

SECTION THREE.

LEASING OF PROPERTY

Agent shall make reasonable efforts to lease available space of the property, and shall be responsible for all negotiations with prospective tenants. Agent shall also have the right to execute and enter into, on behalf of owner, month-to-month tenancies of units of the property. Agent may negotiate all extensions and renewals of such month-to-month tenancies and leases. Agent shall not, without the prior written consent of owner, enter into any lease for a term less than 9 months or more than 12 months. Agent shall have the right to make concessions, including rental concessions, as inducements to prospective tenants to occupy the property.

SECTION FOUR.

ADVERTISING AND PROMOTION

Agent shall advertise vacancies by all reasonable and proper means; provided, agent shall not incur expenses for advertising in excess of One Hundred Twenty Five Dollars (\$125) during any calendar quarter without the prior written consent of owner.

SECTION FIVE.

MAINTENANCE, REPAIRS, AND OPERATIONS

Agent shall use its best efforts to insure that the property is maintained in an attractive condition and in a good state of repair. In this regard, agent shall use its best skills and efforts to serve the tenants of the property and shall purchase necessary supplies, make contracts for, or otherwise furnish, electricity, gas, fuel, water, telephone, window cleaning, refuse disposal, pest control, and any other utilities or services required for the operation of the property. Agent shall make or cause to be made and supervise necessary repairs and alterations and shall decorate and furnish the property. Expenditures for repairs, alterations, decorations or furnishings in excess of Two Hundred Dollars (\$200) shall not be made without prior written consent of owner, except in the case of emergency, or if agent in good faith determines that such expenditures are necessary to protect the property from damage, to prevent injury to persons or loss of life, or to maintain services to tenants.

SECTION SIX.

EMPLOYEES

6.1. Agent shall employ, discharge, and supervise all on-site employees or contractors required for the efficient operation and maintenance of the property. All on-site personnel, except independent contractors and employees of independent contractors, shall be the employees of agent. Agent shall pay the salaries of such on-site employees and, to the extent there are revenues from the property available, pay all charges for services rendered by independent contractors and the employees of independent contractors.

6.2. All salaries (including all contributions of employer not listed in the paycheck) of such on-site employees shall be charged to owner. To the extent there are insufficient funds available from revenues received from the operation of the property to reimburse agent for such salaries, owner shall directly reimburse agent within _15 days after demand by agent for reimbursement. Agent shall not be responsible or liable to owner for any act, default, or negligence of on-site personnel, or for any error of judgment or mistake of law or fact in connection with their employment, conduct, or discharge, except that agent shall be responsible for any such act, default, or negligence that is due directly or indirectly to its own negligent act or omission in the hiring or supervision of any such on-site personnel.

6.3. On-site personnel shall include all resident personnel, including, but not limited to, managers and maintenance personnel, all recreational personnel (whether part-time or full-time), day-care center personnel, and all other individuals located, rendering services, or performing activities on the property in connection with its operation.

SECTION SEVEN.

GOVERNMENT REGULATIONS

Agent shall manage the property in full compliance with all laws and regulations of any federal, state, or municipal authority having jurisdiction over the property.

SECTION EIGHT.

INSURANCE

8.1. Agent shall obtain the following insurance at the expense of owner, and such insurance shall be maintained in force during the full term of this agreement:

- 8.1.1. Comprehensive public liability property insurance of \$500K Dollars (\$500,000) single limit for bodily injury, death, and property damage;
- 8.1.2. Comprehensive automobile insurance of _____ Dollars (\$_____) single limit for bodily injury, death, and property damage;
- 8.1.3. Fire and extended coverage hazard insurance in an amount equal to the full replacement cost of the structure and other improvements situated on the property; and
- 8.1.4. A fidelity bond in the amount of _\$250K Dollars (\$250,000) on each employee who handles cash, and workers' compensation and employer liability insurance to cover the agents and employees of both employer and agent.

8.2. All of the policies shall name agent and owner as co-insureds as their respective interests may appear. Agent shall deliver certificates evidencing such insurance coverage to owner within _30_ days from the issuance and renewal of the policies. Owner shall cooperate with agent and any insurer in the making and delivery of all reports, notices, and other items required in connection with any of the insurance policies.

SECTION NINE.

COLLECTION OF INCOME; INSTITUTION OF LEGAL ACTION

9.1. Agent shall use its best efforts to collect promptly all rents and other income issuing from the property when such amounts become due. It is understood that agent does not guarantee the collection of rents.

9.2. Agent shall, in the name of owner, execute and serve such notices and demands on delinquent tenants as agent may deem necessary or proper. Agent, in the name of owners, shall institute, settle, or compromise any legal action and make use of such methods of legal process against a delinquent tenant or the property of a delinquent tenant as may be necessary to enforce the collection of rent or other sums due from the tenant, to enforce any covenants or conditions of any lease or month-to-month rental agreement, and to recover possession of any part of the property. No other form of legal action will be instituted and no settlement, compromise, or adjustment of any matters involved therein shall be made without the prior written consent of owner, except when agent determines that immediate action is necessary.

SECTION TEN.

BANK ACCOUNTS

Agent shall deposit (either directly or in a depository bank for transmittal) all revenues from the property into the general property management trust fund of agent, here referred to as the trust account. The trust account shall be maintained at all times in a national or state member bank that is a member of the Federal Deposit Insurance Corporation. Agent shall not commingle any of the above-described revenues with any funds or other property of agent. From the revenues deposited in the trust account, agent shall pay all items with respect to the property for which payment is provided in this agreement, including the compensation of agent and deposits to the reserve accounts as provided for in Section Eleven. After such payments agent shall remit any balance of any monthly revenues to owner concurrently with the delivery of the monthly report referred to in Section Twelve.

SECTION ELEVEN.

RESERVE ACCOUNT

11.1. Agent shall establish a reserve account for the following items: taxes, assessments, debt service, insurance premiums, repairs (other than normal maintenance), replacement of personal property, and refundable deposits. Agent shall use its best judgment in transferring adequate funds from the trust account to the reserve account in order to pay the above items without incurring late pay interest fees, cancellations, or forfeitures. If the reserve account contains inadequate funds to pay any of the above items, agent must obtain approval from owner before paying the items directly from the trust account. If owner determines that the funds in the reserve account are excessive, owner shall direct that agent return such excess funds to the trust account. The reserve account shall be maintained in an interest-bearing savings account in a national or state bank that is a member of the Federal Deposit Insurance Corporation.

11.2. Anything in this agreement to the contrary notwithstanding, agent shall not be liable for any failure or bankruptcy of any bank used as a depository of any funds maintained in the reserve account.

SECTION TWELVE.

RECORDS AND REPORTS

12.1. Agent will keep books, accounts, and records that reflect all revenues and all expenditures incurred in connection with the management and operation of the property.

12.2. Agent shall furnish owner, no later than the end of the next succeeding month, a detailed statement of all revenues and expenditures for each preceding month, a summary of all concessions and rental concessions given to induce prospective tenants to occupy the property, the original copy of all invoices, statements, purchase orders, and billings received and paid during such preceding month, as well as such other information relating to the operation or management of the property that, in the opinion of agent, requires the attention of owner. Owner shall retain for safekeeping and store all original invoices, statements, purchase orders, billings, and other documents delivered by agent with respect to the property. Owner, on payment of reasonable costs incurred by it, shall make available to agent copies of all or any portion of any invoice, statement, purchase order, billing report, or other document received from agent with respect to the property.

12.3. Within 30 days after the end of each calendar year, agent shall prepare and deliver to owner a detailed statement of revenues received and expenditures incurred and paid during the calendar year that result from operations of the property. Within 30 days, following expiration or termination of this agreement, agent shall deliver to owner all books, accounts, and records pertaining to the property.

SECTION THIRTEEN.

COMPENSATION OF AGENT

Agent shall receive a one time acquisition fee of **\$400** per new lease/tenant & monthly management fee equal to **Nine** percent (9%) of the gross receipts collected from the operation of the property. Gross receipts are defined as all revenues collected plus refundable deposits. Any management fee due agent hereunder shall be paid to agent within 15 days after the end of each month.

SECTION FOURTEEN.

COMMISSIONS FOR NEGOTIATING LEASES OR MONTH-TO-MONTH RENTAL AGREEMENTS

Agent shall receive no commissions or additional compensation for negotiating leases or month-to-month rental agreements with tenants.

SECTION FIFTEEN.

OFFICE SPACE FOR AGENT

Owner shall allow agent to occupy the office numbered _____, on the _____ floor of the property, rent-free for the duration of this agreement. _____*[All expenses other than rent incurred by agent in the occupation and use of this office space shall be borne by agent.]*

SECTION SIXTEEN.

ADDITIONAL DUTIES AND RIGHTS OF AGENT

16.1. In addition to the foregoing, agent shall perform all services that are necessary and proper for the operation and management of the property, and shall report to owner promptly any conditions concerning the property that, in the opinion of agent, require the attention of owner.

16.2. In order to properly perform the services required by this agreement, agent is authorized to engage, on behalf of owner, any entity that is an affiliate of agent, provided that the compensation paid for the services shall be competitive with nonaffiliated entities providing the same or similar services.

SECTION SEVENTEEN.

TERMINATION AND RENEWAL

This agreement shall be for a term commencing on 08/12/2010 _____*[date]*, and ending on 08/11/2011 _____*[date]*. At the termination of this agreement, it shall be renewed automatically on a month-to-month basis that may be terminated by either party by giving not less than 30 days' notice in writing to the other party.

SECTION EIGHTEEN.

TERMINATION FOR CAUSE

If agent breaches any of the terms of this agreement, owner shall give agent written notice of such breach. If agent fails to remedy the breach within 30 days after receiving the above-described notice, owner may terminate this agreement.

SECTION NINETEEN.

SALE OF PROPERTY

On the voluntary sale of the property by owner and the delivery of the deed of conveyance therefor, this agreement shall automatically terminate. Owner shall notify agent of the sale of the property as soon as such sale is negotiated.

SECTION TWENTY.

CONDEMNATION

This agreement shall terminate in the event of a total condemnation of the property. If there is a partial condemnation of the property, this agreement may be terminated at the option of owner. If such a partial condemnation of the property reduces the compensation of agent by more than Five percent (5%), agent may terminate this agreement. Owner shall be entitled to all consequential damages awarded as a result of any eminent domain proceeding.

SECTION TWENTY-ONE.

BANKRUPTCY

If bankruptcy proceedings, whether voluntary or involuntary, are commenced against either owner or agent, or if either party enters into a composition agreement with its creditors, either party may terminate this agreement by giving 30 days' written notice to the other party.

SECTION TWENTY-TWO.

NO PROPERTY INTEREST CREATED

Nothing contained in this agreement shall be deemed to create or shall be construed as creating in agent any property interest in or to the property.

SECTION TWENTY-THREE.

LICENSING OF AGENT

Agent shall at all times during the term of this agreement maintain such licenses and permits as are required for any of the various services to be performed by agent on behalf of owner.

SECTION TWENTY-FOUR.

AGENT AS INDEPENDENT CONTRACTOR

Agent is an independent contractor and not an employee of owner for any purpose.

SECTION TWENTY-FIVE.

COVENANTS AND CONDITIONS

All of the terms and conditions of this agreement are expressly intended to be construed as covenants as well as conditions.

SECTION TWENTY-SIX.

NOTICE

All notices, requests, demands, or other communications hereunder shall be in writing, and shall be deemed to have been duly given if delivered in person, or within _____ days after deposited in the U.S. mail, postage prepaid, certified, with return receipt requested, or otherwise actually delivered to owner at _____, or to agent at _____ Either party hereto may change the address at which it receives written notices by so notifying the other party hereto in writing.

SECTION TWENTY-SEVEN.

PARTIES BOUND; ASSIGNMENT

This agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto, and their respective successors and assigns; provided, however, that this agreement may not be assigned by agent without prior written consent of owner, or by owner without prior written consent of agent. Anything in the foregoing to the contrary notwithstanding, agent may, without the consent of owner, delegate the performance of (but not responsibility for) any duties and obligations of agent to any independent contractor or entity.

SECTION TWENTY-EIGHT.

EFFECT OF PARTIAL INVALIDITY

Should any section or any part of any section of this agreement be rendered void, invalid or unenforceable for any reason by any court of law exercising competent jurisdiction, such a determination shall not render void, invalid, or unenforceable any other section or any part of any section in this agreement.

SECTION TWENTY-NINE.

CHOICE OF LAW

This agreement has been made and entered into in the State of Washington and the laws of such state shall govern the validity and interpretation of this agreement and the performance due hereunder.

SECTION THIRTY.

INTEGRATION

The drafting, execution, and delivery of this agreement by the parties have been induced by no representations, statements, warranties, or agreements other than those expressed in this agreement. This agreement embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof unless expressly referred to in this agreement.

SECTION THIRTY-ONE.

ARBITRATION

In case of any dispute regarding any terms or performance of the terms of this agreement, the dispute shall be subject to arbitration in accordance with the rules and regulations then obtaining under the American Arbitration Association in the City of Tacoma, State of Washington.

SECTION THIRTY-TWO.

ATTORNEY FEES

Should either party bring suit to enforce any of the terms of this agreement, the prevailing party shall be entitled to recover court costs and reasonable attorney fees.

SECTION THIRTY-THREE.

MODIFICATION

This agreement may not be modified unless such modification is in writing and signed by both parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement at _____*[designate place of execution]* the day and year first above written.

_____ *[Signatures]*