



**MAC GROUP**

MANAGEMENT COMPANY

**dba Rose City Property Management**

**COMMUNITY ASSOCIATION MANAGEMENT  
SERVICES AGREEMENT**  
(This "Agreement")

This agreement is made and entered into by and between

**LAKWOOD PROPERTY OWNERS ASSOCIATION, INC.**

A Texas Nonprofit Corporation  
(The "Association")

and

**MANAGEMENT OF ASSOCIATIONS & COMMUNITIES, INC.**

**Herein referred to as ("Rose City or MAC Group") Management Company**

A Texas Corporation having its registered office at  
17130 Dallas Pkwy, Ste 220  
Dallas, TX 75248

In respect of that certain community known as

**Lakewood POA**

(The "Community")

In consideration of the terms, conditions and covenants herein contained, the parties mutually agree as follows:

**ARTICLE I**

**APPOINTMENT OF MANAGING AGENT**

The Association hereby appoints MAC GROUP and MAC GROUP hereby accepts such appointment on the terms and conditions herein contained as the Managing Agent of the Association in accordance with the terms and provisions of this Agreement and to achieve the objectives as hereinafter set out. All subsequent references to "MAC GROUP" shall include its officers, directors, shareholders, employees, and agents.

**ARTICLE II**

**RESPONSIBILITIES OF MANAGING AGENT**

The role of the Managing Agent is to implement the decisions and the policies established by the Board of Directors or the Members of the Association and to perform certain obligations on behalf of the Association in accordance with the Governing Documents. The Association has control of all Common Areas and the Board of Directors of the Association is responsible for the administration of the programs, services, and activities of the Association as established in the Association's Governing Documents (as defined herein) and as may be amplified or clarified by resolution of the Association. Subject to direction by the Board of Directors, MAC GROUP's objectives shall include the following:

2.1 **Administrative Services:**

2.1.1 Organize meetings of Owners, including preparation of notices,

proxies, ballots, agendas, and other necessary documents.

2.1.2 Organize meetings of the Board of Directors, including the preparation of notices, agendas and other necessary documents.

2.1.3 Guide and assist members of the Board of Directors in the performance of their obligations.

2.1.4 Guide and assist the Board of Directors in the development of policies and procedures.

2.1.5 Assist in the administration of the provisions of Chapter 209 of the Texas Property Code and other relevant laws, et seq., as amended from time to time, Articles of Incorporation, Bylaws, the Declaration, Regulations, and the Restrictive Covenants and other policies of the Association (collectively and individually, the "Governing Documents").

2.1.6 Keep all records of the affairs of the Association and the Board of Directors, including, but not limited to, the Governing Documents, minutes of all Owner and Board of Director meetings, copies of contracts, financial records, etc. (which initial documents are to be provided to MAC GROUP by the Association) and maintain all such documents in a current status and in compliance with Chapter 209 of the Texas Property Code and other relevant laws. All such records shall belong to the Association. MAC GROUP shall provide access to all of the Owners to the foregoing items as required by the Governing Documents.

- 2.1.7 Maintain registers of Owners, Officers and Directors and such other registers or schedules as may be required by the Governing Documents, the initial information for all of which is to be provided to MAC GROUP by the Association.
- 2.1.8 Attend to necessary correspondence.
- 2.1.9 Assist in resolving individual Owner requests as they pertain to the administration of the Association, the Common Areas, and the Governing Documents.

2.2 **Fiscal Services:**

- 2.2.1 Prepare a proposed draft of the annual Budget. The Budget shall be based on prior operating expenditures, estimated future expenses, and required or needed reserves for capital replacement or improvements as determined by the Board of Directors (based on the advice provided by MAC GROUP) and shall comply with the Governing Documents and contain a statement setting forth each Owner's monthly share thereof. MAC GROUP shall not be responsible for any discrepancies between the Budget and actual expenses; however, the Budget shall be a good faith estimate of the expected actual expenses for the upcoming fiscal year of the Association. The Budget shall be submitted to the Board of Directors for its consideration and approval on or before December 1 of each year. MAC GROUP shall promptly alert the Board of Directors if it appears that the proposed annual Budget is going to exceed the previous annual Budget by more than 30% (in which case approval by the affirmative vote of the Owners holding a majority of

the votes of the members of the Association voting at the meeting called to consider such matter will be required in accordance with the Declaration). If such an Owner vote is required, MAC GROUP will organize, conduct and take all other required actions relating to such meeting. Upon the finalization of the annual Budget, MAC GROUP shall distribute the Budget to each Owner in accordance with the Governing Documents.

- 2.2.2 Account for all Assessments and other charges due by or received from Owners and deposit such amounts in the Association's applicable bank accounts.

- 2.2.3 Maintain checking, savings and other investment accounts in the name of the Association at a bank mutually agreed upon by the Board of Directors and MAC GROUP with at least two members of the Board being amongst the authorized signatories on behalf of the Association and maintain records thereof; each of such accounts to be separate and apart from all accounts of other association's served by MAC GROUP and the amounts therein shall not be commingled with any funds of other associations served by MAC GROUP or funds of MAC GROUP. A separate account shall be set up to contain all portions of the Association's reserve funds and the Working Capital Contributions made by Owners (the "Reserve Account"). MAC GROUP hereby agrees and acknowledges that the Reserve Account cannot be used to pay operational expenses of the Association until after the period of Declarant Control terminates. MAC

GROUP hereby acknowledges that it has no ownership interest in any of the Association's accounts.

- 2.2.4 Mail notice of delinquency to an Owner in arrears and take such reasonable action for the collection of the delinquent Assessments and for other charges or fees due the Association as the Board of Directors may determine in accordance with the Governing Documents and adopted policy procedures.
- 2.2.5 Make all disbursements from the Association's funds for normal recurring expenses of the Association. All expenditures from the Reserve Account shall require Board approval and shall not be permitted to pay operational expenses of the Association until after the termination of the period of Declarant Control. Approval of all expenditures shall occur only after the presentation by MAC GROUP of the monthly financial statement at the subsequent meeting of the Board of Directors.
- 2.2.6 Within 60 days after the receipt of the Association's financial records, provide a financial statement reflecting the Association's financial status and obtain an annual audit of the Association's financial records in accordance with Chapter 209 of the Texas Property Code and other relevant laws, et seq., as amended from time to time. Thereafter furnish a monthly financial statement prepared on a modified accrual basis, which will include all income and expenses and will reflect the net cash position of the Association.

2.2.7 MAC GROUP shall advise the Board of Directors on the appropriate frequency of the Association obtaining a reserve study. Upon the Board of Director's decision to obtain regular reserve studies, MAC GROUP shall endeavor to make sure that such studies are timely obtained, and the cost and results of such studies are appropriately incorporated into the Budget.

2.3 **Common Element Management:**

- 2.3.1 During the term of this Agreement, MAC GROUP shall oversee and cause the Community to be kept in a good state of repair and to make or cause to be made all needed repairs and capital improvements to the Community and to pay the cost thereof, except that, notwithstanding anything to the contrary contained herein, MAC GROUP shall obtain the Board of Director's prior approval to any such repair or improvement which is estimated to cost more than \$500.00 and which is not otherwise budgeted in the Budget.
- 2.3.2 Any computers, furniture and equipment required for use of on-site employees shall be provided by the Association at its sole cost and expense.
- 2.3.3 On behalf of the Association, and as authorized by the Board, monitor the performance of on-site employees of the Association. Any employee hired for the Association may be an employee of the Association or of MAC GROUP as may be mutually agreed upon.

2.3.4 All remuneration payable to employees of the Association and/or salaries, taxes, assessments, insurance, benefits, payroll administration costs, and other expenses payable on account of such employees shall be operating expenses of the Association and shall be paid by MAC GROUP out of the funds of the Association or shall be reimbursed to MAC GROUP, if paid by MAC GROUP.

2.3.5 All remuneration payable to on-site employees of the Association who are employees of MAC GROUP shall be operating expenses of the Association and shall be paid to MAC GROUP by the Association. Such remuneration shall include the agreed base compensation and all expenses relating to the employee/s including, but not limited to, taxes, assessments, insurance, benefits, payroll administration costs and any other expenses or costs relating to the employee/s (collectively the "Payroll Burden"). Such Payroll Burden shall be calculated at the rate specified in Schedule "A" which amount shall be adjusted as necessary by changes in the applicable rates payable by MAC GROUP.

As authorized by the Board, MAC GROUP will negotiate, on behalf of the Association, contracts for water, electricity, landscaping, trash removal, work (including corrective and preventative maintenance and upkeep in relation to the Common Areas) and such other services for the Community as may be necessary and advisable. MAC GROUP shall also purchase on behalf of the Association such equipment, tools,

appliances, materials and supplies for the proper maintenance of the Community. All such purchases and contracts shall be in the name and at the expense of the Association. If an employee of MAC GROUP executes such contracts or authorizes work for the Association, the Association hereby authorizes them to do so as an agent for the Association and agrees to indemnify and hold harmless MAC GROUP from any costs associated with such contracts/work.

2.3.6 MAC GROUP will visit the Community in accordance with Schedule "A" attached. During such visits MAC GROUP will consult with and offer guidance to the Board of Directors in regard to needed repairs and maintenance of the Common Areas and to the performance of any contractor's work. Association acknowledges that MAC GROUP personnel are not engineers or mechanical or construction consultants; that MAC GROUP does not provide any guarantee or warrantee regarding the work of any contractors; and that MAC GROUP shall have no liability for failure to detect needed repair or maintenance requirements, or for failure to determine that any work was not performed properly or at all.

2.3.7 MAC GROUP has not been given control of the Common Areas and amenities and shall not be considered an owner for any purpose. MAC GROUP may only implement the decisions of the Board.

2.3.8 It is the Association's obligation to comply with all laws, regulations, ordinances, and other matters of a

governmental nature (“Laws”). The Association shall indemnify and hold harmless MAC GROUP to the full extent provided by the indemnity contained in this agreement for its violations of any such Law(s). MAC GROUP shall not be responsible for determining if the Association and/or Community is in compliance with any and all local, state and federal laws, regulations and codes.

2.4 **Deed Restrictions Governing Documents:**

2.4.1 Use commercially reasonable efforts to cause the Board of Directors, the Association, Owners and occupants to comply with the Governing Documents. MAC GROUP shall promptly notify the Board of Directors of any possible or actual existence of a violation of the Governing Documents that comes to MAC GROUP's attention and, at the Board of Director's request and expense, will remedy the same. Consult with the Manager and assist with the enforcement of violations of the Governing Documents. This includes providing the Manager with access to its computerized management system enabling the Manager to enter data and maintain computerized reports of violations, send notices to Owners, and maintain current status of violations.

2.4.2 Coordinate and assist in the architectural review functions of the Board of Directors, including preparation of standard applications, correspondence to owners requesting the Board of Directors to review and approve items in compliance with the Declaration and the other applicable provisions of the Governing Documents or completion

of applications, and correspondence with the Board of Directors to assist in their function as the architectural control committee of the Community.

2.5 **Expenditures:**

Notwithstanding anything to the contrary contained in this Agreement and the limitations herein imposed, MAC GROUP may, but shall have no obligation, on behalf of the Association 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 suspension of any necessary service to the Community within a reasonable time of becoming aware of the condition, but only to the extent that the Association has funds on deposit to pay for such expenditures.

2.6 **Clarity of Duties:**

2.6.1 Everything done by MAC GROUP under the provisions of this Agreement shall be done as an agent for the Association, and all obligations or expenses incurred hereunder shall be for the account, on behalf, and at the expense of the Association. Any payments to be made by MAC GROUP hereunder shall be made out of such sums as are available in the banking or investment accounts of the Association. MAC GROUP shall not be obliged to make any advance to or for the account of the Association or to pay any sum, except out of funds held or provided as aforesaid, nor shall MAC GROUP be obliged to incur any liability or obligation for

the account of the Association without assurance that the necessary funds for the discharge thereof will be provided.

2.6.2 Instructions to MAC GROUP from any of the Board Members or the duly authorized representative/s of the Board or of the Association shall be deemed to be dully authorized by the Board on behalf of the Association.

2.7 **Degree of Care:**

MAC GROUP shall not be held to a higher degree of care in regard to the performance of its tasks than the Board of Directors as provided in the Texas Business Organizations Code. Specifically, MAC GROUP shall discharge its duties, in good faith, with ordinary care, in accordance with good business judgment and in the manner, that MAC GROUP believes to be in the best interest of the Association. **MAC GROUP IS NOT DEEMED TO HAVE THE DUTIES OF A TRUSTEE OF A TRUST WITH RESPECT TO THE ASSOCIATION, ITS MEMBERS, OFFICERS AND DIRECTORS. SIMILARLY, MAC GROUP SHALL NOT BE DEEMED TO BE A TRUSTEE FOR ANY OF THE TASKS THAT IT SHALL PERFORM FOR THE ASSOCIATION INCLUDING BUT NOT LIMITED TO THOSE TASKS SET OUT IN THIS AGREEMENT.**

***ARTICLE III***

**INSURANCE**

3.1 MAC GROUP shall cooperate in investigating and reporting all accidents or claims for damage relating to the Association's ownership, operation and maintenance of real or personal

property within the Community and shall prepare claims when required and follow-up on payment. Investigating, reporting, and following-up on payment of insurance claims as directed by the Board of Directors shall be subject to the hourly charge in accordance with Schedule A or 10% of the claim, whichever is the greater, which shall be regarded as part of the loss and shall be included in the claim.

3.2 MAC GROUP agrees to carry at its own expense.

3.2.1 Liability Insurance

3.2.2 Fidelity Bond coverage.

3.2.3 The premium regarding any increase in the amount of coverage maintained by MAC GROUP and required by the Association shall be paid by the Association and shall be considered as an expense of the operation of the Community.

3.2.4 MAC GROUP shall be named an additional insured on the Association's Directors and Officers liability insurance, which policy shall be maintained in full force and effect by the Association during the entire term of this Agreement and in such amounts as the Association and MAC GROUP agree.

3.3 The Association's insurance shall be considered primary coverage for the benefit of MAC GROUP. MAC GROUP shall be named an additional insured on the Association's general liability and excess or umbrella liability insurance policies which policies shall remain in full force and effect during the entire term of this Agreement and in

such amounts as the Association and MAC GROUP may agree. The Association's insurance shall be considered primary coverage for the benefit of MAC GROUP. If the Association participates in the general liability program arranged through MAC GROUP, then the Association will be named as an additional insured on MAC GROUP's general liability insurance policy which policy shall be maintained in full force and effect during the entire term of this Agreement and in such amounts as the Association and MAC GROUP may agree. The cost of this insurance coverage will be paid by the MAC Group and reimbursed by the Association.

**ARTICLE IV**

**TERM OF AGREEMENT**

- 4.1 This Agreement shall commence on the date specified in this Agreement (or if no date is specified, on the date of signature and shall continue for a period of five years.
- 4.2 Notwithstanding the foregoing, the Association may terminate this Agreement for cause on sixty days' notice after MAC GROUP is given ten days' written notice to cure any violation; and fails to do so. MAC GROUP may terminate this Agreement on sixty days' written notice given to the Association.
- 4.3 Upon termination, all obligations hereunder shall cease except liabilities or claims that accrued or arose prior to such termination or as provided for below. MAC GROUP is hereby authorized and directed to take such action as may be necessary to fulfill and/or complete any

obligations that accrued or arose prior to such termination. Any services performed by MAC GROUP or requested of MAC GROUP after termination of this Agreement shall be subject to MAC GROUP's then current fees and to the full extent of the indemnity and hold harmless provisions of this Agreement. MAC GROUP shall provide an electronic version of all association financial records at the termination of this Agreement if so requested by the Association upon receipt of payment of one additional month's management fees. The Association acknowledges and agrees that MAC GROUP has the right and will delete all electronic files not earlier than 60 days after the termination of this Agreement. MAC GROUP will forward the Association's mail for a period of 60 days after termination of this Agreement but thereafter will mark any mail received, return to sender and place in the U.S. Mail.

**ARTICLE V**

**COMPENSATION**

- 5.1 For MAC GROUP's services under this Agreement, MAC GROUP shall receive the amounts specified in Schedule "A" attached hereto, which amounts shall be payable monthly in advance.
- 5.2 Unless otherwise agreed to by the Association in its budget and accepted by MAC GROUP, MAC GROUP may adjust the fees specified in Schedule "A" to reflect the percentage increase in the U.S. City Average Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Department of



Labor, Bureau of Labor Statistics, or by 5%, whichever is the greater, effective the first day of January of each year.

5.3 In addition to the compensation payable by the Association to MAC GROUP in accordance with Schedule "A," MAC GROUP shall be entitled to charge fees, costs and expenses for services provided to an Owner or anyone else arising out of or ancillary to this Agreement or caused or created as a result of the action or inaction of an individual Owner, at MAC GROUP's then standard rates which amounts shall be charged to the Owner or the person to or for whom the service is provided. The fees reflected in Schedule "B" shall be charged by MAC GROUP to the Association; shall be paid by the Association; and shall be collected by the Association from the individual Owner as facilitated by MAC GROUP. The fees reflected in Schedule "C" shall be collected by MAC GROUP from the individual Owner. MAC GROUP's current fees for such services are set forth in Schedules "A" "B" and "C" attached hereto. MAC GROUP may amend the fees listed in Schedules "A" "B" and "C" or add additional items to the Schedule in its discretion. In addition to the fees paid for routine services anticipated by this Agreement, the Association agrees to compensate MAC GROUP for addition or extraordinary expenses at the rates set forth on Schedule A. Such additional and extraordinary services include but are not limited to additional meetings not anticipated by this Agreement or any meeting lasting longer than one hour.

Additional site visits, preparation of request for proposals, coordination with vendors which requires additional site visits or coordination with Association legal counsel, and attendance at and preparation for mediation, depositions or trial.

5.4 MAC GROUP is authorized and directed to deduct or obtain payment of such compensation when due from the Association's funds regardless of any other payments then required to be made.

## **ARTICLE VI**

### **MISCELLANEOUS**

6.1 **Notices:**

Any notice or communication hereunder must be in writing, and shall be personally delivered, or sent by, overnight delivery, e-mail, facsimile, or by registered or certified mail, return receipt requested, and if given by registered or certified mail, same shall be deemed to have been given and received three days after its mailing, postage prepaid to the address listed below. Such notices or communication shall be given to the parties hereto at the following addresses:

To the Association at the address of the President of the Association at the date of the notice or communication.

To MAC GROUP at:  
Management of Associations & Communities, Inc.  
17130 Dallas Pkwy, Ste 220  
Dallas, TX 75248

Any party may at any time, by giving thirty days' written notice to the

other party, designate any other address to which such notice or communication shall be given.

6.2 **Hold Harmless/ Indemnification:**

6.2.1 To the fullest extent permitted by applicable law, Association shall and does hereby agree to indemnify, protect, hold harmless and defend MAC GROUP, its officers, directors, and employees, hereinafter referred to as "Indemnitees" from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "Liabilities"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of the Association, but only to the extent any insurance held by the Association or the Board of Directors provides coverage for such Liabilities.

6.2.2 To the fullest extent permitted by applicable law, MAC GROUP shall and does hereby agree to indemnify, protect, hold harmless and defend the Association from and against all claims, demands, damages, injuries, causes of action, suits, judgments, costs and expenses arising out of, caused by, in connection with, or resulting from any grossly negligent act or omission of MAC GROUP,

any of their respective employees, agents, servants, officers, directors, members or anyone that either MAC GROUP controls or exercises control over.

6.2.3 Association shall promptly advise MAC GROUP in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and Association, at Association's expense, shall assume on behalf of Indemnitees and conduct with due diligence and in good faith the defense thereof with board certified civil trial counsel satisfactory to MAC GROUP, provided, however, that Indemnitees shall have the right, at their own option, to be additionally represented therein by advisory counsel of their own selection and at their own expense.

6.2.4 In the event of the failure by Association to fully perform its obligations in accordance with this Agreement, Indemnitees, at their option, and without relieving Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnitees in that event shall be reimbursed by Association to Indemnitees, together with interest, on the same from the date any such expense was paid by Indemnitees until reimbursed by Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of ten percent (10%) per annum). It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the

indemnification obligations under this Section, such legal limitations are made a part of indemnification obligations and shall operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations shall continue in full force and effect.

6.3 The provisions of 6.2 shall survive the termination of this agreement and shall continue in full force and effect for a period of twenty-five (25) years subsequent to the termination of this agreement.

6.4.1 **Security:**

MAC GROUP SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY, NEITHER SHALL MAC GROUP BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. THE BOARD OF DIRECTORS ON BEHALF OF THE ASSOCIATION, ALL OWNERS AND OCCUPANTS OF ANY PREMISES WITHIN THE COMMUNITY/PROPERTY, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT MAC GROUP DOES NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL

PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. THE BOARD OF DIRECTORS ON BEHALF OF THE ASSOCIATION, EACH OWNER AND OCCUPANT OF ANY PREMISES WITHIN THE COMMUNITY AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT MAC GROUP IS NOT AN INSURER AND THAT EACH OWNER AND OCCUPANT OF ANY PREMISES WITHIN THE COMMUNITY AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISK FOR LOSS OR DAMAGE TO PERSONS, TO PROPERTY/UNITS AND TO THE CONTENTS OF UNITS AND FURTHER ACKNOWLEDGES THAT MAC GROUP HAS MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS THE ASSOCIATION, ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT,

**MONITORING DEVICES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.** The Association shall indemnify MAC GROUP to the full extent provided by the indemnity contained in this Agreement for any claims arising out of security within the Community.

**6.4.2 Environmental Conditions:**

MAC GROUP shall not in any way be considered an insurer or guarantor of environmental conditions or indoor air quality within the Community and shall not be held liable for any loss or damage by reason of or failure to provide adequate indoor air quality or for any adverse environmental conditions. The Association and its Board of Directors on behalf of all owners, occupants, guests and invitees of any premises within the Community acknowledges that MAC GROUP does not represent or warrant that the construction or any work performed, construction materials, air filters, mechanical, heating, ventilating or air conditioning systems and chemicals necessary for the cleaning or pest control of the Community will prevent the existence or spread of biological organisms, mold, mildew, cooking odors, animal dander, dust mites, fungi, pollen, tobacco smoke, dust or the transmission of interior or exterior noise levels. The Association further acknowledges that MAC GROUP is not an insurer and that each owner and occupant of any premises within the Community and each tenant, guest and invitee of any owner assumes all risks for indoor air quality and

environmental conditions and acknowledges that MAC GROUP has made no representations or warranties nor has the Association, any owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to the air quality within the Community.

**6.5 Disclosure:**

MAC GROUP may from time to time have maintenance performed or have services provided or obtain quotes and/or bids from companies or other entities in which it, its officers, directors, or shareholders may retain a financial interest. At all times, MAC GROUP will endeavor to use its best efforts to obtain competitive bids from at least two independent parties. If, at any time, a bid involves a company or entity which MAC GROUP, its officers, directors, or shareholders have an interest, such disclosure will specifically be made at the time the bid is presented to the Board of Directors. MAC GROUP continues to believe that it not only has a right, but the duty to obtain competitive bids for the Association.

Notwithstanding anything to the contrary contained in this agreement, the Association acknowledges that MAC GROUP may receive certain benefits or receive fees relating to the operation of group purchasing programs intended to provide price and quality benefits to the Association and/or its Members and Residents of the Property. Purchase of any product and/or service

through any such programs is voluntary and is not in any manner required by the provisions of this agreement. Any such benefits are to be disclosed to the Board of Directors.

## **6.6 Employees of MAC GROUP:**

The Association acknowledges that MAC GROUP spends a great deal of time and expense to hire and train employees to provide the Association and other associations the services contemplated in this Agreement. The Association derives the benefits of MAC GROUP's experience and of such hiring and training procedures. The Association agrees that during the term of this Agreement and for a period of eighteen (18) months thereafter, it will not, without the prior written consent of MAC GROUP, hire or attempt to hire as an employee or leased employee or engage as an independent contractor or use the services of, in any way whatsoever, whether directly or indirectly, any person who was an employee of MAC GROUP during the preceding twelve (12) month period. If the Association breaches the provisions of this covenant, the Association agrees to pay MAC GROUP, as liquidated damages and not as a penalty, an amount equal to six times the monthly salary paid to the employee by MAC GROUP at the time of the breach. This liquidated damage provision is recognition by the parties of the difficulty of ascertaining damages in the context of personal employment, training and hiring costs incurred by MAC GROUP and the unique nature of MAC GROUP's business.

## **6.7 Dispute Resolution:**

To avoid the emotional and financial costs of litigation, the Association and MAC GROUP covenants and agrees not to initiate any legal proceedings against the other before a judicial or administrative tribunal seeking redress or resolution of any claim, except as provided for in Article 6.7.3 after the conclusion of Negotiation as provided for in Article 6.7.1 and Mediation as provided in Article 6.7.2.

### **6.7.1 Negotiation:**

The party asserting the claim must notify the other party in writing of the claim/dispute, stating plainly and concisely the nature and basis of the claim/dispute and what it wants the other party to do or not do to resolve the Claim. Representatives of each of the parties, who are authorized to settle the claim/dispute, will make every reasonable effort to meet in person at a mutually acceptable place within thirty (30) days of the delivery of the written notice, to resolve the claim/dispute by good faith negotiation.

### **6.7.2 Mediation:**

If the parties are not able to resolve the claim through negotiation within sixty (60) days from the date of delivery of the written notice (or within such other period as may be agreed on by the parties), either party will have thirty (30) additional days within which to submit the claim/dispute to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and

must have (i) technical knowledge or expertise appropriate to the subject matter of the claim/dispute (ii) is in no way an affiliate or has had material business dealings with either party. If the parties are unable to agree upon a mediator, a mediator having the qualifications set forth above shall be appointed by the American Arbitration Association office in Dallas, Texas. Such mediation shall occur within fifteen (15) days after the mediator has been agreed upon or appointed and shall occur at a mutually acceptable location in Dallas, Texas. If the claim/dispute is not submitted to mediation within the 30-day period, the claim is deemed to have been waived and the party against whom the claim was asserted is released and discharged from any and all liability in regard to the claim/dispute. The costs of the mediator shall be shared equally by the parties.

6.7.3 **Termination of Mediation:**

If the parties do not settle the claim within thirty (30) days after submission to mediation or within a time deemed reasonable by the mediator, the mediator will issue a notice of impasse of the mediation proceedings indicating that the parties are unable to resolve their dispute and the date that mediation was terminated. Thereafter, the party asserting the claim may file suit, initiate arbitration, or commence administrative proceedings on the claim/dispute as appropriate.

6.8 **Severability:**

If any provision of this Agreement shall be determined to be invalid and unenforceable to any extent, the remainder of this Agreement other than that which is determined invalid or unenforceable, shall not be affected thereby, and the remaining provisions hereof shall remain in full force and effect.

6.9 **Applicable Law:**

This Agreement shall be construed in accordance with and enforced under the laws of the State of Texas.

6.10 **Assignment:**

MAC GROUP shall not assign its interest under this agreement except with the sale of all or a substantial part of its management business. In the event of such assignment, MAC GROUP shall be released from any and all liabilities by the Association.

6.11 **Amendments:**

This agreement constitutes the full understanding of the parties and no prior or contemporaneous oral or written representations made by either party shall be binding. This Agreement may be modified only in writing signed by the Chief Executive Officer or President of MAC GROUP and by the duly authorized representative of the Association.

6.12 **Effective Date:**

This Agreement shall commence and be effective on the 15th day of October, 2020.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on this 15th  
day of October, 2020.

**MANAGEMENT OF ASSOCIATIONS & COMMUNITIES, INC.**

BY: Stephanie Smith

**LAKWOOD PROPERTY OWNERS ASSOCIATION, INC.**

BY: Karen Comer - Treasurer  
11/2/20

SCHEDULE "A"

**Fees and Charges Payable by the Association to MAC Group**

1.	A one-time origination fee due and payable upon acceptance of the terms of this Agreement	<b>\$250.00</b>
2.	Our monthly fee for providing the services for the Association set forth in this Agreement	<b>\$2,500.00 per mo.</b>
3.	<b>Additional charges:</b>	
3.1	Postage	U.S. Postal Rates
3.2	Paper Copies / Envelopes	\$.20 cents each
3.3	Color Copies	\$.80 cents each
3.4	Courier Service	At Cost
3.5	Community mailings – 3 <sup>rd</sup> party vendor	At Cost or \$75 per trip
3.6	Email Blasts (3 email blasts free per month)- additional at \$5.00 each	<b>No Charge</b>
3.7	Property Inspections Additional Trips to Property (inspections/meet vendors/Board etc.)	None or \$75 each trip
3.8	Length of Meetings included in Monthly fee	See Section 3.19
3.9	Number of Board Meetings included in Monthly Fee Number of Member Meetings included in Monthly Fee Weekend Member / Annual Meetings	Hourly Fee – See 3.19 1 per year–No Charge or \$300 if on weekends
3.10	Photographing Violations	<b>No Charge</b>
3.11	Tax Returns, Audits – we will work with HOA's CPA of choice	At Cost
3.12	Storage of Association records	\$5 per mo per box
3.13	Preparation and distribution of 1099s	\$10.00 per Vendor
3.14	Management Certificate & Change of Registered Agent	At Cost
3.15	Assisting with amendments to Governing Documents	See Section 3.19
3.16	Preparing newsletter / Flyers / Postcard Mailers	See Section 3.19
3.17	Social Event Coordinating	See Section 3.19
3.18	Reimbursement for reasonable out-of-pocket expenses made on behalf of the Association. (to include office supplies)	At cost
3.19	<b>Hourly Fees</b> – For all fees not anticipated by this Agreement Principals and Executives Community Managers	\$175.00 \$75.00 per hour



**SCHEDULE "B"**

**Costs for services billed to the Association and charged back to the Owner.**

1.	<b>Assessment Collections</b>	
1.1	Late letter	\$10.00
1.2	Certified letter	\$25.00
1.3	Statement Mailers – <i>sent to 3<sup>rd</sup> party vendor</i>	At Cost
2.	<b>For all Other Services</b>	
2.1	Provided at the hourly rate shown on Schedule "A"	Hourly Fee – See 3.25

**SCHEDULE "C"**

**Costs for services provided by MAC Group billed directly to the Owner**

1.	Preparation of Resale Certificate	\$350.00
2.	Completion of Mortgage Questionnaire / Transfer Fee/ Refi	\$50.00
3.	Expedited service for the above services – same day response	\$50.00