

**PROPERTY MANAGEMENT AGREEMENT
VALLEY INVESTMENT PROPERTIES, INC.**

No: _____

DATE: _____

OWNER: _____

Address: _____

PROPERTY ADDRESS: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

LIMIT OF MANAGER'S AUTHORITY FOR COSTS: \$ _____

MINIMUM BALANCE TO BE HELD FOR OWNER: \$ _____

ADDITIONAL AMOUNTS TO BE WITHHELD FOR OWNER:

- principal, interest and reserves on debt instruments as directed by Owner;
- real property taxes:
- in full; to meet permitted installment amounts; or
 other: _____;
- other governmental assessments and licenses;
- premiums on insurance;
- reserves for such items; and
- other: _____.

DEPOSITS TO BE HELD IN: POOLED, OR SEGREGATED ACCOUNT (see Section 3.4).

MINIMUM LIABILITY INSURANCE COVERAGES BY OWNER:

- \$ _____ combined single limit coverage; or
- \$ _____ per person and \$ _____ per occurrence bodily injury and personal injury and \$ _____ property damage.

COMPENSATION OF MANAGER: Per Schedule B, attached.

This Property Management Agreement ("Agreement") is made as of this date, between the Owner and Valley Investment Properties ("Manager"), with respect to the Property identified above, which is owned by Owner. Owner and Manager are sometimes referred to herein as a "Party" or the "Parties." Attached as *Schedule A* is a further description of the Property and information pertinent thereto.

1. Exclusive Agency. Owner appoints Manager as its sole and exclusive agent to manage the Property on Owner's behalf. The scope of the appointment is described in Sections 3 and 4 of this Agreement. Manager accepts such appointment and agrees to perform its obligations in accordance with the terms of this Agreement.

2. Term. The term of this Agreement shall commence as of the Commencement Date, and shall continue until the Expiration Date (the "Initial Term"), when it will expire. This Agreement shall automatically renew as of the expiration date of each term for an additional period of one (1) year ("Renewal Term"), unless either Party gives the other written notice of termination at least 30 days prior to expiration of the Initial Term or any Renewal Term. Performance of this Agreement during any Renewal Term will be under the terms and conditions set forth in this Agreement, unless the Parties otherwise agree in writing. Upon expiration or other termination of this Agreement, the Owner shall remain bound by the obligations of all contracts for services, supplies and alterations Manager has entered into in connection with the performance of this Agreement.

3. Management Services. Owner hereby appoints the Manager as its exclusive agent for the purpose of management and operation of the Property, for the Owner's account. The specific services to be provided by Manager are specified below. Manager shall perform the duties through an on-site manager, through Manager's employees or through third-party vendors and independent contractors. Manager shall have the right to charge Owner the costs of Manager's employees to perform the obligations under this Section 3 (including on-site management personnel and any off-site allocated personnel), as reasonably determined by Manager.

3.1 Repairs. Manager shall, in the name of and at the expense of Owner, make or cause to be made such repairs and alterations to the Property as Manager may deem advisable or necessary; and to purchase all fuel, supplies, furniture, fixtures and equipment deemed necessary by Manager for operation of the Property. However, not more than an amount equal to the Limit of Manager's Authority set forth above shall be expended at any one time for any single repair, alteration or purchase without Owner's prior approval, except for monthly or recurring operating charges or items specified in an approved operating budget (if any). The foregoing monetary limitation shall not apply to emergency repairs, alterations or purchases if, in the Manager's sole opinion, such repairs, alterations or purchases are reasonably necessary to protect the Property from damage or to maintain services to tenants as called for in their leases or rental agreements. All expenses incurred pursuant to this Section 3.1 shall be charged to Owner as Expenses under Section 6.2 of this Agreement.

3.2 Service Contracts. Manager shall, in the name of and at the expense of Owner, contract with or hire third-party vendors for such utilities, trash removal, cleaning, security, window washing, supplies, equipment maintenance, glass replacement and other Property operation and maintenance services as reasonably determined by Manager. Attached as *Schedule C* is a list of employees or businesses in which Manager has a pecuniary interest that will perform work on the Property. Owner acknowledges that Manager shall not be responsible to Owner for any act, omission, negligence, or contract default of such third parties. Manager shall disclose to Owner in writing and in a timely manner, any use of employees or a business in which the Manager has a pecuniary interest, to perform work on the Property. Manager shall, at Owner's expense, purchase and furnish the Property with supplies reasonably necessary to carry out its obligations under this Agreement. All expenses incurred pursuant to this Section 3.2 shall be charged to Owner as Expenses under Section 6.2 of this Agreement. Owner shall be credited with all rebates, refunds, allowances and discounts allowed to Manager to the extent such items are specifically identified to the Property.

3.3 Collection and Segregation of Rents. Manager shall take reasonable steps to collect rent, additional rent, security deposits, and other charges provided for under the leases or rental agreements associated with the Property (collectively, the "Client Funds"), in the name of the Manager or the Owner. Manager is expressly authorized to use a lock box for such collection activities, if deemed appropriate by Manager. Manager shall prepare a written receipt for any cash funds received under this Agreement; all receipts shall meet the requirements of the regulations adopted by the Oregon Real Estate Agency (the "REA Rules"). Manager is authorized to impose a late fee for rental payments received more than four days late, and a fee for any NSF check received from any tenant. Such fees will be charged to the tenant's account and, when paid, shall be retained by Manager as consideration for administrative costs and expenses incurred in connection with such late payment. All Client Funds received by Manager shall be deposited in a bank trust account maintained by Manager for the deposit of funds received on behalf of owners of property managed under property management agreements ("Clients' Trust Account - Property Management"). All such deposits shall be made and accounted for in the manner specified in applicable REA Rules. Manager shall be the authorized signer on the Clients' Trust Account - Property Management, and shall control the receipts and disbursements on such account. Client Funds shall not be commingled with the funds of Manager. Owner acknowledges that the Manager does not guarantee the collection of Client Funds. Owner hereby authorizes Manager to transfer funds between two or more ledgers and/or accounts maintained for Owner. At the time of any such transfer the

Manager shall enter the transfer information on each affected ledger, including, without limitation, the amount of the transfer, date of transfer and source of transferred funds.

3.4 Collection and Segregation of Security Deposits. Tenant security deposits shall be deposited and held in either a pooled account or an isolated account, as indicated on the first page of this Agreement, and as further described below:

If Held in a Pooled Account (all owners; all properties), then all security deposits received by Manager under the leases or rental agreements regarding the Property (“Security Deposits”) shall be deposited in a client trust bank account (“Clients’ Trust Account - Security Deposits”). Such account shall be established and maintained by Manager for security deposits received by Manager in performance of property management activities. If a Security Deposit is received as part of a larger check containing funds other than the Security Deposit, Manager may deposit the check into the Clients’ Trust Account - Property Management so long as the portion constituting the Security Deposit is transferred to the Clients’ Trust Account - Security Deposits, within three (3) banking days after Manager receives the check. All Security Deposits shall be maintained as provided under Oregon law and REA Rules. Manager shall promptly refund any Security Deposit to a tenant in the manner required by the applicable lease or rental agreement and in accordance with applicable REA Rules.

If Held in an Isolated Account (single owner; single property), then all security deposits received by Manager under the leases or rental agreements regarding the Property (“Security Deposits”) shall be deposited in a federally insured client trust bank account, established separately for the Property (“Client’s Trust Account - [name of property]”). All deposits of Security Deposit funds made into such account shall be disbursed to Owner or to an account as directed by Owner in the accounting period in which they are received. All Security Deposits received shall be maintained as provided under Oregon law and REA Rules. Upon Manager’s request, Owner shall promptly refund any Security Deposit to a tenant in accordance with the terms of the applicable lease or rental agreement and in accordance with applicable REA Rules. Owner shall send a copy of the refund check to Manager.

3.5 Expenditures. All expenditures authorized by this Agreement shall be considered Expenses (as defined in Section 6.2 below) to be paid from the Client Funds. In the event Expenses exceed the amount of Client Funds available in the Clients’ Trust Account - Property Management as reflected on the Owner’s ledger, Owner agrees to advance such amount to Manager within two (2) business days after written request. Manager may at its discretion retain a minimum balance of funds for Owner in the amount stated on the first page of this Agreement in the Clients’ Trust Account - Property Management.

3.6 Other Payments. Manager shall pay or reserve for the Owner’s account amounts necessary in Manager’s reasonable discretion to pay those charges indicated by boxes checked on the first page of this Agreement as the same shall relate to the Property. Manager shall have no responsibility to pay any item of expense not checked above, and Owner hereby agrees to timely pay all such expenses from funds outside the Client Funds.

3.7 Additional Services. At Owner’s request, for an additional fee, Manager may, at manager’s election, perform additional services for Owner, including but not limited to: (i) supervise or oversee construction of tenant improvements, remodels, or capital improvements; (ii) provide or arrange special accounting services; (iii) act as property consultant, (iv) secure estoppel certificates; (v) assist in the refinance of loans or other debt; (vi) perform due diligence; or (vii) assist in prosecuting tax appeals. The fee for such additional services shall be established at the time Manager agrees to undertake those services. Owner understands that Manager may, from time to time, offer various services and products for sale directly to

tenants. Owner authorizes Manager to engage in such sales activity on the Property; provided, however, Manager is solely responsible for any and all liability arising there from.

3.8 Enforcement Actions and Proceedings. Manager shall have the right to sign and deliver to tenants, any notice of default provided for under a lease or rental agreement, either in the name of the Manager or Owner. Manager shall, at Owner's request and expense to be paid from Client Funds, engage an attorney for advice and assistance and cause negotiations and legal proceedings to be instituted in the name of Owner, and completed as may be necessary to enforce the leases and rental agreements including, without limit, payment of rent and compromising disputes that may arise under any lease or rental agreement. Such actions may include, without limitation: (i) suit to recover unpaid rent or other amounts due under the applicable leases or rental agreement, (ii) attachment, garnishment and levies upon a tenant's property and (iii) eviction actions. Manager is granted the specific authority to settle and compromise any dispute with a tenant so long as the amount involved does not exceed the Limit of Manager's Authority for any single dispute or event of default.

4. Leasing Services. Owner has appointed Manager as its exclusive agent to perform the following brokerage-related services related to the Property. Compensation to be paid by Owner to Manager for the following services is specified in *Schedule B*.

4.1 Rental of Space within the Property. Manager shall use commercially reasonable efforts to rent all space located on the Property ("Rentable Space") as it becomes vacant during the Initial Term and any Renewal Term. Manager may have such services provided by an on-site manager (if an on-site manager exists for the Property), or by any other person hired by Manager. When appropriate, Manager may engage the services of other real estate professionals for the Owner's account to lease Rentable Space.

4.2 Negotiation of Leases. Owner shall refer all inquiries concerning the rental of Rentable Space to the Manager. All negotiations with prospective tenants shall be conducted or directed by the Manager or its designee. For month-to-month tenancies and leases or rental agreements of one-year or less, Manager and/or its designated employee, is authorized to sign on Owner's behalf so long as the appointed rent is consistent with the Rental Rates specified by Section 4.4. All leasing decisions for leases longer than one year are subject to the final approval of Owner. Such approval may be granted or withheld in Owner's sole discretion, but no decision will be unreasonably delayed. Owner will execute all approved Leases unless Manager is expressly authorized to execute leases and rental agreements on Owner's behalf under the terms and conditions of a separate written authorization executed by Owner. Manager shall submit a master copy of all leases and rental agreements, and all modifications and renewals thereof, to Owner for review and approval. Owner hereby agrees to furnish Manager with an approved copy within three (3) business days.

4.3 Advertising and Marketing Expenses. At Owner's expense, Manager may advertise Rentable Space as it becomes available for rent and shall arrange for such signs, renting plans, brochures and other forms of advertising as is commercially reasonable.

4.4 Rental Rates. Manager, in consultation with Owner, shall establish rental rates for the Property from time to time ("Rental Rates"). Owner may at any time, in writing, override Manager's determination of such Rental Rates, in which event Manager shall apply the Rental Rates determined by Owner, until further notice from Owner. Manager may, from time to time, make recommendations to Owner with respect to basic rental rates that are market appropriate for the Property. Owner's right to set Rental Rates shall not require Manager to violate any law, nor prevent the Manager from negotiating lease term sheets or letters of intent that include reasonable economic terms in addition to the Rental Rates.

5. *Client Trust Accounts; Books and Records.*

5.1 *Disbursements from Clients' Trust Account - Property Management.* If sufficient funds are available in the Clients' Trust Account - Property Management as reflected on the account ledger, Manager shall have the right to withdraw from such account, (i) any and all earned compensation and reimbursements to Manager provided for under the terms and conditions of this Agreement and (ii) any and all expenses and expenditures as provided in this Agreement. Such withdrawal may be made as such amounts are due, and at least once each month. The accounts and records entries for payment of such sums shall include the date, the amount of compensation and reimbursements withdrawn, the check number, and the Owner's ledger account number or identifying code (which may be the owner's name). Disbursements from the Clients' Trust Account - Property Management may be based on deposits made into the account by wire or electronic transfer so long as the deposit is first verified by the Manager in the manner specified in applicable REA Rules. After deducting its compensation and any other sums due from Owner pursuant to any provision of this Agreement, once each month the Manager shall remit to Owner a check in the amount of the net Client Funds collected, minus reserves and minus such sums as Owner may have directed herein or otherwise.

5.2 *Supplements to Client's Trust Account – Property Management.* Owner shall at all times maintain sufficient funds in the Client's Trust Account – Property Management, to enable Manager to pay reasonably anticipated obligations of the Property in a timely manner. Owner and Manager agree that Manager shall maintain a minimum balance as indicated on the first page of this Agreement to ensure adequate funds are available to pay the operating expenses of the Property. If collections are projected to be insufficient or will not be received in time to satisfy this requirement, Owner shall provide Manager with the necessary funds within two (2) business days following Manager's request therefore. If Owner has not provided said funds within seven (7) days after Manager's request, Manager may, at its sole option, terminate this Agreement. Manager shall not be required to advance funds for Owner's account. However, should Manager make a payment for Owner's account and should a deficit occur therein, upon notification by Manager, Owner shall immediately remit to Manager sufficient funds to remove the deficit.

5.3 *Interest on Clients' Trust Accounts.* Owner hereby authorizes, but does not require, Manager to establish the Clients' Trust Account referred to herein as a federally insured interest bearing trust bank account. If such account is an interest-bearing account, Manager expressly acknowledges that all earnings on such account shall be owned by and shall inure to the benefit of Owner.

5.4 *Owner's Deliveries.* Upon commencement of this Agreement Owner shall promptly furnish Manager with all documents and records required for the management of Property, including but not limited to all then existing: leases, rental agreements, amendments and correspondence related thereto; the status of rental payments, mortgage loan information and payments instructions, copies of service contracts in effect, and all applicable insurance policies.

5.5 *Accounts, Records, and Monthly Statements.* Manager shall keep complete and detailed accounts and records of its property management activities relating to the Property in accordance with Oregon laws and REA Rules. Such records shall include, without limitation, a separate Owner's ledger with reference to Manager's receipts and disbursements with respect to the Property. When funds from more than one property are deposited into a Clients' Trust Account, each entry for a receipt or disbursement shall be identified with the code assigned by the Manager to the corresponding property management agreement with an owner. Manager will keep such records in its standard format; Manager will provide reports in any non-standard format requested by Owner at an additional charge. Manager shall account for all checks, including voided checks, as part of Manager's record keeping obligation under this Agreement. Manager shall reconcile all Clients' Trust

Accounts at least once per month. Such reconciliation shall comply with applicable REA Rules. Owner shall have reasonable access to such accounts and records during Manager's regular business hours upon reasonable notice to Manager. Manager shall retain and store all records required by this Agreement for a period of six (6) years from and after termination or expiration of this Agreement and will destroy those records after that time. Such storage shall comply with applicable REA Rules. On or before the last day of each month during the Term, Manager shall deliver a financial report to Owner. Upon expiration or earlier termination of this Agreement, Manager shall turn over the records and accounts if, and as, required by Oregon law and REA Rules.

6. Compensation.

6.1 Fees and Commissions. As compensation for performance of its obligations under this Agreement, Owner shall pay Manager the fees and/or commissions set forth in *Schedule B*. Subject to Owner's reimbursement obligation provided in Section 6.2 below, or as otherwise approved by Owner, Manager shall be responsible to pay all costs incurred by Manager in connection with performance of Manager's duties under this Agreement, including, without limitation, employee salaries, fringe benefits, payroll taxes, withholding taxes, unemployment insurance, social security, workers compensation, and other charges imposed by a governmental authority or provided for in a union agreement (collectively, "Employee Costs"). Manager's employees are not employees of Owner. Manager shall prepare payroll tax reports for its employees and make payment of appropriate taxes and other withholdings from Client Funds.

6.2 Expenses. In addition to the fees and commissions payable pursuant to Section 5.1, Owner shall reimburse Manager for all out-of-pocket expenses incurred in management of the Property that arise as a result of Manager's performance of its obligations under this Agreement (collectively, the "Expenses"). The Expenses shall include, without limitation, (i) all Employee Costs incurred in performing the Manager's obligations under Section 3 – Management Services; (ii) the cost of repairs, alterations and purchases provided for in Section 3.1; (iii) the cost of (A) service contracts provided for in Section 3.2; (B) cell phones, pagers and other communication equipment; (C) long distance telephone calls; (D) postage; (E) package express; (F) all bank charges and fees (e.g., new checks, checking account fees, bank imposed NSF charges, charges for wire or electronic banking, receipt of rents and payment of expenses for the Property); and (G) any expenses, fees or charges associated with an NSF check received by Manager from Owner and, (iv) with Owner's prior approval, the cost of out-of-town travel. Owner shall reasonably cooperate with Manager to resolve any regulatory difficulties caused by any NSF transaction.

7. Compliance with Laws; Environmental; Indemnity.

7.1 Compliance with Laws. Owner shall be solely responsible to assure that the Property will not conflict with any law, statute, ordinance, code, rule, regulation, requirement, license, permit, certificate, judgment, decree, order or direction of any governmental or quasi-governmental authority, agency, department, board, panel or court (singularly and collectively "Laws"). Owner shall, at Owner's expense, promptly comply with all Laws which are now in effect or which may hereafter be in effect and with the requirements of any board of fire insurance underwriter or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Property and all structures located on the Property. Owner shall obtain and maintain in effect at all times throughout the term of this Agreement, all licenses and permits required for the proper and lawful conduct of Owner's business and operation of the Property, and shall at all times comply with such licenses and permits.

7.2 Compliance with Environmental Laws and Court Requirements. In addition to satisfying the

requirements of Section 7.1, Owner is and shall remain solely responsible for compliance with, liability under and bodily injury, property damage and other damages arising under all (i) Environmental Laws, (ii) common law liability for environmental matters and conditions, and (iii) any and all court orders, decrees and judgments regarding environmentally-related matters applicable to the Property. Such matters shall include, without limitation, conditions arising from and related to water intrusion such as mold and mildew, property damage, bodily injury, death and other human and environmental consequences related to them (collectively, "Water Intrusion Claims"). Owner's responsibility under this Section 7.2 shall include, without limitation, compliance with all legal requirements relating to licensure, governmental notice, employee or occupant notice, record keeping, and remedial work.

7.3 Compliance With Fair Housing Laws. In particular, Manager shall comply with the requirements of the Fair Housing Act of 1968 and the Federal Fair Housing Act of 1988. Should Owner elect to operate the Property as a 55 and older community or with policies which may be or are found to be in violation of such laws, Owner shall indemnify, defend and save Manager harmless from any and all claims, demands, claims, liabilities, losses, fines, costs, expenses, damages, judgments and attorney fees arising from or in connection with implementation and enforcement of such policies.

7.4 Earthquake; Terrorism; Acts of God. Owner is and shall remain solely responsible for any and all liability, loss, damage, claim, costs and expenses associated with or arising out of earthquake hazards, earthquakes, terrorist acts, acts of God, fire, flood and other casualties on or about the Property.

7.5 Environmental Indemnification. Owner shall, and hereby agrees to, hold Manager, its shareholders, partners, members, directors, officers, employees, agents, affiliates, successors, and assigns, harmless from, indemnify them for, and defend them against any and all losses, damages, liens, costs, expenses, and liabilities directly or indirectly arising out of or attributable to (i) any violation of or liability arising under any Environmental Law, (ii) any liability arising under common law related to environmental conditions on or about the Property, (iii) any loss related to any casualty including, without limitation, earthquake, earthquake hazard, terrorism, acts of God, fire, flood and other casualties, (iv) any Water Intrusion Claim, or (v) any claim related to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under, or about the Property, including, but not limited to, the costs of any required repair, restoration, cleanup, containment, or detoxification of the Property or any other land, site, property or resource, the preparation and implementation of any closure, remedial or other required plans, attorney fees and costs (including but not limited to those incurred in any proceeding and in any review or appeal), fees, penalties, and fines.

7.6 Definitions. For purposes of this Section 7, "Environmental Law" means any federal, state, or local law, statute, ordinance, or regulation pertaining to Hazardous Substances, health, industrial hygiene, land use, wetlands, surface or subsurface conditions, mining, or environmental conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, 42 USC §§9601-9675, and the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, 42 USC §§6901-6992. For the purposes of this Section 6, "Hazardous Substance" includes without limitation: (i) hazardous substances, hazardous wastes, extremely hazardous substances, hazardous chemicals, toxic chemicals, and all other substances defined as hazardous or toxic under the Environmental Laws, or any similar law or regulation now existing or hereafter promulgated, (ii) all materials, substances, and wastes that are or which contain (A) asbestos; (B) polychlorinated biphenyls; (C) explosives, except such explosives as are used during construction in accordance with law; (D) petroleum, and any fractions thereof; or (E) radioactive materials and (iii) such other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations.

7.7 Survival. The indemnity obligations set forth in Sections 7.3 and 7.5 above shall survive the expiration or termination of this Agreement.

8. Termination. Any termination of this Agreement shall occur pursuant to one of the following:

8.1 Termination Upon Property Sale. This Agreement shall terminate upon the sale of the Property to an entity that is not affiliated with Owner; provided that on or before the closing date of such sale Owner has paid Manager (i) all pre-closing costs advanced by Manager, (ii) all fees, compensation and commissions earned, pursuant to the terms of this Agreement, and (iii) any Early Termination Fee required by Section 8.2, below; provided, that the Early Termination Fee shall be waived if the Property is sold through a listing with Manager as real estate broker. Owner shall make best efforts to give Manager notice of (i) any listing of the Property for sale within five (5) business days after the listing agreement is signed, (ii) execution of any agreement to sell the Property within five (5) business days after the sale agreement is signed and (iii) termination of this Agreement at least thirty (30) days prior to the closing date of any sale.

8.2 Early Termination Fee. If Owner cancels this Agreement for any reason during the Initial Term or any subsequent term other than as a result of Manager's breach (see Section 8.4 below), such cancellation shall not be effective unless the cancellation notice is accompanied by a cancellation fee equal to the minimum monthly Management Fee specified in *Schedule B* to this Agreement times the number of months remaining in the then-current term of this Agreement before its expiration ("Early Termination Fee"). Owner shall have the right to terminate this Agreement, without cause, upon payment of the Early Termination Fee. If no minimum monthly Management Fee is stated in *Schedule B*, the minimum monthly Management Fee shall be deemed to be the monthly fee that would be payable if the Property were fully rented at the rental rate last paid by tenant(s) or last advertised, whichever is greater.

8.3 Failure to Comply with Laws. If Owner shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any federal, state or municipal authority after 30 days' notice of same from Manager to Owner or within the time period required by the applicable governmental authority, whichever period is longer, Manager may terminate this Agreement, upon giving twenty-four (24) hours' written notice mailed to Owner at its address set forth in this Agreement.

8.4 Termination by Breach. Except as otherwise provided in Sections 8.1 through 8.3 above, this Agreement may be terminated by Owner only for cause which is defined as Manager's material substantial breach of any provision of this Agreement which is not cured within thirty (30) days after Owner gives Manager written notice thereof; if such breach cannot be cured within thirty (30) days, such breach shall be deemed cured if Manager commences curative action within such thirty- (30-) day period and thereafter reasonably pursues the action to completion.

8.5 Termination by Manager. Manager may terminate this Agreement at any time upon 30 days written notice to Owner.

8.6 Bankruptcy and Insolvency. In the event a petition in bankruptcy is filed by or against either Owner or Manager, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may immediately terminate this Agreement by written notice. Remedies set forth herein above shall be in addition to and shall not exclude any other remedy available under applicable law to the Parties hereto.

8.7 Effect of Termination. If this Agreement expires or is terminated for any reason Manager shall comply with all requirements set forth in the REA Rules, regarding such termination. Upon termination or expiration of this Agreement Manager shall transfer all Leases and other documents as are required by the REA Rules to Owner. Manager may retain copies of all Leases and such other documents as required by REA Rules. The Owner shall bear all copy expenses.

8.8 Actions Upon Termination. Upon any expiration or earlier termination of this Agreement, Manager shall (i) within 60 days turn over to Owner any and all unobligated funds within the Owner's Client's Trust Account (as that term is defined in this Agreement), (ii) within 90 days deliver a final accounting to Owner, and (iii) retain all records required to be maintained pursuant to the REA Rules.

9. Indemnity; Insurance; Waiver of Subrogation.

9.1 Indemnification; Non-Responsibility and Release. Owner agrees: (i) to hold and save Manager free and harmless from any damage or injuries to persons or property by reason of any cause whatsoever either in and about the Property or elsewhere when Manager is carrying out the provisions of this Agreement or acting under the express or implied direction of Owner; (ii) that Manager shall not be responsible for and Manager is hereby released from any liability to or claim by Owner whatsoever arising out of or in connection with the loss of any Client Funds in any Clients' Trust Account where such loss is incurred as a result of bank conduct or omission and such loss exceeds applicable federal deposit insurance limitations, (iii) to reimburse Manager upon demand for any moneys which Manager is required to pay out for any reason whatsoever under this Agreement or in connection with it, or as an expense in defense of any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Manager or Owner and Manager, jointly or severally, affecting, arising out of or due to the conditions or use of the Property, or acts or omissions of Manager or employees of Owner or Manager, or arising out of or based upon any law, regulation, requirement or contract relating to the Property; and (iv) to defend promptly and diligently, at Owner's sole expense, any claim, action or proceeding brought against Manager, Manager's employees or Manager and Owner, jointly or severally, arising out of or connected with any of the foregoing, and to hold harmless and fully indemnify Manager from any judgment, loss or settlement on account thereof. Nothing contained in this Section 9.1 shall relieve Manager from responsibility to Owner for Manager's gross negligence or willful misconduct. The indemnity obligations of this Section 9.1 shall survive the expiration or termination of this Agreement.

9.2 Insurance. Owner agrees to obtain and maintain in effect throughout the Initial Term and any Renewal Term, casualty (fire and extended coverage property insurance), public liability, contractual liability (specifically insuring the indemnity provisions contained herein), steam boiler (if applicable), and such other insurance as the Owner reasonably decides to be necessary or desirable for the protection of the interests of Owner and Manager. Public liability insurance shall include bodily injury, property damage and personal injury coverage in amounts not less than those stated on the first page of this Agreement; or those carried in the form and coverage amounts commonly carried by reasonable owners of properties similar in type, location and value, whatever amount is highest. Manager may require Owner to increase such coverages above the minimum amounts stated on the first page of this Agreement to match the amounts carried by such other owners, as determined in Manager's reasonable discretion. Owner shall deliver a certificate and copy of each policy issued by the carrier, together with a copy of each policy, promptly to Manager. All policies shall provide for ten (10) days' written notice to Manager prior to cancellation.

9.3 Waiver of Subrogation. Owner shall procure an appropriate clause in, or endorsement on, each of its policies for fire or extended coverage insurance and on all other forms of property damage insurance including, but not limited to, coverage such as water damage, property damage, boiler and machinery insurance and sprinkler leakage insurance, covering the Property and any buildings located on the Property or personal property, fixtures or equipment located thereon, whereby the insurer waives subrogation or consents to a waiver of the right of recovery against Manager, and having obtained such clause or endorsement of waiver of subrogation or consent to a waiver of right of recovery, Owner hereby agrees that it will not make any claim against or seek to recover from Manager for any loss or damage to property of the type covered by Owner's insurance.

10. Miscellaneous.

10.1 Independent Contractors. It is expressly understood and agreed that Manager will act as an independent contractor in performance of this Agreement and not as an employee of Owner. No provision hereunder shall be intended to create a partnership or a joint venture with respect to the Property or otherwise. All persons employed by Manager in the operation of the Property shall be deemed employees of Manager or a legal entity owned or controlled by Manager, and shall not be deemed employees of Owner.

10.2 Notice. Any notice required or permitted under this Agreement shall be deemed given when actually delivered, one (1) day after the date sent if sent via overnight courier, or three (3) days after deposited in the United States mail as certified mail, return receipt requested, postage prepaid, addressed to such party at such party's address stated in this Agreement, or such other address as is specified from time to time by either party in writing.

10.3 Suit or Action. If suit or action is instituted in connection with any controversy arising out of this Agreement, the prevailing party shall be entitled to recover, in addition to costs, such sums as the court may adjudge reasonable as attorneys' fees in such suit or action and on any appeal from any judgment or decree entered therein.

10.4 Audit. At reasonable times with reasonable written notice to Manager, Owner at its own cost and expense may review Manager's records relative to the Property.

10.5 Exhibits, Schedules and Addenda. The following Schedules, Exhibits, and Addenda are attached hereto and made a part hereof as if fully set forth in this Agreement:

Schedule A – Property Information

Schedule B – Compensation and Fees

Schedule C – Pecuniary Interest Disclosures

10.6 Time is of the Essence. Time is of the essence for each and every provision of this Agreement.

10.7 Integration. This Agreement, including the exhibits, schedules and any addenda, sets forth the entire understanding of the parties with respect to the subject matter of this Agreement and supersedes any and all prior understandings and agreements, whether written or oral, between the parties with respect to such subject matter. This agreement supersedes and replaces all prior agreements between the parties for management services for the Property, except that Owner shall continue to be responsible for all management fees, charges and liabilities previously accrued, if any.

10.8 Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the state of Oregon.

10.9 Headings. The headings used in this Agreement are solely for convenience of reference, are not part of this Agreement, and are not to be considered in construing or interpreting this Agreement.

10.10 Consents. Whenever consent or approval of either party is required under this Agreement, the party giving such consent or approval shall not unreasonably withhold, delay or condition the same.

10.11 Assignment. This Agreement shall be freely assignable by Owner upon any sale of the Property. Manager may not assign any rights under this Agreement without the prior written consent of Owner.

10.12 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, successors, and, to the extent permitted by Section 10.11, assigns.

10.13 Singular/Plural. As used in this Agreement, the singular includes the plural and the plural includes the singular, as indicated by the context, and if Owner is identified as including more than one individual or entity, they are entering into this Agreement both jointly and severally.

10.14 Amendment. Only an instrument in writing executed by both parties may amend this Agreement.

10.15 Waiver. Only a written instrument executed by the party waiving compliance may waive a provision of this Agreement. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or any other provision.

10.16 Survival. All obligations of the parties under this Agreement, the performance of which is not required before termination of the Agreement, shall survive the termination hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in duplicate, AS OF THE DATE AT THE BEGINNING OF THIS AGREEMENT, with the intent that they be legally bound thereby.

MANAGER:

OWNER:

VALLEY INVESTMENT PROPERTIES

By: _____
Title: _____

By: _____
Print name/Title: _____

**SCHEDULE A
PROPERTY INFORMATION**

The property covered by the attached real estate Property Management Agreement is described as follows:

Property Address/Name of Property: _____

Owner Contact/Name: _____

Owner Contact/Phone: _____

Owner Contact/Facsimile: _____

Owner Contact/Address: _____

Owner Contact/Electronic Mail: _____

Type of Property:

Owner's Federal Tax Identification No.: _____

Manager's Federal Tax Identification No: _____

initials: _____

SCHEDULE B – COMPENSATION & FEES

1. Management Fees: Owner shall compensate Manager for management of the Property as follows (check one box only):

- A fee equal to _____ percent of gross revenues received each month on Owner’s behalf for the Property. In no event shall the monthly amount be less than \$_____. Rental value of the Property shall include any and all sums due from any tenant under a lease or rental agreement including, without limitation, base rent, percentage rent, additional rent, security deposits (only if applied or forfeited), the rental value of an on-site manager’s compensation package (e.g., rental allowance) charges, operating expenses, fees paid by any tenant under a lease or rental agreement, and the rental value of all vacant but unrented units. Rental value of unrented units shall be the last monthly rental charged for the unit, or the current fair market rental, whichever is greater. Manager shall reasonably allocate the cost of employees engaged in the management of more than one property owned by Owner.
- A monthly flat fee in the amount of \$_____; or
- Other (specify):

2. Construction and Project Oversight Fee: Owner shall compensate Manager for construction or project oversight as follows (check one box only):

- A fee equal to fifteen percent (15%) of the total project construction costs, payable monthly based on total actual costs, including design and construction. Such fee shall apply to work such as, but without limitation, (i) maintenance projects exceeding Fifteen Thousand dollars (\$15,000.00); (ii) all tenant improvement projects; (iii) all remodeling projects exceeding Fifteen Thousand and No/100 Dollars (\$15,000.00); and (iv) all capital improvement projects; or
- Other (specify):

3. Leasing Commissions: If the “lease” box is checked in Section 1 of the Agreement, Owner shall compensate Manager for renting and leasing space within the Property, including expansion of space occupied by existing tenants, as follows:

3.1 For New Leases:

- A commission equal to _____ percent (___%) of total gross aggregate rental for the first _____ (__) years and _____ percent (___ %) of total gross aggregate rental for the remaining portion of each lease or rental agreement term over _____ (__) years, payable within _____ (__) days after execution of the lease or rental agreement. A commission for month-to-month leases equal to _____, the initial payment of which shall be payable upon execution of the lease or rental agreement, with remaining commissions payable _____ thereafter. Manager, as broker, will cooperate with any third-party brokers and pay the third-party broker’s share of commission from Manager’s commission; or
- Other (specify):

Initials: _____

3.2 For Lease Renewals:

- A commission equal to _____ (___ %) of total gross aggregate rental for the first _____ (___) years and _____ (___%) of the total gross aggregate rental for remaining portion of each lease or rental agreement term over _____ (___) years, payable within _____ (___) days after execution of the lease or rental agreement. As to lease or rental agreement renewals, Manager, as Broker, will not cooperate with third-party brokers and shall have no independent obligation to pay a third-party broker commission out of Manager's commission; or
- Other (specify):

3.3 Estoppel Certificates, Refinancing, Due Diligence and Tax Appeals. Etc.: The fee for performing additional services, such as those described in Section 3.7 of the Agreement, shall be negotiated between Owner and Manager at the time Owner requests the services to be performed.

3.4 Other (specify): _____

4. Miscellaneous Fees:

4.1 Past Due Rents: For all past due rents existing prior to the Commencement Date, Manager shall receive an additional fee of fifteen percent (15%) on all rents collected. For eviction or abandonment procedures taken by Manager on tenants relating to uncollectible past due rents as of the Commencement Date, Manager will receive an additional fee of \$75.00 per hour for work performed by Manager.

4.2 Hiring/Training of On-Site Manager. Manager shall receive a one-time fee of \$_____ for hiring and training of any resident manager. The fee shall be paid on the date the first resident manager is hired by Manager but will not charge for subsequent on-site managers during the then-current term of this Agreement. Owner must approve hiring of a resident manager in advance.

4.3 Prepare/Edit Rules and Regulations. Owner may provide approved rules, regulations and forms prior to the Commencement Date, and if Owner does not do so, Manager may, in Manager's sole discretion, provide such rules and regulations. The direct cost of all design, printing and purchase of rules, regulations and forms to be paid by Owner.

4.4 Prepare/Edit Statement of Policy. If the Property consists of a manufactured home park, Owner shall provide and approve a Property Statement of Policy prior to the Commencement Date. The direct cost of all design and printing to be paid by Owner. If Owner fails to provide the Statement of Policy, Manager may do so, in Manager's discretion, and shall charge a fee of \$_____ to provide the same.

4.5 Interim Management. If the Property is intended to be managed by a resident manager, and at any time during the term of this Agreement an on-site manager is not available for the Property, Manager shall be entitled to a fee of \$_____ per month for additional work.

initials: _____

SCHEDULE C
PECUNIARY INTEREST DISCLOSURES

initials: _____