimination of the violation, they may request it from the Board and will obtain it upon payment of a fee, the amount of the fee is to be set by the Board.
 - c) Information that the Board may take corrective actions to cause a violation to be corrected. The costs for correcting a violation will be recovered from the Homeowner. The Association and its agents and contractors will not be liable for trespass or any damages or costs alleged by virtue of actions taken to correct a violation.

The Management Company will assist the Board when it becomes necessary to take corrective actions to cause a violation to be corrected.

- a. Informing the Homeowner of the plan of corrective action and fact that the Homeowner will be held responsible for all costs.
- b. Informing the Homeowner that the Association and its agents and contractors will not be liable for trespass or any damages or costs alleged by virtue of actions taken to correct a violation.
- c. Scheduling the corrective action (e.g., mowing).

The Management Company will assist the Board if it becomes necessary to escalate action on a Violation to legal counsel.

The Management Company will assist the Board in cases where a Homeowner transfers title of a home while any Enforcement Policy procedure is in place, informing such Homeowner he or she shall remain personally liable for all costs and fines. The Management Company will also help if the Board needs to begin enforcement proceedings against the new owner.

The Management Company will assist the Board to ensure appropriate action is taken if a Homeowner corrects or eliminates a Violation within the set time period through a verification inspection and inform the Homeowner whether he or she will remain liable for any costs and fines.

Inspections

The Management Company will perform regular inspections for all homes in the neighborhood every two weeks during April to October, and once a month during November to March. Inspections should cover all aspects of the Association's DCCRs, using a form or software program approved by the Board of Directors. Inspection reports should be kept up to date and automatically escalate in manner of warning if the violation is not fixed as detailed under "Violations and Fines" above.

The Management Company should perform automatic, thorough inspections whenever a home is put up for sale in the neighborhood or goes into foreclosure to report necessary fixes to be made before new buyers move in.

A thorough, detailed, complete inspection, with a focus on long term capital improvement needs (fences, painting, inadequate landscaping, etc.) should be conducted and documented for each and every home at least once a year.

Document management and retention

The Management Company will maintain and organize all documents related to the management and operations of the Association. These records will be filed in such a manner necessary to ensure their protection, and enable easy location of records. This includes all documents related to the financial affairs of the Association, service contracts, correspondence, and documents related to violations and collection. These documents will remain the sole property of the Homestead at Carrollton Association and the Management Company will cooperate with transferring all documents when requested to a successor management company.

Meeting with the HOA Board

The Management Company will meet, if requested, with the HOA Board during their regularly scheduled Board Meetings, up to once per Quarter. During these meetings the Management Company will provide a report of the status and affairs of the Association.

Audit

The Management Company will arrange for (obtain bids, and direct actions) an audit to be conducted of the prior management company (Real Manage). Annually thereafter, the Management Company will secure bids (using the standard bidding process) for an annual audit to be conducted on behalf of the Association of the prior year's financial operations and the operation oversight provided by the Management Company.

**STAFFING SERVICES ADDENDUM
TO
MANAGEMENT AGREEMENT**

Pursuant to that certain Management Agreement (the Agreement) entered into by and between FirstService Residential Texas, Inc., dba FirstService Residential (Agent) and The Homestead at Carrollton, Phase I Homeowners' Association, Inc. (Association) on the Commencement Date, the Association hereby appoints Agent and Agent hereby accepts such appointment on the terms and conditions herein contained in this Addendum to be effective on the date this Addendum is duly executed by both Agent and Association. This Addendum shall be incorporated into the Agreement by reference for all intent and purposes and shall be attached to the Agreement upon its execution. Any term not otherwise defined herein shall have the meaning set forth in the Agreement. In the event of a conflict between any term or provision set forth in this Addendum and the Agreement, this Addendum shall control.

A. Duties and Scope of Staffing Services.

1. General Staffing Obligations. As permitted by Section 4.2 of the Agreement, Agent provides staffing services for the Association pursuant to Board direction. Staffing services include recruiting, performance management, training, onboarding, personnel and exiting services which are defined by Agent's Dedicated Association Staffing Services (the "Staffing Services"). Agent agrees to serve as employer for all staff members provided by Agent to Association in connection with Agent's Dedicated Association Staffing Services Program ("Program"). The training and oversight of the staff is provided by Agent. Agent and staff members shall adhere to those Human Resources guidelines outlined in the FirstService Residential Texas, Inc. Associate Handbook. If specifically set forth below, this Addendum will also cover the establishment and administration of an on-site office for on-site staff members to carry out Agent's obligations set forth in the Agreement, including without limitation, administrative, management and/or maintenance services provided to the Association, at a cost to the Association.

2. Specific Duties of Agent. Agent will provide staff support to the Association in connection with its duties and obligations set forth in or permitted by the Agreement and the expenses therefore shall be the responsibility of the Association, including any establishment of an on-site office for staff members of Agent. Costs and expenses related to staff members is set forth in Section B of this Addendum. All existing or later purchased equipment of the Association for an on-site office and/or the maintenance of the Association and Condominium shall be the property of the Association.

B. Association Responsibilities for Staff Members.

1. Compensation. The Association shall reimburse for actual wages paid for staff plus a labor burden of twenty-five percent (25%) for administrative staff and thirty-five percent (35%) for all other staff. Labor burden includes social security tax, federal/state unemployment tax, Agent's contribution to staff member 401(k) benefit, drug testing, Texas criminal background checks, training and supervision, payroll processing and human resource administration. Single PPO medical benefits shall be provided to all eligible on-site staff members at a cost to the Association. Workers compensation insurance shall be provided to all on-site staff members at a cost to the Association. Payment of recruitment advertising, if required, shall be the responsibility of the Association. Provision for additional coverage due to sick days, vacation days, short-term or long-term disability and/or leave of absences will be determined by the Board of Directors and all costs associated therewith will be charged to the Association.

2. Staff Member Benefits. Each staff member dedicated to the Association, full time and part time, will be entitled to the same number of holidays, personal and vacation days as other FirstService Residential, Inc. full time or part time sited associates. All costs incurred by Agent in relation to such days are the responsibility of the

Association, including all days accrued for vacation pay for any staff member dedicated to the Association in the event of a termination of the Agreement or upon the termination of any such on-site staff member.

3. Staff Member Compensation/Performance Review. The precise salary of a staff member will be determined by Agent based on Association’s approved budget. This Addendum shall include a potential salary increase per staff member per annum based on performance which shall be reviewed by Agent; provided however, the Board may opt to perform a performance review for Agent’s consideration as well. Association may, at its discretion, reward staff members beyond the amount provided for in the annual performance review upon the approval and direction of the Board of Directors. Any incentive bonus and/or holiday bonus, as all other staff member compensation, remains in the discretion of the Board and the responsibility of the Association.

4. Attendance at Agent Functions. From time-to-time there are corporate functions hosted by Agent, which will benefit the on-site staff members, and Association hereby consents to its on-site staff members’ attendance of such functions. In addition, depending upon the time and character of the Agent function, the Association understands that the on-site staff office, if applicable, will either be closed or alternate staff coverage may be provided at the Association’s expense.

5. Information Technology Cost Reimbursements. In addition to other costs described in Section B (1) of this Addendum, Association is responsible to reimburse to Agent on a monthly basis the costs of information technology-related services, if such services are utilized by the Association. These services may include any of the following: 1) Agent-provided laptop or desktop computer, monitor, printer, software, server applications, network hardware and software, anti-virus, anti-spam, anti-spyware, firewall filters and support provided by Agent’s approved IT provider; 2) Agent provided local file server, server applications and support; and/or 3) staff member(s) cell phone(s).

IN WITNESS WHEREOF, Agent and Association hereby execute this Addendum to be effective on this _____ day of _____, 201____ .

ASSOCIATION

Attest: For and on behalf of the Association

By: _____
Signature
Name: _____
Printed Name
Title: _____
Officer Position

AGENT

Attest: For and on behalf of FirstService Residential, Texas, Inc. dba FirstService Residential

By: _____
Signature
Name: _____
Printed Name
Title: _____
Title

EXHIBIT A**ADMINISTRATIVE STANDARD, ROUTINE, OR ADDITIONAL COSTS**

| ITEM | EACH |
|---|--------------------|
| Copy | \$ 0.15 |
| Scan /eFax | \$ 0.10 |
| Color Copy/Print | \$ 0.60 |
| Statement, eStatements & Statement Insert (per page) | \$ 0.22 |
| Checks/Drafts | \$ 0.55 |
| Envelopes (size) | \$ 0.10 to 0.20 |
| Padded Mailer | \$ 0.65 |
| Postage | cost + 10% |
| Forms 1096/1099 | \$ 5.00 |
| Certified Mailings | \$ 12.00 |
| Filing of Dedicatory Instruments | \$ 35.00 |
| Filings – Form 802 Periodic and Franchise Reports, & Management Certificate | \$ 50.00 |
| Form 1120H Tax Return Preparation & Filing (size & complexity) | \$ 100.00 - 300.00 |
| Form 1120 Tax Return Preparation & Filing | \$ 500.00 |
| Utility sub-metering – monthly billing – per Utility | \$ 2.00 |
| Franchise Tax Filings (size & complexity) | \$ 50-100 |
| ITEM | PER DOOR |
| Special Assessments/Credits to Owners | \$ 2.50 |
| Lot/Unit Setup Fee | \$ 2.50 |

ADDITIONAL SERVICES AS MAY BE REQUESTED BY BOARD

| | HOURLY |
|------------------------------|---------------|
| Executive | \$ 180.00 |
| Director | \$ 120.00 |
| Manager or Client Accountant | \$ 90.00 |
| Assistant Manager | \$ 60.00 |
| Administrative | \$ 40.00 |

NOTE: All Exhibit A fees are subject to change with 30-day notice to Board.

OPTIONAL SERVICES PROVIDED BY CORPORATE STAFF

| ITEM | EACH |
|--|----------------------------------|
| Website Design (proposal to provide details upon request) | |
| Web presence (one-time fee) | \$ 895.00 |
| Lifestyle I (one-time fee) | \$1,795.00 |
| Lifestyle II (one-time fee) | \$2,195.00 |
| Web Page Updates & Newsletter, Postcard Preparation (hourly fee) | \$ 65.00 |
| Web Domain Renewal (annual fee) | \$ 50.00 |
| Web Hosting (monthly fee) | \$ 20.00 |
| | |
| Postcards – Black and White (includes Postage) | |
| ¼ page | \$ 0.50 |
| ½ page | \$ 0.71 |
| Postcards – Color Board Books (includes Postage) | |
| ¼ page, ½ page | cost + 25% |
| | |
| Newsletter Insert | \$ 0.27 |
| Newsletters (size) | \$ 0.44 - 1.95 |
| Newsletters – Color | cost + 25% |
| | |
| Flyers Black and White (includes Postage) | \$ 0.73 |
| Flyers – Color | cost + 25% |
| | |
| Board Books | \$ 20.00 |
| Committee Booklets | \$ 2.50 |
| Issuing of access card | \$ 5.00 |
| Amenity reservations processing (in case of deposits/usage fees) | \$ 25.00 |
| Subscription to provider for Association branded eNews | \$ 15.00 - 30.00 (# subscribers) |
| Formatting and distributing Association branded eNews (hourly fee) | \$ 65.00 |

SERVICES – BILLED TO OWNER

| ITEM | EACH |
|--|-------------------------------------|
| Ownership Transfer Fee (per transaction) | \$ 150.00 |
| Resale Certificate (6-10 days; 3-5 days; 1-2 days) | \$ 275; \$325; \$398 |
| Refinance Fee (6-10 days; 3-5 days; 1-2 days) | \$ 125; \$175; \$225 |
| Reminder Statement / Letter | \$ 8.00 |
| Second Notice Letter | \$ 15.00 |
| Transfer Account to Attorney | \$ 100.00 |
| Uniform Condo Questionnaire (6-10 days; 3-5 days; 1-2 days) | \$ 220; \$275; \$325 |
| Lender Form Condo Questionnaire | \$ 250.00 |
| Non-routine Collection Letters, Notices to Lenders, Returned Check | \$ 25.00 |
| Demand Letter | \$ 140.00 + 20.00 (per add'l owner) |
| Administer Payment Plan / Notice of Default | \$ 50.00 |
| Loan Estimate Questionnaire | \$ 100.00 |

NOTE: All Exhibit A fees are subject to change with 30-day notice to Board.