

STRATA MANAGEMENT PROPOSAL FOR

Strata Plan 1234

"Name of Complex"



Prudential Estates (RMD) Ltd.
SALES & PROPERTY MANAGEMENT
7320 Westminster Highway,
Richmond, B.C. V6X 1A1
Telephone (604) 273 • 1745
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Jan 1, 2021

The Council of Owners,

John Doe
Jane Doe

Dear Council Members:

RE: "Comprehensive" Property Management System

Thank you for this opportunity to present to you the essential ingredients of our property management system. We are confident that, like our thousands of Strata Corporation clients, you will find our property management services both thorough and proficient.

This submission outlines the details of our property management system that we trust will provide you with sufficient information to decide that the ongoing needs of The Owners, Strata Plan «1» warrants, in the least, a meeting with our personnel to discuss our system in detail and answer your questions.

Real estate property management is about people and their homes. Choosing a professional property management company should not be approached in the manner one would in securing a service contract for a vehicle or machinery. The management of real property is very much a people business and we strongly recommend that we meet with your Strata Council to hear, first hand, your specific management concerns and needs and to answer thoroughly any questions that your Council may have regarding the successful management of your property.

Our objectives in the management of strata developments such as yours are to:

- 1) ensure that your Corporation has a sound financial base;
- 2) maintain the common property elements to the highest standards possible within the constraints established by the annual operating budget, and;
- 3) through careful long term financial planning, ensure the establishment of the Strata Corporation's reserve fund requirements.

Additionally, we believe it is our responsibility to minimize the personal time commitment of each Council member without reducing Council awareness of the ongoing administration of your development. Our programs, which are described herein, are designed to that end.

One of the greatest challenges in strata management lies in human relations - namely the contact with and between a group of Owners with equal rights, who all must feel their rights and needs are treated equally. Therefore, establishing effective communication and building meaningful rapport is an essential component of property management to ensure a harmonious environment for all.

Should we be appointed the Agent for your Strata Corporation our primary concerns are to:

- ensure the protection of the interest of the Owners; hence our responsibilities to ensure that the Strata Corporation is adequately insured;
- that your property is well maintained;
- that meetings are held as required under the Strata Property Act;
- that proper minutes of those meetings are maintained;
- that proper books of accounts are employed and maintained;
- that the most economic operation of the project is achieved without sacrificing long-term values and appreciation;
- to help enhance the value of the common property for the owners as seen through the eyes of a real estate agent; and
- that good communication and harmony is created within the development.

At Century 21 Prudential Estates (RMD) Ltd., we view our role in the managing of property, akin to that of a Municipal Manager, acting for a Municipal Council. Your "property manager" will advise elected representatives on any matters regarding the Strata Corporation and thereafter, carry out the instructions of the elected members of Council.

- Your assigned Property Manager will inspect the grounds and buildings on a regular basis and advise the Council of any required maintenance and/or repairs that may be needed. Should work be approved, the Manager will obtain quotations for such repairs at the direction of Council, with the Manager assuming responsibility for hiring contractors doing the maintenance work and repairs on and to the property on behalf of the Strata Corporation as it's management Agent.
- The Manager will assist the Strata Council in the enforcement of the Strata Corporation's Bylaws & Regulations and will ensure that all Owners are adequately advised of any changes to the Bylaws, or Rules and Regulations.

- The Manager will also act as liaison between the Owners and the Strata Council in matters of dispute, whether they be of a legal or social composition, and advise the Strata Council of the various alternatives that can be taken in resolving such disputes.
- The Manager will make all arrangements for the General Meeting of the Strata Corporation, including facility rentals, if required, preparation and distribution of the Notice of Meeting, attendance recording, assuring the legality of the meeting, provide voting ballots, proxy forms, arranging for a recording secretary and preparation and distribution of the minutes of such meeting to all owners.

General Strata Management Services

PROVIDED BY CENTURY 21 PRUDENTIAL ESTATES (RMD) LTD.

- Collect the monthly operating assessments, as determined by the Strata Corporation's operating budget, from all Strata Lot owners and deposit them to the Strata's trust accounts as required by the Real Estate Services Act of British Columbia.
- Pay out from the Strata's trust accounts all charges incurred in the maintenance and operation of the Strata Corporation on behalf of the Owners.
- Maintain records of all receipts for the Strata Corporation as required by the Strata Property Act and Real Estate Services Act of British Columbia.
- Submit a monthly operating statement to the Strata Council showing all categories, receipts and disbursements, as well as a trust account balance and reserve fund total (see enclosed sample).
- Arrange for the maintenance of all common property, including cleaning, painting, decorating, landscape maintenance and repairs, subject to the direction of the Strata Corporation and at the expense of the Strata Corporation.
- Prepare, with input from Council, a draft recommended working budget for the Strata Corporation showing anticipated receipts and expenditures for the fiscal year of operation, including a contingency and reserve capital analysis for projected replacements and repairs.
- Hire, on behalf of the Strata Corporation, pay on behalf of the Strata Corporation all employees of the Strata Corporation, arrange to have filed all necessary returns and reports for all employees of the Strata Corporation as required under the Unemployment Insurance Act, Federal Income Tax Act, Canada Pension Plan and Worker's Compensation Act by the appropriate professional where required.

General Management Functions continued

- As Strata Agent negotiate contracts on behalf of the Strata Corporation for all services required for the common property, subject to the approval of the Strata Council within the constraints of the budget approved by the Owners.
- Purchase equipment, tools, materials, and other such supplies for the operation and maintenance of the Strata Corporation at the expense of the Owners. All discounts received as a result of bulk purchases are passed on to the Strata Corporation.
- Co-operate with all Strata Lot owners in investigating and reporting all accidents for damage claims covered by the insurance policy in force for the Strata Corporation and regularly review with an accredited insurance broker the insurance in effect in order that the most comprehensive coverage, at the most economical cost, is maintained.
- Obtain, through an accredited insurance broker, advice and prepare recommendations on quotations for required insurance, and act as a Strata Corporation agent in negotiating any insurance settlements.
- Attend and record meetings of the Strata Council, including General ownership meetings, as specified in this proposal, at the request of the Strata Corporation.
- Obtain specifications and reports involving major repairs/replacements of common property elements and put to tender and receive all required quotations from pre-qualified contractors and consultants.
- Prepare and distribute detailed minutes of the meetings of the Strata Council within fourteen (14) working days of the Council meeting (see enclosed sample).
- Receive and deliver to the Strata Council all correspondence to the Corporation from individual Strata Lot owners and respond to ownership communications according to instructions from the Strata Council.
- Assist individual Owners in solving common property problems as they pertain to the Strata Corporation's Bylaws and Rules & Regulations.
- Act as a liaison for the Strata Council in regulating or controlling the actions of individual Strata Lot owners who are in any way infringing upon the Regulations or Bylaws of the Corporation, so that the members of the Council are not placed in personally embarrassing situations.

The Accounting Services Provided

BY CENTURY 21 PRUDENTIAL ESTATES (RMD) LTD

A) Collect The Monthly Operating Assessments

- Provide notification to new Owners of their monthly assessment and payment responsibilities, options and timelines.
- Collection of overdue accounts by automatically forwarding a monthly reminder letter to Owners when their account is fifteen (15) days in arrears; followed (if the delinquency continues) by a demand letter and then further action as directed by the Strata Council, including the placement of a registered lien against the title of the property in arrears.
- The posting of payments to the Strata Lot owner's individual trust account and preparation and deposit of Strata Corporation funds to the individual trust account of the Corporation.

B) Payment Of All Approved Invoices

- To code and post all invoices to the appropriate accounts
- Prepare, sign and issue cheques
- Post paid invoices to the Strata Corporation's files and have copies of all paid invoices, relating to the operating statement of a particular month, forwarded to a designated Strata Council member.

C) Preparation Of Monthly Operating Statements

- To close monthly accounts.
- Reconcile bank trust account statements.
- Forward computer generated operating statement within twenty (20) working days of month-end to all Strata Council members, including a copy of the accounts receivable list, all paid invoices and bank statements to the designated Strata Council member (usually the Treasurer and President) for Council approval.

Note: A sample financial statement is included for your perusal.

Accounting Services continued

D) Banking Arrangements

- Century 21 Prudential Estates (RMD) Ltd., will maintain the Strata Corporation's trust account with HSBC Bank Canada. Through a special arrangement we have negotiated with HSBC Bank Canada, the Strata Corporation is provided interest earnings on all funds deposited to the trust accounts and the interest rate is calculated as follows:
 - Interest will be paid at HSBC Canada's average Prime Rate during the month, less 1.75%, on the average daily balance in the account and paid monthly.
 - By using this method of calculation, interest is earned, not only on funds that would ordinarily be maintained in savings accounts and term deposits, but also on operating funds, which may not currently be earning interest. These arrangements ensure security of the Owner's funds while maintaining a high degree of liquidity.
 - Century 21 Prudential Estates (RMD) Ltd. has been successful in negotiating reduced bank charges applicable to individual trust accounts. Monthly bank charges, subject to annual review, are calculated as follows:

\$3.00 plus \$0.235 per strata lot, rounded to the nearest dollar
(\$10.00 per month for a 30-unit development)

- Additionally, Century 21 Prudential Estates (RMD) Ltd. Has negotiated exclusively a plan with HSBC Bank Canada whereby Century 21 client Strata Corporations may obtain renovation loans in lump sums of \$50,000.00 to a maximum of \$500,000.00 at extremely favourable terms and interest rates over a sixty (60) month period after being approved by the bank and The Owners of the Strata Corporation by way of a 3/4 vote Resolution at an Annual or Special general meeting (this gives the Strata Council an alternative to a special levy, in some cases).

Note:

Most accounts ordinarily kept with any banking institution are usually insured to a maximum of \$100,000.00 by the Canadian Deposit insurance Corporation (CDIC).

In April of each year, on behalf of our Strata Corporation clients, we notify HSBC Bank Canada that the Strata Corporation Trust Account is a pooled account on behalf of all Strata Corporation Owners. By this method, we arrange that individual strata trust accounts are covered by individual deposit insurance corporation (C.D.I.C.) insurance for \$100,000.00 times the number of individual Owners comprising the Strata Corporation, instead of \$100,000.00 per trust account.

It is this kind of "attention to details", on behalf of our many Strata Corporation clients that has earned Century 21 Prudential Estates (RMD) Ltd. such a positive reputation throughout the entire property management industry.

The Record Services Provided

BY CENTURY 21 PRUDENTIAL ESTATES (RMD) LTD

- We will maintain an updated list of all Strata Lot owners with all pertinent contact information.
- We will maintain an updated list of all tenants occupying tenanted Strata Lot units.
- We will maintain and issue Form "F" & Form "B" certificates, as provided by the Strata Corporation required in the sale of a Strata Lot unit.
- We will maintain a current list of all Mortgagees who have notified the Strata Corporation of their interest.
- We will maintain all minutes of Strata Council meetings as provided by the Strata Corporation.
- We will maintain records of the current Strata Corporation affairs including contracts, insurance policies, and general correspondence as per Section 35 of the Strata Property Act.
- We will arrange for an offsite archive file storage at a nominal monthly fee.

Note:

Each employee of Century 21 Prudential Estates (RMD) Ltd., is covered by a mandatory \$1,000,000.00 Errors & Omission insurance that is required under the Real Estate Services Act plus \$2,000,000.00 of Professional Liability Insurance over the mandatory \$1,000,000.00 required under the Real Estate Services Act of B.C.

As of January 1st, 2005 the Real Estate Services Act of B.C. implemented the Real Estate Compensation Fund Corporation, which covers Licensees, licensed under the Real Estate Services Act for \$100,000.00 per claim with a maximum of \$350,000.00 for Brokerage firm. This replaces the old bonding requirement under the Real Estate Act that had required a minimum bond of \$10,000.00 and a maximum bond of \$100,000.00.

All Strata Corporation funds are invested in individual trust accounts, which are audited annually as per the requirements of the Real Estate Services Act of British Columbia.

Copies of the individual Real Estate licenses & insurance forms are included for your information.

The Budgeting Services Provided

BY CENTURY 21 PRUDENTIAL ESTATES (RMD) LTD

One of the vital areas in the successful operation of any Strata complex is that of financial accounting and budgeting.

As your Strata Agent, we would prepare an annual "draft" working budget for perusal by the Strata Council. This "draft" budget would include a detailed breakdown and explanation of all coded operating accounts, as well as a long-term amortization reserve schedule for capital expenditures, replacements and repairs.

The "draft" budget would be based on historical cost information from your complex, our past experience in dealing with expenditures of comparable developments that we manage and general economic trends existing at the time of preparing this "draft" budget.

Upon ratification of the final "draft" budget by the Strata Council, and subsequent approval of that budget by the Owners at the Annual General Meeting, Century 21 Prudential Estates (RMD) Ltd. shall distribute the approved operating budget to all Strata Lot owners with a new schedule of operating assessments.

Information To New Owners

As an additional service to the Strata Council, we as your Agent, will automatically forward a "welcome" and "information" package to all new Owners. This package will contain information pertinent to living in your development. Included as such items as;

- A list of current and optional insurance coverage's.
- The names of the Strata Agent and Administrative Assistant.
- A copy of the current Strata Corporation Bylaws and
- Rules & Regulations.
- How and where to make monthly assessment payments (samples enclosed)
- Who to contact in an emergency (emergency phone number).

24 Hour Emergency Service

Although our management programs are designed to minimize unexpected problems, unusual and immediate concerns may arise. Our office telephone is monitored on a 24-hour basis to ensure Strata Lot owners can achieve immediate response to emergency situations

Optional Management of Rental Units

BY CENTURY 21 PRUDENTIAL ESTATES (RMD) LTD

As an additional service (where permitted by the Strata Corporation Bylaws), we offer a complete rental management service to the Owners of tenant occupied suites at competitive rates. In addition to the services already outlined, the investor-owner will receive the benefit of the following services;

- Collection and deposit of all rents to individual trust accounts.
- The placement of tenants, following careful screening and qualification.
- The dealing with all tenant inquiries and/or complaints.
- The training and supervision of resident managers.
- Maintenance of all payroll records.
- Enforcement of rental contracts.
- Approval and payment of all invoices applicable to the individual properties, including mortgage payments, strata fee payments, repair and maintenance, etc.
- Supervision of all maintenance and repairs within the individual units.
- Supply of 24 hour emergency service to the tenants residing within the complex.

The fee structure for the supply of these services to the investor-owned units would depend upon whether the units were operated individually or as a "rental pool". On an individual suite basis we charge 10% of gross collected rents - whereas should the units be "pooled", the fee would be reduced to 8% of gross collected rents. Please note that no additional fees are charged other than minor advertising costs, should they be required.

Note: Disclosure

Should a conflict arise between an investor-owner and the Strata Corporation, the investor-owner will be advised that the Agent is first and foremost, the Agent of the Strata Corporation and if a conflict of interest arises, The Agent must resign as the Rental Agent for the investor-owner.

Other services are available on a fee basis (see Schedule C attached to the sample contract).

Century 21 Prudential Estates (RMD) Ltd.

CORPORATE PROFILE

Over 50 years of consistent real estate services

Prudential Estates Ltd. was first registered as an active real estate firm in 1953 and after twenty-three years of successful operation joined the Century 21 system. Given the volatility of the real estate marketplace and the demise over the past few decades of many of the largest real estate companies in Canada, we are very proud of our track record and stability. We are currently active members in the following organizations.

Century 21 Prudential Estates (RMD) Ltd. is currently an active member of the following organizations:

- Ω Strata Property Agents of British Columbia
- Ω Professional Association of Managing Agents (PAMA)
- Ω Better Business Bureau
- Ω Richmond Chamber of Commerce
- Ω The Real Estate Board of Greater Vancouver
- Ω The British Columbia Real Estate Association
- Ω Condominium Homeowners Association
- Ω Canadian Real Estate Association

The President of Century 21 Prudential Estates (RMD) Ltd., Mr. W. D. (Bill) Blackall, has been involved within the real estate industry for more than thirty (30) years and has, in the past, served as President of the Richmond-South Delta Division of the Real Estate Board. Mr. Blackall also served as a Director of the Real Estate Board of Greater Vancouver, contributing to various standing Board committees, including Bylaws and Legal Committee, Complaints and Ethics Committee, Membership Committee, Education Committee and Business Practices committee and the Property Management task force as well as being one of the founding members of the Strata Property Agents of B.C..

The principals of our firm have always taken the view that all individuals who manage strata titled properties with Century 21 Prudential Estates (RMD) Ltd. as a Strata Manager must be duly licensed under the Real Estate Services Act of B.C.; hence our managers, have always been duly licensed as a Strata Manager since the company's inception.

Our experience has clearly shown us that Property Managers/Strata Agents must have the necessary education and business savvy that is required to competently manage the affairs surrounding the management of real property. Having duly educated and licensed property managers provides our clientele with added security and peace of mind through the knowledge that their funds are being handled in the strict accordance with the provisions of the Real Estate Services Act, and the Strata Property Act of British Columbia.

Century 21 Prudential Estates Profile continued

Additionally, our Property Managers are bound to and conduct themselves in strict accordance with the professional standards adopted by the Strata Property Agents of British Columbia and the Real Estate Board of Greater Vancouver as established by the Canadian Real Estate Association, the British Columbia Real Estate Association and the Real Estate Services Act of B.C.

The Company Directors, and Vice President, Mr. Matthew Collins bring to Century 21 Prudential Estates (RMD) Ltd. in excess of 75 years combined experience and service to the real estate, construction and strata industry. Our ability to draw on this vast, hands-on pool of property management experience allows us to anticipate and implement management programs that are based on experience rather than projections, This permits us to implement such programs that truly fit the needs and address the concerns of our individual property management clients.

At the current time Century 21 Prudential Estates (RMD) Ltd. acts on behalf of more than one hundred-fifteen (115) strata titled developments, representing approximately 10,000 homeowners plus the management of over 300 rental properties.

In summarizing our profile, most professional management firms have developed management systems and approaches to the management of strata developments. However, and quite naturally, we believe our services, programs and operating vision sets us apart from our competition. The following comments briefly outline some of these services/operational policies.

1. Quality Service with Every Client Contact

Our driving goal is to provide our clientele with the highest level of service available in the strata management industry today. This goal is realized by our management's constant effort to ensure that all our staff provide "Quality service with every customer contact." It is this constant measurement of service to provide worry free and hassle free management services that ensures owners are kept informed of the affairs of the Strata Corporation and by providing the Strata Council members with up to date information concerning the financial maintenance of their property and industry news up-dates in general.

2. An Experience Resource Pool

Century 21 Prudential Estates (RMD) Ltd. presently employs fifteen (15) Property Managers as well as a Service Manager and fourteen (14) support personnel. One of our Property Managers who has dealt extensively with the management of strata developments and has specific experience in dealing with building deficiencies, social conflicts and financial planning and accountability would be assigned to you. For the major projects such as re-roofing or elevator replacement , you have access to our special projects managers.

Our staff also possess extensive experience in the transition of accounts from one property management company to another and we would be pleased to assist your Strata Council whenever necessary to assure a smooth transition from your current management system should you and your council decide to put Century 21 Prudential Estates (RMD) Ltd. to work for you.

3. Stability

Many of our clients have enjoyed the benefits of our management approach for periods in excess of ten years. Our long range planning approach to strata management has provided these Strata Corporations with stable budgets, adequate financial reserves and continuity in management services. It is this stability that provides the basis to build firm and lasting relationships with our clients for after all, while Property Management is a business, it is the business of handling and solving the concerns of people and their homes.

Our philosophy in building a successful property management company is not based on share of market but rather on share of customer. We have built our company, one client at a time, to form long term client retention through providing exceptional service and building meaningful relationship with all of our clients.

4. Cost Affordability

Our management fee for our Comprehensive Property Management System for the purposes of this submission would be \$_____ per month plus applicable tax. This fee includes Property Manager attendance at a maximum of _____ Strata Council meetings plus the Annual General meeting per contract year. This is "subject to" any optional services and charges that are outlined in our Schedule "C" (attached to the Agency agreement).

In Conclusion

While the foregoing outlines our basic approach to property management and our Comprehensive Property Management System, we know that you need more than just words to come to an intelligent decision for the best interests of your Strata Corporation.

We are confident that you will find our services more than satisfactory and we are prepared to offer the following to back up our belief . . .

"should during the initial six month period, the Strata Council unanimously resolve to terminate the management agreement, the Agent shall waive the termination's conditions contained within Paragraph 14.1 of our agreement and shall step down following thirty (30) days written notice of the Council's decision."

This special warranty shall become void if not exercised prior to the seventh month following the original commencement date of our agreement.

I wish to emphasize one very important aspect of the property management business. We at Century 21 Prudential Estates (RMD) Ltd. do not believe in on-the-job training. All our Property Managers are fully experienced in dealing with all aspects of property management. Managing property is an intricate and detailed business involving not just money and property - it involves the quality of people's lives. We take this responsibility very seriously and perhaps that is one of the reasons why Century 21 Prudential Estates (RMD) Ltd. has become a recognized leader in the property management industry.

Prior to us meeting, please feel free to check with:

1. The Real Estate Council of B.C. to verify that we are licensed for Strata Management;
2. The Strata Property Agents of B.C. at 604-541-2903;
3. The Better Business Bureau of Mainland B.C. at 604-682-2711 to verify that we are members in good standing, the number of complaints received and the way they are handled; and last but not least,
4. The Condominium Homeowners Association of B.C. at 604-584-2462.

Please call me at your convenience so I can answer any immediate questions you might have regarding our "comprehensive property management system".

Should you desire myself or one of our senior Property Managers to attend a Strata Council meeting, we would be delighted to do so.

Thank you for your time and interest in our company's management services and I look forward to talking with you in the very near future.

Dependably yours,

Century 21 Prudential Estates (RMD) Ltd.

W. D. (Bill) Blackall
General Manager & Managing Broker

"We take caring for you home . . . Seriously"