

PROPERTY MANAGEMENT AGREEMENT
Sundial Real Estate
444 West Main Street, Suite 104
Mesa, AZ 85201
(480)966-2170 Office (480)969-4006 Fax

THIS AGREEMENT is made as of the ____ day of _____, 20____
between _____ (hereinafter called "Owner"), and
Sundial Real Estate an Arizona limited liability corporation (hereinafter called "Agent").

RECITALS

A. "Owner" is the owner of an apartment community commonly know as _____
_____ located at _____

(Additional addresses listed on page 10)

B. Agent is duly authorized and licensed to perform all services customarily rendered by
a property manager in the state of Arizona.

C. Owner wishes to retain Agent to manage the development.

Now, therefore, Owner and Agent hereby agree to enter into this Property
Management Agreement (the "Agreement") pursuant to the following terms and
conditions.

ARTICLE 1

ESTABLISHMENT OF AGENCY AND RENTAL RESPONSIBILITY

1.1 Exclusive Agency Agreement. Owner hereby appoints Agent and Agent hereby
accepts appointment on the terms and conditions hereinafter provided as sole and
exclusive renting and management operating agent for the Development.

1.2 Effective Date of Control. The Agent will commence performance of its obligations
and responsibilities under this agreement on _____
("Commencement Date").

1.3 Term. This agreement shall commence as of the date set forth in Section 1.2 hereof
and shall continue until _____. Either party may terminate
this agreement with (thirty) 30-day written notice for reasonable cause. Agreement
does not cancel after expiration and if Agreement has expired a 30-day written notice
is still required.

1.4 Obligations After Termination. Upon termination, Owner and Agent shall immediately account to each other with respect to all matters outstanding as of the date of termination, and Agent shall forthwith:

- a. surrender development to Owner;
- b. pay to Agent from funds under Agent's control any amounts owed by Owner to Agent under this agreement.
- c. from the remaining funds under Agent's control, pay existing bills and establish a funded reserve account, in an amount determined by Agent, for the payment by Agent of expenses and charges previously incurred for the benefit of the property but unbilled as of the date termination;
- d. after paying and setting aside the amounts referred to in subsection (b) and (c) above, pay to Owner all rents and income of the property on hand and in any bank account which are the monies of Owner;
- e. deliver to Owner as received (after the obligations referred to in Subsections (b) and (c) above have been satisfied) any monies due Owner under this Agreement but received after such termination;
- f. deliver to Owner all materials and supplies, keys, contracts, and documents, and such other accountings, papers and records pertaining to this Agreement as Owner shall reasonably request;
- g. assign to Owner such existing contracts (which by their terms are assignable) relating to the operation and maintenance of the property assignable relating to the operation and maintenance of the property as Owner shall require; and
- h. within forty-five (45) days after any termination, Agent shall deliver to Owner the written reports required by Section 2.8 (b) and 2.8 (c) for any period not covered by such a report at time of termination and shall complete its accounting for any reserve funds retained by Agent upon termination pursuant to Section 1.4 (c) above.

Owner shall assume all liability under contracts assigned to it under Subsection (g) above and shall indemnify and hold Agent harmless from and against any and all claims, liabilities and expenses, including attorneys' fees of Agent, which may incur in any way connected with such contracts.

ARTICLE II

SERVICE TO BE PERFORMED BY AGENT

- 2.1 Renting of Premises. Agent shall be the sole and exclusive rental agent for the property during the term of this Agreement. In such capacity, Agent shall work diligently to lease space in the property of such rental and upon such terms and conditions as Agent, in Agent's sole discretion, determines to be most advantageous to Owner, and Agent shall have all powers and authority necessary, appropriate and/or incidental to the performance of services as exclusive rental agent including, but not limited to, the sole authority; (a) to advertise in any appropriate advertising media the availability for rental of apartment and other space within the property and to display "For Rent" signs on the property; (b) to negotiate all leases, lease extensions, lease renewals, licenses or other agreement for the rental or use of space in the property; (c) to execute and deliver all leases and agreement with tenants, licensees, and concessionaires; and (d) to engage the services of any outside rental agent, broker or apartment locator services for customary commission fees.
- 2.2 Service Contracts. Agent shall make, on behalf of Owner, any contacts for water, electric, gas, fuel, oil, telephone, vermin extermination, trash removal, pool maintenance, landscape maintenance, heating and air conditioning maintenance, security patrol and other services deemed by Agent to be necessary or advisable for the operation of the property.
- 2.2 Maintenance and Repair of Property. Agent shall maintain, at Owners expense, the buildings, appurtenances, and grounds of the property in good condition and repair, including performance of interior and exterior cleaning, painting and decorating, plumbing, carpentry, and such other normal maintenance and repair work as may be desirable. Agent shall also place orders on behalf of Owner for such equipment, tools, appliances, materials and supplies as are reasonable and necessary to properly maintain the property.
- Agent shall make reasonable attempts to receive written approval as a courtesy to the Owner on any capital expenditure in excess of \$_____, except those emergency repairs which are immediately necessary for the preservation of the safety of the property of the tenants or other persons, which are required to avoid exposure to criminal liability may be made by Agent without prior approval of the Owner. Agent shall not be responsible for, and shall not be in breach of this Agreement because of, any inability of Agent to properly maintain the property if such inability is caused by the failure of the Owner to promptly approve any requests for work or for capital expenditures or for amounts that exceeded designated amount, that did not have written approval.
- 2.3 Insurance. Owner shall cause to be placed and kept in force all forms of insurance required by law or needed adequately to protect Owner and to preserve the integrity

of the property. Agent shall, as an expense to be reimbursed pursuant to Section 3.3, pay all insurance premiums promptly as such premiums become due, unless such premiums are required to be paid by a mortgage pursuant to a reserve or escrow under the terms of a mortgage on the property.

All insurance coverage shall, unless otherwise specified herein, be in amounts carried by prudent businessmen under similar conditions and shall otherwise be in conformity with the requirements of any mortgage on the property. Owner shall furnish to Agent copies of all policies evidencing insurance on the property as of the Commencement Date. Agent shall promptly investigate and report to the appropriate insurance company all accidents, claims and damage relating to the ownership, operation and maintenance of the property, and damage or destruction to the property and the estimated cost of repair thereof and shall prepare any and all reports required by any insurance company in connection therewith. All such reports shall be filled with the insurance company as required under the term of the insurance policy involved, providing such policies have been obtained by or filed with Agent. Agent is authorized to settle any and all claims against insurance companies arising out of any policies, including the execution of proofs of loss, the adjustment of losses, signing of receipts, and the collection of money.

- 2.5 Real Property Taxes. When requested by Owner, Agent shall protest the amount of such taxes or the valuation of the property and Agent is hereby authorized, on behalf of and at the expense of Owner, to hire such attorneys and/or appraisers as Agent shall deem appropriate in connection with such protest, for additional compensation.
- 2.6 Collection of Monies and Bringing of Suit. Agent shall use its best efforts to collect all rent and other charges due from tenants, if any, from lessees of other non-dwelling facilities in the property, and other monies due Owner with respect to the property in the ordinary course of business. Owner authorizes Agent to request, demand, collect, receive and receipt for all such rent and other charges and, where Agent deems it advisable, to institute legal proceedings in the name of, and as an expense of, Owner for the collection thereof and for the dispossession of tenants and other persons from the property, and such expense may include the engaging of legal counsel for any such matter. Agent shall incur no liability and shall be fully protected and indemnified by Owner if it acts in accordance with the opinion and instructions received from Agent's or Owner's legal counsel. All monies collected by Agent shall be forthwith deposited in the separate bank account referred to in the first sentence of Section 3.4.
- 2.7 Agent Disbursements. Agent shall, from the monies collected and deposited pursuant to Section 2.6 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 Agent by Owner under the terms of this Agreement, including Agent's compensation and reimbursement of expenses.

- b. All expenses of the property, unless paid for by the Owner, including, but not limited to, taxes, assessments, Insurance, service contracts and salaries of personnel, and all debt service payment 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 Agent.

2.8 Records and Reports.

- a. Agent shall maintain a system of office records, books and accounts for the property during the term of this Agreement. Such records shall be the property of the Agent, but Owner shall have the right, at Owner's expense, to inspect, review audit and obtain copies of such records. Such records will be maintained in a manner consistent with good management procedures.

Monthly Leasing Reports.

- b. On or before the tenth (10th) day of each month during the term of this Agreement, Agent shall render to Owner a Monthly Leasing Report for the previous month.

Monthly Cash Flow Reports.

- c. On or before the tenth (10th) day of each month during the term of this Agreement, Agent shall render to Owner a cash flow statement showing the results of operations for the prior month. Such statement shall be prepared in accordance with generally accepted accounting principals on a cash basis. All items appearing on the cash flow statement shall reflect operations for the prior calendar month. Such statements shall also include a cumulative summary of the operations of the property for the current calendar year to date.

- 2.9 Additional Service. If Agent or any of the executives of Agent shall be requested by Owner to perform additional service outside the scope of this Agreement, Agent shall receive additional compensation from Owner for the performance of such services according to a schedule to be agreed upon between Owner and Agent before such services are rendered, or if no such agreement is reached, such services shall be compensated or at a rate comparable to the prevailing rate in the local market area for such services. Such compensation shall be in addition to the compensation otherwise payable to Agent pursuant to Article 3.1 of this Agreement and, unless otherwise agreed, shall be payable immediately upon the undertaking by Agent to perform such services.

ARTICLE III

COMPENSATION, EXPRESS AND ACCOUNTS

- 3.1 Compensation. Owner shall pay Agent for all services as rental property management, other than those performed and compensated pursuant to Section 2.9 and 4.1 hereof, a fee computed and payable monthly in an amount equivalent to _____ percent of gross collections (as defined in section 3.6) made by Agent during such month as management fee. In addition to _____ dollars per new rental as lease/administration fee. Such compensation shall be payable upon determination of the gross collections for a month and shall be deducted as provided in Section 2.7 (a); in the event said funds are insufficient to pay the full amount.
- 3.2 Employment of Personnel. Agent shall, at Owners expense, interview, hire, pay, supervise and discharge the personnel necessary in order to properly maintain and operate the property, including without limitation a resident property manager at the property. Such personnel shall on no instance be deemed employees of the Owner, and Owner shall have no right to supervise or direct such personnel.

The costs of testing and investigating personnel employed by or with by Agent hereunder, including so-called fringe benefits, medical and health insurance, pension plans, social security, taxes Workman's Compensation Insurance and the like, shall be expenses of or which Agent also shall be reimbursed by Owner in accordance with the provisions of Section 3.3 of this Agreement.

- 3.3 Reimbursement of Expenses. All expenses incurred by Agent in connection with the operation, rental and management of all or any part of the property shall be reimbursed by Owner. Such expense shall include, but shall not be limited to:
- a. all obligations or expenses shall incurred by Agent in performing its obligations under article II above;
 - b. the expenses specified in Section 3.2 above; All payments made by Agent which are reimbursed hereunder may be reimbursed by Agent from funds deposited in an account established pursuant to Section 3.4 hereof, but the lack of sufficient funds in said account shall not relive Owner of Owner's liability for reimbursement of such expenses at any time Agent demands reimbursement in writing. Notwithstanding, anything in this Agreement to the contrary notwithstanding, Agent 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 3.4 and which are in excess of those funds necessary to pay the compensation of and any other amounts due to Agent under this Agreement, including without limitation reimbursement pursuant to this Section 3.3. Moreover, Agent shall not be required to incur any liability or obligation of the account of Owner unless the necessary funds

for the discharge thereof have been provided or assurance satisfactory to Agent has been given that such funds will be provided.

- 3.4 Separation of Owner's Money. Agent shall establish and maintain, in a bank whose deposits are insured by Federal Deposit Insurance Corporation, and in a manner to indicate the custodial nature thereof, a separate bank account or accounts as Agent of Owner for deposit of the monies of Owner which funds may be withdrawn as sole signature of Agent. All cash receipts from the property will be deposited in this account and Agent may make disbursements from the account for the benefit, and to pay the obligations of, the property pursuant to this Agreement, including disbursement pursuant to Section 2.7 and 3.3 of this Agreement. All monies collected from tenants to secure performance of lease shall be deemed to be funds of Owner and shall also be deposited in such checking account(s), subject to the right of Agent to apply such funds at the termination of said leases in accordance with the term thereof, as determined in good faith by Agent.
- 3.5 Working Capital. Owner agrees to provide sufficient working capital funds to Agent so that all due and owing with respect to the property may be promptly paid by Agent. At the end of each month, after Commencement Date, Agent will project the cash requirements, funds will be deposited by Owner with the Agent within three (3) days. Agent shall have no responsibility or obligation to advance funds or otherwise incur any liability to cover such shortfalls, which shall be Owner's sole responsibility.
- 3.6 Definition of "Gross Collection". As used in this Agreement, the term "gross collections" shall mean all amounts actually collected by Agent as rents or other charges for use and occupancy of any part of the property, including rental, furniture rental, parking, cleaning fees, laundry, vending, forfeited security deposits, late charges, and other miscellaneous income collected at the property, but such term shall exclude insurance policies, abatement of taxes, awards arising out of taking by eminent domain, discounts and dividends on insurance policies.

ARTICLE IV

MISCELLANEOUS

- 4.1 Additional Work on the Property. When requested by Owner, Agent may agree to supervise the construction, reconstruction, completion, addition, extension or modification of improvements to the property, where such work constitutes other than normal maintenance and repair, for additional compensation. During the performance of such work, Agent may negotiate contracts with all necessary contractors, subcontractors, materially, suppliers, architects and engineers on behalf of Owner and may compromise and settle any dispute or claim arising there from. Agent will furnish all personnel necessary for proper supervision of the work and may, assign personnel located at the property site to such supervisory work, Owner further agrees that Agent, or an affiliate of Agent, may bid on any such work and may be selected to

perform part or all of the work. For services rendered pursuant to this Section 4.1, Owner shall pay to Agent, as a fee therefore, up to ten percent (10%) of the actual cost of the work supervised, including fees of architects and engineers, legal fees, and cost of labor and material, but excluding the cost of acquisition of land easement. Said fee to be agreed upon in advance of such work.

- 4.2 Owner's Documents and Security Deposits. Upon execution of this agreement, Owner shall promptly furnish Agent with all documents and records necessary for the proper management of the property, including but not limited to lease (including amendments and pertinent correspondence relating thereto), mortgages, and security agreements, status of rental property, security deposits, and copies of existing service contracts. In addition, on or prior to the Commencement Date, Owner shall deliver to Agent cash in an amount equal to all deposits which are then being held, or which should be held, by Owner to secure performance of tenant leases. Owner warrants that all such documents and records be true, correct and accurate and Owner shall indemnify and hold Agent harmless from and against any and all claims, liabilities and expenses of any kind, including attorneys' fees, incurred by Agent as a result of the failure of Owner to furnish proper or complete records to Agent, to turn over security deposits to Agent sufficient to satisfy all obligations of Agent and/or Owner to return such deposits, or otherwise to comply with its obligations under this Agreement.

It is understood and agreed that the Agent is authorized to use referenced Security Deposits for operating expenses. Owner understands that security deposits are not held in separate accounts, but deposited into the operating account. The Owner hereby agrees to reimburse any and all Security Deposits necessary within seventy-two (72) hours of written notification by agent.

- 4.3 Save Harmless. Except for Agent's MISCONDUCT, Owner shall indemnify and save Agent harmless from any and all cost, expenses, attorneys' fees, suits, liabilities and damages from or connected with the management of the Development by Agent or the performance or exercise of any of the duties, obligations, powers, or authorities granted in this Agreement or which may be granted in the future.
- 4.4 Collections. In the event payment for unpaid bills, expenses, etc. by Owner are not received within 15 days of demand from Agent. Owner agrees to pay fees of the collection agency equal to the maximum of 50% of Owners outstanding balance at time the account is placed with the agency plus a \$200 processing fee. Interest of 10% per year will be accrued on the principal balance placed the agency. Should legal action also be necessary to collect the account, Owner agrees to pay attorney fees and court costs incurred for collection.
- 4.5 Attorney's Fees. In the event any legal action is commenced by one party under this Agreement against the other party to enforce or for failure to comply with the terms of this Agreement, the court or body before which such action is tried shall award to the prevailing party all costs and expenses of such action, including reasonable

attorneys' fees. All court, legal, and collection activities shall be overseen and governed by the State of Arizona.

- 4.6 Assignment. Neither Owner nor agent shall assign its rights and obligations under Agreement without the written consent of the other party and any attempted assignment without such consent shall be null and void.
- 4.7 Notices. All notices required or permitted by this Agreement shall be in writing and shall be given personal delivery, commercial air courier service, telephone facsimile transmission, or by registered or certified mail, addressed in the case of Owner to _____, and in case of Agent to Sundial Real Estate, at 444 W. Main Street, Suite 104, Mesa, AZ 85201, or to such other address as shall, from time to time, have been designated by written notice by any party given to the other party as herein provided. Notices and demands shall be effective when mailed if mail by registered or certified mail. If given otherwise, such notices and demands are to be effective only upon receipt. Agent may also, at Owner's expense, notify all tenants of the Development of the date when Agent's duties as Agent under this agreement commence and when such duties terminate.
- 4.8 Presumption of Owner's Approval. Whenever any approval or consent of Owner is required under any of the term of this agreement, the Owner shall notify, in writing, such approval or disapproval to Agent promptly following a request from Agent for such approval or consent. If Owner fails to respond to any such request within five (5) days of notice being given as required in 4.7, or forty eight (48) hours by fax/email, Owner shall be conclusively deemed to have approved and consented to the proposed action by Agent, and Agent may proceed accordingly.
- 4.9 Conflicting Demands. Notwithstanding any provision of this Agreement to the contrary, if conflicting demands are made upon Agent hereunder, Agent may (a) hold money or documents until the rights of the contesting parties are determined by agreement or appropriate court action; (b) initiate an interpleader action in the appropriate court depositing the money or documents in dispute with the court, whereupon Agent shall be relieved of all liability arising there from.
- 4.10 No Joint Venture. Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between the Owner, its successors or assigns, on the one part, and Agent, its successor or assigns, on the other part.
- 4.11 Construction. Unless the context clearly requires otherwise, the singular number herein included 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.

- 4.12 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 and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of such provisions of this Agreement and all other applications of such provisions shall not be affected thereby.
- 4.13 Independent Contractor. Agent 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.
- 4.14 Owner Notice. A copy of any notice received by Owner from any holder of any lien or encumbrance upon the property claiming default shall be immediately delivered to Agent by Owner.
- 4.15 Entire Agreement. This Agreement shall constitute the entire agreement between Owner and Agent and no modification thereof shall be effective unless made by supplemental agreement in writing executed by Owner and Agent.

By _____
Sundial Real Estate Agent

By _____
Sundial Real Estate Designated Broker

By _____
Owner of Property

Contract is Accepted and Approved as of _____, 20__.

Additional properties to be included in this contract:

