

**Sovereign & Jacobs Property Management Companies, LLC**  
**MANAGEMENT CONTRACT FOR VILLAGES OF VALENCIA HOMEOWNERS**  
**ASSOCIATION, INC.**

THIS Contract entered into between Villages of Valencia Homeowners Association, Inc., a Florida Not-For-Profit Corporation, (hereinafter referred to as the “Association”), located in St. Johns County, Florida and Sovereign & Jacobs Property Management Companies, LLC (and/or its assigns) with a principal place of business at 120 Sea Grove Main Street, St. Augustine, Florida 32080 (hereinafter referred to as S&J).

The Board of Directors of the Association on behalf of the Association, hereby appoints S&J, serving as Agent for the Association, to manage the Association and S&J accepts appointment to manage the Association. Management will be in accordance with Association’s recorded governing documents and applicable Florida Statutes.

**TERM OF CONTRACT** - Association, in consideration of the promises herein contained hereby contracts with S&J to provide Community Association Management Services as specified in the terms and conditions contained herein for a term commencing \_\_\_\_\_ and ending \_\_\_\_\_ unless terminated sooner in accordance with the provisions of Paragraph J hereinafter set forth.

**SERVICES OF AGENT** - Agent shall perform the following services in the name of and on behalf of the Association and the Association hereby gives Agent the authority and powers required to perform these services.

**A. ACCOUNTING/AUDIT/BUDGETS**

A.1. Agent warrants that all Agent’s employees who are responsible for the safekeeping of any Association moneys shall be covered by a fidelity bond, at Agent's cost, in a minimum amount of \$500,000 with a company determined by Agent.

A.2. In addition and in accordance with Fla. Stat. §720 the Association shall maintain fidelity bonding on all persons who control or disburse Association funds. This is defined as those individuals authorized to sign checks, and the President, Secretary and Treasurer of the Association and shall include, at the Association’s expense, all of the employees of Agent authorized to sign checks for the Association.

A.3. Agent shall receive, deposit, disburse, and account for all Association funds. Deposits and disbursement shall be made weekly (other than payments to Agent’s “lock box”) and funds collected shall be deposited in a custodial account in a state or national bank where deposits are insured by the Federal Deposit Insurance Corporation, separate and apart from Agent’s own funds.

A.4. Agent shall have printed and distribute scheduled assessment coupon notices (if required) to all members at the addresses provided by the member for billing purposes.

A.5. Agent shall assess interest and/or late fees to member accounts, as outlined in Association’s Declaration of Condominium and/or Bylaws, and mail delinquency notices to all members who are past due in payment of assessments on a monthly basis.

A.6. Agent shall prepare monthly financial reports for Association utilizing the accrual method of accounting, including an income and expense statement, a statement of balances, a check register, an itemized listing of accounts receivable and a disbursements journal by the 25<sup>th</sup> day of the following month.

A.7. Unless otherwise directed by the Board of Directors, Agent will engage a Certified Public Account (CPA) to complete and file the required federal and state tax returns. Agent shall not be responsible for fines and/or penalties imposed due to the Association’s failure to make a timely decision regarding engagement of CPA or CPA’s failure to meet mandated deadlines.

A.8. Agent shall prepare an annual initial draft budget for approval by the Board of Directors. Preliminary budget figures shall be submitted to Association’s Board of Directors no later than 60 days prior to the end of the fiscal year. Within thirty days of receipt of the preliminary budget, the Board shall either approve the budget as submitted or provide Agent with written notice setting forth those items which are unacceptable to the Board or provide Agent with written notice advising what additional information is required. Upon approval, Agent shall be authorized to operate and manage Association in accordance with the Annual Budget.

**B. COLLECTIONS**

B.1. Agent shall advise individual members of the Association’s authority and notice of late assessment, should a member’s account become delinquent, to protect Association’s financial interest. A charge of \$50.00 will be assessed to the Association, then subsequently charged to the member’s account, for such a notice. A charge of \$37.00 will be assessed to the Association, then subsequently charged to the member’s account, upon receipt of

a check which has been returned from Association's bank due to non-sufficient funds to offset Agent's expenses to process the check.

B.2. Agent shall collect all regular assessments due from Members. The Association hereby authorizes and directs the Agent to request, demand, collect, receive, and receipt for any and all assessments and/or charges which may at any time be or become due to the Association and at the expense of the Association by way of process or authority granted the Association under the Declaration, Articles of Incorporation or Bylaws as may be required for the collection of delinquent assessments. The Agent shall notify the Board of any account which is more than thirty days past due. By direction from the Board the Agent will implement collection proceedings on behalf of the Association. A charge of \$75.00 will be assessed to the Association, then subsequently assessed to each individual owner's account, when a delinquent account is referred to the Association's attorney. A collection monitoring charge of \$25.00 per account will be assessed to the Association, then subsequently assessed to each individual owner's account, each month an account is in collections with the Association's attorney.

B.3. As a standard practice, Agent shall furnish the Association's Board of Directors with an itemized list of delinquent accounts as part of the monthly financial statements and will issue written notice to members whose accounts are thirty (30) days past due, advising them that legal proceedings may be instituted if their account is not brought current within thirty (30) days following the notice.

### **C. CLOSINGS**

C.1. Upon notification by a closing agent of a pending sale, and upon receipt of required Association approvals, if any, Agent will review the property account status and prepare a certificate stating the total amount of maintenance fees, special assessment, late fees, transfer fees, etc. due to be collected at closing of title. After closing is held Agent will collect and deposit funds received from closing agent and update Association's files and financial records with new owner information.

C.2. Additionally, Agent shall provide an information package to new owners which will include notification of Agent's contract with Association, emergency telephone numbers, payment coupons and the name and phone number of the Association's property manager. Upon request, Agent shall make available the Rules & Regulations of the Association. In accordance with §720, Agent shall charge a reasonable fee for the preparation of each certificate to offset expenses of processing the information required by closing agent; said fees to be charged to the property owner's account. Agent shall not be held liable for closings which occur of which Agent has not been properly notified.

### **D. ADMINISTRATION**

D.1. Agent shall at all times maintain a roster of all unit owners complete with mailing addresses as required by Florida Statutes. Additionally, Agent shall maintain current official records for Association including correspondence files, minute book, insurance policies, contracts, financial records, etc. Agent shall arrange for a repository, if necessary and at Association's expense, for additional Association inactive official records for the period of time dictated by Florida Statutes. Association shall retain ownership of all records. Should Association choose to retain records beyond statutory requirements, Association shall notify Agent of such choice.

D.2. Agent will take such action as may be necessary to cause compliance with any and all orders or requirements affecting the Association by any federal, state, county, municipal or other governmental or regulatory authority having jurisdiction there-over and the orders of the fire underwriters or other similar bodies, subject to the limitation of budget or direction of the Board. Agent shall notify the Association within two working days of all such matters.

### **E. PROPERTY MANAGEMENT**

E.1. Agent shall assign a Licensed Community Association Managers (LCAM), at Agent's expense, who shall manage the affairs of the Association and carry out Agent's duties under this contract. In accordance with Florida Statute 468.431 said Manager shall be licensed with the Department of Business and Professional Regulation in accordance with Chapter 61-B, Florida Administrative Code. Such management shall be in accordance with the Association's governing documents as well as applicable state statutes.

E.2. Agent shall attend quarterly Board of Directors meetings and the Annual Meeting of the Members of the Association at the basic fee quoted herein. Upon not less than 72 hours' notice, Agent shall attend Committee meetings as requested, provided that the Association shall pay Agent \$75 per hour for a licensed manager to attend additional meetings. All meetings in excess of one hour and a half will be subject to an additional \$75 per hour managerial fee.

E.3. Agent shall assist the Board of Directors in enforcement of the Association's governing documents. At the Board's request, Agent shall arrange for legal enforcement of violations utilizing an attorney of Association's choice.

E.4. Coordinate with the Association's Insurance Agent to assist the Board of Directors to place and keep in force all forms of insurance of the type, and in the amount, requested by the Association or, as required by law, or as required under the governing documents, at the expense of the Association. All the various types of insurance coverage required shall be placed with such companies, in such amounts and with such beneficial interest appearing therein, as shall be requested by the Association. Agent shall, upon request, furnish to the Board members, copies of all such insurance policies and report to the insurance company all reported accidents or damages related to the management operations and maintenance, including any damage or destruction to the community.

E.5. Agent shall receive and appropriately distribute all correspondence addressed to Association and its Board of Directors, on an ongoing basis. Agent shall scribe meeting minutes and see that DRAFT minutes are distributed in accordance with Association's policy within fourteen (14) days of subject meeting.

E.6. Agent shall oversee the distribution of general announcements and other information to all members including notices of annual meetings and elections as required by State law, and as needed.

E.7. Agent shall renew Association's corporate charter, and arrange for other such licensing and recording provisions as required by law. All licensing and recording fees shall be the expense of the Association.

E.8. Should Association become involved in litigation or pre-litigation resulting in research, document preparation, deposition, testimony, etc. on the part of Agent, Agent may charge a fee of \$75.00 per hour for such time expended in excess of two hours per lawsuit or issue.

#### **F. EMPLOYMENT OF PERSONNEL/PAYROLL EXPENSES**

F.1. Agent shall hire, fire, and discipline all onsite employees (if appropriate), for Association's benefit and at the request of the Association. All expenses incident to employment of the personnel will be borne by Association as a budgeted expense of the Association. Those expenses are: state and federal unemployment taxes, F.I.C.A., workers' compensation insurance, bodily injury and property damage liability insurance, as well as payroll administration fees and any benefits included in the employee's compensation package. Benefits consistent with the employment of quality personnel, such as health insurance, are considered incident to the employment of such personnel and shall be a budgeted expense of Association. All employees will be subject to personnel policies set forth by the Agent. Agent shall charge a 10% burden rate of the gross pay for employing personnel on behalf of the Association.

#### **G. MAINTENANCE OF COMMON ELEMENTS**

G.1. Agent shall coordinate maintenance with the Board of Directors to ensure the property is maintained to an acceptable standard and in accordance with the Association's documents. Agent shall assist in the preparation of contract specifications within the scope of Agents expertise and without subjecting Agent to undue liability.

G.2. When the aggregate amount of a contract for services or products exceeds 5% of the total annual budget Agent shall obtain competitive bids and make awards as agreed to by Association's Board of Directors.

G.3. When Agent has been requested to engage an outside contractor for work on the common property of the Association, Agent shall require such contractors to be fully licensed and insured, including worker's compensation insurance. Agent shall review insurance policy expiration dates to ensure that contractors maintain insurance policies required to execute original contract. Should Association choose to contract with an entity which does not meet Agent's requirements for licensing and insurance coverage, Association shall execute Agent's standard waiver of liability prior to commencement of work. All contractors and vendors must complete IRS W-9 forms and Agent shall furnish Federal 1099 Forms to non-incorporated vendors and contractors in accordance with Federal tax laws.

G.4. When requested to do so by the Association, Agent shall arrange for Association's attorney to file Notices of Commencement per Florida Statute 713 on behalf of Association and will require lien waivers prior to payment being issued to contractor in order to protect Association from Construction Lien Law Liability.

G.5. Agent shall review invoices and charges to Association by vendors and contractors on a periodic basis. Such charges will be coded by account to Association's general ledger for payment in accordance with the Association's Accounts Payable policy.

G.6. Notwithstanding any other provision of this agreement, Agent is given no authority or responsibility for maintenance or repairs to individual units in the Association. Such maintenance and repairs shall be the sole responsibility of the individual unit owner.

G.7. Agent shall have no authority to make any structural change to Association's property, or to make any other major alterations or additions in/or to any buildings 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 and safety of Association property.

#### **H. PAYMENT OF EXPENSES**

H.1. All expenses of operation and management shall be paid from Association's funds. Agent shall have no obligation to advance funds to Association for any purpose whatsoever. Agent shall not make any expenditures, nor incur any non-budgeted contractual obligation exceeding \$2,000 or as determined by the Board of Directors, without the prior consent of the Association. From the funds of the Association, Agent shall pay all expenses of management of Association property, including: taxes, building and inspection fees, utilities, licensing and other governmental charges, and all other charges or obligations incurred by the Association or by Agent on behalf of Association with respect to the maintenance or operation of the property, or pursuant to the terms of this Agreement, or pursuant to other authority granted by the Board on behalf of the Association.

#### **I. RENEWAL OF CONTRACT AGREEMENT**

I.1 If Association does not notify Agent in writing before the expiration of the initial term that this contract agreement will not be renewed, it shall be deemed that the Association has renewed this contract agreement for one (1) year upon the expiration of the previous term, with the exception of the management fee, which shall be negotiated during the preparation of the fiscal year budget.

#### **J. TERMINATION OF MANAGEMENT CONTRACT**

This management contract may be terminated by:

##### **J.1. Mutual consent of the parties.**

J.2. **Discharge for cause.** Discharge for cause shall constitute conduct which is seriously prejudicial to the Association, including, but not limited to, neglect of duty or breach of contract or violation of the state licensing laws or rules. Reasons for such a proposed discharge for cause shall be given in writing and Agent, if desired, shall be entitled to appear before the Board to discuss such causes. If Agent chooses to be accompanied by legal counsel at such a meeting, Agent shall bear any cost therein involved.

J.3. **Unilateral termination by the Association.** The Association may, without cause, terminate this contract anytime during the term of the contract by providing a minimum of thirty (30) days' notice (by registered mail, return receipt requested) to the Agent. On termination, the parties thereto shall account to each other with respect to all matters outstanding as of the date of termination. A \$100 termination fee shall be paid by the Association to compensate Agent for preparation of Association records, files, and financials for transition.

J.4. **Agent termination.** Agent may, without cause, terminate this contract anytime during the term of the contract by providing a minimum of thirty (30) days' notice (by registered mail, return receipt requested) to the Association. On termination, the parties thereto shall account to each other with respect to all matters outstanding as of the date of termination. A \$100 termination fee shall be paid by the Association to compensate Agent for preparation of Association records, files, and financials for transition.

J.5. In the event a petition for bankruptcy is filed by or against the Agent, or the Agent shall make an assignment for the benefit of creditors, or take advantage of any insolvency act, this contract shall automatically terminate as of the date of such event. The books, records, and accounts of the Association shall be returned to the Association and shall remain its property.

**K. MANAGEMENT FEE** - Association shall pay Agent a management fee in accordance with the following table:

K.1. \$46,080.00 per year, plus the cost of all contracted services, which shall not be part of this proposal. The management fee covers all services included in this contract, unless otherwise noticed, with the exception of sales tax, printing, copying, postage & handling fees, payment coupons, supplies, licensing fees, title searches, recording fees, mailing supplies, and all items which become the property of the Association. Reimbursable fees (Exhibit A) may be increased as necessary. If applicable, there will be a gate maintenance fee of \$80.00 per month. There will be a one-time property setup fee equivalent to the first month's management fee. (Note: If current financials and accounting records are found not to be in compliance with FL Statutes and/or do not meet Association CPA standards and require reconstruction/reconciliation an additional per hour charge of \$75.00 will be assessed to the Association to conform.)

K.2. Specific services provided by Agent that are not provided as part of its obligation and supervision responsibilities iterated in this contract will be provided directly by the Agent on a cost basis. The Association shall reimburse Agent upon demand for all direct costs and expenses incurred by Agent which relate directly to the Agent's service to the Association. Such direct costs and expenses include, but are not limited to, mailing, photocopying, office supplies purchased by Agent on behalf of the Association, bank charges, and other items that may be from time to time be required or requested by the Board of Directors. Agent shall attend quarterly Board meetings and one (1) membership meeting per year. Any additional meetings that the Board requires Agent to attend may be charged at a rate of seventy-five dollars (\$75.00) per hour. Agent shall also have the right to charge the Association for collecting special assessments, owner transfer fees, and for other duties that the Board of Directors shall require Agent to perform that are not included in the scope of this contract. In addition, Agent shall have the right to charge any Owner a fee for collecting delinquent assessments, for Notice of Late Assessment letters, for reviewing architectural applications, or for providing information or service which is under Agent's control. Said fees shall cover Agent's time and expenses.

K.3. Special Assessments. All Special Assessments will be subject to a one-time setup fee of \$25.00 per door, and a collection fee of \$10.00 per owner, per payment.

#### **L. AUTHORIZED BOARD MEMBER**

L.1. The President or his/her authorized representative shall be authorized to direct Agent on matters relating to management of the Association. Agent is directed not to accept directions or instructions with regard to the management of the Association from anyone else without a recorded vote of the Board of Directors.

#### **M. INDEMNIFICATION**

M.1. The Association hereby agrees to indemnify Agent, its officers, directors, shareholders, employees, agents and contractors, and save them harmless from and against any and all actions, claims, demands, liabilities, losses, damages or expenses of any nature, including attorney's fees, whether at trial, on appeal, in bankruptcy or in post-judgment collection, which Agent may incur by reason of services rendered or duties performed by Agent pursuant to the terms and conditions of this agreement, but only to the extent that such expenses, damages, losses, liabilities, demands, claims, or actions are not covered by any insurance which Agent may be required to maintain under the terms and conditions of this agreement or under the laws of the State of Florida and further provided such damages, losses, liabilities, demands, claims or actions are not caused by Agent's gross negligence or intentional misconduct.

M.2. Agent hereby agrees to indemnify the Association and save the Association harmless from and against all actions, claims, demands, liabilities, losses, damages or expenses of any nature, including attorney's fees, whether at trial, on appeal, in bankruptcy or in post judgment collection, which Association may incur by reason of services rendered or duties performed by Agent pursuant to the terms and conditions of this agreement, but only to the extent that such expenses, damages, losses, liabilities, demands, claims or actions are not covered by any insurance maintained by the Association or Agent and only to the extent such damages, losses, liabilities, demands, claims or actions are due to omissions or failures of Agent in its performance of the required and fully funded obligations, unless otherwise directed by the Board, or its designee, and are not caused by the Association's gross negligence or intentional misconduct.

#### **N. APPLICABLE LAW AND PARTIAL INVALIDITY**

N.1. The execution, interpretation and performance of this agreement shall in all respects be controlled and governed by the laws of the State of Florida. If any part of this agreement shall be declared invalid or unenforceable, Agent shall have the option to terminate this agreement by notice to the Association.

#### **O. SECURITY**

O.1. Association hereby agrees and acknowledges that management or its agents shall not provide and shall not have a duty to provide or maintain any security services to the Association, its members, guests, or member's property. Association, its members, guests or member's property shall look solely to the public police force for security protection and the Association agrees and acknowledges that protection against criminal acts is not within the power or control of management, and, even if from time-to-time management provides assistance with maintenance or coordination of security service, any of those services cannot be relied upon by the Association, its members or guests, and shall not constitute a waiver of, or in any manner modify, this agreement. Management shall in no way be liable for any failure to provide adequate security, maintenance, or services for criminal or wrongful actions by others against Association, its members or guests.

**P. NOTICE**

P.1. Any notice required or provided for in this agreement shall be in writing and shall be addressed as indicated below.

If to Agent: Sovereign & Jacobs Property Management Companies, LLC  
ATTN: Ellen Lumpkin  
120 Sea Grove Main Street  
St. Augustine, FL 32080

If to Association: Villages of Valencia Homeowners Association, Inc.  
ATTN: Board of Directors  
Current address

Either party may change the address by notice to the other party. Notice served by mail shall be deemed to have been served when deposited in the U.S. Mail.

**Q. BINDING AGREEMENT**

Q.1. This agreement shall be binding upon and inure to the benefit of the successors and assigns of Agent and the heirs, administrators, successors and assigns of Association.

**R. SEVERABILITY**

R.1. If any provision of this Agreement shall to any extent be held invalid or unenforceable, the remainder of the Agreement shall not be affected thereby and each and every remaining term shall be valid and enforceable to the fullest extent permitted by law.

**S. COUNTERPARTS**

S.1. This Agreement may be signed in counterparts and any electronic, scanned, faxed or photocopied signature or copy of the Agreement shall be deemed one and the same as an original.

**T. ENTIRE AGREEMENT**

T.1. This Agreement constitutes the entire agreement between the parties, and there are no other agreements, representations, or warranties other than as set forth herein.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed or causes to be affixed their respective signatures on this day:

VILLAGES OF VALENCIA  
HOMEOWNERS ASSOCIATION,  
INC.

Its: President

SOVEREIGN & JACOBS PROPERTY  
MANAGEMENT COMPANIES, LLC.

Ellen G. Lumpkin  
CEO & Founder



## 2023 Reimbursable Schedule

Checks	\$1.85/ea.
Copies (Black & White)	\$0.25/ea.
Copies (Color)	\$0.75/ea.
BB&T Payment Coupon Book	\$8.50/ea.
BB&T Annual Payment Coupon	\$3.00/ea.
BB&T Special Assessment Coupon	\$5.00/ea.
Account Statements - Paper	\$2.50/ea.
Envelopes (Window/Proxy)	\$0.35/ea.
Envelopes – Large (6x9 & 9x12)	\$0.75/ea.
Envelopes - Annual Mailout with Election	\$1.25/ea.
Mailing Labels	\$0.25/ea.
Year End Postcards	\$0.50/ea.
Introductory Welcome Letter to Owners	\$3.50/ea.
Postage (Including FedEx & UPS)	\$ cost plus 15%
Roll Call	\$ cost plus 15%
Virtual Board Meeting Hosting	\$5.00/ea.
Association Documents Binder	\$25.00/ea.
Violation Letters (printed)	\$2.50/ea.
Registered Agent Fee	\$175.00/yr.
Corporate Annual Report (Sunbiz)	\$75.00/yr.
Association 1099	\$25.00/ea.
Record Storage Boxes	\$10.00/ea.
Record Storage Initial Delivery/Setup	\$75.00
Record Storage (1-5 boxes/5-10 boxes/10+ boxes)	\$25.00/\$35.00/\$50.00/mo.
Record Box Retrieval	\$75.00/trip
My Green Condo (Pricing by number of doors)	\$30.00 - \$100.00/mo.
Amenity/Pool Gate Management	\$80.00/mo.
Entry/Access Gate Management	\$80.00/mo.
Dri Fit Maintenance Shirt (on-site employees only)	\$25.00/ea.
Maintenance Employee Hat	\$15.00/ea.
Association Purchase with S&J Credit Card	\$ cost plus 15%
Additional Accounting Services Outside of Contract	\$50.00/hr.
Additional Management Services Outside of Contract	\$75.00/hr.