



CONSOLIDATED Real Estate Services Inc.

500 Parkside Place, 602 – 12th Avenue S.W., Calgary, Alberta T2R 1J3
Tel.: (403) 571-6700 Fax: (403) 261-3985 Web: www.cresi.com E-mail: info@cesi.com

MANAGEMENT AGREEMENT

THIS AGREEMENT made and entered into this 17th day of July, A.D., 2009.

BETWEEN:

CONDOMINIUM CORPORATION NO. 9811439

(commonly known as "Darlington Arms")

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

OF THE FIRST PART

- and -

CONSOLIDATED REAL ESTATE SERVICES INC.

Suite 500, 602 - 12 Avenue S.W., Calgary, Alberta, T2R 1J3
(hereinafter called "The Manager")

OF THE SECOND PART

WHEREAS a complex of Forty (40) condominium units or dwellings and related facilities and common property associated herewith, located at 317 – 14th Avenue S.W., Calgary, Alberta (hereinafter called "The Condominium"), has been constructed on those certain lands and premises described as:

Condominium Corporation No. 9811439
(including forty (40) units and common property comprised therein)
(hereinafter referred to as "The Said Lands");

AND WHEREAS The Corporation was created pursuant to the provisions of The Condominium Property Act of Alberta, 2000, as amended or any act passed in substitution or replacement thereof (hereinafter called the "Act").

AND WHEREAS The Corporation, under the provision of its Proposed By-laws, has the authority to engage a management agent on behalf of The Corporation to manage the Condominium;

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

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

1. The Corporation hereby employs the Manager exclusively to manage the Condominium for a period of the initial Term, being One (1) Year & Six (6) Months, from the Commencement Date of July 1st, 2009, and thereafter for yearly periods from time to time unless on or before sixty (60) days prior to the expiration of the Initial Term or any renewal term either party hereto shall notify the other in writing it elects to terminate this Agreement at the end of the said period subject to earlier termination as hereinafter provided.
2. The Manager agrees to manage the Condominium to the extent, for the period, and upon the terms and conditions herein provided.
3. More particularly, the Manager agrees to perform the following services in the name of and on behalf of The Corporation and The Corporation hereby gives The Manager the authority and powers required to perform these services.

- (a) The Manager shall collect and, as necessary, receipt all monthly assessment and contributions and other charges due to The Corporation for operation of the Condominium including any special levies, contingency and reserve funds included therein or relating thereto provided that the Manager shall have no responsibility for collection of delinquent assessments and contributions or other charges except sending notices of delinquency once a month unless otherwise authorized and directed by The Corporation. When authorized, the preparing, registering and discharging of Caveats filed by the Manager on behalf of The Corporation pursuant to Section 39 of The Condominium Act of Alberta, shall be at the expense of The Corporation. The Manager and The Corporation may mutually agree to assess additional amounts against the defaulting owners in collecting the arrears. The Corporation hereby authorizes the Manager, as its agent, to charge interest on the arrears of assessments of defaulting Owners and represents that the By-laws grant The Corporation the power to collect such interest.

It is acknowledged by the Manager that subject to the direction of the Corporation, they will file caveats on those units whose condominium fees remain unpaid for a period equal to two (2) calendar month(s).

- (b) The Manager shall maintain records showing all its receipts and expenditures relating to the Condominium and shall promptly submit to The Corporation, or its nominee, Operating Financial Statement for the preceding month and a statement indicating the balance in the Manager's account for the Condominium on or before the twentieth (20th) day of the following month.
- (c) The Manager and/or Board of Directors collectively shall prepare and submit to The Corporation, or its nominee, on or before the first day of the month preceding the opening month of the next

fiscal year, a recommended budget for the operation and management of the Condominium for the next fiscal year, showing anticipated receipts and expenditures for such year and assist The Corporation in determining the appropriate amount of assessments or contributions to be paid by each owner of a unit for common and administrative expenses as required by the Act and the By-laws of The Corporation and to recommend such revisions thereof as may from time to time be appropriate and to administer such funds on behalf of The Corporation. No action or purchases under the budget shall be undertaken until the budget (in original or modified form) is first approved by The Corporation.

- (d) At the request of the Corporation, after the end of each fiscal year, the Manager shall submit to The Corporation a summary of all receipts and expenditures relating to the Condominium for the applicable period, provided that this service shall not be construed to require the Manager to supply an audit. Any audit required by The Corporation shall be prepared at its expense by accountants of its selection.

The Manager agrees to supply to The Corporation, in addition to the statements of receipts and disbursements hereinbefore referred to, an annual recap by month of total receipts and disbursements for the previous twelve (12) month period.

- (e) Subject to the provisions of any restrictions contained in the By-laws and at the direction and at the expense of The Corporation, The Manager shall cause the common property of the Condominium to be maintained according to appropriate standards of maintenance consistent with the character, age, size and location of the Condominium, including:
- (i) Cleaning, painting and such other regular maintenance and repair work of that part of the buildings in the Condominium constituting common property as may be necessary or as directed by the Corporation; and
 - (ii) Maintenance of the lawns, flower beds, shrubs and trees, i.e. mowing, cutting, trimming, pruning, cultivating, fertilizing, watering, and aerating, as may be reasonably required. The Manager agrees to establish written specifications for landscaping services, to firstly be approved by The Corporation, prior to requesting written tenders for the ensuing year; and
 - (iii) Spring and fall clean up; and
 - (iv) Clear snow, slush and debris from and maintain the common driveways and common walkways to keep the said areas neat and clean in appearance; and
 - (v) Such other regular maintenance and repair work as may be necessary or as directed by The Corporation; and

- (vi) The Manager agrees to inspect the common property once a month; and
 - (vii) In the event The Corporation requires a planned program of rehabilitation or restoration of part or all of the common property, The Manager may be requested (should The Manager so choose) to coordinate and/or supervise such program. The Corporation acknowledges that a separate fee will be charged by The Manager, such fee to be negotiated between the parties prior to any commencement of such program.
- (f) On the basis of the budget, job standards and wage rates, previously approved by The Corporation, the Manager shall negotiate agreements to hire, supervise and discharge engineers, janitors, grounds workers, and other contractors required to maintain and operate the Condominium properly. Site Building Managers shall be employees of the Manager and all salaries, taxes and all other payroll cost and expenses payable on account of such employees shall be common expenses of the Condominium and fully recoverable by the Manager.
- (g) The Manager shall use its best endeavours to ensure that no claim or lien shall be filed in respect of any work which may be carried out on behalf of The Corporation against title to the said lands or any units or the common property and if a claim or lien shall be filed in respect of such work it shall forthwith take all necessary steps to have the same removed and discharged.
- (h) The Manager shall execute and file all returns and other instruments and do and perform all acts required of The Corporation as an employer in respect of unemployment insurance contributions and deductions, Canada Pension Plan contributions and payments and the Canada Income Tax Act and any other contributions or payments required under any social, labour or tax legislation in force from time to time (and in connection therewith The Corporation agrees, upon request, to execute and deliver promptly to the Manager all necessary powers of attorney, notices of appointment and like approvals or directions).
- (i) Subject to the direction of The Corporation, the Manager shall negotiate and execute on behalf of The Corporation contracts for water, electricity, gas, and such other services for that portion(s) of the Condominium constituting common property as may be necessary or desirable (but not any individually metered units). The Manager shall also purchase on behalf of The Corporation such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the Condominium. All such purchases and contracts shall be in the name and at the expense of The Corporation. The Manager shall not collect or charge any undisclosed fee, rebate or discount and if any should be received by the Manager the same will be held for and credited to the account of The Corporation and the Manager shall credit The Corporation with any discounts, commissions or rebates obtainable as a result of purchases made on behalf of the Corporation in pursuance of this Agreement. The Manager must disclose to The Corporation any majority shareholder position it holds in any company offering services to The Corporation.

Minority shareholder positions must be disclosed to The Corporation should The Corporation not have a choice in selecting such company.

- (j) The Manager shall pay from the funds it receives from The Corporation all taxes payable by The Corporation, all applicable building and insurance premiums on policies of The Corporation, water rates and other municipal or governmental charges, and all other charges or obligations incurred by The Corporation with respect to the maintenance or operation of the Condominium or incurred by the manager on behalf of the Corporation pursuant to the terms of this Agreement or pursuant to other authority granted by the Corporation.
- (k) The Manager shall maintain appropriate records of and shall assist and make recommendations in the placement of all insurance coverage required to be carried by The Corporation pursuant to the Act or By-laws. The Manager, through the insurance agency selected to place insurance on behalf of The Corporation, agrees to advise The Corporation of the nature and extent of the insurance coverage required to be carried by The Corporation.

It is understood and agreed that the placement of any insurance on behalf of The Corporation by the Manager shall only be upon written instructions from The Corporation to the Manager. Except in the instance where the Manager is reckless or grossly negligent, the Manager will be held harmless in the event of any claim, suit or charge by any person whatsoever with regard to claims for damage relating to the ownership, operation and maintenance of the common property of the Condominium including any damage or destruction thereto.

- (l) The Manager shall use reasonable efforts in the coordinating of schedules for purchasers and other occupants of Condominium Units for moving in their personal effects in or out of the Condominium.
- (m) The Manager shall keep The Corporation and all owners of units advised of the telephone number or numbers at which an agent or representative of the Manager may be reached at any time during normal business hours in respect of any breach or violation of the By-laws or of any rules and regulations for the time being in force of the Corporation. The Manager shall also keep the Corporation advised of the telephone number at which his representative can be reached at other than normal business hours in the event of an emergency. The Manager shall forthwith report to The Corporation any major emergency or any persistent, flagrant or serious violation which might reasonably be expected to be brought to the attention of The Corporation and vice versa. It is understood and agreed by the parties hereto that the Manager shall in its discretion determine whether or not an emergency exists and whether or not such emergency is of a minor or major nature. The Manager shall deal promptly with such infractions and deal immediately with any emergency arising in connection with the maintenance and operations of the common property which is determined as such by the Manager.

- (n) The Manager shall, based on the information and documents made available to it, attempt to keep an up-to-date record of the names and addresses of all Unit Owners and any lessee thereof which it has knowledge of. If The Corporation receives notices or notifications from registered mortgagees or other persons claiming an interest in a Unit, The Corporation shall forthwith communicate that information to the Manager.
- (o) The Manager, on behalf of The Corporation, shall on the application of a Unit Owner or any person authorized in writing by him provide estoppel certificates as anticipated by Section 39(6) of The Act. Similarly, upon the written request of an owner, purchaser or mortgagee of a Unit, the Manager on behalf of The Corporation, shall within ten (10) days of receiving that request, provide to the person making the request all or any of the statements required. The Manager shall as authorized in the By-laws, be entitled to collect from and charge the requesting party, for its own account, a reasonable fee to compensate it for the expenses it incurs in producing and providing the materials referred to herein on behalf of The Corporation.
- (p) The Corporation shall advise the Manager of any leases or other dispositions of the common property or any part thereof made by it and the Manager shall maintain records of such dispositions.
- (q) The Manager, at the direction of The Corporation, agrees to register at the Land Titles Office any change in address for service of The Corporation or any change in the Board of Directors of The Corporation in the forms required by the Act and the regulations passed pursuant thereto and to comply with any reasonable request for the names and addresses of the persons who are members of the Board of Directors.
- (r) The Manager shall assist, advise and cooperate with The Corporation in providing any documents requested by governmental authorities having jurisdiction in that regard.
- (s) The Corporation and the Manager shall periodically consult with each other with a view to revising the By-laws and any rules and regulations to further the harmonious and satisfactory operation of the Condominium for the common benefit of all Unit Owners. At the request and cost of The Corporation, the Manager agrees to forward to the Unit Owners copies of any revised By-laws, rules or regulations with a covering explanatory letter of memorandum.
- (t) Subject to the direction of The Corporation and at the expense of The Corporation, the Manager agrees to:
 - (i) Commence and prosecute proceedings to enforce the By-laws pursuant to Section 32 of the Act;

- (ii) Impose and collect deposits under Section 53(3) of the Act, give notice to give up possession of Units under Section 54 of the Act and make application to the Court under Section 55.

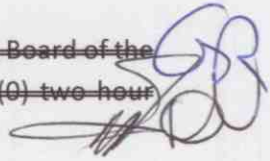
The Corporation shall pay to the Manager Seventy Five (\$75.00) Dollars per hour plus costs and expense reasonably incurred for the time of the Manager spent in Court on behalf of The Corporation pursuant to this Paragraph.

- (u) Subject to the direction of The Corporation, The Manager, on behalf of the Corporation agrees to account for deposits pursuant to Section 53(3), (4), and (7) of the Act. The Corporation agrees to pay the Manager a reasonable fee to compensate it for the expenses it incurs in producing and providing the cheques and the accounting service referred to herein on behalf of the Corporation. For greater clarification, the fee contemplated herein is limited to the cost of the cheque stock produced by the Manager and any service costs levied by the Bank in the operation of the trust accounts of the Corporation.
- (v) The Manager shall not be responsible for failure to have performed any of the above services caused by strikes, unavoidable casualties or for any cause beyond the control of the Manager.

4. In discharging its responsibilities under Paragraph 3 hereof, the Manager shall not make any single expenditure nor incur any non-recurring contractual obligation exceeding Two Thousand (\$2,000.00) Dollars without the prior written consent of The Corporation UNLESS such expenditure or obligation is provided for in the current budget of the Condominium provided that no such consent shall be required to pay any advances made by the Manager under the terms of Paragraph 6. Notwithstanding the limitations imposed by the preceding sentence, the Manager may, on behalf of The Corporation without prior consent, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Condominium or its owners and occupants or may threaten the suspension of any necessary service to the Condominium.
5. Notwithstanding any other provision of the Agreement, the Manager is given no authority or responsibility for maintenance of or repairs to individual dwelling units or their privacy areas, in the Condominium that do not form part of the common property. Such maintenance and repairs shall be the sole responsibility of the owners individually, or any Rental Pooling Agreement agreed upon.
6. (a) The Manager agrees that all monies collected by it on behalf of The Corporation shall be deposited and kept in an account (separate from the Manager's personal account) in a Canadian Chartered Bank or Trust Company. Funds surplus to the current requirements of The Corporation shall from time to time be deposited in interest-bearing term deposits with such bank or trust company. The Manager agrees to advise the Corporation of the interest being earned on all term deposits and/or savings accounts.

- (b) All expenses of operation and management may be paid from the funds received from The Corporation and held by the Manager; the Manager is authorized to pay any amount owed to the Manager by The Corporation from such account at any time without prior notice to The Corporation. The Manager shall have no obligation to advance funds to The Corporation for any purpose whatsoever. At its option, however, the Manager may, upon request of The Corporation, advance funds to The Corporation. The Corporation shall pay interest on such advances at the rate of Two (2%) per cent per month.
 - (c) The Manager agrees that all its employees who handle or are responsible for the safekeeping of any monies of The Corporation shall be covered by a fidelity bond protecting The Corporation.
7. (a) The Corporation shall pay to the Manager as compensation to it for the services to be rendered by the Manager in accordance with this Agreement the sum of Seven Hundred Dollars (\$700.00) per month, plus G.S.T., which equates to Seventeen Dollars and Fifty Cents (\$17.50) per unit, per month, plus G.S.T., to be payable on the first day of each and every month during the term of this Agreement.
- (b) Further renewal management fee increases will be deemed to be approved as outlined in the Annual Budget.

8. ~~The Manager or an officer or employee thereof shall, be available to attend meetings of the Board of the Corporation during the business days of Monday through Thursday, not to exceed NIL (0) two hour meetings per annum.~~



The Manager also agrees to be available and attend the Annual General Meeting of The Corporation. In the event the Board of the Corporation requires the Manager to attend additional meetings the Manager shall be entitled to receive One Hundred Dollars (\$100.00) per hour, or any part thereof.

9. (a) The manager shall keep copies of the official records of the Board of The Corporation, but shall not be required to record the minutes of the meetings. The Board shall keep all official records in a safe place.
- (b) Either party may terminate this Agreement at any time subsequent to the original term of the contract by giving the other party not less than sixty (60) days prior written notice.
10. The Board of The Corporation shall, from time to time, designate a single individual who shall be authorized to deal with the Manager on any matter relating to the management of the Condominium. In the absence of any other designation by the Corporation, the President of the Board shall have this authority.

11. (a) The Manager shall have no authority without express direction to the contrary, to make any physical or structural changes in the Condominium or to make any other major alterations or additions in or to any building or equipment therein, except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Condominium or the safety of the owners and occupants or are required to avoid the suspension of any necessary service to the Condominium.
 - (b) The Manager is given no responsibility for compliance by The Corporation or by any of the owners, in respect of any ordinances, laws, rules or regulations and whether municipal, provincial, federal or made by any public authority or official thereof having jurisdiction over it, except to notify The Corporation promptly, or forward to The Corporation promptly, any orders, complaints, warnings, notices, summonses or like documents received by it relating to such matters. The Corporation represents that, to the best of its knowledge, the Condominium complies with all such requirements and agrees to indemnify and hold harmless the Manager, its agents, servants and employees of and from all loss, cost, damage, expense or liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, rules or regulations, except where unlawfully or negligently omitted or violated by the Manager or any of its agents, servants or employees.
12. At all times the Manager shall act in the best interest of the corporation and in so acting, the Manager shall not be influenced to the detriment of the Corporation by reason of any financial or other relationship it may have with any other person, firm or corporation. All information on the development, management or disposal of the Condominium, or of any units or parts thereof, and of The Corporation whether financial or otherwise, shall be treated and forever held confidentially, and this provision shall survive any termination of this Agreement.
13. The Corporation further agrees:
- (a) Save and except where there is insurance coverage as set forth herein, to indemnify and save the Manager harmless from and against all claims, demands, actions, causes of actions and suits in connection with the Condominium and from liability for damage to property and injuries or to death of any owner or any officer, agent or employee of the Corporation or other person whomsoever and to carry at its own expense public liability and property damage insurance naming The Corporation and the Manager as insureds, which insurance shall be in form, substance and in amounts satisfactory to the Manager and The Corporation and to furnish to the Manager certificates evidencing the existence of such insurance upon request. Insurance coverage which complies with the Act and the By-laws shall be deemed to be satisfactory insurance.
 - (b) To pay all expenses incurred by the Manager including without limitation, legal fees and disbursements on a solicitor/client basis for counsel employed to represent the Manager or The Corporation or any one or more of them, of any provision, statute, ordinance, law or regulation

including without restricting the generality of the foregoing, a law relating to environmental protection, fair housing or fair employment (unless in either case the Manager is finally adjudicated to have personally and not in a representative capacity violated such provision, statute, ordinance, law or regulation), but nothing herein contained shall require the Manager to employ counsel to represent The Corporation in any such proceeding or suit.

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

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

- 14. In the event of any dispute arising between the parties hereto relating to any question of construction or interpretation of this Agreement or of the privileges, rights, duties or liabilities of the parties hereunder or of either of them, such dispute or question shall be submitted to arbitration by notice given by one party to the other. Upon such notice being given, the dispute shall be determined by the award of the three arbitrators, or by a majority of them, one to be named by each party thereto, and each party shall name its arbitrator within thirty (30) days after giving notice as herein provided, and the third arbitrator shall be selected by these arbitrators within seven (7) days after both have been nominated. If either party shall neglect or refuse to name its arbitrator in the time specified, or to proceed with the arbitration, the arbitration and the award of such arbitrators shall be final and binding upon both parties. If the third arbitrator is not named within the stated seven (7) day period, either party may make application to the Court of Queen's Bench for the appointment of a third arbitrator. The arbitrators shall have all the power given by The Arbitration Act of Alberta, as amended, or any legislation passed in substitution or replacement thereof, and may at any time proceed in such a manner as they may see fit on such notice as they may deem reasonable in the absence of either if such party fails to attend the arbitration. The award and determination of the arbitration shall be final and binding upon both parties hereto and each party agrees not to appeal any such award of determination.
- 15. (a) The Corporation and the Manager shall abide by the Act, or any legislation passed in substitution therefore or replacement thereof, and By-laws of The Corporation as amended from time to time, and each acknowledges and agrees that this Agreement is subject to the provisions of the Act and the By-laws insofar as they are applicable to this Agreement and in the event of any conflict between the Act or the By-laws and any provision in this Agreement, the Act shall prevail. The

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

- (b) Words and expressions which have a special meaning in this Agreement have been notated within the particular clauses and are to be afforded such definition unless a contrary intent is expressed elsewhere in this Agreement.

16. Notwithstanding the other provisions hereof, this Agreement shall terminate upon any of the following events:

- (a) The insolvency or bankruptcy of the Manager or upon the Manager taking any steps to wind up its business voluntarily or otherwise.
- (b) On the termination of the condominium status of any building within the Condominium Corporation as it presently exists or as it may be amended.
- (c) If the Manager is insubordinate, reckless or grossly negligent in performing its duties hereunder.

17. In the event of any complaint, defect, failure or omission on the part of the Manager (save and except those set forth in Clause 16 hereof) or The Corporation, either party may give the other sixty (60) days notice to cure such complaint, defect, failure or omission, and should the same not be cured or dealt with to the reasonable satisfaction of the original party within such time, then upon written notice given by the original party to the other party, this Agreement shall terminate on the last day of the month during which such notice was given provided that, if this Agreement is a developer's management agreement, the provisions of Section 17 of the Act shall apply to any termination of this Agreement by The Corporation.

18. Upon termination of this Agreement:

- (a) The Manager shall, as soon as possible and in any event within sixty (60) days thereafter, render a final accounting to The Corporation and pay over any balance in the Manager's account remaining to the credit of The Corporation less any amounts necessary to satisfy commitments made by The Manager to others prior to the date of termination.
- (b) The Manager shall, as soon as possible and in any event within sixty (60) days thereafter, deliver to The Corporation all contracts, records, files and other documents or information subsequent to termination of this Agreement. Photocopies of financial records shall be provided to the new property management company for the cost of the photocopying, upon request.

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

CONSOLIDATED REAL ESTATE SERVICES INC.

Suite 500 Parkside Place
602 - 12 Avenue S.W.
Calgary, Alberta T2R 1J3


or addressed to The Corporation at The Corporation's address for service as shown on the Condominium Plan.

(b) Any such party may change its address for notice by sending notice to each of the other above named parties in the manner herein described.

20. This Agreement shall enure to the benefit and be binding upon the parties hereto and their respective successors and assigns.


IN WITNESS WHEREOF the parties hereby have caused these presents to be executed under their respective corporate seals as of the day and year first above written.

CONDOMINIUM CORPORATION NO. 9811439
(commonly known as "Darlington Arms")

Per: 
PRESIDENT

Per: _____
SECRETARY

CONSOLIDATED REAL ESTATE SERVICES INC.

Per: 

Per: 