

CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT made and entered into this 15th day of September, 2014.

BETWEEN:

CONDOMINIUM CORPORATION NO.

a Corporation duly constituted under the
Condominium Property Act of Alberta.
(hereinafter called "The Corporation")

OF THE FIRST PART,

- and -

RANCHO REALTY (1975) LTD.

a Corporation registered to do business
under the laws of the Province of Alberta
(hereinafter called "the Manager")

OF THE SECOND PART,

WHEREAS, a complex of 77 residential condominium units or dwellings and related facilities and common property and other real and personal property or assets of The Corporation associated herewith, known as The Kensington (hereinafter called "the Condominium"), has been constructed on the certain lands and premises described as:

Condominium Corporation No. including the
Units and common property comprised therein
(hereinafter referred to as "the Said Lands")

AND WHEREAS The Corporation is a condominium corporation within the meaning of the Condominium Property Act of Alberta & Regulations, Chapter C-22, R.S.A. 2000, as amended or any passed in substitution therefore or replacement thereof (hereinafter called the "Act");

AND WHEREAS The Corporation under the provisions of its proposed bylaws, has the authority to engage a management agent on behalf of The Corporation to manage the Condominium;

AND WHEREAS The Corporation desires to employ the Manager to manage the Condominium, and the Manager desires to be employed to manage the Condominium for the remuneration and SUBJECT TO the terms and conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreement herein contained, it is agreed by and between the parties hereto as follows:

1. A) The Corporation hereby employs the Manager exclusively to manage the Condominium for a period of one year from the day of , 20 and thereafter for yearly periods from time to time, unless on or before sixty (60) days

prior to the expiration of the initial term, and sixty (60) days notice prior to the expiration of any such renewal period, either party hereto shall notify the other in writing that it elects to terminate this Agreement, in which case this Agreement shall be terminated at the end of said period, subject to earlier termination as hereafter provided; and further subject to Section 17 of the Act.

- (b) In the event that the Manager shall be required to commence the management of the Condominium prior to the commencement date set out in Paragraph 1. A) hereof, then the management fees payable to the Manager under Paragraph 7 hereof shall be calculated per deim and paid by the Corporation from the date of commencement of management and the terms and conditions of this agreement shall be binding on the Manager and the Corporation.
- 2. The Manager agrees to manage the Condominium to the extent, for the period and upon the terms and conditions herein provided.
- 3. The Manager agrees to perform the following services in name of and on behalf of The Corporation and The Corporation hereby gives the Manager the authority and powers required to perform these services:
 - (a) The Manager shall collect and, as necessary, receipt all monthly assessments and contributions and other charges due to The Corporation for operation of the Condominium including any special levies, contingency and reserve funds included therein or relating thereto provided that the Manager shall have no responsibility for collection of delinquent assessments and contributions or other charges except sending notices of delinquency once a month unless otherwise authorized and directed by the Corporation. When authorized, the preparing, registering and discharging of caveats filed by the Manager on behalf of The Corporation pursuant to Section 39 (7) of the Act, shall be at the expense of The Corporation. The Manager and The Corporation may mutually agree to assess additional amounts against the defaulting owners in collecting the arrears. The Corporation hereby authorizes the Manager, as its agent, to charge interest on the arrears of assessments of defaulting Owners and represents that the bylaws grant The Corporation the power to collect such interest.
 - (b) The Manager shall maintain records showing all its receipts and expenditures relating to the Condominium and shall promptly submit to The Corporation, or its nominee, a cash receipts and disbursements statement for the preceding month and a statement indicating the balance or deficit in the Manager's account for the Condominium on or before the Fifteenth (15th) day of the following month.
 - (c) The Manager shall prepare and submit to The Corporation, or its nominee, at least sixty (60) days prior to the first day of the next fiscal year, a recommended budget for the operation and management of the Condominium for the next fiscal year showing anticipated receipts and expenditures for such year and assist The Corporation in determining the appropriate amount of assessments or contributions to be paid by each owner of a unit for common and administrative expenses as required by the Act and by-laws of The Corporation and to recommend such revisions thereof as may from time to time be appropriate and to administer such funds on behalf of The

Corporation. No action or purchases under the budget shall be undertaken until the budget (in original or modified form) is first approved by The Corporation, notwithstanding the foregoing, the Manager is hereby authorized to collect assessments equal to the previous year's assessment in the event that The Corporation fails, or is unable to approve the budget for the current fiscal period.

- (d) Within sixty (60) days after the end of each fiscal year, the Manager shall submit to The Corporation a summary of all receipts and expenditures relating to the Condominium for the preceding year, provided that this service shall not be construed to require the Manager to supply an audit. Any audit required by The Corporation shall be prepared at its expense by accountants of its selection.
- (e) Subject to the provisions of any restrictions contained in the by-laws and at the direction and at the expense of The Corporation, the Manager shall cause the common property of the Condominium to be maintained according to appropriate standards of maintenance consistent with the character, age, size and location of the Condominium, including:
 - (i) Cleaning, garbage removal and such other regular maintenance and repair work of that part of the buildings in the Condominium constituting common property as may be necessary or as directed by The Corporation; and
 - (ii) Repair and Maintenance to all lawns and landscaped areas; and
 - (iii) Snow clearing; and
 - (iv) Establishment of preventative maintenance and service contracts for all major mechanical, electrical, fire and security equipment, in accordance with the recommendations of the manufacturers or suppliers thereof; and
 - (v) Such other regular maintenance and repair work as may be necessary or as directed by The Corporation.
- (f) In accordance with the budget or under the direction of the Board, the Manager shall obtain competitive quotations for all major planned expenditures, or as requested by the Board, negotiate terms which are in the best interests of The Corporation, and the Manager shall hire, supervise and discharge all personnel required to maintain and operate the Condominium properly. All such personnel shall be employees of The Corporation and not of the Manager. All salaries, taxes and other expenses payable on account of such employees shall be common expenses of the Condominium.
- (g) The Manager shall use its best endeavors to ensure that no claim or lien shall be filed in respect of any work which may be carried out on behalf of The Corporation against title to the Said Lands or any units or the common property and if a claim or lien shall be filed in respect of such work it shall forthwith take all necessary steps to have the same removed and discharged on behalf of The Corporation at the Corporations' sole cost and expense.

- (h) The Manager shall execute and file all returns and other instruments and do and perform all acts required of The Corporation as an employer in respect of unemployment insurance contributions and deductions, Canada Pension Plan contributions and payments and the Income Tax Act (Canada and any other contributions or payments required under any social, labour or tax legislation in force from time to time (and in connection therewith The Corporation agrees, upon request, to execute and deliver promptly to the Manager all necessary powers of attorney, notices of appointment and like approvals or directions).
- (i) Subject to the direction of The Corporation, the Manager shall negotiate and execute on behalf of The Corporation, contracts for water, electricity, gas, telephone, waste removal and such other services for that portion of the Condominium constituting common property as may be necessary or desirable (but not any individually metered units). The Manager shall also purchase on behalf of The Corporation such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the Condominium. All such purchases and contracts shall be in the name and at the expense of The Corporation. The Manager shall not collect or charge any undisclosed fee, rebate or discount and if any should be received by the Manager the same will be held in trust for and credited to the account of The Corporation and the Manager shall credit The Corporation with any discounts, commissions or rebates obtainable as a result of purchases made on behalf of The Corporation or in pursuance of this Agreement. The Manager must disclose to The Corporation any majority shareholder position it holds in any company offering services to The Corporation. Minority shareholder positions must be disclosed to The Corporation should The Corporation not have a choice in selecting such company.
- (j) The Manager shall pay from the funds it receives from The Corporation all taxes payable by The Corporation, all applicable building and insurance premiums on policies of The Corporation, water rates and other municipality or governmental charges and all other charges or obligations incurred by The Corporation with respect to the maintenance or operation of the Condominium or incurred by the Manager on behalf of The Corporation with respect to the maintenance or operation of the Condominium or incurred by the Manager on behalf of The Corporation pursuant to the terms of this Agreement or pursuant to other authority granted by The Corporation.
- (k) On or before thirty (30) days prior to the expiration of The Corporation insurance the Manager must notify The Corporation of such expiry date. The Manager shall maintain appropriate records of and shall assist and make recommendations in the placement of all insurance coverage required to be carried by The Corporation. It is understood and agreed that the placement of any insurance on behalf of The Corporation by the Manager shall only be upon written instruction from The Corporation to the Manager and the Manager will be held harmless in the event of any claim, suit or charge by any person whatsoever with regard to inadequate insurance coverage. The Manager shall be responsible to report all known claims to The Corporation and shall co-operate with The Corporation in investigating all accidents or claims for damage relating to the ownership, operation and

maintenance of the common property of the Condominium including any damage or destruction thereto.

- (l) The Manager shall keep The Corporation and all owners of units advised of the telephone number or numbers at which an agent or representative of the Manager may be reached at any time during normal business hours in respect of any breach or violation of the by-laws or of any rules or regulations for the time being in force of The Corporation. The Manager shall also keep The Corporation advised of the telephone number at which his representative can be reached at other than normal business hours in the event of an emergency. The Manager shall forthwith report to the Corporation any major emergency or any persistent, flagrant or serious violation of the by-laws or any rules and regulations in force and shall also report any other emergency or violation which might reasonably be expected to be brought to the attention of The Corporation. It is understood and agreed by the parties hereto that the Manager shall in its discretion determine whether or not an emergency exists and whether or not such emergency is of a minor or major nature. The Manager shall deal promptly with such infractions and deal immediately with any emergency arising in connection with the maintenance and operation of the common property reported to it, which is determined as such by the Manager. The Corporation may advise the Manager of emergency situations.
- (m) The Manager shall, based on the information and documents made available to it, use its best efforts to keep an up-to-date record of the names and addresses of all Unit Owners and any lessee thereof which it has knowledge. If The Corporation receives notices or notifications from registered mortgagees or other persons claiming an interest in a Unit, The Corporation shall forthwith communicate that information to the Manager.
- (n) The Manager, on behalf of The Corporation shall on the application of a Unit Owner or any person authorized in writing by him provide estoppel certificates as anticipated by Section 44 of The Act. Similarly, upon the written request of any owner, purchaser or mortgagee of a Unit, the Manager, on behalf of The Corporation, shall within ten (10) days of receiving that request provide to the person making the request all or any of the statements, particulars or copies referred to in Section 44 of the Act. The Manager shall, as authorized in the by-laws, be entitled to collect from and charge the requesting party, for its own account, a reasonable fee to compensate it for the expenses it incurs in producing and providing the materials referred to herein on behalf of The Corporation.
- (o) The Corporation shall advise the Manager of any leases or other dispositions of the common property or any part thereof made by it and the Manager shall maintain records of such dispositions.
- (p) The Manager agrees, at the expense of The Corporation, to register at the Land Titles Office any change in the address for service of The Corporation or any change in the Board of Directors of The Corporation in the form required by the Act and the regulations passed pursuant thereto and to comply with any reasonable request for the names and addresses of the persons who are members of the Board of Managers.

- (q) The Manager shall assist, advise and co-operate with The Corporation in providing any documents requested by governmental authorities having jurisdiction in that regard.
 - (r) The Corporation and the Manager shall periodically consult with each other with a view to revising the by-laws and any rules and regulations to further the harmonious and satisfactory operation of the Condominium for the common benefit of all Unit Owners. At the request and cost of The Corporation, the Manager agrees to forward to the Unit Owners copies of any revised by-laws, rules or regulations with a covering explanatory letter or memorandum.
 - (s) Subject to the direction of The Corporation and at the expense of The Corporation, the Manager agrees to:
 - (i) Commence and prosecute proceeding to enforce the by-laws pursuant to Sections 35 & 36 of the Act;
 - (ii) Impose and collect deposits under Section 53 of the Act, give notice to give up possession of Units under Section 54 of the Act and make application to the Court under Section 56 of the Act;
 - (iii) The Corporation shall pay to the Manager Seventy-Five Dollars (\$75.00) per hour plus costs and expenses reasonably incurred for the time of the Manager spent in preparation and in Court on behalf of The Corporation pursuant to this paragraph.
 - (t) Subject to the direction of The Corporation, the Manager on behalf of The Corporation, agrees to account for deposits pursuant to Section 53 of the Act. The Corporation agrees to pay the Manager a reasonable fee to compensate it for the expenses it incurs in producing and providing the cheques and the banking services referred to herein on behalf of The Corporation.
 - (u) The Manager shall not be responsible for failure to have performed any of the above services caused by strikes, unavoidable casualties or for any case beyond the control of the Manager except lack of finances of the Manager.
4. In discharging its responsibilities under Paragraph 3 hereof, the Manager shall not make any single unbudgeted expenditure nor incur any unbudgeted nonrecurring contractual obligation exceeding Five Hundred (\$500.00) without the prior consent of The Corporation provided that no such consent shall be required to repay any advances made by the Manager under the terms of Paragraph 6. Notwithstanding the limitations imposed by the preceding sentence, the Manager may, on behalf of The Corporation without prior consent, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Condominium or its owners and occupants or may threaten the suspension of any necessary service to the Condominium; or to conform to any order made by any Federal, Provincial or Municipal authority having jurisdiction to comply with building, safety or other codes.

5. Notwithstanding any other provision of the Agreement, the Manager is given no authority or responsibility for maintenance of or repairs to individual dwelling units in the Condominium that do not form part of the common property. Such maintenance and repairs shall be the sole responsibility of the owners individually.
6.
 - (a) The Manager agrees that all monies collected by it on behalf of The Corporation shall be deposited and kept in a trust account in the name of The Corporation (separate from the Manager's personal account) in a Canadian Chartered Bank or Trust Company. Funds surplus to the current requirements of The Corporation shall from time to time be deposited in interest bearing term deposits with such bank or trust company SUBJECT TO specific directions of The Corporation. The Manager and The Corporation acknowledge that they are aware of the investment limitations of Section 43 of the Act.
 - (b) All expenses of operation and management may be paid from the funds received from The Corporation and held by the Manager, and the Manager is authorized to pay any amount owed to the Manager by The Corporation from such account at any time without prior notice to The Corporation. The Manager shall have no obligation to advance funds to The Corporation for any purpose whatsoever.
 - (c) The Manager represents that all its employees who handle or are responsible for the safekeeping of any monies of The Corporation shall be bonded to the Manager by a fidelity bond. The Manager also agrees, to provide evidence that he can be fidelity bonded by The Corporation.
7. The Corporation shall pay to the Manager as compensation to it for the services to be rendered by the Manager in accordance with this Agreement the sum of \$ 1925.00 plus GST per month for a period of one year payable on the first day of each and every month during the term of this Agreement. For each subsequent period of one year's duration, upon thirty (30) days notice prior to the expiry of any term or renewal period the Manager may request and receive an increase in compensation for its services, provided such change of fee is mutually agreed upon by The Corporation and the Manager.
8. The Manager or an officer or employee thereof shall, unless otherwise directed by The Corporation, attend a maximum of one (1) meeting of the Board of The Corporation in any given month of no greater than two (2) hours duration including the Annual General Meeting of The Corporation. In the event the Board requires the Manager to attend more than 6 meetings per year, including the Annual General Meeting, meetings of more than two hours duration, or meetings that start later than 5:30 pm, the Manager shall be entitled to receive Seventy-Five Dollars (\$125.00) per hour for time so spent.
9. The Manager shall keep all official records of the Board of The Corporation, but shall not be required to record the minutes of the meeting. The Board of Directors of The Corporation shall keep all copies of official records in a safe place.
10. The Board of The Corporation shall, from time to time designate a single individual and appointed alternate who shall be authorized to deal with the Manager on any matter relating to the management of the Condominium. The Manager is directed not to accept directions or instructions with regard to the management of the Condominium from anyone else. In the

absence of any other designation by The Corporation, the President of the Board shall have this authority.

11.
 - (a) The Manager shall have no authority without express direction to the contrary, to make any physical or structural changes in the Condominium or to make any other major alterations or additions in or to any building or equipment therein, except such emergency repairs which are immediately necessary for the preservation and safety of the Condominium or the safety of the owners and occupants or are required to avoid the suspension of any necessary service to the Condominium.
 - (b) The Manager is given no responsibility for compliance by The Corporation or by any of the 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 promptly, or forward to The Corporation promptly, any orders, complaints, warning, 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 violation or alleged violation of such laws, ordinances, rules or regulations, except where unlawfully or negligently omitted or violated by the Manager or any of its agents, servants or employees.
12. At all times the Manager shall act in the best interest of The Corporation and in so acting the Manager shall not be influenced to the detriment of The Corporation by reason of any financial or other relationship it may have with any other person, firm or corporation. All information on the development, management or disposal of the Condominium or of any units or part thereof, and of The Corporation, whether financial or otherwise, shall be treated and forever held confidentially, and this provision shall survive any termination of this Agreement.
13. The Corporation further agrees:
 - (a) Save and except where there is no insurance coverage as set forth herein, to indemnify and save the Manager harmless from and against all claims, demands, actions, causes or actions and suits in connection with the Condominium and from liability for damage to property and injuries or to death of any owner or any officer, agent or employee of The Corporation or other person whomsoever and to carry at its own expense public liability and property damage insurance in the name of The Corporation with the Manager as additional named insured, which insurance shall be in form, substance and in amounts satisfactory to the Manager and The Corporation and to furnish to the Manager certificates evidencing the existence of such insurance upon request. Insurance coverage which complies with the Act and the by-laws shall be deemed to be satisfactory insurance.
 - (b) To pay all expenses incurred by the Manager including without limitation, legal fees and disbursements on a solicitor-client basis for counsel employed to represent the Manager or The Corporation in any proceeding or suit involving an alleged violation

by The Corporation or the Manager as its agent, or any one or more of them, of any provision, statute, ordinance, law or regulation including without restricting the generality of the foregoing, any law relating to environmental protection, fair housing or fair employment (unless in either case the Manager is finally adjudicated to have personally and not in a representative capacity violated such provision, statute, ordinance, law or regulation), but nothing herein contained shall require the Manager to employ counsel to represent The Corporation in any such proceeding or suit, nor prevent The Corporation from seeking indemnity from the Manager.

- (c) To provide the Manager with all documents and records available to The Corporation which may be required by the Manager to properly manage and operate the Condominium and to perform its duties hereunder. The Manager acknowledges that it has received and is aware of the provisions of the by-laws of The Corporation and the Act.
- (d) To provide the Manager with a registered copy of the by-laws of The Corporation and to notify the Manager from time to time of any amendments or additions thereto.

NOTWITHSTANDING the foregoing, The Corporation shall not be obliged to make any payment to or reimburse the Manager for any cost or expense incurred by the Manager while acting outside of the course of its employment or in conducting or operating its own business or offices.

- 14. In the event of any dispute arising between the parties hereto relating to any question of construction or interpretation of the Agreement or of the privileges, rights, duties or liabilities of the parties hereunder or of either of them, such dispute or question shall be submitted to arbitration by notice given by either party to the other. Upon such notice being given, the dispute shall be determined by the award of three arbitrators, or by a majority of them one to be named by each party hereto, and each party shall name its arbitrator within thirty (30) days of giving notice as herein provided, and the third arbitrator shall be selected by these arbitrators within seven (7) days after both have been nominated. If either party shall neglect or refuse to name its arbitrator in the time specified, or to proceed with the arbitration, the arbitration and the award of such arbitrator shall be final and binding upon both parties. If the third arbitrator is not named within the stated seven day period, either party may make application to the Court of Queen's Bench for the appointment of a third arbitrator.

The arbitrators shall have all the powers given by the Arbitration Act of Alberta, as amended, or any legislation passed in substitution therefore, or replacement thereof, and may at any time proceed in such as they may see fit on such notice as they deem reasonable in the absence of either party if such party fails to attend. Each party shall pay its own costs and shall share equally the cost of the arbitration. The award and determination of the arbitration shall be final and binding upon both parties hereto and each party agrees not to appeal any such award or termination.

- 15. (a) The Corporation and the Manager shall abide by the Act, or any legislation passed in substitution therefore or replacement thereof, and the by-laws insofar as they are applicable to this Agreement and in the event of any conflict between the Act or the by-laws and any provision in this Agreement, the Act shall prevail. The Manager

agrees that it will perform its duties and obligations in a manner consistent with the by-laws of The Corporation.

- (b) Words and expressions which have a special meaning assigned to them in the Act of the by-laws of The Corporation have the same meaning in the Agreement unless a contrary intent is expressed in the Agreement.
16. Notwithstanding the other provisions hereof, the Agreement shall terminate upon any of the following events:
- (a) The insolvency or bankruptcy of the Manager or upon the Manager taking any steps to wind up its business voluntarily or otherwise.
 - (b) On the termination of the Condominium status of any buildings within the Condominium Plan as it presently exists or as it may be amended.
 - (c) If the Manager is insubordinate, reckless or grossly negligent in performing its duties hereunder.
 - (d) If the Manager shall be in breach of trust in respect of any monies of The Corporation.
17. In the event of any complaint, failure or omissions on the part of the Manager (save and except those set forth in Clause 16 hereof) or The Corporation, either party may give the other sixty (60) days notice to cure such complaint, defect, failure or omission, and should the same not be cured or dealt with to the reasonable satisfactions of the original party within such time, then upon written notice given by the original party to the other party, this Agreement shall terminate on the last day of the month during which such notice was given.
18. Upon termination of this Agreement:
- (a) The Manager shall, within sixty (60) days thereafter render a final accounting to The Corporation and pay over any balance in the Manager's trust account remaining to the credit of The Corporation less any amounts necessary to satisfy commitments made by the Manager to others prior to the date of termination.
 - (b) The Manager shall, within sixty (60) days thereafter deliver to The Corporation all contracts, records, files and other documents or information which may be pertinent to the continuing operation of the condominium and The Corporations shall provide access to the Manager at all reasonable times and upon reasonable notice to all such contracts, records, files and other documents or information subsequent to termination of this Agreement.
 - (c) The Corporation shall assume the obligations of any and all contracts which the Manager has made for the purpose of arranging the services to be provided pursuant to this Agreement.

19. (a) Any notice or demand required or permitted herein shall, unless otherwise provided or implied, be in writing and shall be effected by sending the same in a postage prepaid envelope by ordinary mail, addressed to the Manager, as follows:

RANCHO REALTY (1975) LTD.
#1, 5528 - 1st Street S.E.
CALGARY, Alberta T2H 2W9

or addressed to The Corporation at The Corporation's address for service as shown at the Land Titles office for Southern Alberta on the Corporation's Plan: No. _____, or as advised from time to time.

- (b) Any of such parties may change its address for notice by sending notice to each of the other above named parties in the manner herein prescribed.
20. This Agreement shall be non-assignable by the Manager without the prior written consent of The Corporation, which consent shall not be unreasonably withheld, provided that in any event no assignment may be made at any time while the Manager is in breach or default in respect of this Agreement. A change in the majority shareholder control of the Manager from that as it exists as of the date of this Agreement shall for the purposes of this paragraph be deemed to be an assignment. In any event, no assignment may be made by the Manager unless concurrently therewith the Assignee enters into an Agreement with the Corporation (in form and content acceptable to the Corporation) pursuant to which the Assignee covenants and agrees to and with the Corporation to observe and perform this Agreement in accordance with the terms, conditions, covenants and agreement thereof.
21. The relationship of the Manager to The Corporation is that of an independent contractor and nothing contained in this Agreement shall constitute or be construed to be or create an employment relationship, a partnership or a joint venture between The Corporation and the Manager.
22. This Agreement shall be construed in accordance with and shall be governed by the laws applicable in the Province of Alberta.
23. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Dated at Calgary the _____ day of _____, 20____.

RANCHO REALTY (1975) LTD.

CONDOMINIUM CORPORATION NO.

Per: _____ c/s

Per: _____
President

Per: _____

Per: _____
Secretary/Treasurer