Sovereign & Jacobs Property Management Companies, LLC
Condominium Management Services Contract

THIS Contract entered into between St. Augustine Ocean & Racquet Resort Condominium Association, Inc., a Florida Not-for-Profit Corporation (hereinafter referred to as the "Association"), located in St. Johns County, Florida and Sovereign & Jacobs Property Management Companies, LLC with a The Board of Directors of the Association on behalf of the Association hereby appoints S&J, serving as Agent for the Association, to manage the Association and S&J accepts appointment to manage the Association. Management will be in accordance with Association's recorded governing documents and applicable Florida Statutes.

TERM OF CONTRACT - Association, in consideration of the promises herein contained hereby contracts with S&J to provide Community Association Manager services as specified in the terms and conditions contained herein for a term commencing November 1, 2021 and ending October 31, 2023.

SERVICES OF AGENT - Agent shall perform the following services in the name of and on behalf of the Association, and the Association hereby gives Agent the authority and powers required to perform these services.

A. ACCOUNTING/AUDIT/BUDGETS.

A.1. Agent warrants that all of Agent's employees who are responsible for the safekeeping of any Association moneys shall be covered by a fidelity bond, at Agent's cost, in a minimum amount of $500,000 with a company determined by Agent. Within twenty days of the execution of this Agreement, Agent will provide the Association, care of its Board Officers, a duplicate of the present Bond.

A.2. In addition and in accordance with Fla. Stat. §718.112(2) the Association shall maintain fidelity bonding on all persons who control or disburse Association funds including those individuals authorized to sign checks, and the President, and Treasurer of the Association and shall include, at the Association's expense, all of the employees of Agent authorized to sign checks for the Association.

A.3. Agent shall receive, deposit, disburse and account for all Association funds. Deposits and disbursement shall be made weekly (other than payments to Agent's "lock box") and funds collected shall be deposited in a custodial account in a state or national bank where deposits are insured by the Federal Deposit Insurance Corporation separate and apart from Agent's own funds.

A.4. Agent shall print and distribute scheduled assessment coupon notices (if required) to all members at the addresses provided by the member for billing purposes. Where practicable, Agent shall invoice and collect payment electronically.

A.5 Agent shall assess interest and/or late fees to member accounts, as outlined in Association's Declaration of Condominium and/or Bylaws, and mail delinquency notices to all members who are past due in payment of assessments on a monthly basis.

A.6. Agent shall prepare monthly financial reports for Association utilizing the accrual method of accounting completed in accord with GAAP, including an income and expense statement (that includes variances from budget), a statement of balances, cash flow statements, a check register, and an itemized listing of accounts receivable and a disbursements journal by the 20th day of the following month.

A.7. In coordination with the Association Board's audit committee, Agent shall arrange for an annual audit of Association's financial records and the timely filing of all required tax forms both of which will be prepared by a Florida licensed certified Public Accountant of the Association's choice. An

Engagement letter will be provided from a CPA, selected by the Board of Directors, for the Board's review no later than the first day of the last month of the Association's fiscal year. Agent shall not be responsible for fines and or penalties imposed due to the CPA's failure to make available the Audit with the statutory timelines, nor due to the Association's failure to make a timely decision regarding engagement of CPA.

A.8. Agent shall arrange for an annual initial draft Budget for approval of the Treasurer and/or the Budget/Finance Committee. Preliminary budget figures shall be submitted to Association's Board of Directors no later than ninety (90) days prior to the end of the fiscal year. Within thirty days (30) of receipt of the preliminary budget, the Board shall either approve the budget as submitted or provide Agent with written notice setting forth those items which are unacceptable to the Board or provide Agent with written notice advising what additional information is required. Upon Board approval, Agent shall be authorized to operate and manage Association in accord with the Annual Budget, provided that Agent shall not have the authority to spend any budget surpluses without approval of the Association's full Board.

B. COLLECTIONS

B.1. Agent shall advise individual Owners/Members of the Association's authority and notice of intent to file a claim of lien against Member's property, should Member's account become delinquent, to protect Association's financial interest. A charge of $35.00 will be assessed to the member's account for such a notice. A charge of $25.00 or five percent (5%), whichever is greater, will be assessed to a member's account upon receipt of a check which has been returned from Association's bank due to non-sufficient funds to offset Agent's expenses to process the check.

B.2. Agent shall collect all regular assessments due from Members. The Association hereby authorizes and directs the Agent to request, demand, collect, receive and receipt for any and all assessments and/or charges which may at any time be or become due to the Association and at the expense of the Association by way of process or authority granted the Association under the Declaration, Articles of Incorporation or Bylaws as may be required for the collection of delinquent assessments. The Agent shall notify the Board of any account which is more than thirty days past due. By direction from the Board the Agent will implement collection proceedings on behalf of the Association.

B.3. As a standard practice, Agent shall furnish the Association's Board of Directors with an itemized list of delinquent accounts immediately following completion of the monthly statement and will issue written notice to Members whose accounts are thirty (30) days past due, advising them that legal proceedings may be instituted if their account is not brought current within thirty (30) days following the notice. Accounts that become 90 days or more delinquent will be acted upon in accordance with the policy of the Association as established by the Board of Directors.

C. CLOSINGS

C.1. Upon notification by a closing agent of a pending sale, and upon receipt of required Association approvals, if any, Agent will review the property account status and prepare a certificate stating the total amount of maintenance fees, special assessment, late fees, transfer fees, etc. due to be collected at closing of title. After closing is held Agent will collect and deposit funds received from closing agent and update Association's files and financial records with new owner information.

C.2. Additionally, Agent shall provide an information package to new owner(s) which package will include notification of Agent's contract with Association, Rules & Regulations of the Association, emergency telephone numbers, payment coupons and the name and phone number of the Association's property manager. In accordance with §718.116(8)(d), Agent shall charge a reasonable fee for the preparation of each certificate to offset expenses of processing the information required by closing

agent; said fees to be charged to the property owner's account. Agent shall not be held liable for closings that occur of which Agent has not been properly notified.

D. ADMINISTRATION

D.1 Agent shall at all times maintain a roster of all unit owners complete with mailing addresses as required by Florida Statutes. Additionally, Agent shall maintain current official records for Association including correspondence files, minute book, insurance policies, contracts, financial records, etc. Agent shall arrange for a repository, if necessary and at Association expense, for additional Association inactive official records for the period of time dictated by Florida Statutes. Association shall retain ownership of all records. Should Association choose to retain records beyond statutory requirements, Association shall notify Agent of such choice.

D.2. Agent will take such action as may be necessary to cause compliance with any and all orders or requirements affecting the Association by any federal, state, county, municipal or other governmental or regulatory authority having jurisdiction there-over and the orders of the fire underwriters or other similar bodies, subject to the limitation of budget or direction of the Board. Agent shall notify the Association within two working days of all such matters.

E. PROPERTY MANAGEMENT

E.1. Agent shall assign a Community Association Managers (CAM), at Agent's expense, who shall manage the affairs of the Association and carry out Agent's duties under this Contract. Said Manager shall be licensed in accordance with Florida Statue 468.431 with the Department of Business and Professional Regulation in accordance with Chapter 61-B, Florida Administrative Code. Such management shall be in accordance with the Association's governing documents as well as applicable state statutes.

E.2. Agent shall attend a minimum of six Board of Director meetings and the annual meeting of the members of the Association at the basic fee quoted herein. Upon not less than 72 hours notice, Agent shall attend Committee meetings as requested.

E.3. Coordinate with the Association's Insurance Agent to assist the Board of Directors to place and keep in force all forms of insurance of the type and in the amount requested by the Association at the expense of the Association to include without limitation property and liability coverages to protect against the foreseeable risks for a community of the type and size of the Association. All the various types of insurance coverage required shall be placed with such companies, in such amounts and with such beneficial interest appearing therein, as shall be requested by the Association. At least 45 days in advance of each renewal period, Agent will provide the Association with the renewal offer and pricing for the incumbent insurer and at least one additional insurer willing to write a competing policy with similar limits for each given coverage. Agent shall, upon request, furnish to the Board members, copies of all such insurance policies and report to the insurance company all reported accidents or damages related to the management operation and maintenance including any damage or destruction to the community.

E.4. Agent shall assist the Directors in enforcement of the Association's recorded restrictions and Board Rules and Regulations, as needed, to include two written notifications per incident or issue to members in violation and, if directed by the Board of Directors, arrange for legal enforcement of said violations utilizing an attorney of Association's choice.

E.5. Agent shall receive and appropriately distribute all correspondence addressed to Association and its Board of Directors, on an ongoing basis. Agent shall scribe meeting minutes and see that same are distributed in accordance with Association's policy within fourteen (14) days of subject meeting.

E.6. Agent shall oversee the distribution of general announcements and other information to all members including notices of Annual Meetings and Elections as required by State law, and as needed.

E.7. Agent shall renew Association's corporate charter, and arrange for other such licensing and recording provisions as required by law. All licensing and recording fees shall be the expense of the Association.

E.8. Should Association become involved in litigation or pre-litigation resulting in research, documents preparation, deposition, testimony, etc. on the part of Agent, Agent may charge a fee of $75.00 per hour for such time expended in excess of two hours per law suit or issue.

F. EMPLOYMENT OF PERSONNEL/PAYROLL EXPENSES

F.1. Agent shall hire, fire and discipline all onsite employees, for Association's benefit with the approval of the Board of Directors. Where there is insufficient time to await a meeting of the Board of Directors for any given employment action, Agent may take such action with the written consent of at least two members of the Board's Executive committee connsisting of the President, Vice President, Treasurer and Secretary (email will be sufficient). All expenses incident to employment of the maintenance personnel will be borne by Association as a budgeted expense of Association. Those expenses are: State and Federal Unemployment Taxes, F.I.C.A., Workers' Compensation Insurance and Bodily Injury and Property Damage Liability Insurance and payroll administration fees and any benefits included in the employee's compensation package. Benefits consistent with the employment of quality personnel, such as health insurance, are considered incident to the employment of such personnel and shall be a budgeted expense of Association.

G. MAINTENANCE OF COMMON ELEMENTS

G.1. Agent shall assist the Association's Maintenance Manager regarding outside contractors and related contracts. Agent shall assist in the preparation of contract specification with the scope of Agent's expertise and without subjecting Agent to undue liability.

G.2. When considering a contract for services or products the Agent shall obtain competitive bids and make awards as agreed to by Association's Board of Directors.

G.3. When Agent has been requested to engage an outside contractor for work on the common property of the Association, Agent shall require such contractors to be fully licensed and insured, including worker's compensation insurance. Agent shall review insurance policy expiration dates to ensure that contractors maintain insurance polices required to execute original contract. Should Association choose to contract with an entity which does not meet Agent's requirements for licensing and insurance coverage, Association shall execute Agent's standard waiver of liability prior to commencement of work. All contractors and vendors must complete IRS W-9 forms and Agent shall furnish Federal 1099 Forms to non-incorporated vendors and contractors in accordance with Federal tax laws.

G.4. When requested to do so by the Association, Agent shall arrange for Association's attorney to file Notices of Commencement per Chapter 713, Florida Statutes, on behalf of Association and will require lien waivers prior to payment being issued to contractor in order to protect Association from Construction Lien Law Liability.

G.5. Agent shall review invoices and charges to Association by vendors and contractors on a periodic basis. Such charges will be coded by account to Association's general ledger for payment in accordance with the Association's Accounts Payable policy.

G.6. Notwithstanding any other provision of this agreement, Agent is given no authority or responsibility for maintenance or repairs to individual units in Association. Such maintenance and repairs shall be the sole responsibility of the individual unit owner.

G.7. Agent shall have no authority to make any structural change to Association's property or to make any other major alterations or additions in or to any buildings or equipment therein, except such

emergency repairs as may be required because of danger to life or property, or which are immediately necessary for the preservation and safety of Association property or the Association's individual members and occupants, are required to avoid the suspension of any necessary service to the Association.

H. PAYMENT OF EXPENSES.

H.1. All expenses of operation and management shall be paid from Association's funds. Agent shall have no obligation to advance funds to Association for any purpose whatsoever. Agent shall not make any expenditures, nor incur any ~~non-budgeted~~ contractual obligation exceeding $1,000, without the prior consent of the Board of Directors. For the purposes of this provision any substantially contemporaneous similar transactions or serial transactions of a similar nature shall be aggregated for determining whether the approval of the Board of Directors is needed. From the funds of the Association, Agent shall pay all expenses of management of Association Property, including taxes, building and inspection fees, utilities, licensing and other governmental charges, and all other charges or obligations incurred by the Association or by Agent on behalf of Association with respect to the maintenance or operation of the Property or pursuant to the terms of this Agreement or pursuant to other authority granted by the Board on behalf of the Association.

I. RENTAL PROGRAM MANAGEMENT.

I.1 Agent shall provide all reasonable and necessary support to facilitate the Association's onsite short term rental program to include: (a) the day to day supervision of Association's rental program employees; billing and collecting for all rents and taxes; and the remittance of all state and local taxes associated with the program.

I.2 The Board of Directors shall at all times retain overall control of the rental program policies which Agent shall implement.

I.3 The Association will pay Agent $3,675 per month for the services called for hereunder.

I.4 Either party may terminate these Rental Program Management services on thirty days written notice to the other without terminating the remainder of this Agreement.

J. TERMINATION OF MANAGEMENT CONTRACT

This Management Contract may be terminated by:

J.1. **Mutual Consent of the parties.**

J.2. **Discharge for cause**. Discharge for cause shall constitute conduct which is seriously prejudicial to the Association, including, but not limited to, neglect of duty or breach of Contract or violation of the state licensing laws or rules. Reasons for such a proposed discharge for cause shall be given in writing and Agent, if desired, shall be entitled to appear before the Board to discuss such causes. If Agent chooses to be accompanied by legal counsel at such a meeting, he shall bear any cost therein involved.

J.3. **Unilateral termination by the Association**. The Association may, without cause, terminate this Contract anytime during the term of the Contract by providing a minimum of thirty (30) days notice (by registered mail, return receipt requested) to the Agent. On termination, the parties thereto shall account to each other with respect to all matters outstanding as of the date of termination.

J.4. **Agent Termination**. Agent may, without cause, terminate this Contract anytime during the term of the Contract by providing a minimum of thirty (30) days notice (by registered mail, return receipt

requested) to the Association. On termination, the parties thereto shall account to each other with respect to all matters outstanding as of the date of termination.

J.5. In the event a petition for bankruptcy is filed by or against the Agent, or the Agent shall make an assignment for the benefit of creditors or take advantage of any insolvency act, this Contract shall automatically terminate as of the date of such event. The books, records and accounts of the Association shall be returned to the Association and shall remain its property.

K. **MANAGEMENT FEE** - Association shall pay Agent a management fee in accordance with the following table:

K.1. $2,835.00 per month ($34,020.00 annually), plus the cost of all contracted services, which shall not be part of this proposal. The management fee covers all services included in this contract, unless otherwise noticed, with the exception of sales tax, printing, copying, postage & handling fees, payment coupons, supplies, long distance telephone calls made on behalf of the Association and facsimile transmittals, licensing fees, title searches, recording fees, mailing supplies, and all items which become the property of the Association.

K.2. Specific services provided by Agent that are not provided as part of its obligation and supervision responsibilities iterated in this contract will be provided directly by the Agent on a cost basis. The Association shall reimburse Agent upon demand for all direct costs and expenses incurred by Agent that relate directly to the Agent's service to the Association. Such direct costs and expenses include, but are not limited to, mailing, photocopying, office supplies purchased by Agent on behalf of the Association, bank charges, and other items that may be from time to time be required or requested by the Board of Directors. Agent shall attend bi-monthly Board Meeting and one (1) membership meeting per year. Agent shall also have the right to charge the Association for collecting special assessments, owner transfer fees, and for other duties that the Board of Directors shall require Agent to perform that are not included in the scope of this contract. In addition, Agent shall have the right to charge any Owner a fee for collecting delinquent assessments, for Intent to Lien letters or for providing information or service which is under Agent's control. Said fees shall cover Agent's time and expenses. All fees Agent intends to charge for any extra contractual services shall be provided in writing to the Board of Directors for approval in advance of incurring such charges.

L. AUTHORIZED BOARD MEMBER.

L.1. The President or his/her authorized representative shall be authorized to direct Agent on matters relating to management of Association. Agent is directed not to accept instructions with regard to the management of Association from anyone else without a recorded vote of the Board of Directors, provided however, that Agent shall provide any information Board Member request regarding the Association, its finances, or its management.

M. INDEMNIFICATION.

M.1. The Association hereby agrees to indemnify Agent, its officers, directors, shareholders, employees, agents and contractors and save them harmless from and against any and all actions, claims, demands, liabilities, losses, damages or expenses of any nature, including attorney's fees, whether at trial, on appeal, in bankruptcy or in post-judgment collection, which Agent may incur by reason of services rendered or duties performed by Agent pursuant to the terms and conditions of this Agreement, but only to the extent that such expenses, damages, losses, liabilities, demands, claims or actions are not covered by any insurance which Agent may be required to maintain under the terms and conditions of this Agreement or under the laws of the State of Florida and further provided such

damages, losses, liabilities, demands, claims or actions are not caused by Agent's negligence or intentional misconduct.

M.2. Agent hereby agrees to indemnify the Association and save the Association harmless from and against all actions, claims, demands, liabilities, losses, damages or expenses of any nature, including attorney's fees, whether at trial, on appeal, in bankruptcy or in post judgment collection, which Association may incur by reason of services rendered or duties performed by Agent pursuant to the terms and conditions of this Agreement, but only to the extent that such expenses, damages, losses, liabilities, demands, claims or actions are not covered by any insurance maintained by the Association or Agent and only to the extent such damages, losses, liabilities, demands, claims or actions are due to breaches, omissions or failures of Agent in its performance of this Agreement , and are not caused by the Association's negligence or intentional misconduct.

N. SECURITY

N.1. Association hereby agrees and acknowledges that Management or its agents shall not provide and shall not have a duty to provide or maintain any security services to the Association, its members, guests or member's property. Association, its members, guest or member's property shall look solely to the public police force for security protection and the Association agrees and acknowledges that protection against criminal acts is not within the power or control of Management, and, even if from time to time Management provides assistance with maintenance or coordination of security service, any of those services cannot be relied upon by the Association, its members or guests and shall not constitute a waiver of, or in any manner modify, this agreement. Management shall in no way be liable for any failure to provide adequate security maintenance or services for criminal or wrongful actions by others against Association, its members or guests.

O. APPLICABLE LAW AND PARTIAL INVALIDITY.

O.1. The execution, interpretation and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of Florida. If any part of this Agreement shall be declared invalid or unenforceable, Agent shall have the option to terminate this Agreement by notice to the Association.

P. NOTICE.

P.1. Any notice required or provided for in this Agreement shall be in writing and shall be addressed as indicated below.

If to Agent: Ellen G. Lumpkin
461 A1A Beach Blvd.
St. Augustine, FL 32080

If to Association: President, Vice President, Treasurer, and Secretary of Association
at his/her home or business addresses.

Either party may change the address by notice to the other party. Notice served by mail shall be deemed to have been served when deposited in the U.S. Mail.

Q. BINDING AGREEMENT.

Q.1. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Agent and the heirs, administrators, successors and assigns of Association.

R. **MERGER AND NOVATION.**

R.1 This Agreement is the entire agreement between the parties and all prior agreements, negotiations, or understandings between the parties are hereby novated and of no further force and effect. Each party hereto represents and warrants that in entering into this Agreement it is not relying on any promise or representation that anyone has made except those that can be expressly found in writing herein.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed or causes to be affixed their respective signatures this 29th day of October 2021.

WITNESSES:

ST. AUGUSTINE OCEAN & RACQUET RESORT CONDOMINIUM ASSOCIATION, INC.

Robert H Jones

Its: President

SOVEREIGN-JACOBS PROPERTY MANAGEMENT COMPANIES, LLC

Ellen G. Lumpkin, Principal