

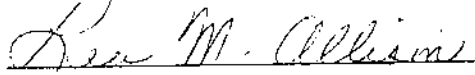
STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

CORPORATE RESOLUTION

I, the undersigned, hereby certify to that I am the Secretary of Tall Ship Association, Inc. (the "Corporation") a corporation duly organized and existing under the laws of the State of South Carolina; that at a meeting of the Board of Directors of the Corporation duly called upon proper notice and held on the 1st day of November, 2001, at which a quorum was present and acting throughout, the following resolutions were duly offered and adopted and entered upon the regular minute books of the Corporation; that the resolutions are in accordance with the charter and bylaws of the Corporation and are now in full force and effect:

That Keowee Key Property Owners' Association, Inc. ("KKPOA") is hereby authorized to enter into the attached Management Contract with Wm. Goldsmith, Inc. on behalf of the Corporation, and that said Management Agreement shall supersede and replace the existing Maintenance Service Agreement between KKPOA and the Corporation, which shall be terminated upon execution of such Management Contract. At the discretion of the Corporation, KKPOA shall continue to perform maintenance and repair work for the Corporation's common areas pursuant to separate agreements between Goldsmith, on behalf of the Corporation, and KKPOA.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Corporation and on this 1st day of November, 2001, and I do further acknowledge, on behalf of the Corporation.


Secretary

ATTEST:

its _____

meetings of either the Board or the POA, as may be requested by the Board. It is further understood and agreed that the authority and duties conferred upon the Manager hereunder are confined to those of the Board as expressly provided for in the Development Documents which may appropriately be delegated by the Board.

4. Services to be rendered by Manager as hereinafter provided shall commence on _____ and shall continue until terminated as hereinafter provided.

5. Manager shall perform the management services outlined below plus any additional services that may be set forth by way of future agreements between the POA and the Manager. For additional services over and above those set forth in this contract, the POA shall compensate the Manager at a figure agreed upon by the POA and the Manager for each additional service rendered.

6. THE MANAGER SHALL:

- a) Investigate, hire, pay, supervise, and discharge the personnel necessary to be employed in order to properly maintain the Development as agreed between the Board and the Manager. Compensation for said personnel shall be the responsibility of the Manager. The Manager will have a representative present at regular meetings of the board of directors of the Condominium Regime (the "Board") to assist the Board and provide resources to Board concerning the matters before the Board regarding the management of the Condominium Regime.
- b) Receive and acknowledge service requests regarding those items for which the Manager is responsible hereunder. Complaints and requests for service shall be documented and presented to the Manager, or if verbal, documented by the Manager and made available for review by the Board. Multiple complaints regarding the same problem shall be reported to the Board with appropriate recommendations.
- c) Maintain a business-like relationship with the property owners, whose service requests shall be received, considered, and recorded in a systematic manner and show what action was taken with respect to each. Complaints of a serious nature or one requiring an expense greater than \$750.00 shall after thorough investigation be reported to the Board with appropriate recommendations. As part of a continuing program, the Manager shall assist the Board to secure full performance by the owners of all items and maintenance for which they are responsible.
- d) Collect all regular and special assessments, and other sums due from the owners. Upon authorization from the Board, the Manager shall request, demand, receive and receipt for any and all charges which may at any time be or become due to the Condominium Regime and to take such action in the name of the Board by way of legal process or otherwise as may be required for the collection of delinquent assessments. As a standard practice, the Manager shall provide the Board and the President of the POA an itemized list of all delinquent accounts, which are thirty (30) days or more past due on the 15th of each month.

e) Cause the building, amenities, and grounds of the Condominium Regime to be maintained according to standards acceptable to the Board, subject to any limitations imposed by the Board in addition to those herein contained. For any one item of repair or replacement, the expense incurred shall not exceed the sum of Seven Hundred Fifty dollars (\$750.00) unless specifically authorized by the Board, excepting, however, that emergency repairs involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety and interest of the owners, or that are required to avoid the suspension of any necessary service to the community, may be made by the Manager irrespective of the cost limitation imposed by this paragraph. Notwithstanding the authority as to emergency repairs, it is understood and agreed that the Manager shall act only on such emergency matters after making all attempts to confer with the Board or any appropriate governing authority regarding each emergency. The Manager shall not incur liabilities (direct or contingent), excluding emergencies, which will at any time exceed the aggregate of Seven Hundred Fifty Dollars (\$750.00) or any liability maturing more than one (1) year from the creating thereof without first obtaining the approval of the Board. Ground maintenance shall include the following, in addition to other appropriate maintenance measures:

- 3/15-11/15 – cut grass once a week or more frequently depending on rainfall
- fertilize and lime as recommended by soil test
- spray for weeding and insect control every other month during the growing season
- clean parking lots, sidewalks and other areas with blower as needed
- operation and maintenance of irrigation system as needed
- prune, fertilize, and spray plants as needed
- apply new bark mulch every three years or as needed depending on appearance
- spray shrubs and plantings as needed for treatment of insect or fungicide problems
- edge and weed all areas as necessary

f) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county, or municipal authority having jurisdiction thereover, subject to the same limitations contained in Paragraph (D) in connection with the making of repairs and alterations. The Manager, however, shall not take any action under this subparagraph so long as the Board has notified Manager in writing that it is contesting or has affirmed its intention to contest any such order or requirement. The Manager shall promptly and in no event more than 48 hours from the time of Manager's receipt of said orders or requirements, notify the Board in writing of receipt of same.

- g) Maintain the existing contracts for service with KKPOA. Make contracts for ground maintenance, parking lot maintenance, hall maintenance and streetlights, or any such contracts, as the Board may deem advisable or needful. All such contracts and orders shall be made in the name of the Condominium Regime and shall be subject to the limitations set forth in Paragraph (D). Any contract which will result in an obligation of the POA of over \$750.00 shall be subject to prior written approval of the Board. When taking bids or obtaining contracts, the Manager shall act at all times under the direction of the Board and shall obtain evidence of insurance coverage, including workers compensation insurance where needed to protect the POA, by parties executing contracts and that copies of all contracts and certificates of insurance which are required should be maintained in the POA's files.
- h) Subject to approval by the Board, make contracts for water, electricity, gas, fuel, oil, telephone, pest extermination, and other services pertaining to the common areas as may be agreed to by the Manager and the Board. This would include placing orders for such equipment, tools, appliances, materials, and supplies as are necessary to properly maintain the Condominium Regime. When taking bids or issuing purchase orders, the Manager shall secure for and credit to the Association any discounts, commissions, or rebates obtainable as a result of such purchases and obtain the best possible prices and terms.
- i) Notwithstanding any provision to the contrary contained in the Agreement, Manager shall not enter into any contract on behalf of the POA, written or oral, unless such contract is within the scope of an annual budget previously approved by the Board, or an amendment thereto.
- j) The manager or his representative will inspect the premises (**ALL COMMON AREAS, ENTRANCES AND COMMON STRUCTURES**) at the Board of Directors request not to exceed once a month for the purpose of preventive maintenance, enforcing By-Laws or reporting recommendations to the Board of Directors.
- k) The Manager shall notify the Board at least 30 days prior to the expiration, cancellation or modification of any insurance policy. Upon authorization from the Board, cause to be placed and kept in force, all forms of insurance needed to adequately protect the Board and the Condominium Regime as their respective interests appear (or as required by law), workers compensation insurance, public liability insurance, directors and officers liability insurance, fire and extended coverage insurance. All of the various types of insurance coverage required shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Board and to mortgagees holding mortgages covering condominium units. All such insurance purchases, etc. shall be approved by the Board for appropriate amounts as described in the Master Deed.
- l) Manager shall maintain, at its expense, workers compensation insurance covering its employees.

- m) The Manager shall advise the Board of Directors and the POA promptly with confirmation in writing of the service upon the Manager of any Summons, Subpoena, or other legal document, including any notices, letters or other communication setting out or claiming an actual or alleged potential liability of the Condominium Regime(s).
- n) From the funds collected and deposited in the Condominium Regime's bank account, as hereinafter provided, cause to be disbursed regularly and punctually: (1) salaries and any other compensation due and payable to any employees or independent contractors; (2) all types of insurance premiums, Reserve Fund for Replacements; and (3) sums otherwise due and payable as authorized by this document or by the Board(s) as operating expenses authorized to be insured including the Manager's fees. After disbursement of the funds as herein specified, any balance remaining in the account may be disbursed or transferred from time to time, but only as specifically directed by the Board in writing. It is understood that the Manager is not required to advance funds for the benefit of the Board and/or the Condominium Regime in payment of the Condominium Regime's expenses.
- o) Maintain an understandable system of office records, books, and accounts in a manner acceptable to the Board, and further outlined in Exhibit "A", which records shall be subject to examination by the Board's authorized agents at the office of the Manager at any reasonable office hours of the Manager. All accounting records shall be kept in accordance with generally accepted accounting principles. Also maintain the Association's archives, which would include minutes and other legal documents. As a standard practice, the Manager shall render to the Board, not later than the twentieth (20th) day of the month following the close of each preceding month, financial and other information, including a balance sheet, operating statement, and copies of all bank statements and invoices received during the prior thirty (30) days. If requested, copies of all books, records, accounts, moneys and correspondence kept by the Manager pursuant to the terms of this Agreement and equipment purchased by the Manager pursuant to this Agreement are to be delivered to the Association upon the termination of this Agreement.
- p) On an annual basis, at least ^{90th} 60 days prior to the beginning of a new fiscal year, assist the Board in the preparation of an annual operating budget setting forth an itemized statement of anticipated receipts and expenditures for the new fiscal year, taking into account the current monthly assessment and the general condition of the residential community. The budget as approved by the Board shall serve as the supporting document for schedule of assessments and constitute the major fiscal control under which the Manager shall operate, and there shall be no substantial variances therefrom except such as may be sanctioned by the Board. The Manager shall operate within the various amounts allocated to various budget classifications of expense within the approved budget and shall not deviate therefrom without the consent and approval of the Board except in time if emergencies and there is a lack of sufficient time to obtain prior approval and sanction of the Board. However, the Manager must promptly bring such a deviation under an emergency to the attention of the Board.

- q) Maintain the amenities according to the standards set by the Board and consistent with the overall plan of the Board and in the interest of the owners. The Manager shall see that all owners are informed with respect to such rules, regulations, and notices as may be passed by the Board from time to time.
- r) The Manager shall assist the Board in enforcing the By-Laws, covenants, conditions, and restrictions and the rules and regulations of each Condominium Regime.
- s) The Manager shall maintain a POA membership mailing list as provided the Manager by the Board.
- t) Establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the Manager custodial care of the account, a trust account (the "Trust Account") for the use of the Manager to deposit the monies of the Condominium Regime with authority to make any payments by the Manager to discharge any liabilities or obligations incurred while acting for the Board(s). All interest or other earnings on the Trust Account shall accrue to the benefit of the POA. Notwithstanding any other provision hereof, POA shall establish a Reserve Account for the payment of long-term obligations of the POA, including, but not limited to, re-paving of driveways and parking lots, re-roofing of buildings, repainting of buildings, etc. The Board shall designate a monthly amount to be transferred from the Trust Account to the Reserve Account for reserve items. Neither Manager nor any of its employees shall have signatory authority on the Reserve Account. If Manager needs funds from the Reserve Account to pay for reserve items, it shall request a check from POA for payment of same at least Seven (7) days prior to the date Manager needs to receive same for timely payment of such item.
- u) Perform such other tasks relating to the maintenance of the Development as are requested by the Board from time to time according to standards set by the Board. The Manager shall be expected to perform such other acts and duties as are reasonable, necessary and proper in the discharge of its duties under this Agreement.
- v) Pay all taxes owed by the Association at least three (3) days prior to the due date or in time to prevent the imposition of any late charges, interest, or penalties; and cause the Association's federal tax return to be filed within two and one-half (2-1/2) months after the end of the fiscal year.

7. See Exhibit A for financial management details.

8. At the Manager's expense, the Manager shall provide a fidelity bond covering those employees of the Manager who handle funds. Manager shall also adopt reasonable procedures to prevent any embezzlement or other unauthorized use of POA's funds by any employee of Manager. Manager shall indemnify and hold POA harmless against any loss or damage resulting from any embezzlement or other defalcation by Manager's employees or by

any contractor or other entity employed by Manager to handle POA's funds, including, but not limited to, costs and expenses of litigation and attorneys fees.

9. This contract will be renewable on an annual basis. Further, either party shall have the right to cancel this agreement on sixty (60) written notice to the other party hereto, with or without cause.

10. Any controversy or claim arising out of or relating to this contract, or the breach thereof, and/or any other dispute between the parties hereto, shall be settled by arbitration administered by the American Arbitration Association in accordance with its applicable rules and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. In the event of litigation or arbitration involving this Agreement, or other litigation between the parties, the losing party shall pay the attorneys fees, costs and expenses of the prevailing party.

11. This Management Agreement shall be interpreted and enforced under the laws of the State of South Carolina and supersedes any other contract between POA and Wm. Goldsmith, Inc.

12. The POA shall pay to Manager, for providing the foregoing, fees as described in Exhibit "B".

13. All mailings (postage, printing and paper) will be charged to each Condominium Regime based on actual usage. Time spent on legal actions or audits will be billed at \$50.00 per hour. A representative will attend ten (10) monthly board meetings and one annual meeting for the POA. Participation in additional meetings will be billed at \$50.00 per hour for the duration of the meeting only, not to include travel time.

14. INDEMNIFICATION. The POA shall indemnify the Manager and save it harmless from and against all claims, losses, and liabilities arising out of damage to property or injury to, or death of, persons (including the property and persons of the parties hereto and their agents, subcontractors and employees) occasioned by or in connection with acts of omissions of POA or Condominium Regime's agents (other than the Manager or the Manager's agents, employees or subcontractors), employees or subcontractors, acting within the cause and scope of their employment, and all costs, fees and attorneys' expenses in connection therewith. The Manager shall indemnify the Board and the POA and save them harmless from and against all claims, losses and liabilities arising out of damage to property, or injury to, or death of, persons (including the property and persons of the parties hereto, and their agents, subcontractors and employees) occasioned by or in connection with the acts or omissions of the Manager or the Manager's agents, employees and subcontractors, and all costs, fees and attorney's expenses in connection therewith.

15. This Agreement shall be binding and may only be altered or amended in writing.

16. Manager shall not assign, transfer or convey any or all interests, duties, or rights it may have under this agreement without prior written approval of POA.

17. Any notice or document required or permitted to be delivered or given hereunder must be in writing and shall be deemed to be delivered when actually delivered to the recipient, or, if notice or document is sent by a recognized overnight delivery service (such as Federal Express) in accordance with the provisions of this paragraph, such notice shall be deemed given on the next business day after same is delivered to such overnight delivery service, properly addressed, delivery charges paid or account charge accepted, with instructions that said notice shall be delivered by a "next day" method of delivery. Any such overnight delivery service must offer guaranteed "next day" delivery in order to be acceptable. Any such notices shall be addressed to the parties hereto at the respective addresses set out opposite their names below, or at such other address as they have heretofore specified by written notice delivered in accordance herewith:

POA:

Ken M. Allison, Secretary
Festumal J. Rojas, President

MANAGER:

Either party may, at any time on no less than ten (10) business days prior notice to the other party, change its address by giving the other party notice stating the change and setting forth the new address.

~~KKPOA~~ 11.2.01

18. ~~KKPOA~~ shall have no personal liability with respect to this Agreement. However, Manager shall, on behalf of POA and to the extent so directed by the Board, engage KKPOA as a subcontractor to perform maintenance and repairs on behalf of the Condominium Regime, on terms and conditions as are separately agreed by the parties. This Agreement shall supersede and replace the existing Maintenance Service Agreement between KKPOA and the Condominium Regime, which shall be terminated upon execution of this Agreement.

WITNESSES:

Mal Dell
COMMUNITY SERVICES DIRECTOR

Paul Holland

TALL SHIP ASSOCIATION, INC.
By: Keowee Key Property Owners'
Association, Inc., its agent

By: David H. Coe, as agent
David H. Coe, AMS, CA, its 11.2.01
Community General Manager.

WM. GOLDSMITH, INC.

By: Kevin Spindler
Its: Manager