

MANAGEMENT AGREEMENT

THIS AGREEMENT IS MADE THIS 30th DAY OF MAY 2018 BY AND BETWEEN
OWNER, (THE "OWNER")
AND BAYSIDE PROPERTY MANAGEMENT, DBA GORDON PROPERTY MANAGEMENT, (THE "AGENT")

Section 1 APPOINTMENT OF MANAGING AGENT

Owner hereby appoints Agent as sole and exclusive Agent of Owner to manage the property known as: xxxx Street, San Francisco, California (the "Premises") upon the terms and conditions provided herein. Agent accepts the appointment and agrees to furnish the services of its organization for the management of the Premises and Owner agrees to pay all expenses in connection with those services. The term of this Agreement shall be for an initial period of one year (the "initial term") from the 1st day of August 2018, to and including the 31st day of July 2019, and thereafter shall be automatically renewed from month to month unless terminated as provided in Section 18 herein.

Section 2 ADVERTISING

Agent is authorized to advertise the Premises or portions thereof for rent, using internet rental sites, social media, signs, or displays, or such other means as Agent may deem proper and advisable. Agent is authorized to place signs on the Premises advertising the Premises for rent, provided such signs comply with applicable laws.

Section 3 LEASING AND RENTING

3.1 AGENTS AUTHORITY TO LEASE PREMISES

Agent shall use all reasonable efforts to keep the Premises rented by procuring tenants for the Premises. In consultation with Owner, Agent is authorized to establish and change or revise all rents, fees, or deposits, and any other charges chargeable with respect to the Premises. Agent is further authorized to negotiate, prepare, and execute all Rental Agreements including all renewals and extensions (and expansions of space in the Premises, if applicable) and to cancel and modify existing Agreements. Agent shall execute all Agreements as Agent for the Owner. No Agreement shall be in excess of one (1) year without written approval by Owner.

3.2 ENFORCEMENT OF LEASES

In consultation with Owner, Agent is authorized to institute, in Owner's name, all legal actions or proceedings for the enforcement of any rental term for the collection of rent or other income from the Premises, or for the evicting or dispossessing of tenants or other persons from the Premises. Agent is authorized to sign and serve such notices as Agent deems necessary for enforcement, including the collection of rent or other income. Agent is authorized, when expedient, to settle, compromise, and release such legal actions or suits or reinstate such tenancies. Attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with such actions and not recovered from tenants shall be paid out of the Trust Account. Except as authorized in writing by Owner, Agent shall not institute any legal action against any person on Owner's behalf, other than for the recovery of the Premises for non-payment of rent. Agent may employ its attorney for such eviction actions; however, Owner may require Agent to utilize an attorney of Owner's choosing if Owner so informs Agent prior to or during the legal action.

Section 4 COLLECTION OF RENTS AND OTHER RECEIPTS

4.1 AGENTS AUTHORITY

Agent shall collect (and issue receipts for, if necessary) all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Premise. Such receipts shall be deposited in the Trust Account maintained by Agent. If permitted by applicable law, Agent may collect and retain from tenants any or all of the following: an administrative charge for late payment of rent, a charge for returned or non-negotiable checks, a credit report fee and a transfer fee.

4.2 SECURITY DEPOSITS

Current California law allows an Owner to treat Security Deposits as cash income, provided that the Owner recognizes the liability to return said deposits upon termination of tenancies. Agent shall collect tenant's security deposits in the following manner: Agent shall remit deposit to Owner as a cash receipt. Owner understands that Owner shall be obligated to return tenant's security deposits in accordance with the terms of each tenant's lease and government regulations. Owner will hold Agent harmless from Owner's breach of duties to properly handle tenant's security deposits.

Section 5 TRUST FUNDS

5.1 INITIAL DEPOSIT AND CONTINGENCY RESERVE

Owner agrees to maintain a contingency reserve of \$4,000 or an amount equal to the tenant's security deposit at all times in the Trust Account to enable Agent to pay the obligations of Owner under this Agreement. Owner and Agent shall review the amount of the contingency reserve amount when such is required.

5.2 DEPOSIT OF RECEIPTS

Agent will deposit all receipts to the Trust Account maintained at a financial institution whose deposits are insured by an agency of the United States government. Agent shall not be held liable in the event of bankruptcy or failure of a depository. Funds in the Trust Account remain the property of Owner subject to disbursement of expenses by Agent as described in this Agreement.

5.3 DISBURSEMENT OF OPERATING EXPENSES

Agent will disburse funds, to the extent available, to pay all expenses and invoices presented to Agent, including but not limited to, mortgages, property taxes, insurance premiums, assessments, utilities, repairs, maintenance, liens, goods, services, management and other fees necessary to manage the Premises. Agent shall not be held liable for failure to pay invoices not received by Agent.

5.4 ACCOUNTING

By the first business day of each month, Agent will render monthly statements of income and expenses for the preceding month. Owner shall have the right to request periodic audits of all applicable accounts managed by Agent, and the cost of such audit shall be paid by Owner.

5.5 NET PROCEEDS

To the extent that funds are available at the end of each month, Agent shall transmit cash balances to the Owner. Such periodic cash balances shall be remitted to the Owner, or to such other person(s) as designated in writing by Owner.

5.6 OWNER DEFICIENCY

Owner acknowledges that from time to time Owner's account may not have sufficient funds to pay ordinary and/or extraordinary expenses due within a short period of time. In the event disbursements shall exceed the available funds, Agent will immediately notify Owner of such deficiency, and Owner shall promptly remit sufficient funds to cover any deficiency.

Section 6 BUILDING MAINTENANCE

6.1 MAINTENANCE AND REPAIR

Agent is authorized to make, or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve the Premises in its present condition and for the operating efficiency of the Premises, and all alterations required to comply with lease requirements, government regulations or insurance requirements. In consultation with Owner, Agent is also authorized to "decorate" (including, but not limited to, painting, new carpeting and flooring, new appliances, window treatments) the Premises and to purchase or rent, on Owner's behalf, all equipment, appliances, materials, supplies, and other items necessary for the management, maintenance or operation of the Premises. Such maintenance or decorating expenses shall be paid out of the Trust Account. Unless requested by Owner in writing, building permits will not be obtained for all repairs, maintenance and improvements.

6.2 APPROVAL FOR EXCEPTIONAL MAINTENANCE EXPENSE

The expense incurred for any item of maintenance, alteration, refurbishing, or repair shall not exceed \$500.00, unless such expense is specifically authorized by Owner, or is incurred under such circumstances as Agent shall reasonably deem to be an emergency. Agent will use best efforts to contact Owner before incurring an emergency related expense, but Owner acknowledges that oftentimes emergencies require immediate and prompt action.

Section 7 CONTRACTS, UTILITIES AND SERVICES

Agent is authorized to negotiate contracts for nonrecurring items of expense, not to exceed \$500.00, unless approved by Owner, and to enter into agreements in Owner's name for all necessary repairs, maintenance, minor alterations, and utility services. Agent shall, in Owner's name and at Owner's expense, make contracts on Owner's behalf for electricity, gas, telephone, fuel, or water, and such other services as Agent shall deem necessary or prudent for the operation of the Premises.

Section 8 AGENT ASSUMES NO LIABILITY

Agent assumes no liability whatsoever for any acts or omissions of Owner, or any previous owners of the Premises, or any previous management or other agent of either. Agent assumes no liability for any failure of or default by any tenant in the payment of any rent or other charges due Owner or in the performance of any obligations owed by any tenant to Owner pursuant to any lease or otherwise. Nor does Agent assume any liability for previously unknown violations of environmental or other regulations which may become known during the period of this Agreement.

Section 9 EMPLOYEES

9.1 AGENT'S AUTHORITY TO HIRE

Agent is authorized to hire, supervise, discharge, and pay all contractors, maintenance technicians, or other personnel necessary to be employed in the management, maintenance and operation of the Premises.

Section 10 RELATIONSHIP OF AGENT TO OWNER

The relationship of the parties to this Agreement shall be that of Principal and Agent, and all duties to be performed by Agent under this Agreement shall be for and on behalf of Owner, in Owner's name, and for Owner's account. In taking any action under this agreement, Agent shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of Principal and Agent, or as requiring Agent to bear any portion of losses arising out of or connected with the ownership or operation of the Premises. Nor shall Agent at any time during the period of this Agreement be considered a direct employee of Owner. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

Section 11 SAVE HARMLESS

Owner shall indemnify, defend, and save Agent harmless from all loss, damage, cost, expense (including attorneys' fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Premises unless such liability or claim is a direct and proximate result of Agent's willful negligence.

The San Francisco Board of Supervisors enacted new fire safety codes for residential buildings of three units or more which are to take effect beginning 1/31/2017. The law is vague, unclear and complex. Gordon Property Management will not be responsible for any liability, fines, penalties or other adverse issues arising out of this law.

Section 12 INSURANCE

Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage, or injury to property or persons which might arise out of the occupancy, management, operation, or maintenance of the Premises. The liability insurance shall be for a minimum of 1 million dollars (\$1,000,000.) and Agent shall be named as an **"additional insured"** on all liability insurance maintained with respect to the Premises. Owner agrees to furnish Agent with certificates evidencing such insurance or with duplicate copies of such policies within fifteen days of the execution of this Agreement. Failure to provide Agent with such certificates will result in termination of this agreement. Any deductible required under such insurance policies shall be at Owner's expense. It shall be Owner's sole responsibility to obtain insurance coverage for the Premises and to ensure that such coverage is adequate. Agent strongly recommends that Owner review the insurance coverage annually with a qualified insurance agent. Agent shall maintain professional errors & omissions insurance policy for a minimum of 1 million dollars (\$1,000,000) per claim. Agent is not liable in the event that a tenant fails to obtain renters insurance or if a tenant's renters insurance policy lapses.

Section 13 OWNER RESPONSIBLE FOR ALL EXPENSES OF LITIGATION

Owner shall pay all expenses incurred by Agent in connection with the operations of the Premises, including, but not limited to, reasonable attorneys' fees and Agent's costs and time, and any liability, fines, penalties or the like, in connection with any claim, proceeding, or suit involving an alleged violation by Agent or Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, or fair housing, including, but not limited to, any law prohibiting or making illegal discrimination on the basis of race, sex, creed, color, religion, national origin, or mental or physical handicap, provided, however, that Owner shall not be responsible to Agent for any such expenses in the event Agent is finally adjudged to have personally, and not in a representative capacity, violated any such law. Nothing contained in this Agreement shall obligate Agent to employ legal counsel to represent Owner in any such proceeding or suit.

Section 14 REPRESENTATIONS

Owner represents and warrants, to the best of Owner's knowledge: That Owner has full power and authority to enter this Agreement; that there are no written or oral agreements affecting the Premises other than tenant leases, copies of which have been furnished to Agent; that there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Premises for the purposes intended under this Agreement; that to the best of Owner's knowledge, the property where the Premises is located is zoned for the intended use; that all permits for the operation of the Premises have been secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, but not limited to, those pertaining to hazardous or toxic substances); that the building does not contain any asbestos hazards, urea, formaldehyde, radon, or other toxic or hazardous substance; and that no unsafe condition exists.

Section 15 STRUCTURAL CHANGES

Owner expressly withholds from Agent any power or authority to make any structural changes in any building or to any equipment in any such building, or to incur any expense chargeable to Owner other than expenses related to exercising the express powers vested in Agent through this Agreement, without the prior written consent of the Owner.

Section 16 BUILDING COMPLIANCE

16.1 COMPLIANCE WITH CODES

Owner represents that to the best of Owner's knowledge the Premises and all such equipment comply with all requirements of any building codes or with any statute, ordinance, law, or regulation of any governmental body or any public authority or official thereof having authority. Owner authorizes Agent to disclose the ownership of the Premises to any such officials and agrees to indemnify and hold Agent, its representatives, and employees, harmless of and from all loss, cost, expense, and liability whatsoever which may be imposed by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

16.2 CONFORMITY OF UNITS

If the property contains a unit which is not "legal" according to property records maintained by local government, Owner further agrees in connection with the rental and management of the property, to indemnify and hold Agent harmless from any suits, claims, or actions brought by any person(s) for or on account of any injuries or damages sustained or arising from the illegality of the rental unit or consequences thereof, including but not limited to: failure of the property to conform to building codes, life/safety standards, and building permit, parking, and zoning requirements.

Owner further acknowledges that in any action in a court of law or any other governmental agency, Owner may suffer serious economic penalties as a result of taking rent for illegal or substandard rental improvements, and Owner may be asked by the Bureau of Building Inspection (or counterpart

governmental agency) to dismantle any improvements deemed by same to be illegal. Owner may also be responsible (without contribution from insurance) for damages arising out of death or injury for anyone, including the tenant or the tenant's guests, that is injured or killed in an illegal unit

(for example, a building fire causes death in an illegal unit that does not have adequate means of egress or ingress). Rental of "illegal" units is entirely at the discretion of the Owner and against the advice of Agent. Owner is advised that tenants in San Francisco have been successfully suing owners who rent out illegal units to recover back rent paid and fraud damages, including punitive damages; therefore, Owner is hereby advised and acknowledges that rental of illegal or unwarranted units is very risky and subjects the Owner to this type of litigation.

16.3 BUSINESS LICENSE AND SAN FRANCISCO GROSS RECEIPTS TAX FILING

Owner is solely responsible to register with the city of San Francisco and obtain any necessary business licenses. Owner is solely responsible for filing San Francisco's Gross Receipts Tax and Payroll Expense Tax Return.

Section 17 AGENT'S COMPENSATION AND EXPENSES

As compensation for the services provided by Agent under this Agreement (and exclusive of reimbursement of expenses to which Agent is entitled hereunder), Owner shall pay Agent as follows:

17.1 FOR MANAGEMENT SERVICES

6% of the total monthly gross receipts from the Premises, payable by the last day of each month for the duration of this Agreement. The percentage amount set forth in (ii) above shall be based upon the total gross receipts from the Premises during the current month. The term "gross receipts" may be deemed to include all rents and other income and charges from the normal operation of the Premises, including, but not limited to, rents, insurance reimbursements for loss of rents, parking fees, laundry income, other fees and other miscellaneous income.

17.2 OTHER SERVICES OR FEES

Rental Commissions: 55% of one month's rent

In House Maintenance: Agent's maintenance employees are billed at \$80.00 per hour, with a one hour minimum. The hourly rate may change at any time with 60 days written notice.

Annual Administrative Fee: \$125.00 annual fee payable each December.

Out of State Owners FTB Compliance: \$125.00 per quarter to comply with California's non-resident withholding requirement for out of state owners who are not exempt from the requirement (see 17.4).

Paper Statements: Monthly Owner Statements are sent electronically via email on the first business day of the following month. Paper statements sent via US mail are available for \$15.00 per month.

Owner Distributions: Monthly Owner Distributions are paid electronically on the 6th of the month (or the first business day thereafter if the 6th falls on a weekend or holiday). It generally takes 2 business days for Owner to received funds in their bank account. Paper checks sent via US mail are available for \$5.00 per month.

Duplicate Copies: Copies of all invoices paid by Agent are included with the monthly Owner Statements. Copies of all contracts signed on Owner's behalf are provided at the time of the signing. Additional copies of such invoices and documents, which may be requested in the event of the sale of the building, to comply with requirements for a San Francisco Rent Board Pass-through, or other occasions, are available for \$5.00 per invoice or document. Copies of cancelled checks are available for \$1.50 per check. Not all check payments are available, as a check paid to one vendor may contain payments for multiple properties.

Special Services Fees: If any special services are provided, other than those enumerated in this Agreement, such as overseeing major capital improvements or extensive remodeling, additional fees may be payable upon agreement of the parties. In no event shall such fee be less than 5% of the gross project cost, or \$100.00 per hour, whichever is greater. Special Services Fees may apply to all exceptional maintenance, alteration, refurbishing or repair expenses that requires Agent to obtain multiple bids or requires specific authorization by owner. Agent relies on a select group of contractors, electricians, painters and repair professionals as Agent's Preferred Provider Network. Preferred Providers are trusted professionals who are licensed and insured and provide quality work at fair prices on a time and material basis without providing a cost estimate or bid. There is no Special Services Fee for repairs and maintenance performed by Agent's Preferred Providers.

17.3 WHAT IS NOT COVERED BY THE MANAGEMENT FEE

Owner understands that building inspections, representation at court hearings, rent board hearings, depositions, insurance claim related paperwork and estimates, paperwork and events related to the sale of a building, Department of Building Inspection Section 604 compliance, inspection director hearings, and other exceptional building related events are not covered by the monthly management fee. If Agent renders these services, Owner shall reimburse Agent for their time at the rate of \$100.00 per hour, with a one-hour minimum. A full accounting of billable hours will be provided to Owner. In addition, Agent may require additional compensation for any extraordinary services not normally performed in the course of property management.

17.4 CALIFORNIA NON RESIDENT WITHHOLDING

Agent has advised owner that California laws and/or policies of the California Franchise Tax Board ("FTB") require property managers as withholding agents to withhold a percentage of rents collected on behalf of landlords who are not California residents and transmit the same directly to the FTB. Owner hereby explicitly authorizes Agent, where appropriate in Agent's good faith judgment, to withhold such sums, which may exceed the maximum otherwise authorized, from rents collected on Owner's behalf, and Owner further authorizes Agent to transfer the same to the FTB, calculated according to Agent's estimation. Agent is authorized by Owner to comply in any way Agent believes reasonable or necessary with the rules and regulations of the California Franchise Tax Board,

California statutes, and other applicable law, without limitation. Agent shall not be liable for any miscalculation or erroneous withholding, provided the actions of Agent have been taken in good faith. In case of overpayment to the FTB due to an error by Agent, Agent's sole liability and obligation to Owner shall be to make reasonable attempts to obtain a refund of such overpayment, or alternatively a credit against Owner's future liability to the FTB. In any dispute between Agent and Owner concerning money transmitted by Agent to the FTB, it shall be the burden of Owner to prove Agent did not act in good faith.

17.5 DISCLOSURE REGARDIN COMPENSATION:

In order to provide full disclosure regarding all financial arrangements, please be aware that Agent's bank may compensate Agent by offsetting the cost of normal banking and accounting services as consideration for Trust account balances being on deposit. The bank provides 1.25% of the combined balances to offset fees and eligible invoices. In addition, Agent may receive travel award points or cash back incentives for items purchased on Agent's credit cards.

Section 18 TERMINATION

18.1 TERMINATION BY EITHER PARTY

This Agreement may be terminated at the end of the initial term, or at any time thereafter, by either Owner or Agent, with or without cause, upon thirty (30) days written notice delivered by either party to the other.

18.2 TERMINATION FOR CAUSE

Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination), upon a breach of this Agreement or the occurrence of any of the following events:

(a) FAILURE TO ACT, ETC. - In the event it is alleged or charged that the Premises, or any portion thereof, fails to comply with any law or regulation, or any order or ruling of any public authority; or the Agent, in its reasonable sole discretion, considers that the action or position of Owner or its representatives with respect thereto may result in damage or liability to Agent, or disciplinary proceeding with respect to Agent's license, Agent shall have the right to terminate this Agreement at any time by written notice to Owner. Such termination shall not release the indemnities of Owner set forth herein.

(b) EXCESSIVE DAMAGE - Upon the destruction of or substantial damage to the Premises by any cause, or the taking of all or a substantial portion of the Premises by eminent domain, in either case making it impossible or impracticable to continue operation or management of the Premises.

18.3 OWNER RESPONSIBLE FOR PAYMENTS

Upon termination of or withdrawal from this Agreement, Owner shall assume the obligations of any contract or outstanding bill executed by Agent under this Agreement for and on behalf of Owner, and responsibility for payment of all unpaid bills. In addition, Owner shall furnish Agent security, in an amount satisfactory to Agent, against any obligations or liabilities which Agent may have properly incurred on Owner's behalf under this Agreement.

Agent may withhold funds for up to forty-five (45) days after the end of the month in which this Agreement is terminated, in order to pay bills previously incurred but not yet invoiced and to close accounts. Agent shall deliver to Owner, within forty-five (45) days after the end of the month in which this Agreement is terminated, any balance of monies due Owner, which were held by Agent with respect to the Premises, as well as a final accounting reflecting the balance of income and expenses with respect to the Premises as of the date of termination or withdrawal, and all records, contracts, leases, receipts for deposits and other papers or documents which pertain to the Premises.

Section 19 DISPUTE RESOLUTION

Agent and Owner agree that they will mutually benefit from a procedure for resolving legal disputes, which may arise between them and which might otherwise become the subject of litigation, in an expeditious, cost efficient, fair and impartial manner. Therefore, Agent and Owner agree that all potentially litigable claims or controversies arising from the rights, duties and/or obligations of this Agreement shall be submitted to non-binding mediation before a mutually acceptable mediator. If the parties cannot agree upon a mediator, the dispute shall be mediated before the American Arbitration Association

Agent and Owner understand and agree that they will proceed with good faith mediation before filing or pursuing any lawsuit or adversarial proceeding with the exception of the following matters: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or real property sales contract, (b) an unlawful detainer action, (c) the filing or enforcement of a mechanic's lien, (d) any matter which is within the jurisdiction of a probate or small claims court, or (e) an action for bodily injury or wrongful death, or for latent or patent defects. The filing of a judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, or other provisional remedies, shall not constitute a waiver of the right to arbitrate under this provision.

Section 20 INDEMNIFICATION SURVIVES TERMINATION

All representations and warranties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require one party to this Agreement to have insured or to defend, reimburse, or indemnify the other shall survive any termination; and if Agent or Owner is or becomes involved in any proceeding or litigation by reason of the parties' relationship hereunder, such provisions shall apply as if this Agreement were still in effect.

Section 21 FORCE MAJEUR

Any delays in the performance of any obligation of Agent under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of Agent or Owner, and any time periods required for performance shall be extended accordingly.

Section 22 COMPLETE AGREEMENT

This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Premises and supersedes and replaces any and all previous management agreements entered into and/or negotiated between Owner and Agent relating to the Premises covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Agent.

Section 23 SEVERABILITY

The invalidity or partial invalidity of any provision of this Agreement shall not render the remainder of the Agreement invalid or unenforceable.

Section 24 AGREEMENT BINDING UPON SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon the parties hereto, their respective representatives, heirs, administrators, executors, successors and assigns.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures:

(Signature)

(Owner Name) _____
(Date)

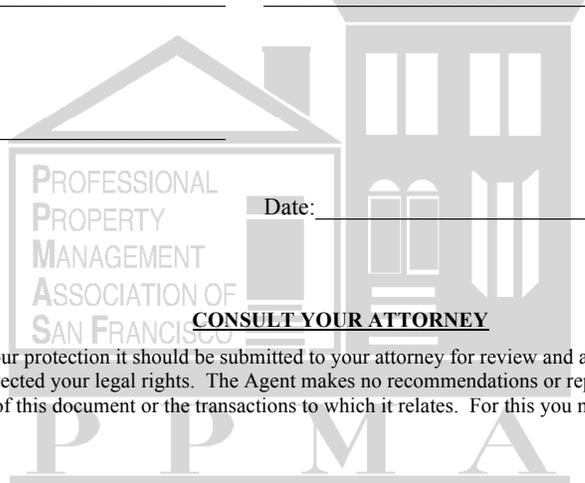
(Signature)

(Owner Name) _____
(Date)

Agent:

(Signature)

By: Stephanie L. Gordon Date: _____



This document was prepared for you but for your protection it should be submitted to your attorney for review and approval. If all aspects of the preparation of this document are found to be satisfactory, you will have protected your legal rights. The Agent makes no recommendations or representations as to the legal sufficiency, legal effect or tax consequences of this document or the transactions to which it relates. For this you must consult your attorney.