



Denali Rental Management - Policies, Terms, and Guidelines

These policies, terms, and guidelines are intended to be incorporated within all addenda between Denali Rental Management Inc., and any property owner or landlord, hereinafter referred to as the “Owner” with regards to a specific property(ies), hereinafter referred to as “Property”. Any such addenda shall be referred to herein as the “Addendum.” Denali Rental Management Inc., is a New Jersey Corporation, hereinafter referred to as the “Agent.” Together these terms, policies, and guidelines and the Addendum shall constitute the Agreement between the parties.

1 SCOPE OF SERVICES

A) The Owner specifically empowers the Agent and the Agent agrees to perform all of the services set forth in this Section 1.

B) Fiscal Management: Agent shall assist the Owner in matters relating to its fiscal management of the Property including, without limitation, the following:

i) Receipts: Agent shall collect and, as appropriate, account for all rents, assessments, and other charges due to the Owner from its tenants or otherwise from operations including all rental or other income from concessionaires, if any. All such payments shall be received by Owner’s lock box at the financial institution as may be designated by Agent. All funds received shall be immediately deposited in one or more bank accounts titled to the Owner.

ii) Collections: Agent shall take such action as is reasonable and necessary to collect any delinquent receivables due to Owner, provided that any such action is in accordance with federal and state law. Collection activity shall include late notices and imposition of late fee charges and notice of delinquency. Agent shall assist Owner to review and revise collection policies and practices where appropriate.

iii) Depositor accounts: All funds of the Owner in regards to the Property in the control of Agent shall be held in one or more depository accounts or investment instruments in the name of the Owner segregated from any other funds of Agent or otherwise. At the Owner’s specific direction, the Agent may, from time to time, deposit monies in investment accounts in a bank or institution chosen by the Association. These may include money market accounts, certificates of deposit and other interest-bearing earning accounts. The Agent shall have no liability or responsibility for the rate of interest earned, if any, on such funds. The Owner will provide, in writing, direction as to how and when such funds should be deposited. The Agent shall be under no liability or responsibility for any loss resulting from the insolvency of such depository.

iv) Disbursements: From the available funds of the Owner, Agent shall disburse funds for operations, capital and other budgeted, approved or emergency expenditures (including Agent’s compensation) subject to the terms and conditions herein set forth.

v) Financial records: Agent shall maintain the financial books and records of the Owner related to the Property including all contracts, purchase orders, vouchers and receipted bills and such other information as may be reasonable or necessary in order to administer and account for the financial affairs of the Owner related to the Property.



vi) Reports: Agent shall post to the Agent web portal for access by Owner the monthly financial reports for the Property, which may include (1) Balance Sheet – Fund Accounting; (2) Income Statement versus Budget (MTD and YTD); (3) Aged Receivables Report; (4) Aged Payables Report; (5) Cash Disbursements Report; (6) General Ledger Report (detailed); (7) Income and Expense Statement, by month; (8) Bank Reconciliations with invoices; and (9) such other information as the Owner may reasonably require (the “Financial Report”). Each reconciled Financial Report shall be completed and posted to the Agent web portal for access by Owner no later than the 25th day of the succeeding month.

vii) Prior period accounts: For the purpose of accounting continuity, Agent shall input such financial information as is available to it respecting operations prior to Agent’s tenure and otherwise use reasonable efforts to establish accurate opening period balances. Agent does not warrant the accuracy of any financial information that was not developed by Agent.

viii) Budget development: Except where the Owner has adopted a contrary procedure, prior to the end of the Owner’s fiscal year for the Property, Agent shall submit to Owner a recommended “draft” operating budget for the Property for the next year (the “draft budget”) The draft budget shall be presented with such support and documentation as necessary to test the credibility and assumptions utilized by Agent in the development of the draft budget. The Owner acknowledges that any proposed budget or approved budget represents Agent’s good faith estimate of the performance of the Property for the Fiscal Year in question, and Agent makes no assurances that the performance of the Property will correspond to such estimates. Agent shall use all reasonable efforts to operate the Property within the approved budget.

ix) Reserve funding: Agent shall maintain Reserve funds as required by Owner and shall undertake to confer with the Owner respecting investment alternatives and reserve estimate updates.

x) Accountant cooperation: Agent shall cooperate with the Owner’s accountant(s) or auditor(s) in connection with the preparation of an independent financial statement or audit and in connection with the preparation and filing of any tax returns required to be filed by the Owner for the Property. The completion of any requests made by the Owner’s accountant(s) or auditor(s) shall be charged at the Agent’s then prevailing rates.

C) CONTRACTS

i) Agent shall, subject to the direction of the Owner, solicit, negotiate and make payments pursuant to the approved terms of all contracts for goods or services required by the Owner for the Property including, without limitation, contracts for water, electricity, gas, telephone, maintenance contracts, HVAC systems, fuel oil, landscaping, professional services, and contracts pertaining to such other goods and services required by the Owner for the Property.

ii) The Owner shall be solely responsible for establishing the standards, specifications, or criteria for work to be let out for bid. The Agent shall assist the Owner in developing specifications for work. However, the Owner acknowledges that the Agent may not always have the technical expertise to assist in developing specifications and that some circumstances may require the assistance of qualified individuals or companies whose services shall be an Owner expense. Any contract for such third-party contractor will be a direct contract between the Owner and the third-party contractor and the Agent will act solely as the agent of the Owner and not as a contracting party. The Agent accepts no liability for the failure of third-party contractors to perform per their agreements with the Owner. The Owner shall pay compensation for the



services of all such contractors regardless of how a contractor may style its invoice for services provided to the Owner. All contracts shall be approved by the Owner and executed by the Owner, Owner's President, or another designated Officer or Agent of the Owner.

iii) To the extent reasonably feasible, except as permitted or directed by the Owner, contracts for all amounts in excess of the greater of, one percent of the Property's annual budget or one thousand dollars, shall be solicited in a competitive bidding process, with the Agent making a recommendation to the Owner based on price and competence.

iv) In conjunction with site visits to be performed pursuant to an agreed Addendum; Agent shall oversee the initiation and performance of all contracts and shall require vendor compliance with the terms and conditions thereof, including without limitation (1) provision of insurance certificates, (2) review of routine services performed, and (3) enforcement of warranties.

v) Agent shall maintain uniform purchasing systems and procedures in order to conform to the policies established by Owner, the terms and conditions hereof, and generally accepted accounting principles.

D) EMPLOYEES (only if applicable)

i) On the basis of the Budget, job standards, and wage rates approved by the Owner, Agent shall assist the Owner to hire, pay, negotiate collective bargaining agreements with, supervise, and discharge managers, clerks, engineers, janitors, security, and other personnel as may be required to maintain and operate the Property.

ii) All such personnel shall be employees of the Owner, the cost associated with such personnel shall be the Owner's sole responsibility. The Owner shall pay to the Agent a fee of ten percent of the gross payroll amount for Agent to manage and administer said personnel.

iii) Agent shall provide on-site personnel who will carry out Owner's business if applicable and agreed to by the Owner in its Addendum.

(a) If Owner elects to have an employee of Agent on site for a specified time, the Owner will provide the Agent with suitable, secure office space on the community property, including furniture, equipment, filing cabinets, telephone, facsimile, copy machine, computer with appropriate security software, printer, internet access, scanner, shredder and supplies. The cost of any lease or rental charges for the office space and cost of equipment maintenance and replacement as well as supplies shall be borne by the Owner. All such equipment will be up-to-date and in working condition.

(b) The Owner and Agent acknowledge that from time to time the office may be closed for vacation, holidays, sick days, inclement weather, as well as training and educational programs. The Agent will provide coverage of the office for extended sick days or vacation in excess of 5 consecutive business days. The on-site staff will coordinate vacations so as not to conflict with each other and leave the office unattended.

iv) Agent shall execute and file all tax returns and other instruments and do and perform all acts required as an employer under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, Subtitle C of the Internal Revenue Code of 1986 and any applicable State tax act with respect to



wages paid by the Agent, all at the expense of the Owner. The Owner costs of payroll shall be funded no later than five days before pay day in the amount necessary to cover the compensation due to the Owner's personnel, together with payroll taxes. Compensation for the services of such personnel shall be considered an operating expense of the Owner, which shall promptly reimburse Agent if Agent advances said funds for the cost of payroll, including related payroll taxes, benefits and other expenses payable on account of such employees. Provided that the Owner has met its funding obligations for payroll, Agent agrees to indemnify and defend Owner for any failures of Agent to properly administer payroll in accordance with applicable local, state and federal requirements. Owner agrees to indemnify and defend Agent for any failures of Owner to act in accordance with applicable local, state or federal employment and labor laws.

v) Owner recognizes the importance and value of Agent's employees to their business and agrees to refrain from hiring, directly or indirectly, any person(s) who is or was employed by the Agent during the term of this Agreement and for two years following the termination of this Agreement without first obtaining written consent of Agent. Agent may grant or withhold its authorization for any reason or for no reason, in Agent's sole subjective discretion. The Owner agrees to pay the Agent, on notice and demand from the Agent to the Owner, the sum of ten thousand dollars as liquidated damages if it breaches this section of the Agreement. Both parties agree that this is a fair, equitable, and reasonable sum to compensate for any loss or injury that occurs due to a breach of this section of the Agreement. Both parties agree that the actual damages contemplated by the parties at this time are not certain and are difficult to measure with accuracy and that this sum is proportional to the probable loss from such breach.

vi) All of Agent's employees are subject to periodic training, education, and certification programs, designed to provide such personnel with information respecting new procedures and developments and to reinforce their skills and ability. Owner shall cooperate with Agent and periodically excuse Agent's employees from responsibilities at the Property so that employees can attend such programs. Programs are scheduled in order to provide for minimum interference and continuity at work. Agent estimates that each employee shall be required to attend 40 hours of training each year. Agent's corporate and regional offices are closed for its annual meeting.

E) INSURANCE

i) Agent shall manage the process of procuring and soliciting competitive bids for appropriate property and liability insurance and such other coverage as may be necessary or desirable for the Property. The Owner assumes all risks in connection with the adequacy of any insurance or self-insurance program authorized by it and waives any claim against the Agent for all liabilities, costs or expenses arising out of any partially or totally uninsured claim (including any deductible or self-insured retention amounts), of any nature whatsoever, except where the Agent has failed to place and maintain insurance for the Property in accordance with the provisions hereof. Agent shall notify Owner promptly and in writing if inadequate funds may result in a non-payment lapse in coverage or inability to purchase insurance for the Property. Agent is not otherwise liable for any gap in or lack of insurance coverage which may result from such a condition.

ii) Agent shall maintain records of all insurance coverage carried by the Owner for the Property and assist the Owner in reporting and investigating any accidents or claims for damage relating to the ownership, operation, or maintenance of the Property, including any damage or destruction thereto. Insurance claim administration is outside the scope of Property Management services.



iii) Agent shall assist the Owner in responding to and taking such action to correct any noted deficiencies or violations for the Property contained in any report, citation, or other communication from any insurance underwriter, Association of Fire Underwriters, federal, state or local agency.

F) PHYSICAL ELEMENTS OF THE PROPERTY

i) Agent shall assist the Owner in its best efforts to maintain the Property, including the buildings, appurtenances, and grounds, in accordance with appropriate standards of safety and maintenance consistent with the character and budget limitations of the Owner for the Property.

ii) Agent will assist and work with the Owner's other professionals to establish and maintain such preventative maintenance regimes and inventory records as necessary to properly maintain the Property and personalty owned by the Owner and situated therein.

iii) Agent shall conduct site reviews of the Property as agreed by the Parties in their addendum in order to determine the condition of the Property, the adequacy of the care and maintenance thereof, and compliance with all of the Owner's rules and regulations for the Property. Owner acknowledges that Agent's personnel are not engineers or mechanical or construction consultants; that Agent does not guarantee or warrantee the work of any contractors; and that Agent shall only be held to a layperson's standard with regard to actual or potential liability for failure to detect a needed repair or maintenance requirements, or for failure to determine that any work was not performed properly or at all.

G) RULES AND REGULATIONS

i) Agent shall assist the Owner to adopt, revise, maintain and enforce proper rules and regulations for the Property.

ii) Agent will recommend action in the administration and enforcement of fines, legal action, etc., with regard to infractions of the rules and regulations and in accordance with Owner's policies and procedures for the Property.

iii) Agent shall confer with the Owner respecting the laws and court decisions impacting on the enforcement of rules and regulations and shall proceed to enforce such rules and regulations in accordance with Owner policies for the Property.

iv) Agent will receive, file, and communicate all written complaints regarding violations of any leases, rules, and regulations at the Property.

H) CAPITAL IMPROVEMENTS

i) Agent shall make such periodic recommendations as are necessary or appropriate to the Owner with respect to capital improvements and reserves for capital improvements for the Property.

I) PROPERTY MANAGEMENT TEAM

i) Agent shall designate one of its employees as the Property Manager for the Property. The Property Manager shall be the person primarily responsible for Agent's performance and shall be the primary contact and liaison between Agent and Owner. The Property Manager shall be assisted and supported by Agent's personnel. In the event that the Property Manager is unavailable to perform required duties, Agent's senior management team shall intervene to ensure continuity of services and resources.



ii) In the event the Owner becomes dissatisfied with the Property Manager, the Owner shall provide Agent with written notice specifying the reasons for dissatisfaction and afford Agent sixty days with which to remediate the specified reasons. If the reasons for dissatisfaction are not remediated to the reasonable satisfaction of the Owner during the aforesaid sixty-day period, the Owner will give written notice to Agent so advising. Agent shall then replace the Property Manager assigned to the Property.

J) TENANT COMMUNICATIONS

i) Agent shall assist the Owner in maintaining necessary and appropriate communications with its tenants, including, without limitation, the provision of all notices required by the leases, information about the Property to new or prospective tenants, and response to all inquiries or complaints. Agent shall provide the Owner with written inquiries, correspondence, and other matters reported to it by tenants and shall maintain appropriate copies and records. Agent shall provide for 24-hour access to the Agent for emergencies. Owner shall designate one individual who is authorized to direct Agent and whom Agent is permitted to rely upon in all cases. Agent may make available technologies for direct communications to tenants (e.g. Nixle) at an additional cost to the Owner. Standard SMS message rate may apply to tenants who agree to use such service.

K) NON-FINANCIAL REPORTING

i) Agent shall communicate to the Owner on a regular basis information respecting operations and concerns of the Owner regarding the property. In the event of an emergency condition, Agent shall report such condition to the Owner as soon as possible.

L) RECORD KEEPING

i) The Agent will retain a set of files and records as developed by the Owner for the Property. These files and records will include those generated during the term of the Agreement and any documents developed prior to the Agent's tenure, such as but not limited to those listed below. While the Agent will put forth every effort to maintain Owner's Property records in good order, the Agent makes no representation or warranty as to the accuracy and/or completeness of such records. The accuracy of the Owner's Property records remains the responsibility of the Owner.

ii) The Agent shall make books and records related to the Property available for inspection and copying at the request of the Owner. The Agent shall bill the Owner for all personnel and other expenses associated with any such request at Agent's then prevailing rates.

iii) The parties acknowledge that all such records and files shall be retained by Agent during the term of this Agreement. All files provided by Owner or Owner's prior property management company shall be stored off-site and retained there. Any costs related to such storage shall be payable by the Owner. All records and files created during Agent's tenure shall be stored electronically only. Agent acknowledges that certain documents must be kept in hard copy, such documents shall be kept electronically and in hard copy.

iv) Agent shall use its best efforts to maintain all records and files of the Owner related to the Property in a safe and secure environment. The parties acknowledge, however, that Agent will not utilize fire resistant cabinets or facilities and files may be subject to loss or damage for which Agent is not responsible.

v) Records which may be maintained by Agent shall include, but are not limited to: Current



Tenant Listing, Leases, Rules and Regulations, Policies, Current Contracts, Insurance Policies and Quotes, Financial Statements, Plot plans, Architectural Plans, Corporate seal, Property/Equipment Inventory, List of contractors, Inspection reports and limited Individual tenant files. The foregoing is not intended to be an exhaustive list, nor is the foregoing intended to create any responsibility upon the Agent to maintain any records which existed prior to this Agreement which were not provided to Agent during the set-up process.

2 LIMITATIONS ON AGENT'S RESPONSIBILITY AND AUTHORITY

A) EXPENSE LIMIT

i) In discharging its responsibilities pursuant to Paragraph 3 hereof, Agent shall not make any expenditure nor incur any non-recurring contractual obligation unless such expenditure is provided for in the Property Budget or is specifically approved by Owner, unless such expenditure is less than the greater of one percent of the Property's annual budget or one thousand dollars.

ii) Notwithstanding the provisions above, Agent may exceed the Expense Limit, without consent of the Owner in the event of an emergency, defined as a condition that involves a danger to person or property or may threaten the safety of any tenant(s) and/or occupant(s), or may threaten the suspension of any necessary services to the Property, including utilities.

B) MAINTENANCE & REPAIRS

i) Agent shall have no authority to make any structural changes in or to the Property or to make any other major alterations or additions in any building or equipment herein except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the tenants or occupants.

ii) Agent is not responsible for compliance by the Owner with requirements of any ordinance, law, rules or regulations (including those relating to the use, maintenance and disposal of solid, liquid and gaseous waste) of any City, County, State or Federal Government, or any agency or authority thereof, except to notify the Owner promptly or forward to the Owner promptly, any complaints, warnings, notices or summons received by it relating to such matters.

iii) Agent may advise and consult with Owner respecting the Property's mechanical systems; however Agent shall not be an operator of or otherwise in control of or charged with the maintenance of any system which utilizes fuels, substances, or materials that, if handled improperly, could create an environmental impact. If necessary, Owner shall hire or retain independent professionals to operate or maintain such systems.

C) ADDITIONAL SERVICES

i) Agent is devoted to provide Owner with such advice, administration and assistance as it may require with respect to the operation of the Owner's Property and business. Certain requested activities may however require extraordinary time commitments outside the scope of the parties' reasonable intentions. Such services include, but are not limited to the following:

(a) Litigation support (including court appearances, evictions, and preparation therefore for any matter other than routine collection of rents.)



(b) In the event of insurance claim administration on cases involving property damage and personal injury items covered under the Property's policy where additional services may be required by Agent due the severity of event causing the loss or injury, the Owner agrees to pay the Agent for loss mitigation, for insurance claim coordination and processing services at Agent's then prevailing hourly rates. These fees include the time required for processing expenses that may not be paid for by the insurance carrier(s) but which are the result of the covered event, such as but not limited to the insurance deductible, fire watch, inspections for and the remediation of mold and other environmental events, and all other repairs or restoration expenses for work on the Property that would be included in an insurance claim filed by the Owner and that may or may not be paid for by the insurance carrier(s), but which are the result of the covered event. The Agent will submit the cost of this service to the Property's insurance carrier as a part of the insurance claim. Notwithstanding any insurance coverage, the Owner is responsible for the payment of these costs.

(c) The parties to this Agreement understand that the base compensation provided for in this Agreement does not contemplate project management or include general contracting services. Certain capital projects undertaken by the Owner may require oversight and supervision and may require additional resources of Agent. The parties will confer about the necessary and required resources for such projects. The project management fee to be paid to Agent for these additional administrative services will be charged in accordance with the Agent's then prevailing hourly rates, unless modified by a valid addendum.

(i) Unless a project management fee is agreed upon, Agent shall only be obligated to provide standard property management services within the scope defined herein. If the Owner does not have a project management agreement for any capital project or major repair, any services beyond the scope of property management defined herein, shall be chargeable at the Agent's then prevailing hourly rates.

(d) Wholesale revisions of standard leases or Rules & Regulations.

(e) Processing, supervision and negotiation respecting warranty claims resulting from work performed prior to the inception of a management relationship with Agent.

(f) Consulting and administering requirements of the FHA, Fannie Mae and other approvals needed for financing.

(g) Publication of an Owner or Property Newsletter.

(h) Agent shall maintain provisions for 24-hour access to the Agent for emergencies. A representative of the Agent does not routinely go to the property in response to emergency calls or related communication. However, if a representative of the Agent is deemed necessary to immediately address the emergent situation, then Agent shall charge its time by its then prevailing hourly rates. The first 30-minutes of response to any emergency is included in the base compensation.

(i) Legal support shall be charged at one and one-half times the prevailing hourly rates of Agent's representatives

(j) Should Owner request and Agent agree to provide additional or expanded services beyond the scope of services outlined in the Agreement, unless otherwise agreed by the parties, the fee for such out of scope services shall be charged at our prevailing hourly rates.



ii) Any services outside the scope of property management requested by the Owner and agreed to by the Agent, even if not identified in the preceding paragraphs, shall be completed at the Agent's then prevailing rates.

3 OWNER INDEMNIFICATION

A) AGENCY

i) Owner acknowledges that Agent is acting solely as an agent for the Owner and, accordingly, any expenses or liabilities incurred by Agent hereunder, whether in its name or that of the Owner, shall be the obligation of Owner and not that of Agent.

B) INDEMNIFICATION/LIABILITY

i) The Owner hereby expressly agrees and understands that the Agent shall not be liable to the Owner, its members or officers, its tenants, its guests and invitees for any injury, loss or damage to person or property, unless caused solely by the Agent's own gross negligence or willful misconduct, or arising solely out of a material breach by Agent of this Agreement. To the fullest extent of the law, the Owner will and does hereby agree to indemnify, save, defend and forever hold harmless the Agent, its affiliated or related entities, partners, officers, directors, agents, servants and employees from any liabilities, damages, costs, penalties, fines, fees, losses, suits, demands, causes of action, judgments, obligations, claims and expenses, including but not limited to reasonable attorneys' fees and associated costs (whether pre-trial, at trial, mediation or at arbitration and/or in connection with any appeals) incurred, sustained, arising out of or connected with any injury to person or property however caused, or from any matter whatsoever arising from or in connection with the Agent's performance of services hereunder, including without limitation any and all losses arising out of the Agent's own or sole negligent acts or omissions, unless such liability shall result solely from the Agent's own gross negligence or willful misconduct or solely from a material breach of this Agreement by Agent.

ii) All personal property placed or moved into or onto the Property will be at the risk of the Owner or the owner of the personal property. The Agent will not be liable to the Owner or others for any damage or injury to person or property, real or personal, arising from theft, vandalism, HVAC malfunction, the bursting or leaking of water pipes, the presence of mold, mildew or any pollutant, or any act or omission of any Unit owner or occupant of the Association or of any other person. However, the foregoing will not relieve Agent of liability for damage or injury resulting solely from Agent's gross negligence or willful misconduct. To the extent that such liability results solely from the Agent's gross negligence or willful misconduct, Agent shall indemnify and hold harmless the Owner. In no event will Agent be liable for consequential damages to the Owner or any third-party.

iii) The Owner agrees to indemnify and hold Agent harmless for all claims against Agent related to the matters between Agent and its employees where the claim is the result of an act, directive or omission of the Owner, its directors, trustees, or officers.

iv) The provisions set forth in this Section 3(B) shall survive the expiration or earlier termination of this Agreement.

v) The Owner shall procure contractual liability insurance covering its obligations arising out of this Paragraph, however this indemnification shall not be limited to damages compensation or benefits



payable under insurance policies.

4 WAIVER OF SUBROGATION

A) The Owner expressly waives all rights of subrogation against the Agent for damages caused by perils, regardless of whether covered by any insurance obtained by the Owner or required to be obtained by the Owner pursuant to this Agreement. The policies of insurance required to be carried by the Owner pursuant to this Agreement shall include an express waiver of subrogation either by endorsement or policy language. The waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly and whether or not the person or entity has an insurable interest in the property damaged.

5 OWNER INSURANCE

A) The insurance requirements set out in the following sub-paragraphs are independent from all other obligations of the parties to this Agreement and apply whether or not required by any other provision of the Agreement, and regardless of the enforceability of any other provisions of this Agreement. The Owner hereby agrees to maintain at all times and to provide evidence of appropriate insurance coverage; Agent shall be named as an additional insured on all policies. The Agent recommends the following minimum insurance coverages:

i) Commercial General Liability Insurance extended to include: 1) \$1,000,000.00 limit each occurrence for bodily injury and property damage, \$2,000,000.00 general aggregate limit, \$1,000,000.00 products and completed operations limit; 2) contractual liability coverage; 3) \$1,000,000.00 limit for non-owned and hired automobile liability; 4) coverage for any claims alleging bodily injury or property damage due to mold, mildew, indoor air quality or similar claims; 5) general property damage and hazard insurance at replacement cost; 6) "your real estate managing agent" included within the definition of "Insured" in the policy language; or 7) "Denali Rental Management, Inc. and any and all of its affiliated or related entities, directors, officers, employees, servants and agents" to be specifically designated as "additional insured" using ISO Additional Insured Endorsement CG 20 26 11 85 or an endorsement providing equivalent or broader coverage to the additional insureds. Coverage for additional insureds shall apply as primary and non-contributing insurance before any other insurance or self-insurance, including any deductible, maintained by or provided to the additional insureds

ii) Workers' Compensation Insurance according to State statutory limits covering all employees, subcontractors, or volunteers of the Owner and Property, with employer's liability limits of not less than \$500,000.00 each accident for bodily injury; and \$500,000.00 each employee for bodily injury caused by disease. Said policy shall be endorsed to include a waiver of subrogation in favor of the Agent.

iii) Umbrella or Excess Liability Insurance: 1) with limits of not less than \$3,000,000.00 each occurrence and aggregate, 2) providing follow-form coverage over the General Liability and Employer's Liability policies, 3) coverage must include as insureds all entities that are additional insureds on the Commercial General Liability policy, and 4) coverage for such additional insureds shall apply as primary before any other insurance or self-insurance, including any deductible, maintained by or provided to the additional insured other than the Commercial General Liability and Employer's Liability coverages maintained by the Owner.



iv) The insurance carriers providing the coverages outlined above must be financially sound, be rated A VII or better by A.M. Best Company and must be licensed to do business in the State of New Jersey.

v) Prior to the commencement of work under this Agreement, the Owner shall provide a current and original certificate of insurance providing evidence of the aforementioned insurance recommendations. Said certificate shall show "Denali Rental Management, Inc., and any and all of its affiliated or related entities, directors, officers, employees, servants and agents" as "additional insureds" on the Commercial General Liability, Umbrella, and Excess Liability policies, and not merely a certificate holder. A copy of the additional insured endorsement to the Commercial General Liability policy indicated in Paragraph (a) hereof, shall be appended to the certificate of insurance. In the "Cancellation" provision of the certificate it shall read as follows: "Should any of the above described policies be canceled before the expiration date thereof, the issuing company will mail 30 days written notice to additional insureds named in the certificate."

vi) It is agreed by all parties that no work shall commence under the terms of this Agreement until the original Certificate of Insurance is received and approved by the Agent. No later than the renewal date of any insurance policies required by this Agreement, the Owner will supply the Agent with a new original Certificate of Insurance in compliance with the terms of this Agreement.

6 PROPERTY MANAGEMENT COMPENSATION

A) Any base fees and costs due the Agent will be paid promptly each month on the first of each month. Owner hereby authorizes Agent to directly debit Owner's bank account on the first of each month for Agent's fee and for other costs and expenses owed to Agent, when and if they become due. Any monies due and billed and not paid to Agent by the 15th of each month will carry a five percent per month late fee which will be added to the balance due and will be subject to further late charges until paid.

B) Property management compensation shall be defined by the agreement between the Owner and Agent. Property management fees shall increase by five percent per year for any renewal term unless specifically amended in a renewal addendum.

C) OTHER COMPENSATION

i) Owner shall promptly reimburse Agent for (1) all costs associated with any approved Payroll directly allocable to the Owner or Property, including payroll taxes, workers compensation insurance and like employer-related obligations, (2) all direct postage, dedicated fax and long distance charges, stationary and check stock, (3) any other costs identified on a schedule of costs or fees; amendments to any such schedule are only valid thirty days after disclosure of same is made on Agent's website and (4) any advances made by Agent for the benefit of the Owner. Owner hereby authorizes Agent to directly debit Owner's bank account for Agent's fee and for other costs and reimbursed expenses owed to Agent, when and if they become due.

ii) Reimbursable Expenses: In addition to the Base Compensation provided on the Addendum and as modified by Section 6(A) of the Agreement, Owner agrees to reimburse Agent for expenses incurred from its corporate or regional offices.

iii) Set-Up Fee: Included in this fee are the costs for the review of recent Owner and Property financial information, initial creation of computer accounts, conversion to Agent's chart of accounts,



preparation of general ledger balances, input of initial tenant information, assessment account records, assessment fee and charges, and resulting computer runs. Additionally, Agent must review relevant files, records, documents, contracts, minutes and other material to prepare the management program. Agent shall incorporate those files and information into its system, follow up with existing major service contractors, arrange for financial audit, prepare introductory letter and mailing, evaluate insurance coverage, review budget and investment information and arrange for answering service and emergency contact listing. All related office material cost for this set-up activity is an Owner expense.

iv) Delinquent Accounts: Association acknowledges that Agent may, in its sole discretion, use an affiliate to assist the Owner with managing and coordinating the collection of delinquent accounts. If any affiliate is used, such affiliate shall be previously disclosed to Owner. If Agent uses its own personnel, it will charge the Owner all fees previously disclosed.

v) Collection Administrative Fee: The Owner shall pay to Agent a one-time administrative fee for the coordination of any account turned over to the Owner's attorney or other collection agent for collection and/or eviction. The collection administrative fee is in addition to any other fees charged by the Agent and shall cover the following: Agent's tracking of delinquencies; providing of financial reports; updates to the Owner; coordination with legal counsel; and ongoing monitoring of accounts in collections. The fee is to be paid by the Owner and will be billed back to the delinquent tenant's account subject to the lease, legal requirements or as allowed by Statute. The Agent acknowledges there may not be authorization for this fee in the lease.

vi) Owner acknowledges that affiliates of Agent may receive compensation from the Owner for services rendered to the Owner provided that the Owner approves such services. Affiliates shall be disclosed to Owner prior to their use by Agent.

vii) Owner acknowledges that it is Agent's practice to charge a handling fee directly to tenants or potential tenants for researching, completing and processing applications and credit checks. In order to properly respond to such requests, Agent processes such requests through a separate department whose trained personnel respond with timely and accurate information. The Agent may not conduct inspections of individual lots or dwelling units associated with the preparation and delivery of information required by applicable statute for the rent of a lot or dwelling unit at the Property and will report only such violations, conditions, or repairs of which it is actually aware. The Owner must provide any additional information on known violations, conditions, or repairs. The failure of the Owner to provide such information will result in the rent disclosure documents being released with incorrect information and the Owner shall indemnify and save the Agent harmless from any and all claims made by the tenant or potential tenant of the lot or dwelling unit that may be made under applicable statute in connection with the inspection of the lot or dwelling unit.

viii) With the exception of one-time fees listed herein, Agent shall have sole discretion to modify the rates described above, upon thirty days' notice or as allowed by Statute. Notice of any such modifications shall be provided to the Owner in advance of the effective date.

7 AGENT'S INSURANCE

A) The Agent hereby agrees to maintain at all times and to provide evidence of the following insurance coverages:



i) Commercial General Liability Insurance extended to include: 1) \$1,000,000.00 limit each occurrence for bodily injury and property damage, \$2,000,000.00 general aggregate limit, \$1,000,000.00 limit for personal and advertising injury, and \$1,000,000.00 products and completed operations limit; 2) contractual liability coverage.

ii) Commercial Auto Liability with a combined single limit of \$2,000,000.00 for non-owned and hired automobile liability.

iii) Workers' Compensation Insurance according to State statutory limits covering all employees or subcontractors of the Agent, with employer's liability limits of not less than \$1,000,000.00 each accident for bodily injury, \$1,000,000.00 each employee for bodily injury caused by disease, and \$1,000,000.00 policy limit for bodily injury caused by disease.

iv) Umbrella or Excess Liability Insurance with limits of not less than \$1,000,000.00 each occurrence and aggregate providing follow-form coverage over the General Liability and Employers' Liability policies.

v) Fidelity Coverage with limits of \$1,000,000.00.

vi) Professional Liability Coverage with limits of \$1,000,000.00 per occurrence and \$10,000,000.00 in the aggregate.

B) Prior to the commencement of work under this Agreement, the Agent shall provide a current and original Certificate of Insurance showing the coverages outlined above. On the renewal date of any insurance policies required by this Agreement, the Agent will supply the Owner with a new, original Certificate of Insurance in compliance with all terms of this Agreement.

8 TERMINATION AND RENEWAL

A) The initial term of Owner retaining Agent shall be determined by an Agreement between the parties beginning the Effective Date identified thereon, subject to the renewal and termination provisions hereinafter set forth. The Agreement shall automatically renew under the policies, terms, and guidelines herein for subsequent renewal terms equal in length to the initial term. Each year of any renewal term is subject to an automatic five percent increase of management fees. Either Party may terminate the automatic renewal option by providing written notice to the other party, at least ninety days in advance of the end of the Term or any subsequent renewal term. At the conclusion of the initial term of years, this agreement shall automatically renew pursuant to the terms of these policy and procedures. Any modifications made to this agreement at the beginning of the initial term, shall no longer control. Any deviation from this agreement's standard terms and conditions shall no longer be valid upon any renewal unless expressly revalidated in writing.

B) Either party may terminate the Agreement at any time during the first year by providing the other party written notice of termination pursuant to the Agreement, unless modified by the Addendum. Either party may terminate the Agreement after the first year of the Term, or during any renewal term, for cause only, by providing the other party ninety days' written notice of termination. Such notice must include a detailed explanation of the cause which resulted in termination. Such notice of termination must be rescinded if the non-terminating party cures the alleged cause for termination within the notice period and takes reasonable precautions to avoid a future occurrence of such issue. For purposes of the Agreement,



cause shall be defined as a material breach of the Agreement, repeated non-material breaches of the Agreement, any criminal act or act of gross negligence or recklessness by either party and cause shall specifically include any failure by the Owner to pay any fee or charge in excess of one thousand dollars within forty-five days of an invoice for such fee or charge being issued.

C) If the Agreement is terminated, the Agent shall provide to the Owner a full accounting of receipts, disbursements and other transactions incurred by the Agent on behalf of the Owner, and shall provide the Owner with all records maintained or created by the Agent. The effective date of termination shall be the first business day after the notice period ends. No management fees contemplated in this section shall be payable if the Agreement is terminated by the Owner for cause. If the Agreement is terminated without cause at any time after the First Year, Agent shall be entitled to the property management and related on-site personnel fees equal to the lesser of 6 months or the remaining term of the contract. Such Payment shall be due with the notice of termination. The effective date of termination shall be the first business day after the notice period ends.

D) As of the date of termination, all sums due to Agent and all contractors, vendors, or other service agents procured by Agent on behalf of the Owner shall be paid in full. In the event that there are insufficient funds to fully discharge all such liabilities, the Termination Date may, at the option of Agent be extended until such funds are available. In the event that the Owner disputes any such bills or charges, sufficient funds of the Owner shall be deposited in an Escrow Account held by an Attorney-at-Law in New Jersey, any fees related to said Attorney shall be paid by the Owner. The Owner agrees to bear full responsibility to the provider of such goods or services and shall bear full responsibility for the cost of litigation resulting therefrom, if any. From and after the notice of termination, Agent shall not incur any expenses or obligations on behalf of Owner unless in accordance with the specific written directive of the Owner, except payments or reimbursements for previously approved bills. Agent shall, at no cost to the Owner, prepare a final detailed account as of the Termination Date, which accounting shall be provided to the Owner together with any unclaimed books and records of the Owner as soon as practical.

9 MISCELLANEOUS PROVISIONS

A) SIGNS: Agent reserves the right to affix a "Professionally Managed by" sign to the existing Property's sign(s). Said signs shall conform to the Property's architectural standards and colors.

B) OWNER'S AUTHORITY

i) Agent shall take its direction from the Owner or the Owner's designated representative or counsel. Owner represents that it has the authority to enter into this Agreement and, if an LLC or corporation, that the necessary resolutions or documents are currently in place and valid.

ii) The Owner shall designate, from time to time, one person to act as liaison to Agent (the "Management Liaison"). Agent may rely upon any instructions, statements or approvals communicated to Agent verbally or in writing by Management Liaison, as if the same had been affected by the Owner.

C) BINDING EFFECT

i) This Agreement shall inure to the benefit of and constitute a binding obligation upon the parties hereto, their successors and assigns.



ii) This Agreement shall constitute the entire Agreement among the contracting parties and no variance or modification thereof shall be valid and enforceable except in writing. Any subsequent change in this Agreement that might alter the Agent's responsibilities or rights, as defined in this Agreement, shall require prior approval by Agent. Should any part, term or provision of this Agreement be declared or decided by any court to be invalid or in conflict with the law, the validity of the remaining portion, terms or provisions, shall not be affected thereby, and the remainder of the Agreement shall continue in full force and effect.

D) GOVERNING LAW/VENUE

i) This Agreement shall be governed by the laws of the state of New Jersey. In the event of any dispute in relation to this agreement, the matter will be venued in the Superior Court of New Jersey, Morris County, the Appellate Courts having jurisdiction thereof or in the Federal Courts having jurisdiction over said county.

ii) In the event it becomes necessary for the Agent to file suit to enforce its rights under this Agreement, Agent shall be entitled to recover, in addition to all other remedies or damages, reasonable attorney's fees and costs incurred in such suit.

iii) NOTICES: All notices required hereunder shall be effective if delivered by certified or registered mail, to the last known addresses of the Agent and of the Owner.

E) AFFILIATION BUSINESS DISCLOSURE STATEMENT: The companies listed below are affiliated and/or have business relationships with Denali Property Management Inc., Denali Rental Management, Inc., and/or MyPropertyBilling.com or. Denali Property Management, Inc., Denali Rental Management, Inc., and/or MyPropertyBilling.com may, from time to time, collect a fee or commission from one or more of these companies.

Yardi Systems	Yardi VendorShield	WelcomeLink
SouthData	HomeWise	Axela
United States Postal Service	PSE&G	Jersey Central Power & Light
Verizon	AT&T	Comcast
First Citizens Bank	Wells Fargo	Morgan Stanley
Bank United	Popular Bank	Bank United
Jack Henry	ClickPay	Iron Mountain
Weinerman Wealth Management/Fidelity Institutional		Pitney Bowes