

PROPERTY MANAGEMENT AND EXCLUSIVE RENTAL AGREEMENT

THIS AGREEMENT entered into as of the _____ day of _____, 2_____ by and between _____, hereinafter referred to as "Owner," even if more than one, and FIG ENTERPRISES L.L.C., a Virginia Limited Liability Company or any person employed by or affiliated therewith, hereinafter referred to as "Agent."

TERM

This Agreement is for a period of one (1) year with automatic one (1) year renewals until terminated by either party giving the other written notice not less than 90 days prior to the end of any current one-year term. The beginning date of this agreement is _____

PREMISES TO BE MANAGED

The single or multiple properties to be managed pursuant to this Agreement are to be listed on a SCHEDULE "A" which is to be attached to and made a part of this agreement by reference and attachment.

Additional Premises May Be Added:

Parties may agree, after the beginning date of this Agreement to list additional properties owned by Owner to be managed by Agent. Additional properties may be added by attachment and reference at any time.

Additional Premises Bound to Same Term:

Any additional premises added after the beginning of this lease agreement "step into" the current Agreement. This allows the Agreement on all the properties to expire at the same time.

OWNERSHIP

Owner represents to Agent that Owner is fee simple owner of the Properties, that no other owner's consent is required to enter in this Agreement, that any Board approval of other governing entity approval has been secured, and that neither Owner(s) nor the Property is the subject of any pending

or threatened bankruptcy or foreclosure or other legal action affecting the property, and that all financing obligations affecting the property are paid current.

Owner will furnish any necessary proof of ownership to Agent if requested.

TERMS OF TENANT LEASES - INDIVIDUAL PROPERTIES

All properties list with tenants for a term to be determined by the Agent at Agent's discretion unless a specific term is listed with the property on the Property Attachment page(s). Agent uses predominantly 1 year leases but may utilize other-term leases depending on the occasion and the property.

RENTAL AMOUNTS

All properties list for a rental amount to be determined by the Agent at Agent's discretion unless a specific minimum rental amount is set by the Owner and listed with the property on the Property Attachment page(s).

AGENT'S RESPONSIBILITIES

1. Owner engages Agent to make all diligent efforts to procure and maintain suitable tenant(s) for the desirable rental amounts, and additionally to:
2. Negotiate and execute leases, renewals, or subsequent leases on behalf of the Owner, as in Agent's best judgment provide a fair return to the Owner and are consistent with Owner's Instructions, if any. Leases are to be written on Agent's forms.
3. Collect all rents and other charges which become due in accordance with the terms of the lease exercising due diligence in this pursuit. Nothing in this Agreement, however, shall be construed as a guarantee by Agent of the payment of rents or other charges by Tenant(s).
4. Collect from tenant such security, performance, or other deposits in amounts deemed prudent by Agent, in Agent's discretion, or as directed by Owner. To hold, maintain, and/or return any such deposit of tenants as deemed necessary in the ordinary course of business. Such Deposits shall be held in an escrow account established and maintained in accordance with the regulations listed under the Virginia Residential Landlord Tenant Act, hereinafter referred to as the (VRLTA).

Collect from tenant such animal, pet, or other fees as deemed necessary in Agent's discretion.

5. Keep accurate records of the rent receipts and expenditures for the Property and furnish Owner with accounting statements and detailed annual statements and disbursements for tax and other purposes with appropriate IRS forms indicating rents received for listed properties.
Owners may review all Agent records for managed properties during any regular business hours of Agent or after hours by appointment.

6. Promptly remit to Owner or deposit on account of Owner, as directed, the balance of all sums due Owner under the terms of this Agreement. This remittance will be forwarded by the **20th of the month** in which it is collected provided the rent has been received and all funds verified by this date.

In no event will Agent be expected or obligated to advance or disburse any of Agent's funds or any funds owed to Agent as compensation or reimbursement according to the terms of this Agreement. Agent shall not be liable or responsible in any manner whatsoever for the default or any consequences thereof on the terms of any trust or mortgage, the payment of real estate taxes, or any obligations of Owner which may be caused by the non-receipt of rental monies.

7. Make any emergency and/or normal expenditures necessary for the upkeep and protection of the Properties of Owner.

Agent will endeavor to get prior approval for any expenditure exceeding \$200.00 for any one item or repair except in the event of an emergency.
It is agreed and understood that emergency repairs are those which in the opinion of the Agent are necessary to protect the property from damage or to maintain services as called for by the lease, by law, regulation, or ordinance.
The immediate repair and/or replacement of heating systems, refrigerators, stoves, and hot water heaters are examples of items that normally require replacement on an emergency basis.

8. Make inspections of the properties as Agent feels necessary and report matters concerning the condition of the properties to Owner. In the event of vacancy, Agent will take reasonable precautions to safeguard the properties, but Agent is not liable for any damages to the premises caused by others. Agent will make in-unit inspections of the properties on at least a yearly basis and make a thorough report to Owner. Agent will make periodic and frequent drive-by and outside inspections of the unit to ensure compliance with lease conditions. Agent will keep accurate records of all such inspections.
9. Advertise the Property in local paper for specific periods of time at Owner's expense. List property availability on Agent's Web-sit including pictures, descriptions, etc at Agent's expense. Place and maintain "FOR RENT" signs on the property at Agent's expense. Maintain liaison services with local colleges, housing authorities, housing departments etc to ensure available properties are marketed to target tenants at Agent's expense.

Maintain liaison with local Redevelopment and Housing Authorities to ensure available properties approved for HUD occupancy are marketed to target tenants. Maintain liaison with local business organizations, Chambers of Commerce and business groups to ensure property availability information is available in an accurate and timely manner. Maintain liaison with local realtor agencies who may direct target clients to available properties.

10. Investigate all applications of prospective tenants, sign leases, renew and/or cancel existing leases and prepare and execute new leases in accordance with company policy or and specific terms of Owner. Agent will utilize Agency Lease Form in compliance with the VRLTA and other applicable law.

Owners agree to delegate selection of tenants to Agent. Owner may, at Owners election, reserve a right of "final approval" of any tenant selected by Agent. Agent will not however, be required to enter into any lease agreement with any tenant who does not meet company criteria even if approved by Owner.

Agent will identify and lease properties that best match property and tenant. Agent will provide identity of tenant to Owner either at time lease is signed or on next monthly statement. Once a lease is signed, tenants cannot be changed until term of lease has expired or for other legal cause.

COMMENT:

Owner should be cognizant of the fact that Agent manages many properties for Owners as well as Agent Owned Properties. Prospective tenants often have a short time-table to get into a rental unit. Any delays caused by Agent having to seek approval of a tenant from an Owner may have the effect of causing the tenant to select another available property in which Agent is authorized to make approval decisions.

Prospective tenants, once approved and receiving an APPROVAL LETTER are free to choose any available rental unit that matches their approval criteria. Agent will not "steer or direct" approved applicants to any particular property. Such applicants can view all available properties on-line at any time and make their own selections based on their rental needs.

11. Collect rents and other charges which become due under lease provisions and give receipts therefore and deposit all funds collected hereunder in Agent's rental management account.
12. Collect from tenant all or any of the following charges for late rent payments (penalties to be provided by lease terms), bad check charges, credit report fees, early termination of lease fees (if provided by lease terms) and other charges and fees agreed to under lease provisions. All such fees shall be the sole property of Agent except "animal fees" which are the property of the Owner. Agent shall not be required to account of any fees belonging to Agent under this Agreement.

13. PERFORMANCE DEPOSITS:

Collect security or performance deposits from tenants and refund such deposits, less any proper deductions, and if required by law to do so, pay interest on any such deposit. All such deposits will be handled as directed by the VRLTA provisions in effect and applicable lease provisions.

Agent may require at lease-signing a performance deposit in an amount equal to up to two month's rent. The amount of this deposit is dependent upon the applicant's credit history and other "risk factors." Agent may allow a delay or payment-plan on performance deposits. The amount of performance deposit is left to Agent's discretion.

ANIMAL FEES:

Agent has become, due to market requirements, more "pet tolerant" over time. An Owner shall make the decision on whether any particular unit is "animal approved."

Agent requires a NON-REFUNDABLE pet fee either in lieu of or in addition to a performance deposit on all pet approved units. Non-refundable pet fees become the instant property of the Owner and are forwarded with the next monthly statement after they are collected.

Animal approved units thus provide an additional revenue source for owners as well as a higher rent. Animals almost always cause some degree of "damage" to a property. Owners must weigh the pros and cons and make this decision.

14. Agent may on a limited basis make payments on behalf of Owners for mortgage payments, real estate taxes, insurance, and other amounts if requested to do so by the Owners.

15. Agent will make or cause to be made all repairs, replacements, alterations, or decorations to the Properties. Agent shall enter into agreements in the name of Owners for all necessary repairs, maintenance (to include changing of locks as deemed necessary by Agent), minor alterations, utility services, and other services to and for Owner's properties. Agent shall purchase necessary supplies and pay bills, provided the expenditure for any one item or repair does not exceed \$400 without owner's consent, unless Agent considers the repair or service to be an emergency or prior Owner's consent is not readily obtainable.

COMMENT:

Agent is in the business of managing properly maintained rental properties that comply with all HUD inspections standards. Agent is NOT IN THE BUSINESS OF MANAGING PROPERTIES THAT DO NOT COMPLY WITH HUD STANDARDS. Owners must agree to maintain their properties to this standard. Agent IS NOT in the slum-lord business and will not undertake to manage sub-standard properties.

Agent holds a Class "C" Contractor's License with a HIC (Home Improvement and Maintenance) certification. This license allows Agent to perform contracting services for services and repairs within the HIC classification up to a total of \$7500.00 per job under Virginia law.

At Owner's direction, which may be pre-given, Agent and Agent's employees may proceed to make necessary maintenance and repairs that fall within the HIC classification on behalf of the Owner. In such instances Agent warrants that Owner will be charged the actual costs of parts and supplies without any

“mark-up” (as evidenced by store receipts) and an agreed upon labor rate. Agent will not charge any mileage, travel or “service trip” charges. Work time shall be computed based on man-hours spent “on-site.” All service matters that fall outside the HIC classification or other classifications not held by Agent or Agent’s employees or for which Agent elects not to undertake for whatever reason, shall be let to qualified service professionals with the necessary Contracting Classifications. Owners will be charged the actual amounts charged by these contractors in completing the work as evidenced by invoice.

Agent realizes that repair and maintenance is a large expense to Property owners and will work diligently to provide repair and maintenance services and to enter into contracts with repair professionals at a rate reasonable and calculated to keep repair costs at a minimum while maintaining Owner's property as required by law. The bench mark for all repairs and conditions shall be the standard applicable to Housing and Urban Development (HUD) standards in effect at any given time for all conditions that exit on a property. Other specifics are found in the *REPAIR/MAINTENANCE SERVICE AGREEMENT*.

AGENT attempts to maintain an “inventory” of some used appliances if at all possible to be used as replacement models. Refrigerators that are worn out are normally replaced with new ones. Used refrigerators do not “store” well and being difficult to install due to their size are often not good appliances to replace with “used” or “refurbished” units.

Agent attempts to maintain portable heaters to be used by tenants in the event that their furnace quits functioning in cold weather. Agent also maintains medium-sized replacement refrigerators to be used by tenants while a replacement refrigerator is being obtained.

The use of Agent’s employees in service area covered by Agent's contractor certifications can significantly decrease the maintenance costs to an Owner. In areas not covered by the Agent’s contractor certifications, Agent has developed working agreements with other contractors, ie electricians, plumbers, etc in an effort to keep costs down for maintenance related areas.

15A. My Cousin Vinny Clause

Repairs and maintenance to properties covered by this Agreement will either be undertaken by Agent, Agent’s Employees, or suitable contractors, engaged by Agent or engaged with the approval of the Agent. Owner will not undertake self-repair or engage any person, firm, organization, whatsoever to perform maintenance or repair services on any property covered by this Agreement without the approval of Agent.

COMMENT:

The purpose and intent of paragraph 15A is to ensure that necessary repairs and renovations to a property covered by this agreement are completed in such a way that the unit comes into compliance with the HUD inspection standards as soon as possible after either initial listing or after a vacancy occurs.

Problems have developed in circumstances in which an owner gets some other person or entity to do “repairs” on a covered property and the repairs are “sub- standard” to the degree that the property will not pass HUD inspection. The property then “sits vacant” because it is un-rentable under the terms of this Agreement. While differences of opinion can exist as to what is an acceptable standard of repair, the measure under this Agreement for all properties is HUD Inspection Standards.

Should owner elect to use any repair person(s) other than Agent to make repairs or renovations following a vacancy the Owner will be obligated to pay to Agent the normal management fee as specified in this Agreement beginning 60 days from the date the vacancy occurs or the unit fails HUD inspection, whichever comes first.

COMMENT:

The problem being addressed here is one in which an Owner elects to get someone else to do a repair or renovation once a tenant vacates the property. The repair is completed in such a way as the property will not pass HUD inspection. The property then sits vacant and unrented. The Agent gets no management fee from the unit and the Owner gets no rent.

This provision ensures that the Owner will pay to the Agent the normal minimum management fee on any unit that fails to pass HUD inspection because the Owner has allowed repairs to be done on the property to the degree that the property will not pass HUD inspection or delayed the repair work past 60 days.

The provision gives the Owner 60 days to get the unit into HUD compliance and in the alternative to pay to the Agent the management fee.

The Agent gets no management fee from the Owner if the Agent undertakes the repairs regardless of the time necessary to bring the unit into compliance.

While Agent respects the desires of the Owner to “self-repair” Owner’s properties, Agent will not allow such self-repair to be delayed or be performed to such a degree that results in Agent failing to earn management fees on the property after 60 days of vacancy.

16. Terminate tenancies, sign, and serve notices as are deemed necessary and appropriate under the VRLTA and by the Agent. Agent shall institute and prosecute actions to evict Tenants and to recover possession of the Property, and to sue for and recover rent and related collection expenses. Owner grants to Agent the right to settle, compromise, and release legal actions or reinstate such tenancies, as Agent sees fit or appropriate under each circumstance.

Owner hereby appoints Agent as Owner's Attorney in Fact with full power to do all things appropriate which Owner might do to collect from any Tenant or other party any and all amounts due and Owing to Owner in relation to the Property, and the matters contemplated by this Agreement, including, without limitation, prosecution of suits and actions for rent, damages, unlawful detainers, evictions, and other legal or equitable actions, including criminal actions if deemed proper by Agent and circumstances.

COMMENT:

- Agent operates under a “zero-tolerance” policy regards late rent. Agent's lease provides that all rents is due on the 1st of the month and late beginning on the 6th of the month. Late penalties accrue and evictions begin on the 6th of the month **without exception**.
- Should the rent not be paid in full by the 6th of the month in which it is due, Agent will promptly on the 6th of the month or as soon thereafter as is prudent/practical (should the 6th fall on a holiday or on a weekend) forward to the delinquent tenant a 5 DAY PAY OR QUIT LETTER as required under the VRLTA. This NOTICE will be posted to the front door of the property and/or mailed. This NOTICE will advise the tenant that the eviction process has begun. Late fees begin to accumulate on the 6th of the month and continue every day thereafter until the rent and all fees are paid in full or the tenant is de-possessed of the property.
- Should the rent not be paid within the 5 days after the posting of the above-referenced NOTICE, Agent will, without exception, obtain from the Court an Unlawful Detainer on the delinquent tenant. Agent will cause such unlawful detainer to be served promptly on Tenant using a civil process server or Sheriff. This

Unlawful Detainer will set a quick court date, usually within 10 days of service depending on the Court's available docket at the time. Thereafter in order to "cure" the delinquency the tenant must pay the delinquent rent and all related collection and court costs. This act alone adds approximately \$100 in court costs to the process, not including attorney fees.

- Thereafter the Agent will follow up with a Court judgment and eviction notice including a WRIT OF POSSESSION document whereby the Sheriff will remove the tenants from the Property and put their belongings "in the public way."
- Agent has from long experience with the eviction process developed a method and time-table for eviction that ensures in most cases that delinquent tenants are removed from properties within approximately 30-45 days.
- COSTS: Owner will be charged only for actual Court costs, Sheriff's Fees, and Process Service fees related to the eviction. Attorney fees directly related to the eviction and unlawful detainer proceedings are not charged to the Owner. In the event that the tenants re-pay any judgment for costs then they are reimbursed to the Owner. Agent is paid attorney fees only if delinquent tenants reimburse the fees and then only after the Owner has been reimbursed Owner's costs first.

Attorney fees provided to Owner under his agreement are as follows:

COVERED LEGAL EXPENSES:

Time spent by Attorney in preparation and prosecution of Unlawful Detainer, Writ of Possession or other action necessary to evict delinquent tenants and regain possession of the demised premises.

Time spent by Attorney in obtaining Judgment against tenants who are delinquent in their accounts.

Time spent by Attorney in preparing notices and other non-court related or pre-court related enforcement of the terms of tenant's lease.

Time spent by Attorney in enforcing or defending any provisions of the Lease (provided only Agent's Lease and/or HUD lease is used) of the demised premises.

NOT COVERED LEGAL EXPENSES:

Time spent by Attorney in any collection action. A "Collection Action" for the purposes of this Agreement shall be any actions undertaken to collect arrears amounts due to Owner at the beginning of this Agreement for periods of time not covered by this Agreement as well as judgments previously entered by a Court. Collection actions include attachment, detinue, garnishments, etc.

Any court cost or filing fees necessary to prosecute any litigation or any cost required to record the result of any litigation, ie filing fees payable to the Court in order to file any suit, fees required to record judgments, etc.

Time spent by Attorney in any matter not directly related to the terms and conditions of tenant's lease or any lease or agreement to which the Agent is not a party.

Time spent by Attorney in the enforcement of any issues brought by a tenant or any other person or entity related to issues of safety and/or habitability for conditions existing on the premises and about which the Owner has been made aware of by Agent and elected not to timely correct.

Owner and Agent may, at their option, enter into a separate agreement for legal fees and services not covered under this Agreement.

17. Hire, discharge, and supervise all contract labor required for the repair and maintenance of the Property not undertaken by Agent's employees. It being agreed that all such employees, except Agent's own employees, shall be deemed employees of the Owner. Agent may perform any of its duties through Owner's employees, contract laborers, etc and shall not be responsible for their acts, defaults, or negligence if reasonable care by Agent has been exercised in their employment, engagement, and/or retention.

COMMENT:

Agent will provide adequate liability and other coverages to cover Agent's own employees. Agent has no duty to provide any such coverage to outside independent contractors. Agent will use reasonable care to see that all outside contractors have adequate employee coverages to cover their own employees prior to such contractor being engaged.

Agent is in no way responsible for any employee not an Agent's employee or for any work not undertaken by Agent or employees of Agent.

OWNER'S RESPONSIBILITIES

18. Owner will pay to Agent a fee of _____ of all rents or payment collected by Agent or a minimum fee of \$_____ per leased unit/structure, whichever is the greater. Parties agree that this amount shall be paid to Agent from first monies collected from tenants.

Owner will pay to Agent a fee of \$_____ per mobile home "space" or "lot" or other non-structure unit.

COMMENT:

Current typical fees are 10% of the gross rents collected or a minimum of \$50 per leased unit/structure. There is some variation of this amount, especially for mobile home park spaces only which do not include rental of the mobile home itself. These fees are subject to negotiation and are typically based on the size of the mobile home park. Mobile Home Park owners should be aware that there is in Virginia a MOBILE HOME ACT in the law which imposes additional burdens on the operators of some mobile home parks IN ADDITION TO THOSE IMPOSED BY THE VIRGINIA RESIDENTIAL LANDLORD TENANT ACT.

Agent fees are based on a "per unit" basis. Thus a single wide mobile home on a single lot is one unit. An apartment building with four apartments is four units. A duplex with two apartments is two units, etc.

19. Owner will indemnify, defend and save Agent harmless for all suits in connection with the property and from liability for damage to property and injuries to or death of any employee of Owner or any contractor or other person whatsoever, and to carry at Owner's expense a public liability insurance policy.

COMMENT:

Agent will carry appropriate insurance for acts of Agent and Agent's employees only. Agent will not carry any other insurance whatsoever insuring the property of the Owner. Owner should be aware that Owner may remain liable under Virginia Law for all conditions of a property regardless of whether the property is being managed by Owner or a third party.

20. Owner will indemnify and save Agent harmless against:
- a. All claims for damages arising out of alleged violations by Agent, in a representative capacity of Owner, or both, of any constitutional provision, statute, ordinance, or regulation, federal, state, or local, which arise out of the offer to lease, leasing, management, or operation of the Property hereunder or otherwise, and
 - b. all expenses incurred by Agent in connection with the foregoing, including the reasonable fees and costs of counsel retained to defend Agent; provided however that the provisions of this paragraph shall not apply if a court of competent jurisdiction makes a final determination, which is either upheld or appealed, or not appealed within the applicable period of time, that Agent intentionally violated any such constitutional provisions, statutes, ordinances or regulation.
21. Owner will maintain and keep fully funded in Owner's account with Agent the minimum amount of \$300.00 for maintenance and repairs per rental unit(s) to a maximum of \$1000.00 per owner. Funds are to be accounted for in Agent's escrow account and are to be used for payment of Owner's obligations as otherwise provided in this agreement.

COMMENT:

Owner must maintain enough money in each unit's account to cover any needed repairs and maintenance. Agent is not in the lending business and will not expend Agent's funds to repair or maintain Owner's Property.

In first establishing an account with Agent, Owner should be aware that the first monies collected from tenants will go to fund this escrow account. This escrow account is to be continuously funded to the entire amount of \$300 per unit to the maximum of \$1000.00 for owners of multiple units.

Example:

Owner has under management and maintenance agreement with Agent 3 mobile homes. Agent will hold a total of \$900.00 of owner's money in the maintenance account.

Owner has under management and maintenance agreement with Agent 4 mobile homes. Agent will hold a total of \$1000.00 of owner's money in the maintenance account. (Since \$1000 is the maximum amount held per Owner)

22. The property is to be managed under the regulations and case law as established in the Virginia Residential Landlord Tenant Act (VRLTA) and all other applicable state laws.

COMMENT:

Properties must be maintained to comply with the VRLTA and to a standard that would pass a HUD inspection. Agent does not agree to manage or accept any property that is not or cannot easily come into compliance with the Code of Virginia and the VRLTA, nor will Agent manage any property unless the Owner is willing to bring the premises up to HUD inspection standards.

Agent will conduct a pre-agreement inspection of each property to ensure that it is in compliance with the Code and discuss such inspection with the Owner.

- 22A. Owner agrees to at least one “sit down face to face” meeting with Agent per calendar year if requested by Agent. Such meets may be conducted electronically.

COMMENT:

While managing properties for absentee owners is the business Agent engages in, it is sometimes necessary to meet with Owners periodically for a variety of reasons. It is not uncommon for Agents to manage properties for Owners and not actually meet with them in person for years at a time.

IT IS MUTUALLY AGREED THAT:

23. Owner expressly withholds from Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expenses chargeable to Owner other than expenses related to exercising the express powers herein vested in Agent without the prior approval of the Owner, except emergency repairs as may be required because of danger to life, limb, or property or which are immediately necessary for the preservation and safety of the Property or the safety of the Tenants and occupants thereof, or are required to avoid the suspension of any necessary service to the Property.

COMMENT:

The essence of this Agreement is for Agent to manage and maintain the property in its current good condition. The Agent will also do maintenance and repairs to the property at the direction of the Owner or arrange for such maintenance and repairs on an “as-needed” basis.

24. Agent does not assume and is given no responsibility for compliance of any building on the Property, or any equipment therein with the requirements of any statute, ordinance, law or regulation of any governmental body or any public authority or official having jurisdiction, except to notify Owner promptly or forward to Owner promptly any complaints, warnings, notices, or summons received by it relating to such matters. Owner represents that to the best of its knowledge the Property and equipment comply with all such requirements and authorizes Agent to disclose Ownership of the Property to any such officials. Owners further agrees to indemnify and hold harmless Agent, its representatives, servants, and employees, of and from all loss, costs, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulations.
25. In the event it is alleged or charged that any building on the Property, or equipment therein, or any act or failure to act by, Owner with respect to the Property, or the sale, rental, or other dispositions thereof, fails to comply with, or is in violation of any of the requirements of any constitutional provision, statute, ordinance, law or regulation of any governmental body or any order or ruling of the public authority or official thereof having jurisdiction

there over, and Agent, in its sole and absolute discretion, considers that the act or position of Owner with respect thereto may result in damage or liability to Agent, Agent shall have the right to cancel this Agreement, as to any such affected property, at any time by written notice to Owner of its selection to do so, which cancellation shall be effective upon the giving of such notice. Such notice may be hand delivered in accordance with title 8.01 (Section 8.01-285 et. seq.) of the Code of Virginia as amended, or given by regular mail, postage prepaid with Agent retaining sufficient proof of mailing which may be a US Postal Certificate of Mailing, and if served by mail shall be deemed to have been given when deposited in the U.S. Mail. Such cancellation shall not release the indemnities of Owner to Agent any shall not terminate any liability or obligation of Owner to Agent for any payment, reimbursement or other sum of money due and payable to Agent pursuant to this Agreement.

26. This Agreement may be cancelled at the end of the original term if either party shall notify the other, in writing, of their intention to so terminate on or before **90 days prior** to the original expiration date. If this Agreement is not terminated at the end of the original term, it shall be automatically renewed for the same terms as the original term hereof until terminated by either party giving the other, in writing, nature of their intention to so terminate on or before **90 days PRIOR TO THE EXPIRATION DATE.**

COMMENT:

This Agreement has an “auto renewal provision.” The Agreement automatically renews for additional, usually one year terms, unless either party notifies the other **90 days prior to the annual renewal date.** Agent manages properties for long-term periods for most clients and the signing of a new lease agreement is not necessary on a yearly basis. This provision allows the auto renewals while at the same time allowing either party to terminate the Agreement with proper notice.

Agent will provide Owner with the auto renewal date whenever requested. Agent will not normally provide owner with notices that the renewal date is approaching unless specifically requested to do so.

27. In consideration of Agent’s services in procuring tenants for the property and as a covenant running with the property, Owner covenants with and for the benefit of Agent, that no sale, transfer, assignment, cancellation or release, including a sale or conveyance to any tenant, its successors and assigns, including “without limitation, any entity affiliated with, controlled or owned by or under common control or ownership with a tenant, its principals or owners, shall affect Agent’s right to the fees and commissions to which Agent is entitled hereunder. Agent shall have the right to collect all rents due hereunder so that its fees and commissions may be paid in installments as the rent is received and retained by Agent before remitting the rent (less such fees or commissions) to Owner, but if any act done to deprive Agent of its right to collect the rent, then the whole amount of its fees and commissions then unpaid shall, at Agent’s option, immediately become due and payable.
28. Owner grants Agent a first priority security interest in the rents collected or to be collected under such lease as security for any advances and expenditures made personally by Agent for the benefit of Owner, and not hereafter reimbursed by said Owner. It being understood and agreed that Agent will be paid and/or reimbursed for all fees and amounts advanced for repairs and/or renovations from monies coming into possession of

Agent regardless of which properties the rents are collected.

COMMENT:

Amounts due to Agent will come from an aggregate of ALL the properties under management for an Owner prior to any rent payments being made to Owner. Thus if Agent manages more than one property for Owner and expends funds to repair a particular property the Agent will be reimbursed from the rents collected from all the properties of the Owners before any rents are dispersed to the Owner.

29. The property will be shown and made available to all persons without regard to race, color, creed, religion, national origin, sex, familial status, handicap, or elderliness or any other situation or condition in compliance with all applicable federal, state, and/or local fair housing laws and regulations.

29A Agent shall be free to contract with tenants for any other matter not in conflict with Owner's interests such as mowing contracts, appliance rental contracts, etc.

COMMENT:

Agent sometimes contracts with tenants to mow tenant's yard and to lease to tenants appliances not part of Tenant's lease agreement. This is permissible under this Agreement as long as no conflict exists with Owner.

Example: Should the Owner be in the business or practice of contracting with tenant to mow tenant's yard, then Agent would be prohibited from doing so as it would conflict with an interest of the Owner.

29B Agent will be paid the regular management rate in any instance in which rent is not collected due to Owner's fault. The amount of management fee collected shall be same as the amount that would be due if the tenant had paid the rent.

COMMENT:

There are instances in which an Owner will, for whatever reason, decide to allow a tenant not to pay rent for a particular period of time. Agent will not agree to waive any management fees because an Owner has elected to provide free housing to a tenant.

Example: A tenant normally pays rent in the amount of \$650 per month and the Agent normally receives \$65 per month in management fees on a property. Tenant contacts owner and convinces Owner to allow Tenant to skip a month's rent. Even though no rent is being paid by tenant for that particular rental period the Owner will still pay to Agent the \$65 management fee.

MISCELLANEOUS

30. Owner and Agent acknowledge that neither the United States Congress nor the Internal Revenue Service has established definitive standards for active participation in the management of investment property. Accordingly, while it is the intention of the parties that Owner will actively participate in management of the Property, Agent makes no representations or warranty that the provisions of this Agreement shall comply with any statute, rule, regulation or decision enacted or issued by any such governmental authority.

31. Under Virginia law certain non-resident landlords are required to file a Nonresident Real Property Owner Registration Form with the Virginia Department of Taxation. Owner, if a non-resident of Virginia hereby certifies that such required forms have been properly filed. Such Registered Agent's Name and Address is: _____
32. All notices required to be given under this agreement may be hand delivered in accordance with title 8.01 (Section 8.01-285 et seq) of the Code of Virginia 1950 as amended, or given by regular mail, postage prepaid, with the party giving notice retaining, sufficient proof of mailing which may be by U.S Postal Certificate of Mailing, and if served by mail shall be deemed to have been given when deposited in the U.S. Mail. Parties may agree to accept notices and correspondence by electronic means.
33. Memorandum of Lease-Recording
Agent may, at Agent's option and expense, record a *Memorandum of Lease* pertaining to any real property subject of this agreement in the appropriate Circuit Court Clerk's Office in the County in which the real property is located. Should this Agreement terminate, Agent will promptly record at Agent's expense a release form showing the termination.
34. Attorney Fees - Owner-Agent Dispute
Should either the Owner or Agent find it necessary to resort to litigation to enforce any part of this Agreement against the other, then both parties agree that the cost including reasonable attorney/legal fees of the prevailing party will be paid by the party that does not "prevail" in the litigation. In any litigation a judge will be asked to make a determination as to whether a party has "prevailed" in the litigation matter.
35. Paragraphs, Comments, Handwritten Provisions, Modifications:
The paragraphs and comments contained in this Agreement are all part of the Agreement and are to be read and interpreted together, in harmony, for a complete reading and understanding of the provisions.
- Handwritten provisions contained in this Agreement shall control when in conflict with typed provisions.
- All modifications to this Agreement must be in writing signed by all parties to be enforceable. This Agreement may not be modified by any oral agreement between the parties. No oral modifications are enforceable regardless of reliance in part or full performance based thereon.
36. Severability:
Should any part of this Agreement be deemed to be unenforceable for whatever reason by any Court of Competent Jurisdiction, the remaining portions of the Agreement shall continue to be fully enforceable.

37. Jurisdiction Agreement:

All parties agree, as a bargained for provision of this Agreement that in any litigation arising out of any matter covered under this Agreement that jurisdiction will lie exclusively in the State Court system of Wise County, Virginia, regardless of where any covered property may lie, where any part of this Agreement is signed, entered into, or modified.

Witness the following signatures and seals:

Member-Manager
Fig Enterprises L.L.C., A Virginia Limited Liability Company

STATE OF _____
COUNTY OF _____: TO WIT:

This _____ day of _____, _____ appeared before me Gregory D. Gilbert, known to me to be the Member-Manager of Fig Enterprises L.L.C. aka Fig Management Company L.L.C. and acknowledged to me his acceptance and signature to this Agreement.

NOTARY PUBLIC

Commission Expires: _____
Commission Number: _____

Owner Signature

Owner Printed Name

STATE OF _____
COUNTY OF _____: TO WIT:

This _____ day of _____, _____ appeared before me

and acknowledged to me his/her acceptance and signature to this Agreement.

NOTARY PUBLIC

Commission Expires: _____
Commission Number: _____

Owner Signature

Owner Printed Name

STATE OF _____

COUNTY OF _____: TO WIT:

This _____ day of _____, _____ appeared before me

_____ and acknowledged to me his/her acceptance and signature to this Agreement.

NOTARY PUBLIC

Commission Expires: _____

Commission Number: _____

Owner Signature

Owner Printed Name

STATE OF _____

COUNTY OF _____: TO WIT:

This _____ day of _____, _____ appeared before me

_____ and acknowledged to me his/her acceptance and signature to this Agreement.

NOTARY PUBLIC

Commission Expires: _____

Commission Number: _____

Owner Signature

Owner Printed Name

STATE OF _____

COUNTY OF _____: TO WIT:

This _____ day of _____, _____ appeared before me

_____ and acknowledged to me his/her acceptance and signature to this Agreement.

NOTARY PUBLIC

Commission Expires: _____

Commission Number: _____

Agreement Modified: December 26, 2011

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