

# MANAGEMENT AGREEMENT

## FOR

### VILLAGE PARK APARTMENTS

This Agreement is made and entered into effective as of the 18th day of July, 2014 by and between Two Bridges Village Park LLC ("Owner") and LEDIC Management Group, LLC a Tennessee limited liability company ("Agent"). In consideration of the mutual terms and conditions hereinafter set forth, the parties agree as follows:

#### ARTICLE 1

##### Appointment of Managing Agent

1.1 Appointment and Acceptance. Owner appoints Agent as exclusive Agent for the management of the property described in Section 1.2 of this Agreement, and Agent accepts the appointment, on the basis of the terms and conditions set forth in this Agreement.

1.2 Description of Property. The property (the "Property") to be managed by Agent under this Agreement is a multi-family housing development consisting of the land, buildings and other improvements thereon. The Property is more specifically described as follows:

NAME: Village Park Apartments

ADDRESS: 110 Village Park Drive, Simpsonville, SC 29681

NO. OF UNITS: 132 units

1.3 Term. Subject to Owner closing on the purchase of the Property, the term of this Agreement shall be for an initial period of one year (the "Initial Term") from the 18th day of July, 2014 to and including the 17th day of July, 2015 and thereafter this Agreement shall be automatically renewed from year to year unless terminated as provided in Article 17 herein. Each one-year renewal period is referred to as a "Term Year". In the event Owner closes on the purchase of the Property on a date which is other than July 18, 2014, the Initial Term shall commence on such date of closing ("Closing Date") and continue for a period of 12 calendar months beginning with the first day of the calendar month immediately following the Closing Date.

1.4 Management Office. Owner shall provide adequate space on the Property for a management office. Owner shall pay all expenses related to such office, including, but not limited to, furnishings, equipment, computer, internet access, postage and office supplies, electricity, telephone and other utilities and the management office expenses listed on Schedule "A" hereto.

- 1.5 On-Site Staff Residence. If any on-site personnel are required by Owner to live in any of the residential units on the Property, Owner shall provide such residential units for the use of such on-site personnel and their families, rent free, except that such on-site personnel shall pay for utilities in the same manner as other tenants. Such on-site personnel shall be required to execute a lease which provides for its termination upon (i) the termination of Agent's employment of the employee for any reason or (ii) the termination of this Agreement. The specific apartments to be occupied by on-site personnel and their families shall be determined by Owner.

## **ARTICLE 2**

### **Bank Accounts**

- 2.1 General. The various bank accounts established under this Agreement, including without limitation, the accounts referenced in Sections 2.2 through 2.4 below, shall at all times be established in Owner's name but under Agent's control. Agent's designees shall be the only parties authorized to draw upon such accounts. No amounts deposited in any accounts established under this Agreement shall in any event be commingled with any other funds of Agent.
- 2.2 Operating Account. Agent shall establish a separate account known as the Village Park Operating Account (the "Operating Account"), separate and apart from Agent's corporate accounts, for the deposit of receipts collected as described herein, in a bank or other institution whose deposits are insured by the federal government. Unless Owner instructs otherwise in writing, such depository shall be selected by Agent. Agent shall not be held liable in the event of bankruptcy or failure of such depository. Funds in the Operating Account shall remain the property of Owner subject to disbursements by Agent as authorized by and described in this Agreement.
- 2.3 Operating and Payroll Reserves. Immediately upon commencement of this Agreement, Owner shall remit: (i) to the Operating Account, an amount equal to the Premises' one-month average operating expenses (excluding payroll) (the "Operating Reserve"); and (ii) to Agent's corporate account(s), one month's estimated payroll expenses for the Premises (the "Payroll Reserve" and, together with the Operating Reserve, the "Reserve"). Owner agrees to maintain the Reserve throughout the term of this Agreement. As of the date hereof, the Operating Reserve shall be \$5,000 and Payroll Reserve shall be one month payroll, respectively; however, from time-to-time, Owner and Agent shall review in good faith the amount of each such Reserve account and agree in writing on new amounts for each when reasonably deemed necessary. Nothing in this Section shall limit Owner's obligations to fund the Premises' operating deficits or other financial obligations further described herein.
- 2.4. Security Deposit Account. Agent shall, if required by law, maintain a separate interest-bearing account for tenant security deposits. Such account will be carried in the Owner's name and designated of record as being the Security Deposit

Account for the Property. Such account shall be maintained in accordance with applicable state or local laws, if any. Collection of tenant security deposits shall be further governed by Section 4.3 of this Agreement.

- 2.5 Tax Identification Number. In order to facilitate Agent's ability to establish and maintain the bank accounts described herein, Owner represents and warrants that its tax identification number is 47-1048224.

### **ARTICLE 3**

#### **Leasing and Renting**

- 3.1 Agent's Authority to Lease Property. Agent shall use all reasonable efforts to keep the Property rented by procuring tenants for the Property. Agent is authorized to investigate prospective tenants, to negotiate, prepare and execute all leases, including all renewals and extensions of leases (and expansions of space in the Property, if applicable), and to cancel and modify existing leases. Agent shall execute all leases as agent for the Owner. All costs of leasing shall be paid out of the Operating Account. The form of the lease shall be agreed upon by Owner and Agent.
- 3.2 No Other Rental Agent. During the term of this Agreement, Owner shall not authorize any other person, firm or corporation to negotiate or act as leasing or rental agent with respect to any leases for space in the Property. Owner agrees to forward promptly all rental inquiries to Agent.
- 3.3 Rental Rates. Agent is authorized to establish and change or revise all rents, fees, deposits and any other charges payable with respect to the Property.
- 3.4 Enforcement of Leases. Agent is authorized to institute, in Owner's name, all legal actions or proceedings for the enforcement of any lease term, for the collection of rent or other income from the Property, or for the evicting or dispossessing of tenants or other persons from the Property. Agent is authorized to sign and serve such notices as Agent deems necessary for lease enforcement, including the collection of rent or other income. Agent is authorized, when expedient, to settle, compromise and release such legal actions or suits or reinstate such tenancies. Any monies for such settlements paid by Agent shall not exceed \$1,500 plus court costs for any single legal action, proceeding or suit without prior approval by Owner. Attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with such actions and not recovered from tenants shall be paid out of the Operating Account or reimbursed directly to Agent by Owner. Unless Owner instructs otherwise in writing, Agent may select the attorney of its choice to handle such litigation.

## **ARTICLE 4**

### **Collection of Rents and Other Receipts**

- 4.1 Agent's Authority. Agent shall collect (and give receipts for, if necessary) all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Property. Such receipts (except tenants security deposits and advance rentals, which shall be handled as specified in Sections 2.4 and 4.3 hereof, and special charges which shall be handled as specified in Section 4.2 hereof) shall be deposited in the Operating Account maintained by Agent for the Property.
- 4.2 Special Charges. If permitted by applicable law, Agent may collect from tenants any or all of the following: (i) administrative charges for late payments of rent, (ii) charges for returned or non-negotiable checks, (iii) credit report fees, (iv) application fees, (v) pet fees, (vi) termination fees, (vii) garage/parking fees, (viii) storage unit fees, (ix) redecorating fees, (x) clubhouse fees and (xi) other similar charges and fees. Agent will account to Owner for such charges and/or fees, and deposit all such amounts in the Operating Account.
- 4.3 Security Deposits. Agent shall collect, deposit in the Security Deposit Account and disburse tenants' security deposits in accordance with the terms of each tenant's lease. Agent shall pay tenants interest upon such security deposits only if required by law to do so; otherwise, any interest earned on tenant security deposits is to be deposited in the Operating Account. Agent shall comply with all applicable state or local laws concerning the responsibility for security deposits and interest, if any.

## **ARTICLE 5**

### **Disbursement from Operating Account**

- 5.1 Operating Expenses. From the Operating Account, Agent is hereby authorized to hire and pay third party vendors or reimburse itself for all expenses and costs of operating the Property provided in the Operating Budget or otherwise set forth herein, (including without limitation those expenses and costs listed in Schedule "A" hereto) and for all other sums due Agent under this Agreement, including, without limitation, Agent's compensation and expenses under Article 17. Owner shall approve in advance any operating not budgeted expense that exceeds \$1,000.00 (without such approval being unduly withheld). Said disbursements from the Operating Account shall be in the following order of priority:
- (a) All sums due to reimburse Agent for payroll expense.
  - (b) All sums due Agent for Management Fees as set out in Article 14.
  - (c) All other sums due Agent as set out in Schedule "A" and Article 17.
  - (d) Debt Service, Insurance and Tax Escrows as set out in Section 5.2.
  - (e) All sums due Third-Party Vendors for services provided in the operation of the Property.
  - (f) Capital Expenditures authorized by the pre-approved Budget or Owner approval.

- 5.2 Debt Service and Other Recurring Payments. Owner shall give Agent advance written notice of at least thirty (30) days if Owner shall desire Agent to make any additional monthly or recurring payments (such as mortgage indebtedness, taxes, special assessments, or insurance premiums) out of the proceeds from the Property. If Owner notifies Agent to make such payments after the beginning of the term of this Agreement, Agent and Owner shall establish a new Reserve amount pursuant to Section 2.3 of this Agreement, and Owner shall deposit and maintain this new Reserve amount with Agent at all times. Agent agrees to make contributions from Property proceeds the required escrows for property taxes, debt service, and replacement reserves in such amounts, and with such frequency, as may be determined by the Property's lender.
- 5.3 Net Proceeds. To the extent that funds are available, and after maintaining the Reserve amount as specified in Section 2.3 and Section 5.2, if applicable, and after payment of the Property's monthly expenses, Agent shall transmit cash balances to Owner on the 15<sup>th</sup> day of each month or the first business day thereafter or otherwise in accordance with Owner's written instructions which shall be delivered to Agent from time-to-time.

## **ARTICLE 6**

### **Agent Not Required To Advance Funds**

In the event that the balance in the Operating Account or any applicable Reserve is at any time insufficient to pay disbursements due and payable under Section 5.1 and 5.2 above, Owner shall, immediately upon notice, remit to Agent sufficient funds to cover the deficiency and fully fund the Operating Account and the applicable Reserve. In no event shall Agent be required to use its own funds to pay such disbursements, or to advance any monies to Owner, the Security Deposit Account, the Operating Account or any Reserve. In the event Agent elects to apply funds from the Reserve and/or advance its own funds to cover a deficiency in the Operating Account or the Security Deposit Account, Owner shall immediately upon receipt of notice (i) refund the amount paid from the Reserve and/or (ii) reimburse Agent for the amount advanced by Agent from its own funds.

## **ARTICLE 7**

### **Budget, Financial and Other Reports**

- 7.1 Initial Documentation And Reports. Within thirty (30) days of the execution of this Agreement, Agent will provide the following for Owner's review and approval: (i) an initial Operating Budget for the remainder of the calendar year in which this Agreement is executed; (ii) copies of verification forms and lease form to be used by Agent, and (iii) such evidence of Agent's authority to conduct business as may be reasonably requested by Owner.
- 7.2 Operating Budget and Business Plan.

- (a) An annual Operating Budget and Business Plan for the following calendar year for the operation of the Property shall be prepared by Agent, and a copy of same shall be provided to Owner for review and approval no later than November 1st each year.
- (b) The proposed Operating Budget shall set forth the anticipated income for the Property from all sources and a detailed estimate of expenses for the Property. The Business Plan shall set forth, among other things, the Agent's proposed plan for marketing the property and maintaining or increasing occupancy in the coming year.
- (c) Agent shall keep Owner informed on a monthly basis of any deviation from the receipts or disbursements stated in the Operating Budget approved by Owner. Such information shall be included in the monthly reports/schedules referenced in Section 7.3.
- (d) Notwithstanding anything to the contrary herein, Agent shall have the absolute right without Owner's consent to expend funds not provided in the Operating Budget for "Emergency Repairs". For purposes of this Agreement, "Emergency Repairs" shall mean any expense, action or repair which is immediately necessary for the preservation and safety of the Property, to avoid the suspension of any essential service to the Property, to avoid danger to life or property, or to comply with federal, state or local law.

7.3 Monthly Reports/Schedules. On a monthly basis, Agent shall furnish Owner with a statement of receipts and disbursements from the operation of the Property during the prior calendar month. In addition, Agent shall, on a mutually acceptable schedule, prepare and submit to Owner such other reports as are agreed upon by both parties. All reports to be prepared and delivered by Agent pursuant to this Section 7 may be delivered or otherwise provided electronically to Owner, including by means of a client portal maintained by Agent, via electronic mail or other electronic delivery or production.

7.4 Books/Records and Special Accounting Projects and Reports. Agent shall at all times keep and maintain complete and accurate books, records and accounts, which records shall be subject to examination by Owner and its authorized representatives. Owner shall have the right to request periodic audits of all applicable accounts managed by Agent, and Owner shall pay the cost of such audit(s). At Owner's request, Agent may provide special or otherwise customized accounting projects or reports from time-to-time at a mutually agreeable cost to Owner to be determined by the scope and complexity of each such request. Such costs will typically range from \$100.00 to \$200.00 per hour plus any out-of-pocket costs absorbed by Agent in completing and/or maintaining such requests.

7.5 Tax Returns. Except for (i) delivery by Agent to Owner of any tax bills, notices, or other tax information received by Agent from any governmental authority, (ii) payment of any taxes by Agent from the Operating Account pursuant to written

instruction of Owner as provided in Section 5.2, and (iii) filing of returns and reports with respect to employees pursuant to Section 9.3, Agent shall have no duties or responsibilities of any nature with respect to taxes assessed against Owner or the Property.

## **ARTICLE 8**

### **Advertising**

Agent is authorized to advertise the Property or portions thereof for rent, using periodicals, signs, plans, brochures, displays, or such other means as Agent may deem proper and advisable. Agent is authorized to place signs on the Property advertising the Property for rent, provided such signs comply with applicable laws. The cost of such advertising shall be paid out of the Operating Account. All advertising shall confirm that Agent is the manager and not the owner of the Property. The costs of ads that share space with other properties managed by Agent shall be prorated based on a straight-line basis based upon the total number of apartment units so advertised.

## **ARTICLE 9**

### **Employees**

- 9.1 Agent's Authority to Hire. Agent is authorized to investigate, hire, train, pay, supervise and discharge all employees, contractors and other personnel necessary to be employed in the management, maintenance, and operation of the Property. All employees shall be deemed employees of the Agent and not employees of the Owner.
- 9.2 Owner Pays Employee Expenses. All wages and fringe benefits payable to such employees hired pursuant to Section 9.1 above, and all local, state and federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance, and workers' compensation insurance) incident to the employment of such personnel, shall be paid out of the Operating Account and shall be treated as operating expenses. Such employee expenses shall include without limitation, the items listed on Schedule "A" hereto. Owner shall indemnify Agent for the wages of those employees engaged in the operation of Owner's property pursuant to this Agreement.
- 9.3 Agent's Authority to File Returns. Notwithstanding anything herein to the contrary, Agent shall cause to be done and performed all acts required of an employer with respect to the Property's employees, including, without limitation, the execution and filing of all returns and other instruments under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and all other federal, state and local laws with respect to such employees. In connection with such filings, Owner shall upon request promptly execute and deliver all necessary powers of attorney, notices of appointment, and the like. Owner shall be responsible for all amounts required to be paid under the foregoing laws, and Agent shall pay the same from the Operating Account.



- 9.4 Worker's Compensation Insurance. Agent shall, at Owner's expense, insure the maintenance of workers' compensation insurance covering all liability of the employer under established workers' compensation laws.
- 9.5 Hold Harmless, Labor Laws. Agent shall be responsible for ensuring compliance with all applicable state or federal labor laws. Owner shall indemnify, defend, and save Agent harmless from all claims, investigations and suits resulting from Owner's actions or failures to act with respect to any alleged or actual violation of state or federal labor laws. Owner's obligation with respect to such violation(s) shall include payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expenses, and attorneys' fees.
- 9.6 Restriction on Owner's Authority to Hire. Owner recognizes that Agent's employees are privileged to certain of Agent's unique methodologies, systems, forms and procedures. For the mutual consideration of entering into this Agreement, Owner and/or its affiliates agree not to hire, make any offer of employment to, or induce any employee of Agent to terminate such employment for a period of two years following completion of this Agreement, without the written approval of a duly authorized officer of Agent, such approval not to be unreasonably withheld. Owner acknowledges and agrees that a violation by Owner of this Section 9.6 would result in substantial damage to Agent.
- 9.7 Employee Dishonesty Insurance. Agent shall furnish at Agent's expense, employee dishonesty insurance that is reasonably acceptable to Owner.

## **ARTICLE 10**

### **Maintenance, Repair, Structural Alteration**

- 10.1 Maintenance and Repair. Agent is authorized to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve the Property in its present condition and for the operating efficiency of the Property, and all alterations required to comply with lease requirements, governmental regulations or insurance requirements. Agent is also authorized to decorate the Property and to purchase or rent, on Owner's behalf, all equipment, tools, appliances, materials, supplies, uniforms, and other items necessary for the management, maintenance or operation of the Property. Such expenses shall include, without limitation, the items listed on Schedule "A", and such expenses shall be paid out of the Operating Accountant. This Article applies except where such expenses are tenants' responsibility as stipulated in a lease.
- 10.2 Structural Alterations. Unless otherwise specifically provided in the Operating Budget, Owner expressly withholds from Agent any power or authority to make any structural changes in any building, or to make any other major alterations or additions in or to any such building, or to make any other major alterations or additions in or to any such building or to any equipment in any such building, or



to incur any expense chargeable to Owner other than expenses related to exercising the express powers vested in Agent through this Agreement, without the prior written consent of Owner.

## **ARTICLE 11**

### **Contracts, Utilities and Services**

Agent is authorized to negotiate contracts for nonrecurring items of expense, provided that, unless approved by Owner, such contracts may not (i) exceed \$5,000 in amount or (ii) one year in length unless approved by Owner, and to enter into agreements in Owner's name for all necessary repairs, maintenance, minor alterations, and utility services. Agent shall, in Owner's name and at Owner's expense, make contracts on Owner's behalf for electricity, gas, telephone, fuel or water, and such other services as Agent shall deem necessary or prudent for the operation of the Property. All utility deposits shall be Owner's responsibility, except that Agent may pay same from the Operating Account at Owner's request. The expenses referenced in this Article 11 shall include, without limitation, the items listed on Schedule "A" hereto.

## **ARTICLE 12**

### **Relationship of Agent to Owner**

- 12.1 Relationship. The relationship of the parties to this Agreement shall be that of principal and agent, and all duties to be performed by Agent under this Agreement shall be for and on behalf of Owner, in Owner's name, and for Owner's account. In taking any action under this Agreement, Agent shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of principal and agent, or as requiring Agent to bear any portion of losses arising out of or connected with the ownership or operation of the Property. In no event shall Agent at any time during the period of this Agreement be considered a direct employee of Owner. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement; provided, however, that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.
- 12.2 Agent Assumes No Liability. Agent assumes no liability whatsoever for any acts of omission of Owner, or any previous owners of the Property, or any previous management or other agent of either. Agent assumes no liability for any failure of or default by any tenant in the payment of any rent or other charges due Owner or in the performance of any obligations owed by any tenant to Owner pursuant to any lease or otherwise. In no event does Agent assume any liability for previously unknown violations of environmental or other regulations which may become known during the period this Agreement is in effect. Any such regulatory violations or hazards discovered by Agent shall be brought to the attention of Owner in writing, and Owner shall promptly cure them.

- 12.3 Indemnification and Hold Harmless. Except in the case of Agent's gross negligence, fraud, or willful misconduct, Owner shall indemnify, defend, and save Agent harmless from all loss, damage, cost, expense (including attorneys' fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Property.
- 12.4 Owner Responsibility for All Expenses of Litigation. Owner shall pay all expenses incurred by Agent, including, but not limited to, reasonable attorneys' fees and Agent's costs and time, and any liability, fines, penalties or the like, in connection with any claim, proceeding or suit involving an alleged violation by Agent or Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes or fair housing, including, but not limited to, any law prohibiting or making illegal discrimination on the basis of race, sex, creed, color, religion, national origin, or mental or physical handicap. Nothing contained in this Agreement shall obligate Agent to employ legal counsel to represent Owner in any such proceeding or suit.

Owner shall pay reasonable expenses incurred by Agent in obtaining legal advice regarding compliance with any law affecting the Property or activities related to them. If such expenditure also benefits others for whom Agent in this Agreement acts in a similar capacity, Owner agrees to pay an apportioned amount of such expense.

## **ARTICLE 13**

### **Insurance**

- 13.1 Required Insurance. Owner shall obtain and keep in force adequate insurance, insuring Owner and Agent against pollution, physical damage (e.g., all risk, boiler, machinery and flood, etc.) and against liability for loss, damage, or injury to property or persons which might arise out of the ownership, occupancy, management, operations, or maintenance of the Property. The amounts and types of insurance shall be acceptable to both Owner and Agent, and any deductible required under such insurance policies shall be Owner's expense. Agent shall be named as an additional insured on all liability insurance maintained with respect to the Property. Client's insurance shall be primary and shall not seek contribution from the liability insurance required of or maintained by Agent. Liability insurance shall be adequate to protect the interests of both Owner and Agent and in form, substance, and amounts reasonably satisfactory to Agent. Owner agrees to furnish Agent with certificates evidencing such insurance or with duplicate copies of such policies within 30 days of the execution of this Agreement. If Owner fails to do so, Agent may, but shall not be obligated to, place said insurance and charge the cost thereof to the Operating Account. Said policies shall provide that notice of default or cancellation shall be sent to Agent as well as Owner and shall require a minimum of 30 days' written notice to Agent before cancellation of or changes to said policies. Insurance premiums shall be treated as operating expenses and shall be paid out of the Operating Accounts in accordance with the Operating Budget.

- 13.2 Waiver of Subrogation. Notwithstanding any provision of this Agreement to the contrary, each of the parties waives and releases the other from any and all rights of recovery and subrogation against the other, its agents, officers and employees for any loss, cost, damage or injury that may occur on or to the Property (collectively the "Claims"), to the extent the Claims are insured by any available insurance coverage, regardless of whether the claims result from, are caused by or originate from the negligence of Owner or Agent or its respective agents, officers and employees or by or from any other source. Each party agrees to obtain a waiver of subrogation from its respective insurance companies to have the insurance policies endorsed, if necessary, to prevent the invalidation of the insurance coverage's by reason of such mutual waivers and releases.

## **ARTICLE 14**

### **Agent's Compensation and Expenses**

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

- 14.1 For Management Services. Base Management Fee - A set monthly fee for management services of four percent (4%) of Gross Receipts, as hereinafter defined, based on the total gross receipts from the Property for the then current calendar month. Payments due Agent for periods of less than a calendar month shall be prorated over the number of days for which compensation is due.

"Gross Receipts" shall include apartment rents, furniture rental, parking, forfeited security deposits applied to rental payments, late charges, judgments or awards (net of litigation costs) collected in the enforcement of any lease, income from coin-operated machines, proceeds from rental interruption insurance, application fees, fees referenced in Section 4.2 and other miscellaneous income collected at the Property, but shall exclude all other receipts, including but not limited to, security deposits (other than forfeited deposits applied to rent), interest earned on property accounts, proceeds of claims on account of insurance policies (other than rental interruption insurance), abatement of taxes, and awards arising out of takings by eminent domain, discounts and dividends on insurance policies and bonus payments by service providers for installation of services or equipment (such as cable television or laundry machines) unless such contract is negotiated by Agent.

- 14.2 Computerization Cost. Owner will pay for the cost of purchasing and maintaining the computer hardware and software necessary to electronically perform on-site management accounting. The equipment will consist of:

- a. Hardware
  - i. Computer work station and monitor;
  - ii. Printer;

- iii. Printer cable and surge protector; and
- iv. Scanner

b. Residential property management software

Owner will also be responsible for providing high-speed internet service to the property, through a provider of its choice.

- 14.3 For Modernization or Rehabilitation. In the event Owner requests Agent to supervise the modernization or rehabilitation of all or any portion of the Property, Agent shall receive a supervision fee equal to 7% of the actual cost of such modernization or rehabilitation, plus reimbursement of its direct expenses related thereto. Agent shall submit a budget to Owner prior to any such modernization or rehabilitation for Owner's approval. The parties agree that this provision does not apply to normal building maintenance or upgrades to apartments during turns.
- 14.4 For Fire or Other Casualty Restoration. In the event Owner requests Agent to supervise the fire or other casualty restoration of all or any portion of the Property, Agent shall receive a supervision fee equal to 7% of the actual cost of such fire or other casualty restoration, plus reimbursement of its direct expenses related thereto. Agent shall submit a budget to Owner prior to any such fire or other casualty restoration for Owner's approval.
- 14.6 Interest on Unpaid Sums. Any sums due Agent under any provision of this Agreement, and not paid within 10 days after such sums have become due, shall bear interest at the lesser of (i) 10% per annum or (ii) the maximum rate permitted by applicable law.

## **ARTICLE 15**

### **Representations and Warranties**

- 15.1 Owner represents and warrants: That Owner has full power and authority to enter this Agreement; that there are no written or oral agreements affecting the Property other than tenant leases or service contracts, copies of which have been furnished to Agent; that there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Property for the purposes intended under this Agreement; that to the best of Owner's knowledge, the property is zoned for the intended use; that all leasing and other permits for the operation of the Property have been secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, but not limited to, those pertaining to hazardous or toxic substances); that the building does not contain any asbestos, urea, formaldehyde, radon, or other toxic or hazardous substance; and that no unsafe conditions exist.
- 15.2 Agent represents and warrants: That Agent has or will have by the date on which it commences management of the Property all licenses and approvals necessary to

operate as a property manager under applicable law, and that there are no written or oral agreements adversely affecting Agent's ability to manage the Property.

## **ARTICLE 16**

### **Law and Ordinance Compliance**

Agent does not assume and is given no responsibility for compliance of the Property or any building thereon or any equipment therein with the requirements of any building codes or with any statute, ordinance, law, or regulation of any government body or of any public authority or official thereof having jurisdiction, except to notify Owner promptly or forward to Owner promptly any complaints, warnings, notices, or summonses received by Agent relating to such matters. Owner represents that to the best of Owner's knowledge the Property and all such equipment comply with all such requirements, and Owner authorizes Agent to disclose the ownership of the Property to any such officials and agrees to indemnify and hold Agent, its representatives, servants and employees, harmless of and from all loss, cost, expense, and liability whatsoever which may be imposed by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulations.

## **ARTICLE 17**

### **Termination**

- 17.1 Termination by Either Party. This Agreement may be terminated by either Owner or Agent, with or without cause, with (30) days' written notice subject to the conditions in Sections 17.2 and 17.3 below.
- 17.2 Termination for Cause. Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination, or which accrue pursuant to Section 17.3 as a result of such termination, and obligations to insure and indemnify), upon the occurrence of any of the following events:
- (a) Breach of Agreement: Thirty (30) days after the receipt of notice by either party to the other specifying in detail a material breach of this Agreement, if such breach has not been cured within said thirty (30) day period; or if such breach is of a nature that it cannot be cured within said thirty (30) day period but can be cured within a reasonable time thereafter, if efforts to cure such breach have not commenced and/or such efforts are not proceeding and being continued diligently both during and after such thirty (30) day period prior to the breach being cured. The breach of any obligation of either party hereunder to pay any monies to the other party under the terms of this Agreement shall be deemed to be curable within thirty (30) days.
  - (b) Failure to Act: In the event that any insurance required of Owner is not maintained and lapses, or it is alleged or charged that the Property, or any

portion thereof, or any act or failure to act by Owner, its agent and employees with respect to the Property, fails to comply with any law or regulation, or any order or ruling of any public authority, and Agent, in its sole discretion, considers that the action or position of Owner or its representatives with respect thereto may result in damage or liability to Agent, or disciplinary proceeding with respect to Agent or Agent's licenses, permits or qualifications, Agent shall have the right to terminate this Agreement at any time by written notice to Owner of its election to do so, which termination shall be effective upon the service of such notice. Such termination shall not release the indemnities of Owner set forth herein.

- (c) Excessive Damage: Upon the destruction of the Property or substantial damage thereto, or taking of all or a substantial portion of the Property by eminent domain, in either case making it impossible or impractical to continue operation of the Property.
- (d) Inadequate Insurance: If Agent deems that the liability insurance obtained by Owner pursuant to Article 13 is not reasonably satisfactory to protect its interest under this Agreement, and if Owner and Agent cannot agree as to adequate insurance, Agent shall have the right to cancel this Agreement upon the service of notice to Owner.
- (e) Bona Fide Sale: Upon thirty (30) days prior written notice by Owner to Agent of a bona fide sale of the Property and the subsequent closing of such sale.
- (f) Bankruptcy of Agent: In the event that Agent shall enter bankruptcy proceedings voluntarily or involuntarily, this Agreement shall terminate automatically within thirty (30) days of Agent's bankruptcy filing, and Owner shall have no further obligations to Agent under this Agreement or otherwise.

17.3 Termination Compensation. If (i) Owner terminates this Agreement before the end of the Initial Term as provided in Section 1.3 above for any other reason other than for a breach by Agent under Sections 17.2(a) or 17(f) above, or if (ii) Agent terminates this Agreement for a breach by Owner under Section 17.2(a) above or pursuant to the provisions of Sections 17.2(b) or 17.2(d) above, then in any such event, Owner shall be obligated to pay Agent as liquidated damages an amount equal to the management fee earned by Agent, as determined under Section 14.1 above, for the calendar month immediately preceding the month in which the notice of termination is given to Agent or to Owner, multiplied by the number of months and/or portions thereof remaining from the termination date until the end of the Initial Term.. If Owner terminates this Agreement pursuant to Section 17.1 in a Term Year other than the Initial Term, Agent shall be entitled to receive as its sole and exclusive damages the management fee and other amounts accruing to Agent under this Agreement through and including the date on which termination becomes effective. Any damages payable under this Section 17.3, plus any other

amounts accruing to Agent under this Agreement prior to such termination, shall be due and payable upon termination of this Agreement. To the extent that funds are available, such sums shall be payable from the Operating Account. Any amount due in excess of the funds available from the Operating Account shall be paid from the Reserve, and any amount due in excess of the funds available from the Reserve shall be paid by Owner to Agent on demand.

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

Agent may withhold funds for ninety (90) days after the end of the month in which this Agreement is terminated in order to pay bills previously incurred but not yet invoiced and to close accounts. Agent shall deliver to Owner, within ninety (90) days after the end of the month in which this Agreement is terminated, any balance of monies due Owner or any tenant security deposits, or both, which were held by Agent with respect to the Property, as well as a final accounting reflecting the balance of income and expenses with respect to the Property as of the date of termination or withdrawal, and all records, contracts, leases, receipts for deposits, and other papers or documents which pertain to the Property.

## **ARTICLE 18**

### **Miscellaneous**

- 18.1 Third-Party Service Support Companies. Agent owns various third-party service support companies which periodically and/or routinely provide services to properties managed by Agent. Such third-party service support companies provide services from time-to-time by their painters, plumbers, carpenters, electricians and other specialized personnel for certain projects which employees assigned to properties managed by Agent cannot perform or which are routinely purchased from other third-party vendors and contractors. Agent's third party service support companies are frequently available to respond to the Property's needs for routine and/or emergency services more quickly and cost effectively than unrelated third-party service providers. All such services by Agent's third party service support companies are rendered in a professional and workmen-like manner with appropriate work orders and invoices. Owner consents to Agent using its third party service support companies as needed; provided, however, that in all cases the costs for such services will not exceed the customary and reasonable costs Owner would incur using other reputable and comparable third-party service providers; and provided further that, except in an emergency, with the Owner's written consent, or in such instances that the cost of the service is less than \$1,500, Agent shall obtain at least three (3) bids for any third-party service and award the contract to the low-price bidder.



- 18.2 Indemnification Survives Closing. All representations and warranties of the parties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require Owner to have insured or to defend, reimburse, or indemnify Agent shall survive any termination; and if Agent is or becomes involved in any proceeding or litigation by reason of having been Owner's Agent, such provisions shall apply as if this Agreement were still in full force and effect.
- 18.3 Headings. All headings and subheadings employed within this Agreement are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. Both parties agree that this was a negotiated instrument.
- 18.4 Force Majeure. Any delays in the performance of any obligation of Agent under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies natural disasters, strikes, labor dispute, utility failures, governmental regulations, riots, adverse weather and other similar causes not within the control of Agent, and any time periods required for performance shall be extended accordingly.
- 18.5 Complete Agreement; Amendments. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Property and supersedes and replaces any and all previous management agreements entered into and/or negotiated between Owner and Agent relating to the Property covered by this Agreement. Each party to this Agreement hereby acknowledges and agrees that the other party has made no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein, and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements express or implied, to such party, other than those expressly set forth herein. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Agent. Except as otherwise expressly provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Agent in writing.
- 18.6 Rights Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to either of the parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now hereafter legally existing upon the occurrence of an event of default under this Agreement. The failure of each party to this Agreement to insist at any time upon the strict observance of performance of any of the provisions of this Agreement, or to exercise any right or remedy as provided in this Agreement, shall not impair any such right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent

defaults. Every right and remedy given by this Agreement to the parties to it may be exercised from time-to-time and as often as may be deemed expedient by those parties.

- 18.7 Applicable Law and Partial Invalidity. The execution, interpretation, and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of Tennessee.

In the event that any provision of this Agreement shall be declared invalid or unenforceable, Agent shall have the option to terminate this Agreement by notice to Owner. If Agent does not elect to terminate this Agreement, the balance will remain intact and the disputed provision will be given the widest interpretation as then determined by a Court of Law.

- 18.8 Notices. Any notices, demands, consents, and reports necessary or provided for under this Agreement shall be in writing and shall be addressed as follows, or at such other address as Owner and Agent individually may specify hereafter in writing:

Agent: LEDIC Management Group, LLC  
2650 Thousand Oaks Blvd.  
Suite 3100  
Memphis, TN 38118  
Attn: Chief Executive Officer

Owner: Two Bridges Village Park LLC  
159 20<sup>th</sup> Street Suite 2B  
Brooklyn, NY 11232  
Attn: Jonathan Twombly

Such notice or other communication may be mailed by United States registered or certified mail, return receipt requested, postage prepaid, and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the post office. Such notices, demands, consents, and reports may also be delivered by hand or by any other receipted method or means permitted by law. For purposes of this Agreement, notices shall be deemed to have been "given" or "delivered" upon personal delivery thereof or seventy-two (72) hours after having been deposited in the United States mails as provided herein.

- 18.9 Successors and Assigns. This Agreement, and the rights and obligations set forth herein, shall not be assigned by either party without the prior written consent of the other party.
- 18.10 Severability. If any provision of this Agreement or the application thereof to any person, entity or circumstance is held invalid or unenforceable by any applicable governmental authority, the remainder of this Agreement, and the application of such provision to such person, entity or circumstance, shall not be affected

thereby, and to such end, the provisions of this Agreement are agreed to be severable.

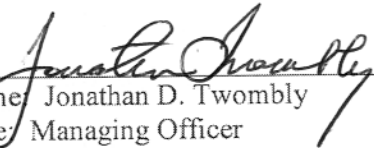
- 18.11 Mediation. Except where a party solely seeks immediate injunctive relief, the parties agree that they will refer any dispute arising hereunder or in connection herewith to mediation in South Carolina or such other place as the parties mutually agree; and it shall be a prerequisite to the institution of any litigation, lawsuit or proceeding arising hereunder or in connection herewith that the mediator shall in writing declare the parties at an impasse.
- 18.12 Choice of Forum. The parties agree that any dispute arising hereunder or in connection herewith shall be heard in the state or federal courts of South Carolina, which shall have the sole jurisdiction to adjudicate such disputes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this as of the date first written above.


**OWNER:**

**TWO BRIDGES VILLAGE PARK LLC,**  
a Delaware limited liability company

By:   
Name: Jonathan D. Twombly  
Title: Managing Officer

**AGENT:**

**LEDIC MANAGEMENT GROUP, LLC,**  
a Tennessee limited liability company

By:   
Name: Terri Benskin  
Title: Chief Operating Officer

## **Schedule A**

### **Monthly Billings**

- Management fees
- Feldbaum, Glankler, Accordent (FGA) online certification for employee sexual harassment and fair housing (\$0.20 per unit per month)
- Technical support fee of \$135.00 per month; data hosting fee of \$34.00 per month
- Postage (by the 30<sup>th</sup>) – report generated from postage machine at actual amount
- IT Services (by the 30<sup>th</sup>) – documentation provided by IT Department for work performed
- Payroll processing fee of \$16.50 per paycheck
- Training travel and hard costs
- NMHC annual dues (\$0.60 per unit per year)
- Costs associated with the start-up of operational software
- Annual renewal fee for operational software per invoice
- If applicable, conversion fee from current software to new software, per invoice