

C. To deposit and disburse all funds received on behalf of the Owner from a Jennings & Co. Property Management, Inc. Client's Trust Account in accordance with Oregon Statutes and Rules. Accounting is performed on a calendar month, cash basis. Agent may derive direct banking benefits (not including interest) which are hereby deemed permissible compensation to Agent in addition to that provided elsewhere in this Agreement.

D. To deposit, hold and disburse all tenant security deposit funds from a Jennings & Co. Property Management, Inc. Client's Trust Account in accordance with Oregon Landlord Tenant Law and Oregon Statutes and Rules. Non-refundable tenant fees shall be deposited in a Client's Trust Account and accrue to the immediate benefit of the Owner as property income, excluding Tenant Administrative Fees, Section 7.

E. To disburse funds from the Client's Trust Account for the payment of general expenses, debt service, fixed amount Owner payments, property taxes and insurance in a reasonable fashion as funds are available. General expenses are defined in Section 4B of this Agreement. Debt service payments, fixed amount Owner payments, property tax payments, insurance premium payments and other regular payments authorized by the Owner are defined in Exhibit "B" of this Agreement. Fixed amount Owner payments (as defined in Exhibit B) shall be disbursed only if funds are available after all other disbursements. The Agent by agreeing to disburse such regular payments does not assume liability or penalty if such payments are not made in a timely fashion.

F. To disburse to the Owner the balance of funds in the Owner's account after Agent's payment of expenses and other payments authorized by this Agreement that are in excess of the minimum account balance of **\$1000.00**. Owner funds will be disbursed after closure of month end books on or before the 10th working day of the following month, unless otherwise agreed by the Owner and Agent in Exhibit "C" of this Agreement or unless there are insufficient funds available in the Owner's account. The Owner may, at any reasonable time, request funds or present to the Agent invoices for payment provided such requests do not conflict with other material requirements of this Agreement and provided the Owner gives written authorization to the Agent.

G. To keep current and accurate records and accounts of all receipts and disbursements, and to permit the Owner or the Owner's representative to examine those records at any reasonable time. Agent shall maintain copies of all records for a period of six (6) years after the termination of this agreement. Agent assumes no liability for loss of records due to fire, flood or other causes beyond Agent's reasonable control.

H. To provide the Owner with a monthly accounting statement of all receipts and disbursements. Statements shall include reasonable detail of all transactions, as well as, copies of invoices if requested by Owner. The statement will be mailed on or before the 10th working day of the month next following the reported monthly period. Example: The May operating statement will be mailed by 10th working day of June. The Owner agrees to review the monthly accounting statements in a timely fashion and to promptly notify the Agent of any questions or concerns.

I. To maintain in force reasonable business insurance policies on behalf of Jennings & Co. Property Management, Inc.

4. The Owner Agrees and Grants To The Agent The Following Power And Authority:

A. To take exclusive property management responsibility and control of the Owner's property. The Owner or others representing the Owner may not enter a unit without prior authorization from the Agent or on-site Resident Manager. The Owner and Owner representatives agree to conform with and accept liability for all matters pertaining to Oregon Landlord Tenant Law should they go on the premises for any reason.

B. To commit the Owner to the expenditure of funds for the operation, repair, maintenance, cleaning and grounds care of the Owner's property in an amount not to exceed **\$500.00** per occurrence without the Owner's prior consent, except in situations which the Agent deems emergency expenditures to be necessary. The Owner shall give written consent to the Agent for expenditures in excess of the amount stated above. Should a non-emergency expenditure exceed this amount due to unforeseen circumstances the Owner authorizes such expenditures provided the Agent has acted prudently and in good faith. Operating expenses for which the Owner may be committed include, but are not limited to: advertising, direct court costs due to eviction, electric, water, sewer, garbage, pest control, unit turn-over costs in excess of tenant security funds, forms and special tenant mailings. Other operating expenses associated with on-site employees may include, but are not limited to: employee compensation, payroll expenses, benefits, seasonal gratuities, resident manager petty cash not to exceed **\$0.00**, office equipment, supplies and educational expenses.

C. To offer the residential property and parts thereof for lease for a term not to exceed **1 years**. In the absence of a term agreement a month to month agreement will be used.

D. To advertise, display signs and market the property to prospective tenants. To obtain credit reports and use prudent business practices screen prospective tenants. The Owner agrees that the Agent shall comply at all times with federal, state and local Fair Housing laws and regulations.

E. To collect all income from the property in accordance with all Oregon Statutes and Rules. The Agent may reimburse funds to the Owner by depositing funds directly into the Owner's Client's Trust Account

F. To contract in the Owner's name for public utilities and other services. The Owner will assume the obligation of any such contract that remains executory at the end of the contract term. The Agent is not authorized to execute any agreement that may effect the title to the property other than activities that may result in a construction contractor's lien.

G. To disburse from the Client's Trust Account all funds authorized pursuant to this Management Agreement. Pursuant to Oregon statutes and rules, funds due for management fees, operational and maintenance expenses shall have payment priority over funds payable to the Owner, debt service, property taxes or Insurance. Funds payable for management fees, operational and maintenance expenses must be paid from the Client's Trust Account in the month in which they are due. The Owner and Agent agree to not commit to the expenditure of funds which cannot be paid in a timely fashion, either through rent receipts or Owner contribution. The Owner agrees to fund the Client's Trust Account immediately upon notification that there are insufficient funds to pay outstanding expenses. Funds may be transferred from one property account to another provided that both properties are owned by the same ownership entity

H. To disburse security deposit funds at the sole discretion of the agent. The Owner will at no time have the use of security deposit funds collected by the Agent in accordance with Oregon Statutes and rules. At the inception of this Management Agreement the Owner may continue to hold security deposit funds collected by the Owner provided: the Agent's Rental Agreements state the Owner's name and address; security deposit refunds are paid by the Agent using Owner funds held in the Client's Trust Account; and all new security deposits collected by the Agent are held in the Client's Trust Account. The Owner authorizes the Agent to present uncollected tenant obligations to a collection agency. The Owner agrees to pay all fees charged by the collection agency. Upon termination of this agreement, any outstanding collections shall be transferred to the Owner's name and the Agent is relieved from further collection responsibility.

I. To render such notices to tenants as Agent may deem necessary; to commence litigation to recover possession of the property or portions thereof and to recover delinquent, unpaid rent; to pursue other appropriate remedies ancillary to such litigation; and to settle, compromise and adjust such litigation at all stages of the proceedings. The Owner shall pay legal expenses, other expenses and settlements subject to the monetary limitations in Section 4B and subject to Section 4K.

J. To employ, pay, direct and discharge all employees or subcontractors deemed necessary by the Agent for the operation and maintenance of the property. The Agent will engage in reasonable business practices to insure that sub-contractors will not be judged to be employees of the Agent or of the Owner. The Owner is responsible and liable for any sub-contractors or persons that the Owner may direct to perform work on the property. Persons employed by the Agent to perform work on the property including on-site employees are considered employees of the Agent and not of the Owner. The Agent will exercise prudent business practices to comply with all federal and state employment law and worker's compensation insurance requirements.

The Owner agrees to reimburse the Agent for all costs associated with the employment of on-site personnel. Reimbursement shall include direct and prorated portions of all payroll taxes, payroll expenses, liability insurance, worker's compensation insurance premiums, payroll processing charges and items included in Section 4B. Should the Agent, in order to secure lower insurance premiums (such as worker's compensation insurance) for the benefit of the Owner, elect to purchase insurance policies that are performance rated or subject to retroactive audit, the Agent shall assume liability for the payment of retroactive premiums that may accrue. Should performance rating or audit result in a premium refund to the Agent, such premium refund shall accrue to the benefit of the Agent.

The Owner shall approve the compensation and benefit packages for all on-site employees of the Agent. The Agent may, without further authorization from the Owner, increase on-site employee compensation by an amount not to exceed **\$00.00 or 0%** per calendar year. On-site employee bonuses or holiday gifts shall not exceed **0.00** per employee, per occasion. The Owner does (), does not () agree to include health insurance as a part of employee compensation. An increase in scheduled rent for a unit occupied by an on-site employee shall not be considered as an increase in compensation.

K. To retain attorneys to defend Agent from any claim, suit, action, or other demand for which the Owner has assumed defense responsibilities under Section 5.

5. Liability and Indemnification. Owner Covenants:

A. To indemnify and hold harmless Agent and Agent's employees from all damage, injury and costs by reason of the conditions of and occurrences upon the property or elsewhere while Agent is performing Agent's duties under this Agreement or otherwise effecting the Owner's directions.

B. To promptly and diligently defend Agent at Owner's expense from any claim, suit, action, demand or proceeding brought against Agent or Agent's employees. To indemnify and hold harmless Agent from all loss and damage on account of Agent's performance of this Agreement. The Owner's obligations to indemnify and hold Agent harmless shall survive termination of this agreement, but no provision of this Agreement purports to protect the Agent from Agent's gross negligence or willful misconduct.

C. To obtain and maintain public liability insurance with contractual liability endorsement with no less than \$1,000,000 combined single limit. The Owner shall name the Agent as an Additional Named Insured on such policy and promptly provide the Agent current certificates of such insurance. The Owner agrees to regularly review and accept full responsibility for all terms, conditions and limits of insurance coverage.

6. *Agent's Compensation:*

A. As compensation for the Agent's services, the Owner shall pay the Agent a minimum fee of **\$100.00 per month or 0.0%** percent per month of the gross income collected, whichever amount is greater. Gross income shall include rent receipts from apartment units (including on-site employee), parking, garages, storage, tenant fees (excluding tenant application fees), security deposit forfeitures and vending income. Fees based on a percentage of gross income collected shall be due and payable upon receipt of the funds from the tenant. Pursuant to Oregon Statutes and Rules, all management fees due to the Agent for services must be paid in the month in which they were earned. In addition, the Owner agrees to pay **\$0.00** as an initial account set-up fee. In the event that the Agent is required by the Owner to solicit bids, contract, oversee or arrange for alterations, remodeling, replacements, energy conservation renovation, fire restoration or property rehabilitation in excess of \$1,000.00, the Agent will be compensated at the rate of ten percent (10%) of the cost of the work performed on the property.

B. Maintenance, repair, construction, painting, grounds care and cleaning services may be provided to the property by Jennings & Co. Maintenance LLC. Jennings & Co. Maintenance LLC is a wholly owned subsidiary of Jennings & Co. Property Management, Inc. Jennings & Co. Maintenance LLC shall be subject to the same competitive market pricing and business standards as other vendors who may perform work on the property.

C. The Agent shall be compensated for hourly time and for expenses related to work performed outside the scope of property management services included in this Management Agreement. Activities considered to be outside the scope of general property management services may include special or sales-related inspections, special sales-related reporting, assistance with financing, energy audits, mailings and long distance phone charges. The hourly rates of compensation shall be \$40.00 per hour for Accounting and Clerical personnel and \$95.00 per hour for Oregon Real Estate Licensees (Property Managers). Hourly compensation shall not be charged to the Owner without the prior written consent of the Owner.

7. **Tenant Administrative Fees:** The Agent may charge tenants and prospective tenants applications fees, late fees and NSF check fees. Such fees accrue to the Agent and not the Owner.

8. **Advances By The Agent:** The Agent, at its discretion, may elect to place Agent's funds into the Client's Trust Account to pay expenses incurred on behalf of the Owner, provided such expenses are within the scope of this Agreement. Any such advances made by the Agent shall be reimbursed by the Owner within five (5) days of written or verbal notification by the Agent. If an advance by the Agent is not reimbursed within thirty (30) days after Agent's request, the advance shall bear interest at the rate of eighteen percent (18%) per annum from the date of the advance until the advance, principal and interest is paid in full. In addition, a service fee of \$50.00 per month will be charged to the Owner's account until the advance and charges are paid in full.

Written Notice: All written notices shall be mailed to the Owner _____ and to the Agent at 488 E.11th or , PO Box 70407, Eugene, Oregon 97401. Phone number: (541)683-2271 Fax: (541)683-5983. Notice shall be deemed given when deposited in United States Mail, properly addressed with postage.

10. **Assignment:** This Agreement shall not be binding upon the successors and assigns of the Agent or upon the successors and assigns of the Owner.

11. Attorney's Fees: If suit or action is instituted concerning this Agreement, the prevailing party in the trial court and the prevailing party on any appeal shall recover reasonable attorney's fees awarded by the trial and appellate courts.

12. Liability of Co-Owners: In the event that the property covered in this Agreement is owned by more than one (1) person or entity, each shall be jointly and severally liable for all obligations imposed by this Agreement.

13. Compliance with Laws:

A. Agent shall use prudent effort to operate and maintain the property in full compliance with the requirements of all applicable laws, ordinances and regulations; provided, however, that Owner shall be liable for any expenses incurred in effecting such compliance not required by the acts or omissions of Agent. Agent shall not be held liable for actions relating to regulations under the Americans with Disabilities Act or relating to hazardous waste materials provided such action does not result from the gross negligence or intentional misconduct of Agent.

B. In order to comply with federally mandated lead-based paint disclosure requirements, Owner represents that the property was built on or before 1997. If built prior to December 31, 1978, **Owner does know ()**, **does not know (X)** about the presence of any lead-based paint. If known, Owner must provide Agent with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the property.

14. Written Owner Authorization to Agent: Oregon Statutes and Rules require written authorization from the Owner to the Agent to alter or exceed the terms or limits set forth in this Agreement.

15. Taxpayer Identification Number(s):

Name: _____ **I.D. Number:** _____ **% of Ownership 100%**

The Owner understands that the above taxpayer identification numbers will be used by the Agent for tax reporting to the IRS. The Owner agrees to provide a current copy of IRS Form W-9 to the Agent.

16. Other Conditions: _____

Signatures:

Owner Jennings & Co. Property Management, Inc.
An Oregon Corporation

Owner Agent

Date: _____ Date: _____

Broker Initial: _____ Date: _____

EXHIBIT A:

Attach to the Property Management Agreement the Record of Title as provided by the County or a title company.

When the title to the property is recorded in the name of a legal entity other than the name of the person(s) executing this Agreement, attach appropriate documentation indicating that the person(s) are authorized to act on behalf of this legal entity.

EXHIBIT B:

The Owner, hereby, authorizes the Agent to make the following regular disbursements. Should payment amounts change, the Agent is authorized to disburse payments below based upon the amount indicated on the payment coupon received from the vendor or vendor's assigns.

<u>Disburse to:</u>	<u>Account Number:</u>	<u>Amount:</u>	<u>Date(s) disbursement due:</u>
Owner		Bal. To Minimum	25th of Each Month
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____

The Owner agrees to notify Agent immediately in writing if this payment authorization is to be changed.

Initial:

Owner: _____ Agent: _____