

Old Mill Community Council 2015 Management Agreement

This Management Agreement is made this _____ day of _____, 2015, between OLD MILL COMMUNITY COUNCIL, hereinafter referred to as "Association", and CMSI MANAGEMENT INC., hereinafter referred to as "Manager", a corporation licensed to do business in the Commonwealth of Virginia.

I. PREAMBLE

The Board of Directors shall make policy and judgment decisions which are to be carried out by the Manager. It is understood that the Directors and Officers are not expected to be involved in the day to day routine operations. The Manager is responsible to, and receives direction from, the Board of Directors, through its Board Liaison to the Manager, during day to day operations and to the Board as a whole at the monthly meetings. Only the Board of Directors can authorize the Manager to enter into contracts or authorize services on behalf of the Association. Only the Board of Directors is authorized to execute contractual documents on behalf of the Association.

The Management Agent hereby warrants that it is a bona fide business enterprise which manages common interest residential communities. Further, the Management Agent has a minimum of two years experience in real estate community management and employs persons possessing a high level of competence in the technical skills necessary for the proper management of the Association.

II. APPOINTMENT

The Association hereby appoints the Manager, and the Manager hereby accepts appointment, under the terms and conditions hereinafter provided, as the Management Agent for the Association.

III. DUTIES OF MANAGER - Operational

A. GENERAL

1. The Manager will review and become sufficiently knowledgeable with the physical layout and characteristics of the Association's Common Areas. The Manager will read and become knowledgeable with the Articles of Incorporation, Declaration, Bylaws, Resolutions, Rules & Regulations, and the Virginia Property Owner's Association Act (hereinafter referred to as "Governing Documents"), including, without limitation, those provisions detailing the duties and obligations of the Association, the Board of Directors (hereinafter referred to as 'Board'), and the Manager, and their interaction with each other.

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2. The Manager will provide adequate access to Board Members and/or the Board's Designated Liaison during normal business hours in order to be responsive to routine Board concerns.
3. The Manager shall be guided in the performance of his duties by the Association's Instruments and any and all rules, regulations and resolutions of the Association.
4. The Board's Designated Liaison to the Manager shall be the officer of the board designated on page 12 of this Contract, except during Board meetings when the Manager shall be directed by the Board as a whole. The Board's Designated Liaison to the Manager will remain the same and not changed unless otherwise agreed on by the Board and the Manager and such agreement to change the Liaison is recorded in the minutes of a Board meeting. If the Board's Designated Liaison's tenure on the board concludes, a new designee will be named at the next board meeting and recorded in the Minutes.

B. COMPLIANCE

The Manager, by taking necessary actions, shall maintain the development in compliance with the Governing Documents of the Association, all orders and requirements of any federal, state and local authority, Board of Fire Underwriters or similar body of competent jurisdiction to the extent that such order or requirement is not contested by the Association. Failure by the Association to comply when required with any such order or requirement, if uncontested or unsuccessfully contested, shall require that the Association will save and hold harmless and indemnify the Manager against any and all claims or liability arising from such failure to comply.

C. PHYSICAL

1. If requested by the Board, Manager shall cause the grounds, physical plant and all other property and improvements comprising the common areas of the Association to be maintained uniformly and on a regular basis in accordance with standards established by the Board of Directors, including, without limitation, the implementation of a preventative maintenance program developed by the Manager and the Board, and other such normal maintenance and repair work as may be necessary for the proper function and appearance of the common areas, subject, however, to any limitations set forth herein or imposed by the Board. In addition, Manager shall inspect the property in total on a regular basis and inform the Board of the findings of such inspections in writing in the monthly Board Meeting Package, and shall make recommendations for any improvements, necessary or desirable, to be made for the continuing improvement of the Association.
2. If requested by the Board, the Manager will assist the Board with the solicitation and updating of the professional replacement reserve analysis and schedule, as required by the Property Owners Association Act, and monitor compliance with the schedule of replacements at the regular hourly rate for management staff listed on the fee schedule page of this agreement.

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3. If requested by the Board, the Manager will provide architectural maintenance inspections and notifications in accordance with the Association's Governing Documents and as explained more fully under Article V, Section L of this agreement at the regular hourly rate for management staff listed on the fee schedule page of this agreement.

D. CONTRACTORS

If requested by the Board, the Manager will solicit all contractors by a competitive bidding process in accordance with any contract specifications established, and submit recommendations to the Board on performance, quality of workmanship and pricing of the contractor. Manager will report to the Board on a continuing basis concerning the performance, compliance and/or noncompliance of the contracted services provided. This service will be charged at the regular hourly rate for management staff listed on the fee schedule page of this agreement.

E. PAYMENTS AND CREDITS

The Manager will approve payments to contractors and suppliers, only if and when previously authorized by the Board, when the Manager is satisfied with workmanship or when directed to do so by the Board.

IV. DUTIES OF MANAGER - Financial

A. ASSESSMENT COLLECTION

1. The Manager shall collect all assessments and charges and deposit them in a timely manner in a separate account held in the name of the Association. The Manager shall send notices to all owners, in accordance with the Governing Documents, as to the amount of the assessments due. The Manager shall coordinate the timely distribution of coupon payment books or other billing arrangements as approved by the Board.

2. The Manager shall process all delinquencies in the manner provided by Board Resolution and shall consult and cooperate with Counsel for the Association as needed to collect unpaid amounts. Manager shall obtain the prior written consent of the Board before legal proceedings are brought on behalf of the Association, unless otherwise provided by duly adopted Board Resolution.

3. The Manager shall coordinate distribution of passes or permits as required. The Manager shall control distribution to lot owners in compliance with the Association's Governing Documents.

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B. ACCOUNTS

1. The Manager shall place all Association monies in banks or financial institutions approved by the Board of Directors, in the name of the Association and insured by the FDIC or FSLIC, unless otherwise approved in writing by the Board, in such amount so that monies in the accounts do not exceed the insured limits.

2. The Manager shall have co-signature authority only for the operating accounts for administrative purposes, unless otherwise approved by the Board, and shall perform a monthly reconciliation of all accounts to the bank statements. Members of the Board shall have the only signature authority on any and all reserve accounts. It shall be the Manager's responsibility to ensure compliance with this provision.

C. DISBURSEMENTS

The Manager shall issue all checks, which shall be endorsed by at least one (1) member of the Board if the Board so chooses. The Manager will agree to be a co-signatory on accounts payable if requested and approved by the Board. Disbursement items not contractually or otherwise authorized by the Board shall not exceed \$1,000.00 until the Board specifically approves the expense. This limitation will be lifted in the event that repairs are required that are deemed to be an emergency, defined as an imminent threat of severe damage to property or injury to person. The Manager shall report such expenses to the Board Liaison as soon as possible after the emergency situation is under control.

D. BUDGET

1. The Manager shall prepare a draft budget for the Board of Directors at least ninety (90) days before the beginning of the next fiscal year and shall complete the final budget as approved by the Board at least forty-five (45) days before the beginning of the next fiscal year with input from the Board. The proposed budget shall include a detail statement which itemizes and explains all categories and amounts, and shall include a copy of the reserve schedule for repair and replacement of all facilities.

2. After the Board of Directors approves the annual budget, this document will become the governing financial tool for the Manager to cause the physical plant to be maintained. The Association and the Manager shall set a minimum cost which will mandate bid requirements for services. Routine repairs and maintenance will be performed in accordance with standards established by the Board of Directors and the budget.

E. TAX RETURNS AND AUDITS

The Manager shall cause the Association's books to be audited on an annual basis by an independent accounting firm after approval by the Board and have the federal, state and local tax returns and forms prepared and submitted to the Board for timely filing. Manager will evaluate the audit and make recommendations on future policies and procedures.

F. INTERNAL CONTROLS

The Manager shall have two or more persons responsible for handling cash to ensure proper financial controls. The cash accounts of the Association shall not be commingled with any other entity's accounts.

V. DUTIES OF MANAGER - General Responsibilities

A. RULES & REGULATIONS

1. The Manager will assist the Board in suggesting and preparing Resolutions or Rules & Regulations for the Association, if requested by the Board.
2. The Manager shall notify unit owners of the adoption of the rules and regulations and amendments thereto, and of the adoption of any resolutions of the Board which the Board directs to be publicized.
3. The Manager shall, upon observation of any violation of the Governing Documents, notify the Board and the responsible unit owners of such violations and shall, as directed by the Board, impose appropriate sanctions, as set forth therein, against such unit owners to enforce compliance.

B. FILES

1. The Manager shall maintain all correspondence of the Association and Board with all unit owners and third parties. The Manager shall maintain a current list of all unit owners and their mailing addresses. The Manager also shall maintain a current list of all tenants, first mortgagees and lien holders to the extent that such information is supplied to the Manager by the Association.
2. Board members, Lot Owners and other authorized parties shall have access to all records of a non-confidential nature, upon reasonable written notice, during the Manager's normal business hours, as governed by Section '55-510 of the Virginia Property Owner's Association Act. Copies of specific materials can be provided at the contract rate for labor and materials upon receipt of written request. All original records, data and files shall remain property of the

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Association. The Manager shall bring any request for access to confidential records to the Board before producing such records.

C. NOTICES AND STATEMENTS TO MORTGAGEES

Upon request by the Board, the Manager shall notify the respective mortgagees, if any, of any default under the provisions of the Governing Documents by a unit owner, any insurance or condemnation loss, or any other matter for which notice is required.

D. ATTENDANCE AT MEETINGS

1. If requested by the Board, the Manager shall attend meetings of the Board of Directors, and the Association Annual Meeting, and shall, if requested, assist in the organization and supervision of the Association Annual meeting at the regular hourly rate for management staff listed on the fee schedule page of this agreement.

2. The Manager shall provide a Recording Secretary to take minutes of each meeting at which the Manager is present, if the Board so desires, at the regular hourly rate listed in this agreement. The Manager shall provide clerical assistance at the Annual Meeting for sign-in, vote-tallying, etc., at the hourly rate listed on the fee schedule page of this agreement if the Board requests such assistance.

3. The Manager shall process and mail notices for the Annual Meeting and any Special Meetings of the Association at the rate listed on the fee schedule page in this agreement. Costs for printing, copies, mailing materials, postage, etc., shall be the expense of the Association.

E. MANAGEMENT REPORTS

The Manager shall provide a monthly financial report to the Board. Such package shall include the following:

1. Current financial statements, including (i) a balance sheet reflecting the financial condition of the Association on an unaudited basis; (ii) an income statement reflecting all income and expense totals for the preceding period and year-to-date; (iii) all current bank statements and reconciliations, check registers and financial correspondence other than collections; (iv) cash account listing.
2. Current assessment delinquency list and collections correspondence.

F. INSURANCE

1. Upon request by the Board, the Manager shall cause to be placed all policies of insurance required by the Association's Governing Documents and as may be requested by the Board to adequately protect the interests of the Association and its members. Fidelity Insurance coverage

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shall be maintained at the Association's expense in an amount not less than one quarter's assessments plus the Association's reserves for all Board members having signature authority and the Manager. The Manager shall investigate promptly and make a full written report, including estimates or repair costs, of all accidents or claims relating to the management, operation and maintenance of the Association and shall cooperate and make such reports as required by the respective insurance companies.

2. If requested by the Board, The Manager will oversee and supervise all insurance claims and, if applicable, all reconstruction of Association properties due to uncovered loss. All time accorded to this activity shall be billable at Ten Percent (10%) of the total insurance claim.

G. UNIT OWNER ACCESS AND EMERGENCY SERVICE

If requested by the Board, The Manager will develop and maintain an adequate system for the receipt, investigation and processing of resident inquiries, repair or service requests and complaints regarding the operation and maintenance of the community. This will include an emergency 24-hour answering capability and a telephone/action log. Complaints and requests by the lot owners shall be received and responded to in a timely manner. Repairs or requests deemed to be an emergency, as defined in Article IV, Section C of this agreement, and any other specific conditions deemed by the Board to constitute an emergency, shall receive immediate response from maintenance personnel.

H. RESEARCH AND CONSULTING

1. The Manager will coordinate homeowner surveys, if requested by the Board.

2. The Manager will review, in consultations with the Association's Legal Counsel, the Declarations, Bylaws, Rules and Regulations, Policies and Procedures and Resolutions of the Association and make recommendations to the Board for improvements or changes, upon authorization from the Board.

3. If requested by the Board, The Manager will review the insurance coverage of the Association and solicit recommendations as to its adequacy and conformity to the Association's Governing Documents.

4. If requested by the Board, The Manager will review contracts or agreements between the Board and their suppliers and service providers to assure they are being performed in accordance with their terms and conditions.

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I. COMMUNICATIONS

1. The Manager shall prepare the resale disclosure packets for the Association, pursuant to Section §55-512 of the Property Owner's Association Act ("the Act"). The charge for this service shall be invoiced in accordance with the provisions of this Section of the Act.
2. The Manager will prepare information and/or welcome packet for new lot owners and residents.
3. The Manager will assist in the preparation, mailing and/or delivery of any notices, newsletters, information packages or other mailings as directed by the Board, subject to the billing rates listed on the fee schedule page of this agreement.
4. The Manager shall prepare forms and submit fees required by the state, including, without limitation, the Annual Report and fee required by the Act, and the Annual Report and fee required by the State Corporation Commission.

J. WEB ACCESS

1. The Manager shall make individual owner accounts available on internet via password protected access.
2. All owners will be able to view governing documents, Newsletters (if any) and financials.
3. All owners will be able to send maintenance requests, questions/ comments to the Board and/or Manager.

K. COMPLAINTS AND VIOLATIONS

1. The Manager will set aside time to personally hear complaints or questions from the residents during regular business hours.
2. When a resident defaults or violates the Association's Governing Documents, the Manager will take appropriate and corrective action as directed by the Board. A report of such actions will be provided to the Board in the Board Meeting Packages.

L. ARCHITECTURAL CONTROL

1. If requested by the Board, The Manager will review the Association documents pertaining to architectural control and will assist the Board in preparing an easily understandable synopsis of such rules and procedures for processing requests for the committee, if requested by the Board.

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2. If requested by the Board, the Manager will perform an annual maintenance inspection of the community in accordance with the guidelines set by the Board and/or the Architectural Control Committee. This service will be charged at the regular hourly rate for management staff listed on the fee schedule page of this agreement.
3. The Manager will not make judgment decisions on any architectural request submitted to the Association which is not covered by current guidelines. All requests for modifications and/or additions shall be approved or disapproved by the Board of Directors and/or the Architectural Control Committee unless otherwise agreed upon by both parties.
4. As an optional service, and if requested by the Board, the Manager will draft for the Association a comprehensive architectural control program, if needed and if requested by the Board. This program will include draft notices, forms, and recommended enforcement procedures. This program can be customized to accommodate the individual community characteristics of the Association. Drafting of this program, and performance of any baseline lot inspections for updating of existing architectural records, shall be billed at the hourly rates listed on the fee schedule page of this agreement or by an addendum to this agreement.

M. RELATIONSHIP AND LIABILITY OF MANAGER

1. The relationship of the Manager to the Association, with respect to the duties, responsibilities and obligations as set forth herein, shall be that of an independent contractor, except insofar as the Manager may be expressly constituted an agent by resolution of the Board. The Manager shall have no obligation to advance funds, provided, however, that the Manager shall, upon demand, be entitled to prompt reimbursement from the Association's funds for any such funds advanced or payments made on behalf of the Board.
2. Provided that the Manager keeps all Association insurance in effect, and that the Manager provides prompt notice of all claims and adequate time to defend them, the Association shall indemnify and hold harmless the Manager from and against any and all damages and claims, including penalties, fines, costs, expenses and reasonable attorneys fees, incurred by reason of the performance of the Manager's duties hereunder or the written instructions of the Board, resulting from injury or alleged injury to person or property in, about or in connection with the Association from whatever cause, and from any liability of the Association, except such damage, claims, or liabilities that may result from the negligence, willful misconduct, fraud, misrepresentation, deceit, illegal conduct or breach of conduct by the Manager for which the Manager shall indemnify the Association.
3. Manager shall maintain insurance in an amount reasonably satisfactory to the Board of Directors, which approval shall not be unreasonably withheld. A certificate of insurance shall be provided to the Association following execution of this agreement.

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N. MANAGEMENT FEES AND REIMBURSEMENTS

CMSI Management Inc. will provide Management services as outlined herein at the rate of Nine Thousand Six Hundred Dollars (\$9,600.00) per year, due and payable in advance in monthly installments of Eight Hundred Dollars (\$800.00) on the first day of each month for the entire first term of the agreement. A late charge of 5% will be added to invoices not paid after the 15th day of the month.

Additional costs to the Association, not included in the Basic Management Rate, are as follows:

1.	Initial Community Setup Fee -Due with the first month's management fee	None
2.	Printing, Copying	\$0.18 per page in house, or per invoice from the printer
3.	Postage	At Actual Cost
4.	Certified Mail	\$5.00 per Certification plus Postage
5.	Delinquency Letters/ Violations Notices	\$5.00 each
6.	Final Notice before turning over to Legal	\$25.00 each
7.	Materials For Mailings – includes envelopes etc.	At Actual Cost
8.	Labels	\$10 per page (30 labels)
9.	Community Mailings (handling charges)	\$0.50 per unit
10.	Coupon Books	\$6 per book + direct postage
11.	Pool/Parking/Recreation Administration	\$2.00 per pass
12.	Open bank accounts, CDs, T-Bills	\$25.00 per transaction
13.	Preparation of Resale Certificate & Disclosure Package	\$250.00 Paid by Association (Seller pays the Association)
14.	Resale Transfer Fee Association after collection from purchaser at closing	\$50.00 per lot, paid by

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- For close out and set up database files after unit resale
 - For coordination with settlement attorneys
 - For mailing new owner package
- | | | |
|-----|--|---|
| 15. | Returned Check Processing Charge | \$35.00 paid by Association, and billed to check writer |
| 16. | PUD Certificates For Mortgage Companies
- Paid by Requestor directly to Manager | \$100.00 for 48-hour response |
| 17. | Storage | \$5.00 per box per month |
| 18. | Emergency calls outside office hours | \$10.00 per call |
| 19. | Lease administration | \$50 per transaction |
| 20. | Entry system maintenance | \$50 per transaction |

(*) DENOTES SERVICE FEES THAT MAY CHANGE DURING CONTRACT TERM WITH WRITTEN NOTICE FROM MANAGER TO ASSOCIATION.

Charges for Additional and/or Optional Services - The following items are listed for informational purposes only. All services outlined in the contract are inclusive in the management fee unless specifically noted therein. The items listed below are disclosed for informational purposes and are at the sole discretion of the Board of Directors.

- | | | |
|----|---|---------------------------|
| 1. | Manager's Hourly Rate | \$ 95.00 per hour |
| | Comptroller/Assistant Manager's Hourly Rate | \$ 65.00 per hour |
| | Recording Secretary | \$125.00 per meeting hour |
| | <ul style="list-style-type: none"> -For All Meetings (three hour minimum charge) -For Preparation And Attendance at Legal or Court Proceedings (three hour minimum) -For Administration of Insurance Claims and/or Reconstruction (three hour minimum) -For Architectural Inspections | |
| 2. | CMS Clerical Staff Rate | \$ 45.00 per hour |
| | <ul style="list-style-type: none"> - For Sign -in At Community Meetings, Etc. - For Clerical or Other Assistance at Board or Community events | |
| 3. | CMS Maintenance Staff Rates, per hour, no minimum | |
| | Trade Labor - plumbing, electrical, carpentry, etc. | \$65.00 |
| | Skilled/Assistant Trade | \$50.00 |

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Routine Maintenance/Cleaning Work \$35.00

- Cost Of Necessary Parts and supplies Not Included in Labor Rates
- Evenings, Weekends and Company Holidays subject to standard overtime rates

4. ALL ACCOUNTING AND RESEARCH ISSUES PERTAINING TO PREVIOUS MANAGEMENT WILL BE BILLED AT THE COMPTROLLER=S HOURLY RATES.

VI. TERM AND TERMINATION

A. TERM

1. The initial term of this Agreement shall be for a period of twelve months, commencing on _____, 2015.

2. This Agreement will automatically renew for an additional one year term unless prior written notice is received by either party at least thirty (30) days prior to the renewal date. Every calendar year, Management fee shall automatically increase to the budget line item for management fees approved by the Board of Directors. Any decrease in management fees must be agreed upon by both parties and authorized by a duly signed addendum to this Management Agreement.

C. TERMINATION - WITH OR WITHOUT CAUSE

This Agreement may be terminated with or without cause, without penalty with thirty (30) days written notice of intent to terminate with cause, given on the first day of a month by either party, at the address of either party as stated below. Notice must be certified Mail, Return Requested, and served only to those parties authorized under this agreement to accept notice.

D. NOTICE

Notice shall be given as follows:

For the Association:

President, Board of Directors

The Board's Designated Liaison to the Manager shall be the following board member:

For The Manager:

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Satish Joshi
President
CMSI Management Inc.
PO Box 220010
Chantilly, Virginia 20153-0010

Changes to the identity of the persons in this section, during the term of this agreement, shall be made only by addendum to this Agreement, signed by both parties.

E. TRANSITION

1. The Manager shall deliver or make available, to the new Management Company or the Association Representative, all finalized records, including electronic records, of the Association, and shall make available said finalized records to the new Management Company or the Association Representative upon the last day of the Agreement. Those records that cannot be finalized until after bank statements have been received and reconciled shall be turned over no later than seven (7) business days after receipt of the last bank statement. The Manager may retain copies of records at its own expense.
2. The Manager shall cooperate and meet as needed with new management to complete transition to new management.
3. The Manager shall send a notice to all owners using automatic debit for payments that this service will be terminated at the end of the agreement and a new authorization must be sent to the management company selected by the Board.
4. The Manager shall forward all checks received after termination to the new management company within two (2) business days of receipt. Checks made out to the Manager shall be returned to the maker for correction with a note advising of the proper payee and address.
5. All funds shall be transferred to the new manager on the termination date with only enough retained to clear any outstanding checks or bank charges. Other account holders will be notified of the change of mailing address for the association.

VII. MISCELLANEOUS

A. AMENDMENTS AND SEVERABILITY

This Agreement constitutes the entire agreement between the parties and no variance or modification shall be valid and enforceable except by an amendment to this Agreement in

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writing executed and approved in the same manner as this Agreement. Any part of the Agreement deemed to have no legal effect or deemed to be illegal shall be severed herefrom and the Agreement shall continue in full force and effect as if the severed part were never contained herein.

B. DEFINITION AND CONFLICTS

Capitalized terms herein shall have the meanings set forth in the Association's Governing Documents. Any conflict arising from this Management Agreement shall be governed in the following priority:

1. Declaration of Covenants, Conditions and Restrictions
2. Articles of Incorporation, if any.
3. Bylaws
4. Policy Resolutions
5. Board Decisions at regular meetings

C. ASSIGNMENT

This Agreement may be assigned by either party. Assignment shall include merger or sale of the company to or with another entity or a more than 51% change in ownership.

D. BREACH

In the event of a breach of this Agreement, the prevailing party shall be entitled to its costs and reasonable attorney's fees as determined by the court.

E. GOVERNING LAW AND BINDING EFFECT

This Agreement shall be construed under the laws of the Commonwealth of Virginia and shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

F. WAIVER OF BREACH

A waiver by the Association of any breach of any term or condition hereof shall not be deemed a waiver of any other, or any subsequent, breach.

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Signature Page

By affixing our signatures below, this Management Agreement is accepted by all parties on this _____ day of _____, 2015.

FOR THE ASSOCIATION:

Signature, Without Personal Recourse

Printed Name

Title

FOR THE MANAGER:

Satish Joshi
President
CMSI Management Inc.