

**MANAGEMENT AGREEMENT**

This agreement is made and entered into by and between

**Texas National  
PROPERTY OWNERS ASSOCIATION**

A Texas Non-Profit Corporation  
(The “ASSOCIATION”)

and

**INVESTMENT MANAGEMENT COMPANY, INC**

A Texas Corporation having its registered office at  
3500 West Davis, Suite 190, Conroe, TX 77304  
(“IMC”)

In respect of that certain community known as

Texas National  
(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 IMC and IMC 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 otherwise perform the obligations as hereinafter set out.

## *ARTICLE II*

### **RESPONSIBILITIES OF MANAGING AGENT**

The role of the Managing Agent is to implement decisions and the policy established by the Board of Directors of the Association. The Board of Directors of the Association has control of all common areas and amenities and is responsible for the administration of the programs, services, and activities of the Association as established in the Association's Governing Documents and as amplified or clarified by resolution of the Association. Subject to direction by the Board of the Association, IMC's functions, duties, responsibilities, and authority may include the following:

**1. Administrative Services:**

- 1.1. Organize the annual meeting of Owners, including the preparation of notices, agendas and other necessary documents.
- 1.2. Organize the quarterly meetings of the Board of the Association, including the preparation of notices, agendas and other necessary documents.
- 1.3. Guide and assist members of the Board in the performance of their obligations.
- 1.4. Guide and assist the Board in the development of policies and procedures.
- 1.5. As requested by the Board, to the extent practical, assists in the administration of the provisions of the Declaration, Articles of Incorporation, By-Laws, rules and regulations and policies of the Association (the "Governing Documents").
- 1.6. Keep all records of the affairs of the Association and the Board, including, but not limited to, the Declaration, Articles of Incorporation, By-Laws, rules and regulations, policies, minutes of meetings, copies of contracts, financial records, etc. (which initial documents are to be

provided to IMC by the Association) and maintain all such documents in a current status. All such records shall belong to the Association.

- 1.7. Maintain registers of Owners, Officers, Directors and such other register or schedules as may be required by the Governing Documents, the initial information for all of which is to be provided to IMC by the Association.
- 1.8. Attend to necessary correspondence.
- 1.9. Assist in resolving individual Owner requests as they pertain to the administration of the Association, the Common Elements, and Governing “Rules and Regulations.”

**2. Fiscal Services:**

- 2.1. Prepare a recommended annual budget 60 days prior to year-end. The budget shall be based on prior operating expenditures, estimated future expenses, and required or needed capital reserves. IMC shall not be responsible for any discrepancies between the budget and actual expenses, the budget being an estimate to be used only as a guide. The budget shall be submitted to the Board for its consideration and adoption.
- 2.2. Account for all assessments and other charges due by or received from Owners.
- 2.3. Maintain checking, savings and other investment accounts in the name of the Association with at least two members of the Board being amongst the authorized signatories on behalf of the Association and maintain comprehensive records thereof: each of such accounts to be separate and apart from all other accounts of IMC and the amounts therein not to be commingled with any other funds controlled by IMC.
4. Mail notice of delinquency to any 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 may determine in accordance with the Governing Documents and adopted policy procedures.
- 2.5. Make all disbursements from assessments collected for normal recurring expenses. All capital expenditures shall require Board approval. Approval shall be deemed on acceptance of the monthly financial statement at the subsequent meeting of the Board.
- 2.6. 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.

**3. Physical Management:**

1. As authorized by the Board, direct and order to be done those things, which are necessary to maintain the property in accordance with the provisions of the operating budget. IMC shall not be responsible for taking any action unless directed by the Board.
2. On behalf of the Association, direct employees dedicated exclusively to the Association, if any. Any employee hired for the Association may be an employee of the Association or of IMC as may be mutually agreed upon. All remuneration payable to such employees and/or salaries, tax and other expenses payable on account of such employees shall be operating expenses of the Association and shall be paid by IMC out of the funds of the Association.
3. As authorized by the Board, negotiate and execute, on behalf of the Association, contracts for water, electricity, landscaping, trash removal, and such other services for the COMMUNITY as may be necessary and advisable. IMC 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.
4. IMC has not been given control of the common areas and amenities and shall not be considered an owner for any purposes. IMC may only implement the decisions of the Board, IMC shall not be responsible for determining if the community is in compliance with any and all local, state and federal laws.

4. **Deed Restrictions**

1. Issue notices of violations to the Community on a monthly basis to record, monitor and observe deed restriction violations which have been provided by the Board of Directors. This includes entering data and maintenance of the computerized reports of violations, sending notices to owners, maintaining current status of violations, and interacting with the Deed Restrictions Committee and/or Board of Directors regarding violations. If requested by the Board physical additional observations by IMC will be at a cost of \$100.00 per visit.
2. Coordinate and assist in the administrative and secretarial functions of the Architectural Control Committee (ACC), including preparation of standard application, correspondence to owners requesting ACC compliance or completion of applications, and correspondence with the ACC to assist in their functions.

5. **Expenditures**

Notwithstanding anything to the contrary contained in this Article and the limitations herein imposed, IMC 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.

6. **Clarity of Duties**

Everything done by IMC under the provisions of this Article 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 IMC hereunder shall be made out of such sums as are available in the banking or investment accounts of the Association. IMC 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 IMC 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.

7. **Degree of Care**

IMC shall not be held to a higher degree of care in regards to the performance of its tasks than a Director of the Association as provided in the Texas Non-Profit Corporation Act. Specifically, IMC shall discharge its duties, in good faith, with ordinary care, and in the manner that IMC believes to be in the best interest of the Association. IMC is not deemed to have the duties of a trustee of a trust with respect to the Association, its members, officers and directors. Similarly, IMC 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 management agreement.

***ARTICLE III***

**INSURANCE**

1. IMC 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.
2. IMC agrees to carry at its own expense--
  - 2.1. Worker's compensation Insurance in compliance with Texas Employers Liability Act and all amendments thereto.
  - 2.2. Public Liability Insurance with minimum limits of liability of \$300,000.00.
  - 2.3. Auto Liability Insurance.
  - 2.4. Crime and Dishonesty Policy of \$100,000.
3. The premium in regard to any increase in the amount of coverage set forth in paragraph 2 above required by the Association shall be paid by the Association and shall be considered as an expense of the operation of the COMMUNITY.

4. IMC shall be named an additional insured on the Association's general liability insurance policies and Directors and Officers liability insurance, which policies shall be maintained in full force and effect during the entire term of this management agreement and in such amounts as the Association and IMC may agree. The Association's insurance shall be considered primary coverage for the benefit of IMC.

#### *ARTICLE IV*

#### **TERM OF AGREEMENT**

This agreement shall commence on the date reflected in Exhibit "A" and shall continue for a period of one year. If neither party has given the other 60 days' written notice of its desire to terminate this agreement at the end of the initial period of one year, then the term shall be automatically renewed for an additional one year term and such renewals shall continue on a year-to-year basis unless terminated as hereinafter provided. Notwithstanding the foregoing, the Association may terminate this agreement without cause on sixty days' written notice to IMC. Upon termination, all obligations hereunder shall cease except liabilities or claims, which accrued or arose prior to such termination. IMC may terminate this agreement on sixty (60) days' written notice given to the Association. IMC is hereby authorized and directed to take such action as may be necessary to fulfill and/or complete any obligations which accrued or arose prior to such terminations.

#### *ARTICLE V*

#### **COMPENSATION**

For IMC's services under this agreement, IMC shall receive the amounts specified in Exhibit "A" attached hereto, which amounts shall be payable monthly in advance. IMC is authorized and directed to deduct or obtain payment of such compensation when due from the COMMUNITY'S funds regardless of any other payments then required to be made.

#### *ARTICLE VI*

#### **MISCELLANEOUS**

##### **1. Notices**

Any notice or communication hereunder must be in writing, and shall be personally delivered, or sent by telegram, telex or 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 address:

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

To IMC at 3500 West Davis Suite 190, Conroe, TX 77304

Any party may at any time, by giving ten days written notice to the other party, designate any other address in substitution of the foregoing address to which such notice or communication shall be given.

## **2. Hold Harmless/Indemnification**

- 2.1. To the fullest extent permitted by applicable law, Association shall and does hereby agree to indemnify, protect, hold harmless and defend IMC, its officers, directors, and employees, hereinafter referred to as "Indemnities" 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, any of their respective employees, agents, servants, officers, directors, members or anyone that either Association controls or exercises control over. The obligations of the association under this section shall apply to liabilities even if such liabilities are caused in whole or in part by the sole, joint or concurrent negligence, fault or strict liability of any indemnities, whether predating this agreement or not and whether or not such sole or concurrent negligence, fault or strict liability was active or passive.
- 2.2. Association shall promptly advise IMC 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 Indemnities and conduct with due diligence and in good faith the defense thereof with board certified civil trial counsel satisfactory to IMC, provided, however, that Indemnities shall have the right, at their own option, to be represented therein by advisory council of their own selection and at their own expense.
- 2.3. In the event of failure by the Association to fully perform its obligations in accordance with this Agreement, Indemnities, at their option, and without relieving Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnities in that event shall be reimbursed by Association to Indemnities, together with interest, on the same from date any such expense was paid by Indemnities 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 rates applicable, at the rate of eighteen percent (18%) per annum). The

indemnification shall not be limited to damages, compensation, or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validating 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.

2.4 The provisions of this paragraph 2 shall survive the termination of this agreement, and shall continue in full force and effect subsequent to the termination of this agreement.

**3. Security:**

IMC shall not in any way be considered an insurer or guarantor of security within property. Neither shall IMC be held liable for any loss or damage by reason of failure to provide adequate security nor does ineffectiveness of security measure undertaken. The Board of Directors on behalf of the Association, all owners and occupants of any dwelling, tenants, guest and invitees of any owner, as applicable, acknowledge that IMC 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 dwelling and each tenant, guest, and invitee of an owner, as applicable, acknowledges and understands that IMC is not an insurer and that each owner and occupant of any unit and each tenant, guest and invitee of any owner assumes all risks for loss or damage to persons, to units, to the contents of units and further acknowledges that IMC 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 system, access control systems, patrol services, surveillance equipment, monitoring devices or other security systems recommended or installed or any security measures undertaken within the property.

**4. Disclosure:**

IMC may from time to time have maintenance performed 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, Investment Management Company, Inc. will endeavor to use its best efforts to obtain competitive bids from at least two parties. If, at any time, a bid involves a company or entity which Investment Management Company, Inc., 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. Investment Management Company, Inc.



continues to believe that it, not only has a right, but the duty to obtain the most competitive bids at the best possible prices for the Association.

**5. 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. Applicable Law:**

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

**7. Assignment:**

IMC 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, IMC shall be released from any and all liabilities by the Association.

**8. 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 President of IMC and by the duly authorized representative of the Association.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on this the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

For: Texas National POA

FOR: Investment Management Company

BY: \_\_\_\_\_  
President

BY: \_\_\_\_\_  
Steve Durham, President

WITNESS:

WITNESS:

\_\_\_\_\_

\_\_\_\_\_

Exhibit "A"

## COMPENSATION

1. \$895.00 per month due and payable from the first day of each month during the term of this agreement, commencing from July 1, 2017 and renew yearly at the beginning of each fiscal year.
2. Origination fee for initial setup and document transfers: \$800.00
3. Additional charges:
  - 3.1.Reimbursement for reasonable out-of-pocket expenses made on behalf of the COMMUNITY.
  - 3.2.Fifteen cents (\$.15) for each photocopy required in the management of the COMMUNITY. Postage shall be reimbursed at cost.
  - 3.3.IMC shall attend the annual meeting; and regularly scheduled monthly Board of Directors meetings not to exceed two (2) hours. Any meetings exceeding the two (2) hour maximum will be charged at an hourly rate of sixty (\$60.00) per hour. IMC will attend any additional meetings or conferences for which the Association will reimburse IMC at an hourly rate which is presently \$60.00 per hour.
  - 3.4.Appearance in court and preparation for lawsuits involving the Association will be billed to ASSOCIATION at its hourly rate, which is presently \$60.00 per hour.
  - 3.5.Reimbursement of the salary and benefits plus an amount equal to 10% of any salaries payable to employees dedicated exclusively to the Association. This fee includes the preparation and filing of all payroll forms.
  - 3.6.IMC shall furnish the certificates relating to assessments and shall record resale changes of ownership upon receipt of notice from title companies. Transfers of ownership, in resales, shall be processed at an additional fee chargeable to the Seller/Buyer. The fee presently being charged by IMC for each of these services is \$175.00 per Unit/Lot. Documentation required from the Association for financing or refinancing of Units/Lots shall be prepared by IMC at an additional fee to the borrower. The fee presently being charged for this service is \$175.00 per Unit/Lot. Documentation required from the Association for resale certificates of Units/Lots shall be prepared by IMC at an additional fee to the borrower; the fee presently being charged by IMC for this service is \$175.00 per Unit/Lot.
  - 3.7.One dollar (\$1.00) per month for each "banker's box" of documents to be stored at IMC facilities. Documents will be stored so as to be readily available to the Association as needed.
  - 3.8.The Association shall pay any applicable sales taxes in regard to the compensation payable by the Association to IMC if and when such taxes are determined payable.