

PROPERTY MANAGEMENT AGREEMENT

This agreement, made this 28th day of February, 2008 by and between **The Vollman Property Management Company, Inc., a California Corporation, d.b.a. JADE Properties**, having its principal office at 1900 Point West Way, Suite 142 situated in the City of Sacramento, California, 95815-4703, hereinafter referred to as AGENT and **Owners Name**, hereinafter referred to as OWNER.

Now, therefore, it is mutually agreed by and between the parties as follows:

APPOINTMENT

1. AGENT hereby accepts the designation as the exclusive agent and representative of OWNER for the purpose of managing for OWNER'S accounts the following described property:

PROPERTY

**12340 Sunrise Boulevard
Rancho Cordova, CA 95742
Sacramento County Assessor's Parcel Number 000-0000-000-0000**

DUTIES OF AGENT

2. The authorities, duties and responsibilities of AGENT in connection with the management of property shall be as follows:

- a) AGENT shall have the right and duty to manage and maintain the premises and its appurtenances during the term hereof in accordance with the provisions of this Agreement. AGENT shall do or cause to be done any acts necessary to maintain and operate the premises consistent with good and proper standards of property management.
- b) AGENT shall cause the premises, and appurtenances, parking lot, grounds, and other common areas to be operated, maintained, repaired, replaced and cleaned according to standards acceptable to Owner. In the event OWNER desires a level of maintenance other than that standard for the area and the usage of the premises he shall so notify AGENT in writing.
- c) AGENT shall notify OWNER of the violation of any and all laws, ordinances, and regulations applicable to the use, operation, occupancy and maintenance of the premises. Upon the OWNER's instruction, AGENT shall use its best reasonable efforts to prevent or rectify said violations.
- d) AGENT shall conduct periodic inspections of the property. AGENT shall make recommendations for improvements, alterations, repairs or replacements as may be required. No single improvement, alteration or repair costing more than Six Hundred and No/100ths Dollars (\$600.00) shall be made by AGENT without OWNER'S prior authorization. However, in case of emergency which requires immediate repairs, AGENT shall make all emergency repairs involving manifest danger to life or property or those repairs immediately necessary for the preservation and

safety of the project or for the safety of its tenants. If OWNER is not readily available for consultation, AGENT shall use its discretion regarding same.

- e) AGENT shall enforce association and/or building complex rules as required, act as liaison and coordinate with various city and county officials on matters relating to the operation of the building complex.
- f) AGENT shall notify OWNER of any fire or other damage to the property.
- g) AGENT shall notify OWNER of any personal injury or property damage claim against the OWNER or the property.
- h) AGENT shall take all reasonable steps to collect, and enforce the collection of, all rentals and other charges due OWNER from tenants of the property in accordance with the terms of their tenancies.
- I) AGENT shall notify OWNER of any tenant lease defaults and, with the OWNER'S prior consent, enforce the leases through legal proceedings.
- j) AGENT shall deposit all receipts collected for OWNER (less any sums properly deducted or otherwise provided herein) in a Trust Account in a national or state institution qualified to engage in banking or trust business, separate from AGENT'S business/personal account. AGENT will not be held liable in the event of bankruptcy or failure of the depository.
- k) AGENT shall, from gross collections, pay all loan payments, all operating expenses and other authorized expenses of the property except as provided under paragraph 7 hereof. In the event OWNER elects to have any payments made in a manner other than as herein provided, OWNER shall notify AGENT in writing.
- l) AGENT shall maintain accurate records of all funds received and disbursed in connection with its management of the property and said records shall be open for inspection by OWNER at all reasonable times.
- m) AGENT shall render monthly statement of receipts, expenses and charges and remit to OWNER, after deducting all authorized expenses and reserves, the net amount of funds collected for OWNERS account. In the event the anticipated disbursements shall be in excess of the rents collected by the AGENT, or the balance in the OWNER'S account, see paragraph 4. b. below, then OWNER hereby agrees to pay such anticipated excess promptly upon notification by AGENT.
- n) AGENT shall render to the OWNER an annual statement reflecting the combined monthly statements for the year. Such statements will be rendered as soon after the close of the calendar year as reasonably possible, but no later than March 15 of each year.
- o) AGENT shall handle all tenant requests and complaints on behalf of OWNER and shall use all reasonable efforts to assure compliance by tenants with the provisions of their leases.

- p) AGENT shall have authority to negotiate and enter into contracts and terminate same on behalf of OWNER with all independent contractors required in the operation of said property; such as, landscaping service and repairs, parking area sweeping, janitorial services, refuse removal services, general maintenance and repairs and other such services. AGENT shall have the authority to instruct and supervise all such contractors on behalf of OWNER. AGENT shall obtain owner's prior written consent for any contracts whose aggregate annual value exceeds Five Thousand Dollars (\$5,000.00).
- q) AGENT shall have the authority to negotiate and enter into contracts for electricity, gas, fuel, water, telephone, window cleaning, ash or rubbish hauling and other services as the AGENT shall deem advisable; the OWNER shall assume the obligation of any contract so entered into.
- r) AGENT shall cooperate with and assist appraisers, consultants or counsel retained by OWNER to evaluate the property or to appeal assessed values. However, AGENT shall not be responsible for such undertakings.
- s) AGENT shall not be responsible for the negotiation or supervision of any refurbishment of tenant improvements, new construction of tenant improvements, or installation of any substantial improvement within/on the premises. AGENT and OWNER will enter into a separate contract to perform these services.
- t) AGENT is not authorized to practice law. Where legal assistance is needed for such matters, including, but not limited to, developing a lease document, enforcing the collection of rent or eviction of a tenant, legal assistance shall be obtained through counsel designated or approved by OWNER and legal action undertaken shall be in OWNER'S name only. All such legal expenses, including that of counsel, shall be borne by OWNER.
- u) AGENT is hereby authorized to have a sign, or signs should the property be a multi-building property, identifying the property management company installed on the property.

LEASING OF THE PROPERTY

3. OWNER hereby advises AGENT that one of the goals of the OWNER regarding the property is to achieve and maintain maximum occupancy and cash flow consistent with good management practices, proper tenant mix and local zoning laws and ordinances.

- a) Consistent with the above stated goal, the OWNER hereby authorizes AGENT to continually review the tenant mix and actively pursue, at all times, tenants for the property.
- b) AGENT shall, during the term of this agreement, have the authority and exclusive right to negotiate leases, month to month tenancies and lease renewals with prospective and existing tenants upon terms approved by the OWNER.
- c) AGENT shall have the right to advertise the availability of space for lease in local news media and to display signs on the property.

- d) AGENT shall handle, in coordination with the OWNER, all tenant qualifications and negotiations.
- e) AGENT shall develop leasing flyers/brochures and marketing information and materials as AGENT deems necessary to present any available space for lease to the marketplace. AGENT shall distribute said materials to real estate brokerage and leasing agencies that are actively involved in the market area.
- f) AGENT shall cooperate with all real estate agents who are actively involved in the market area. AGENT shall provide leasing brochures/property information sheets to all such leasing agents. AGENT shall show the available space in coordination with the leasing agents, if appropriate, to all potential tenants who are qualified. AGENT shall insure that access to all space available for lease is granted to all leasing agents should said leasing agents not desire AGENT to be present during the property showing.
- g) AGENT shall, at OWNER'S instruction, review and/or prepare all offers to lease, lease contracts, addendums, amendments, exhibits and allied papers for OWNER'S review prior to execution of said documents and the subsequent commencement of any leasehold which may be the subject of the documents.
- h) AGENT shall, after consulting with OWNER regarding the necessity to engage a real estate brokerage or leasing company, relinquish, in writing for a specific period of time, its exclusive right to negotiate leases for the property. AGENTS responsibilities and compensation in this circumstance shall be as follows:
- (i) In the event the OWNER grants an exclusive or exclusive agency listing contract to a real estate brokerage or leasing company which precludes compensation to AGENT, AGENT shall not be responsible for advertising the property for lease, development and distribution of marketing materials, showing or touring the property with prospective tenants and/or cooperating agents and brokers, qualification of prospective tenants, negotiation with prospective tenants or their representatives such as; brokers, leasing agents, attorneys, accountants, etc., preparation and/or review of offers to lease, lease contracts, addendums, amendments, exhibits and allied papers.

AGENT shall conduct walk through inspections and provide brokers and/or agent keys for entry into the spaces which are available for lease.
 - (ii) In the event OWNER grants an exclusive, exclusive agency or an open listing contract to a real estate brokerage or leasing company which provides that an amount equal to one-half (1/2) of the normal leasing commission shall be paid to AGENT, AGENT shall perform all its' normal duties.
 - (iii) Any modification of AGENTS' duties/responsibilities shall be in writing and executed by all parties to this agreement.

I) AGENT shall conduct a walk through inspection, at the commencement and termination of the tenants lease term. Said inspection will be conducted with the tenant present, if possible. The results of said inspection shall be recorded on a checklist and be filed with the lease document.

DUTIES OF OWNER

4. The authorities, duties and responsibilities of OWNER in connection with the property management services to be rendered by AGENT shall be as follows:

a) OWNER shall promptly furnish AGENT with legible copies of all documents and records required for the management of the property, including, but not limited to, all leases, amendments and pertinent correspondence relating thereto; the status of rental payments; mortgage loan information and payment instructions; copies of service contracts in effect; and all applicable insurance policies which are carried by OWNER.

b) OWNER shall, at all times, maintain sufficient funds in the property trust account to enable AGENT to pay all obligations of the property in a timely manner. In instances where collections are projected to be insufficient or will not be received in time to satisfy this requirement, OWNER shall promptly provide AGENT with the necessary funds, in advance, upon notification by AGENT. AGENT shall not be required to advance funds for OWNER'S account. However, should AGENT make a payment for OWNER'S account and should a deficit occur therein, upon notification by AGENT the OWNER shall forthwith remit to AGENT sufficient funds to remove the deficit.

AGENT'S COMPENSATION

5. AGENT shall be compensated for the service he/she provides as follows:

a) OWNER shall pay AGENT for its property management services the greater of **Eight Hundred Dollars per month (\$800.00)** or **five percent (5.0%)**. This amount shall be paid to AGENT on the last day of each month. AGENT is hereby authorized to deduct said payment from the gross monthly collections.

b) OWNER shall pay to AGENT a leasing commission for all new leases signed by OWNER or OWNER'S representative, during the term of this contract. The leasing commission shall be an amount equal to the amount calculated by multiplying the gross rental income for the first five (5) years of the term by five (5.0%) percent plus an amount calculated by multiplying the gross rental income for the balance of the lease term by two and one-half (2.5%) percent.

For example, a seven year lease at \$1,000.00 per month would be paid a commission as follows:

12 x \$ 1,000.00	=	\$12,000.00 per year
5 x \$12,000.00	=	\$60,000.00 for the first five years
2 x \$12,000.00	=	\$24,000.00 for the balance of the term

\$60,000.00 x .05	=	\$ 3,000.00
\$24,000.00 x .025	=	\$ <u>600.00</u>
Total Leasing Commission		\$ 3,600.00

- c) OWNER shall pay AGENT one-half (1/2) of the leasing commission on execution of the lease documents, one-half (1/2) upon the occupancy of the tenant. AGENT is hereby authorized to deduct the payment from the funds collected from the new tenant or the gross monthly collections. AGENT shall invoice OWNER for funds necessary to cover any short fall.
- d) AGENT shall disburse funds to such real estate brokerages or leasing companies on behalf of the OWNER, as appropriate, for services rendered by said brokerages or leasing companies from the leasing commission paid to AGENT by OWNER, as appropriate.
- e) OWNER shall pay to AGENT a re-leasing commission for all renewals of leases for existing tenants during the term of this contract. The re-leasing commission shall be an amount equal to the amount calculated by multiplying the gross rental income for the term of the renewal by two and one-half (2.5%) percent. The re-leasing commission shall be paid upon mutual execution of the lease extension documents. AGENT is hereby authorized to deduct said payment from the gross monthly collections.
- f) OWNER may request AGENT to perform additional services such as: negotiation and supervision construction projects, tenant improvement build outs, repainting of the property, resurfacing of the property, re-roofing of the property, negotiation of a new loan, sale of the property or such other tasks as may be appropriate. Fees for said additional services shall be negotiated at the time the assignment is accepted.

SAVE HARMLESS

6. Except for AGENT'S willful misconduct, OWNER shall indemnify and save AGENT harmless from any and all costs, expenses, attorney's fees, suits, liabilities, judgments and damages from or connected with the management of the property by AGENT or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to AGENT.

INSURANCE

7. OWNER shall carry public liability insurance including bodily injury, property damage and personal injury at limits of not less than \$500,000.00 combined single limit coverage or \$500,000.00 per person and \$500,000.00 per occurrence bodily injury and \$500,000.00 property damage on said property. OWNER shall carry workers' compensation and employer's liability insurance at limits no less than statutory requirements where required to do so by law, and in such instances OWNER shall also carry employer's non-owned auto liability insurance. OWNER shall comply with all local, state and federal laws and regulations applicable to any employees including minimum wage laws. OWNER further agrees to hold harmless and defend AGENT from any and all claims arising by reason of OWNER'S employment of any property employee, including all costs of defense. OWNER agrees that at all times during the continuance of this Agreement all bodily injury, property damage and

personal injury insurance carried by OWNER on the property shall without cost to AGENT extend to insure and indemnify AGENT, as well as OWNER, by endorsement of such insurance coverage to specifically name JADE Properties, Inc. as an additional insured. Copies of all insurance coverage and endorsements required under this Agreement shall be delivered promptly to AGENT. **Insert Company and Agent Name** _____ is designated as OWNER'S insurance broker. Upon execution of this Agreement, OWNER shall review the insurance coverage for the property with this Agreement. AGENT shall not be responsible for the type, amount or sufficiency of insurance coverage on the property.

TAXES

8. By initialing one of the alternatives below, OWNER shall elect the procedure to be followed with respect to payment of all real estate taxes and bonded assessments levied against the property.

- ____(a) OWNER shall pay said taxes, and AGENT shall have no responsibility for payment. OWNER will provide AGENT with a copy of the property tax bill within 30 days of receipt.
- ____(b) The mortgagee of the property shall pay said taxes and AGENT shall have no responsibility for payment. OWNER will provide AGENT with a copy of the property tax bill within 30 days of receipt.
- ____(c) AGENT shall pay said taxes from funds available in OWNER'S trust account, but AGENT shall not establish a tax reserve from available monthly income to provide for the payment of said taxes.
- ____(d) AGENT shall pay said taxes from funds available in OWNER'S trust account, and AGENT shall establish a tax reserve from available monthly income to provide for the payment of said taxes. AGENT shall deposit said funds into in a Trust Account in a national or state institution.

Should OWNER elect to have AGENT pay said taxes and AGENT determines that there will not be sufficient funds available in OWNER'S trust account to pay the taxes due prior to a delinquency taking place, AGENT will so notify owner not less than fifteen days prior to the date on which said tax installments become delinquent. OWNER shall then provide AGENT with the necessary funds at least seven days prior to delinquency.

TERM

9. This Agreement shall be for a term commencing on or about **March 1, 2008** and ending on **February, 2009**. At the expiration of said term, this Agreement, if not terminated, in writing, thirty (30) days prior to the end of the term, by either party, shall then be deemed to have been renewed on a month to month basis, cancelable by either party on not less than thirty (30) days advance written notice. Upon expiration of the Agreement, AGENT shall, to the extent that there are not sufficient funds in OWNER'S trust account, forward to OWNER any unpaid bills and it shall be the sole responsibility of OWNER to pay same, and further, any payments for OWNER'S account received by AGENT following expiration of the Agreement shall be forwarded in accordance with OWNER'S written instructions.

Upon termination, by either party of this Agreement, AGENT shall deliver to OWNER, or OWNER'S new agent at OWNER'S written instruction, all keys and copies of all lease documents pertinent to said property. AGENT retains the right to maintain all original management working files; however, will permit OWNER or OWNER'S agents the opportunity to view any or all files at AGENT'S office, during normal business hours with 24 hours notice. AGENT and OWNER agree that the final disbursement of cash will be made to OWNER or OWNER'S agent no later than ninety (90) days after said termination.

This Agreement supersedes any prior agreement and contains the entire agreement of the parties hereto. No other prior agreement, statement, or promise, whether in writing or not, shall be binding upon the parties hereto. The parties may mutually agree to modify this agreement, in writing, subsequent to the date hereof.

This Agreement shall be binding upon the successors and assigns of the AGENT, and the heirs, administrators, executors, successors and assigns of the OWNER.

ATTORNEY'S FEES

10. If any party to this agreement shall institute and legal action or arbitration proceeding against any other party to this agreement, the prevailing party, whether in court, through arbitration, or by way of out-of-court settlement, shall be entitled to recover from the non prevailing party such prevailing party's attorneys fees, court costs, expert witness fees and/or other expenses relating to such controversy, including attorney's fees, court costs and/or expenses on appeal, if any, and the Arbitrator(s), if any, is hereby authorized to award such fees and/or other expenses to the prevailing party in arbitration.

NOTICE

11. For purposes of this Agreement, and until changed by written notice, mailing addresses of the parties for all purposes shall be:

OWNER:
Owners Name
Owners Name
1234 Home Street
Rancho Cordova, CA 95742
(916) 123-4567

AGENT:
JADE Properties
Dennis E. Vollman, President
1900 Point West Way, Suite 142
Sacramento, CA 95815-4703
(916) 929-4508

PARTIES ACKNOWLEDGE having read the foregoing prior to execution and receipt of a duplicate dated this _____ day of March 2008.

OWNER:
Owners Name

AGENT:
JADE Properties, a California
Corporation

Owners Name
Owner

Dennis E. Vollman
President

Owners Name
Owner