CONDOMINIUM ASSOCIATION ACCOUNTING AGREEMENT

This Agreement is made this 8th day of November, 2017, by and between **THE ROYAL ST. ANDREW ASSOCIATION, INC**., (the "Association"), a Florida non-profit corporation, and **LIGHTHOUSE PROPERTY MANAGEMENT, INC.,** ("Accounting Manager"), a Florida corporation, with reference to the following facts:

WITNESSETH:

WHEREAS Association, is a condominium association, whose Members are the record owners of 57 units within The Royal St. Andrew Association, as recorded in public records of Sarasota County; and

WHEREAS, Association was created and operates to enforce the terms and provisions of the Declaration of Condominium, Articles of Incorporation and Bylaws of the Association, and rules and regulations adopted by the Association (hereinafter collectively referred to as the Association Documents), to which the Association holds title, and such other properties as may from time to time be accepted by the Association (hereinafter collectively referred to as Common Property); and

WHEREAS, Association desires to engage Accounting Manager and Accounting Manager desires to be retained by Association in the normal daily routine administration and accounting affairs of Association, including but not limited to, the terms, provisions and conditions as hereinafter set forth; and

WHEREAS, under the provisions of the Declaration of Condominium and the Bylaws of the Association, the Board of Directors ("Board") of the Association has the authority to contract for accounting services as described herein;

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions set forth and of other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **EXCLUSIVE ACCOUNTING MANAGER**

   Association hereby retains and hires the Accounting Manager, and Accounting Manager hereby accepts such terms and conditions set forth below, as exclusive Accounting Manager for the Association.

2. **TERM**

   The term of this Agreement shall commence on the 1st day of December 2017, and shall be in effect for one (1) year. Thereafter, this Agreement shall automatically renew for successive one (1) year periods. This Agreement may be terminated at any time, with or without cause, by either party's giving the other written notice thirty (30) days in advance of the termination. Notice is to be delivered as per #10 of this Agreement.

3. **DEFINITIONS**

   The terms used in this Agreement shall be defined as stated in Florida Statutes or in the Association Documents. It is the intent of the parties that this Agreement complies in all respects with Florida Statutes.

4. **ACCOUNTING MANAGER'S DUTIES**

   Accounting Manager shall perform the following normal routine accounting services as may reasonably be required in order to accomplish the purposes of this Agreement:

   A. ***PAYMENT OF BILLS AND COSTS***

   Check for accuracy all bills or invoices received by the Association for services, work and supplies related to maintaining and operating the Association; must open an operating account with one of the banks offered by the Accounting Manager, in order to pay the proper bills and costs of the Association, the payroll of its employees, if any, and any other debts incurred by this Association.

   B. ***INSURANCE***

   Association shall insure itself against any possible liability arising from negligent acts by the Board, volunteers, Accounting Manager, its agents and/or employees. The insurance carried by Association shall be extended to and shall cover Accounting Manager, its agents and employees. Accounting Manager shall also carry liability insurance.

C. *OWNER'S ROSTER*

Maintain a current computerized roster of Owners' names, contact information, and other profile information as required by law, Association Documents and/or the Board of Directors.

D. *BUDGET*

Assist in preparing an annual operating and reserves budget for review with the Board and/or Treasurer, setting forth anticipated income and expenses of the Association for the year and each Owner's share thereof.

E. *TAX RETURNS*

Assist the Association's accountant in preparing tax returns for the Association.

F. *FINANCIAL RECORD-KEEPING*

- Association shall furnish Accounting Manager with a complete and up-to-date set of monthly financial reports at the commencement of this Agreement. If this is not possible, Association shall pay Accounting Manager a fee for bringing the financial reports current. (This fee would be negotiated with the Board as a time-and-material charge.)

- Accounting Manager shall furnish and maintain, in a manner customary and consistent with proper accounting principles, practices, and procedures, a comprehensive system of the Association's financial records, to include Balance Sheet, Statement of Revenue and Expenses, Reserve Component, Aged Receivables and Payable Schedule. These records shall remain the property of the Association.

- The Accounting Manager shall furnish the Board monthly statements setting forth revenue, expenses and reserves, no later than the twentieth (20th) day of the following month.

- The Accounting Manager shall furnish checkbook reconciliations.

- The Accounting Manager shall prepare the Association's Maintenance Fee billing for the Members.

- The Accounting Manager shall furnish the Board of Directors with a list of delinquent accounts receivables.

- The Accounting Manager shall follow the standardized "Collection Policy" established by the Board of Directors conforming to the laws of the State of Florida and the Association Documents.

- Accounting Manager shall furnish Association's year-end financial statements no later than 10 days prior to the date by which Association is obligated to distribute such statements to Owners.

- Accounting Manager shall support financial reviews and audits requested by Association of an outside firm to the extent considered normal and customary; work in excess of what is considered normal and customary shall be charged as defined in the Compensation Addendum. The Accounting Manager will fully cooperate with any outside accounting firm in the preparation of any tax returns.

- Accounting Manager shall support special assessments requested by Association to the extent considered normal and customary (one- time payment) whereas work in excess of what is considered normal and customary (beyond one payment), shall be charged as defined in the Compensation Addendum.

- Accounting Manager shall make the current fiscal books of the Association available for inspection and photocopying by Owners, in compliance with Florida law and Association Documents.

G. *COLLECTING ASSESSMENTS*

Collect all regular and special assessments and other charges from Owners, and deposit all receipts collected for the Association into an account maintained by the Association. Association shall maintain a lock box and coupon or statement payment program for assessment fees. As and when directed by the Board, Accounting Manager may take such action in the name of the Association as may be required for the collection of delinquent assessments, which may include the use of Association's attorney for legal action. Both parties note there is a fiduciary relationship between Accounting Manager and Association and the collection of assessments and other sums for the Association from its members is incident to that relationship.

Accounting Manager may charge Association, and on Association's behalf shall then also charge Owners, for certain collection activities related to overdue payments by Owners when allowed by Florida law and Association Documents.

H. *EMPLOYEE RELATIONS:*

Recruit, interview, hire, train and dismiss as needed for the Association, employees in all positions determined necessary by the Board of Directors. If employees are deemed necessary, Accounting Manager shall be responsible for items (i) through (vii) herein; otherwise, these provisions are not applicable.

(i) Association agrees to be bound by Accounting Manager's Employee Handbook in regard to all employees under the supervision of the Accounting Manager. It is expressly understood that the decisions regarding the staffing level and compensation rates for the employees shall be established by the Association's Board of Directors.

(ii) Determine employee salaries from time to time, based upon such factors as experience and performance, within the approved constraints of the Association budget and the direction of the Board of Directors. If an on-site part-time(s) and/or full-time person(s) is/are desired by the Board, Association will pay Accounting Manager all direct and indirect costs for the wages/salary, Manager's administration fees, holiday bonus, vacation pay, unemployment taxes, payroll taxes and other taxes imposed by any governmental body having jurisdiction over employment or personnel, worker's compensation insurance and health insurance, from Association funds. The Association shall be obligated to advance the pay of each employee a minimum of twenty-one (21) days for each employee's employment package.

(iii) At no time is the Accounting Manager obligated to come out-of-pocket for any employee related costs and the Accounting Manager assumes no responsibility for any direct and or indirect costs related to any said employee(s), assigned to the Association's property. It is understood that the employee costs are subject to change at any time due to changes in Federal and State tax rates, workers compensation, health care..., etc., and Accounting Manager is authorized to make such adjustments to meet those requirements, regardless of what month it is as it relates to the budget and or fiscal year of the Association.

(iv) Evaluate employee performance and counsel employee on work related responsibilities and or problems. Accounting Manager shall establish and implement employee policies specific to said property, (such as work schedules), benefits, vacation time, sick leave and health insurance, for all persons necessary in order to properly maintain and operate the Association. Job descriptions for all employees setting forth matters such as duties, hours of employment and other such matters shall be approved by the Association. Such personnel shall in every instance be in the Agent's and not the Association's employ; however, Agent shall not discharge any employee without the prior approval of the Board of Directors unless failure to discharge would result in legal liability of Accounting Manager.

(v) Accounting Manager is in the specific business of community association management. Accounting Manager is not an employee leasing company.

(vi) Excluding on-site personnel, the Association agrees that it shall not employ in any capacity any employee or former employee of Accounting Manager, who has been employed by Accounting Manager within twelve months immediately prior to termination of this Agreement for a period of three years thereafter.

(vii) Current on-site personnel will not be required to sign Accounting Manager's Non-Compete form. Should Replacement Employees be required in the future, Replacement Employees will be described as permanent employees of the Accounting Manager and will sign the Manager's Non-Compete form.

5. ASSOCIATION REPRESENTATIVE

The Association shall designate one (1) individual who shall be authorized to deal with Accounting Manager on all matters relating to this Agreement and the Accounting Manager's performance of its duties. In the absence of any such designation, the President of the Association shall have this authority. The Accounting Manager's operations and performance shall be reviewed once a year, by this designated person.

6. RELATIONSHIP OF PARTIES.

A. *AGENCY*

(i) All actions by Accounting Manager with respect to financial reporting and collection of debt under this Agreement shall be as Agent for the Association. All obligations and/or expenses properly incurred in the performance of the Accounting Manager's duties and obligations shall be for the account of, on behalf of, and at the expense of the Association. Accounting Manager shall not be obligated to make any advances to, or for the account of, or to pay any obligations of the Association except out of the funds provided by the Association.

(ii) Association agrees to indemnify, protect, defend and hold harmless the Accounting Manager against all claims made against Accounting Manager.

B. *INDEPENDENT CONTRACTOR*

Accounting Manager, its employees and agents, shall be deemed to be independent contractors and not employees of the Association. The Accounting Manager shall be free to contract for similar services to be performed for other entities (other associations), while it is under contract with Association.

7. ASSIGNMENT

The Accounting Manager may assign its rights and duties under this Agreement with the expressed written consent by Association; such consent may not be unreasonably withheld.

8. SEVERABILITY

In the event that any portion of this Agreement is held to be illegal, void or otherwise inoperative by a court of law or other tribunal having jurisdiction, that portion shall be severed from this Agreement, and the remaining portion of this Agreement shall remain in full force and effect.

9. CREDITORS

Accounting Manager is not, and never shall be, liable to any creditor of Association or to any claimant against the property of an Owner. Nothing contained in this Agreement shall constitute, or be construed to be or create, a partnership or joint venture between Association, its Owners and the Accounting Manager.

10. NOTICES

Whenever written notice shall or may be given to either of the parties by the other, each such notice shall be in writing and be by registered or certified mail addressed as follows:

To Association at:

ASSOCIATION OFFICE
555 S. Gulfstream Avenue
Sarasota, FL 34236

To Accounting Manager at:

Lighthouse Property Management, Inc.
460 N. Tamiami Trail
Osprey, FL 34229
Attn: Mr. Jeff McDuffie

The foregoing addresses may be changed by notice in like manner.

11. OWNERSHIP OF DATA

All records pertaining to Association which are created, received, and/or retained by Accounting Manager remain the property of Association. The Accounting Manager shall make such records available to the Board upon request.

12. BINDING EFFECT

This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns, and may not be waived, modified, supplemented or otherwise altered unless in writing, signed by the parties authorized to make such changes.

13. APPLICABLE LAW

This Agreement shall be construed to be in accordance with the laws of the State of Florida which will be controlling with respect to this Agreement and its provisions, and venue shall be in Sarasota County, Florida.

14. ENTIRE AGREEMENT

This Agreement and Addendums hereto embodies the entire understanding of the parties and there are no further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereby execute this Agreement.

For Association:

Name JANET D. NOAH — Date 11.09.2017 — Witness 1 JUDY KROHNGOLD

Title President, Royal St Andrew — Witness 2 Julie Trimple

For Accounting Manager:

Name Jeff McDuffie — Date 11/8/2017 — Witness 1 Thomas Richardson

Title CFO — Witness 2 Thomas Greaney

Compensation

Addendum to the Agreement

Addendum to the Agreement entered into between Accounting Manager and The Royal St. Andrew Association, Inc., this 8th day of November, 2017.

A. *ACCOUNTING MANAGER'S FEE*

The Accounting Manager's fee for services under this agreement shall be $400.00 per month, paid in advance, on the first day of each month. Three (3) months after the commencement of this agreement, the Accounting Manager is authorized to automatically pay the Accounting Manager's Fee to itself, via ACH transfer, from Association funds as a normal monthly expense.

The Accounting Managing Agent's fee shall be renegotiated each year between the months of August and October. If said increase is approved, it shall become effective on January 1st of the following year.

B. *SEPARATE COST ITEMS*

The Association will pay or reimburse Accounting Manager separately for the following services and/or costs:

1. COUPON BOOKS: Coupon books are to be paid for by the Association per the Monthly Expense Sheet. The Accounting Manager shall notify Association of requested changes to Accounting Manager's Monthly Expense Sheet at least one week prior to the Board's scheduled approval of Association's budget, for its forthcoming fiscal year.

2. MASS MAILERS: Printing and postage of any mass mailer package. This will include postage, envelopes, labels, copying and secretarial costs. For Non-Mass Mailers, printing and postage or transmission costs for individual statements, minutes and or notices, duplication of any reports, coupons, forms, letters, and/or correspondence shall be invoiced per side, as per the current Monthly Expense Sheet.

3. ESTOPPEL AND OTHER LEGAL FORMS: Accounting Manager shall process requests for estoppel certificates. Accounting Manager shall furnish the requested information upon receipt of notice from title companies. Such forms shall be processed at a fee payable by Owner or applicant to Accounting Manager and will be charged Two Hundred and Fifty dollars ($250) for processing their forms. Owners refinancing their unit will be billed One Hundred dollars ($100). (These figures are subject to change in the Monthly Expense Sheet. This is not an Association expense.)

4. ADMINISTRATIVE FEES: Accounting Manager will perform collection activity on behalf of the Association. Association shall compensate Accounting Manager on a monthly basis for collection action of past due assessments as follows: Issuance of "Reminder Notices"; $15.00 each, and "Intent to Lien Notice"; $30.00 each. "Turnover File" to the attorney; $45.00 each. These fees will be reimbursed by the Owner to the association at the time their debt is paid. In the event the Owners' checks are not honored because of insufficient funds, Accounting Manager shall charge Owner, a processing fee equal to that charged by the financial institution to Accounting Manager, but in no case less than $100.00 per check.

5. AUDITS AND/OR SPECIAL ASSESSMENTS: Accounting Manager's fee for additional support of reviews and audits, as defined in section 4.F of the Agreement, or for accounting projects outside the scope of this agreement shall be billed at one hundred dollars ($100.00) per hour.

   If the Association elects to have a special assessment of its members beyond one scheduled payment, the manager shall prepare and create the notices for a fixed fee of $175.00, whereas the continuing accounting program for the duration of the special assessment payment program shall be billed out at $ 2.00 per unit, per month.

6. SPECIAL LISTS AND NOTICES: Authoring or development of any unusual lists of renters and/or e-mail lists required by Association are not considered part of Accounting Manager's normal duties herein (examples are authoring of special assessments, directories, mailers, document updates…etc.) will be billed at $75.00 per hour for Accounting Manager's time.

7. ON-SITE PERSONNEL: Accounting Manager shall charge a 10% Human Resources/Payroll Fee based on the gross wages of all onsite employees assigned to the Association.

For clarification issues, there will be no charge for the following items:

- Processing and setting up financial forms.
- Preparing and e-mailing monthly financials to the Board of Directors.
- Telephone calls.
- Setting up additional bank accounts.
- Administering additional bank accounts.
- Purchasing certificates of deposits.
- Rolling over certificates of deposits.
- Changing association bank accounts.
- Renewing bank signature cards.
- Assisting in the preparation of income tax returns.
- Tracking and/or expending reserve funds.

To further describe services being provided:

<u>Financial Management</u>

1. We furnish monthly financial statements for the Association, which shall include Balance Sheet, Statement of Revenue and Expenses, Reserve Component Analysis, Checkbook Reconciliations, Aged Receivables and Payable Schedule according to Certified Public Accountants Generally Accepted Accounting Principles. These statements are provided to the board a week before your monthly meetings. The accountant is available to meet on-site with your treasurer at any time to go over any financial questions or concerns.

2. We prepare prompt disbursement and payment of all obligations and expenditures for the Association when due from Association funds through our established invoice approval procedure with Board of Directors detailing amounts Lighthouse Property Management is authorized to approve, require approvals and payment process. We provide a courier service, at no additional charge, who visits your Board representative twice a week, to collect invoices and to deliver checks. Along with the delivery of checks, is a list of anticipated payables for the next six months. Board members will determine who will be signatory on checks issued.

3. We provide information for filing governmental agencies forms, reports and returns including federal and State Income tax.

4. We prepare monthly, quarterly, semi-annually and/or annual billings for the maintenance fees of the Association's members.

5. Bill, collect and receive, in the name of the Association, all budgeted maintenance and reserve fees.

6. Initiate a standardized written "Collection Policy' established cooperatively by Lighthouse Property Management, your documents, Florida Statutes, legal review and the Board of Directors. Follow-up on all delinquent accounts. Proceed with collection and lien action through legal retainer when authorized by the Board of Directors. Furnish the Board of Directors with a monthly list of delinquent accounts receivables.

7. Maintain a proper accounting of Reserve Component activity for the Association.

8. Provide assistance to any accounting firm engaged by the Board of Directors to perform required accounting or audit services. Preparation of any tax returns shall be at the Associations' expense.

9. Administer the financial records in compliance with Florida Statutes and in accordance with generally accepted accounting principles.

10. Establish and maintain bank account(s) in the name of the Association (e.g., Operating Accounts, Reserve Accounts, Money market and/or Treasury Accounts, Certificates of Deposit), as required or as necessary. Funds are not comingled with other Clients' or Lighthouse Property Management Corporation funds. Lastly, the Board of Directors will determine what bank the association will use and who will be on the Bank account as a signer. (It is a policy of Lighthouse Property Management, where we prefer not to be a signer on your bank account(s).)

11. Consult with professional money managers and the Board to determine best financial vehicle for association funds to realize best return.

<u>Human Resources Support</u>

Lighthouse Property Management provides a full-service Human Resources department which includes but is not limited to: Full background checks and drug testing for employees, job descriptions, employee handbook, policies and procedures manual, online tracking system for hourly employees, pool of applicants screened for replacement purposes, HR advice and recommendations that protect your Association and a comprehensive benefits program for your staff. Our hands-on training approach is ongoing, ensuring the highest level of performance from your employees. Through webinars, local support and an Annual Staff Meeting, Lighthouse has established a system of checks-and-balances that work to achieve the highest level of success.