

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of April 2011, by and between Condominium Corporation No. 082-5987 (Bayview at Newport Village Condominium Corporation), a Corporation organized under the laws of the Province of Alberta, hereinafter referred to as the "Corporation;" and Sunreal Property Management Ltd., a corporation organized under the laws of the Province of Alberta, hereinafter referred to as "the Manager."

WHEREAS, the Corporation administers and manages the common property of Condominium Plan No. 082-5987 known as Bayview at Newport Village Condominium Corporation ("the Condominium") located at 5301 Windward Place in the Town of Sylvan Lake, Alberta and by it's Bylaws is vested with certain powers and charged with certain duties relative to the operation of the Condominium; and

WHEREAS, the Condominium, contains among other things, thirty two (32) residential condominium units, which were not all constructed at the time of this agreement, and other appurtenances and facilities, more particularly described and shown on the Condominium Plan filed at the North Alberta Land Registration District; and

WHEREAS, the extent of the units and other appurtenances and facilities, and the complexity and burden of the duties and responsibilities of the Condominium and the Corporation require the employment of a Manager; and

WHEREAS, the orderly and uniform administration, operation, maintenance and management of the Condominium are necessary and essential for the promotion and preservation of the condominium method of ownership and the protection of property values therein, including the value of units in the Condominium;

NOW THEREFORE, the parties hereto do hereby warrant, covenant and agree as follows:

I. AGENCY RELATIONSHIP-EXCLUSIVE

The parties hereto enter into an agency relationship with the Corporation as principal and the Manager as agent. The Corporation does hereby appoint the Manager as its sole and exclusive agent to perform the functions set out in this Agreement, according to its terms and conditions.

II. SCOPE

The responsibilities, obligations and authorities granted and delegated by this Agreement upon the Manager are limited to the management of the affairs of the Corporation in accordance with this Agreement and do not include the management of individual units which may be governed under separate agreements.

III. DEFINITIONS

The terms used in this Agreement shall have the same meanings as in the **Condominium Property Act** (Alberta) and the Bylaws of the Corporation, unless specifically defined elsewhere in this Agreement.

IV. TERM

The term of this Agreement shall be from the date hereof and shall continue for a three (3) years term from April 1, 2011, the date in which the full management fee is charged, and thereafter until terminated by either party as provided hereafter in this Section IV. Upon termination, the Manager shall forthwith deliver to the Corporation all papers, books, records and supplies maintained by the Manager in behalf of the Corporation and all funds held by the Manager on account of the Condominium within thirty (30) days.

This Agreement shall be terminated, and all obligations, responsibilities, rights and opportunities other than those having previously arisen or been exercised shall cease upon the happening of any one of the following events:

(A) Insolvency

If either party shall file, or have filed against it, a petition in bankruptcy, or if either shall make a general assignment for the benefit of creditors, the other may terminate this Agreement by serving 30 days written notice on the insolvent party.

(B) Destruction or Condemnation

Upon the destruction of the Condominium or a substantial portion thereof, which destruction shall render the purposes of this Agreement ineffective and void, either party may terminate this Agreement by serving thirty (30) days written notice on the other.

(C) Termination

The Board of Directors of the Corporation will have the right to terminate this Agreement, with cause, upon ninety (90) days written notice prior to the Corporation yearend and delivered to the Manager. The Manager may terminate this Agreement, with, upon ninety (90) days written notice prior to the Corporation yearend delivered to the Board of Directors of the Corporation.

V. MANAGEMENT FEE

The Manager, as payment for services rendered under the terms of this Agreement, shall receive a fee of \$27.00 per unit per month plus GST. The management fee is payable in advance on the first day of each month. The Manager agrees to only charge the monthly per unit fee for units that qualify for condominium charges under the corporation bylaws. The Manager will also receive compensation for labour and materials of maintenance work completed by employees of Sunreal Property Management Ltd. and only on the approval of the Board of Directors as approved for the scope of work. The Manager will receive a supervisory fee to oversee the quotes, arrangement, contract and supervision of large capital replacement projects, only on approval of the Board of Directors and as negotiated by project. In addition to the fees identified

in this agreement, the Manager will receive an insurance project management fee of 1% of the total claim for the administration of insurance claims of the Corporation or individual. These fees shall be paid by the insurer and must be identified at the time of an insurance claim. It is expressly understood that the Manager may seek to establish similar management relationships with other entities in the same geographical area, or elsewhere. Nothing herein shall be construed so as to limit the Manager's ability to establish such relationships. In addition, the Manager shall be free to engage in other lawful pursuits including, but not limited to real estate development, investment and management activities.

VI. SUCCESSORS AND ASSIGNS

The Manager shall not assign this Agreement without the prior written consent of the Corporation, acting through its Board of Directors according to the terms of its Bylaws. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

VII. MANAGER'S DUTIES AND RESPONSIBILITIES

The Manager is responsible for and shall undertake as an agent for the Corporation to supervise and direct the management and operation of the Condominium in accordance with highest professional standards. Exclusive of the authority specifically reserved to the Board of Directors and /or the officers of the Corporation, the Manager shall be granted all rights, powers, and authorities to accomplish all activities required of the Manager and the Board of Directors under the **Condominium Property Act** (Alberta) and the Bylaws of the Corporation. The Manager shall perform the specific duties and responsibilities outlined below:

(A) Fiscal Management

The Manager shall perform the following services with regard to the fiscal management of the Condominium:

(1) Collection of Assessments

The Manager shall bill, or cause to be billed, all Unit Owners for monthly assessments of Common Expenses and any Capital Replacement Reserve Fund or other special assessments levied by the Corporation against them and shall make every effort to collect the same promptly. In the event of delinquency, the Manager shall mail notice to the delinquent Owner, and shall use every effort to collect delinquent accounts, including the sending of notices and letters and the making of telephone calls and personal contacts. If such efforts fail, the Manager shall refer the account to the Board of Directors for disposition. The Manager shall have the right to charge a collection charge to a Unit Owner for all accounts that are over 5 days after the first of the month from that Unit Owner.

(2) Disbursements

The Manager shall make all disbursements as provided in the initial and proposed annual operating budget referred to in Subparagraph (4) hereof from Common Expenses assessed against and collected from Unit Owners. In addition, the Manager is granted

authority to make non-budgeted expenditures necessary or appropriate for the maintenance, operation or care of the Condominium not exceeding \$1,000.00.

All other non-budgeted expenditures may be made only with the approval of the Board of Directors except in cases of emergencies requiring prompt action to minimize loss.

3) Annual Operating Budget

At least 60 days prior to the end of each fiscal year, the Manager shall prepare and submit to the Board of Directors an annual operating budget setting forth income and expenses of the Condominium for the preceding and current years, anticipated income of the Condominium for the following year, and explanations necessary to account for differences between such figures.

(4) Records and Books of Account

The Manager shall establish and maintain, in accordance with generally accepted accounting principles, an accurate and complete set of books, including records, in chronological order, of receipts and disbursements of the Condominium arising from operation of the Condominium, including the Capital Replacement Reserve Fund. The Manager shall also establish and maintain accounts for each Unit, detailing assessments levied against such Unit, amounts paid, and invoices, statements, vouchers, correspondence, insurance policies and all other documents and papers pertaining to the Condominium or its operation. Upon five days written notice to the Manager, all records and books of account shall be open to inspection during business hours by Unit Owners, their mortgagees and representatives.

(5) Monthly Statements

The Manager shall, not later than the twentieth day of each month, render a monthly statement to the Board of Directors setting forth the receipts and disbursements of the Condominium for the preceding month.

(6) Annual Report; Certification

At the end of each fiscal year, the Manager shall prepare an annual statement of the operations of the Condominium for that year, including a statement of receipts and disbursements and a balance sheet showing the assets and liabilities of the Condominium as of the close of such fiscal year. Such annual statement shall be reviewed or audited and certified by a certified public accountant selected by the Board of Directors, if so desired. After review by the Board of Directors, such audited annual statement shall be distributed by the Manager to all Unit Owners. Such accountants also shall prepare all required federal income and other tax returns, if required, which returns, after review by the Board of Directors, shall be filed by the Manager.

(7) Appraisal and Capital Replacement Reserve Fund Study

The Manager shall arrange and coordinate an annual appraisal for insurance purposes as well as ensure that a Capital Replacement Reserve Fund Study is completed every five years.

(B) Physical Management

The Manager shall perform the following services with regard to the physical management of the Condominium:

(1) Contracting for Services

Subject to the provision in Subparagraph VII(A)(2) and Subparagraph VII(A)(3) hereof, the Manager is authorized on behalf of all Unit Owners to hire, pay, supervise or discharge, or cause to be hired, paid, supervised or discharged, all employees and independent contractors that may be required for the proper maintenance and operation of the Condominium. Such services shall be performed by in-house personnel rather than on a contracted basis unless the latter is more economical than the former or directed in writing to the contrary by the Board.

(2) Maintenance of Buildings

The Manager shall cause the buildings, other improvements, and equipment of the Condominium to be maintained in the condition of a first-class residential condominium project and shall direct, supervise and order to be done all things requested by the Board of Directors or which are, in the Manager's judgement, necessary to the proper maintenance of the Condominium in accordance with such standards. Building deficiencies that are covered by warranties are not covered in the scope of the Manager's work and therefore must be completed by the Board of Directors. The Manager may charge, for management of warranty deficiencies, a rate agreed upon between the Board of Directors and the Manager.

(3) Inspections of Property

The Manager shall make regular inspections of the Condominium and report to the Board of Directors as to its condition, including recommendations for repair, restoration, capital reserve requirements and maintenance.

(4) Miscellaneous

The Manager is further authorized to do all things reasonably deemed necessary or desirable by the Board of Directors for the proper maintenance and operation of the Condominium.

(C) Service to Owners

The Manager shall perform the following services for the benefit of Unit Owners of the Condominium:

(1) Complaints

The Manager shall consider and, when reasonable, attempt to remedy written complaints of Unit Owners or their customers. The Manager shall refer any unresolved complaints to the Board of Directors.

(2) Initial Inspection

The Manager shall inspect the common property for any apparent defects and render a written report thereon to the Board of Directors.

(D) Administrative Management

The Manager shall perform the following services for the benefit of the Board of Directors and the Unit Owners:

(1) Meetings

The Manager shall assist with organizing and conducting the Annual General Meeting of the Condominium and regular Board of Directors meetings. The Manager shall arrange for suitable meeting places for, prepare agenda for, send notices to Unit Owners and Board of Directors members of, and upon invitation of the Board cause the attendance of a representative of its organization at all meetings of the Condominium and of the Board of Directors, there to report on the status of, render advice on, or receive directions concerning the duties imposed by this Agreement. If requested by the Board of Directors, the Manager shall have its representative's act as Assistant Secretary of the Corporation and assist in preparing the minutes of meetings.

(2) Letters and Reports

The Manager shall prepare and post all letters and reports as the Board of Directors may direct.

(3) Records

The Manager shall keep all records of the affairs and proceedings of the Corporation and of the Board of Directors, including, but not limited to, minutes of meetings, resolutions, declarations, bylaws and rules and regulations and amendments thereto.

(4) Insurance

The Manager shall have responsibility for the supervision of the obtaining and safekeeping of all Condominium insurance policies. Such responsibility shall include the contracting for, and keeping in force of, insurance coverage required by the **Condominium Property Act** (Alberta) and bylaws of the Corporation, the filing and pressing of claims, and the reviewing and making of recommendations, from time to time, as to the adequacy of coverage.

VIII. MISCELLANEOUS PROVISIONS

(A) Bank Accounts

The Manager shall promptly deposit all funds collected on behalf of the Board of Directors and the Corporation into such accounts and in such financial institutions as may be designated by the Board of Directors. The operating fund for the Corporation will be administered via the Manager's trust account, however, any Capital Replacement Reserve Funds will be deposited into separate Corporation accounts, whereby only the Board of Director's will have signing authority.

(B) Manager's Advance

If, at any time, funds in possession of the Manager are insufficient for the performance of any act or duty required hereunder, the Manager, though not obligated to do so, may in its discretion advance such sums as it may deem necessary, and in such event the Board of Directors shall reimburse the Manager for such advance, together with interest at the rate of 12% per annum, within thirty (30) days after the day that written notification of such advance is given to the Board of Directors. The Manager must notify the Board of Directors within three (3) business days of each such occurrence.

(C) Right to Contract

The Manager shall have the right to manage other projects without limitation, and may engage in other business activities, whether related or not, at its sole discretion. The Manager or its affiliates may contract with the Corporation as a vendor, purchaser, contractor, supplier, purveyor of goods and services, or otherwise, provided that the charges to the Corporation shall be competitive in the light of the prevailing market rates for such goods and services as may be involved.

(D) Indemnification

1. The Manager shall be liable to the Corporation for, and shall indemnify the Corporation against, any liability, loss costs or expenses including reasonable legal fees arising from the Manager's own gross negligence or wilful misconduct.
2. The Corporation agrees to indemnify the Manager from and against the following:

The Corporation will indemnify and hold harmless the Manager from any loss, costs or damages arising out of any claim, suit or charge by any person whosoever relating to inadequate insurance coverage.

The Corporation shall indemnify, defend and save harmless the Manager, its employees, as its Agent from and against all claims, demands, actions, causes of action and suits in connection with the Condominium and from liability for damage to property and for injuries to or death of any Unit Owner or any officer, agent or employee of the Corporation or other person whomsoever, howsoever caused (except in those cases where the Manager shall be finally adjudged by a referee or court of competent jurisdiction to have been grossly negligent).

The Corporation shall pay all expenses incurred by the Manager, including without limitation legal fees and disbursements on a solicitor-and-his own client basis full indemnity basis, to defend the Manager or the Corporation in any proceeding or suit involving an alleged violation by the Manager and the Corporation or either of them of any provision in any statute, regulation or bylaw or this management agreement, but nothing herein shall require the Manger to employ counsel to represent the Corporation in any such proceeding or suit. Subject to the Manager assisting the Corporation in dealing with construction deficiencies, this paragraph is not intended to release the Manager from

any liability to the Corporation directly and not any individual owner or group of owners in respect of a breach or default of any of the Manager's covenants and duties owed to the Corporation under this Agreement or otherwise as Agent.

In connection with the **Occupiers' Liability Act** (Alberta), the Corporation specifically acknowledges and agrees that the Manager is not in physical possession of any premises on the Condominium, nor, except as the Agent authorized and directed by the Board of Directors from time to time, expressly or by implication, does the Manager have any responsibility for, or control over, the condition of the Condominium, the activities conducted on the Condominium or the persons allowed to enter the Condominium or any Units situated therein.

The Manager is not responsible for compliance by the Corporation or by any Unit Owners in respect of any ordinances, laws, rules or regulations and whether municipal, provincial, federal or made by any public authority or official thereof having jurisdiction over it, except to notify the Corporation, or forward to the Corporation, any order, complaints, warnings, notices, summonses or like documents received by it relating to such matters. The Corporation represents that to the best of its knowledge the Condominium complies with all such requirements and agrees to indemnify and hold harmless the Manager, its agents, servants and employees, of and from all loss, cost, damage, expense or liability whatsoever which may be imposed on them or any of them by reason of any present or future violations or alleged violation of such laws, ordinances, rules or regulations, except where unlawfully or negligently omitted or violated by the Manager of any of its agents, servants or employees.

(E) Arbitration

Any unresolved dispute arising out of this Agreement shall be submitted to arbitration in accordance with the **Arbitration Act** (Alberta).

(F) Notices

All notices required herein shall be made by registered or certified mail, return receipt requested. Notice to the Manager shall be sent to: 100, 4327 54th Avenue, Red Deer AB T4N 4L9, and notice to the Condominium shall also be sent to the Manager, with duplicate copies to be sent to the then President and then Secretary of the Condominium, at their respective addresses. Notice to a Unit Owner shall be sent to his last known address.

(G) Legal Fees

In any litigation or arbitration arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party all costs and disbursements, including reasonable legal fees on a solicitor and client basis, incurred in such litigation, at trial and upon appeal, if any.

(H) Limitation of Liability

Any thing elsewhere in this Agreement to the contrary notwithstanding, the liability of each Unit Owner arising out of this Agreement or any provision hereof, including any indemnification of the Manager provided for herein, shall be limited to the unit factor of such Unit Owner. Anything elsewhere in this Agreement to the contrary notwithstanding, members of the Board of Directors

shall have no liability to the Manager or others hereunder except such liability as they have as Unit Owners.

(I) Entire Agreement

This contract represents the entire agreement of the parties and supersedes all prior and contemporaneous written and oral agreements, representations and understandings. Any modification of this Agreement shall be in writing and signed by the party or parties affected by such modification.

(J) Severability

The invalidity in whole or in part of any term, covenant or provision hereof shall not affect the validity of the remainder hereof.

(K) Binding Effect

This Agreement shall bind and inure to the benefit of the parties and their heirs or successors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Red Deer, Alberta the day and year first above written.

MANAGER (AGENT):

Sunreal Property Management Ltd.

Per: _____

Mike Stevens

Associate Broker

CONDOMINIUM (PRINCIPAL):

Condominium Corporation No. 082-5987

Per: _____

Director

Per: _____

Director