

MANAGEMENT AGREEMENT

This Agreement, made and entered into this the 1st day of February, 2025, between Onyx Management and Consulting, LLC, having its principal office at 1506 East Franklin Street, Suite 100 Chapel Hill, NC 27514, hereafter called "O.M.C" and Fidelity Court Unit Owners Association, Inc. consisting of 72 condominium units, located in Orange County, North Carolina, hereafter called "ASSOCIATION."

WITNESSETH:

In consideration of the terms, conditions and covenants herein contained O.M.C. and Association agree as follows:

1. APPOINTMENT

Association does hereby appoint O.M.C. as an Independent Contractor and Property Management Company. O.M.C. hereby accepts such appointment and agreement to perform the services as enumerated herein, for the duration of this Agreement.

2. FACILITIES

The facilities maintained by the Association, which are the subjects of this Agreement, are 72 condominium units and common elements known as Fidelity Court Unit Ownership Association, Inc.

3. TERM

Subject to the termination clause herein, this Agreement shall commence on February 1, 2025 and end on January 31, 2026.

4. COMPENSATION

During the term of this Agreement, the Association agrees to pay O.M.C. \$ 1,332.00 per month during 2025, \$1,332.00 per month during 2026 year, for performing the duties herein, plus reimbursement for expenses incurred in connection with the management and operation of the Association as detailed herein. All fees are due and payable on the first day of each month. There will be a one-time set-up/exit fee of \$200.00 due at signing of contract.

5. O.M.C. RESPONSIBILITIES

O.M.C. will provide the following services throughout the term of this Agreement, unless changes are negotiated and accepted by both O.M.C. and Association, and set forth in writing as an amendment to this Agreement. Additional services requested from O.M.C. by the Association, not specified in this Agreement, shall be performed in accordance with the terms to be agreed upon by both parties and set forth in writing as an amendment to this Agreement.

A. PROPERTY MANAGEMENT

1. Conduct monthly site visit to the Association and ensure that the common areas and controlled facilities are properly maintained. Report any items that require attention to the Board.
2. Conduct in depth semi-annual inspections of all the common areas and controlled facilities.
3. Provide a written monthly report of O.M.C.'s management, maintenance and operation activities on behalf of the Association.
4. Assist in the set-up of Association's rules, regulations, architectural controls and enforcement procedures.
5. Investigate written complaints received from owners and/or tenants as directed by the Board. Notify offending owners and/or tenants, in writing, of existing violations of the Association's Declaration, By-Laws or Rules and Regulations.
6. Attend Board meetings as requested and the Association's Annual meeting. O.M.C. or its employees have no obligation to attend meetings on weekends or holidays. As part of this Agreement, O.M.C. attendance at meetings shall not exceed 9:00pm. If attendance by a representative of O.M.C. is requested beyond this time constraint, then the additional service will be charged at the rate of \$100 per hour.
7. Assist the Board with the organization of regular or special membership meetings. Email/Mail notices of meetings to owners and make arrangements for membership meeting locations.
8. Provide assistance in organizing Association Committees.
9. Assist the Board in maintaining the overall architectural harmony of the Association, by providing recommendations and possible solutions.
10. Maintain individual unit records of violations and their resolutions.

B. MAINTENANCE

1. Administer the repair and maintenance of the Association's property and common elements.
2. Prepare specifications for Association routine contract services and establish a maintenance system for common areas.
3. Obtain quotes from qualified contractors for all recurring services and for expenditures in excess of \$1,000.00. Upon receiving Board approval, negotiate, prepare and execute contracts, prepared by O.M.C., for all contractor services.
4. As required, monitor and supervise routine Association contractors, including landscape maintenance, snow removal, trash removal and general maintenance. Major projects outside the scope of this Agreement and/or the ability of the management company, may require the Association to hire professionals such as engineers, architects, etc., to assist in said projects.

5. Obtain for all contracted services, the appropriate contractor Certificates of Insurance. Where applicable, have the Association named as Additional Insured on the contractor's policy.
6. Receive from and respond to owners' requests for maintenance of common areas. After inspection, arrange for repairs in accordance with the Association's policy. The repairs will be performed on a timely basis, depending on the weather conditions and contractor availability.
7. Expend, without Board approval, up to \$1000.00 for required non-contracted services and repairs.
8. Purchase on behalf of the Association, as approved by the Board, such equipment, tools, materials, supplies and contract services which are necessary for the property operation and maintenance of the Association's property. All such purchases shall be in the name of and at the expense of the Association.
9. Provide a twenty-four (24) hour answering service to assist the owners with Association emergencies. Each emergency phone call received will be returned within (2) hours.
10. If the Association employs maintenance personnel, O.M.C. will direct and supervise the Association's maintenance personnel. Said individuals would either be employees of the Association or independent contractors.
11. Compile an Association/Owner maintenance responsibility list.

C. OFFICE

1. Prepare Association general correspondence and reply to all written and verbal communications received by the Association in the general course of business.
2. Maintain Association business records, including owner files.
3. As directed, arrange for emailing and/or mailing of all notices and newsletters to owners and residents.
4. Prepare and distribute to new owners the Association information packages and welcome letter.

D. COLLECTIONS

1. Collect all Association assessments (set up Association with lock box system), any special assessments and other charges and deposit the funds directly into the Associations' individual bank accounts. Cash payments will not be accepted by O.M.C. on behalf of the Association.
2. Charge owners appropriate late fees for assessments not paid within the established grace period. Issue late notices to owners for current assessments unpaid as of the 15th of the month.
3. Mail or email monthly collection letters, detailing amounts due from delinquent owners.
4. Maintain a detailed record of all owner charges and payments.
5. Maintain a detail record of receipts and photocopies of all checks received.
6. Provide, monthly, an owner summary delinquency report to the Board.

7. As directed by the Board, file in District Court for collection of past-due assessments or other charges. Attend, on behalf of the Association, District Court proceedings for the collection of delinquent assessments.

E. FUNDS

1. Deposit all funds received, on behalf of the Association, directly into the Association's individual bank accounts, as determined by O.M.C. The separate bank accounts will include a checking account, Operating, Reserve and/or Capital Money Market accounts and individual Certificates of Deposit.
2. The checking account will be maintained in a bank which offers protection of the Federal Deposit Insurance Corporation or other Federal Government Agencies. All Association payments will be processed either through an internal lockbox or bank lockbox processing system. The cost of the lockbox services will be charged to the Association on a per check basis, similar to the fees charged for a bank lockbox processing system.
3. O.M.C. is responsible for recommending to the Board that all funds are placed in accounts that offer protection of the Federal Deposit Insurance Corporation (FDIC) or other Federal Government Agencies.
4. Advise the Board of investment procedures for Association funds.
5. Recommend to the Board that excess Operating, Capital or Reserve funds be invested in interest bearing accounts, and to effect such investments as instructed by the Board.
6. Reconcile all bank accounts monthly.

F. PAYMENTS

1. Receive all vendor invoices and charges for processing. Prior to payment, verify charges to existing contracts and/or determine the priority of distribution.
2. Process approved invoices for payment and issue disbursement checks.
3. Maintain appropriate vendor files and payment information.
4. Issue, annually, Federal Tax Form 1099 to Association vendors where applicable.

G. FINANCIAL

1. Maintain all Association business and accounting records necessary to prepare monthly financial statements in accordance with generally accepted accounting principles, applied in a consistent manner.
2. Prepare and distribute to Board members, a detailed monthly financial statement, including balance sheet and profit and loss statement. The statement will be prepared on an accrual basis and include a comparison between actual expenditures and budgeted amounts.
3. As requested by the Board, provide copies of any other Association financial reports maintained by O.M.C.

4. Upon request of individual owners or mortgage companies, provide copies of the annual financial statement prepared by the Association's independent accountant.

H. BUDGET

1. A minimum of sixty (60) days in advance of the end of Association's year, prepare a draft of the annual Operating Budget for Board Approval.
2. Mail a copy of the approved budget to each owner, if possible, along with the Annual Meeting Packet.
3. Recommend Board compile and update approximately every five (5) years a Financial Capital Reserve Analysis for funding the maintenance and replacement of the Association's capital common elements. This Analysis will be used as a budgeting tool for the Board of Directors.

I. ACCOUNTANT

1. Obtain annually, or as requested, proposals from Certified Public Accountants for the preparation of the Association's tax return, year- end financial statement and/or audit.
2. Provide all necessary analysis of accounts and other information as requested by the Association's independent accountant in the preparation of the annual Federal tax return, financial statement and or review or audit.
3. Annually, arrange the schedule of the Association's independent accountant so that the annual report and tax return are completed by the 15th of March.
4. Annually, file the Association's Tax Return.

J. INSURANCE Work with an Insurance Professional to:

1. Annually, review and obtain insurance quotations for the renewal of the Association's policies, including property coverage, general liability and directors and officer's liability.
2. Administer all Association insurance policies.
3. Report Association and owner claims received to the Association insurance agent. Report all insurance claims processed to the Board of Directors.
4. Assist the Association in the adjustment of claims for damage to common elements and follow-up for prompt payment. Owners are responsible for the direct adjustment of their individual claims.
5. Advise owners of proper integration between their personal insurance and the master policy.
6. Provide a fidelity policy for all management company employees for a minimum of \$1,000,000.00 or in accordance with Fannie Mae regulations. If FHA or other government mortgage lenders require additional fidelity bond coverage, O.M.C. will obtain other fidelity insurance proposals for the Association and provide them to the Board of Directors for their approval. The cost of additional fidelity bond coverage will be an Association expense.

K. GENERAL

1. Provide all management and support personnel to perform the duties contained herein.
2. Upon direction of the Association's Board, supervise Association's activities to ensure proper maintenance.
3. Upon reasonable notice, during normal business hours, provide owners or registered mortgage companies with access to the Association's business or financial records.
4. As requested, provide resale or re-mortgage disclosure information. The processing cost will be charged directly to the owner.
5. Review Association's Declaration and By-Laws and recommend, to the Board, required functional amendments.
6. Provide the Board and owners with explanations of the Association's documents. Offer advice and consultation to the Board and owners concerning the Association Documents.
7. All records and files maintained by O.M.C. are the property of the Association.
8. Comply with all local, state and federal laws, IRS regulations, and where applicable, Fannie Mae, HUD and VA regulations.
9. Assist new owners/tenants with setting up keypad entry.

I. ASSOCIATION'S RESPONSIBILITIES

- A. Name O.M.C. as an "additional insured" on the Association's public liability insurance policy and appoint O.M.C. as "Assistant Secretary" to the Board of Directors (a non-voting position) for official activity approved by the Board.
- B. Cooperate fully with O.M.C. in the performance of its duties.
- C. Provide O.M.C. with copies of all financial and business records and contracts in force as of the commencement of this Agreement.
- D. Provide access to all common elements.
- E. Approve all contracts required in the normal operation, maintenance, and management of the Association.
- F. Assume all obligations of all Association contracts entered into by O.M.C. during normal course of standard business activity.
- G. Approve all non-contracted expenditures.
- H. Bear all maintenance and administrative expenses, including all charges incurred by O.M.C. on behalf of the Association.
- I. Incur all costs of mailings for the Association, including, but not limited to, postage, stationery, duplicating and mailing services, the cost of all bank service charges and lockbox fees, plus storage cost for Association files for a maximum period of six (6) years.
- J. Reimburse O.M.C., or pay suppliers directly, for all forms, stationery and office supplies purchased for the exclusive use by the Association.
- K. Refrain from hiring any of O.M.C.'s employees.
- L. Perform all duties normally associated with the elected Officers or Directors of the Association.

II. TERMINATION

This Agreement may be terminated by either party with cause, during the term of the Agreement of extensions thereof upon ninety (90) days written notice for failure to comply with the terms of this Agreement. This notice will be effective only after either party provides a sixty (60) day written notice of any deficiency in not complying with the terms of this Agreement. During this sixty (60) day period, the notified party has the opportunity to correct said deficiencies to the satisfaction of the other party. If the reported deficiencies are not properly corrected within sixty (60) days to the satisfaction of the other party, the Contract will be terminated at the end of said ninety (90) days upon receiving written notice. Upon termination, O.M.C. will provide to Association within twenty (20) days, all business and financial records, funds, and all Association property held by O.M.C. Upon receipt, Association will provide O.M.C. with a signed release, as agreed by both parties, relieving O.M.C. of all future obligations, commitments and responsibilities.

III. RENEWAL

If either party fails to notify the other party one hundred twenty (120) days prior to the expiration of the Agreement of their intent to terminate or change this Agreement, then this Agreement shall automatically renew under the same terms and conditions for another three-year term. The compensation provided herein shall be adjusted at renewal and then annually thereafter, in accordance with the Consumer Price Index during the preceding twelve (12) months, subject to a minimum increase of two percent (2%) and a maximum increase of four percent (4%).

IX. DISCLOSURE

O.M.C., its Officers and Directors, hereby disclose that it does not now have, nor will have, during the term of this Agreement, any financial interest, ownership or control of or over any service contractor utilized to provide any service to the Association. O.M.C., its Officers and Directors, further disclose that it does not now, nor will, during the term of this Agreement, accept any remuneration of any type or any form, from any contractor, as an inducement to provide any service to the Association.

X. INDEMNIFICATION

The Association agrees, to the fullest extent permitted by law, to indemnify and hold harmless O.M.C. and their officers, directors and employees, from and against all claims, damages, loss or expense, including, but not limited to attorney's fees, arising out of or resulting from the performance, in good faith, of any of O.M.C. duties under this Agreement, except for gross negligence. The indemnification includes any claim, damage loss or expense attributed to bodily injury, sickness, disease or death or the injury or destruction of tangible property includes the loss of use resulting there from. Such obligation shall not be construed to negate or abridge or otherwise reduce any other rights or obligations or indemnity which would

otherwise exist as to any party or person described in this provision or otherwise in this Agreement. The Association will also name O.M.C. on their Association insurance policies as primary coverage. To the extent that any portion of this indemnification agreement is unenforceable, the remainder of the indemnification shall remain in full force and effect. This Indemnification provision shall survive and protect O.M.C. beyond the length of the Agreement of any extensions thereof.

XI. STATUS OF MANAGEMENT

The Association recognizes that O.M.C. is an independent contractor providing Property Management services for the Association, its members, and the Board of Directors, as detailed in this Agreement or any amendments thereto. O.M.C. is not an agent of the Association nor has any authority to act on behalf of the Association without prior approval of the Board of Directors except as detailed in this Agreement. Nothing in this Agreement, or in the relationship between the Association and O.M.C., shall be construed as other than a client and independent contractor relationship.

XII. NON-INCLUDED SERVICES

- A. The following items are not part of the contracted services provided under the terms of this Agreement. As additional services are required, the Association will reimburse O.M.C. on an hourly basis.
 - 1. Court appearances, depositions or consultations with attorneys in connection with litigation filed by or against the Association, with the exception of appearances in the District Court in connection with the regular collection of assessments.
 - 2. Services required in connection with major capital improvements or replacements to the Association's common areas, which are not included in the normal Association operating and reserve assessment.
 - 3. Services required in connection with any fire restoration or other major damage to the Association's Common Elements and assisting the owner with any fire restoration or other damages to their unit.
 - 4. Any other services requested by the Association that are not included in Section V of this Agreement, which details O.M.C.'s responsibilities.
- B. The following services are not provided by O.M.C. as part of this Agreement.
 - 1. Administering claims in connection with warranty work with the developer or builder.
 - 2. Organize, administer or perform the duties or functions normally associated with the responsibility of the elected Board of Directors or the individual members.
 - 3. Services or repairs inside individual units, including but not limited to, private entry systems, individual HVAC systems or private water, electric or sewer services, except for common elements which may be located within the individual unit.

XIII. SEVERABILITY OF PROVISIONS

If any part hereof is invalid, illegal, or incapable of being enforced by reason of statute, rule of Law or public policy, then that responsibility of O.M.C. or the Association shall be removed from this Agreement. All of the provisions of this Agreement shall nevertheless remain in full force and effect, and no provision shall be deemed dependent upon any other provision.

XIV. CONTRACT CONSTRUCTION

This Agreement shall be deemed as having been made under the laws of the State of North Carolina and except as the parties may otherwise agree, the laws of State of North Carolina shall apply and the resolution of any differences hereunder.

This Agreement constitutes the full understanding of the parties hereto and no prior written or oral representations made by either party shall be binding. All notices required under this Agreement shall be by regular mail. Notice to the Association shall be their current Board President's office address or the Association's PO Box. Notice to O.M.C. shall be at their corporate office in Chapel Hill, North Carolina or any subsequent address.

THIS CONTRACT AND ALL EXHIBITS ARE THE PROPERTY OF AND ARE COPYRIGHTED BY ONYX MANAGEMENT AND CONSULTING, LLC AND MAY NOT BE REUSED OR DUPLICATED IN ANY FORM WITHOUT THE OWNERS WRITTEN PERMISSION.

IN WITNESS THEREOF, the parties have affixed their representatives' signatures on this 14th day of January, 2025.

Fidelity Court Unit Owners Association, Inc.

Onyx Management and Consulting, LLC



Association President

Barbara Duffy, President