

DALMON PROPERTY MANAGEMENT, INC. MANAGEMENT AGREEMENT

THIS AGREEMENT IS MADE ON _____ BY AND BETWEEN **Dalmon Property Management, Inc.** (HEREINAFTER IDENTIFIED AS "AGENT" OR "DPM") AND _____ (HEREINAFTER IDENTIFIED AS "OWNER"), GRANTING AGENT THE AUTHORITY TO RENT, LEASE, OPERATE AND MANAGE THE PROPERTY(IES) KNOWN AS:

Property address

1. TERM OF CONTRACT

This agreement will remain in effect on a month-to-month basis unless and until terminated as provided for in the Agreement.

2. APPOINTMENT OF MANAGING AGENT

Owner hereby appoints Dalmon Property Management as sole and exclusive Agent of Owner to manage the property(ies) (the "premises") identified above, on the terms and conditions provided herein. Agent accepts the appointment and agrees to furnish the services of its organization for the management of the Premises, and Owner agrees to pay all reasonable expenses in connection with those services.

3. RELATIONSHIP OF AGENT TO OWNER

The relationship of the parties to this Agreement shall be that of Principal and Agent, and all duties to be performed by Agent under this Agreement shall be for and on behalf of Owner, in Owner's name, and for Owner's account. In taking any action under this agreement, Agent shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of Principal and Agent, or as requiring Agent to bear any portion of losses arising out of or connected with the Ownership or operation of the Premises. Nor shall Agent at any time during the period of this Agreement be considered a direct employee of Owner. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

4. GENERAL AUTHORITY AND RESPONSIBILITIES OF AGENT

The Owner hereby grants Dalmon Property Management the authority to market, rent, lease, manage and operate the referenced premises. For this purpose, Agent is authorized to do the following:

- To secure the services of other real estate brokers, initiate advertising campaigns and post rental signs on the premises.
- To sign leases, on Owner's behalf, and to enforce the provisions of the same. As necessary, to institute legal action or other proceedings to collect rent and/or other sums due, and to dispossess Tenants and other persons from the premises.
- To collect, hold and disburse rents and other funds associated with the premises, as specified herein.
- To resolve Tenant problems as they occur, allowing for Owner involvement and guidance as appropriate.
- To take those actions deemed necessary to maintain the physical condition of the property, including repairs and maintenance of the premises, and performing periodic reviews of the premises.

5. ADVERTISING, MARKETING AND LEASING PREMISES

5a. ADVERTISING AND ACCESS

Agent is authorized to advertise and promote the Premises or portions thereof for rent, using printed listings and flyers, on-site signs, internet postings, newspaper advertising, or other such means as Agent may deem proper and advisable. Such advertising shall be paid by Owner from the trust account. Agent is authorized to place signs on the premises advertising and allowing access to the premises for rent, provided such signs comply with applicable laws and rules. Owner does hereby authorize Agent to place a lockbox at the property, as Agent deems appropriate, for the preparation, marketing and leasing of the property, unless specifically restricted by some other provision of this agreement. Owner acknowledges that there have been infrequent reports of crimes occurring against property and/or persons where a key from the lockbox was alleged to have been used for criminal intent. Placement of a lawn sign will be charged to Owner at cost of service.

5b. AGENT'S AUTHORITY TO LEASE PREMISES

Agent shall use all reasonable efforts to keep the Premises rented by procuring Tenants for the Premises. Agent shall work with Owner to establish and change or revise all rents and deposits, and any other charges with respect to the Premises. Agent shall consult with Owner in regards to negotiating, preparing, and executing all Rental Agreements including any renewals and extensions, and the canceling and modifying of existing Agreements. Agent shall execute and sign all Agreements on behalf of Owner, unless otherwise specified herein. All costs of renting shall be paid out of the Trust Account. Agent will initiate lease agreements on a twelve-month basis unless otherwise directed by Owner. No Agreement shall be in excess of twelve months without written approval by Owner.

5c. SECURITY DEPOSITS

Agent is authorized to collect security deposits under any lease and deposit those funds into trust accounts as required by law. Agent will hold security deposits in trust account for the duration of Tenant's possession of residence, unless Owner directs Agent to forward security deposit to Owner, in which case Owner agrees to return security deposit upon demand, at termination of tenancy, or per the terms and conditions of 8d and/or 9c below, to either Agent or vacated Tenant. As such, Owner accepts responsibility for penalties imposed if Owner does not return Tenant's deposit upon demand by Agent. Owner understands that security deposit funds forwarded to owner may be identified as taxable income for reporting purposes. Owner shall be responsible for all costs incurred to resolve any Tenant dispute regarding a security deposit, and empowers Agent to act on their behalf to resolve such disputes as they occur.

5d. ENFORCEMENT OF LEASES

Agent is authorized to institute, in Owner's name, all procedural or legal actions and measures necessary for the enforcement of any rental contract obligation, for the collection of rent or other income from the Premises, or for the evicting or dispossessing of Tenants or other persons from the Premises. Agent is authorized to sign and serve such notices, as Agent deems necessary, including those for the collection of rent or other income. Agent is authorized, when expedient, to settle, compromise, and release such legal actions or suits or reinstate such tenancies. Attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with such actions shall be paid out of the trust account, unless recovered from Tenants. Agent may select the attorney of its choice to handle such litigation, unless otherwise instructed by written notice of Owner.

6. SERVICES

Agent is authorized to negotiate contracts for recurring and/or nonrecurring items of expense, not to exceed **\$500.00**, unless approved by Owner, and to enter into agreements in Owner's name for all necessary services required for the care and maintenance of the premises. Agent shall, in Owner's name and at Owner's expense, make contracts on Owner's behalf for landscape maintenance, extermination, and/or other such services as Agent shall deem necessary or prudent for the temporary or continuing operation of the Premises. Agent is not liable for the collection, care or forwarding of any mail delivered to property for Owner or any other individual. If, on the specific request or instruction of Owner, Agent and/or Tenant is requested to forward such mail, Owner will be liable for any postage incurred.

7. REPAIRS, MAINTENANCE AND ALTERATION OF PREMISES

7a. GENERAL MAINTENANCE AND REPAIR

Agent is authorized to make, or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve the Premises in its present condition and for the operating efficiency of the Premises, and all alterations required to comply with lease requirements, government regulations or insurance requirements. Agent is also authorized to perform necessary painting and repairs of the Premises and to purchase or rent, on Owner's behalf, all equipment, tools, appliances, materials, supplies, and other items necessary for the management, maintenance or operation of the Premises. Such maintenance or decorating expenses shall be paid out of the Trust Account. Agent will use diligence in contracting for repairs and other services and will have the right to hire, discharge, supervise and pay any employees or contractors for work performed. Agent will not be liable to the Owner or others for any act or omission on the part of such employees or other workmen if reasonable care has been exercised in such parties' appointment and retention. Agent may use own staff, or companies owned or operated by Agent, to perform maintenance functions at managed properties. Owner may, at their option, select their own Vendors, provided that such Vendors carry adequate insurance and licenses, are qualified to perform the intended service, and perform all work in a timely and workmanlike manner.

7b. APPROVAL FOR MAINTENANCE EXPENSES

The expense incurred for any individual item of maintenance, alteration, refurbishing, or repair (including tenant-liable costs deductible from security deposits) shall not exceed **\$500.00** without verbal approval or **\$1,500.00** without written approval, or is incurred under such circumstances as Agent shall reasonably deem to be an emergency. **Agent and Owner agree that verbal authorization for maintenance, alterations, refurbishing or repairs exceeding \$500.00 but less than \$1,500.00 shall be sufficient to indicate approval of expenditure.** Emergencies shall include those instances where action and/or expense is required to protect the property from imminent danger, or prevent damage to life or property of others, to avoid a breach of warrants of habitability, to avoid penalties or fines, or to maintain basic services to the Tenants as called for in their leases. Agent's decision shall be without liability except in instances of willful misconduct or recklessness.

7c. INITIAL ANALYSIS AND PREPARATION OF RESIDENCE(S)

Notwithstanding efforts that may have been taken in advance of management commencement, Agent is authorized to perform, or cause to be performed, initial analysis evaluation(s) of residence(s) to ensure proper operation of all standard systems and appliances, and to repair such in order that property is considered habitable and appropriate for Tenant use. The expense incurred for any item of maintenance, alteration, refurbishing, or repair shall not exceed **\$500.00** without verbal approval or **\$1,500.00** without written approval, or is incurred under such circumstances as Agent shall reasonably deem to be an emergency.

8. TRUST FUND ACCOUNTING

8a. AGENT'S AUTHORITY

Agent shall collect (and issue receipts for, as appropriate) all rents, security deposits, charges and other amounts receivable on Owner's account in connection with the management and operation of the Premise. Such receipts shall be deposited in a Trust Account maintained by Agent. If permitted by applicable law, Agent may collect and retain from Tenants any or all of the following: an administrative charge for late payment of rent, a charge for returned or non-negotiable checks, a process service fee for delivery of legal notices, an application processing fee and a transfer fee.

8b. NET PROCEEDS

To the extent that funds are available by the 25th of each month, Agent shall disburse cash payments. Such periodic payments shall be remitted directly to Owner, or to such person(s) or entities as designated in writing by Owner.

8c. DEPOSITS

Agent will deposit all receipts to a Trust Account maintained at a financial institution whose deposits are insured by an agency of the United States government. Agent shall not be held liable in the event of bankruptcy or failure of any depository. Funds in the Trust Account remain the property of Owner subject to disbursement of expenses by Agent as described in this Agreement.

8d. DISBURSEMENTS OF OPERATING EXPENSES

Agent will disburse funds, to the extent available, to pay all expenses, including but not limited to security deposit refunds, repairs, maintenance, services, management and other fees necessary to manage the Premises. Available funds will be disbursed in the following order: fees, charges and reimbursements due under this contract, maintenance over 30 days old, mortgages, other utilities, all other operating expenses and disbursements payable from Owner's funds held by Agent, reserve retention, balance to Owner.

8e. ACCOUNTING AND AUDITS

On or before the 25th day of each month, Agent will render monthly statements of income and expenses. Owner shall have the right to request periodic audits of any or all applicable accounts managed by Agent; the cost of such audit shall be paid by Owner.

8f. TENANT SECURITY DEPOSIT REFUND PROCESSING

Agent will coordinate and calculate those repairs and other financial obligations considered to be the responsibility of outgoing Tenant, and generate the necessary accounting statement. Under the parameters of item 5c and/or 8d, Agent will create and disburse security deposit refund check to Tenant, presuming that unallocated funds remain after all tenant-liable obligations are assigned. Agent's responsibility for this service does not include representation in any suits resulting from disputes arising from said accounting, nor any processes necessary to obtain or enforce court judgments and/or collection accounting.

8g. FUNDS RETENTION

Agent will retain funds necessary for certain items, including but not limited to, property taxes, larger expenses (such as a new furnace), or when a Tenant provides notice to vacate, in order to assure sufficient funds for any work done prior to re-leasing.

8h. OWNER DEFICIENCY

Owner acknowledges that from time to time Owner's account may not have sufficient funds to pay ordinary and/or extraordinary expenses due within a short period of time. In the event disbursements shall exceed the available funds, Agent will promptly notify Owner of such deficiency, and Owner shall immediately remit sufficient funds to cover any deficiency. In the alternative, and at Agent's sole discretion, Owner authorizes Agent to advance personal funds to Owner's account to cover these expenses; Owner agrees to repay said advances, plus interest at an annual rate of 7%, upon demand from Agent or upon attaining a sufficient balance in Owner's account. Agent acknowledges that said advances are for the sole purpose of Owner's account and are not available for personal use by Agent. Agent has no obligation to advance funds to Owner's account and will exercise this authority only when events dictate expediency in the payment of expenses.

8i. TRUST FUND DEFICIENCY

Owner acknowledges and approves Agent's policy in maintaining one trust account including numerous individual properties. Owner further acknowledges and accepts that temporary shortfalls may occur within any individual property account, as when a Tenant rent check is returned for non-sufficient funds. Owner holds Agent harmless for this temporary shortfall, to the extent that Agent uses due diligence in collecting necessary funds from the responsible party without undue delay.

8j. INSURANCE

Agent will maintain insurance in adequate amount for employees who handle or are responsible for Owner's monies.

8k. PRE MOVE-OUT INSPECTION

Under California Civil Code 1950.5 (2003), Tenants are entitled to a Pre Move-out Inspection at no charge to the Tenant. In the event that a Tenant requests this Inspection, Owner will be charged \$50.00 per hour, with a cap of \$100.00.

8l. OWNER DRAWS/STATEMENTS

Agent disburses funds monthly via ACH to Owner's account. Statements are uploaded monthly to Agent's website, Owner has online access to statements. In the event that Owner does not want ACH disbursement or electronic statements, Agent will mail paper checks/statements. Owner will be charged \$7.00 per month for this service.

9. RESPONSIBILITIES OF OWNER

9a. OWNER'S TAXABLE REPORTING STATUS (INITIAL ONE)

- **Owner(s) is/are citizen(s) of the United States, permanently residing in the state of California**
- Owner must provide IRS form W-9 and California FTB form 590 with this completed management contract
- **Owner(s) is/are citizen(s) of the United States, permanently residing in a state other than California**
- Owner must provide IRS form W-9 and either FTB form 588 or 589 with this completed management contract
- **Owner(s) is/are a "Non-Resident Owner" of investment property, and not a citizen of United States**
- Non-Resident Owners include but are not limited to individual foreign nationals, foreign partnerships, domestic single-member LLCs owned by foreign members, foreign estates, domestic partnerships and/or LLCs with foreign members (check with your tax advisor to independently verify your status)
- Owner must provide IRS form W-8ECI and either FTB form 588 or 589 with this completed management contract

9b. COMPLIANCE WITH CALIFORNIA STATE WITHHOLDING REGULATIONS

Owner authorizes Agent to remit trust funds of the Owner (which funds may consist in whole or part of rents or rents and other taxable income collected for the Owner by the Agent) to the California Franchise Tax Board (hereinafter "FTB") as and for withholding taxes, when the Owner is subject to the Non-Resident Withholding Requirement under the statutory mandate of California Revenue and Taxation Code sections 18662, 18664, 18666, 18668 and 17951. Owner explicitly authorizes Agent, where appropriate in Agent's good faith judgment, to withhold such sums from rents or other income collected on Owner's behalf and transfer the same to FTB, calculated according to Agent's estimation. Agent is authorized by Owner to comply in any way Agent believes reasonable or necessary with the rules and regulations of the FTB, without limitation. Agent shall not be liable for any miscalculation or erroneous withholding, provided the actions of Agent have been taken in good faith. In case of overpayment to the FTB due to an error by Agent, Agent's sole liability and obligation to Owner shall be to make reasonable attempts to obtain a refund of such overpayment, or alternatively a credit against Owner's future liability to the FTB. In any dispute between Agent and Owner concerning money transmitted by Agent to FTB, it shall be the burden of Owner to prove that Agent did not act in good faith. In the event Owner is subject to withholding, Agent will be entitled to fee of \$25 for each periodic transmittal to FTB.

9c. REPRESENTATION

Owner represents and warrants: That Owner has full power and authority to enter this Agreement; that there are no written or oral agreements affecting the Premises other than existing Tenant leases, copies of which have been furnished to Agent; that there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Premises for the purposes intended under this Agreement; that to the best of Owner's knowledge, the property is zoned for the intended use; that all permits for the operation of the Premises have been secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, but not limited to, those pertaining to hazardous or toxic substances); and that, to the best of Owner's knowledge, the building does not contain any asbestos hazards, urea, formaldehyde, radon, or other toxic or hazardous substance; and that no unsafe condition exists.

9d. BUILDING COMPLIANCE

Owner represents that to the best of Owner's knowledge the Premises and all components therein comply with all requirements of any building codes or with any statute, ordinance, law, or regulation of any governmental body or any public authority or official thereof having authority. The Owner authorizes Agent to disclose the Ownership of the Premises to any such officials and agrees to indemnify and hold Agent, its representatives, servants, and employees, harmless of and from all loss, cost, expense, and liability whatsoever which may be imposed by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

9e. CONFORMITY OF UNITS

If the property contains any unit which is not "legal" according to property records maintained by local government, or is deemed "substandard" according to California Civil Code 1941 *et seq.*, Owner further agrees in connection with the rental and management of the property, to indemnify and hold Agent harmless from any suits, claims, or actions brought by any person(s) for or on account of any injuries or damages sustained or arising from the condition of the rental unit or consequences thereof, including but not limited to: failure of the property to conform to building codes, life/safety standards, and building permit, parking, and zoning requirements. Owner further acknowledges that in any action in a court of law or any other governmental agency, Owner may suffer serious economic penalties as a result of taking rent for illegal or substandard rental improvements, and Owner may be asked by the Bureau of Building Inspection (or counterpart governmental agency) to dismantle any improvements deemed by same to be illegal. Rental of "illegal" or "substandard" units is entirely at the discretion of the Owner and against the advice of Agent. Owner is notified that current building code requires heating system(s) be able to provide 70 degrees of heat, 36" above any floor level, within 2 hours of igniting heating system. Owner agrees to indemnify and hold Agent harmless from any suits, claims, or actions brought by any person(s) for or on account of insufficiency of any heating system provided in residence(s).

9f. WITHDRAWAL OR SALE OF PROPERTY: Should Owner decide to withdraw the property for any reason, after property has been listed and marketed for lease, but before placement of first Tenant, Agent is entitled to a cancellation fee of \$500.00.

9g. DUTY TO AVOID FORECLOSURE: Owner acknowledges that it is a fundamental obligation of a Landlord to provide their Tenant with quiet enjoyment of the rented premises. Anything that jeopardizes Renter's right to occupancy such as failure to service mortgage or discharge any lien places that right in jeopardy. Therefore, to continue to collect rent and/or fail to notify Renter of impending foreclosure would be a breach of that duty. California real estate law require Agents to treat all parties to a transaction fairly, and to notify any party to a transaction that the other party may not be able to fulfill their duties. Agent therefore has an independent duty to notify Renter of any impending foreclosure or failure to service mortgage debt. Owner shall inform Agent of any failure to service debt, to remove liens, or other event that would prevent Renter's quiet enjoyment. If Agent discovers any such breach, Agent shall provide notice to Owner (notice by email shall be sufficient under the terms of this paragraph). If breach is not cured within three (3) calendar days (failure to respond will create an irrefutable presumption of failure to cure), of transmission of notice, Agent at its sole discretion may do any of the following:

- Immediately arrange to withhold or demand full amount of security deposit from net proceeds and transfer such to an escrow trust account, even if such action is in contradiction with Owner's instructions of 5c above;
- Agree with Renter to terminate the rental contract immediately and return to Renter all monies held by Agent;
- Enter into a new rental contract with Tenant for another property managed by Agent;
- Represent Tenant in purchase of another property;
- Refer Tenant to another real estate professional for assistance;
- Advise Tenant to seek legal counsel;
- Anything else to treat Tenant fairly.

9h. RELEASE OF LIABILITY

Agent assumes no liability whatsoever for any acts or omissions of Owner, or any previous Owners of the Premises, or any previous management or other Agent of either. Agent assumes no liability for any failure of or default by any Tenant in the payment of any rent or other charges due Owner or in the performance of any obligations owed by any Tenant to Owner pursuant to any lease or otherwise, neither does Agent assume any liability for previously unknown violations of environmental or other regulations, which may become known during the period of this Agreement.

9i. SAVE HARMLESS

Owner shall indemnify, defend, and save Agent harmless from all damage or injury to Owner, Tenant(s) or any other person, or to property, occurring on the premises proximately caused by the negligence of Owner, or any damages caused by the negligent, willful misconduct of Owner, Lessees, other Agents, Vendors or Invitees. Owner shall have no obligation to indemnify Agent for damages proximately caused by the willful misconduct or recklessness of Agent. Owner shall hold the Agent, including all officers and employees of Agent, harmless from all suits for damages in connection with management of the premises and from liability for injuries and damages suffered by any person while on the premises, except as to damages proximately caused by the willful misconduct or recklessness of Agent. Owner agrees to indemnify Agent for any award of damages against Agent arising out of their role as Agent and Manager for Owner pursuant to this agreement, except as to any damage proximately caused by the willful misconduct or recklessness of Agent. Owner further agrees to indemnify Agent for any costs of defense, including attorney fees and court costs, incurred by Agent, or the officers or employees of Agent, for any act, or failure to act, arising out of their role as Agent for Owner pursuant to this agreement, or any action brought by Agent to enforce this agreement against Owner.

9j. INSURANCE

Owner shall, at Owner's expense, obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, etc.) and against liability for loss, damage, or injury to property or persons which might arise out of the occupancy, management, operation, or maintenance of the Premises. Owner is to provide Agent with a Certificate of Insurance showing a minimum of \$500,000.00 liability coverage, with Agent named as additional insured, additional interest, certificate holder or similar endorsement, within 14 days of execution of this contract. Owner shall notify Agent immediately, in writing, of changes to the policy or carrier. Should Owner fail to provide evidence of insurance and evidence that the Agent has been named as additional insured, additional interest, certificate holder or similar endorsement, Agent shall have the right to procure insurance for the subject premises for Agent's benefit only at Owner's expense, or alternatively, Agent has the right to immediately terminate this contract with a 48-hour notice by Certified Mail to Owner's last known address.

9k. INITIAL DEPOSIT AND CONTINGENCY RESERVE

Upon execution of this contract, Owner will deliver to Agent the sum of **\$550.00** per property as a contingency reserve (\$500.00) and one-time set-up fee (\$50.00). Owner agrees to maintain the reserve at all times in the Trust Account to enable Agent to pay the obligations of Owner under this Agreement. Agent is authorized to temporarily increase reserve in preparation for anticipated costs relating to repairs, periodic expenses or tenancy turns. Owner and Agent shall review the amount of the reserve amount when such consideration is required.

9l. FORTHRIGHT AND OPEN COMMUNICATION

Owner agrees to provide to Agent in a timely manner any and all information pertinent to Owner's interest in property, including but not limited to financial details, that may affect Agent's ability to effectively manage premises, Tenant's continued occupancy of premises, or any anticipated or likely change in Ownership status.

9m. INVENTORY

Owner will provide those items necessary to the proper leasing and maintenance of premises, including but not limited to, house keys, garage remotes, mailbox/amenity keys, HOA Rules & Regulations, etc.

10. COMPENSATION TO AGENT

NOTE: The amount and rate of real estate commissions is not fixed by law. Commissions are set by each broker individually and may be negotiable between Owner and Agent. For the services provided by Agent under this Agreement (and exclusive of reimbursement of expenses to which Agent is entitled hereunder), Owner shall pay Agent as follows:

10a. MONTHLY MANAGEMENT FEE

The amount of **6.5%** per month, based on collected gross rents, with a minimum of **\$125.00** for an apartment/condo/townhouse, or **\$150.00** for a single family home. There will be a minimum monthly fee during vacancy of **\$125.00** for an apartment or condo or townhouse, or **\$150.00** for a single family home.

10b. LEASING FEE

An amount equal to 6.5% of the annualized rent amount (rounded to nearest whole dollar) shall be paid to Agent upon execution of new Tenant rental contract, said funds to be paid out of the first month's rent. Advertising charges may be assessed in addition to leasing fee; calculation of advertising charges are based upon the prevailing terms set forth for one-time "Tenant placement" service as of the date of rental contract execution. Charges may include additional costs for newspaper advertisements, signage installation, internet ads, and/or administrative fees incurred to initiate and maintain these or any other advertising or marketing campaigns. Lease renewal or revision fees for existing tenants shall be paid to Agent at \$250.00 per transaction.

10c. APPLICANT/TENANT OBLIGATIONS AND FEES

Insufficient funds charges, document preparation fees, application fees, process service fees and/or convenience fees paid by Tenants in association with any lease are the property of Agent. Late fees assessed will be distributed 50% to Owner and 50% to Agent. Any moneys received from Tenant will be applied first to oldest "charges," i.e. late fees, NSF fees, process service, utility billing, late rent, or repair obligations. Any funds remaining will then be applied toward current rent due. In the event of rent delinquency or rental contract violation requiring service of a 3-Day notice, cost for such notice will be charged to Tenant and retained by Agent.

10d. EXCESSIVE MAINTENANCE CHARGES

In the event that Owner requests or requires that Agent undertake maintenance projects exceeding "normal management duties," Owner shall be charged 10% of the gross maintenance work billed. Such work includes, but is not limited to, preparation of property for rent at the commencement of agency, remodeling, code compliance, insurance claims, etc. Owner shall also pay 10% of any individual maintenance invoice in excess of \$2,500.00 to compensate for additional administrative oversight involved.

10e. LAUNDRY INCOME COLLECTION

If Agent collects laundry income, Agent will be reimbursed an amount equal to 15% of income generated by coin-operated laundry machines, to compensate for efforts involved in collecting, collating and depositing said funds to Owner's trust account.

10f. ANNUAL ADMINISTRATIVE CHARGES

In December of each calendar year, Owner will be charged \$50.00 to compensate for administrative and operating expenses incurred by Agent during the prior year, including but not limited to 1099/Annual Statement generation and mailing, postage, telecommunication and/or office processes and supplies. Fee will be applied to every Owner under on-going management as of December 31, as well as terminating management through termination effective date.

10g. ONE TIME SET UP FEE

A one-time set up fee of \$50.00 is required, per unit, for the purpose of setting up and maintaining both electronic and paper files.

10h. OTHER SERVICES

Normal property management does not include support, access, documentation or preparation of property or files for sale, refinancing, foreclosure or income taxes; communication or correspondence with lenders, or cost comparison of insurance or other policies. Normal management likewise does not include court appearances or representation before public agencies or homeowners' associations, debt collection, providing access, support or documentation to sales Agents or other Vendors hired by Owner. Such services, if provided by Agent, shall be billed at \$100.00 per hour; there will be a minimum of one hour billed at any time.

11. TERMS OF CONTRACT

11a. TERMINATION BY EITHER PARTY

This Agreement is effective on a Month-to-Month basis, and may be terminated by either Owner or Agent, with or without cause, by giving the other party no less than thirty (30) days' written notice.

11b. TERMINATION FOR CAUSE

Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination), upon a breach of this Agreement or the occurrence of any of the following events:

- 1) **EXCESSIVE DAMAGE** - Upon the destruction of or substantial damage to the Premises by any cause, or the taking of all or a substantial portion of the Premises by eminent domain, in either case making it impossible or impracticable to continue operation or management of the Premises.
- 2) **SALE OR TRANSFER OF PROPERTY** - If Owner lists residence for sale, or legal action is imminent (i.e. Owner bankruptcy or property foreclosure) during term of contract, Agent retains authorization to terminate management services. Agent is entitled to remaining commission due under terms of contract, remaining amount based upon expectation of continued occupancy and receipt of nominal rent through remainder of term. Owner is required to provide Agent with minimum thirty (30) day notice of any anticipated change in circumstances. If Agent is informed of impending sale, foreclosure or bankruptcy, Agent may retain sufficient present and future funds received in trust, to ensure that any Tenant security deposits and/or other obligations are available for disbursement when required.
- 3) **FAILURE TO ACT, ETC.** - In the event it is alleged or charged that the Premises, or any portion thereof, fails to comply with any law or regulation, or any order or ruling of any public authority; or the Agent, in its sole discretion, considers that the action or position of Owner or its representatives with respect thereto may result in liability or damage to Agent (including damage to reputation) or disciplinary proceeding with respect to Agent's license, Agent shall have the right to immediately terminate this Agreement at any time by written notice to Owner. Such termination shall not release the indemnities of Owner set forth herein.
- 4) **AGENT FAILURE TO SATISFY CONTRACT** – In the event Owner has documented and delivered reasonable concerns consistent with the terms of this contract, regarding Agent's handling of the property, and has given Agent sufficient opportunity to correct, but Agent has been unable or unwilling to address those concerns, Owner may terminate this agreement with 30 days' written notification. Such termination shall not release indemnities of Owner set forth herein.

11c. OWNER RESPONSIBLE FOR PAYMENTS

Upon termination of or withdrawal from this Agreement, Owner shall assume the obligations of any contract or outstanding bill executed by Agent under this Agreement for and on behalf of Owner, and responsibility for payment of all unpaid bills. In addition, Owner shall furnish Agent security, in an amount satisfactory to Agent, against any obligations or liabilities, which Agent may have properly incurred on Owner's behalf under this Agreement.

Agent may withhold funds for up to ninety (90) days after the end of the month in which this Agreement is terminated, in order to pay bills previously incurred but not yet invoiced and to close accounts. Agent shall deliver to Owner, within ninety (90) days after the end of the month in which this Agreement is terminated, any balance of monies due Owner or of Tenant security deposits, or both, which were held by Agent with respect to the Premises, as well as a final accounting reflecting the balance of income and expenses with respect to the Premises as of the date of termination or withdrawal, and all records, contracts, leases, receipts for deposits and other papers or documents which pertain to the Premises.

11d. INDEMNIFICATION SURVIVES TERMINATION

All representations and warranties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require Owner and/or Agent to have insured or to defend, reimburse, or indemnify Agent or Owner shall survive any termination; and if Agent or Owner becomes involved in any proceeding or litigation by prior business relationship, such provisions shall apply as if this Agreement were still in effect.

12. OTHER TERMS AND CONDITIONS

12a. FAIR HOUSING

Owner understands that state and federal housing laws prohibit discrimination in the sale or rental of housing on the basis of race, color, religion, gender/sex, marital status, sexual orientation, national origin, ancestry, familial status, source of income, age, mental or physical disability. Dalmon Property Management abides by the letter and intent of these laws.

12b. SEVERABILITY

If any provision of this agreement shall be held by any court or jurisdiction to be unlawful, all remaining provisions shall remain in full force and effect.

12c. NON-WAIVER

Agent's failure or decision not to strictly enforce any individual term of this contract does not constitute a waiver of the right to enforce that specific term, condition, policy or fee.

12d. DISPUTE RESOLUTION

Agent and Owner agree that they will mutually benefit from a procedure for resolving legal disputes, which may arise between them and which might otherwise become the subject of litigation, in an expeditious, cost efficient, fair and impartial manner. Therefore, Agent and Owner agree that all potentially litigable claims or controversies arising from the rights, duties and/or obligations of this Agreement shall be submitted to non-binding mediation before a mutually acceptable mediator. If the parties cannot agree upon a mediator, the dispute shall be mediated before the American Arbitration Association. Agent and Owner understand and agree that they will proceed with good faith mediation before filing or pursuing any lawsuit or adversarial proceeding with the exception of the following matters: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or real property sales contract, (b) an unlawful detainer action, (c) the filing or enforcement of a mechanic's lien, (d) any matter which is within the jurisdiction of a probate or small claims court, or (e) an action for bodily injury or wrongful death, or for latent or patent defects. The filing of a judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, or other provisional remedies, shall not constitute a waiver of the right to arbitrate under this provision.

12e. FORCE MAJEUR

Any delays in the performance of any obligation of Agent under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of Agent, and any time periods required for performance shall be extended accordingly. Same provisions shall be accorded to Owner.

12f. LEGAL NOTICE

If it shall become necessary for Agent or Owner to give legal notice of any kind hereunder, it shall be in writing and shall be served by sending such notice by certified or registered mail (return receipt requested) to the address of the other, postage pre-paid.

12g. SERVICE OF NOTICE TO AGENT

Physical address of agent is: Dalmon Property Management, Inc., 1202 Grant Ave., Suite A-1, Novato, CA 94945.

12h. DUE DILIGENCE

Agent Agrees to use due diligence in performance of this contract and in all matters involved with the management of this property.

12i. ADJUSTMENTS TO CLAUSES

Adjustments to any clauses or terms referenced herein may be effected by Agent after first providing thirty (30) day written notice to Owner.

12j. COMPLETE AGREEMENT

This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Premises and supersedes and replaces any and all previous management agreements

