

PROPERTY MANAGEMENT CONTRACT

IN CONSIDERATION of the covenants herein contained, this PROPERTY MANAGEMENT CONTRACT is made and entered into this _____ day of _____, 20__, between TOM N. PILGRIM, as PILGRIM MANAGEMENT COMPANY (or assigns) hereinafter called THE COMPANY and _____, hereinafter called OWNER.

1. OWNER hereby employs THE COMPANY as EXCLUSIVE AGENT, operating under the direct supervision of OWNER, to assist OWNER in renting, leasing, operating and managing OWNER'S real property, being legally described as Lot _____, Block _____, in the _____ Addition, Williamson County, Texas, (or as described on an attached Exhibit). The property is also known as _____, Georgetown, Texas. THE COMPANY is employed under the terms and conditions expressly set forth in this CONTRACT for the initial period of **one year**, beginning on the _____ day of _____, 20__, and ending on the _____ day of _____, 20__.

Upon the expiration of the primary term of this CONTRACT, it shall be automatically renewed and extended for a like period unless either the OWNER or THE COMPANY shall, at least thirty (30) days prior to the expiration date hereof or of any extension (automatic or otherwise), give written notice of his intent not to renew this CONTRACT. This CONTRACT may be terminated at any time by mutual agreement of the parties upon payment of all fees, commissions, income and expenses due hereunder to each party. In the event the property described in this CONTRACT is vacant or at any time during the term of this CONTRACT becomes vacant and remains vacant for a period of ninety (90) days, then OWNER shall have the right to terminate this CONTRACT upon ten (10) days written notice to THE COMPANY, provided all fees, commissions, income and expenses due hereunder are paid to each party. Said written notice of termination shall be mailed, postage prepaid, certified with a return receipt during the period of the vacancy in order to effect the termination of this CONTRACT. In the event this CONTRACT covers more than one rental unit, an occupancy level lower than eighty percent (80%) for ninety (90) consecutive days shall entitle OWNER to terminate this CONTRACT as provided for above. However, the parties to this CONTRACT agree that this CONTRACT shall remain in full force and effect as to occupied properties as long as any tenant whose lease was negotiated by THE COMPANY shall remain lawfully in possession of the property described in this CONTRACT.

2. OWNER hereby authorizes THE COMPANY to execute on OWNER'S behalf, Leases, Lease Commitments, Rental Agreements and other instruments relating to tenant occupancy of the property described herein, for a term not in excess of one year. This authority extends to THE COMPANY during any period that the OWNER is unable to execute the instruments noted above for any reason. The final authority to accept rental rates, terms and tenants rests with the OWNER, and the OWNER'S agreement shall be obtained prior to THE COMPANY executing any instruments.

3. IN THE EVENT the OWNER is not present to act in his own behalf, the OWNER hereby makes, constitutes and appoints THE COMPANY as his true and lawful Agent and Attorney in Fact, with power of appointment, and with authority to do and perform any and all lawful actions necessary for the accomplishment of the purposes of this CONTRACT and hereby gives THE COMPANY, and THE COMPANY agrees to execute to the best of its ability the following express authority and powers, and agrees to assume all expenses incurred by THE COMPANY in connection therewith:

- A. To advertise the property or any part thereof for rent, to display signs thereon, and to enter into negotiations on OWNER'S behalf which may lead to the OWNER accepting terms and conditions presented; to renew, extend and/or cancel leases and/or rental agreements; to institute on OWNER'S behalf and prosecute actions to oust tenants and recover rent and other sums due; and to recommend settlements and compromises when such, in the judgement of THE COMPANY are in the best interest of the OWNER.
- B. To make every effort to collect rents due or to become due and give receipts therefore, and

to recommend adjustments in rents as market conditions indicate. THE COMPANY shall accept all damage and security deposits and shall maintain such deposits in a separate trust account.

- C. THE COMPANY shall make or cause to be made and shall supervise all maintenance, repairs and alterations and do all decorating and cleaning on the property as necessary to protect the property from damage or to maintain service to the tenants as called for in their Lease or Rental Agreement; and to purchase supplies and equipment to be used exclusively on the property described in this CONTRACT necessary for such maintenance, repairs or alterations and to pay for all expenses incurred at OWNER'S expense.
- D. THE COMPANY is authorized to collect rents and other income, disburse expenses of operation and to pay fees to THE COMPANY prior to disbursing the remainder to the OWNER.
- E. THE COMPANY shall not approve tenants, rental rates or lease terms without permission of the OWNER.

4. OWNER agrees to pay THE COMPANY a MANAGEMENT FEE of TEN PERCENT (10%) of all rents collected.

5. OWNER AGREES to indemnify and hold THE COMPANY harmless from any claims, debts, demands, suits, costs or charges, including necessary attorney's fees in connection with or arising from the management advice of THE COMPANY as it pertains to the property described herein and from any liability for injury suffered on or about the property described herein by any person whomever (whether such demand or claim is based upon negligence or alleged negligence on the part of THE COMPANY). The OWNER shall furnish to THE COMPANY a copy of the OWNER'S liability insurance that covers the property subject to this CONTRACT within thirty (30) days of the effective date of this CONTRACT. THE COMPANY may notify OWNER'S insurance agent or company that THE COMPANY is to be added to the policy as an additional insured. If the OWNER fails to provide a copy of the required insurance, THE COMPANY may, at its option, obtain a policy of liability insurance at OWNER'S expense, or terminate this CONTRACT.

6. THE COMPANY agrees to notify the OWNER at any time that expenditure for repair, maintenance or other non-recurring expenses is anticipated to exceed ONE HUNDRED and NO/100 DOLLARS (\$100.00), except emergency repairs (such repairs necessary to protect the property from damage) or to maintain services to the tenants provided for in their Lease or Rental Agreement. THE COMPANY shall inform the OWNER as soon as possible of any such expenditure.

7. In the event that disbursements are in excess of income collected by THE COMPANY, OWNER agrees to pay all such excess to THE COMPANY within ten (10) days of receipt of notice from THE COMPANY. THE COMPANY is not obligated to advance any funds on the OWNER'S behalf for any expenses if there are not sufficient OWNER'S funds available in the Management Trust Account. Any balance due from the OWNER to THE COMPANY, which remains unpaid for more than thirty (30) days, will accrue interest at the maximum legal rate until paid in full. In addition, THE COMPANY may, at its option, file a lien against the property described herein as security for any such sums due.

8. The OWNER and THE COMPANY agree to the following:

- A. THE COMPANY shall not be liable for any willful neglect or abuse to the OWNER'S property by tenants, vandals or others.
- B. THE COMPANY shall not be liable for lawn, trees and/or other vegetation, maintenance (or lack thereof) or deterioration of the property during the term of this CONTRACT.

- C. THE COMPANY shall not be liable for loss of personal property left on or affixed to the property by the tenants, the OWNER or others either by exchange, theft or any other loss whatsoever by any party.
- D. THE COMPANY may accept checks for rental payments or for other purposes from the tenant or others at the OWNER'S risk. The OWNER agrees to reimburse THE COMPANY for such sums that may have been disbursed to the OWNER on the faith of such checks if such checks should later be dishonored. THE COMPANY shall, on behalf of the OWNER, pursue the collection of such dishonored checks.
- E. THE COMPANY may from time to time, receive payments from tenants, which do not affect the OWNER'S Income. These may include, but not be limited to, application fees, late charges, utility connect fees, returned check charges, maintenance expenses not included in the OWNER'S responsibilities, etc. Such fees and payments, depending on the method of payment to THE COMPANY, may appear on the OWNER'S statements as receipts and disbursements.
- F. In the event that the tenant notifies THE COMPANY that they desire or need to terminate the lease prior to the ending date thereof, THE COMPANY shall notify the OWNER. The lease used by THE COMPANY is enforceable, however, Texas law prescribes that the OWNER must use his/her *best* efforts to re-lease the property and credit all payments received from such replacement tenant to offset the payments due from the original tenant. The OWNER may charge liquidated damages, named in the lease as "re-letting fee". This re-letting fee, if collected, shall be divided equally between the OWNER and THE COMPANY.
- G. THE COMPANY shall, on the 25th day of each month, provide to the OWNER an accounting of all of the activity for that month. THE COMPANY shall disburse to OWNER on the 25th day of each month the net proceeds from operations for that month, unless OWNER and THE COMPANY agree that funds are to be held for anticipated future expenses.

9. If the OWNER shall desire to sell the property covered by this CONTRACT during the term hereof and during any extension or renewal, OWNER shall notify THE COMPANY, in writing, and THE COMPANY shall have a period of thirty (30) days from such notice in which to attempt to negotiate a sale for such price and upon such terms which the OWNER specifies in the notice. In the event the property is sold during the thirty (30) day period by THE COMPANY or otherwise, the OWNER agrees to pay THE COMPANY a sales commission equal to four percent (4%) of the gross sales price of the property. Upon the expiration of the thirty (30) day period, OWNER may sell the property or list the property for sale with any real estate broker of OWNER'S choice without incurring any liability for payment of a sales commission to THE COMPANY. However, the right to a sales commission by THE COMPANY shall extend for ninety (90) days after the expiration of the original thirty (30) day notice period only for those prospective buyers to whom the property has been presented by THE COMPANY and whose names have been furnished, in writing, to the OWNER.

10. This CONTRACT is entered into by and between the OWNER and THE COMPANY subject to any and all provisions, and when properly signed, shall be binding upon the heirs, executors, administrators, successors and assigns of the parties. In the event of actions over breach of CONTRACT, the prevailing party shall be entitled to collect reasonable attorney's fees and court costs from the non-prevailing party, and the venue in such cases will be in Williamson County, Texas.

11. For purposes of notices, the address of the OWNER is:

and the address of THE COMPANY is:

PILGRIM MANAGEMENT COMPANY
POST OFFICE BOX 38
GEORGETOWN, TEXAS 78627-0038

12. This PROPERTY MANAGEMENT CONTRACT constitutes the entire agreement between the parties and no oral or verbal agreement or understanding shall be binding upon the parties. Any and all changes to this CONTRACT shall be in writing.

THIS IS A LEGALLY BINDING CONTRACT. READ CAREFULLY BEFORE SIGNING.

SIGNED, EXECUTED AND EFFECTIVE ON THE DATE FIRST WRITTEN ABOVE.

OWNER

OWNER

Owner's Social Security Number or
Federal Tax I.D. Number

PILGRIM MANAGEMENT COMPANY

By: _____

TOM N. PILGRIM TREC LICENSE NO 173601