

**THIS AGREEMENT made the 19th day of December, 1998**

**BETWEEN:**

**THE PROPRIETORS, STRATA PLAN NO.25**

**(the "Corporation")**

**OF THE FIRST PART**

**- and -**

**OCEANSIDE MARKETING CORPORATION LTD.**

**(the "Manager")**

**OF THE SECOND PART**

## **STRATA MANAGEMENT AGREEMENT**

WHEREAS the Corporation has been created pursuant to the provision of the Registered Land Ordinance and Strata Tiles Ordinance (the "Ordinance") and owns the common property described in the title issued under Strata Plan No.25 (the "Condominium Plan").

AND WHEREAS the Corporation is desirous of having the Manager manage the common property shown on the said Condominium Plan and the property and assets of the Corporation (hereinafter called the "Property") all of which are situated in Providenciales, Turks & Caicos Islands, and the Manager is desirous of doing so in accordance with the terms and conditions of this agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and mutual covenants and agreements herein contained, the parties hereto covenant and agree with the other as follows:

1. The terms, expressions, words and phrases used shall have ascribed to them, the definition contained in the Ordinance.
2. The Corporation hereby appoints the Manager to be its sole and exclusive representative and managing agent, for the performance of the management duties hereinafter specified for the period of twenty five (25) years Commencing on December 19<sup>th</sup>, 1998, subject to termination as hereinafter provided, and, for the purpose therefore, in the name of the Corporation to act on its behalf in the carrying out of the duties of the Manager, as herein set forth, and to enter into such contracts and agreements in the name of the Corporation as may be necessary in the performance of such duties.

3. The Manager hereby accepts such appointment as sole and exclusive representative and managing agent and agrees to perform the management duties hereinafter specified on behalf of the corporation in a faithful, diligent and honest manner.
4. The Manager acknowledges that it is familiar with and will observe and perform the terms of the By-laws of the Corporation as heretofore passed pursuant to the Ordinance (hereinafter called the By-laws).
5. The manager agrees to perform the following services in the name of and on the behalf of the Corporation and subject to the overall control and instruction of the Corporation and its Executive Committee (hereinafter called the "Committee") and the Corporation insofar as it is able hereby grants the Manager the authority and powers required to perform these services:
  - (a) carry out the instructions from the Committee with respect to the enforcement of the terms of the By-laws, rules and regulations made there under the "By-Laws" and any amendment thereto existing from time to time;
  - (b) forthwith communicate to all owners of the Strata Lots within the Condominium Plan (the "Owners"), the text and import of any alterations and additions in the By-Laws or rules and regulations;
  - (c) advise and consult with the Committee with respect to any alterations and additions in the By-laws which in the opinion of the Manager ought to be established to further the harmonious and satisfactory operation of the Property for the common benefit of the Owners;
  - (d) issue monthly accounts for, collect and, as necessary, receipt all monies payable from time to time by the Owners to the Corporation for the operation of the Property, in trust for the Corporation and deposit same in a separate account in the name of the Corporation. Alternatively the Manager may choose at its discretion to use it's own Business account for the transactions providing a detailed list is given for all receipts and disbursements. The Manager shall not be responsible for collection of delinquency assessments and contributions or other charges except sending notices of delinquency once per month, unless otherwise instructed by the Committee, whereupon the cost and expense of such further collection shall be borne by the Corporation;

- (e) use all monies collected as aforesaid for payment of the following:
  - (i) all accounts properly incurred by or on behalf of the Corporation, subject to the limitation hereinafter set forth;
  - (ii) premiums for insurance coverage of the nature and amount specified in the By-laws, the Ordinance and the written instructions of the Committee;
  - (iii) cost of the repair and maintenance obligations of the Manager as set forth in paragraph 5(m) of this Agreement and the general out – of – pocket expenses of the Manager incurred carrying out its duties hereunder;
- (f) open and keep in Providenciales, proper, accurate books of accounts and supporting records and documents to account for all financial transactions involved in the management of the Property; Keep all books of account, securities, invoices, correspondence and other items relating to the Property, as managed by the Manager at the office of the Manager where the management of the Property is carried on; promptly submit to the Committee or its nominee a cash receipt and disbursements statement for the preceding month and a statement indicating the balance or deficit in the Corporation's account for the Property on or before the 15<sup>th</sup> day of each month, and keep such books of account, supporting records and document open and available for inspection or audit by the Committee and its duly authorized representatives at all reasonable times. All such documents are held by the Manager in trust for the Corporation;
- (g) 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, as determined by the Committee, a recommended budget for the operation and management of the Property for the next fiscal year showing anticipated receipts and expenditures for such year and assist the Corporation in determining the appropriate amount of assessment or contributions to be paid by the Owner; provided however, that no actions or purchases under the recommended budget shall be undertaken until the budget has been approved by the Corporation;
- (h) within 60 days after the end of each fiscal year, submit to the Corporation a summary of all receipts and expenditures relating to the Property for the fiscal year or portion thereof, provided

however that this service shall not be construed to required the Manager to supply an audit;

- (I) advise and consult with the Committee and subject to its direction and in the name of and at the expense of the Corporation negotiate with the appropriate parties on behalf of the Corporation contracts for insurance, garbage removal, water, TV, landscaping, pool maintenance, beach maintenance, potable water supply, sewage facilities, security and such other services as the Manager deems necessary or desirable;
- (J) purchase tools, equipment, appliances, materials and supplies necessary for the operation and maintenance of the Property. All such purchase shall be in the name of the Corporation and shall be paid for by the Corporation;
- (k) attend regularly scheduled meetings of the Committee; maximum 1 per month attend one annual general meeting of the Corporation, and upon request by the Committee, serve notices thereof on the Owners. The Manager shall be entitled to charge the Corporation a fee of USD \$75.00 per hour increasing at 5% per annum for attendance at each of such meetings.
- (l) negotiate agreements with, hire supervise and discharge janitors, groundskeepers, caretakers and other personnel required to maintain and operate the Property. All such personnel may, at the direction of the Manager, be either employees of the Corporation or employees of the Manager contracted to the Corporation on an hourly fee 'pay as you use' basis or subcontracted as deemed appropriate by the Manager. All employee salaries, National Insurance or other expenses payable on account of any Corporation employee shall be a common expense of the Corporation;
- (m) at the expense of the Corporation repair or maintain or cause to be maintained or repaired those parts of the Property which require repair and maintenance by the Corporation in accordance with the provisions of the By-laws and the budget for the current fiscal year, or such other limits as may be specified by the Committee;
- (n) co-operate with the Committee in investigation and reporting all accidents or claims for damage relating to the ownership, operating and maintenance of the Property, including any damage or destruction thereto.

6. All expenses of operation and management incurred by the Manager in the performance of its duties hereunder are to be paid from the funds received by the Corporation from the Owners and deposited in its account pursuant to Clause 5 (d) hereof and the Manager is authorized to prepare payments of any amount owed to it by the Corporation from such funds. In the event of a budget overrun or if, for any other reason (including the falling due of major items of expenditure, such as insurance), there are insufficient funds available to make payments as they fall due, the Manager may either (at its sole discretion) arrange a line of credit or other borrowings with a local bank, in the name of the Corporation, or provide the monies from its own resources and charge the Corporation interests at a rate equivalent to that which would have been charged by a local bank.
7. The duties of the Manger shall not include the duties of the officers of the Corporation set forth in the Ordinance and or the By-laws, except as specifically otherwise provided in this agreement.
8. The Manager shall have the authority to deal with any emergency arising in connection with the maintenance and operation of the Property or Strata Lots. The Manager shall deal in the first instance with any minor emergencies and infractions and shall forthwith report to the Committee any major emergencies or any persistent, flagrant or serious violations of the By-laws. It is understood and agreed to by the parties hereto that the Manager shall in its discretion, acting reasonably, determine whether or not an emergency exists and whether or not such emergency is of a minor or major nature.
9. In discharging its duties hereunder, the Manager shall not make any single expenditure or incur any contractual obligation in the name of or on behalf of the Corporation exceeding USD \$10,000.00 without the prior written consent of the Committee unless such expenditure or obligation is provided for in the current budget, or such expenditure or obligation is required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Property or Strata Lots or the Owners and occupants of a Strata Lot or may threaten the suspension of any necessary services to the Property or Strata Lots; provided however that the manager shall forthwith advise the Committee of the nature and amount of any emergency expenditure.
10. The Corporation shall:
  - (a) pay to the Manager for its managerial services hereunder during the first year of this contract, the sum of USD \$ 30.00 per Strata Lot per month (hereinafter sometimes referred to as the “ Strata Lot Management Fee”) to be payable at the beginning of each calendar month, it being understood and agreed by the parties that the remuneration payable hereunder does not include the cost of performing any of the services set out of Clauses

5(f), 5(g) and 5(i), and does not include any out-of-pocket expenses incurred by the Manager in carrying out its duties as specified herein, such costs and expenses to be an additional charge to the corporation. It is agreed that the Strata Lot Management Fee shall be increased by yearly as follows:

year 2 \$35.00 per unit  
year 3 \$40.00 per unit  
year 4 \$45.00 per unit  
year 5 \$50.00 per unit. Increasing 5% annually thereafter.

provided always that the Manager shall have the right to waive such charges (or any of them) for such period as it may determine but without creating any precedent thereby.

- (b) pay to the Manager a fee equal to 17% of the approved budget ("the Management Fee") to be paid monthly.
- (c) pay to the Manager, upon its request the current hourly fee for any meeting attendances or as specified in paragraph 5(K) hereof;
- (d) pay all expenses incurred to the Manager with respect to any proceeding or suits involving an alleged violation by the Manager or the Corporation of any ordinances, laws or regulations, including without limitation legal fees and disbursements on a solicitor-client basis for counsel employed in the representation of the Manager or the Corporation, but nothing herein contained shall require the Manager to employ counsel to represent the Corporation in any such proceeding or suit;
- (e) except in the case of gross negligence or willful or wanton misconduct on the part of the Manager or its employees, indemnify and save harmless the Manager from all liability and from all claims and demands arising out of damage or injuries to person or property of any other loss (whether financial or otherwise) in or about or in any way connected with the Property and/or any Strata Lots within the Condominium Plan including (but without limitation) any penalties or fines which may become payable and any budgetary overruns, and defend at the expense of the Corporation all suits which may be rendered against the Manager on account thereof, provided nothing herein contained shall release the Manager from any liability to the Corporation in respect of any breach of any of the Manager's covenants herein contained.

- (f) deliver to the Manager copies of all By-laws made by the corporation, and amendments thereto.
11. In the absence of other designation by resolution of the Corporation, a quorum of the Committee may represent the Committee with respect to and advise the Manager of the decisions of the Committee on any matters relating to the management of the Property. The Manager is directed not to accept directions or instructions with regard to the management of the Property from anyone else except the Committee or such party as designated by resolution as aforesaid.
  12. The Manager shall have no authority without express instructions to the contrary to make any physical or structural changes in the Property or to make any other 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 to safety of the Owners and occupants or are required to avoid the suspension of any necessary services to the Property.
  13. The Manager shall not be responsible for compliance by the Corporation or by any of the Owners, in respect of any ordinance, laws, rules, or regulations or made by any public authority or official having jurisdiction over it; provided however that the Manager shall notify the Corporation immediately, or forward to the Corporation promptly, any orders, complaints, warnings, notices summons or like documents received by the Manager relating to such matters.
  14. Notwithstanding any other provision of this agreement, the Manager is given no authority or responsibility for maintenance of or repairs to Strata lots, which do not form part of the Common Property. Such maintenance and repair shall be the sole responsibility of the Strata lots Owners individually.
  15. The Manager shall at all times act in the best interest of the Corporation and shall not be influenced to the detriment of the Corporation by reason of any financial or other relationship it may have with any other firm, person or corporation. All information regarding the Corporation, whether financial or otherwise, shall be treated and forever held confidentially, except to the extent that disclosure is necessary to permit the Manager to perform its duties hereunder, and this provision shall survive any termination of this agreement. However for the avoidance of doubt nothing herein contained shall preclude the Manager from managing other similar developments.
  16. Notwithstanding the other provisions hereof, this agreement shall terminate:
    - (a) upon the insolvency or bankruptcy of the Manager or upon the Manager taking steps to wind up business voluntarily or otherwise;

- (b) the Manager may at its discretion terminate this agreement, should the Corporation fail to pay any sums due to the Manager for services rendered under this agreement, and such sums have been outstanding in excess of 60 Days;
17. Any notice, direction or other instrument required or permitted to be given hereunder shall be in writing and shall be sufficiently given if served personally by delivering same to any officer of the party to be served or may be given by prepaid registered mail addressed to the parties at the following addresses:

**THE PROPRIETORS, STRATA PLAN NO. 25  
OCEANSIDE MARKETING CORPORATION LTD.  
Grace Bay Providenciales**

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**THE MANAGER: Oceanside Marketing Corporation Ltd.  
Box 681  
Grace Bay  
Providenciales, Turks & Caicos Islands**

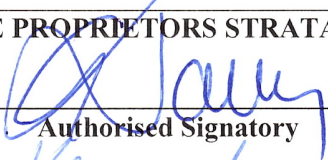
18. Each of the parties shall make, do and execute or cause to be done and executed all such further and other things, acts, deeds, documents, covenants and assurances as may be reasonably required to carry out the intent and purpose of this agreement.
19. Failure of either party to fulfil its obligations is excused to the extent that such failure is prevented or materially prevented by strikes, unavoidable casualties or for any other cause that is beyond the control of the parties except lack of finances.
20. The Manager and the Corporation hereby covenant and agree to abide by the Ordinance or any legislation passed in substitution or replacement thereof and the By-laws as amended from time to time, and the Manager agrees that it will perform its duties hereunder in a manner consistent with the By-laws.
21. This Agreement may be assigned by either party hereto at any time.
22. This agreement shall be construed, interpreted and applied in accordance with the laws of the Turks & Caicos Islands, BWI.
23. This agreement contains the whole agreement between the parties and each shall be stopped from otherwise asserting.

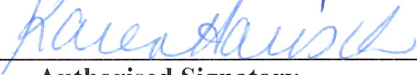
24 Whenever the singular number and neuter gender is used in this Agreement, the same shall be construed as including the plural and feminine and masculine respectively where the fact or context so requires.

IN WITNESS WHEREOF the parties have hereunto affixed their corporate seals as attested by the hands of their proper officers duly authorized in that behalf as the day and year first above written.

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**THE PROPRIETORS STRATA PLAN NO. 25**

Per:   
Authorized Signatory

Per:   
Authorized Signatory

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**OCEANSIDE MARKETING CORPORATION LTD.**

Per:   
Authorized Signatory

Per:   
Authorized Signatory

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