



**RESIDENTIAL
PROPERTY MANAGEMENT AGREEMENT**

OWNER NAME

Stamar Management Corp

Initials _____ / _____

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EXIBITS

EXHIBIT “A” - Description of the Property
EXHIBIT “B” - Salaries, Wages, Rates and Benefits

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STAMAR MANAGEMENT CORP

RESIDENTIAL PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (the "Agreement") is made this ____ day of _____, 2010, by and between _____, a Texas limited liability company, (hereinafter referred to as "Owner") and Stamar Management Corp, a Texas corporation (hereinafter referred to as "Manager").

WITNESSETH:

WHEREAS, Owner is the owner or ground lessee of that certain real property set forth below, and in consideration of the services to be rendered by Manager pursuant to this Agreement, Owner hereby designates Manager as the sole and exclusive management agent and representative of Owner as hereinafter described, as an independent contractor, with regard to the following described real property:

Name:
Address:
City, State, Zip Code:

(hereinafter referred to as the "Property"), and more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference. Manager and Owner hereby agree that their respective authorities, duties and responsibilities with respect to the Property shall be as follows:

I. ESTABLISHMENT OF AGENCY

1.1 **Exclusive Agency Agreement.** Owner hereby appoints Manager and Manager hereby accepts appointment on the terms and conditions hereinafter provided as sole and exclusive management agent for the Property.

1.2 **Effective Date of Control.** Manager will commence performance of its obligations and responsibilities under this Agreement as 12:01 a.m., _____, 2010 (the "Commencement Date"). The processing and payment of all costs incurred in connection with the Property prior to the Commencement Date will be the responsibility of Owner and not of Manager. Invoices or other requests for payment received by Manager after the Commencement Date for services rendered to or other expenses of the Property which cover a period which includes time before and after the Commencement Date shall be prorated by Manager on the basis of the best information available. After making any necessary prorations, Manager shall forward to Owner, for disposition by Owner, any statements, invoices or other requests for payment relating to costs and expenses of the Property for the period prior to the Commencement Date. Owner shall promptly cause all valid claims to be paid and shall hold Manager harmless from any and all expenses, claims or other liabilities of any kind or description connected with the Property which were incurred or which accrued prior to the Commencement Date

1.3 **Term.** This Agreement shall commence as of the date set forth in Section 1.2 hereof and shall continue until 11:59p.m., _____, 2012, (the "Initial Term"). Either party may terminate this Agreement with not less than thirty (30) days written notice. In the event this Agreement is terminated with thirty (30) days notice, by Owner, on any day other than the 1st day of the calendar month, Owner shall pay Manager an amount equal to the sum of the total management fee collected by Manager for the calendar month the Agreement is terminated plus one additional calendar month, provided Managing Agent produces an operating statement for the following calendar month. In the event Manager produces an operating statement for the following calendar month the management fee amount shall not be less than the amount of the total management fee for the calendar month immediately prior to termination.

1.4 **Agreement Renewal and Extensions.** Owner and Manager agree that this Agreement may be renewed and extended; by written notice from Manager to Owner of it's intention to extend and renew the Initial Term of this Agreement, this Agreement not less than thirty (30) days prior to the termination date of this Agreement. In the event that Owner does not elect to terminate this Agreement at the expiration of the term date as set forth above in Section 1.3, then this Agreement shall be considered by both parties as renewed and extended for the same term as set forth above and under the same terms and conditions as contained herein.

II. DUTIES OF MANAGER

2.1 **Collection of Revenue.** Manager shall take all reasonably necessary action to collect rentals, charges or other income when due from tenants of Property in accordance with the terms of their tenancies and may execute all receipts or any other documents reflecting receipts for said sums on behalf of Owner. Owner authorizes Manager to request, demand, collect, and receive all such rent and other charges and, where Manager deems it advisable, and subject to the prior written approval of Owner, to institute legal proceedings in the name of, and as an expense of, Owner for the collection thereof and for the

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dispossession of tenants and other persons from the Property, and such expense may include the engaging of legal counsel (approved by Owner) for any such matter. Manager shall incur no liability and shall be fully protected and indemnified by Owner if it acts in accordance with the opinions and instructions received from Manager's or Owner's legal counsel and otherwise in accordance with this Agreement. All monies collected by Manager shall be forthwith deposited in the separate bank account as set forth below in Section 2.11.

2.2 **Manager Disbursements.** Manager shall, to the extent that monies are available, from the monies collected and deposited pursuant to Section 2.1 or from other funds advanced by Owner, pay when due and prior to delinquency, in the following order of priority:

- (a) Amounts due and payable to Manager by Owner under the terms and conditions of this Agreement, including Manager's compensation and reimbursement of expenses.
- (b) All expenses of the Property, including, but not limited to, assessments, insurance, service contracts, leasing commissions, salaries of personnel and all debt service payments required to be paid under the terms of any mortgage and/or ground lease (if any) covering the Property, in the order of priority selected by Manager or as instructed in writing by Owner.
- (c) After disbursements of all funds specified herein or in any other provision of this Agreement, and after establishing a reasonable cash reserve in an amount mutually determined by Owner and Manager, any balance remaining at the time each monthly report is forwarded to the Owner, as set forth in Section 2.6 below, during the term of this Agreement shall be disbursed or transferred to the Owner or to such other person as directed from time to time by Owner.

2.3 **Annual Budget.** Manager shall prepare and submit to Owner for approval, or disapproval, the following budgets for the operation of the Property during the term of this Agreement:

- (a) Within thirty (30) days from the Commencement Date hereof Manager shall use its best efforts to prepare and deliver to Owner a budget (the "Initial Budget") for the operation of the Property for the remainder of the fiscal year (if applicable), which shall include an itemized statement of the estimated receipts and disbursements for the remaining fiscal year, based upon a proposed rent schedule included therein and taking into account, without limitation, the general condition of the Property, rate of completion of contemplated repairs to the Property, occupancy, physical condition and rental charges in the competing projects in the area. The Owner shall review and approve, or disapprove, the Initial Budget no later than thirty (30) days from the date of receipt and the approved Initial Budget shall constitute a guideline for the operation of the Property for the remainder of fiscal year.
- (b) At least sixty (60) days before the beginning of each new fiscal year, Manager shall prepare and deliver to Owner a budget (the "Budget") setting forth an itemized statement of the estimated receipts and disbursements for the next fiscal year, based upon a proposed rent schedule included therein and taking into account, without limitation, the general condition of the Property, rate of completion of contemplated repairs to the Property, occupancy, physical condition and rental charges in the competing projects in the area. The fiscal year of the Property shall be January 1 to December 31.
- (c) The Budget shall include a schedule of wage rates and all other compensation and a statement from Manager explaining the estimates made in every important particular. The Owner shall review and approve, or disapprove, the Budget no later than December 1. Once approved the Budget shall constitute a guideline for the operation of the Property during said fiscal year.

2.4 **Maintenance and Operation.** Manager shall manage, operate, maintain, supervise and direct the Property in a manner normally associated with the management, operation and maintenance of a project of a similar size, type or age in the area. Manager shall make available to the Owner the full benefit of the judgement, experience and advice of the members of Manager's organization and staff with respect to the policies to be pursued by the Owner in operating the Property, and will perform such services as may be reasonably requested by the Owner in operating, maintaining, servicing, improving and leasing the Property. Manager shall at all times deal with third parties on an arms length basis and will use reasonable efforts to act in Owner's best interest. Manager shall do everything reasonably necessary for the proper management of the Property including, without limitation, periodic inspections, handling all tenant requests and negotiations, supervision of maintenance, arranging for such improvements, alterations and repairs as may be required by Owner, purchasing all materials and services, and expending such sums as Manager deems necessary to accomplish the foregoing. Manager shall obtain approval from Owner for any non-budgeted expenditure for supplies, equipment, repair, improvements or other work in excess of One Thousand and no/100

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Dollars (\$1,000.00) for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of such amount that, in the opinion of Manager, are necessary to prevent additional damage or a greater total expenditure or to maintain services or conditions to the tenants as called for by their tenancy. The Manager shall notify the Owner promptly whenever emergency repairs have been ordered. Manager shall not be responsible for, and shall not be in breach of this Agreement because of, any inability of Manager to properly maintain the Property, if such inability to properly maintain property is caused by the failure of Owner to approve any request for work or capital expenditure.

2.5 **Personnel.** On the basis of an operating schedule of wage rates approved in writing by Owner, including the Budget, Manager shall investigate, hire, pay, supervise and discharge the personnel necessary to be employed in order to properly maintain and operate the Property. All employees of Manager shall be authorized to act as Owner's agents solely for the purpose of carrying out Manager's responsibilities hereunder. Manager reserves the right to assign new employees and make substitutions for employees currently assigned to the Property at anytime during the term of this Agreement. Owner shall have fourteen (14) days from the date of written notification of such new assignee or substitution to approve or reject said employee. A failure or refusal to approval or reject said assignee or substitution within said time shall be deemed approval. Such personnel shall in every instance be deemed employees of Manager and not of Owner, who shall have no right to supervise or direct such employees, but may require Manager to discharge or remove from employment at the Property such employees as Owner deems unsatisfactory. Manager and all personnel of Manager who handle or who are responsible for the handling of Owner's monies shall, without expense to Owner, be bonded in favor of Owner by a fidelity bond reasonably acceptable both to Manager and Owner. All salaries, wages and other compensation of on-site personnel employed by Manager hereunder (other than its home office personnel) including so-called fringe benefits, medical and health insurance, pension plans, social security taxes, Workers' Compensation insurance and the like, shall be reimbursable by Owner as described in Section 4.5. Manager understands and agrees that its relationship to Owner is that of independent contractor and that it will not represent to anyone that its relationship to Owner is other than that of independent contractor.

2.6 **Books and Records.** Manager shall maintain full and accurate books and records of the accounts of the Property, which shall be open to the inspection of the Owner at Manager's home office after reasonable notice to Manager. Manager shall render to Owner a monthly statement within twenty (20) days after the last day of each calendar month consisting of an income and expense statement, a rent roll and delinquency list, and a transaction journal or general ledger, all prepared in accordance with generally accepted accounting principles on a cash basis. At such time, unless otherwise instructed, Manager shall forward to the Owner the balance remaining after all necessary charges have been made as provided for in this Agreement. Within seventy-five (75) days after the end of each fiscal year, Manager shall prepare and deliver to Owners final report of operations of the Property for such fiscal year, which report shall include an income and expense statement for the fiscal year and a statement of balances in any bank accounts as of the end of such fiscal year.

2.7 **On-Site Office.** Manager may, at the instruction of Owner and with the prior written consent of Owner, maintain and equip an office on the premises of the Property so long as such facility is used by Manager exclusively in the performance of its management and leasing duties and responsibilities hereunder and for no other purpose whatsoever. The reasonable costs of furnishing and equipping, if any, such facility shall be borne by Owner, provided all such costs are submitted in advance and approved in writing by Owner. In the event Manager proposes to use such facility for purposes other than relating to the Property, Manager shall obtain the prior written consent of Owner for such use, as well as for the method of allocating the expenses of such facility. Manager will reimburse Owner for any costs to Owner related to such other purposes.

The monthly expenses of operating the building management office (i.e., rental and supplies for copy machine, telephone service, stationery and miscellaneous supplies, water cooler, plant lease and maintenance, and other directly related office expenses) shall be considered operating expenses of the Property reimbursable under Section 4.5, and Manager shall not pay rent or any other charge for the use and occupation of the building management office.

Upon termination of this Agreement all records and/or documents located within the on-site office shall remain within the on-site office. Owner agrees that Manager has notified Owner of the location of the records and/or documents by way of this Agreement and no other notice is required by Manager.

2.8 **Insurance.** Owner agrees to maintain, at its own expense and at all times, adequate insurance coverage and protection for the Property. Manager shall, upon written request from Owner, cause to be placed and kept in force all forms of insurance required by law or any mortgage secured by all or any part of the Property to protect the Owner or any mortgagee, including but not limited to public liability insurance, fire and extended coverage insurance, burglary and theft insurance, and boiler and machinery insurance. All insurance coverage shall be placed with such companies, in such amounts, and with such beneficial interest appearing therein as shall be acceptable to the Owner and otherwise be in conformity with the requirements of this Agreement or any mortgage covering the Property. Manager shall have no responsibility, obligation or liability for determining the amount or type of insurance which is required with respect to the Property. Should the Owner elect to place such insurance coverage directly, the Owner shall provide the Manager with a duplicate copy of the original policy, and the Manager shall thereafter keep such insurance in force. Manager shall be named as an additional insured on all insurance policies

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maintained by Owner with respect to the Property. Unless Owner shall provide such insurance and furnish such certificate within sixty (60) days from the date of this Agreement, Manager may, but shall not be obligated to, place said insurance, and charge the costs thereof to the account of the Owner. All such insurance policies shall provide that Manager shall receive not less than thirty (30) days written notice prior to cancellation of the policy. All premiums paid by Manager shall be reimbursed under Section 4.5.

In the event of any loss, damage or injury covered by any policy of insurance carried by Owner, Manager shall:

- (a) Notify Owner promptly after Manager receives notice of such loss, damage or injury; and
- (b) Take no action (such as admission of liability) which might bar Owner from obtaining any protection afforded by any policy Owner may hold, or which might prejudice Owner in its defense to a claim based on such loss, damage, or injury; and
- (c) Assist Owner in the defense of any claim in respect thereto to the extent requested by Owner in writing; provided that Owner shall have the exclusive right, at its option, to conduct the defense to any claim, demand or suit. Any expenses of Manager arising out of such assistance to Owner shall be reimbursed under Section 4.5 and Section 4.6.

No person who shall be engaged as an independent contractor by either Owner, Manager, or both, shall be considered an employee, servant, agent or other person for whom either Owner or the Manager (as the case may be) is responsible for the purposes of this Section 2.8.

2.9 **Leasing.** Manager shall use its best efforts to lease vacant space and to keep the Property fully leased to desirable tenants. Subject to the Owners prior written approval and at Owner's expense, Manager shall advertise the Property, prepare and secure advertising signs, space plans, circular matters and other forms of advertising. All inquiries for any lease or renewals or agreements for the leasing of the Property thereof shall be referred to Manager and all negotiations connected therewith shall be conducted solely by or under direction of Manager. Standard lease forms shall be supplied by Owner or have the prior written approval of Owner.

2.10 **Construction Administration.** Manager, when requested by Owner in writing, shall supervise the construction, reconstruction, completion, addition, extension or modification of improvements to the Property. In the performance of such work, Manager may negotiate contracts with all necessary contractors, subcontractors, materialmen, suppliers, architects and engineers on behalf of Owner and may compromise and settle any dispute or claim arising therefrom. Manager will furnish all personnel necessary for proper supervision of the work and may, without abating any fee payable hereunder, assign personnel located at the Property to such supervisory work.

2.11 **Separation of Owner's Money.** Manager shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, and in a manner to indicate the custodial nature thereof for Owner's benefit, a separate bank account or accounts (the "Trust Account") for the deposit of the funds of Owner, which funds may be withdrawn upon the sole signature of Manager. All cash receipts from the Property will be deposited in this account and Manager may make disbursements from the account for the benefit, and to pay the obligations of the Property in accordance with the approved Budget and otherwise pursuant to this Agreement, including disbursements pursuant to Sections 2.2 of this Agreement. Manager may authorize a licensed or unlicensed person in the direct employment of Manager to transfer monies from or to be a signatory on the Trust Account.

Manager will be limited to investing funds on Owner's behalf in money market savings accounts which are federally insured. Any such investment will be at Owner's sole risk, and Manager assumes no obligation or responsibility with respect to such investment. All interest earned on the investment shall be credited to the Property's account and considered "Gross Rental Receipts" (hereinafter defined). All applicable sales tax (if any) on the interest will be paid by Owner.

All money collected from tenants to secure performance of leases shall be deemed to be funds of Owner and shall also be deposited in such money market account(s), subject to the right of Manager to apply such funds at the termination of said leases in accordance with the terms thereof, as determined in good faith by Manager, provided Owner has made said funds available.

2.12 **Security Deposits.** Notwithstanding the treatment of funds collected by Manager pursuant to Sections 2.1 and 2.11, security deposits and other money paid by tenants to secure performance of leases (collectively "Security Deposits") shall be turned over to Owner and held by Owner. Security Deposits already collected as of the Commencement Date shall remain in Owner's possession. Owner agrees that all new leases executed by tenants shall clearly state that Security Deposits shall be held by Owner, and that Owner may commingle such funds with its own funds. Consistent with Section 2.11, Owner shall provide

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sufficient funds to Manager to allow repayment of Security Deposits to tenants when due tenant. Manger shall have no liability for Owner's failure to provide such funds and the indemnity of Section 3.3 and 3.4 shall specifically cover claims by tenants against Manager for the recovery of Security Deposits.

Owner confirms that Manager shall have the right to inform existing and future tenants that: Owner has retained sole ownership and control of Security Deposits; Manager has no liability for Security Deposits; and all inquires relating to the status of Security Deposits or their return should be made directly to Owner.

2.13 **Contracts and Agreements.** After the Commencement Date of this Agreement Manager shall not execute and enter into and bind Owner with respect to any contract or agreement having a term in excess of one (1) year, unless said contract or agreement contains a thirty (30) day cancellation provision, without the prior written consent of the Owner, including, but not limited to, contracts and agreements on behalf of the Owner for the management, operation, maintenance and servicing of the Property, the acquisition of utilities maintenance or other services, the furnishing of services to tenants or subtenants in the Property, and in the case of casualty, breakdown in machinery or other similar emergency, if, in the reasonable opinion of Manager, emergency action prior to written approval is necessary to prevent additional damage, or loss of life, or personal injury, or a greater total expenditure, or to protect the Property from damage or prevent a default on the part of the Owner as landlord under leases or other documents relating to the Property, then such action shall be taken only in concert with prompt notification by Manager to Owner. Manger shall have no responsibility for the term limitations for contracts negotiated by Owner prior to the Commencement Date of this Agreement.

III. DUTIES OF OWNER

3.1 **Taxes.** Manager shall, at Owner's direction, pay real and personal property taxes and other taxes or assessments levied and assessed against the Property. Manager shall have no responsibility for payment of real property taxes, personal property taxes or any other assessments or taxes, if Owner fails to provide Manager with all information necessary to pay said taxes or assessments.

It is understood and agreed that any and all sales, use, business and occupations tax or other taxes (with the exception of Manager's income taxes) charged or assessed against, or attributable to, the fees, costs or expenses charged by, or paid to Manager under this Agreement shall be the obligation of the Owner and shall be paid by the Owner. However, at Owner's request and as part of Manager's services to Owner, Manager will prepare and submit all rental sales tax reports to the proper taxing authority and pay the same on behalf of the Owner, provided funds are available, all rental sales taxes due, if applicable.

Manager shall have no responsibility for the preparation or submission of any federal, state, or Federal income tax return on behalf of the Owner. However, if requested by Owner and as part of Manager's services to Owner, Manager will prepare all IRS Form 1099 and IRS Form 1096 reports required for the Property. If Owner shall make said request then Owner hereby grants Manager the authority to sign all IRS Form 1096 reports and submit the same to the federal taxing authority on Owner's behalf.

3.2 **Documentation.** Owner agrees to promptly furnish Manager with all documents and records to properly manage the Property, including but not limited to, leases and the amendments and correspondence pertaining thereto, reports on the status of rental payments, loan payment information, mortgages, security interests, copies of existing service contracts, and copies of all insurance policies and any required endorsements which are carried by Owner during the term of this Agreement. Within thirty (30) days following the Commencement Date of this Agreement, Owner will also furnish to Manager copies of all available guarantees and warranties pertinent to the equipment of the Property and in force at the time of the execution of this Agreement and all available construction plans and "as built" drawings. Manager shall be entitled to rely upon the documents provided by Owner in connection with operation and management of the Property and the payment of expenses relating thereto.

3.3 **Working Capital.** Owner agrees to provide sufficient working capital funds to Manager so that all amounts due and owing with respect to the Property may be promptly paid by Manager. After the Commencement Date, at the end of each calendar month, Manager will project the cash requirements for the upcoming calendar month and request any necessary additional funds from the Owner, which funds will be deposited by Owner with the Manager within three (3) days after receipt of such request by Owner. If at any time there is not sufficient cash in the account described in Section 4.5 with which to promptly pay the bills due and owing, including the compensation of Manager and reimbursement of Manager's expenses, then Manager will request that Owner cause the necessary additional funds to be deposited and Owner will deposit the additional funds requested by the Manager within three (3) days. Manager shall have no responsibility or obligation to advance funds or otherwise incur any liability or pay any late fees or penalties to cover such shortfalls, which shall be Owner's sole responsibility.

3.4 **Indemnity.** Owner agrees to indemnify and save Manager and its employees, officers or directors, completely harmless in respect to any action, cause of action, suit, debt, cost, expense, claim, or demand whatsoever brought by any third person (collectively "Claims") whomsoever, at law or in equity, in connection with the Property or the performance by Manager of any and all of its obligations under this Agreement, including without limitation, any damage or injury whatsoever to

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any employee or other persons or property arising out of the use, administration or control of the Property or any other assets of Owner during the term of this Agreement, provided, however, that the foregoing indemnity and hold harmless covenant shall not apply if any claims are the result, in whole or in part, of Manager's and/or its agents or employees gross negligence or willful misconduct.

IV. COMPENSATION

4.1 **Property Management.** Owner shall pay Manager for its property management services a monthly fee of _____ and no/100 Dollars (\$_____.00) (the "Management Fee"). Manager is authorized to deduct the Management Fee for such services each calendar month as the first charge upon all "Gross Rental Receipts" received in the preceding calendar month.

In the event this Agreement is terminated prior to the end of the Initial Term Owner agrees to pay Manager an amount equal to the sum of the total Management Fee's collected by Manager for the three (3) months immediately prior to termination. This sum shall be considered earned and paid on or before the written termination date of this Agreement.

As used herein, "Gross Rental Receipts" shall mean and include all gross receipts (but not any sums which, under normal accounting practice, are attributable to capital) derived from the operation of the Property and from the tenants of the Property on a cash basis, including without limitation all rents (including escalations, common area expenses, commercial rental taxes, sales taxes and percentage rents), interest income, service charges, concessions income, parking fees, payments of tenants and subtenants made in consideration of the cancellation, surrender, or modification of any lease, or made by reason of any default thereunder, and miscellaneous income, but shall not include any security deposits, (except to the extent such deposits are applied in satisfaction of monthly rental obligations of tenants or payment toward repair or damage to the Property), property damage insurance proceeds, condemnation proceeds, sums paid to Manager for "Additional Owner Services" (as hereinafter defined), amortized payments or other payments by tenants for capital items, such as leasehold improvements made to tenant's premises together with interest thereon, tax refunds or other extraordinary, unusual or unexpected income received in connection with the operation of the Property. Rents paid more than thirty (30) days in advance of the due date shall not be included in Gross Rental Receipts until the calendar month in which such payments are to apply as rental income. Income from sales or other disposition of the Property (in whole or in part), proceeds of insurance, capital contributions or proceeds of loans shall not be included in Gross Rental Receipts.

Owner shall, in addition to and at the same time the Management Fee is due and payable under this Agreement, pay to Manager the amount of any rental, excise, sales, or transaction privilege tax now or hereafter imposed by any taxing authority upon Manager or upon Manager's receipt of the Management Fee.

4.2 **Leasing.** For services rendered as a leasing agent, Manager shall receive leasing commissions of:

4.3 **Construction Administration.** If requested by Owner, Owner agrees to pay Manager a construction administration fee equal to ten percent (10.0%) of the "Cost of Construction" (hereinafter defined) of such work, (or such other amount as may be negotiated).

"Coats of Construction" shall mean the actual cost of materials and labor for all occupant build-out, interior and exterior construction, renovation, repair activities, other than ordinary maintenance and repair, including tenant and capital improvements, in, on or about the Property, and major refurbishment as determined by bid, or as otherwise determined or approved in writing by Owner. The construction administration fee shall be due and payable upon issuance of a certificate of occupancy, execution of final lien waiver or other comparable evidence of completion from an appropriate governmental authority or contractor, unless otherwise agreed to in writing by Manager.

4.4 **Start-up Fee.** Manager shall receive a set-up fee of Fifty and no/100 Dollars (\$50.00) per hour for installation of the Property books and records into the management systems and the development of any necessary reporting forms for the Owner if the books and records for the Property are not in good order and accurate. Upon inspection of the books and records received, Manager shall notify Owner of the need to charge this fee prior to the beginning of the work.

4.5 **Reimbursement of Expenses.** All expenses incurred by Manager in connection with the operation, rental and management of all or any part of the Property shall be reimbursed by Owner, provided that Manager was authorized to incur such expense in accordance with this Agreement. Such expenses shall include, but shall not be limited to:

- (a) All obligations or expenses incurred by Manager in performing its obligations, including those expenses specified in Sections 2.5, 2.7, 2.8(c), and 4.6: and
- (b) Expenses incurred by the main office for postage, photocopying, facsimiles, long distance phone calls, forms, envelopes and other supplies used in the operation of Property and directly attributable to the Property; and

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- (c) Labor expenses incurred by the Property while utilizing Manager's in-house maintenance staff for normal maintenance and operation of the Property, at labor rates set forth in Exhibit "B" or as agreed to in writing prior to the commencement of the work or other approved rates, including the Budget.
- (d) In addition to any fees or other sums that are due upon cancellation or termination of this Agreement, Owner agrees to pay Manager, an additional sum equal to the last full month's Management Fee for expenses incurred in the transfer of management services, for whatever reason. This sum shall cover expenses incurred by Manager after the cancellation or termination date in completing final bookkeeping, billings, transitional services and any other items normally involved in the management transfer process and shall have been deemed earned by the Manager upon termination or cancellation. This sum shall be considered earned and paid on or before the written termination date of this Agreement

All payments made by Manager which are reimbursable hereunder may be reimbursed by Manager from funds deposited in the account established pursuant to Section 2.11 hereof, but the lack of sufficient funds in said account shall not relieve Owner of Owner's liability for reimbursement of such expenses at any time Manager demands reimbursement in writing. Anything in this Agreement to the contrary notwithstanding, Manager shall not be required to make any advance to, or for the account of Owner, or to pay any sums, except out of funds held in any account maintained under Section 2.11 and which are in excess of those funds necessary to pay the compensation of and any other amounts due Manager under this Agreement, including without limitation reimbursements pursuant to this Section 4.5. Moreover, Manager shall not be required to incur any liability or obligation for the account of Owner unless the necessary funds for the discharge thereof have been provided or assurance satisfactory to Manager has been given that such funds will be provided.

4.6 **Additional Owner Services.** If Manager or any of the executives of Manager shall be requested by Owner in writing to perform additional services outside the scope of this Agreement, such as engaging in special negotiations, preparing special projections, market surveys and/or market analysis, or performing other services and activities which are in addition to the services otherwise required to be performed by Manager hereunder ("Additional Owner Services"), Manager shall receive additional compensation from Owner for the performance of Additional Owner Services according to a schedule to be agreed upon between Owner and Manager before Additional Owner Services are rendered, or, if no such Agreement is reached, Additional Owner Services shall be compensated for at a rate comparable to the prevailing rate in the local market area for Additional Owner Services. Such compensation shall be in addition to the compensation otherwise payable to Manager pursuant to this Article IV and, unless otherwise agreed, shall be payable immediately upon undertaking by Manager of such Additional Owner Services.

Owner shall pay Manager an hourly fee of Seventy-five and no/100 Dollars (\$75.00) per hour per person for Manager's time, excluding the time of Manager's on-site personnel whose costs are reimbursed under this Agreement, for all time expended by Manager (which is above and beyond the scope of services provided under the terms of this Agreement) in connection with any casualty, injury, lease and other lease related document preparation if Manager is not being paid a leasing commission, lawsuit claim, emergency service, CC&R's modifications or changes, hearing or other proceedings relating to the Project and for oversight services rendered by Manager for insurance administration or any special audit, including Tenant audits, accounting, reporting or consulting services including coordinating or assisting in any sale, due diligence or exchange process relating to the Project which Owner requests Manager to perform.

4.7 **Gifts and Business Courtesies.** It is a common and accepted business practice to exchange customary gifts and business courtesies in the course of business relations with anyone with whom the Managing Agent does business or may potentially do business. The purpose of business courtesies or gifts in a commercial setting is to create good will and promote sound working business relationships. Managing Agent's employees may give or receive customary gifts or business courtesies consistent with accepted practices and within the Managing Agent's guidelines. However, Managing Agent and it's employee's shall at all times exercise good judgment and set with moderation.

V. MISCELLANEOUS

5.1 **Termination.** Immediately after the expiration (if not renewed) or termination of this Agreement, Manager shall assign to Owner any assignable contracts relating to the operation and maintenance of the Property as Owner shall require. Owner shall assume all liability under such contracts and shall indemnify and hold Manager harmless from and against any and all claims, liabilities and expenses, including attorneys' fees, which Manager may incur in connection with:

- (a) Such contracts; and
- (b) Any funds held by Manager and surrendered to Owner which have been collected as tenant security deposits; and

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- (c) All originals or other copies of all rental agreements or related documents in Manager's possession for current and previous tenants. This shall include any applications, property inventories, leases, default notices, lease amendments or addenda in Manager's possession; and
- (d) All building plans, environmental studies, condition, covenants and restrictions inspection reports, contracts, keys, warranties, insurance policies, personal property or other documents in the possession of Manager.

Manager shall also, provided Owner has paid to Manager all sums due Manager under this Agreement, deliver to Owner after the expiration or termination of this Agreement:

- (a) Within five (5) days, a list of all tenant security obligations; and
- (b) Within thirty-five (35) days, reimbursement of all monies remaining in the property accounts maintained by Manager, except for monies needed for unpaid obligations incurred during the term of the Agreement; and
- (c) Within thirty-five (35) days, an up-to-date accounting reflecting the balance of income and expenses for the Property as of the date of termination; and
- (d) Within thirty-five (35) days, receipts for deposits and unpaid bills (if any) which are the property of Owner; and
- (e) Within seventy-five (75) days, a final accounts receivable and payable list and a final bank account reconciliation; and
- (f) After delivery of the above designated items to Owner, Owner shall have fifteen (15) days in which to notify Manager in writing of any claimed inaccuracy in said accounting in the amount of monies delivered to Owner, in the on-site papers and documents delivered to Owner, or any other items delivered to Owner. If Manager is not notified within such time period of any inaccuracy, Manager shall be deemed released by Owner from any and all liability or obligation to Owner arising out of this Agreement and the performance thereof by Manager.
- (g) Manager may retain copies or duplicates of all documents, accounting, leases, and other papers delivered to the Owner that are required to be maintained or retained under, or in order to comply with, the law of the state in which the Property is situated and/or the state in which the Manager's offices are located.

5.2 **Assignment.** This Agreement shall be binding upon the parties hereto, their legal representatives, successors and permitted assigns, and may not be assigned by the Manager without the prior written consent of the Owner.

5.3 **Attorneys' Fees.** In the event Manager or Owner shall institute legal proceedings against the other arising out of the term of this Agreement or the performance thereunder, the prevailing party shall recover from the other party all reasonable attorneys' fees, costs and expenses incurred in any such action.

5.4 **Notice.** Any notice required under the terms herein shall be in writing and given by personal delivery, commercial air courier service, or by deposit in the United States mail, postage prepaid, certified, return receipt requested and addressed to the address set forth below or sent via facsimile transmission with the original to follow to the address and/or fax number below via first class mail. Any notice shall be deemed effective upon receipt if by personal delivery or commercial air courier service or three (3) days after deposit if by U.S. mail. Said address may be changed by either party at the last designated address of the other party as provided below:

"OWNER"

Name:
Address:
City, State and Zip Code

"MANAGER"

STAMAR MANAGEMENT CORP
15851 DALLAS PARKWAY, SUITE 600
ADDISON, TX 75001
FAX: (214) 291-7197

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5.5 **Nondiscrimination.** Manager is an equal opportunity, nondiscriminatory employer. Manager and Owner each mutually agree that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, or national origin in leasing, transferring, use, tenure or enjoyment of the Property nor shall Owner or Manager permit any such practice or practices of discrimination or segregation with reference to the selection, location, number use or occupancy of tenants.

5.6 **Affiliated Parties.** Manager shall not enter into any contract with a party which is owned directly or indirectly by Manager or any affiliate of Manager unless such contract is an arm's length contract providing for payments not in excess of those amounts charged by competent unaffiliated parties in Dallas, Texas for similar services. Subject to the above, Owner does hereby agree to allow Manager to utilize, wherever possible, Manager's in-house maintenance staff to perform normal and routine maintenance within the Property, subject to Exhibit "B".

5.7 **Presumption of Owner's Approval.** Whenever any approval or consent of Owner is required under any terms of this Agreement, Owner shall communicate, in writing, such approval or disapproval to Manager promptly following a request from Manager for such approval or consent. If Owner fails to respond to any such request within ten (10) days of receipt thereof, Owner shall be conclusively deemed to have approved and consented to the proposed action by Manager, and Manager may proceed accordingly.

5.8 **Conflicting Demands.** Notwithstanding any provision of this Agreement to the contrary, if conflicting demands are made upon Manager hereunder, Manager may (a) hold money or documents until the rights of the contesting parties are determined by agreement or appropriate court action; (b) initiate any interpleader action in the appropriate court depositing the monies or documents in dispute with the court, whereupon Manager shall be relieved of all liability arising therefrom.

5.9 **Construction.** Unless the context clearly requires otherwise, the singular number herein includes the plural, the plural number shall include the singular, and any gender shall include all genders. Title and captions herein shall not affect the construction of this Agreement.

5.10 **Severability.** If any one or more of the provisions of this Agreement or the applicability of any such provision to a specific situation shall be held invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of such provisions shall not be affected thereby.

5.11 **Manager's Employees.** Owner understands and agrees that Manager has expended great amounts of time and effort in the selection, hiring and training of its employees and that Manager's business, and the conduct thereof, is dependent to a large extent upon maintaining and retaining employees who have been trained by Manager and that Manager faces extreme hardship and monetary loss whenever such employees leave its service. For the above reasons, Owner agrees that it shall not, directly or indirectly, during the term of this Agreement or for two (2) years after the expiration of the term of this Agreement, employ or solicit for employment, or otherwise engage, Managers employees. Owner further agrees that Manager shall be entitled to injunctive relief, monetary damages or both, upon Owner's violation or breach of the foregoing. Notwithstanding anything to the contrary above, Owner may hire any employee terminated by Manager upon termination of said employee by Manager. In the event, said employee resigns, Owner agrees not to employ said employee for a period of six (6) months after employee resignation.

5.12 **Americans With Disabilities Act Disclosure Notice.** Manager hereby advises Owner that it may be subject to the Americans With Disability Act (the ADA), a Federal law codified at 42 UCS Section 12101 et seq. Among other requirements of the ADA that could apply to your property, Title III of the ADA requires owners and tenants of "public accommodation" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons. The regulations under Title III of the ADA are codified at 29 CFR Part 36.

Manager recommends that Owner review the ADA requirements with Owner's legal council, and determine if this law would apply to the Property. These are legal issues and Owner is responsible for conducting an independent investigation. Manager cannot give legal advice on these issues. Owner hereby acknowledges responsibility for compliance with all ADA laws and agrees to indemnify and defend Manager against any and all claims unless the same are caused, in whole or in part, by Manager's failure to comply with the same.

5.13 **Hazardous Substances Indemnity.** Owner hereby shall indemnify, defend and save Manager and Manager's respective officers, directors, shareholders and employees harmless from and against any and all of the costs (including attorneys' fees), penalties and charges assessed against or imposed upon Manager by reason of the Owner or any other third party keeping on or around the property, whether prior or subsequent to the date of this Agreement, for use, disposal, treatment, generation, storage or sale any substances, wastes, or materials designated as, or containing components designated as hazardous, dangerous, toxic or harmful and/or which are subject to regulation by any federal, state or local law, regulation, statute or ordinance (collectively the "Hazardous Substances"). Owner shall be exclusively liable for any clean-up, monitoring, reporting, civil or criminal penalties, charges, fees or expenses (including attorneys' fees or costs) with respect to the Hazardous Substances, and Owner shall indemnify and defend Manager against the same.

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5.14 **Governing Law.** This Agreement and the obligations of the Owner and Manager shall be interpreted, construed and enforced in accordance with the laws of the State in which the Property is located.

5.15 **Compliance with Laws.** Owner shall fully comply with all statutes, ordinances, rules and regulations governing the Property and the business conducted therein; provided, that at Manager's election, Manager may take such action as may be necessary to comply with all statutes, rules, regulations, ordinances, orders or requirements affecting the Property, promulgated by a federal, state, county or municipal authority having jurisdiction thereover, and all applicable orders of the Board of Fire Underwriters or similar bodies. Notwithstanding any voluntary action taken by Manager on behalf of Owner, Manager shall be released from any responsibility in connection with any statute, ordinance, rule or regulation pertaining to the Property or the business conducted thereof, and Owner assumes full and complete responsibility for compliance therewith and for the payment of any and all penalties, taxes, impositions and fines resulting from a failure to comply with such statutes, ordinances, rules and regulations unless such failure is caused in whole or part by Manager's breach of any of its responsibilities hereunder or any gross negligence on the part of Manager, its agents and/or employees. It shall be the responsibility of Manager to comply with all applicable state or federal labor laws.

5.16 **Time of Essence.** Time is of the essence in the performance of this Agreement.

5.17 **Amendments.** Any and all amendments, additions, deletions or other modifications to the Agreement shall be in writing signed by both parties.

5.18 **Entire Agreement.** This document represents the entire agreement between the parties with respect to the subject matter hereof, and related to the subject matter hereof, supersedes all other agreements, representations and covenants, oral or written.

IN WITNESS WHEREOF, the parties have executed in multiple contracts, each of which shall have the force and effect of an original on the day and year first written above.

"OWNER"

NAME OF OWNER

BY: _____

Its: _____

Date: _____

"MANAGER"

STAMAR MANAGEMENT CORP

BY: _____

Mark A. Railey

Its: Vice President

Date: _____

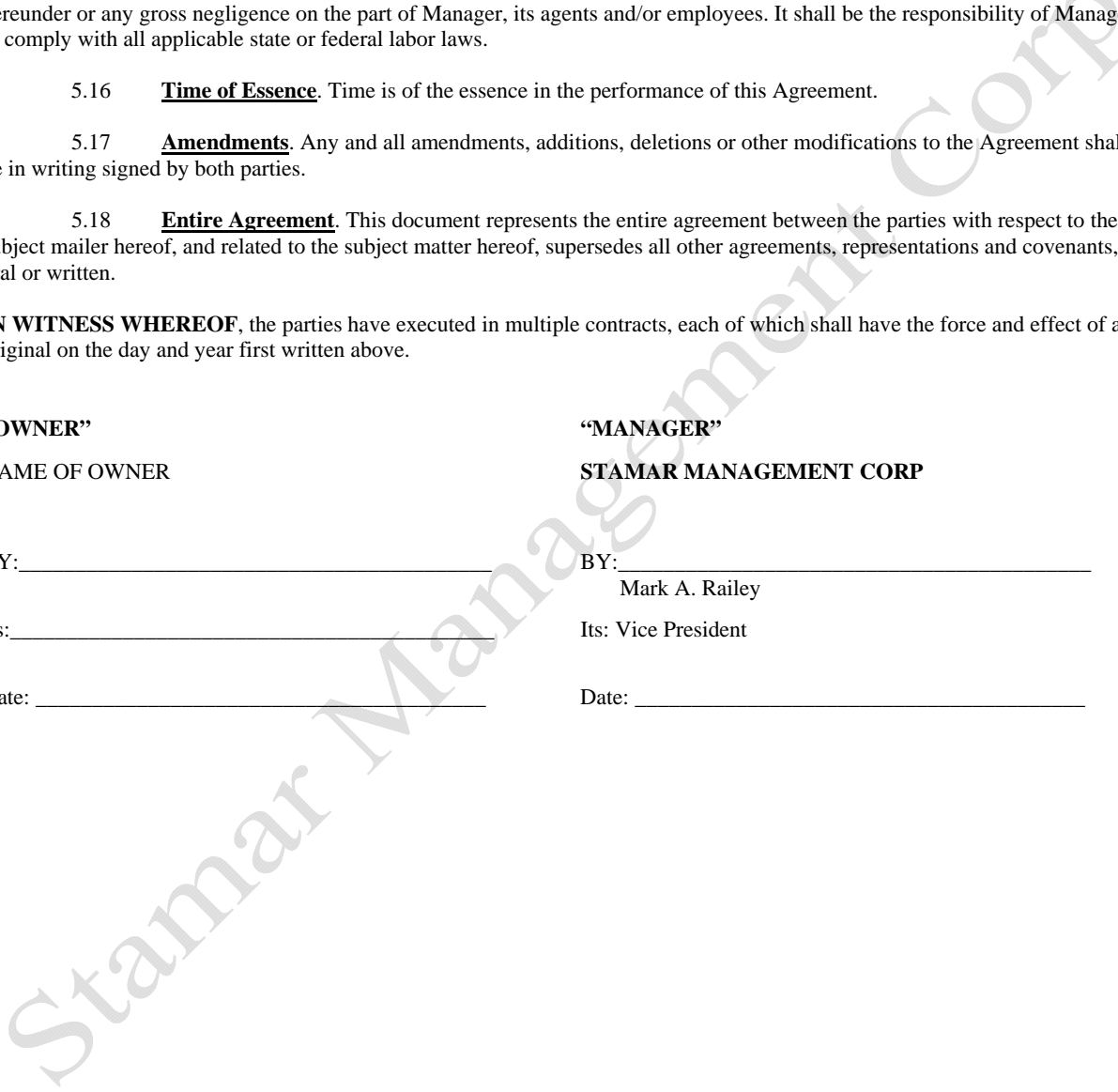


EXHIBIT "A"
LEGAL DESCRIPTION

Stamar Management Corp

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EXHIBIT "B"

SALARIES, WAGES, RATES AND BENEFITS

This Exhibit 'B' attached hereto and made a part of this Agreement set forth the salaries, wages, rates and benefits to be reimbursed to Manager by the Property for services provided by Manager to the Property as defined within this Agreement. All salaries, wages, rates and benefits may be adjusted from time to time as circumstances may warrant with the Owner's prior written approval. Invoicing for all labor rates listed below will be based on one-half hour increments plus all applicable federal, state and local taxes (if any) required under law. Hourly rates are subject to change with thirty (30) days written notice.

MANAGEMENT AND ADMINISTRATIVE WAGE RATES

1. Property Manager -
2. Assistant Property Manager -
3. Leasing Agent -
4. Tenant Administrator -

PHYSICAL FACILITIES MAINTENANCE LABOR RATES

1. Maintenance Supervisor - \$65.00 per hour, minimum one-half hour, plus mileage.
2. HVAC Maintenance Personnel -\$58.50 per hour, minimum one-half hour, plus mileage.
3. Electrical and Plumbing Maintenance Personnel - \$55.00 per hour, minimum one-half hour, plus mileage.
4. Painting and Unskilled Labor - \$38.00 per hour, minimum one-half hour, plus mileage.
5. Porter Personnel and Service - \$20.00 per hour, minimum one-half hour, plus mileage.
6. On-site Personnel - At total employee expense plus fifteen percent (15%) administration fee.
7. Other Personnel - to be invoiced at agreed upon rates prior to the beginning of requested work, which includes rates approved in the Budget.
8. Mileage will be invoiced at the maximum amount allowable by law, which currently is 0.50 per mile.
9. All overtime for all above personnel shall be invoiced at one and one-half times the minimum hourly rate in increments of one-half hour. Travel time to and from the job site will be included at the overtime rate for emergency after hours calls during the normal work week (normal working hours are from 8:00 am to 4:30 pm, Monday through Friday) and on weekend a plus a one-time per call trip charge of Thirty Five and no/100 Dollars (\$35.00) for all emergency after hour calls.

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