

PROPERTY MANAGEMENT AND EXCLUSIVE RENTAL AGREEMENT

THIS AGREEMENT entered into as of the _____th day of _____, _____ 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."

THE DEMISED PREMISES - TERM

Owner hereby employs Agent as sole and exclusive Agent to rent and manage Property know as _____, (the Property), upon the terms hereinafter set forth, for a period of _____, beginning _____ and renewing automatically for like periods until terminated by either party by written notice not less than 90 days prior to the end of the then-current term.

OWNERSHIP AND REPRESENTATIONS

Owner represents to Agent that Owner is fee simple owner of the Property, that no other owner's consent is required to enter into this Agreement, and that neither Owner 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.

The real estate deed is in the name of: _____
Deed Number: _____ Tax ID number: _____ Any
mobile home title is in the name of: _____
Deed verified by Agent and copy attached: ___yes. or
Title verified by Agent and copy attached: ___yes, or _____
Mortgage Company, bank or lien holder: _____
_____ This Property leases for a term of:
Lease term is left to Agent's discretion.

AGENT'S RESPONSIBILITIES

1. Make all diligent efforts to procure and maintain a suitable tenant at a monthly rent of \$ _____ or other amount as may be agreed upon, but not less than \$ _____. Agent and Owner agree that this amount may be modified by any written notification between the parties including email notifications.

Comment:

Agent will make agent's best effort to match prospective tenants to properties that best match their needs. Applicant's needs vary and generally turn on three criteria; the size of the unit (number of bedrooms), the amount of the monthly rent, and the location.

Agent will show prospective tenants all properties available that match their needs and for which they qualify. The showing of properties is a time consuming process. We typically describe and post pictures of available properties on our web site: www.figenterprises.net. Callers are invited to drive by the properties and ascertain whether they like the property area and outside of the unit. They are invited to look over the property including looking inside windows, etc if the property is unoccupied at the time. If the applicant shows continued interest they are invited to apply for a rental unit. Once an application is approved we then show the inside of the unit.

It makes no sense to show properties to applicants who do not or cannot qualify. It wastes valuable time and is not fair to the applicant. It does not take that long to process an application. Any prospective tenant who insists on making a thorough inspection of a property before filling out an application is being unrealistic.

We do not currently charge an application fee although the charging of such a fee is standard in the property management industry. Application fees weed out the non-serious, "looky-loos" who just want to shop for properties without any real commitment to rent. We have, to date, been successful in limiting these non-serious inquiries by requiring the application up-front before showing a unit inside. The non-serious folks will not take the time to fill out an application. We may look at charging an application fee in the future especially if we have to start obtaining credit reports on applicants.

2. Negotiate and execute leases, renewals, or subsequent leases on behalf of Owner, as in Agent's best judgment provide a fair return to Owner, and are consistent with Owner's Instructions. Leases are to be written on the lease form provided by Agent.
3. Collect all rents and other charges which become due in accordance with the terms of the lease exercising due diligence in this pursuit, but nothing in this Agreement shall be construed as a guarantee by Agent of the payment of rents or other charges by Tenant.
4. Collect from tenant a security or performance deposit of an amount deemed prudent by Agent or as directed by Owner and to hold any such security deposit of Tenant in an escrow account established and maintained in accordance with the regulations listed under the Virginia Residential Landlord Tenant Act (VRLTA). When tenant vacates the Property return procedures for any such security or performance deposit shall be handled as directed by the VRLTA
___Agent is given discretion in all security deposit matters, including amount.
___Agent is directed by Owner to collect and maintain a minimum security deposit in the amount of \$_____.
5. Keep accurate records of the rent receipts and expenditures for the Property and furnish Owner with accounting statements and detailed annual statement and disbursements for tax

purposes, with IRS Form 1099 indicating rents received for said Property. Owner may review all Agent records for Property during any regular business hours of Agent or after hours by appointment.

6. Promptly remit to Owner or deposit in the account of Owner, as directed by Owner, the balance of all sums due Owner under the terms of this Agreement. This remittance will be forwarded by the 20th of the each month, provided the rent and other fees as applicable have been received by this date. In no event will Agent be expected or obligated to advance or disburse any of its own money, or any money owed as a compensation to Agent for its services hereunder, for that purpose, nor shall Agent be liable or responsible in any manner whatever for the default or any consequences thereof on the terms of any trust or mortgage, the payment of real estate taxes, or any other 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 Property provided Owner has entered into a Repair/Maintenance Contract with Agent. Expenditures exceeding \$200.00 for any one item or repair will be made only with the Owner's authorization, except in the event of an emergency. It is agreed and understood that emergency repairs are those which in the opinion of Agent are necessary to protect the Property from damage or to maintain services to the tenants as called for by the lease, by law, regulation, or ordinance.

8. Make inspections of the Property as Agent feels necessary and report matters concerning the condition of the Property to owner. In the event of vacancy, Agent will take reasonable precautions to safeguard the Property, but Agent is not liable for any damages to the premises of any kind. Agent will make in-unit inspections of the Property 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.

OWNER DELEGATES TO AGENT ALL NECESSARY AUTHORITY AND POWERS (ALL OF WHICH MAY BE EXERCISED IN THE NAME OF OWNER) AND AGREES TO ASSUME ALL EXPENSE IN CONNECTION WITH THE FOLLOWING: (Except as noted)

9. Advertise the Property in local paper for specific periods of time as directed by Owner at Owner's expense.

List Property availability on Agent's Web-Site 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 college's housing directors and housing department to ensure available properties are marketed to target tenants. [Agent is currently registered with all such Housing Departments]

Maintain liaison with local Redevelopment and Housing Authorities to ensure available properties approved for HUD occupancy are marketed to target tenants. [Agent is currently listed with all local HUD agencies]

Maintain liaison with local business organizations, ie chambers of commerce, and business groups to ensure property availability information is available in an accurate and

timely manner. [Agent currently belongs to Wise County Chamber of Commerce and related business groups with web-links from the Chamber web page to the Agent's web page]

Maintain liaison with all local realtor agencies who may direct target clients to available properties.

10. Thoroughly investigate all applicants of prospective tenants, sign leases, renew and/or cancel existing leases, and prepare and execute new leases in accordance with terms provided by Owner. Agent will utilize Agency lease in compliance with the VRLTA and other applicable law. Owners may completely delegate the selection of applicants to Agent or may maintain final control and approval of applicants approved by Agent.

Agent has from experience developed system of identifying qualified applicants and system of identifying non-qualified applicants. While Agent has been successful in developing system of tenants selection, Owner may have certain criteria that Owner wishes applied to tenant selection process. Such criteria can be discussed with Agent. Agent will follow all legal criteria established by Owner in the process.

Example: Agent will sometimes approve tenants who have criminal convictions, including felonies, on a case-by-case basis. Owner may wish to pursue a policy of not renting to convicted felons. Agent will follow criteria established by Owner.

Example: Agent has established a policy of approving many properties for participation in a Section 8 Housing and Rehabilitation Program (HUD). Owner may wish not to have a particular property participate in such a program. Agent will follow criteria established by Owner.

If Owner completely delegates tenant selection to Agent, Agent will identify and lease Property to best matched tenant and notify Owner of identity of new tenants once lease is signed. Once lease is signed, Tenants cannot be changed until term of lease has expired or for other legal cause.

If Owner maintains final approval, Agent will qualify prospective tenant and once tenant is approved by Agent will forward information to Owner for Owner approval prior to signing lease with new tenant.

Comment:

Owner should be cognizant of the fact that Agent manages several 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.

Comment:

Owner must be aware that Agent will sign owners name to binding lease utilizing the Power of Attorney granted to Agent and Agent's employees by Owner. Owner will be bound by the terms, conditions, and duration of the lease period just the same as a tenant is bound by the terms, conditions, and duration of the lease. Owner will continue to be

bound by the lease terms and conditions regardless of whether Owner continues agency relationship with Agent.

Example:

Agent enters into and executes in Owners name a 12 month lease with tenant. Owner decides after 60 days to give Agent the 90 day termination of Agency notice and end the Agency relationship with Agent. The Owner will continue to be bound by **the existing lease** with the tenant until the lease has expired or all parties agree to terminate early.

___ Owner delegates selection of tenants to Agent.

___ Owner maintains final approval of tenants recommended by Agent.

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 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 fees agreed to in lease provisions. All such fees shall be the sole property of Agent. Agent shall not be required to account for such charges/fees to Owner.

Court and prosecution fees, except attorney fees provided in this Agreement, charged to the account of Owner will be accounted for and returned to owner when/if collected from tenants as a result of the any authorized collection efforts of Agent.

Attorney fees provided are further described hereinafter in the Agreement..

13. 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 such deposit. All such deposits will be handled as directed by the VRLTA provisions in effect and applicable lease provisions.

Agent will require at lease a security/performance deposit equal to one month's rent for all tenants. If circumstances dictate, in Agent's sole discretion, Agent may require up to two month's deposit for higher-risk applicants/tenants.

Agent, subject to very rare exceptions, requires payment in full of all security or performance deposits prior to occupancy of Property.

Security/performance deposits will not be applied to rent shortages. Should tenant submit a partial payment of rent, Agent will proceed to collection/eviction as if no rent has been paid by tenant.

Late fees and other charges may be charged to the security/performance deposit if the actual monthly rent has been paid in full. Tenant shall then pay deposit back up to the full amount as required by the lease terms.

Example: Tenant pays a partial payment of \$350 on a rental amount due of \$400 to Agent on the 6th of the month in which it is due. Agent will proceed to send tenants a "5 DAY PAY OR QUIT NOTICE" and proceed with eviction proceedings, charging late fees as provided in the lease.

Example: Tenants pays a full payment of \$400 to Agent on the 6th of the month in which it is due but does not submit the late fee due. Agent will deduct the amount of the late fee

from the tenant's performance deposit and notify the tenant that the deposit must be brought back up to full by the next rent due date. (This procedure is outlined in Agent's lease)

Owner may direct Agent to have security/performance deposit paid in full prior to occupancy of Property or may leave matter to Agent's discretion.

____ Owner requires security/performance deposit be paid in full before occupancy.

____ Owner leaves matter of payment of deposit to Agent's discretion.

14. Agent may on a limited basis make payments on behalf of Owners for mortgage payments, real estate taxes, and other amounts due. Owners and Agent must agree to the schedule of payments.

15. Agent will make, or cause to be made all repairs, replacements, alterations, or decorations to the Property. Agent shall enter into agreements in the name of Owner 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 Property. Agent shall purchase necessary supplies and pay bills, provided that expenditure for any one item or repair does not exceed \$200 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 holds a Virginia 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 amount of \$7500.00 under Virginia Law.

At Owners direction, which may be pre-given below, Agent and Agent's employees may proceed to make necessary maintenance and repairs that fall within the HIC classification on behalf of 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 a agreed 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 for which the Agent does not elect 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.

Agent recognizes 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 Owners 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 exist on the Property.

Agent is aware that there is practiced by some Owners of rental property a policy of deferring maintenance and avoiding repairs. Owner should be aware that Agent will not participate in any such “avoid-the-needed-repair” scheme in any way. Not only is it counter productive and wrong, it is also unprofitable in the long-run. Only well maintained and properly managed rental units will make a return-on-investment consistently over a long period of time.

Examples:

1. Problem:

Tenant calls to report that kitchen sink faucet is leaking and will not shut completely off. Water drips continuously. HUD regulations require all plumbing to be in working order. This repair is covered in the HIC classification held by Agent. Owner has elected to use Agent’s Repair Service whenever possible.

Action:

Agent’s employees check problem and determine that faucet is worn and needs replacement. Agent estimates that repair will cost less than \$200 amount requiring Owner approval. Agent’s employees will purchase replacement faucet of a type currently in use and install same. Time spent on-site equals 2 man-hours. Owner will be charged the actual cost of the faucet at the time it was purchased as evidenced by store receipt and \$30 for the two man-hours of labor required to install the faucet. Owner is notified of the repair and this amount is deducted from Owner’s account either from money being held in the account on the date the repair bill is processed or from the next available monies available to pay the invoice.

2. Problem:

Tenant calls to report that kitchen sink faucet is leaking and will not shut completely off. Water drips continuously. HUD regulations require all plumbing to be in working order. This repair is covered in the HIC classification held by Agent. Owner has elected to use Agent’s Repair Service whenever possible.

Action:

Agent’s employee check problem and determine that faucet has loose connection that needs tightening. Agent’s employees tighten faucet connection which repairs dripping. Time spend to site equals one man-hour. Owner will be charged \$15 for the man-hour spent on-site making the repair

3. Problem:

Tenant calls to report that kitchen sink faucet is leaking and will not shut completely off. Water drips continuously. HUD regulations require all plumbing to be in working order. This repair is covered in the HIC classification held by Agent. Owner has elected NOT to use Agent’s Repair Service.

Action:

Agent’s employees go to Property to check problem at no cost to Owner. Agent’s

employees determine faucet is faulty and needs replacing and job is estimated to cost less than \$200. A local contractor is contacted and an appointment is scheduled to make the repair. The contractor purchases the new faucet and installs it. The Contractor submits a bill for all parts, labor, and any other charges connected with the service call. The Owner is notified and the Contractor's invoice is paid from the owners account.

4. Problem:

Tenant calls to report that while unplugging an appliance that sparks and smoke flew from the receptacle and now the receptacle is dead. HUD regulations require that all electrical connections not present a hazard to tenants. This repair is NOT covered in the HIC classification held by Agent.

Action:

A local certified electrician is contacted and an appointment is arranged for the electrician to go to the Property and make the repair. The electrician is advised to make the repair if the total amount is \$200 or less. If the estimated repair is more than \$200 the electrician is directed to submit an estimate for the Owner's approval. Once the repair is made, the electrician submits an invoice which is paid from the Owner's account.

5. Problem:

Tenant calls to report that owner-supplied washing machine has quit spinning.

Action:

Agent's employees go to Property, remove non-functioning washing machine and haul it to the repairman. The repairman keeps the machine for a week, fixes the machine at a cost of \$75.00 which is paid by Agent. The picking up and return of the machine required 3 man-hours to complete. (2 employees at 1 ½ hours each). Owner is charged \$75 for the repair and \$45 for the 3 man hours or a total of \$120.00.

6. Problem:

Tenant calls to report that owner-supplied washing machine has quit spinning

Action:

Agent's employees go to Property and observe that washing machine is very old model and probably not repairable. Agent has a used machine "on-hand" for \$200.00 Estimated replacement time is 2 man-hours. Since repair estimate exceeds \$200 no repair or replacement takes place until authorized by Owner. Should owner authorize repair/replacement then switch is made and old machine discarded. Owner pays repair bill of \$230.00.

Agent attempts to maintain an "inventory" of two or three washing machines, dryers,

stoves and refrigerators if at all possible to be used as replacement models.

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 a medium-sized refrigerator that can be used by tenants while a replacement refrigerator is being obtained. Tenants cannot typically go without a refrigerator even for a day due to melting food items.

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

In some instances Agent's employees can do most of the work required and only call other contractors for a small part of the job. An example of this might be the replacement of a busted water heater that has flooded the unit. Agent's employees could go to the Property, cut off the electricity, and remove the busted water heater. They could get a replacement water heater, put it in the unit making all connections except the electrical, and haul away the busted unit. The employees could use the company owned rug doctor machines to suck the water up off the floor. The electrician can then come in only to hook up the electrical connections to the water heater. The electrician would charge much less for this small amount of work and could not charge more than the actual cost of the replacement water heater. Replacing a water heater always costs more than \$200 so the repair would require Owner approval if it could be obtained readily. HUD regulations require that tenants be supplied with reasonable amounts of hot water so this type repair must be made even if the Owner could not be reached immediately.

Of course, an Owner may elect to make the needed repairs himself or to contract with others himself. These are all options to the Owner.

_____ Owner elects to use Agent's employees to make all needed repairs whenever possible at Agent's discretion. Owner authorizes payment from Owner's account when funds are available therein and when not, from the next available funds collected into the account. Owner has executed a REPAIR/MAINTENANCE CONTRACT with Agent to cover these repairs/maintenance.

_____ Owner elects not to use Agent's employees to make needed repairs and directs Agent to use "outside" contractors to make needed repairs.

_____ Owner elects to make needed repairs himself/herself or to arrange for contractors to

make the repairs himself/herself.

____ Other: Owner gives the following directions concerning repairs:

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16. Terminate tenancies and 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, 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. Owner hereby appoints Agent 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 detainer, eviction, 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 rent is due on the 1st of the month and late beginning on the 6th of the month. Late penalties accrue and eviction begins on the 6th of the month **without exception.**
- Should due 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 the next business day thereafter (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 mailed. This NOTICE will advise the tenant that the eviction process has begun. Later 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 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 follows up with a Court judgement 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 days.

- Costs: Owner will be charged only for the 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-pays any judgement for costs then they are reimbursed to the Owner. Agent is paid for attorney fees only if delinquent tenant reimburses the fees and then only after the Owner has been reimbursed Owner's costs first.

- Attorney fees provided to Owner under this 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 judgement 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 on a judgement previously entered by a Court. Collection actions include attachment, detinue, garnishments, etc.

Any court cost or filing fee 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 judgements, 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 the 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 employee, 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 collected by Agent, or a minimum fee of _____ \$ _____ per leased unit, whichever is greater. Parties agree that this amount shall be paid to Agent from first rental monies collected from Tenants.

Comment:

Current typical fees are 10% of the gross rents collected or a minimum of \$50 per leased unit.

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 from 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 remains 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 (i) 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 (ii) 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 regulations.

21. Owner will maintain in Owner’s account with Agent the minimum amount of \$300.00 for maintenance and repairs per rental unit. 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 needed repairs and maintenance. Agent is not in the lending business and will not expend Agent funds to repair or maintain Owner’s Property.

In first establishing an account with Agent, Owner should be aware that the first money collected from tenants will go to fund this escrow account. This escrow account is to be continually funded to the entire amount of \$300.00.

22. The Property is to be managed under the regulations and case law as established in the Virginia Residential Landlord Tenant Act (VRLTA).

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 Owner.

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 written direction of Owner, except such emergency repairs as may be required because of danger to life 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. Owner further agrees to indemnify and hold harmless Agent, its representatives, servants, and employees, of and from all loss, cost, 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 any 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 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 (1950 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 and 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 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.

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 the tenant, its principles 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 be 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 thereafter reimbursed by said 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 in compliance with all applicable federal and state and local fair housing laws and regulations.

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 shall 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. Landlord, if a non-resident, hereby certifies that such required forms have been properly filed. Such Registered Agent's 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.) 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 a 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.

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 each other, then both parties agree that the costs including reasonable 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.

Witness the following signatures and seals:

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

NOTARY

Commission Expires: _____
Commission Number: _____

Owner

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

Commission Expires: _____
Commission Number: _____

Owner

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

Commission Expires: _____
Commission Number: _____

Owner

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

Commission Expires: _____
Commission Number: _____