

## PROPERTY MANAGEMENT AGREEMENT

This Property Management Agreement ("Agreement") is made as of the 18th day of June, 2018 (the "Effective Date"), by and between LPF TRIANA, INC., a Delaware corporation ("Owner"), and LEGACY PARTNERS, INC., a Delaware corporation ("Property Manager").

### RECITALS

A. Owner is the owner of that certain residential rental apartment complex known as "Triana" which is comprised of 362 residential units and located at [REDACTED] (collectively the "Property").

B. Property Manager is experienced in the management, operation and supervision of similar residential apartment projects in the geographic area where the Property is located.

C. The parties desire to set forth in this Agreement the terms and conditions under which Property Manager shall act as manager of the Property.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, Owner and Property Manager agree as follows:

### ARTICLE 1 DEFINITIONS.

1.1 Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth in this Section 1.1:

1.1.1 Advisor: The term "Advisor" shall mean LaSalle Investment Management, Inc. or any Owner-designated successor thereto as the independent real estate investment advisor retained by Owner to supervise the operation of the Property and the activities of the Property Manager in connection therewith.

1.1.2 Affiliate: The term "Affiliate" shall mean:

(a) When used with reference to an individual, a descendant (whether natural or adopted), the spouse, parents and grandparents of such individual, the spouse, parents and grandparents of any other individual who is an Affiliate of such individual by virtue of any other provision of this Section 1.1.2, any descendant (whether natural or adopted) of any such spouse, parents or grandparents, and any spouse of any such descendant;

(b) When used with reference to a partnership or limited liability company, (i) any officer or director of the partnership or limited liability company or (ii) any beneficial owner, whether direct or indirect, of more than ten percent (10%) of any class of equity security (as defined in the Securities Exchange Act of 1934) of the partnership or limited liability company; and

(c) When used with reference to a corporation, (i) any officer or director of the corporation or (ii) any beneficial owner, whether direct or indirect, of more than ten percent (10%) of any class of equity security (as defined in the Securities Exchange Act of 1934) of the corporation. If the beneficial owner is a partnership or trust, any partner or trustee thereof, as applicable, also shall be deemed a beneficial owner. If the beneficial owner is a corporation, any officer or director thereof and any person or entity controlling, controlled by or under common control with the corporation also shall be deemed a beneficial owner. For the purpose of this definition, "control" (including the correlative meanings of the terms "controlling," "controlled by" and "under common control with") shall mean the power to direct or cause the direction of management, policies or operations, whether through the ownership of voting securities, by contract or otherwise, and whether direct or indirect.

1.1.3 Approved Operating Budget. "Approved Operating Budget" shall have the meaning set forth in Section 2.2.2.

1.1.4 Approved Capital Budget. "Approved Capital Budget" shall have the meaning set forth in Section 2.2.2.

1.1.5 Gross Monthly Collections. The term "Gross Monthly Collections" shall mean the total gross monthly collections received from the Property, including without limitation, tenant rental income, pet rents, storage unit rents and miscellaneous income items of Owner which have accrued and are collected during the term of this Agreement and excludes any tenant rental income, pet rents, storage unit rents and miscellaneous income which has accrued prior to the term of this Agreement or which is accrued or collected after this Agreement terminates. Any payments by tenants on account of any taxes imposed on rentals collected by Property Manager and/or on account of utilities shall be excluded from Gross Monthly Collections. Any advance rental payments (not to exceed 60 days in advance of their due date) shall be included in Gross Monthly Collections when received. Any payment of money by a tenant to Owner or Property Manager in consideration for or in conjunction with a security, rental or other deposit (unless and until actually applied as rent), property insurance loss proceeds, interest earned on any bank accounts, remodeling and tenant improvement charge costs, condemnation proceeds or proceeds received by Owner in connection with the sale of any portion of the Property or the refinancing of any indebtedness secured by a lien on any portion of the Property shall not be included in the Gross Monthly Collections.

1.1.6 Guidelines: The term "Guidelines" shall mean Owner's guidelines for delegation of authority to the Property Manager, as well as the Owner's guidelines for tenant credit, lease term, rental rates and other matters relating to the rental of units at the Property, as delivered by the Advisor to the Property Manager and as amended from time to time.

1.1.7 Property: The term "Property" shall mean that certain residential rental apartment project described in Recital A above.

1.1.8 Records Office: The term "Records Office" shall mean Property Manager's offices located at [REDACTED]

1.2 Additional Defined Terms. Initial-capitalized terms not defined in Section 1.1 shall have the meanings otherwise ascribed to them in this Agreement.

## ARTICLE 2 APPOINTMENT AND SERVICES OF PROPERTY MANAGER.

2.1 Appointment Term. Subject to all the terms and conditions of this Agreement, Property Manager shall be the manager of the Property for a term beginning on the Effective Date and ending [REDACTED] provided, however, that this Agreement, if not extended in writing by Owner to [REDACTED] terminable by either party in accordance with Article 10. The period during which this Agreement is in effect is referred to hereafter as the "Term."

2.2 Services of Property Manager. Property Manager shall use commercially reasonable and diligent efforts to direct, supervise, manage, operate, maintain and repair the Property and develop, institute and follow programs and policies to facilitate the efficient operation of the Property on as profitable a basis as reasonably possible and in compliance with this Agreement, the Guidelines and all directions of Advisor. Property Manager acknowledges and agrees that it shall be the role and duty of Advisor to generally supervise the operation and management of the Property, including without limitation the performance of Property Manager under this Agreement. Property Manager shall cooperate with Advisor while performing Property Manager's duties and obligations under this Agreement. Property Manager further acknowledges and agrees that Owner and Advisor shall set policy and establish objectives with respect to management of the Property, and Property Manager shall perform all services under this Agreement in accordance with such policies and objectives. Owner may delegate any approval rights under this Agreement to Advisor. Without limiting the generality of the foregoing provisions of this Section 2.2 and subject at all times to the procedures and directions set forth in this Agreement (as may be revised or amended from time to time), Property Manager shall do all of the following:

2.2.1 Employees. Property Manager shall select, employ, pay, supervise and discharge all employees and personnel necessary for the operation, maintenance and protection of the Property (subject to the limitations set forth in Section 4.1). All persons so employed by Property Manager shall be employees or independent contractors of Property Manager and not of Owner. Property Manager shall comply with all applicable laws, rules and regulations concerning worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, immigration and other employer/employee-related subjects. In addition, Property Manager and its employees, agents, contractors and subcontractors shall not discriminate in any manner whatsoever against any person, including but not limited to tenants, contractors, employees and other persons, on the basis of religion, color, national origin, ancestry, ethnic group identification, sex, age, physical or mental disability, or any other statutorily protected classification, and Property Manager shall comply with, observe and perform any and all federal, state and local laws and regulations regarding non-discrimination and fair employment practices.

2.2.2 Records and Budgets. Property Manager shall keep or cause to be kept at the Records Office suitable books of control and account as provided in this Agreement. Property Manager shall prepare and submit to Advisor such monthly, quarterly, annual or other operating and capital budgets for the Property as may be required by Advisor or Owner. Without limiting the generality of the foregoing, Property Manager shall prepare and submit to Advisor a proposed annual operating budget

and a proposed annual capital budget for the management and operation of the Property no later than November 1st of each year during the Term for the following calendar year. The proposed annual operating and capital budgets shall be in a form approved by Advisor. Advisor will review the proposed budgets and, if Advisor considers them acceptable, present them to Owner for approval. If Advisor considers any proposed budget unacceptable, Advisor shall specify to Property Manager in writing the reason(s) therefor and Property Manager shall revise and resubmit the budget until it is accepted by Advisor and approved by Owner. The parties intend that a final [REDACTED] for the following calendar year shall be in place for the Property by December 1 of each year during the Term.

In the event an annual operating budget for the Property has not been approved by Owner prior to the commencement of any calendar year during the Term, the operating budget for each calendar month ("Current Month") until the annual operating budget is approved shall be the amount of the most recent Approved Operating Budget for such Property for the same calendar month ("Base Month"), as adjusted to reflect (a) any increase or decrease between the Base Month and the Current Month in the Consumer Price Index for the locality in which the Property is located (base year 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics, and (b) any increase or decrease in the occupancy of the Property between the Base Month and the Current Month. Property Manager shall submit such adjusted monthly operating budget to Advisor for review not more than ten days before the first day of the month for which it is proposed, and such budget, after approval by Advisor, shall be deemed an "Approved Operating Budget" for purposes of this Agreement.

With respect to the partial first calendar year of the Term, Property Manager shall submit to Advisor for Owner's approval proposed operating and capital budgets for the Property covering the balance of such calendar year not later than 30 days after the Effective Date.

Property Manager shall have the right from time to time to submit proposed revised budgets to Advisor, and Advisor shall recommend to Owner whether or not such revised budgets should be approved by Owner. Property Manager shall use diligence and all reasonable efforts to prevent the actual costs of maintaining and operating the Property from exceeding the Approved Operating and Capital Budgets.

All budgets shall be effective only when approved by Owner. Owner may revoke its approval of any budget at any time. Owner may amend its approval of any budget and require the budget to be amended to conform to such approval at any time and, in such event, only the budget as so amended shall be deemed approved. After revoking or amending an Approved Budget, Owner shall have the right to require Property Manager to terminate any agreements or void any actions which are no longer consistent with an Approved Budget.

2.2.3 Leasing. Property Manager shall coordinate the leasing activities of the Property, and, subject to Section 9.4 below, shall use its commercially reasonable efforts to obtain responsible tenants for all unleased units and to renew all existing leases. Property Manager shall investigate the credit and qualifications of each tenant seeking to lease units at the Property (with the understanding that the Property Manager is not required to guaranty any individual tenant's performance under its lease). All rentals and renewals shall be at rates at least equal to the Rental Guidelines. Property Manager may negotiate and execute leases on Owner's behalf, using Property Manager's standard lease form approved by Advisor; provided, however, any material deviation from the standard form of lease or from the

Guidelines shall require the prior written consent of Owner or Advisor.

2.2.4 Rent. Property Manager shall (a) collect all rents and other monies payable under the leases, as and when such amounts become due and payable, (b) adjust rentals and other required payments where adjustment is contemplated by the applicable leases, (c) notify Advisor and tenants of such adjustments, and (d) sign and serve in the name of Owner such notices (except as limited by Section 2.2.5), including without limitation letters demanding past due and currently owing rents and other monies, as are consistent with Owner's procedures. Property Manager shall identify and collect any income due Owner from miscellaneous services provided to tenants or the public, including without limitation parking, tenant storage and utility charges. All monies so collected shall be deposited immediately in the Operating Account (described in Section 7.1 below).

2.2.5 Collections. Property Manager shall undertake the timely collection of rents and monetary payments of every kind and form due from tenants of the Property. Property Manager shall actively pursue collection of all delinquent rents and other payments. Except in strict compliance with all applicable laws, Property Manager shall not terminate any lease, lock out any tenant, institute any suit for rent or for use and occupancy, provide notice by legal service to pay rent or quit or institute proceedings for recovery of possession. In the event that any tenant at the Property shall be delinquent in any payment due Owner or otherwise be in default under the terms of its lease for a period of more than 30 days, Property Manager shall employ such methods as are commercially reasonable to either collect unpaid rent or to evict the tenant from the premises. Property Manager shall employ a collection agency at Owner's expense (which shall not be more than fifty percent (50%) of amounts due and actually collected) to pursue payment collection and shall utilize legal counsel only if a tenant refuses to vacate an apartment unit following proper notice. The commencement of any litigation, other than an eviction action, shall require the prior written approval of Owner. In connection with all suits or proceedings, only legal counsel designated by Owner shall be retained, but Property Manager shall recommend legal counsel and furnish Advisor with the estimated costs of legal services to be incurred in bringing such suit or proceeding. Furthermore, Property Manager and its employees, agents and contractors shall conduct the foregoing activities in strict accordance with, and subject to all restrictions and requirements of, the federal Fair Debt Collection Practices Act and any and all other federal, state and local laws and regulations applicable thereto.

2.2.6 Maintenance.

(a) Property Manager shall maintain or cause to be maintained (to the extent not maintained by tenants) the Property and common areas thereof, external and internal, in good, safe and clean condition and repair as a first-class apartment complex, including without limitation all pools, laundry rooms, clubhouses, gymnasiums, leasing offices, sidewalks, signs, mechanical, electrical and other systems, parking lots and landscaping; provided, however, that no maintenance expenses, repairs or alterations which are not specifically identified in the Approved Operating Budget shall be incurred or undertaken without the prior written consent of Advisor. Property Manager also shall institute and effectuate a preventative maintenance program. If Owner so elects in its sole and absolute discretion, all maintenance, repairs or alterations requiring expenditures in excess of \$25,000 shall be planned and supervised by an architect, designer, inspector, engineer, construction manager or general contractor selected by Owner in its sole and absolute discretion. If Advisor requests, Property Manager shall recommend qualified persons to provide such services.

(b) Notwithstanding anything to the contrary in this Agreement, in the event of an emergency in which there is an immediate danger to persons or property or in which action is required in order to avoid suspension of services, Property Manager shall take such action as is reasonable and prudent under the circumstances. Property Manager shall be reimbursed promptly for any reasonably necessary expenses incurred in such action, even if not in an Approved Operating Budget or Approved Capital Budget, so long as Property Manager attempts to consult with Advisor in advance and, in any event, notifies Advisor within 48 hours of taking such action explaining the reasons therefor.

2.2.7 Contracts. Property Manager shall negotiate and, with Advisor's prior written approval, execute all necessary or desirable utility, supply, service, vending and related contracts and equipment leases for the Property. Property Manager shall not execute any contract or other agreement affecting the Property without Advisor's prior written consent; provided, however, that Advisor's consent shall not be required with respect to any utility or service contract which (a) is entered into in the usual course of business, (b) has a term of one year or less, and (c) is specifically provided for in the Approved Operating Budget. Without limiting the foregoing, each contract or agreement executed by Property Manager pursuant to this Section 2.2.7 shall contain a 30-day (or shorter) cancellation clause exercisable by Owner without cause and without penalty or fee, unless otherwise approved in writing by Advisor. All such utility, supply, service, vending and related contracts and equipment leases shall be in the name of Owner and executed by Property Manager as agent on behalf of Owner. Property Manager shall not enter into any contracts or agreements with its' Affiliates relating to the Property without disclosing the nature of the relationship to Advisor and obtaining Advisor's prior written approval. Property Manager shall obtain at least three written estimates from qualified bidders for any contract if the cost of the contract is reasonably expected to exceed \$25,000.

2.2.8 Purchase. Property Manager shall supervise and purchase or arrange for the purchase of all reasonable inventories, provisions, supplies and operating equipment which are provided for in the Approved Operating Budget or otherwise specifically approved by Advisor in writing. To the extent available, Property Manager shall turn over to or obtain for Owner all volume purchasing benefits and discounts available to Property Manager, Advisor or properties of the size and class of the Property and shall turn over to Owner all such benefits and discounts received by Property Manager.

2.2.9 Operating and Capital Expenses.

(a) Property Manager shall pay, in a commercially reasonable manner, all normal operating expenses of the Property as specifically provided in the Approved Operating Budget (and not paid directly by tenants) with funds from the Disbursement Account (as defined in Section 7.2).

(b) Property Manager shall recommend that Owner purchase major items of new or replacement equipment when Property Manager believes such purchase to be necessary or desirable. Owner may arrange to purchase and install such items itself or may authorize Property Manager to do so (subject to any supervision and specification requirements and conditions prescribed by Advisor). Property Manager shall obtain at least three written estimates from qualified bidders for any capital improvement project if the cost of the project is reasonably expected to exceed \$25,000. If Owner so elects in its sole and absolute discretion, any capital improvement project costing more than \$25,000 shall be planned and supervised by an architect, designer, inspector, engineer, construction manager or general contractor selected by Owner in its sole and absolute discretion. If Advisor requests, Property

Manager shall recommend qualified persons to provide such services. All payments for capital expenditures shall be approved in advance by Advisor in writing. Unless specifically included in the Approved Capital Budget or permitted under subsection 2.2.6(b), all capital expenditures must be authorized in writing by Owner in advance.

2.2.10 Energy Management. Property Manager shall provide proper energy management and utilize utility conservation techniques.

2.2.11 Security. Property Manager shall determine whether or not a security program is necessary or appropriate for the Property and, if so, establish and maintain such a program adequate for the needs of the Property and its residents. Property Manager shall promptly notify Advisor of any incidents or conditions which reflect on or affect the adequacy of the security provisions for the Property and shall make recommendations to Advisor in connection therewith.

2.2.12 Taxes. Property Manager shall obtain and verify bills for real estate and personal property taxes, sales taxes on rental payments, improvement assessments or bonds and other like charges which are or may become liens against all or any part of the Property (collectively, "Taxes"). Property Manager shall pay all bills for Taxes prior to delinquency unless otherwise instructed by Owner or Advisor.. Alternatively, Advisor may elect to pay some or all bills for Taxes. In such event, Property Manager shall remit all bills for Taxes to Advisor not less than 30 calendar days prior to the date such Taxes would become delinquent and shall pay only those tax bills designated by Advisor. If Owner elects to contest any Taxes, Advisor or Owner shall notify Property Manager and Property Manager shall not pay the Taxes until directed by Owner or Advisor.

2.2.13 Compliance with Owner's Obligations. Property Manager shall operate the Property in compliance with all terms and conditions of any ground lease, space lease, mortgage, deed of trust or other security instrument affecting the Property, if any, of which Property Manager has knowledge. Property Manager shall not make payments on account of any ground lease, space lease, mortgage, deed of trust or other security instrument affecting the Property, if any, unless specifically instructed to do so by Owner in writing.

2.2.14 Licenses and Permits. Property Manager shall obtain, at Owner's expense, all licenses, permits, certificates, consents, approvals or other entitlements required for the operation of the Property (collectively, "Licenses"). Property Manager shall provide Advisor with copies of all completed initial or renewal License applications for Advisor's approval and Owner's signature, if necessary, not less than 30 days prior to the date such applications are due. All Licenses shall be obtained in Owner's name whenever possible. Any Licenses obtained in the name of Property Manager shall be held on behalf of Owner, and upon termination of this Agreement, Property Manager shall transfer or assign all such Licenses to Owner or to such person as Owner may direct at no cost to Owner.

2.2.15 Notice and Cooperation in Legal Proceedings. Owner and Property Manager each shall give prompt notice to the other of the commencement of any action, suit or other legal proceeding against Owner or against Property Manager with respect to the operations of the Property or otherwise affecting the Property. Property Manager shall fully cooperate, and shall cause all its employees to fully cooperate, in connection with the prosecution or defense of all legal proceedings affecting the Property.

2.2.16 Construction Facilitation. Property Manager shall be responsible for (a) coordinating and facilitating the planning, and (b) facilitating the performance, of all construction (including without limitation all maintenance, repairs and alterations described in Section 2.2.6, capital improvement projects described in Section 2.2.9, tenant improvements, tenant refurbishments and common area refurbishments) required to be constructed by Owner after the Effective Date (collectively, "Construction Projects"), regardless of whether or not any such Construction Project arises out of a lease executed prior to the Effective Date. Such coordination and facilitation services shall include, for example and not by way of limitation, retaining architects, engineers or other consultants, assisting in the development of repair, capital improvement or tenant space plans, cost estimating, advising Owner with respect to the need for a general contractor, construction manager or other consultant, posting (and recording if necessary or desirable) appropriate notices of non-responsibility, providing notices of construction to affected tenants and mitigating the effects of construction on such tenants, and providing contractors, vendors and other Construction Project-related personnel with access to the Property, parking and staging areas and necessary utilities and services. Notwithstanding the foregoing, Owner and Property Manager shall enter into separate written agreement with respect to any such services requested by Owner from Property Manager related to non-routine capital projects (i.e. not typically occurring within a 5 year period) such as building expansions, upgrades or modernizations, fire or major damage restoration, or major repairs other than those specified in Exhibit B attached hereto..

2.2.17 General. Property Manager shall provide such direction, supervision, professional management and in-house consulting staff services as may be necessary or desirable to operate the Property in a manner at least equal to that which is customary and usual in the operation of other properties of substantially comparable location, class, size and standing, and shall provide such services for the Property as are consistent with the Property's size and existing facilities.

2.2.18 Sufficient Funds. Owner shall provide sufficient funds to enable Manager to pay all obligations of the Property in a timely manner. In instances where collections are projected to be insufficient, Owner shall provide Manager the necessary funds within two (2) business days of written or verbal notice by Manager. Except as set forth herein, nothing herein shall be construed to require Manager to expend or advance Manager's own funds in carrying out or meeting the responsibilities of Manager as set forth in Article 2 hereof. It is expressly agreed and understood that in meeting such responsibilities, Manager will only be required to expend or advance such funds of Owner, if any, held in the Operating Account. The preceding notwithstanding, should a deficit occur in the Operating Account of Owner, upon notification of Owner by Manager, Owner shall immediately remit to Manager sufficient funds to eliminate any deficits to pay all current and past due obligations of the Property incurred in accordance with the terms set forth herein. If sufficient funds are not timely available to pay obligations of the Property, Property Manager may exercise its sole and absolute discretion in determining, which obligations to pay or not to pay.

### ARTICLE 3    COMPENSATION AND EXPENSES OF PROPERTY MANAGER.

#### 3.1. Management Fees.

3.1.1 Property Management Fee. As full and complete compensation for all services to be provided by Property Manager under this Agreement, Owner shall pay to Property Manager a



monthly sum equal to [REDACTED] actually collected for the Property in each month during the Term. The Management Fee shall be payable monthly, one month in arrears, commencing upon the last day of the first full month of the Term. The Gross Monthly Collections for any partial month during the Term shall be prorated, and the Management Fee shall be payable only upon that portion of the Gross Monthly Collections allocable to that part of the month during the Term. The Management Fee will not include, and Property Manager shall be entitled to request additional reasonable market fees for, additional services beyond those expressly provided herein, such as brokerage commissions for sales of property or mortgage services, construction management or development services for capital projects in the nature of property expansions or replacements after major casualty, additional accounting or tax services, or attendance or conduct of public zoning or administrative hearings.

3.1.2 Construction Facilitation Management Fee. Owner shall pay Property Manager construction facilitation management fees equal to [REDACTED] incurred for the projects at the Property included in Exhibit B attached hereto, which fees shall be paid as such costs are incurred; provided, however, no construction facilitation management fees shall be paid for the costs of such projects to the extent such costs exceed the amounts set forth in Exhibit B except to the extent such costs are incurred as a result of changes in the scopes of such projects. In no event shall Owner be obligated to pay construction facilitation management fees on any other projects at the Property than those specified in Exhibit B unless agreed to in writing by Owner in advance.

3.2 Costs and Expenses to be Borne by Property Manager. Except as otherwise provided in any Approved Operating Budget or this Agreement, Property Manager shall bear all costs and expenses incurred in rendering all overall supervisory, lease negotiation (exclusive of lease commissions and attorneys' fees), rent and other collection (exclusive of attorneys' fees and outside collection agency fees), lease enforcement (exclusive of court costs and attorneys' fees), lease termination (exclusive of court costs and attorney's fees), management, construction oversight and facilitation, accounting, bookkeeping, recordkeeping and other services to be rendered by Property Manager in connection with the operations of the Property, and no such costs or expenses shall be charged to Owner. Without limiting the generality of the foregoing, except as otherwise provided in any Approved Operating Budget, Owner shall not be responsible for any of the following costs and expenses:

3.2.1 All costs of gross salary and wages, payroll taxes, insurance, worker's compensation and other costs of Property Manager's office and executive personnel (other than full time or part time on-site personnel whose positions and salaries are specifically authorized in the Approved Operating Budget).

3.2.2 All costs incurred as a result of Property Manager's breach of this Agreement, the negligence or willful misconduct of Property Manager or any of its Affiliates, employees, independent contractors, agents or other representatives performing services in connection with this Agreement; provided, however, that Owner and Property Manager understand and agree that Owner intends Property Manager itself to perform the services required to be performed by Property Manager under this Agreement, including without limitation those services specified in Section 2.2, unless Advisor approves in writing (whether in the Approved Operating Budget or otherwise) the hiring of an independent contractor, agent or other representative who is not an employee (a "Third Party Contractor") to perform a specific task or service. In the event that Advisor so authorizes the hiring of a Third Party Contractor

to perform a specific task or service, and Property Manager complies with its obligations to (a) exercise reasonable care in selecting a qualified, competent and trustworthy person or business entity to perform such tasks or services (as set forth in Section 4.1.1), and (b) supervise the activities and performance of such Third Party Contractor (as set forth in Sections 2.2.1 and 2.2.17), Property Manager shall not be liable under this Section 3.2.2 for costs incurred as a result of the negligence or willful misconduct of such Third Party Contractor.

3.2.3 All costs of forms, accounting materials, administrative materials, papers, ledgers and other supplies and equipment used in the Records Office and any other Property Manager's office, all costs of Property Manager's data processing equipment located at the Records Office and any other Property Manager's office and all costs of data processing provided by computer service companies to the Records Office and any other Property Manager's office.

3.2.4 Subject to 3.2.7 below, all costs, including software costs, of Property Manager's bookkeeping and accounting relating to the Property.

3.2.5 All transportation costs.

3.2.6 All costs described in Section 3.3.

3.2.7 The Property Manager is required to use software systems as prescribed by the Advisor, which may include, but are not limited to, the following:

- Yardi accounting related software(s) or system(s) (the startup cost and monthly costs are to be paid for by the Property Manager)
- Real Page Leasing and Rents (the cost of which, to be paid by the property)
- Yieldstar (the cost of which, to be paid by the property)
- Kardin Budgeting (the cost of which, to be paid by the property)

3.3 Non-Customary Services. Notwithstanding anything in this Agreement to the contrary, Property Manager and its affiliates shall not furnish or render services to the tenants of the Property other than those services customarily furnished to tenants of similar properties unless (a) Property Manager makes separate, adequate charges to tenants for such services, (b) such charges are received and retained by Property Manager, (c) Property Manager bears the cost of providing such services, and (d) Property Manager first obtains Advisor's written consent. For purposes of this Section 3.3, it is agreed that maintenance, trash collection, janitorial services and cleaning services, the furnishing of water, heat, light, air conditioning, public entrances and exits, guard or security services and parking facilities are examples of services customarily furnished to the tenants of similar properties. In no event shall Property Manager or its affiliates offer any services to tenants at the Property for which the Property Manager will be compensated by the tenants or others without the prior written approval of Owner.

#### ARTICLE 4 PERSONNEL.

4.1 Stability of Management Team. Owner and Property Manager recognize the benefits inherent in promoting stability in the management team engaged in the operation of the Property.

4.1.1 Property Manager shall use reasonable care to select qualified, competent and trustworthy employees and independent contractors and shall conduct background checks on all employees providing services in connection with the Property. Subject to the provisions of this Section 4.1 and Section 10.2.13, the selection, terms of employment (including without limitation compensation and duration of employment), supervision, training and assignment of duties of all employees of Property Manager providing Property-related services shall be the duty and responsibility of Property Manager. All personnel providing the Property-related services described in this Agreement shall be the employees or contractors of Property Manager; provided, however, if Advisor is not satisfied with the performance of Property Manager's key personnel located at the Property, then Advisor shall have the right to require that such key personnel no longer perform work for the Property.

4.1.2 Property Manager shall employ, at Property Manager's sole cost and expense, at least the following personnel for the Property:

(a) A regional manager who supervises the management of the property and who shall be subject to the reasonable approval of Owner; and

(b) An accountant or bookkeeper, who shall be a part of Property Manager's in-house staff and who may work from a central location.

4.2 Affiliates. Property Manager shall not contract for outside services for the Property with any Affiliate of Property Manager without Advisor's prior written consent, which consent may be granted or withheld in Advisor's sole and absolute discretion.

## ARTICLE 5 COMPLIANCE WITH LAWS.

5.1 ~~Compliance.~~ Property Manager shall abide by and comply fully with any and all laws, rules, regulations, requirements, orders, notices, determinations and ordinances of any federal, state or municipal authority with jurisdiction over Property Manager or the Property (collectively, "Applicable Laws"), including, without limitation, the federal Occupational Safety and Health Act (OSHA) statutes, rules and regulations, and all requirements of the insurers of the Property and Owner's liabilities with regard thereto. If the cost of compliance in any instance is not provided for in the Approved Operating or Capital Budget and is reasonably anticipated to exceed \$25,000, Property Manager shall notify Advisor promptly and obtain Advisor's written approval prior to making the expenditures.

5.2 Notice. Property Manager shall notify Advisor of any alleged violation of any applicable law affecting the Property immediately upon becoming aware of same.

## ARTICLE 6 FINANCIAL REPORTING AND RECORDKEEPING.

6.1 Books of Accounts. Manager, in the conduct of its responsibilities to Owner, shall maintain adequate and separate complete books and records for each Property, the entries to which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded to each Property, including:

- a. tenant files, including copies of executed leases, lease abstracts, lease amendments, original insurance certificates, correspondence, and current rent roll;
- b. Maintenance and repair files;
- c. Accounting books and records and supporting documentation;
- d. Construction files, competitive bid records, including site plans, as-built drawings, tenant space plans, construction specifications, and capital improvements schedules and information;
- e. Operation files, including HVAC maintenance schedules, warranties, and operation manuals;
- f. Service contracts, including cleaning, maintenance, landscaping, snow removal, trash removal, etc.;
- g. Permits and licenses;
- h. Copies of insurance certificates; and
- i. Such other information as Owner requests from time to time.

Such books and records shall be the property of Owner, shall be subject to the confidentiality provisions set forth herein and shall be maintained by Manager at the applicable Property or at such other location as may be mutually agreed upon in writing. Manager shall take reasonable precautions to insure that there is no unauthorized access to or loss of such books and records, and Manager shall maintain a back-up copy of all such books and records at an off-site location which shall be updated at least once per week. Upon termination of this Agreement, Manager shall either deliver such books and records, including electronic copies of any data stored on computers, to Owner or leave them at the Property as Owner may direct; provided, however, Manager shall continue to provide accounting services related to management services previously provided by Manager, as reasonably requested by Owner for a period of up to ninety (90) days after this Agreement is terminated.

6.2 Account Classification. Manager shall utilize the chart of accounts provided by Owner for each Property, replicating exact account numbers and account descriptions as provided by Owner. No other accounts in addition to the chart of accounts provided by Owner shall be used by Manager for the Property.

6.3 Financial Reports. Owner and Manager shall agree on the monthly accounting period, and Manager shall furnish summary reports, in form acceptable to Owner, of all transactions occurring from the first day of the prescribed monthly accounting period to the last day of the prescribed monthly accounting period. Such monthly reports shall be delivered to Owner by the earlier of 1) the tenth (10th) day of the following month or 2) the tenth (10th) day after the early reporting cutoff period, if applicable, except for the last month of each calendar quarter where they shall be delivered by the earlier of 1) the fifth (5th) day of the following month or 2) the fifth (5th) day after the early reporting cutoff period, if applicable. These

reports shall show all collections, delinquencies, uncollectible items, and other matters pertaining to the management, operations, and maintenance of each Property during the prescribed monthly accounting period. Manager shall also provide a cash roll forward schedule on a quarterly basis in substantially the form of the cash roll forward schedule previously provided by Owner's advisor to Manager, which specifically identifies and details the accounting treatment of any cash receipts received or cash disbursements made during the period from an early reporting cutoff period to the last day of the quarter; provided, however, this schedule shall only be required if Owner approves an early reporting cutoff period other than the last day of the month. In addition, Manager upon Owner's written request from time to time shall prepare such other reports as Owner may reasonably require or desire. All reports provided by Manager hereunder shall be certified by Manager as being true, correct and complete in all material respects. Manager also agrees to promptly respond to any inquiries or requests for information that may occur from time to time with respect to Owner's annual external audit of the Property, either directly to Owner or, if directed to do so by Owner, to the Owner's external audit firm. Manager shall also be responsible for the preparation of all forms, reports and tax returns, including personal property and sales tax reports, required to be filed or prepared on behalf of Owner in connection with the Property by any local, state, federal or other governmental authority, other than net income tax returns. Unless different software is required by Owner, Manager shall use Kardin software for preparing budgets and Yardi Voyager software for accounting.

6.4 Supporting Documentation. As additional support to the monthly financial statement, Manager shall keep and make available to Owner upon its request:

- (a) All bank statements, bank deposit slips and bank reconciliations,
- (b) Detailed cash receipts and disbursement records,
- (c) Detailed trial balance,
- (d) General ledger listing, including transaction level detail,
- (e) A detailed statement setting forth the calculations made in computing the fees earned or paid to Manager hereunder for such month, including all supporting documentation;
- (f) Supporting documentation for payroll, payroll taxes and employee benefits of all personnel listed on Schedule B;
- (g) Supporting work papers for all balance sheet accounts;
- (h) Operating report itemizing and explaining major variances between actual operating results and the annual operating budget; A report re-forecasting net operating income and net cash flow for the Property through the end of the then current fiscal year, based upon actual results and the forecasted activity through the end of the then current fiscal year;
- (j) Any other financial or operating information which may be reasonably required from time to time by Owner; and

(k) All invoices.

6.5 Accounting Principles. All financial statements and reports required by Owner will be prepared on an accrual method of accounts in accordance with generally accepted accounting principles, including straight-line rent adjustments to the extent requested by Owner, or with such other methods as Owner may from time to time request in writing. In addition, Owner from time to time may request that specific accrual method journal entries be recorded by Manager to the financial statements and reports; and Manager agrees to record such journal entries in a reasonable period of time.

6.6 Inventory. Manager shall at all times maintain a current inventory of all personal property at the Property which is owned by Owner and shall deliver a copy of such inventory to Owner upon request.

6.7 Reprorations. At the request of Owner, Manager shall assist Owner in the reproration of income and expenses for the Property which were prorated between Owner and the party which sold the Property to Owner and shall assist Owner in collecting and/or paying such reprorations.

6.8 Accounting and Taxable Year. The accounting and taxable year of the Property shall be January 1 through December 31 unless otherwise determined by Owner

6.9 Right to Audit. Owner reserves the right for Owner's employees, and others appointed by Owner, to conduct examinations, during regular business hours and following reasonable written notice to Manager, of the books and records maintained for Owner by Manager no matter where the books and records are located. Owner also reserves the right to perform any and all additional audit tests relating to Manager's activities either at the Property or at any office of the Manager during regular business hours and following reasonable written notice to Manager; provided such audit tests are related to those activities performed by Manager for Owner. Should Owner's employees or agents discover either weaknesses in internal control or errors in recordkeeping, Manager shall correct such discrepancies either upon discovery or within a reasonable period of time, and Manager shall reimburse Owner for the cost of the audit if the discrepancy exceeds two percent (2%) of the amount being audited. Manager shall inform Owner in writing of the action taken to correct such audit discrepancies. Any and all such audits conducted by Owner or its agents will be at the sole expense of Owner. Early Reporting Cut-off Period. Until otherwise notified by Owner, there shall be no early reporting cut-off period for financial reporting hereunder, and Property Manager shall cut off reporting on the Property's operating activity as of the end of each monthly reporting period; provided, however, Owner reserves the right to institute an early reporting cut-off period upon reasonable prior notice to Manager.

## ARTICLE 7 BANK ACCOUNTS.

### 7.1 Operating Account.

Advisor shall establish a depository account (the "Depository Account") at a bank selected by Advisor in the name designated by Owner; and Property Manager shall deposit all property receipts, including, but not limited to rent, parking fees, expense reimbursements, security deposits and all other revenues, income and other receipts relating to the Property, into the Depository Account. In addition, Property Manager shall establish a bank account (the "Operating Account") at a bank selected by Advisor

in the name designated by Owner; and Property Manager shall assist Advisor in setting up the Operating Account in Advisor's Yardi system. Advisor shall deposit funds into the Operating Account from time to time at the written request of Property Manager which are needed to pay cost and expenses of the Property in accordance with the terms of this Agreement, such written requests to be in a format required by Advisor and shall be subject to Advisor's approval. Funds in the Operating Account shall be held in trust for Owner, and interest on funds in the Depository Account and in the Operating Account will accrue to the benefit of Owner. Only authorized employees of Advisor shall be signatories on the Depository Account, but employees of Property Manager shall be given "read only" access to the Depository Account. Only the employees of the Property Manager specifically authorized by Property Manager and approved by Advisor shall have authority to write checks from the Operating Account on behalf of Property Manager, but Advisor shall be given access to the Operating Account for purposes of verifying transactions in and out of the Operating Account. Property Manager shall not under any circumstances write a check payable to or in favor of Property Manager or any Affiliate of Property Manager other than (a) to reimburse itself or an Affiliate for expenditures made on behalf of Owner and approved in advance in writing by Advisor, or (b) to pay itself the Management Fee payable under Section 3.1. All checks in excess of \$10,000 shall require two signatures from the Property Manager. Property Manager shall not issue a check for more than \$25,000 without the prior written authorization of Advisor. All funds in the Operating Account shall at all times be and remain the property of Owner. No funds which are unrelated to the Property shall in any way be commingled with the funds in the Operating Account. Property Manager shall be responsible for preparing monthly bank reconciliations for the Depository Account and Operating Account.

7.2. Expenses Paid from Operating Account. The following costs shall be paid directly from the Operating Account:

(a) Any and all costs necessary for the management, operation and maintenance of the Property, so long as such costs are provided for and are within the limits of the Approved Operating Budget or are specifically authorized in writing by Advisor;

(b) Any and all capital expenditures, so long as such costs are provided for and are within the limits of the Approval Capital Budget or are specifically authorized in writing by Advisor; and

(c) Any and all costs necessary to handle emergencies as described in Section 2.2.6.

Except as may be necessary to handle an emergency as described in Section 2.2.6, Property Manager shall not be obligated to make any advance to or for the account of Owner or to pay any sums except out of funds in the Operating Account.

7.3 Transfer of Funds. On dates to be determined by Advisor and communicated to Property Manager by written notice, Property Manager shall remit to Owner the cash balance in the Operating Account after deducting the minimum working capital amount specified by Advisor. Property Manager shall remit to Owner all funds in excess of the minimum working capital amount specified by Advisor by deposit to an account to be designated by Advisor in writing. If more than one Property is managed under this Agreement and separate bank accounts are maintained for each Property, Owner will issue a separate letter of instruction for transfer of funds for each Property.

7.4 Segregation of Accounts. In each instance where Property Manager manages several Properties for Owner, Property Manager shall segregate the income and expenses of each Property so that gross income from each Property will be applied only to the bills and charges from that Property.

7.5 Security Deposit Account. Where law requires that tenant security deposits be separately maintained, a separate account (or separate interest bearing account) will be opened by Advisor at a bank selected by Advisor. Such account shall be maintained in accordance with applicable law. The account will be used only for maintaining tenant security deposits. The name of the account shall be designated by Advisor in writing. Property Manager shall maintain detailed records of all security deposits deposited in such account, and such records will be open for inspection by Owner's or Advisor's employees or appointees. Property Manager shall comply with all statutory requirements, if any, relating to the return of security deposits.

7.6 Change of Banks. Owner or Advisor may direct Property Manager from time to time to change a depository bank or the depository arrangements.

7.7 State or Local Banking Laws, Regulations and Requirements. Where state or local banking laws, regulations or requirements are applicable, Owner and Manager shall establish and maintain all bank accounts in accordance with such laws, regulations and requirements but in a manner which, to the extent possible, is consistent with the provisions of this Article 7.

## ARTICLE 8 INSURANCE AND INDEMNITY.

### 8.1 Indemnification.

8.1.1 Owner will indemnify, defend and hold Property Manager, its managers, members, directors, officers, agents, servants, employees and affiliates harmless from and against any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorneys' fees and court costs, to which Manager may become liable or subject by reason of or arising out of those Claims (collectively, "Claims Costs") to which Manager may become liable or subject by reason of or arising out of Manager's performance of its obligations under this Agreement, except to the extent Manager owes Owner an indemnity in accordance with the remainder of this Section 8.1. Property Manager shall indemnify, defend and hold Owner harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorney's fees and court costs, sustained or incurred by or asserted against Owner by reason of or arising out of Property Manager's breach of this Agreement or Property Manager's negligence or willful misconduct or notwithstanding any other provisions of this Agreement to the contrary, each party's obligations under this Section 8.1 shall survive the expiration, termination or cancellation of this Agreement.

8.1.2 The rights and obligations of indemnity described in this Section 8.1 shall not be exclusive and shall be in addition to such other rights and obligations as may be otherwise available at law or in equity.

### 8.2 Property Manager's Insurance Responsibility.



8.2.1 Property Manager shall maintain the following insurance coverages (with deductibles, if applicable, in amounts reasonably acceptable to Owner) at all times during the Term:

(a) Worker's compensation insurance at no less than statutory requirements, and employer's liability insurance with a limit of not less than [REDACTED] each coverage and policy limit, which shall contain waivers of subrogation against Owner,

(b) Non-occupational disability insurance when required by law;

[REDACTED]

(d) Business Auto liability insurance covering owned, hired and non-owned vehicles, with separate coverage in an amount not less than [REDACTED] combined single limit for bodily injury and property damage per accident; and

(e) Real Estate Manager's Errors and Omissions insurance coverage with a minimum annual aggregate amount in an amount not less than [REDACTED]. The retroactive date of such coverage (if any) shall be no later than the effective date of this agreement and shall be maintained for not less than two years following termination of this Agreement.

(f) Comprehensive crime insurance in an amount not less than [REDACTED] which shall name Owner as loss payee

8.2.2 Property Manager shall deliver to Advisor, within three days after the Effective Date, certificates of insurance that all required insurance is in full force and effect at all times. Property Manager shall also deliver to Advisor the applicable portions of any policy which are requested by Advisor to the extent Advisor needs them in connection with any claims. All policies required under Section 8.2.1 shall provide that Advisor be given not less than 30 days' advance notice of any proposed cancellation or non-renewal of coverage below the limit required. The liability policies required under subsections 8.2.1(c) and 8.2.1 (d) shall name Owner and Advisor as additional insureds. All liability insurance required under Section 8.2.1 shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned, which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. Such liability policies also shall contain endorsements which (a) delete any employee exclusion on personal injury coverage, (b) include employees as additional insureds and (c) contain cross-liability, waiver of subrogation and such other provisions as Owner may reasonably require. Such insurance also shall include broad form contractual liability insurance coverage insuring all of Property Manager's indemnity obligations to Owner pursuant to this Agreement.

8.3 Contract Documents; Indemnity Provisions. Property Manager shall use its best efforts to include provisions in all Property-related service and supply contracts prepared or executed by Property

Manager requiring the Third Party Contractor, to maximum extent permitted by law, to indemnify, defend (with counsel reasonably acceptable to the respective indemnitee), protect and hold Property Manager, Advisor and Owner harmless from and against any and all Damages in any manner related to, arising out of and/or resulting from any damage to or injury to, or death of, persons or property caused or occasioned by or in connection with or arising out of any acts or omissions of the Third Party Contractor or its employees, agents or contractors. If Property Manager is unable to include such provisions, it shall notify Advisor in advance and obtain Advisor's prior written approval.

8.4 Approval of Insurance Companies. All insurance required to be carried by Property Manager shall be written with companies licensed to do business in the state in which the Property is located and having a policy holder and asset rate, as circulated by Best's Insurance Reports, of A-VII or better, or as otherwise approved by Advisor.

8.5 Owner's Insurance Responsibility.

8.5.1 Owner shall maintain during the Term all of the following insurance coverages:

(a) All-risk property damage insurance and loss of rents insurance coverage on the Property, and Owner hereby waives all rights of subrogation against Property Manager for any damage to Owner's property caused by a fire or other casualty covered by such insurance; and

(b) Commercial general liability insurance coverage with a general aggregate limit of not less than [REDACTED] Property Manager shall be insured under Owner's commercial general liability insurance policy for actions within the scope of Property Manager's authority as set forth in this Agreement. Property Manager shall be named as additional insured on Owner's commercial general liability insurance policy. Manager shall be an additional insured in all commercial general liability insurance maintained with respect to the Property. All such commercial general liability policies shall be primary and non-contributory with any liability insurance carried by Manager with respect to any claims arising out of the performance or non-performance of Manager's duties and activities within the scope of this Agreement or arising from any action or activity on, or condition of, the Property unless such claims are due to the negligence or willful misconduct of Manager.

8.5.2 Owner shall have the right, in its sole and absolute discretion, to self-insure all or any part of the coverages required to be carried by Owner. If Owner elects to self-insure, Property Manager shall be insured under Owner's plan of self-insurance to the same extent Property Manager would have been insured if Owner purchased the insurance policies described in Section 8.5.1.

8.6 Insurance Requirements for Contractors. Property Manager shall obtain certificates of insurance from all independent contractors, subcontractors, and service providers permitted onto the Property by Property Manager with limits and coverages specified in Exhibit A attached hereto. All general liability insurance and excess liability insurance described in Exhibit A shall, without liability on the part of Owner, Advisor or Property Manager for premiums, include Owner, Property Manager and Advisor as additional insureds. Each of the above policies will contain provisions giving Owner and each of the other additional insureds at least thirty (30) days prior written notice of cancellation or reduction in coverage below the limits required. The liability insurance required shall be primary and non-contributory to any insurance maintained by Owner or Property Manager. Such insurance shall be

placed with insurance companies licensed, or authorized, to do business in the state where the Property is located, with a minimum Best's Rating of A-VIII or better, or as otherwise approved by Advisor. Property Manager must obtain the Advisor's prior written approval to reduce any of the above requirements. The Property Manager shall, unless waived in writing by Owner, obtain, and keep on file, certificates of insurance evidencing all coverage's required prior to commencement of work or services, and prior to each policy renewal thereafter from all contractors permitted on the Property by Property Manager.

(a) Manager shall confirm that all insurance requirements are being evidenced through appropriate insurance certificates and required endorsements, such certificates are being provided by all tenants, contractors, subcontractors and service providers under their respective agreements relating to the Property and, to the extent applicable and to the extent permitted under their applicable leases or other contracts, will incorporate the insurance requirements contained in the most current operational guidelines adopted by Owner. The initial set of these operational guidelines are set forth in Exhibit A (depending on how the Property is classified). Any deviation from the requirements under the guidelines (including deviations that are contained in service contracts that Manager is negotiating for the Property) will require a written waiver from Owner, in accordance with the guidelines. Without limiting the foregoing, prior to allowing any such parties to enter the Property, Manager shall obtain such insurance certificates and required endorsements from such parties and shall keep such insurance certificates updated and on file at the Property. Contractors, subcontractors, consultants, service providers and tenants engaged in certain types of "high risk" activities may (in the case of tenants, to the extent permitted under their leases) be required to provide and maintain larger limits or additional insurance coverages beyond what is outlined in Exhibit A which is attached hereto and incorporated herein by reference. Manager shall consult with Owner and follow agreed upon (or Owner required) directives on the appropriate coverage requirements for these high risk activities.

#### 8.7 Property Manager's Duties in Case of Loss.

8.7.1 Property Manager shall notify Advisor immediately of any fire or other damage to any part of the Property. In the event of any serious damage to any part of the Property, Property Manager shall telephone Advisor so that an insurance adjuster may view the damage before repairs are started. Property Manager shall telephone Advisor immediately if any hazardous substances or other contaminants are released on, about, under or in the vicinity of the Property. Property Manager shall not settle any losses, complete loss reports or adjust losses on behalf of Owner or meet with any federal, state or local regulatory agency without the prior written consent of Advisor. In addition, Property Manager shall discuss with Advisor and obtain Advisor's approval of the accounting for any transactions resulting from insurable events involving the Company.

8.7.2 Property Manager shall notify Advisor promptly of any significant personal injury or property damage occurring to or claimed by any tenant or third party on or with respect to any part of the Property. Property Manager shall forward to Advisor immediately upon receipt copies of any summons, subpoena or other like legal document served upon Property Manager relating to actual or alleged potential liability of Owner, Property Manager or the Property.

8.7.3 Property Manager agrees to comply with the policies and procedures of the Owner relating to insurance, as amended from time to time (so long as Property Manager receives notice of such

amendments).

## ARTICLE 9 RELATIONSHIP OF PARTIES.

### 9.1 Representations and Warranties.

9.1.1 Property Manager's Expertise. Property Manager represents and warrants that it is a skilled, experienced and sophisticated professional in the field of residential apartment property management and leasing, and that it has all the expertise necessary to perform its obligations under this Agreement.

9.1.2 Property Manager's Authority. Property Manager represents and warrants that (a) Property Manager has full power, authority and legal right to execute, deliver and perform this Agreement and to perform of its obligations hereunder, and (b) the execution, delivery and performance of all or any portion of this Agreement do not and will not (i) require any consent or approval from any governmental authority, (ii) violate any provisions of law or any governmental order, or (iii) conflict with, result in a breach of, or constitute a default under, the charter or bylaws of Property Manager or any instrument to which Property Manager is a party or by which it or any of its property is bound.

9.1.3 Owner's Authority. Owner represents and warrants that it has full power, authority and legal right to execute, deliver and perform this Agreement, and is the sole owner of the Property.

Owner also represents and warrants to our actual knowledge and with no duty to investigate the following to Property Manager:

- (a) The Property is not in foreclosure (i.e. no Notice of Default or Notice of Sale has been recorded against the Property), and Owner is current on all mortgage and tax payments;
- (b) The Property is in compliance with applicable law;
- (c) Except as disclosed to Property Manager in writing, the Property does not contain hazardous or toxic materials (including, but not limited to, asbestos, lead, radon gas, or mold) in violation of applicable laws; and
- (d) Owner is not aware of any unsafe conditions on the Property.

9.1.4 Reliance. Property Manager acknowledges and agrees that Owner is relying upon the representations and warranties set forth in Sections 9.1.1 and 9.1.2 in entering into this Agreement, and Owner acknowledges and agrees that Property Manager is relying upon the representations and warranties set forth in Section 9.1.3 in entering into this Agreement.

9.2 Nature of Relationship. In taking any action pursuant to this Agreement, Property Manager shall be acting solely as an independent contractor, and nothing in this Agreement, express or implied, shall be construed as creating a partnership, joint venture, employer-employee or principal-agent relationship between Property Manager (or any person employed by Property Manager) and Owner, or

any other relationship between the parties hereto, except that of property owner and independent contractor.

9.3 Communications Between Parties. Owner relies on Property Manager to direct and control all operations at the Property; provided, however, that Owner and Advisor reserve the right to communicate directly with the manager specified in subsection 4.1.2(a), Property Manager's accountant(s) working on Property matters, all tenants, tenants' representatives and prospective tenants, all advertising, management, cleaning and servicing firms doing Property-related work and all parties contracting with Owner or Property Manager with respect to the Property.

9.4 Relationship of Owner and Property Manager with Respect to Leasing.

9.4.1 Property Manager shall not be entitled to any commission or other fee in connection with the leasing of apartment units in the Property. On-site employees of Property Manager shall be entitled to receive incentive leasing bonuses if, and to the extent, included in the Approved Operating Budget. Property Manager shall procure references from prospective tenants, investigate such references in compliance with applicable laws, including credit checks and other sources, and shall use commercially reasonable judgment in the selection and screening of prospective tenants; and Property Manager's selection and screening process for prospective tenants shall be subject to the approval of Owner. As soon as practicable prior to any vacancy, Property Manager shall attempt to find a new tenant for the unit.

9.4.2 The parties intend that Property Manager shall be obligated to give available space in the Property exposure at least equal to the exposure Property Manager gives other available space in similar projects owned, leased, managed or operated by Property Manager or an Affiliate, and Owner shall have the right to terminate this Agreement pursuant to Section 10.2.2 if Property Manager fails to do so. The parties also intend that Property Manager shall be obligated to use reasonable efforts to retain existing tenants in the Property, and Owner shall have the right to terminate this Agreement pursuant to Section 10.2.3 if Property Manager fails to do so.

9.5 No Sales Brokerage Agreement. There are no sales brokerage agreements between Owner and Property Manager. Property Manager has no brokerage agreement or understanding (exclusive or otherwise) with respect to the sale of all or any part of the Property on behalf of Owner. In the event Owner effects a sale of all or any part of the Property, whether on its own or through the use of brokers or others, Property Manager shall not be entitled to any fee, commission or other compensation on account of such sale. Property Manager shall reasonably cooperate with any persons designated by Owner to handle the sale of the Property, including, without limitation, permitting such persons to exhibit the Property, supplying copies of documents requested by Owner, answering questions regarding the Property, providing rent rolls and lists of commission obligations requested by Owner which are certified by Property Manager as true and correct, assisting in obtaining estoppel certificates and other documents required from tenants, assisting in the preparation of prorations and sending notices to tenants regarding the sale of the Property, all under the direction of the Advisor.

9.6 Confidentiality. Except as may be otherwise required by law, Property Manager, Owner and Advisor shall maintain the confidentiality of all matters pertaining to this Agreement and all operations and transactions relating to the Property.

9.7 Property Manager Not to Pledge Owner's Credit. Property Manager shall not pledge the credit of Owner without Owner's prior written consent. Property Manager shall not, in the name or on behalf of Owner, borrow any money or execute any promissory note, installment purchase agreement, bill of exchange or other obligation.

9.8 Key Personnel. Owner has retained Property Manager in connection with the management and leasing of the Property based in significant part on the qualifications of the personnel providing management and leasing services on behalf of Property Manager as of the Effective Date. Accordingly, the parties intend that Owner shall have the right to terminate this Agreement upon the occurrence of any of the events described in Section 10.2.12.

9.9 Competitive Projects. Property Manager may, individually or with others, engage or possess an interest in any other projects and ventures of every nature and description, including, but not limited to, the ownership, financing, leasing, operation, management, brokerage, development and sale of real property and apartment projects other than the Property, whether or not such other ventures or projects are competitive with the Property, and Owner shall not have any right to the income or profits derived therefrom.

9.10 Additional Owner Obligations. Owner acknowledges and agrees to the following for benefit of Property Manager: (1) Owner will furnish the Property Manager with any documents or information reasonably requested by the Property Manager as necessary or appropriate for Property Manager to perform its duties hereunder; (2) Property Manager will not be responsible for any pre-existing environmental conditions at the Property; and (3) Property Manager's obligations hereunder will be contingent upon Owner providing sufficient funds, from Property revenues or other sources, for Property Manager to perform such obligations according to the terms hereof.

## ARTICLE 10 TERMINATION.

10.1 Termination by Owner Without Cause. This Agreement may be terminated by Owner without cause at any time upon 30 days' prior written notice to Property Manager. In the event Owner so terminates this Agreement, Property Manager shall be entitled, as its sole and exclusive remedy, to receive all Management Fees earned and unpaid as of the date of termination.

10.2 Termination by Owner for Cause. This Agreement may be terminated by Owner at any time during the Term upon written notice to Property Manager effective immediately, or on such later date of termination as may be stated in Owner's notice, for any of the causes set forth in this Section 10.2. In the event of a termination for cause, Property Manager shall be entitled, as its sole and exclusive remedy, to receive such earned and unpaid Management Fees as may remain, if any, after Owner has offset any damages or other amounts owed to Owner by Property Manager. The following shall constitute grounds for termination by Owner for cause:

10.2.1 If Property Manager fails to cooperate with Owner, Advisor or any third party brokers in connection with Property leasing;

10.2.2 If Property Manager, without the prior written consent of Advisor, directs a prospective tenant for the Property to another apartment complex owned, managed or operated by Property Manager or an Affiliate of Property Manager, unless the type of apartment unit desired by

the prospective tenant is not available at the Property;

10.2.3 If Property Manager, without the prior written consent of Advisor, (a) discusses with an existing tenant of the Property the possibility of the tenant leasing a unit in another apartment complex owned, managed or operated by Property Manager or an Affiliate of Property Manager without giving Advisor 10 days' prior notice of Property Manager's intention to hold such discussions, or (b) makes a specific lease proposal to the tenant with respect to leasing a unit in any such other apartment complex without providing Advisor with a reasonable prior opportunity to make a competing proposal to the tenant with respect to keeping the tenant in the Property, whether or not the tenant becomes a tenant of such other apartment complex;

10.2.4 If Property Manager commingles any Property-related funds with any other funds of Property Manager, or uses any Property assets for purposes unrelated to Property operations;

10.2.5 If Property Manager breaches its duty to Owner to operate and manage the Property in Owner's best interest;

10.2.6 Subject to fire, earthquake, acts of God, and other events beyond the control of Property Manager (which shall not include financial inability), and subject to the performance by tenants of their obligations under their leases, if Property Manager fails to maintain the operating assets of the Property in good working order or repair and to keep the Property properly clean, safe and free of debris, snow and ice;

10.2.7 If Property Manager suspends or discontinues business;

10.2.8 If a court enters a decree or order for relief in respect of Property Manager in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appoints a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of Property Manager or for any substantial part of Property Manager's property, or for the winding-up or liquidation of Property Manager's affairs, and such decree or order continues unstayed and in effect for a period of 60 consecutive days;

10.2.9 If Property Manager commences a voluntary case or action under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of Property Manager or for any substantial part of Property Manager's property, or makes any assignment for the benefit of creditors, or fails generally to pay its debts as such debts become due, or takes any action in furtherance of any of the foregoing;

10.2.10 If Property Manager fails to observe or perform any of its material obligations under this Agreement, and such failure continues for 10 days after written notice thereof has been given by Owner to Property Manager; provided, however, that if the breach is of a nature which cannot be corrected, cured or remedied, no 10-day cure period shall be required and Owner's termination shall be effective immediately upon notice (or on the later date stated in such notice);

10.2.11 If any fraud is perpetrated by Property Manager, or if any representation or warranty of Property Manager made in this Agreement or in any proposal, application, financial statement or other writing delivered by Property Manager at any time pursuant to this Agreement proves to have been incorrect, incomplete or misleading in any material respect when made;

10.2.12 If any of the following occurs:

(a) The departure of the person primarily responsible for supervising the day-to-day operations of Property Manager, who as of the Effective Date is Thomas Gibbons, if not replaced within 30 days by a new person with equal or better qualifications, taking into account such factors as expertise, overall supervisory management and leasing experience, experience in the market in which the Property is located, reputation and such other factors as Owner may deem relevant, and who is otherwise acceptable to Owner in its sole and absolute discretion; or

(b) The departure, within any consecutive 90-day period, of more than one-half of the non-clerical employees of Property Manager involved in the management, leasing and accounting of the Property; or

(c) If any Affiliate of Property Manager defaults on an obligation to Owner, and Owner thereupon elects to terminate any of those property management agreements with Property Manager's Affiliates which Owner then has the right to terminate without fee or penalty on not more than 30 days' notice (collectively, the "Terminable Affiliate Management Agreements").

### 10.3 Termination by Property Manager.

10.3.1 This Agreement may be terminated by Property Manager without cause at any time upon 60 days' prior written notice to Owner and Advisor. In the event of a termination by Property Manager without cause, Owner shall have the right, in its sole and absolute discretion, to unilaterally modify the termination date set forth in Property Manager's notice; provided, however, that the modified termination date shall be not earlier than 30 days (10 days for failure to maintain sufficient funds) after the date Property Manager's notice of termination was given and not later than the termination date set forth in Property Manager's notice.

10.3.2 Property Manager may terminate this Agreement upon the occurrence of a default by Owner hereunder; provided, however, in the event of such default, Property Manager first shall notify Owner in writing of the exact nature of the default and Property Manager's intention to terminate this Agreement as a result of the default. Owner shall have 10 days from receipt of such notice to cure the default, or such longer period as may be reasonably necessary to effect a cure, provided Owner commences to cure such default within 30 days and thereafter diligently prosecutes the cure to completion.

10.4 Termination on Sale. If the Property is sold, exchanged or otherwise transferred by Owner at any time during the Term, (a) Owner shall provide Property Manager with at least 30 days' advance notice of the proposed transfer, (b) the Agreement shall terminate as of the effective date of the transfer, (c) Property Manager shall assist Owner in preparing prorations of the Property's income and expenses for the sale and in obtaining tenant estoppel certificates from any commercial tenants, and (d) neither Owner nor Owner's successor shall have any further liability to Property Manager under this Agreement except with respect to Management Fees earned and unpaid as of the date of termination.



10.5 Orderly Transition. In the event of any termination of this Agreement, Property Manager shall (a) immediately (or such later date as Advisor may designate in its sole discretion) deliver to Advisor all files and documents in Property Manager's possession relating to the Property and all existing and prospective tenants of the Property, and (b) cooperate with Owner, Advisor and any replacement property manager designated by Owner to effect an orderly transition of the management and operation of the Property to Property Manager's replacement. The obligations set forth in this Section 10.5 shall survive termination of this Agreement.

10.6 Rights Which Survive Termination or Expiration. The termination of this Agreement shall in no event terminate or prejudice (a) any right arising out of or accruing in connection with the terms of this Agreement attributable to events and circumstances occurring prior to termination, or (b) any rights or obligations specified in this Agreement to survive termination.

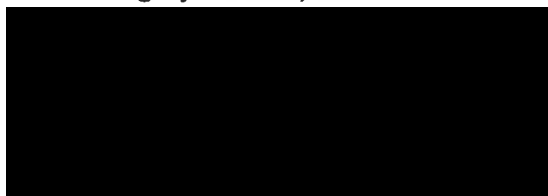
10.7 Damages. In the event it is determined by an arbitrator or court of competent jurisdiction that Owner has terminated this Agreement in violation of this Agreement or any applicable law, Property Manager shall be entitled, as its sole and exclusive remedy for such termination, to recover only the amount of its Direct Damages. For purposes of this Section 10.7, "Direct Damages" shall mean all net profits Property Manager would have earned under this Agreement from the date of such termination until the date Owner could have validly terminated this Agreement. Owner and Property Manager expressly agree that Direct Damages shall not include any punitive or consequential damages, including, for example and not by way of limitation, any damages or losses arising from or related to the effect of such termination on Property Manager's overall operations.

#### ARTICLE 11 GENERAL.

11.1 Notices. Any notices relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes (a) when delivered, if (i) by receipt-confirmed facsimile transmission or transmission-confirmed e-mail with the original subsequently delivered by first class United States Mail or other means described herein, (ii) in person, or (iii) by generally recognized overnight courier service, or (b) five days after deposit in the United States Mail, certified or registered mail, return receipt requested, postage prepaid, to the respective addresses set forth below, or to such other addresses as the parties may designate from time to time.

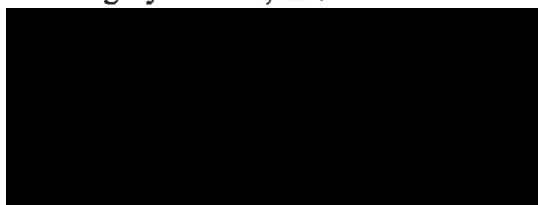
Property  
Manager:

Legacy Partners, Inc.



With a  
copy to:

Legacy Partners, Inc.

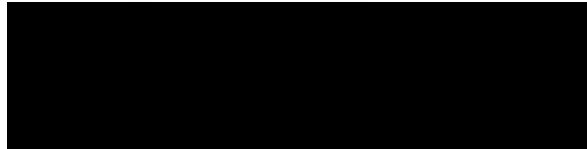


Owner: LPF Triana, Inc.



with a copy to:

Hagan & Vidovic LLP;



11.2 Entire Agreement. This Agreement, together with all exhibits attached, is intended by the parties as the complete and final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties with respect to the subject matter hereof. The language in all parts of this Agreement shall be construed as a whole in accordance with its fair meaning and shall not be construed against any party solely by virtue of the fact that such party or its counsel was primarily responsible for its preparation.

11.3 Amendments and Waivers. No modification of this Agreement shall be effective unless set forth in a writing signed by the party against whom the modification is sought to be enforced. The party benefited by any condition or obligation may waive it, but any such waiver shall not be enforceable by the other party unless made in writing and signed by the waiving party.

11.4 Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by an arbitrator or court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the arbitrator or court, or the validity or enforceability of this Agreement as a whole.

11.5 Governing Law. This Agreement shall be governed by the laws of the state in which the Property is located without giving effect to the conflict of laws principles of such state.

11.6 Time. Time is of the essence in the performance of the parties' respective obligations under this Agreement.

11.7 Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Notwithstanding the foregoing, Property Manager shall not assign all or any portion of its interest in this Agreement or permit a change in control of Property Manager without Owner's prior written consent, which consent may be granted or withheld in Owner's sole and absolute discretion. In the event Owner consents to an assignment of this Agreement or a change

in control of Property Manager, no further assignment or change in control shall be made without Owner's prior written consent, which consent may be granted or withheld in Owner's sole and absolute discretion.

11.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.9 Exculpation. No trustee, officer, director, employee or agent of Owner shall be personally liable for any of the obligations of Owner hereunder.

11.10 Attorneys' Fees. In the event of any arbitration or other legal or equitable proceeding for enforcement of any of the terms or conditions of this Agreement, or any alleged disputes, breaches, defaults or misrepresentations in connection with any provision of this Agreement, the prevailing party in such proceeding, or the nondismissing party where the dismissal occurs other than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including without limitation reasonable attorneys' fees and costs paid or incurred in good faith at the arbitration, pre-trial, trial and appellate levels, and in enforcing any award or judgment granted pursuant thereto. Any award, judgment or order entered in any such proceeding shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such award or judgment, including without limitation (a) post-award or post-judgment motions, (b) contempt proceedings, (c) garnishment, levy, and debtor and third party examinations, (d) discovery, and (e) bankruptcy litigation. The "prevailing party," for purposes of this Agreement, shall be deemed to be that party which obtains substantially the result sought, whether by dismissal, award or judgment.

11.11 Further Assurances. Owner and Property Manager shall execute such other documents and perform such other acts as may be reasonably necessary or desirable to carry out the purposes of this Agreement.

11.12 No Waiver. The failure of either party to insist upon strict performance of any of the terms and provisions of this Agreement or to exercise any option, right or remedy herein contained shall not be construed as a waiver or as a relinquishment for the future of such terms, provisions, options, rights or remedies and the same shall continue and remain in full force and effect.

11.13 No Advertising. Except as may be required by Applicable Law, no publication, announcement or other public advertisement of Owner's name in connection with the Property shall be made by Property Manager without Advisor's prior written consent, which consent may be granted or withheld in Advisor's sole and absolute discretion.

11.14 Signs. Signs are prohibited unless specifically approved by Advisor. Owner hereby approves all signs existing as of the Effective Date. Property Manager may place reasonable leasing signs as required with the prior approval of Advisor. Any signs must meet all requirements of local sign codes and ordinances.

11.15 Conflicts with Guidelines. In the event of any conflict between the provisions of this Agreement and the Guidelines, this Agreement shall control.

11.16 References. The headings used in this Agreement are provided for convenience only

and this Agreement shall be interpreted without reference to any headings. The date of this Agreement is for reference purposes only and is not necessarily the date on which it was entered into.

11.17 Consent. Unless otherwise expressly provided in this Agreement, when a provision of this Agreement requires the consent of any party, such consent shall not be unreasonably withheld, delayed or conditioned. If a party is determined to have unreasonably withheld, delayed or conditioned its consent in violation of this Agreement or any applicable law, the other party shall be entitled, as its sole and exclusive remedy, to recover only the amount of its actual direct damages, including reasonable attorneys' fees and costs, and shall not be entitled to recover any punitive or consequential damages, including, for example and not by way of limitation, any damages or losses arising from or related to the effect of such unreasonably withheld, delayed or conditioned consent on the overall operations of Owner or Property Manager.

11.18. Waiver of Right to Trial by Jury. Property Manager and Owner each hereby expressly waives any right to trial by jury of any claim, demand, action or cause of action (a) arising under this Agreement, including, without limitation any amendments of this Agreement, or (b) in any way connected with or related or incidental to the dealings of the parties to this Agreement or any of them with respect to this Agreement or any other instrument, document or agreement executed or delivered in connection with this Agreement, or the transactions related to this Agreement, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and Property Manager and Owner each hereby agrees and consents that any such claim, demand, action or cause of action shall be decided by court trial without a jury, and that such party may file an original counterpart or a copy of this section with any court as written evidence of the consent of the other party to the waiver of such other party's right to trial by jury.

11.19. Waiver of Exemplary Damages. Property Manager hereby expressly waives any right to exemplary or punitive damages with respect to any claim, demand, action or cause of action (a) arising under this Agreement, including, without limitation, any amendments of this Agreement, or (b) in any way connected with or related or incidental to the dealings of the parties to this Agreement or any of them with respect to this Agreement or any other instrument, document or agreement executed or delivered in connection with this Agreement, or the transactions related to this Agreement, in each case whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

OWNER:

LPF TRIANA, INC.,  
a Delaware corporation



Witness

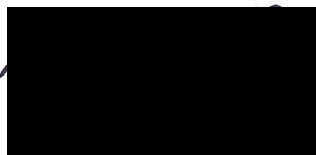
By: 

Name: 

Title: VP

PROPERTY MANAGER:

LEGACY PARTNERS, Inc.  
a Delaware corporation



Witness

By: 

Name: 

Title: 