

Management Contract

This Management Contract ("Contract") is made and entered into as of the Effective Date (defined below), by and between Heritage Key Association, Inc., a Florida not-for-profit corporation ("Association"), and Heritage Key Management, LLC, a Florida limited liability company ("Management Company").

Recitals

- A. Association is the owners' association of the planned residential community in Osceola County, Florida ("County"), known as Heritage Key Villas ("Community").
- B. Association was created pursuant to that certain Declaration of Covenants, Conditions, and Restrictions for Heritage Key Villas, as to be recorded in the Public Records of the County, as the same may be amended from time to time ("Declaration") and the Governing Documents (defined in the Declaration).
- C. Association desires to enter into this Contract to engage Management Company to furnish management services and exercise all rights, duties, and responsibilities of Association delegable under applicable law under the Declaration.
- D. Management Company desires to furnish such management services to Association.

For and in consideration of the mutual promises in this Contract and ten and no/100 dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Recitals and Terms. The above recitals are true and correct and are incorporated in this Contract by reference. Capitalized terms which are not defined in this Contract have the same meaning as set forth in the Declaration. The term "include" and similar terms (e.g., includes, including, included, comprises, comprising, such as, e.g., and for example), when used as part of a phrase including one or more specific items, are used by way of example and not of limitation.
2. Engagement. Association hereby employs Management Company as the exclusive management company of Association and Management Company hereby accepts such engagement. Management of Association shall be in accordance with the Governing Documents and applicable law.
3. Term.
 - a. Initial Term. The initial term of this Contract shall commence as of the date when the last one of Management Company and Association properly has executed this Contract as determined by the date beneath the signatures on the signature page ("Effective Date") and have effect for a period of three (3) years after the Effective Date ("Initial Term"). The Initial Term as extended by any renewal terms is the "Term."
 - b. Renewal Terms. This Contract automatically shall renew for successive periods of three (3) years unless (i) Association, by consent of a majority of Members, or Management Company, provides written notice to the other party of its nonrenewal of this Contract no earlier than one hundred eighty (180) days and no later than one hundred twenty (120) days prior to the end of the then current Term, or (ii) terminated as otherwise provided in this Contract.
 - c. Termination. In addition to other provisions of this Contract allowing termination, Management Company shall have the unequivocal right, at any time to cancel this Contract if a court declares any portion of this Contract invalid or unenforceable, which in the reasonable discretion of Management Company makes the performance of the balance of this Contract impractical, or if budget constraints prevent Management Company from managing, operating, or maintaining Association Property or Common Property in conformity with a first class standard as defined below. Management Company may terminate the Contract on not less than thirty (30) days notice to Association and it shall be understood that such termination was caused by Association. On termination,

Management Company shall deliver to Association all paper, books, records, and supplies maintained by Management Company on account of Association.

The parties acknowledge that all of Management Company's personal and intellectual property related to its operation of Association, including Management Company's trade name, trademarks, service marks, and software programs and the trade names, trademarks, service marks, and software programs of Management Company's Affiliates ("Materials"), is and always shall be the personal property of Management Company. The parties expressly agree that on termination of this Contract, Association shall abstain from using the Materials and shall return any Materials in its possession to Management Company within fifteen (15) days after termination of this Contract. Within fifteen (15) days of such termination, all interior and exterior signs and graphics bearing any of the Materials, shall be physically removed from the premises or otherwise covered or obliterated so as not to be visible to the public, all at Association's expense. After termination of this Contract, under no circumstances shall Association, or any person acting in the name of Association, directly or indirectly hold itself or Association out to the public as being or remaining affiliated with Management Company. This Paragraph shall survive expiration or termination of this Contract.

4. Management Company's Responsibilities. Management Company shall be responsible for the management, operation, and maintenance of Association Property and Common Property as determined by Management Company in its sole discretion; provided, however, such services are provided to Association on a competitive basis. In this regard, all rights and responsibilities held by Management Company and every act performed by Management Company as further authorized and described in the Governing Documents and this Contract shall be as agent for Association. Association hereby acknowledges and agrees that, pursuant to this Contract and in consideration of the Management Fee, as described below, Management Company shall perform itself, hire personnel to perform, or procure providers to perform all services necessary for the operation and maintenance of Association, Association Property, and Common Property as determined by Management in its sole discretion; provided, however, such services are provided to Association on a competitive basis. Notwithstanding anything in this Contract to the contrary, Association agrees to reimburse Management Company for any and all costs incurred by Management Company in connection with the performance of its duties under this Contract including the salaries, benefits, fees, taxes, and other costs incurred in connection with all persons employed on behalf of Association, whether employees of Management Company, Association, or any other providers of services. Management Company's responsibilities shall include the following:

a. Financial Reports. Management Company shall prepare and deliver to Association within thirty (30) days of the end of each fiscal quarter, a financial report, for the preceding quarter; such report to include an income and expense statement, balance statement, check register, itemized listing of accounts receivable and disbursement journal. Within sixty (60) days following the end of Association's fiscal year, Management Company shall prepare and deliver a year-end, unaudited, financial report to Association.

b. Annual Tax Returns. At Association expense, Management Company shall engage professional assistance for the preparation of any tax returns or forms or other filings required by any local, state, or federal agency, and Management Company will provide whatever reasonable assistance is necessary for the completion of these filings and returns.

c. Maintain Members List. Management Company shall maintain a complete list of the names and addresses of all Members.

d. Annual Budget. Annual budget services shall include the preparation of a recommended annual budget for review by Board, which shall in turn either adopt a final annual budget or refer such adoption to a meeting of Association in compliance with the Governing Documents and applicable law.

e. Insurance. Management Company shall be responsible for obtaining and maintaining all insurance policies in the name of Association required to be obtained and maintained by Association under the Governing Documents. Management Company hereby is authorized to act as agent for Association, each Member, and for each owner of any other insured interest and, further, to adjust all claims arising under the insurance policies subject to the Governing Documents. Management Company also is authorized to file lawsuits in the name of Association and deliver releases on payments of claims; to otherwise exercise all of the rights, powers, and privileges of the insured

parties, and if Association is acting as insurance trustee, to receive on behalf of Association and all insured parties, all insurance proceeds, subject to the Governing Documents. The cost of all insurance obtained under this Contract shall be a Common Expense.

f. Collect Assessments. Management Company shall be responsible for collecting, on behalf of Association, all assessments for common expenses, special assessments, reserves, charges, or other payments from Members and concessionaires, if any, and all other monies and debts which may become due Association, and in the event of default in such payment, promptly take or cause to be taken all legal or other action in the name of Association as may be necessary or appropriate to enforce any rights which Association may have as a result of the default.

g. Bank Accounts. Management Company shall be responsible for depositing all funds collected from the assessment of Owners or otherwise accruing to Association in accounts with a bank or other institution as permitted by applicable law, in the name of Association with suitable designations indicating the source of the funds, or, in the alternative, invest collected funds on behalf of Association; provided that such investments are permitted by applicable law. Management Company shall ensure that all funds collected are kept separately, and not commingled with similar funds collected on behalf of other Associations, or clients of Management Company. Management Company shall not be liable for any loss resulting from the insolvency of any depository or the loss from any investment.

Management Company is authorized to draw on Association accounts for any payments to be made by Management Company to discharge any liabilities or obligations incurred pursuant to this Contract, for the payment of the Management Fee or any other disbursements properly incurred on Association's behalf.

h. Closings. On request or notification by a closing agent or attorney, of a pending sale or refinance, Management Company shall review the property account status and prepare a notarized certificate stating the total amount of fees, including any maintenance fees, special assessments, late fees or transfer fees, due Association at closing of the conveyance or loan transaction. After closing, Management Company will collect and deposit funds received from the closing agent and update Association's files with respect to new owner information. Additionally, Management Company shall provide to new Owners an information package, which shall include a copy of the Governing Documents.

i. Liens for Assessments. Management Company shall cause to be prepared and recorded liens on behalf of Association against real property located in the Community, and, if appropriate in Management Company's determination, pursue any necessary collection of foreclosure actions.

j. Pay Bills and Costs. Management Company shall check for accuracy all bills or invoices received by Association for services, work, and supplies in connection with maintaining and operating Association; provide the day-to-day bookkeeping services and procedures necessary to pay the proper bills and costs of Association, the payroll of its employees, and any other debts incurred by Association. This service shall include keeping all accounts payable records for Association and performing all services in connection with the payment of bills, payroll, and other such items as may be provided for in the budget.

k. Maintain Books and Records. Management Company shall ensure that Association's financial records, books, accounts, and other official records are maintained as provided by the Governing Documents, and that certificates of account are issued to Members, their Mortgagees, and lienors on request without liability for errors unless made as a result of gross negligence or willful misconduct. Such records shall be kept by Management Company and shall be available for inspection by Association members or their authorized representatives at reasonable times. On reasonable notice, Management Company shall produce copies of any such records at Association's expense for Members. All books and financial records of Association shall be made available by Management Company to an agency of the state for inspection on request by that agency, at Association's expense. Storage of records shall be at Association's expense.

5. Power and Duties. To meet its obligations in Paragraph 4, Management Company, to the exclusion of all persons, including Association and Members, shall have all the powers and duties of Association in the Governing

Documents (except such powers and duties as are specifically required to be exercised by Association's directors or members under applicable law), including the authority to perform the following:

a. Operation and Management. The operation and management of the Community, Association Property, and Common Property; (ii) Community security; and (iii) any other management or operational matters set forth in the Governing Documents.

b. Maintenance and Repair. The maintenance and repair of Association Property and Common Property or other property located in the Community, as provided in the Governing Documents and as directed by Association.

c. Employees. Management Company hereby is authorized to hire, pay, and supervise the employees to perform the duties and responsibilities of Management Company. All expenses incident to employment of such employees, including direct monetary compensation, all benefits provided to employees by Management Company and incidental expenses are to be reimbursed by Association to Management Company.

Association acknowledges that with respect to employees who are needed only on a part-time basis in connection with the management, operation, and maintenance of Association and its property, such employees also may be used by Management Company, or a corporation or person controlled by, under common control or affiliated with Management Company at other projects managed by Management Company,

d. Procurement of Separate Providers of Services. The parties expressly agree that Management Company may provide itself or procure necessary services for Association from third parties and Affiliates of Management Company, including Developer. Nothing in this Contract shall require Management Company to obtain the lowest price available as to any service, material or purchase, or in instances when bids are obtained, to accept the lowest bid.

Management Company shall have the authority to enter into and terminate any service Contracts contemplated pursuant to this Paragraph, in either Association's or Management Company's name, as determined by Management Company in its sole discretion. Furthermore, Association hereby agrees to execute on its own behalf such service contracts as are deemed necessary by Management Company from time to time to effectuate the obligations in this Contract. Any contracts entered into by Management Company pursuant to this Paragraph shall be a Common Expense.

e. Coordination of Owner Meetings.

(i) Management Company shall ensure that a representative of Management Company attends all official meetings of all Association members and that notices of all such meetings are delivered via U.S. mail or personal delivery to all Members at the last address shown in Association's official records or as otherwise set forth in and in accordance with the Bylaws.

(ii) Management Company shall be responsible for providing assistance to the Board in preparing an agenda for all such meetings and in preparing any reports, charts or other materials for presentation at such meetings that are requested by the Board. Management Company also shall be responsible for preparing a draft of the minutes of all such meetings for review and approval by Association's secretary.

f. Coordination of Board Meetings.

(i) Management Company shall ensure that a representative of Management Company attends all meetings of the Board and that notices of all such meetings are delivered via U.S. mail or personal delivery (or as otherwise required by the Governing Documents) to all members of the Board. If meetings of Board are held more frequently than monthly, Association shall compensate Management Company for additional costs, including additional management fees and expenses incurred by Management Company.

(ii) Management Company shall be responsible for providing assistance to Board in preparing an agenda for all such meetings and any reports, charts or other material for presentation at such meetings

that are requested by Board. Management Company shall also be responsible for preparing a draft of the minutes of all such meetings for review and approval by Association's secretary.

g. Rules and Regulations. Management Company shall be responsible for the proposal of all rules and regulations as it deems advisable for the use and occupancy of Association Property and Common Property, all subject to the approval of the Board at a meeting of the Board in accordance with the Declaration and applicable law. Management Company shall be responsible for determining, in its sole discretion, all activities and programs to be carried on as to same and shall employ the personnel or contract for the service required therefor as it determines in its sole discretion.

6. Fiduciary Duty. Management Company shall act in a fiduciary capacity with respect to the proper protection of and the accounting for Association's assets. Nothing in this Contract shall prevent Management Company from procuring necessary services from an Affiliate of Management Company on competitive terms and conditions. This Contract shall not be construed as prohibiting Management Company, or any firm or corporation or any related person or entity controlled by Management Company, from conducting or possessing an interest in any other business or activity, including the ownership, financing, leasing, rental, operation, management, and brokerage of real property.

7. Authority to Purchase Materials and Supplies. Management Company shall have the authority to purchase equipment, tools, vehicles, appliances, goods, supplies, and materials as shall be reasonably necessary to perform its duties and responsibilities pursuant to this Contract. Purchases shall be in the name of Association and shall be a Common Expense. Management Company may purchase such materials from an Affiliate of Management Company on competitive terms and conditions. Notwithstanding anything in this Contract to the contrary, all personal property of Management Company, including property acquired by Management Company with its own funds during the Term, shall remain the property of Management Company regardless of the use of such property in carrying out Management Company's duties and obligations under this Contract.

8. Independent Contractor. The parties agree and acknowledge that Management Company is an independent contractor of Association. Association hereby releases any right of control over the method, manner, or means by which Management Company performs its duties and responsibilities under this Contract.

9. Common Expenses. Management Company's fee, overhead, and expenses, arising from or related to Management Company's performance under this Contract shall be Common Expenses.

10. Deficits. Notwithstanding any provision in this Contract or the Governing Documents to the contrary, Management Company shall not be liable for or required to pay any costs or expenses for the benefit of Association or its members from its own funds, and shall only be required to perform its services and make disbursements to the extent that, and as long as, the payments of assessments received from Association or its members are sufficient to pay said costs and expenses in full.

11. Fees and Costs.

a. Management Fee. Management Company shall provide the services required of it under this Contract, for which services Association shall pay to Management Company an annual management fee equal to seven percent (7%) of Association annual budget excluding reserves and ad valorem taxes ("Management Fee"). Payment of the annual Management Fee shall be in addition to any other reimbursable expenses paid to Management Company by Association pursuant to this Contract including expenses reimbursed pursuant to Paragraph 11.b. Notwithstanding the foregoing, the parties understand and agree that the provisions of this Paragraph which, subject to its terms, fix the fees under this Contract for a specified time, are made in recognition of the fact that all of the active functions of Association have been delegated to Management Company under this Contract. However, if Association undertakes any action or incurs any expense in addition to those actions or expenses incurred by Management Company, or as set forth in the budget prepared by Management Company, the same shall be paid by Association.

b. Separate Cost Items. Association will pay or reimburse Management Company separately for the following services or costs as further referenced in Schedule "A" attached to and made a part of this Contract:

(i) Employees. All expenses related to the employment of personnel by Management Company pursuant to this Contract, including salary, benefits, vacation, holiday, and sick leave pay, will be paid by Management Company and reimbursed by Association. A percentage shall be added to the base pay of all on-site employees to reimburse Management Company for payroll taxes, worker's compensation, unemployment compensation, and any other employer taxes or fees.

(ii) Postage, Printing, and Duplication. Postage, printing, and duplication costs for individual assessment statements, delinquent notices, distribution of membership rosters, minutes, Association documents, newsletters and any other reports, forms, letters, and correspondence, having to do with Association business.

(iii) Telephone and Facsimile. Telephone and facsimile costs incurred in performing Association business.

(iv) Materials, Supplies, and Services. All costs expended by Management Company for materials, supplies, and services other than Management Company's overhead expense of office operation.

(v) Sales Tax. All applicable sales tax, if any.

(vi) Transfer Processing Fee. Association will pay Management Company a fee for processing resale transactions.

(vii) Lien Fee. Association will pay Management Company a fee for any lien action taken by Management Company in furtherance of the performance of its obligations under this Contract.

c. Non-Contracted Services. Unless a separate contract is entered into between Association and Management Company, any additional services provided by Management Company to Association, which are not part of Paragraph 4, shall be billed separately to Association in accordance with the rates on Schedule "A" at an hourly rate, as determined by Management Company, plus applicable expenses. Management Company shall notify Association in advance that requested services of Management Company will be non-contractual services which will be billed to Association and Association shall agree to same in writing.

12. Responsibilities of Association. In order for Management Company to effectively perform its duties, Association agrees to:

a. Maintain a fully constituted Board.

b. Neither interfere, nor permit or cause any of the officers, directors, or Members to interfere with Management Company in the performance of its duties or the legitimate exercise of any of its powers under this Contract.

c. Association shall designate a single individual who shall be authorized to direct Management Company on any matter relating to Management Company's duties under this Contract. Management Company is directed not to accept directions or instructions with regard to the management of Association from anyone else, without a vote of Board. In the absence of any other designation by Board, the President of Association shall have this authority.

d. Assist Management Company, as requested, in the performance of its duties under this Contract.

13. Non-Compete. Association may not hire, or contract for management services, any current, future, or former employee of Management Company during the Term and for a period of two (2) years after termination of this Contract, unless agreed on in writing by Management Company. Association and Management Company hereby stipulate that, as between them, this provision is important and material, and if breached by Association, will gravely

impact on the business of Management Company and shall entitle Management Company to all remedies available to it in equity or at law. This Paragraph shall survive termination of this Contract for a period of two (2) years.

14. Indemnification.

a. Indemnification of Association. To the extent Association is not fully recompensed by insurance, Management Company agrees it will indemnify, defend, save, and hold Association harmless from and against any liability for any loss, damages, liabilities, claims, costs, and expenses, including reasonable attorneys' and other professionals' fees and expenses, arising out of or in any way related to (i) Management Company's operations or business other than in connection with the administration or performance of its duties under this Contract; or (ii) the gross negligence, willful misconduct, or fraud committed by Management Company, its officers or directors. Management Company shall have no liability under this Contract to the extent Association is reimbursed for its loss from the proceeds of insurance, and, with respect to such coverage, Association agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on Management Company for indemnity.

b. Indemnification of Management Company. To the extent Management Company is not fully recompensed by insurance, Association, its Members and employees will, and do hereby indemnify, defend, save, and hold Management Company (and its officers, directors, shareholders, agents, employees, and affiliates) free and harmless from and against any liability for any and all loss, damages, liabilities, claims, costs, and expenses, including reasonable attorneys' and other professionals' fees and expenses (including those incurred in all bankruptcy and probate proceedings), arising out of or in any way related to administration and performance of (i) Management Company's duties under this Contract; or (ii) any other matter related to, or in connection with Association from any cause whatsoever, unless, in each case, such loss, damages, liabilities, claims, costs, and expenses shall be solely attributable or caused by the gross negligence, willful misconduct, or fraud committed by Management Company, its officers or directors. The acts or omissions (including grossly negligent, willful, or fraudulent acts or omissions) of Management Company's employees or agents, other than officers or directors, shall not be imputed to Management Company's officers or directors, or be deemed to be Management Company's gross negligence, willful misconduct or fraud, unless such acts or omissions result directly from the gross negligence or willful misconduct of Management Company's officers or directors for Association in supervising such employees or agents. Association shall have no liability under this Contract to the extent Management Company is reimbursed for its loss from the proceeds of insurance, and, with respect to such coverage, Management Company agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on Association for indemnity. Management Company shall be designated as an additional insured in the comprehensive public liability policy obtained by or for the benefit of Association, and any additional premium therefore shall be the responsibility of Association.

15. Assignment. Management Company may assign this Contract, without the consent of Association, to (a) an Affiliate of Management Company; or (b) to any assignee who also acquires all, or substantially all, of the assets of Management Company, including the right to use the Materials and agrees in writing to personally assume, perform and be bound by all the terms, covenants, and conditions in this Contract. Management Company's liability under this Contract shall terminate on such assignment except for those that have accrued before the effective date of the assignment.

16. Amendments of Documents. Association shall not propose, adopt, or implement any amendments to the Declaration which impair or prejudice the rights of Management Company without the prior written consent of Management Company.

17. Ownership of Management Company. The Developer is an Affiliate of Management Company. Neither Developer, nor any shareholder, partner, or other subsidiary or Affiliate of Developer has agreed or will agree to assume, guarantee, or otherwise be responsible for any of the obligations, acts, or omissions of Management Company in connection with this Contract.

18. Governing Law; Waiver of Jury Trial; Venue of Actions. This Contract shall be governed by, and shall be construed in accordance with, the laws of the State of Florida. The parties waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against the other concerning the interpretation, construction, validity, enforcement, or performance of this Contract or any other

agreement or instrument executed in connection with this Contract. If any such suit or legal action is commenced by either party, the other party agrees, consents, and submits to the personal jurisdiction of the Circuit Court in and for the County with respect to such suit or legal action, and each party also consents and submits to and agrees that venue in any such suit or legal action is proper in such court and County, and each party waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in such court and County. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

19. Waiver. No waiver of a breach of any of the covenants in this Contract shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

20. Time of the Essence. Except as otherwise specifically set forth in this Contract, time is of the essence for all terms of this Contract.

21. Modification. Except as otherwise provided in this Contract, no modification, release, discharge, or waiver of any provision of this Contract shall be of any force, effect or value unless in writing and signed by the parties.

22. Entire Contract. This Contract constitutes the entire Contract between the parties, and neither party has been induced by the other by representations, promises, or understandings not expressed in this Contract, and there are no collateral contracts, stipulations, promises, or understandings whatsoever, in any way touching the subject matter of this Contract that are not expressly contained in this Contract.

23. Partial Invalidation. The invalidity in whole or in part of any covenant, promise or undertaking, or any section, subsection, sentence, clause, phrase, or words, or of any provision of this Contract shall not affect the validity of the remaining portions of this Contract.

24. Gender and Number. Whenever the context permits, the use of plural will include the singular, the singular the plural, and the use of any gender will be deemed to include all genders.

25. Notices. Each notice or other communication permitted or required to be given under this Contract by one party to the other shall be in writing and shall be: (i) hand delivered; (ii) delivered by overnight, next day delivery service; or (iii) faxed, with copy sent by United States Mail on the same day, to the addressees at the addresses specified below:

To Management Company:

Heritage Key Management, LLC
1701 Porter SW, Suite 6
Wyoming, MI 49519
Attention: President
Telephone: (616) 534-5792
Facsimile: (616) 534-9190

To Association:

Heritage Key Association, Inc.
1701 Porter SW, Suite 6
Wyoming, MI 49519
Attention: President
Telephone: (616) 534-5792
Facsimile: (616) 534-9190

Each person may designate another address or change in address in the United States up to four (4) times by written notice to the other in the manner prescribed in this Contract. All notices given and received pursuant to this Paragraph shall be deemed to have been given and received if properly addressed and (i) if delivered by hand, on the date of delivery or on the date delivery was refused by the addressee, (ii) if delivered by overnight courier, on the date of delivery or on the date delivery was refused by the addressee, as established by the courier service

confirmation, or (iii) if faxed, when sent, provided that a copy also is mailed on the same day by United States Mail, as established by a facsimile confirmation sheet from the sender's fax machine.

26. Default by Association. If Association or Members shall interfere with Management Company in the performance of its duties or exercise of its powers under this Contract, or if Association shall fail to promptly do any of the things required of it under this Contract and such failure or interference continues for fifteen (15) days after Management Company has given written notice of such failure or interference to any officer or director of Association, Management Company may thereon declare this Contract in default. On default, Management Company may, in addition to any other remedy given it by Contract or in law or equity, (i) bring an action against Association for damages or injunctive relief, and (ii) Association shall be liable for Management Company's reasonable attorneys' and other professionals' fees and costs incurred thereby (including those incurred in all bankruptcy and probate matters). All rights of Management Company, on default, shall be cumulative and the exercise of one or more remedies shall not be deemed to exclude or constitute a waiver of any other additional remedy.

27. Default by Management Company. Failure of Management Company to substantially perform its duties and obligations under this Contract which failure remains uncured for a period of sixty (60) days after written notice thereof by Association to Management Company shall be grounds for Association to cancel this Contract as its sole remedy. In no event shall Management Company be liable to Association or Association members for damages, except as may be provided in this Contract.

28. Excusable Delays. If Management Company shall be delayed, hindered in, or prevented from the performance of any act required under this Contract by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, terrorism, war, act of God, or any other reason beyond Management Company's control, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

29. Employment Matters on Termination. Association acknowledges that the termination of this Contract will result in the termination of the employment of any employees hired by Management Company to perform the duties and responsibilities of Management Company in this Contract; provided, however, that Association acknowledges that Management Company shall have the right to make offers of employment to any management personnel then employed for employment at other associations and properties managed by Management Company. Association agrees that it shall indemnify, defend and hold Management Company, and each of Management Company's shareholders, officers, directors, employees, and agents, completely free and harmless from any and all manner of liability, claim, loss, damage, or expense of any employees of Management Company (notwithstanding the continuation of their employment at Association as employees of Association or a successor Management Company), including accrued payroll, accrued benefits such as vacation pay and sick days and other employment liabilities (including severance obligations) up to the date of such termination, and any other liabilities applicable to severance or termination of employment.

30. Attorneys' Fees. If any party initiates action to enforce its rights under this Contract, the prevailing party shall recover from the non-prevailing party or parties its reasonable expenses, court costs, and reasonable attorneys' and paralegal fees (including those incurred in all bankruptcy and probate proceedings), whether suit be brought or not. All such expenses shall bear interest at the highest rate allowable under the laws of the State from the date the prevailing party pays such expenses until the date the non-prevailing party repays such expenses. Expenses incurred in enforcing this Paragraph shall be covered by this Paragraph.

31. Counterparts. This Contract may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page follows.]

In witness whereof, the parties have executed this Contract as of the Effective Date.

“Association”

Heritage Key Association, Inc.,
a Florida not-for-profit corporation

By: _____

Name: _____

Title: _____

Date: _____

“Management Company”

Heritage Key Management, LLC,
a Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Schedule "A"

Per Paragraph 11.b. of Contract, the current reimbursement amounts for certain services or costs are shown below. Management Company reserves the right to increase or decrease these amounts from time to time, in Management Company's reasonable discretion.

Photocopies	\$.15 per copy
Facsimile	\$.15 per fax
Legal File Folders	\$.09 per folder
Hanging File Folders	\$.32 per folder
Cardboard Storage Box	\$1.50 per box
Postage Regular	\$.02 over UPS rate
Certified	\$1.00 over UPS rate
Labels	\$.26 per sheet
Window Envelopes	\$.08 per envelope
Standard Envelopes	\$.06 per envelope
9 x 12 Envelopes	\$.05 per envelope
10 x 13 Envelopes	\$.09 per envelope
Long Distance Phone Charges	Per phone company rate
Records Storage	Per storage company rate
Newsletter Production	\$25.00 per hour
Additional Board Meetings	\$60.00 per hour
Lien Fee	\$100.00 per lien filed
Architectural Review Admin.	\$200.00 per submittal
NSF fees and Other Bank Fees	Per bank fee charged
Transfer Processing Fee	\$50.00 per transaction
New Owner Package	\$35.00 per package
Construction/Contractor Supervision	10% of contract price

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