

CONDOMINIUM COMMON PROPERTY
MANAGEMENT AGREEMENT

THIS AGREEMENT made effective the _____ day of _____, _____.

BETWEEN:

CONDOMINIUM CORPORATION

a corporation incorporated under the laws of _____ (the "Corporation")

OF THE FIRST PART

- and -

TROPICAL FELGATE (CR) LTDA .

a corporation incorporated under the laws of the Republic of Costa Rica (the "Manager")

OF THE SECOND PART

WHEREAS the Corporation has agreed to appoint the Manager and the Manager has agreed to accept the appointment as the manager of the common property of the condominium project known as _____

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and covenants herein contained, the parties hereto agree as follows:

1. Definitions

1.01 For the purposes of this Agreement, the following words shall have the following meanings unless the context requires otherwise:

"Act" means the article No. 1259 of the Civil Code of Costa Rica as amended from time to time;

"Board" means the Board of Managers of the Corporation;

"By-laws" means the by-laws of the Corporation and includes the rules and regulations of the Corporation and any amendments or additions thereto.

"Condominium Plan" means Condominium Plan _____, as registered at the *National Registry of Costa Rica*

"Corporation" means the Condominium Corporation which is named _____;

"Emergency Situation" means a condition or situation or circumstance which, if not remedied or attended to without delay, would potentially result in damage or further damage to the Property or risk of physical impairment of persons present on the Property;

"Major Cause" means the willful misconduct or negligence of the Manager in performing its duties and obligations under this Agreement, or any other substantial default by the Manager under this Agreement;

"Management Fee" means the fee payable by the Corporation to the Manager in each Management Year and shall equal the sum of \$_____ Dollars (\$_____) multiplied by the number of units in the Condominium Plan, payable monthly;

"Management Year" means the fiscal year which commences on the 1st day of October in each year;

"Net Cash Surplus" means the gross revenue less the operating expenditures for any Management Year as determined by the Auditor, in accordance with generally accepted accounting principles and practices;

"Owner" means an owner of a condominium unit in the Condominium Plan;

"Operating Expenditures" means all operating expenditures incurred in the operation, management, supervision, maintenance, repair and upkeep of the Property and the Corporation, including, without limiting the generality of the foregoing:

(i) principal and interest payments on all loans, mortgages and other financial obligations arranged or agreed upon by the Corporation or its representatives;

(ii) expenditures in the ordinary course incurred in the operation, maintenance and management of the Property and the Corporation;

(iii) reasonable reserves to provide for payment of anticipated or future expenditures for major repairs, renewals and replacement of equipment and for contingencies;

(iv) the Management Fee;

(v) professional and brokerage fees and commissions payable in the ordinary course of business;

(vi) all other costs, charges, expenses and disbursements which are incurred on behalf of the Corporation or the Board and are attributable to the Property;

"Property" means the common property of the Corporation.

1.02 By mutual written agreement of the parties, Schedule "A" to this Agreement may be revised from time to time.

2. Appointment of Manager

2.01 Subject to the terms hereof and to the limitations contained in the By-laws, and as set out in the attached Schedule "A", the Corporation hereby appoints the Manager as its exclusive agent to perform, in accordance with this Agreement and such other policies as may be adopted from time to time by the Board, all routine management as required by the Corporation and the Board in respect of administration, supervision, maintenance, repairs and upkeep of the Property (hereinafter called the "Operations").

2.02 During the term of the appointment set out in paragraph 2.01 above, the Corporation hereby appoints the Manager its true and lawful attorney to carry out and perform all powers, rights, duties and obligations imposed on the Corporation by the Act, by any other act or competent authority and the By-laws or otherwise, and hereby ratifies and confirms all acts of the Manager as attorney for the Corporation, subject to Schedule "A" hereto, provided however, and notwithstanding that if such act or step involves an expenditure of more than _____ Dollars (\$_____) in excess of the amount authorized by the current budget, the Manager shall first obtain the Board's consent to such expenditure, and provided further that the Manager may act as the Corporation's attorney without the Board's consent in an Emergency Situation.

2.03 The Corporation agrees to pay or cause to be paid to the Manager, in each month of the Management Year, one-twelfth of the annual Management Fee.

2.04 In connection with the appointment, the Corporation grants the Manager the right to attend all meetings of the Corporation and the Board. The Manager shall not have any voting rights at any such meeting.

3. Acceptance of Appointment

3.01 The Manager hereby accepts the appointment as Manager hereunder and covenants and agrees with the Corporation, at the Corporation's sole cost and expense except as specifically provided herein, to manage, operate, maintain, keep up, repair, supervise and administer the Property in like manner as a prudent owner would and to observe and perform all of the duties and responsibilities and provide all of the services which are necessary or incidental to such appointment or required by the terms and covenants herein contained, by the By-laws and by any competent authority, subject to Schedule "A" hereto.

3.02 In the performance of its rights, duties and responsibilities hereunder, the Manager shall employ competent and professional personnel.

3.03 The Manager shall cause a representative to attend monthly and annual meetings of the Corporation and the Board when such attendance is reasonably requested.

4. Additional Powers and Obligations of Manager

4.01 In addition to the general powers and duties of the Manager conferred herein and without restriction to same, the Manager shall, subject to such limitations or policies as may from time to time be instituted by the Board, perform any of the following as required, as true and lawful attorney for the Corporation:

- (a) perform such actions as may be required, necessary or expedient to carry out, maintain and enforce all of the Corporation's rights, powers and obligations under the Act, any other act and the By-laws and do all other acts and things as may reasonably be required subject to Schedule "A" hereto so as to carry out the true intent and meaning of the appointment;
- (b) make all assessments under the By-laws which may be necessary or expedient in order to enforce or carry out, as the case may be, the Corporation's rights, powers, duties and obligations under the Act or the Bylaws;
- (c) collect, adjust or settle all assessments, debts, claims, demands and disputes and any other matter which may subsist or arise in connection with the Property and take whatever action is directed by the Board to enforce the performance of any obligations by any other party in favor of the Corporation and to conduct such litigation as it may deem necessary to establish and defend the rights of the Corporation and the Owners;
- (d) remit payment for all contracts and arrangements which the Board may consider necessary and expedient for Operations of the Property, including, without restricting the generality of the foregoing, labor and employment contracts, insurance premiums, contracts for utilities, repair and maintenance contracts, and building and supervision contracts;
- (e) provide accounting, bookkeeping and clerical services in connection with the provision of its services and the performance of its duties and obligations hereunder;

- (f) provide general advice with respect to all such repairs, alterations, improvements and additions to be made by the Board which it considers necessary in order to keep the Property and the grounds in a state of good condition and repair;
- (g) remit payment to all persons considered by the Board to be necessary for the proper maintenance and operation of the Property and to pay or cause to be paid the wages and other remuneration of such persons;
- (h) pay all municipal realty taxes, rates and assessments as they become due and payable from time to time;
- (i) take all steps as may be reasonably necessary to maintain law and order on the Property and to preserve the assets of the Owners and of the Corporation and to protect the Property, the Corporation and its servants, agents, licensees and invitees;
- (j) cause the Property to be insured against such losses as may reasonably be required by the Board, the Act or the By-laws and review the insurance policies with the Board no less frequently than once each Management Year;
- (k) pay all bills and accounts incurred in the Operations of the Property as they become due, subject to Schedule "A" hereto, or at such earlier date as may allow the Corporation to take advantage of discounts or to avoid interest on late payments, such bills and accounts to include, without limiting the generality of the foregoing, utility charges, insurance premiums, heating and cooling charges, painting and decorating of common areas, grounds keeping costs, costs of repairs and maintenance and other operating expenditures incurred in the Operations of the Property and not otherwise provided for in this agreement;
- (l) give and render at all proper times all notices and statements required to be sent to any party, including the Owners, the Board and the Corporation, in respect of the Property;
- (m) take such steps as may be within its power to do so to ensure that all restrictions and obligations with respect to the Property imposed upon the Corporation and the Owners or for which the Corporation may be liable at law are observed and fulfilled;
- (n) when authorized and directed to do so by the Board, borrow, invest, raise and secure the payment of monies for and on behalf of the Corporation;
- (o) establish reserves in such amounts and for such purposes as the Board may from time to time direct;
- (p) do all such other things which the Manager may consider necessary or expedient subject to Schedule "A" hereto in order to effectively carry out its duties and obligations and provide its services hereunder;
- (q) without limiting the generality of the foregoing, but subject to Schedule "A" hereto, be responsible for the care, maintenance and management of the Property and carry out such responsibility in a manner that will best serve the interests of the Corporation.

(a) Services and Expenses

5.01 The cost of the following services shall be included in the Management Fee:

- (a) the costs of the services rendered by the supervisory personnel of the Manager who are included within the scope of Schedule "A";
- (b) the costs incurred in respect of the attendance of the Manager's representative at monthly meetings of the Board and at one (1) annual general meeting of the Corporation. Attendance of the Manager's representative at any additional general meeting or meeting of the Board shall be at a cost of \$30.00 Dollars (\$30.00) per hour; provided, however, and notwithstanding the foregoing, that all other costs of the Manager in respect of the services provided hereunder, including, without restricting the generality of the foregoing, the costs of those services and outlays which are directly or indirectly rendered specifically in respect of the Property and the Corporation shall be performed at the cost of the Corporation.

5.02 The Corporation hereby acknowledges that the performance by the Manager of its covenants and obligations hereunder shall be limited to the extent of the funds of the Corporation in the possession of the Manager.

6. Term

6.01 The Manager's appointment hereunder shall be for a term of 1 year(s), commencing on the date of this Agreement and thereafter shall continue from year to year unless one party gives to the other written notice of termination 45 days before the end of any Management Year.

6.02 The Manager's appointment hereunder may be terminated for Major Cause upon 45 days written notice from the Corporation to the Manager, or upon the bankruptcy or insolvency of the Manager, without notice, without either party incurring liability to the other.

6.03 Upon the termination of the Manager's appointment for reasons other than cause, the Corporation shall continue to be responsible for the payment to the Manager of any operating expenditures incurred by the Manager after such termination.

7. Special Covenants of Corporation

7.01 The Corporation shall give the Manager reasonable notice of all meetings of the Board and of the Corporation and shall provide the Manager with all notices and communications which may directly or indirectly relate to the Property or to the performance of the Manager's services hereunder.

7.02 The Corporation shall reimburse the Manager promptly for any monies which the Manager may elect to advance for the account of the Corporation, subject to the limitations of this Agreement and of the By-laws, provided that nothing herein contained shall be construed so as to obligate the Manager to make any such advance.

7.03 The Corporation shall designate one member of the Board to be the duly authorized representative of the Board and of the Corporation and the Manager shall be authorized hereunder to receive directions and communications from the Board and the Corporation only through such representative, unless and until the Board shall instruct the Manager otherwise. Any and all such directions and communications shall only be binding upon the Manager if the same are in writing. In the absence of such designation by the Board, the Chairman of the Board shall be deemed to be the duly authorized representative.

8. Budget

8.01 At least 30 days prior to the beginning of each Management Year during the term of this Agreement, the Manager shall submit in writing to the Board a proposed budget for the next ensuing Management Year (the "Budget") setting forth a categorized list of the Operating Expenditures for the ensuing Management Year, based on the Manager's best estimate. If the Board disapproves the proposed Budget, the Manager shall submit a revised Budget within 10 days of such disapproval. If the revised Budget is not approved by the Board, the parties shall continue to be governed by the Budget for the previous Management Year. The Manager will at all times hold itself available for consultation with the Board for the purpose of establishing or revising the Budget.

8.02 Subject to the terms hereof, the Manager shall not make any single expenditure in excess of the amount authorized for such expenditure by the Budget, or in any case in excess of _____ Dollars (\$____), unless it is required to make the expenditure in an Emergency Situation or to keep any part of the Property in good standing or to comply with any law, rule, order or regulation, or unless it is reasonably necessary to continue the Operations in accordance with good management practice and, in such event, the Manager may make such expenditure and shall forthwith advise the Corporation in writing thereof.

9. Trust Account

The Manager shall collect all of the assessments which the Corporation may make pursuant to the By-laws and deposit them in an account in the Corporation's name in a financial institution mutually acceptable to the Corporation and the Manager (herein called the "Trust Account") and the Manager shall apply and pay out of the same the amount of the Operating Expenditures.

10. Books and Records

10.01 The Manager shall render to the Corporation annually, within 30 days following the expiration of each Management Year, a statement of receipts and disbursements for the preceding Management Year. The statements shall be in such form as may from time to time be agreed upon by the Manager and the Corporation.

10.02 The Manager shall at all times maintain accurate and complete books of accounts and records with respect to its appointment and all transactions enter into in the performance of its services under this Agreement. The Corporation and its duly appointed representatives shall have the right at all reasonable times to inspect the said books and records. The Manager shall make available to the auditors of the Corporation such books, records, information and material as may be reasonably necessary for the auditors to prepare audited financial statements and carry out their duties to the Corporation.

11. Relationship Between Parties

The relationship between the Corporation and the Manager shall be that of Principal and Agent and, as such, the Manager shall carry out its activities and duties hereunder in accordance with the provisions hereof and in accordance with the policies from time to time stipulated by the Board.

12. Obligations and Compliance with Law

12.01 Each party shall cause all notices or communications which may in any way affect the rights, obligations and responsibilities of the other party to be immediately directed or forwarded to the other party.

12.02 The parties hereto agree to comply with all applicable laws, bylaws, regulations or ordinances of all competent authorities having jurisdiction over the Property.

12.03 The Manager shall, if so directed by the Corporation, conduct and defend any proceeding, action or motion, in its own name and as attorney for the Corporation.

13. Indemnity

13.01 The Corporation shall indemnify and save harmless the Manager, its representatives, servants and agents from all costs, claims and damages which may arise hereunder or in connection with its management of the Property, provided such costs, claims or damages have not arisen as a result of any negligent act or omission of the Manager, its representatives, servants or agents or as a result of the default of the Manager under the terms of this Agreement.

13.02 The manager shall indemnify and save harmless the Corporation from any claims, loss or damages which the Corporation may suffer or incur by reason of dishonest acts of the Manager, its representatives, servants or agents or by virtue of its representatives, servants or agents or any of them exceeding their authority and the Manager warrants to the Corporation that it shall be fully liable to the Corporation for any application of advance received in relation to the Property and any receipts not advanced or received substantially in accordance with the provisions of this Agreement. The Manager shall not be obligated in any event to make good any other loss or damage of the Corporation provided the Manager, its representatives, servants and agents have acted honestly and in good faith.

14. Notices

14.01 Except as otherwise expressly provided herein, all notices, reports and other communications required or permitted hereunder shall be deemed to have been properly given or delivered when delivered personally to an officer of the party at the office of the party to whom they are intended to be given or when sent by facsimile, by electronic email or by registered mail with all postage and charges fully prepaid and addressed to the parties hereto respectively, as follows:

Corporation:

To the duly authorized representative of the Corporation designated under clause 7.03, in care of his/her unit.

If mailed in _____, such notice shall be deemed to have been given and received on the third business day following such mailing. If such notice is delivered, sent by facsimile or by electronic email, such notice shall be deemed to have been given and received on the same day as delivered or sent.

14.02 Subject to clause 14.01, the minutes of Board Meetings shall be provided to the Manager and shall serve as sufficient notice to the Manager wherever such minutes reflect the Board's approval of activities which it agrees shall be undertaken by the Manager.

15. General

15.01 Each of the parties shall, from time to time and at all times, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

15.02 This Agreement represents the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes any previous agreement or understanding, written or oral, implied or expressed, between the parties, and it is expressly agreed between the parties that no implied covenant, condition, term or reservation shall be read into this Agreement relating to or concerning such subject matter that is not specifically contained herein.

15.03 The Manager shall not be at liberty to assign this Agreement but may delegate to other parties any of the functions or duties hereunder which may be customarily or reasonably delegated to others in the normal course of business.

15.04 Wherever in this Agreement the singular number or masculine gender occurs, the same shall be respectively construed as the plural or feminine or neuter, as the case may be and as the context may require.

15.05 Upon the expiration or earlier termination of this Agreement, the Manager agrees to deliver to the Corporation all operating and maintenance agreements and such other of its operating records, bookkeeping and accounting records and ancillary documents as may be in its possession to enable the Corporation to assume the subsequent operation and management of the Property.

15.06 Whenever in this Agreement it is provided that anything be done or performed and such provisions are subject to unavoidable delays, neither the Corporation nor the Manager shall be regarded as being in default in the performance of any obligation hereunder during the period of any unavoidable delay relating thereto which is outside their reasonable control, and each of them shall notify the other of the commencement duration and consequence (so far as the same is within the knowledge of the party in question) of any unavoidable delay affecting the performance of any of its obligations hereunder.

15.07 The headings of all clauses in this Agreement are inserted for convenience of reference only and shall not affect the construction thereof.

15.08 Time shall be of the essence hereof.

15.09 This Agreement shall, subject to the provisions of paragraph 15.03, be binding upon and enure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

15.10 This Agreement shall be construed in all respects according to the laws of the Republic of Costa Rica.

15.11 All terms, covenants, provisions and conditions of this Agreement shall run with and be binding upon the said Property during the term hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

CORPORATION

Per: _____

Manager

Per: _____

SCHEDULE "A"

To a Condominium Management Agreement between _____, and Corporation dated _____

DUTIES OF THE MANAGER

Administrative Services

1. Attend monthly meetings of the Board of Managers.
2. Arrange and attend all Annual General Meetings, including complying with all legal notice requirements.
3. Correspondence with and, if required, legal action at the direction of and on behalf of the Board of Managers, against owners or tenants in violation of the By-laws.
4. Advise the Board with respect to professional consultants and fees, including legal counsel, insurance brokers, appraisers, survey companies, accounting firms, auditors, contractors.
5. Arrange insurance appraisals as required, obtain bids from various insurance brokers and keep the Board informed of all insurance requirements. On direction from the Board, place insurance with broker. Assist the Board with the handling of any insurance claims.
6. Maintain all required condominium documents, plans and blueprints.
7. Provide general advice and expertise to assist the Board in decision-making.
8. Register any changes of address for service or change in the Board members with the National Registry.
9. Keep the Board informed of new or proposed legislation respecting the Property or condominium properties generally.

Financial Services

1. Receive, deposit and account for monthly condominium fees and miscellaneous income in a trust account in a financial institution acceptable to the Corporation.
2. Disburse funds on behalf of the Corporation for service contracts and any repairs reasonably required for the common property. Services and supplies ordered directly by the Board will require the approval of the President prior to payment. The Manager will accept no liability for any late payment penalties incurred due to any delay in receipt or approval of invoices.
3. Prepare and distribute a monthly statement of receipts and disbursements and a list of owners who are in arrears in condominium fees or other amounts owed to the Corporation.
4. Maintain the General Ledger and other supporting financial and audit documentation.
5. Prepare for the Board's approval an operating budget and fee schedule prior to the commencement of the Corporation's fiscal year.
6. Notify individual owners of any revisions to condominium fees or of any special assessments.
7. Service notice of arrears to individual owners.
8. Prepare an annual statement of receipts and disbursements of the preceding fiscal year as compared with the budget for that year.
9. Manage the Corporation's funds as directed by the Board in the form of secured term deposits or such other investment as the Board may determine appropriate.
10. Register Caveats as directed by the Board.
11. Provide information and assist in any way possible the auditors chosen by the Board.

Property Management Services

1. Provide advice to Board with respect to maintenance of common property, emergency repairs as required, general status of equipment, landscaping, garbage removal, housekeeping.
2. Provide advice with respect to major contractual work which may be required.