

ASSOCIATION MANAGEMENT CONTRACT

THIS MANAGEMENT AGREEMENT, made and entered into this 01.30.2026, by and between SHIPWATCH VILLAGE HOMEOWNERS ASSOCIATION, hereinafter referred to as "ASSOCIATION," and Coast HOA LLC, hereinafter referred to as "MANAGER";

WITNESSETH

WHEREAS, ASSOCIATION is the incorporated association of homeowners of SHIPWATCH VILLAGE HOMEOWNERS ASSOCIATION, located at 160 Starboard Lane, Wilmington NC 28412, hereinafter referred to as "PROPERTY";

WHEREAS, ASSOCIATION is authorized to employ and appoint a manager to manage the PROPERTY and to supervise the maintenance of the PROPERTY, and;

WHEREAS, ASSOCIATION, on behalf of the owners, desires to engage the services of the MANAGER to manage the PROPERTY, and MANAGER desires to be employed to manage the PROPERTY;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto do enter into this MANAGEMENT AGREEMENT and do mutually agree as follows:

1. APPOINTMENT.

ASSOCIATION hereby appoints MANAGER as the exclusive managing agent of the PROPERTY at the direction of the ASSOCIATION Board of Directors and MANAGER does hereby accept appointment on the terms and conditions hereinafter provided.

2. TERM.

Unless sooner terminated, as elsewhere herein provided, this AGREEMENT shall be in effect for ONE (1) YEAR beginning February 1, 2026 and ending at twelve (12) midnight on January 31, 2027, and shall be renewed as stated in section 4 for successive annual periods unless sooner terminated by either party as provided for in this contract.

3. POWER AND DUTIES OF MANAGER.

MANAGER, at the direction of the ASSOCIATION Board of Directors, shall be authorized to perform all services necessary for the management of the PROPERTY as set down in the ASSOCIATION's legal documents and annual budget, and within the budgeted amount, including but not limited to:

- 3.1. Confer. Confer freely and fully with ASSOCIATION officers, Board of Directors and its duly appointed committees, during normal business hours, in connection with the performance of its duties and at quarterly Board meetings, or at other times as may be so agreed to by the parties.

- 3.2. Collect Charges. Collect all regular and special charges and assessments and monies and debts of every nature and description which may become due to the ASSOCIATION and take any legal action which may be required to collect same, at the expense of ASSOCIATION, but shall initiate legal action only with prior approval of ASSOCIATION's Board of Directors.

MANAGER shall send late notices to individual owners as directed by the Board. Collection procedures for delinquent dues and assessments shall proceed at the direction of the Board pursuant to the authorization in the ASSOCIATION's documents. MANAGER is authorized to collect late fees on dues.

MANAGER shall deposit all receipts collected from the individual owners or other sources for ASSOCIATION in ASSOCIATION's bank of record in an account in the name of ASSOCIATION.

MANAGER shall reconcile ASSOCIATION's bank accounts on a monthly basis. However, MANAGER shall not be held liable in the event of bankruptcy or failure of such depository.

- 3.3. Repairs and Maintenance. Use diligence in the management of the PROPERTY and, assuming adequate ASSOCIATION funds are available, perform the services set forth herein to promote the health, safety, and welfare of the owners and the PROPERTY, and ASSOCIATION hereby gives to MANAGER the following authority and powers and agrees to assume the expenses and responsibility in connection therewith:

MANAGER shall cause the Common Areas and facilities of the PROPERTY to be maintained and repaired in accordance with the standards established by ASSOCIATION'S Board of Directors, pursuant to the Declaration and Bylaws, at the expense of ASSOCIATION. The same shall include but not be limited to grounds maintenance, cleaning of common areas, and such other ordinary maintenance and repair work to common areas and facilities as may be necessary or found desirable by ASSOCIATION. For any one item of repair, replacement, or refurbishing, the aggregate expense incurred shall not exceed the sum of \$500, unless authorized by the Annual Budget or the Board of Directors, excepting emergency repairs involving manifest danger to persons or property immediately necessary for the preservation and safety of the PROPERTY or the safety of persons, or required to avoid the suspension of any essential service to the Property.

In order to accomplish the foregoing, MANAGER shall have the right to use the easement or right of ASSOCIATION for unobstructed access over and upon each lot at all reasonable times. Contractors, Managers, or the equivalent shall make a reasonable effort to provide advanced notice to homeowners whenever access to a common area via the homeowner's lot becomes necessary for a significant length of time.

- 3.4. Laws. At the direction of the Board of Directions, take such action as may be necessary to comply with all laws, statutes, ordinances, regulations, rules, and requirements of all governmental authorities applicable to the PROPERTY. MANAGER shall notify ASSOCIATION and its attorney promptly after receipt of any notice of any order or requirements placed upon the PROPERTY by such governmental authority.
- 3.5. Purchase. Unless contemplated by the Annual Budget, MANAGER shall make no major purchases of equipment, tools, supplies, and materials unless directed by the President or Board to do so. Purchases should be made in the name of the ASSOCIATION.
- 3.6. Services. At the direction of the Board of Directors, enter into contracts in the name of ASSOCIATION for items such as electricity, gas, water/sewer services, landscaping, telephone, cable TV/satellite, pest control, janitorial, or other services as shall be necessary or desirable. No such contract shall have a term of more than one (1) year, without the approval of the Board of Directors, and any such contract requiring annual payments significantly in excess of amounts provided in the current operating budget for such services must be approved by the Board of Directors. Contractors shall be required to provide confirmation they are insured and provide their own workman's compensation insurance.

MANAGER shall obtain bids at the request of the Board of Directors for contracts, which ASSOCIATION desires to enter into for significant (> \$1,000) labor and services. MANAGER shall not be required to obtain bids for routine maintenance or items of reasonable cost i.e. < \$1,000. MANAGER will use local business as a preference for vendors unless cost or availability of service becomes an issue. MANAGER will negotiate the terms of any contracts on behalf of the Board and any contract in excess of \$1,000 and/or which extends greater than one (1) year, in any case, requires Board of Director's approval. Once a contract has been entered into, MANAGER will review contract work for workmanship and compliance with the contract specifications, it being understood that MANAGER reserves the right to charge a supervisory fee in the event ASSOCIATION wishes MANAGER to perform services otherwise not considered normal services offered by MANAGER under the terms of this Agreement (including initiating, processing and coordinating insurance claims), at \$100/hour and the ASSOCIATION will be notified prior to MANAGER performing such task and approximate total cost. ASSOCIATION will continue to be obligated upon any contract so entered into in the event of termination of this AGREEMENT with MANAGER. MANAGER does not guarantee the work of any contractor, but will validate work completion before payment is issued.

MANAGER shall have no obligation to oversee employees of ASSOCIATION, unless specifically agreed upon between MANAGER and ASSOCIATION with such agreement being attached as an addendum to this

agreement. Contractors shall provide their own supervision as deemed necessary during the performance of their duties.

- 3.7. **Manager's Records.** Set up and keep in good order a separate, accurate, and full set of financial records sufficient in accordance with the prevailing accounting standards to identify the source of all funds collected by MANAGER and their disbursement, and maintain orderly files containing records of common charges and payment thereof, including assessment payment records of individual homeowners, insurance policies, correspondence, an up-to-date registry of homeowners, receipted bills and vouchers, and all documents, contracts, and papers pertaining to the operation of the PROPERTY, and the same shall be and shall at all times remain the property of the ASSOCIATION, and MANAGER shall upon request of Board, make same available to the ASSOCIATION, the ASSOCIATION'S officers, accountants, attorneys, or other representatives, upon reasonable notice and during normal office hours (9:00 a.m. to 4:00 p.m. Monday-Friday).
- 3.8. **Bills Payment.** Check all bills and invoices received for services, materials, and supplies ordered in connection with maintaining and operating the PROPERTY, pay or cause to be paid from ASSOCIATION'S funds collected all such bills as and when it shall become due and payable.

Administrative expenses incurred by MANAGER on behalf of ASSOCIATION, including but not limited to items such as postage, copying, printing, long-distance telephone calls (which will not include calls from MANAGER to any ASSOCIATION member home, clubhouse, or vendor that would normally not be considered long distance from the ASSOCIATION physical location), bank checks, deposit tickets, or other items for the MANAGER'S use in conformity with provisions of this AGREEMENT shall be an expense of ASSOCIATION and will be included in annual budget estimates. MANAGER will furnish ASSOCIATION with an accounting of such expenses at least quarterly. Non-routine administrative services requested by the ASSOCIATION and performed by MANAGER shall be billed to ASSOCIATION at the rate of \$100/hour and the ASSOCIATION will be notified prior to the MANAGER performing such task and approximate total cost. Any visits to the PROPERTY after normal business hours (8:30 a.m. to 5:00 p.m. Monday-Friday) required by the ASSOCIATION or necessitated by an emergency or non-routine, non-administrative services (including attendance at more than one ASSOCIATION meeting per month) shall be billed Association at the rate of \$100/hour. MANAGER will notify ASSOCIATION in the event the excess time per incident is expected to exceed six hours. Routine correspondence between the ASSOCIATION officers, ASSOCIATION Board of Directors and the MANAGER shall be considered as specifically excluded from being considered billable administrative services, although the costs of copying and postage shall be reimbursable to MANAGER. Correspondence with the Board will primarily be via e-mail and electronic with the exception in which legal documents that require such other means.

- 3.9. **Financial Reports.** Render to Board a financial accounting monthly, which shall include a balance sheet and an operating statement of receipts and disbursements year to date compared to the annual budget. MANAGER shall

additionally provide the Board of Directors with a status report of owners who are delinquent in payment of assessments or other charges due upon request.

- 3.10. Lot Owner Requests and Complaints. Maintain a system to receive any complaints, requests, or questions from ASSOCIATION members and, when necessary shall obtain approval to act on said complaint, request, or question from one designated member of the Board of Directors of ASSOCIATION. MANAGER will maintain a 24-hour answering service for emergencies after normal office hours. MANAGER shall assist an appointed designee of the association with issues involving legal matters related to actions executed by the manager, in service to the association. To the extent such information is provided by homeowners, MANAGER shall provide electronic updates on owners' information including; primary email, secondary accounts, and other email accounts.
- 3.11. Rules and Regulations. Assist Board of Directors in enforcing published Rules and Regulations. As agreed upon, MANAGER shall assist ASSOCIATION in drafting and/or amending the association's Rules and Regulations and Restrictive Covenants.
- 3.12. Audit Report. Shall, at the direction and discretion of Board of Directors, cooperate with ASSOCIATION in regard to any audit/review and annual report to lot owners. MANAGER shall make all ASSOCIATION records available to the ASSOCIATION'S Audit Committee or accountant.
- 3.13. Budget. MANAGER shall participate in the preparation of an annual Operating Budget setting forth an itemized statement of the anticipated receipts and disbursements for the next ensuing fiscal year based upon the then-current schedule of annual assessments and charges and taking into account the general condition of the PROPERTY, which budget shall comply with the requirements of the Bylaws, and shall be the basis for the schedule of annual assessments proposed for the coming year. The budget shall be submitted to ASSOCIATION's Board of Directors for final approval. It shall constitute a major control under which MANAGER shall operate and there shall be no substantial variances allocated to the various classifications of expense in the approved budget unless as a result of services required due to an emergency or approved by the Board of Directors. MANAGER is authorized to act within the approved budget without the need for further approval. MANAGER shall cause the association's State and Federal tax returns to be prepared at the expense of the ASSOCIATION.
- 3.14. Meetings. When requested, send notice to members and lot owners at the expense of ASSOCIATION, assist in preparing agendas, and attend up to twelve evening meetings annually, including the annual meeting. At such meetings, MANAGER shall be prepared to answer questions from ASSOCIATION regarding MANAGER'S areas of responsibility. ASSOCIATION'S Secretary shall take the minutes of all meetings and furnish a copy to MANAGER. Attendance at evening

meetings other than those set forth above and the excess time for any meeting lasting more than two hours shall be considered an after hours visit and the ASSOCIATION Board of Directors will be notified of when time is about to expire and shall subject to the additional fee set forth in subparagraph 3.8. Above.

- 3.15.Site Visits. MANAGER shall visit the PROPERTY monthly in order to assess the need for repairs or maintenance to the common areas, clubhouse, and clubhouse grounds as well as to review the performance of any contract work previously done. MANAGER shall also check for compliance with the association's Rules and Regulations. ASSOCIATION acknowledges that MANAGER is not an engineering firm and shall have no actual or potential liability for failure to detect a needed repair or maintenance item or for failure to determine that work performed was not done properly, but insuring any such work is done but a contract was completed and does not violate any COVENANTS.
- 3.16.Charges. It is specifically understood and agreed that ASSOCIATION shall impose any assessments against the lot owners as permitted by its Bylaws as are necessary to produce sufficient funds to pay all common expenses of PROPERTY and to accumulate adequate reserves as discussed below. It is specifically understood that MANAGER does not and will not undertake to pay any ASSOCIATION expenses from its own funds and shall only be required to perform its services and make disbursements to the extent that, and so long as payments received from assessments or revenues, if any, of the ASSOCIATION shall be sufficient to pay the cost and expenses of such services and the amount of such disbursements, including the fee due to MANAGER. If it appears to MANAGER that the charges, assessments, and other revenues, if any, of the PROPERTY are insufficient to pay the same and to adequately fund reserves, MANAGER shall notify the Board of Directors of that fact.
- 3.17.Reserve Account. As directed by ASSOCIATION, MANAGER shall make deposits to a reserve account as funds allow and in accordance with the budget. The total long-term reserve account and interest earned on it, if any, shall be maintained in an ASSOCIATION account in a financial institution meeting insurance requirements pursuant to the association's governing documents. MANAGER shall make no commitment for or disbursement from the reserve account except with the written approval of the Board of Directors or as authorized by the approved budget. MANAGER shall account to ASSOCIATION quarterly for funds in such account.
- 3.18.Website. MANAGER shall make basic document updates as needed to the website as needed. Basic updates do not include design work and user website support.

4. COMPENSATION OF MANAGER.

As compensation for MANAGER'S services as heretofore set out, ASSOCIATION shall pay MANAGER a management fee of \$325 per month, said fee to be due and payable in advance at the prescribed rate on the 1st day of each month. The amount of fee set out above shall be reviewed by the parties at the end of each calendar year of this AGREEMENT and the same shall be adjusted, as agreed between the parties as reflected in the next year's budget. In the absence of a mutual agreement upon a different amount, the management fee and all other fees shall automatically increase annually by three percent and will be initiated in writing by MANAGER to inform the ASSOCIATION Board of Directors in no less than 60 days and provide the updated budget to reflect the forecast. MANAGER is specifically authorized to pay its fees from the ASSOCIATION'S funds as and when due. A transfer fee of \$200 shall be charged directly to purchasers of private lots in order to cover the administrative costs and time involved in handling the transfer of lots, mailing information, email, etc.

In addition, with the execution of this contract, ASSOCIATION agrees to pay MANAGER a one-time setup fee in the amount of N/A. This fee covers contract start-up costs such as computerizing accounting and owner records; review of ASSOCIATION'S contracts, minutes, and PROPERTY replacements or work projects; and such other work necessary to begin immediate management of ASSOCIATION.

5. MANAGER'S RESPONSIBILITY.

MANAGER, in the exercise of its powers and performance of its duties and obligations under this AGREEMENT shall be solely responsible to the Board of Directors of the ASSOCIATION, who for all purposes of this AGREEMENT represent all lot owners in the ASSOCIATION.

6. LIABILITY OF ASSOCIATION.

The officers and members of the Board of Directors of the ASSOCIATION are, with respect to this AGREEMENT, acting on behalf of the lot owners of the PROPERTY and shall have no personal liability hereunder (except as lot owners) and each lot owner's liability hereunder shall be limited to such proportion of the total liability hereunder as his interest in the Common Areas and Facilities of the PROPERTY bears to the interest of all owners in the Common Areas and Facilities

ASSOCIATION and MANAGER in case of dispute of this contract parties agree to jurisdiction of New Hanover County.

7. INDEMNIFICATIONS AND INSURANCE.

ASSOCIATION agrees to hold MANAGER harmless from all damage, suits, and all costs, fees, and expenses incurred therein arising out of or in connection with the management of the PROPERTY and from liability for injuries suffered by any guest, invitee, or employee, except in cases of MANAGER'S gross negligence. ASSOCIATION further agrees that there shall be carried, at association's expense, public liability insurance adequate to protect MANAGER from any such liability.

MANAGER agrees to hold ASSOCIATION harmless from all damage, suits, and all costs, fees, and expenses incurred therein arising out of or in connection with the management of the PROPERTY or on property owned or leased by MANAGER, except in cases of ASSOCIATION's or an Association member's gross negligence. MANAGER further agrees that there shall be carried, at association's expense, public liability insurance adequate to protect ASSOCIATION from any such liability.

ASSOCIATION hereby authorizes MANAGER to pay all PROPERTY and special assessments attributable to the PROPERTY as may be levied by government authorities and to place liability and other insurance coverage desired by ASSOCIATION in effect, if not already in effect, and MANAGER is hereby authorized to pay for same from association's funds. MANAGER shall handle all claims against insurance of ASSOCIATION, at the direction of the Board, and shall be entitled to additional compensation for such service as set forth in paragraph 3.6.

8. AUTHORIZATION FROM ASSOCIATION.

MANAGER shall receive direction from a designee of the Board of Directors, or the President if no other designation has been made.

9. EXTENSION OF CONTRACT.

This MANAGEMENT AGREEMENT shall automatically extend itself for successive annual periods after the initial term has elapsed. However, at any time after the first six (6) months of this contract, if either party wishes to terminate the AGREEMENT, without cause and without penalty, it may do so by giving forty-five (45) days prior written notice to the other.

10. NOTICES TO PARTIES.

Any notices now or hereafter required to be given pursuant to this AGREEMENT shall be deemed to have been given upon deposit of same to the U.S. Mail with proper postage and addressed to the following address, or to such other address as may be from time to time provided in writing by one party to the other.

COAST HOA LLC

Signature: *Ryan Walker*
Print Name: Ryan Walker
Date: 01/30/2026

ASSOCIATION
SHIPWATCH VILLAGE HOMEOWNERS ASSOCIATION

Signature: *Jay Hollowell*
Print Name: Jay W. Hollowell
Date: 01/30/2026