

MyHOA-Online.com LLC

Homeowners Association Management Contract

Brandon Meadows Homeowners Association

5/16/2018



MyHOA-online.com LLC

HOA management made simple that simply works©

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**MyHOA-online.com LLC and Brandon Meadows Homeowners Association
Community Association Management Agreement
May 16, 2018**

This contract is made between Brandon Meadows Homeowners Association, here forward referred to as “the association,” and MyHOA-online.com LLC, also referred to as “the management company,” this 16th day of May, 2018 in Auburn, Washington. In consideration of the terms, conditions, covenants set forth in this document, the parties both agree to the following:

Agreement – definition, term, termination

MyHOA-online.com LLC’s management will be registered as agent for the association with the Secretary of State, Northwest Trustee Services and the association's insurance agency. As such, the management company is authorized to act as an extension of the association and its board for any legal interactions.

The management contract will commence on June 1, 2018 and auto-renew annually on the same day each year. The management company reserves the right to make changes to the agreement at any time, should it become aware that any of the information provided by the association be different than represented by the association in the exploratory process prior to signing the agreement. Any material changes to the agreement must be made in writing and with 30 days’ notice. Should the association not approve of the changes, negotiation may occur, or the association will have the right to end the agreement. Both the management company and the association must agree to all changes in writing.

Should either party wish to end the contract for any reason after the first year but before the next renewal date, either party can do so by providing written 60-day notice, either 60 days prior to the first renewal date (before the contract auto-renews), or with 60 days’ notice after the first year but prior to the next renewal date. When such written notice is provided by either party, MyHOA-online.com LLC will continue to provide services during the 60-day period to allow for wind-down and wrap up of the account and clearing of all checks, closing of bank accounts, and transfer of possessions to the association.

Should the association fail at any time to pay for past expenses incurred or the current month’s management fees, for any reason, including bankruptcy or insolvency of the association, the association will be in default of contract. Should this occur, MyHOA-online.com LLC will no longer be obligated to perform any services and will have legal recourse to recover the remaining months’ service fees for violation of contract.

If this agreement is terminated for any reason, MyHOA-online.com LLC will, within 30 days following the 60-day notice period whether given or not, provide the association with electronic versions of its data only. MyHOA-online.com LLC’s software/database is the sole property of MyHOA-online.com LLC. All physical property, bank balances in the form of a cashier’s check, and memory stick(s) containing all the association data entered during set up and collected during the term of the agreement will be provided to the board at a place and time to be negotiated by the board and the management company. Any data that is not easily exportable due to data complexity and/or database design will be provided in the form of a PDF also included on data stick(s). If the association does not provide a forwarding address within the 60-day wrap-up period, or immediately upon default, the management company will store the

possessions of the association for a period of up to 6 months, after which it will securely dispose of the paper records and bill the association reasonable fees for such storage and disposal costs. If not paid, the management company will have legal recourse to collect such costs.

Management Services & Responsibilities

Covenants enforcement will be handled exclusively through MYHOA-online.com LLC's online issues management system. The association board will be responsible for periodic walk/drive throughs and following up on issues within the timeframes specified in its fee-and-fine schedule. The management company will be responsible, once notified in the issues management system, for sending out an appropriate letter or notice for each issue. The management company may alert the board to issues requiring board follow up as a courtesy; however, the board is expected to utilize the online issues management system to stay on top of issues requiring follow up. The management company will not send out enforcement letters without verified follow up recorded in the issue management system.

The management company will make periodic common area walk/drive-through inspections at the request of the board; the management company recommends performing these walk/drive throughs in partnership with board members.

Management Service Details

Monthly Service Fee includes, but is not limited to:

- Annual billing and collection of dues. Collection of dues can be monthly, semi-annually, or annually, based on the needs of the association. MyHOA-online.com LLC will provide coupons to each homeowner in the annual billing.
- A MyHOA-online.com LLC web application account for your association. The URL belongs to your association; however, the software and database for MyHOA-online.com LLC is proprietary and owned by MyHOA-online.com LLC, all rights reserved. The association URL simply points to this database.
- Individual user accounts available for all association members, one per household.
- Board of director-level access to all accounts.
- Accounts payable.
- Financial reports and information. These are available online, in real time, and can be printed by board members whenever they wish. It is recommended that the treasurer print reports the board wishes to have in hard copy at the end of each month. Should service discontinue for any reason, the online reports will be available only through the expiration of the domain name registration period with MyHOA-online.com LLC. After that time, the raw data will be provided but not in web format.
 - Reports currently available include:
 - Overview report (high-level overview of financial summary, operations - Account Balances, Reserve Savings & Investments, Total Assets, P&L, and Expenses).

- Detailed reports currently include: assessments, cash flow, expenses paid, money received, owner balances, reimbursed expenses, deposits, prepaid dues, reserves, budgeting, P&L, and outstanding checks.
- Maintaining and updating a current homeowner list. MyHOA-online.com LLC will initially download all data based on King County records unless the outgoing management company has more current importable electronic records. As new information surfaces via communications with homeowners, Realtors and escrow companies, etc., the management company will try to maintain the most up-to-date records as possible through continuous updates. The management company makes no warranty on how up-to-date such records are as it relies on others to provide the needed information. Changes from the county are not sought out but may be discovered while resolving and researching issues.
- Direct coordination with all regular contractors and vendors except those that have been specifically arranged for by the association's board of directors.
- All stand-alone business mailings and invoices to homeowners, including but not limited to violation warnings/fine notices, delinquency notices, lien notices, etc., (postage not included).
- Two association-wide mailings per year (black and white only, may include annual billing, annual meeting notice, newsletter, special meeting notice or other mailings as deemed necessary by the board, postage not included). Additional mailings, after the first two are billed at \$.50 per home for general mailing or \$1 per home if customization, such as proxies and payment coupons, parcels or owners' names per mailing that must be matched up to the proper envelope, is required. Postage is not included in additional mailing costs.
- Oversight and guidance on issues management – CC&R violations, ACC requests and more.
- Coordination of the following: annual tax filing, 1099s, review or audit of financial accounts as applicable, reserve studies, project management (when using preferred vendors, vendors are paid directly by association for rendered services).
- Electronic records management (all records going forward and a minimum of current year expenditures and past assessments). Amount of historical input is at the discretion of the management company. Beyond the current year data, additional years may require additional data-entry fees based on the hourly rate of \$50 per hour).
- Physical records storage includes four bankers' boxes; additional boxes at \$2 each per month.
- MyHOA-online.com LLC management attendance at annual, special, and board meetings upon request, at no additional charge. MyHOA-online.com LLC can also host board meetings. To avoid conflicting association meetings, the association's board must plan with MyHOA-online.com LLC management company hosting and attendance is subject to availability.
- The management company's business hours are Monday through Friday 9 am to 6 pm. The management company observes all banking and postal holidays. The management company members take up to 15 business days per year vacation time; this has no impact on monthly management fees regardless of dates taken. Management company members may choose to

answer emails and calls during closed hours and vacations but anything that requires physical presence, including but not limited to bank deposits and mail pickup, will be delayed during these times. Management company members are available for evening and weekend meetings at the company's sole discretion.

Items Charged Separately

- One-time setup fee equal to the cost of one month of service payable in advance with signed contract.
- Monthly Unified Communications Service Fee. Includes but is not limited to use of shared PO box rental, voicemail and fax, online services such as unique URL acquisition and management/renewals, pointers, virtual storage up to 500MB, distribution list email address for board.
- Office supplies including, but not limited to, paper and envelopes, and printing expenses not covered by normal mailings.
- All postage (no mark ups, USPS cost only).
- Outside collection/legal services (reimbursed by homeowner in debt upon recovery).
- Escrow transfer fees vary depending on depth of required information for each association, no less than \$75 per transfer (paid by buyer).
- Periodic community property (parks, easements, etc.) inspections both with and without available board members.
- Excessive storage costs (both physical and virtual) exceeding four physical boxes and/or 500MB are not covered in the base rate. A \$2 per box and/or \$4 per each additional 500MB surcharge applies.
- Additional mailings, general or custom beyond the first two (black and white, see above for details).
- Additional hours as requested by the HOA for activities not included in day-to-day business, such as offsite meetings with attorneys, attending court, audit participation or other such unusual occurrences shall be billed at the hourly rate of \$50 per hour plus reimbursed mileage at the going IRS rate.
- MyHOA-online.com LLC reserves the right to charge, in the future, for extra services including but not limited to filing liens, split payments, etc., which would be paid by the owners requiring or requesting such services. The board will be notified via email in the month prior to the change occurring.

Compensation of Management

The Brandon Meadows Homeowners Association consists of 59 parcels and common areas.

The association dues for 2018 are set at \$88.75 per quarter, or \$355 per year.

MyHOA-online.com LLC's management rate is set at \$7.63 per lot per month for a billable total of \$450 per month.

MyHOA-online.com LLC considers many factors when setting the base cost for an association. The following are some of the factors that determine an association's service rate. The association board represents that:

- The association has a functioning and active board of directors, with no long-term board position vacancies beyond two months. There is no dysfunction among board members (i.e., board members with prior legal issues with the association or pending liens, pending violation issues, dues in arrears, or other personal relationship issues that may cause future litigation).
- The association's non-profit status is current, its Secretary of State corporate record is up to date, and it has a current association insurance policy with \$1 million minimum liability coverage and board and officer insurance.
- The association has no known outstanding debts or legal actions against it and has no anticipated actions against it.

The management service fee for the current month, UCSF (for a detailed description of the UCSF, please see details below), postage and any other expenses to be reimbursed for the prior month are auto-invoiced on the first of each month and paid immediately by electronic bank transfer. If the first of the month falls on a weekend or holiday, the payment will be made the business day before or after at the managements company's discretion.

MyHOA-online.com LLC does not accept prepayment of management fees beyond the current month and, as such, there is no "retainer," with pricing based on a pay-as-you-go service with an auto-renewing annual contract. The amount MyHOA-online.com LLC charges monthly is a set fee based on factors shared with the management company during the quote process. This quote process allows MyHOA-online.com LLC to estimate the amount of time required to manage the association's business. The set fee is a monthly charge and is not based on the amount of actual time spent on the account each month.

Postage and the Unified Communications Service Fee (UCSF) and any other reimbursed expenses paid to the management company are not included in MyHOA-online.com LLC's monthly management fee. MyHOA-online.com LLC will bill the association for these fees on the first of each month for the prior month, along with the management fee, which is billed and paid on the first of each month for the current month. The UCSF is an expense shared with other associations for common services paid in advance by the management company on behalf of all MyHOA-online.com LLC associations. This allows MyHOA-online.com LLC associations to share common costs, rather than each supporting a phone line, mail box, etc. The UCSF is currently \$19.80 per month and will be adjusted periodically based on actual costs divided by the number of associations sharing the costs. The board will be notified via email in the month prior to the change.

The management company, its members, contractors, preferred vendors, partners and employees are all independent contractors and not employees of the association. These individuals and all other personal representatives of the management company are not parties to this agreement, with the exception that they all enjoy the same indemnification as the agent.

MyHOA-online.com LLC will be responsible for paying all vendor bills. The management company will also cause to be prepared, by a tax prep professional, the annual 1120-H tax return and association-issued 1099s as required by law, if still contracted on January 15 each year for the prior year's payments. Fees for 1099 and tax preps are paid directly to the tax preparer used by the association. The preferred tax partner of MyHOA-online.com is currently JMBC – Jeff F. Moore, CPA, Auburn, WA.

Banking

MyHOA-online.com LLC's management will be the primary signatory on all association bank accounts.

All operational account banking will be with Chase Manhattan, MyHOA-online.com LLC's preferred bank. Reserve savings are recommended but not required to be with BECU. MyHOA-online.com LLC's management will be a signatory for any reserve accounts or other accounts of which MyHOA-online.com LLC would be responsible.

MyHOA-online.com LLC's management will be the primary authorized signatory on the primary business bank account along with the association president and treasurer. Removal of the management company from being the primary signatory on bank accounts or any other changes made to the terms and conditions herein, not agreed to by the management company, constitutes a violation of contract terms and would result in termination of further services from the date of removal/violation regardless of whether 60 days' notice has been given by either party. Should the association violate the terms of the agreement, it will still be liable for the initial year's management fees and any UCSF or expenses already incurred, if within the first year of the agreement, or the next 60 days' management fee prorated from the violation should it occur after the first-year anniversary, plus any expenses paid by the management company on behalf of the association prior to termination.

The management company will be in possession of a debit card that is linked to the association's primary operating checking account. We recommend that the association president (optionally) have an association account debit card as well.

MyHOA-online.com LLC uses electronic bill paying wherever possible. When a check is required, the manager will obtain counter checks (currently \$2 for a set of 3) or cashier's check or money order, no other checks or banking supplies will be required to be purchased by the association.

MyHOA-online.com LLC will create and manage a unique PayPal account for the association and attach it to the association's primary operating funds bank account. This will allow homeowners to pay association dues online with PayPal (which also includes the use of credit cards). PayPal account initiation is included in the management company's set-up procedures. PayPal transaction fees are paid by homeowners who chose to utilize it for payment. The management company adjusts the payment amount to reflect the total of the dues assessment plus the transaction fee (with no markup) so that the homeowner pays the transaction fee directly to PayPal. PayPal will retain that fee and the remaining amount that reflects the dues owed is deposited by PayPal into the associations PayPal account. Management makes transfers at least monthly from the PayPal account to the association's operating

account. PayPal transfers are documented in the physical records book. PayPal statements are available upon request.

ACH must be set up for monthly billing associations at the going rate of the preferred banking institution. MyHOA-online.com LLC does not mark up these charges, which are charged directly to the association account by the banking institution.

Insurance

Association insurance is required by law and the covenants. The insurance policy must at a minimum provide both general liability and directors' and officers' liability coverage. MyHOA-online.com LLC as association manager must also be included as an added insured with the directors and officers in this policy. The insurance company used is at the discretion of the management company unless otherwise agreed. MyHOA-online.com LLC currently uses American Family Insurance. Remaining coverage from any existing insurance policy will be retained, with the association's insurance coverage transitioned to American Family Insurance at the end of the original policy period. Should the board wish to transition sooner, the management company will be authorized to make this change prior to the end of the policy period. MyHOA-online.com LLC will list the association on the MyHOA-online.com LLC's business insurance, and MyHOA-online.com LLC will provide a certificate of insurance to the association.

Indemnification

The association agrees to hold the management company and its members, contractors and employees harmless for errors and omissions in the regular course of business, made in good faith, and to only pursue legal recourse in cases of gross negligence. Gross negligence is defined as the management company members' individual willful misfeasance, malfeasance, misconduct, or bad faith.

Other Terms and Conditions

The association will use the mailing address provided by MyHOA-online.com LLC as its business mailing address. All homeowners, contractors, vendors and applicable municipalities and agencies will mail correspondence directly to MyHOA-online.com LLC.

Earth Tech Industries is MyHOA-online.com LLC's primary landscaper and contractor. Should the association wish to use a different landscaper or contractors for maintenance or common area repairs, the association's board will be responsible for seeking bids from, hiring and coordinating and directing the actions of said contractor.

If the homeowner's association elects to continue using an already existing URL, it must be transferred to MyHOA-online.com LLC's registrar, Network Solutions, no later than two weeks prior to commencement of service. Delays in doing so will delay setting up your account. If an account is delayed in set up for this reason, no refund is given for down days. No prorated refunds are given for website outages not in the control of MyHOA-online.com LLC.

The association understands it is not the sole client of MyHOA-online.com LLC. As such, sometimes other associations' business may take precedence and that the association must allow a reasonable amount of time for MyHOA-online.com LLC to process requests in the order they are received.

What MyHOA-online.com LLC Does Not Do and Other Disclaimers

Professional Designation

The State of Washington does not require licenses for community association management companies such as MyHOA-online.com LLC. MyHOA-online.com LLC members are not real estate agents, property managers, attorneys or anything other than community association management professionals. They do not provide legal or real-estate advice, but opinions based on their past board and community association management experience. If you believe the information they provide requires it, we recommend you seek legal counsel before making any board resolutions or determination in which legal advice would be advisable. We are happy to help connect you with an association real-estate or business attorney who can assist you. Costs associated with an attorney's office or practice are the responsibility of the association. We do not mark up or receive commission to direct you to any legal office.

As a community association management firm, MyHOA-online.com LLC only manages common areas. The management company cannot lease, rent, or maintain specific real estate that requires a property manager or its employees. Rentals of clubhouses or other association property that is considered community property will require the signature of an authorized board member to enter into a legal agreement. MyHOA-online.com LLC can provide back-office support to make these arrangements between renter/lessor and the association.

Legal Services

MyHOA-online.com LLC does not provide legal advice, only oversight and guidance. At the request of the association board, MyHOA-online.com LLC can refer the board to legal services provided (at going rates) by our preferred law firm that specializes in association and/or property law. MyHOA-online.com LLC does not markup legal fees; the association pays the law firm directly.

MyHOA-online.com LLC reserves the right to refuse to carry out any illegal, unethical or questionable actions directed by any board of which, in MyHOA-online.com LLC's opinion or experience, may have negative legal ramifications. When such actions are in question, the association agrees to consult an attorney, approved by the management company, on the legality of the action on the part of the association manager at the association's expense.

Board Duties

MyHOA-online.com LLC does not act as a surrogate board of directors, and MyHOA-online.com LLC is NOT a replacement for the association's board of directors. The best communities have strong association boards, and our services can make the job of the board much easier, but (again) we do not act as a replacement for the board. The management company may opt from time-to-time, and at its own discretion, to assist board members with various duties. Such assistance does not obligate the management company to continue providing such assistance going forward. These services may include but are not limited to creating agendas, writing budgets, uploading minutes, issues updates, leading meetings, or any other duties normally assigned to board officers. MyHOA-online.com assists boards in self-managing, it doesn't manage the HOA in lieu of the board.

Compliance

MyHOA-online.com LLC does not handle day-to-day ongoing violations management. The management company's online issues management tool makes reporting, tracking, resolving and archiving violations much easier, and we will offer guidance as needed. There is, however, no substitute for dedicated homeowners in the community who volunteer time to make their community the best place possible to live and raise their families.

Accounting

MyHOA-online.com LLC do not have accountants on staff or accounting backgrounds. Any professional services in this area are performed by an independent contractor directly to the association. The MyHOA-online.com software is a database of information that can be used by the board to track monetary transactions. It is not warranted to follow standard accounting practices or terminology but designed to be used and understood by laymen. The database may employ different tracking models and processes than those used by traditional management companies.

Collection Services

Should a homeowner get into arrears and require collections to recover the monies owed the association, the homeowner becomes responsible for all fees the association incurs, including lien recording fees and legal fees. The association pays "out-of-pocket," and in advance, for any and all costs associated with the collection process. These costs are then recovered from the delinquent homeowner along with the homeowner's balance in order to clear debt owed to the association. Due to foreclosure and other circumstances beyond its control, MyHOA-online.com LLC neither guarantees nor implies that any particular debt will be collected. Legal action requiring attorneys will only proceed against a homeowner at the written request of the association's board.

Homeowners Offline

The core operation of MyHOA-online.com LLC is by definition "online," and the management company encourages all homeowners to participate in the association's operations electronically. However, some homeowners prefer to not be online or to not conduct business online. In these cases, communications between the association and any homeowner who is offline can still be done via phone, fax or regular USPS mail. Because most records are available to members online and can be printed and/or inspected as such, and MyHOA-online.com LLC does not have a brick-and-mortar office available to the public, hard copy records requested and required will be at the homeowners' expense at \$.10 per printed page plus mailing costs. These charges must be paid in advance of mailing. Homeowners can request copies of documents in writing, allowing reasonable time frame of notice to fulfill the request. The association bears the costs for any required language translations, written or verbal.

Customization

MyHOA-online.com LLC does not, as a general rule, make custom changes or enhancements to its proprietary software. The management company may, however, do so without additional charge, if the management company deems the change beneficial to its ongoing operations and/or other clients, current or future. Any such changes become the intellectual property of MyHOA-online.com LLC, not the association requesting it.

Contractors

The management company reserves the right to change preferred contractors as needs change and performance varies. The management company will always advise the association of any such changes in advance and if a significant change in costs occur with any contractor.

Severability

If any part of this agreement be deemed unenforceable by a court of law, all remaining terms and conditions will remain intact and legally enforceable.

The undersigned representatives, with the authority to do so on behalf of their individual organizations, agree to enter into the community association management service contract outlined above.

Bryan Berryman May 21, 2018
Bryan Berryman, Brandon Meadows Homeowners Association President Date

Michael D. Leighty 5/25/2018
Michael D. Leighty, Managing Member, MyHOA-online.com LLC Date

Denny Grosetaude 5/21/18
Denny Grosetaude, Brandon Meadows Homeowners Association Vice President Date