

PROPERTY MANAGEMENT AGREEMENT

(Short Term and/or Vacation/Holiday Rentals)

THIS AGREEMENT, by and between: Contoso Ltd. (hereinafter called "Owner") and **Walt Flood Realty**, a Hawaii sole proprietorship (hereinafter called "Agent"), wherein the parties hereby agree as follows:

AGENCY. Owner exclusively appoints Agent to rent, lease, operate, and manage on the owner's behalf the property located at: 456 Palm Tree Avenue, Honolulu, HI 96815

Property Name: Pacific View Retreat **Unit #:** B202

TERM. This agreement shall be for an initial period of twelve months beginning on: 2010-06-15 and shall be automatically renewed for successive one year terms thereafter. However, either party upon sixty (60) days written notice may terminate this agreement. Termination of this agreement does not invalidate any existing rental agreements made by Agent on Owner's behalf. Upon termination, Owner shall continue to be responsible or shall cause to be completed all obligations or expenses incurred hereunder by the Agent. In the event this agreement is terminated, or the property is sold, the Owner shall honor all confirmed reservations.

RESPONSIBILITIES OF AGENT. Agent agrees to and shall:

(a) Complete an initial property inspection and prepare a condition report of the unit. If necessary, make recommendations to Owner and prepare unit for occupancy.

(b) Advertise the rental unit in the local newspapers, bulletin board, and on the Internet. Provide the invoice(s) from the media, and pay the charges and pass on the cost to the Owner, on the monthly proceeds statements.

(c) Collect all rents for property and deposit same in a special trust account in an insured financial institution authorized to do business in the State of Hawaii. Owner understands and agrees that all funds may be placed in an interest bearing account and the interest shall accrue to the benefit of the Rental Agent.

(d) Provide Owner with a monthly statement of income and expenses for the property. To the extent there are amounts available for distribution to the owner; agent shall distribute the amount to the owner or as owner may direct.

(e) Contract for services and authorize expenditures on Owner's behalf for housekeeping and regular maintenance. Agent shall obtain prior written approval from Owner for any expenditure in excess of Three Hundred Dollars (\$300.00) except for what the Agent shall in its best judgment consider an emergency

RESPONSIBILITIES OF OWNER. Owner agrees to and shall:

(a) Furnish and maintain unit in accordance with recommended inventory and maintenance standards as may be established from time to time by Agent.

(b) Allow Agent to establish rental rates for the property.

(c) Provide Agent with written notification within five (5) business days of a listing agreement if the property is for sale. And to notify Agent prior to authorizing access to the property to anyone.

(d) Provide Agent with Owner's General Excise Tax License.

(e) Provide Agent with Owner's U.S. Federal Tax Id, or Social Security number.

(f) Provide Liability Insurance coverage for the property with minimum limits of \$300,000 for bodily injury and \$25,000 for property damage to others. The Agent shall be named as additional insured and shall be furnished with a copy of the insurance policy and a certificate of insurance.

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AGENT'S FEES. Owner is advised and agrees to pay the following:

- (a) Agent is allowed by Owner to accept credit cards and to deduct for credit card and/or bankcard fees from the Owner's proceeds.
- (b) A fee/commission of twenty five percent (**25%**) of the gross revenues for management services for short term and/or vacation rentals (reservations of less than 180 days).
- (c) A fee/commission of ten percent (**10%**) of the gross revenues for management services for long term leases (leases of more than 180 days).
- (d) A pro-ration charge for advertising for short-term (vacation rentals), at **\$75.00/month**.
- (e) A minimum charge for administration and accounting, at **\$50.00/month** (not to include tax preparation/returns/forms).
- (f) A fee of ten percent (**10%**) on the total charge for repairs, upgrades, and/or renovations.
- (g) A charge of **\$35/hour** to schedule repairs, upgrades, renovations, replacement of appliances, carpets, curtains, drapes, and/or to escort the contractors, repair persons, technicians and handymen.
- (h) Plus, the Agent will assess/charge the Owner the Hawaii Gross Excise tax (currently at **4.712%**) on all the above fees, commissions and charges.

AGENCY START-UP FEE. Upon the execution of this Agreement, the Owner shall pay two hundred fifty dollars (**\$250.00**) to the Agent as a non-refundable start-up fee. The Agent shall use such fee to pay initial administrative expenses of including the premises (property) in its rental program, to conduct a complete inventory of all furniture and furnishings in the rental unit, to produce a condition/inspection report of the premises, appliances and contents, and to pay other sums initially required for the performance of its duties under this agreement.

DISCLAIMER OF GUARANTEES. The Owner understands and agrees that Agent has made no guarantees (written or verbal) of occupancy or income levels for the property.

HOLD HARMLESS. The Owner agrees that Agent shall not be liable for any claim for loss or injury to any person or property located on the property subject to this agreement, except for loss or injury caused by Agent's gross negligence or wilful misconduct, and Owner shall hold Agent harmless and indemnify Agent for any such claim or liability.

GOVERNING LAW. This is the entire Agreement between the parties and shall be governed by the laws of the State of Hawaii. This Agreement shall be binding upon the successors and assigns of Owner or Agent.

SIGNED in duplicate this 15th day of June 2010.
Both parties acknowledge receipt of a copy of this Agreement.

OWNER:

By: Contoso Ltd.

It's Owner

AGENT: Walt Flood Realty

By: Fabrikam Inc.

It's Principal Broker

Date: 2010-06-15

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