

HAWAIIAN ISLE REAL ESTATE, LLC

Rental Property Management Agreement Standard Provisions – Long Term Rental Agreement

Property:

1. APPOINTMENT:

The Owner hereby appoints and employs Agent, and the Agent hereby accepts such appointment and employment, on the terms and conditions hereinafter provided, to serve as the exclusive agent of the Owner to lease, rent and manage the Owner's property described above, with the authority to act at the expense of the Owner, pursuant to the terms of this Agreement.

It is understood and agreed that the authority and duties conferred upon the Agent under this Agreement are confined to the property described above. The Agent shall have no duties or responsibilities except as expressly set forth in this Agreement.

2. AGENT'S DUTIES AND AUTHORITY:

The Agent is directed to accept directions or instructions with regard to the management and or rental of the property only from the Owner, except in an emergency, in which case the Agent is authorized to take such action, as it deems necessary and appropriate to protect the property and/or the Owner. Agent agrees to perform the following services in the name and in behalf of the Owner, and the Owner grants the Agent the authority and powers required to perform the services:

A. Agent shall use due diligence and Agent's best efforts in the performance of this Agreement and in obtaining rental occupants for the Property.

B. Agent shall collect and account for rents, deposits, fees and reimbursements from Owner's tenants. Agent shall be empowered (but not required) to do all things necessary to enforce the payment of rent and/or seek reimbursement for damage or loss to the property, including instituting summary possession proceedings for the removal of the Owner's tenants and to secure a judgment for the nonpayment of rent or damage or loss to property. Such actions by the Agent shall be at the Agent's option and upon request by and at the sole cost and expense of Owner. Agent may accept the following forms of payment from tenants: cash, personal checks, money orders.

C. Agent shall render a periodic statement of receipts, disbursements and charges prepared on a cash basis, by the 10th of each month for the proceeding month's rental activity, and shall remit to Owner the receipts less disbursements and charges with said statement. In no event shall Agent be liable to Owner for the ultimate collection of any rental payments so long as Agent uses its best efforts to effect collection, nor shall Agent be liable for personal checks or guarantee the same.

D. Agent shall maintain in accordance with customary accounting practices, records and receipts pertaining to the management of the property including copies of all correspondence.

E. All funds collected by the Agent shall be deposited in Agent's trust account in a federally insured financial institution.

F. Agent shall enforce the terms of the rental agreement, house rules and other occupancy instructions mutually agreed upon by the Agent and the Owner.

G. Agent shall undertake such advertising and promotion of the property as Agent may deem necessary in Agent's sole discretion to attract tenants. Advertising or marketing activities specifically requested by Owner for Owner's own benefit shall be billed entirely to the Owner in addition to all other costs.

H. Agent shall cause to be made and supervise such repairs, alterations and maintenance of the property As THE OWNERS MAY REQUEST or the Agent shall deem necessary or appropriate to preserve the property and maximize the income and purchase supplies and pay all costs therefore, as operating expenses of the property. The Agent agrees to secure the prior written approval of the Owner on all expenditures in excess of Five Hundred Dollars (\$500.00) for any one item, except monthly or recurring operation charges and emergency repairs in excess of the maximum, if in the opinion of the Agent such emergency repairs are necessary to protect the property from damage, prevent injury to the person or property of others or to avoid the suspension of necessary service to the tenants. In the event that Agent determines that repairs or services needed to the property are excessive, or requires an excessive amount of Agent's time, then Agent will be entitled to charge an hourly fee of \$25.00 per hour for additional services.

I. At the Owner's request, agent shall negotiate and execute, in the name of the Owner and for the benefit of the property, contracts for repair, maintenance, electricity, gas, water, telephone, cable, pest control, cleaning, trash removal, linen service and other similar services, or such of them as the Agent shall deem advisable, the costs of which shall be paid by Owner as operating expenses of the property. Owner agrees to assume the obligation of such contracts so entered into at the termination of the Agreement.

3. OPERATING EXPENSES AND RESERVE:

The Agent shall deduct all operating expenses related to the rental operation of the property and the Agent's services under this Agreement from the rental revenue received on account of the property, subject to the provisions of Paragraphs 2.D above and 4 below.

If designated on the attached Terms Sheet, the Agent shall pay the Owner's Gross Excise and Transient Accommodations taxes, insurance premiums and Homeowner's Association fees and utilities and such as electric, cable, phone and water as an operating expense of the property. For such services, the Agent shall receive the additional fees set forth on the attached Terms Sheet.

Agent shall be entitled to deduct, as a reserve, during the course of the year, a sum equal to the amount set forth on the attached Terms Sheet to cover anticipated operating expenses for the property, such sum to be held in the Agent's trust account for use as provided for in this Agreement.

4. ADVANCES BY AGENT:

Under this Agreement any payments to be made by the Agent shall be made from such sums as are available in the account of Owner. Agent shall not be obligated to make any advance nor incur any liability for the account of the Owner; and Agent shall not be liable for loss sustained by the Owner by reason of nonpayment or late payments of any expenses. In the event the disbursements and charges shall

be in excess of the rents collected by the Agent, the Owner hereby agrees to pay such excess promptly upon demand by Agent.

5. DUTIES OF OWNER:

A. Insurance

At all times during the term of this Agreement, Owner shall, at Owner's sole expense and cost, obtain and maintain general liability insurance in an amount not less than \$300,000.00 and in such form as Agent shall deem sufficient to protect the interests of the Owner and Agent under this Agreement. All such policies shall name Agent as an additional insured and shall be written so as to protect Agent from any and all liability except liability arising by reason of willful acts of Agent. Evidence of such insurance shall be supplied to Agent prior to rental of the property and shall be updated as necessary.

Owner shall carry such other hazard, personal property, rental income or other insurance, as Owner shall desire. Owner shall provide evidence of such other insurance to the Agent. Agent may, at Owner's discretion pay insurance premiums for a fee as stated in Attached Terms Sheet.

6. RENTAL RATE/LEASE TERM:

With the objective of maximizing the return to the Owner, Agent shall set the rental rate and lease term of the property in accordance with competition and market conditions and shall change the rate and/or term as necessary, in light of the Agent's experience in managing the property, to meet competition and to adjust to seasonal changes in demand.

7. AGENT'S COMMISSION AND FEES:

The fee, which the agent shall receive for services, performed under this Agreement, as set forth on the attached Terms Sheet shall be net to the Agent above operating expenses of the property. Such fees shall be in the amount set forth on the attached Terms Sheet, plus any compensation to which the Agent is entitled under the terms of this Agreement for additional services and Hawaii gross excise tax on such fees and compensation. All fees, commissions and compensation are subject to change with 30 day written notice to the Owner.

For payment of the Agent's fee, "gross rents received" shall include all receipts by Agent on behalf of the Owner including, but not limited to, rent and other similar tenant payments and /or reimbursements, excluding, however, (i) tenant's security deposits unless retained or applied by Owner for Owner's own purposes, and (ii) Owner's gross excise taxes if reimbursed by tenant to Owner. Agent agrees not to collect or charge any undisclosed fees, rebates or discounts unless the same are disclosed to and agreed upon by the Owner's and credited to the Owner's account.

8. ACTS BY AGENT/INDEMNIFICATION:

A. Any action taken by the Agent pursuant to the terms of this Agreement shall be done as the Agent of the Owner and all obligations or expenses incurred hereunder will be for the account of, on behalf of, and at the expense of the Owner and not the Agent. Owner understands and agrees to indemnify and defend the Agent from and against any and all claims, demands, causes of action, losses, costs, fees and/or damages, arising from or on account of any cause whatsoever including, but not

limited to, claims, demands, causes of action, losses, costs, fees and/or damages for breach or interference with contract, personal injury, wrongful death or property damages or for loss or theft of property, when Agent is acting within the provisions of this Agreement or acting under the direction of the Owner. Owner will reimburse Agent for all costs and expenses, including attorney's fees and costs of court, paid or incurred by Agent in connection with the defense of any such claims, demands, causes of action, etc. Without limitation, the provisions of this Paragraph shall survive the termination of this Agreement

B. The Owner shall pay all expenses incurred by Agent, including, without limitation, attorney's fees for counsel employed to represent Agent or Owner, in any proceeding or suit involving an alleged violation by Agent or Owner of any law, ordinance or regulation, including, without limitation, fair employment and discrimination laws, unless Agent is finally adjudicated to have personally, and not in an Agent's representative capacity, violated such statute, ordinance or regulations; nothing herein contained, however, shall require Agent to employ counsel to represent Owner in any such proceeding or suit.

C. Agent shall not be required to comply with any direction of the Owner or to take, prosecute or defend any action, which, in the Agent's judgment, may subject Agent to liability or expense, unless Agent shall be indemnified in a manner and amount satisfactory to Agent. In the event Agent considers that any act or failure to act by the Owner may result in damage or liability to the Agent, Agent shall have the right to cancel this Agreement at any time by written notice to the Owner of its election to do so, which cancellation shall be effective upon notice to Owner. Cancellation of this Agreement shall not terminate any liability or obligation of the Owner as set forth herein and the Owner shall remain liable to Agent for any payments, reimbursements or other sums of money then due and payable to Agent under this Agreement.

9. GENERAL EXCISE TAXES:

Owner understands that Hawaii law requires the payment of a 4.166% (subject to change) general excise tax on all gross rents collected by any person renting real property in the State of Hawaii. Owner acknowledges that Chapter 237D and the Hawaii gross tax law impose an obligation upon the Agent to file certain disclosure with the Hawaii Department of Taxation concerning the rents and proceeds received by the Owner under this Agreement. Notwithstanding such filings, the Owner understands that it is the obligation of the Owner to obtain a Hawaii General Excise Tax license. Agent, if designated on the attached Terms Sheet or requested in writing by Owner, shall collect, report and pay general excise taxes for the Owner to the State of Hawaii. If not so requested, Owner shall assume full liability for the collection, payment and reporting to the State of Hawaii

10. PARTNERSHIP DISCLAIMER:

Nothing contained in the Agreement shall be deemed or construed to create a partnership or joint venture between the parties hereto, or between any other owners of the property and Agent. Agent shall perform its duties under this Agreement as an independent contractor and shall be treated as such for all purposes, including federal and state income taxes.

11. DISCLOSURE BY AGENT:

A. Agent hereby discloses, and Owner acknowledges and understands, that Agent acts as a rental property manager for other owners of property within and around the same area as Owner's property. Owner hereby consents to such activities by Agent on behalf of other owners.

B. Agent is a licensed real estate brokerage firm in the State of Hawaii.

12. ASSIGNMENT:

This Agreement shall be deemed a personal services contract and neither party hereto shall have the right to assign any benefit, burden, privilege or right under this Agreement.

13. MEDIATION AND ARBITRATION:

In the event of any disputes or differences arising out of or relating to this Agreement or the breach thereof, the parties hereto shall use their best efforts to settle such disputes or differences. To this effect, they shall consult and negotiate with each other, in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If they do not reach such solution within a period of fourteen (14) days, then upon notice by either party to the other, such disputes, claims, questions, or differences shall be submitted to mediation administered by Dispute Prevention and Resolution, Inc. ("DPR"), before resorting to arbitration. Thereafter, if the parties are unable to settle any disputes or differences arising under, out of, in connection with, or in relation to this Agreement, or any agreement incidental or ancillary to this Agreement, or any other aspect of the relationship between the parties hereto, by mediation such dispute or controversy shall be submitted to and resolved by arbitration. A demand for arbitration shall be made within a reasonable time after a dispute or difference has arisen. Within ten (10) days after a demand for arbitration has been made to the other party, the parties shall request that DPR designate one arbitrator, who is not affiliated with any party in the arbitration. The arbitrator shall consider the dispute at issue in Kailua-Kona, Hawaii, at a mutually agreed upon time within thirty (30) days (or such longer period as may be acceptable to the parties hereto in dispute) of the designation of the arbitrator. The arbitration proceeding shall be held in accordance with the rules for commercial arbitration of DPR then in effect on the date of commencement of such arbitration. Notwithstanding the foregoing, the parties hereto agree that they will attempt, and they intend that they and the arbitrator should use their best efforts in that attempt, to conclude the arbitration proceeding and have a final decision from the arbitrator within ninety (90) days from the date of selection of the arbitrator; provided, however, that the arbitrator shall be entitled to extend such 90 day period one or more times to the extent necessary for such arbitrator to place a dollar value on any claim that may be unliquidated. The arbitrator shall promptly deliver to each of the parties a written decision with respect to the dispute that reveals the essential findings and conclusions upon which the decision is based, and each party shall promptly act in accordance therewith. Each party to such arbitration agrees that any decision of the arbitrator shall be final, conclusive and binding. The cost of the arbitration proceeding and any proceeding in court to confirm or vacate any arbitration award, as applicable (including, without limitation, attorneys' fees and costs), shall be borne by the unsuccessful party and shall be awarded as part of the Arbitrator's award. It is specifically understood and agreed that any party may enforce any award rendered pursuant to the arbitration provisions of this Agreement by bringing suit in any court of competent jurisdiction. The parties hereto agree that the arbitrator shall have the authority to grant injunctive or other forms of equitable relief to any party that prevails in any such arbitration. This provision shall survive the termination or cancellation of this Agreement.

14. GOVERNING LAW:

This Agreement shall be construed in accordance with and governed by the laws of the State of Hawaii, as from to time amended.

15. ENTIRE AGREEMENT:

This Agreement and the attached Terms Sheet contain the entire Agreement of the parties hereto concerning the subject matter hereof, and this Agreement shall supersede and replace all other agreements and understandings (whether written or oral) made by the parties.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands on _____.

AGENT: HAWAIIAN ISLE REAL ESTATE, LLC

OWNER'S (all Owners must sign)

By Gretchen Osgood R(B)

HAWAIIAN ISLE REAL ESTATE, LLC

75-5995 Kuakini Hwy #521
Kailua-Kona, Hawaii 96740
(808) 329-5667 direct * (808) 769-5129 fax

**Hawaiian Isle Real Estate, LLC
Rental Property Management Agreement
Terms Sheet**

1. AGENT:

HAWAIIAN ISLE REAL ESTATE, LLC
75-5995 Kuakini Hwy #521, Kailua-Kona, Hawaii 96740
PHONE: (808) 329-5667; FAX: (808) 769-5129. EMAIL: Gretchen@HawaiianIsle.net

2. TERM:

This agreement shall be effective on _____; 20__ and shall remain in effect until thirty (30) days' written notice by either party or a sale of property or upon mutual consent of Owner and Agent.

3. PROPERTY:

COMPLEX / SUBDIVISION: _____ UNIT# _____

ADDRESS: _____

UNIT TELEPHONE # _____ ASSIGNED PARKING STALL(S) _____

TAX MAP KEY: _____ SIZE (sq ft, #bed #bath): _____

4. OWNERS: Print legal name of all Owner(s) on title of subject property

5. CHECKS, STATEMENTS, 1099's:

Exact Name of the person or entity who is to receive checks, statements and the Annual 1099 form: _____

MAILING ADDRESS FOR STATEMENTS, CHECKS, BILLS, 1099's

SSN OR FED ID # of person/entity to receive the checks and 1099 Forms: _____

HAWAII GENERAL EXCISE TAX # _____

HAWAII GENERAL EXCISE TAX MUST BE PAID ON THE GROSS RENTS COLLECTED BY ANY PERSON RENTING REAL PROPERTY IN THE STATE OF HAWAII. A COPY OF THE FIRST PAGE OF THIS AGREEMENT, OR OF FEDERAL INTERNAL REVENUE FORM 1099 STATING THE AMOUNTS COLLECTED SHALL BE FILED WITH THE HAWAII DEPARTMENT OF TAXATION.

6. PRIMARY CONTACT PERSON: NAME:

THIS IS THE PERSON WE WILL CONTACT OR TAKE INSTRUCTIONS FROM FOR AUTHORIZATION, REPAIRS, ETC. THIS IS THE ONLY PERSON WE WILL GIVE OUT INFORMATION TO.

MAILING ADDRESS _____

HOME PHONE # _____ BUSINESS PHONE # _____

FAX #: _____ CELL PHONE # _____

EMAIL: _____

7. OWNER'S INSURANCE:

INSURANCE CO: _____

AGENT: _____

ADDRESS OF CO: _____

PHONE NUMBER # _____ FAX # _____

EMAIL _____

POLICY NUMBER(s) _____

COVERAGE _____ CONTENTS \$ _____ HAZARD \$ _____

LIABILITY \$ _____ FED FLOOD \$ _____

OTHER _____

(NOTE: Agent shall be named as additional insured on Owner's liability policy; liability policy must be in an amount not less than \$300,000.00; Agent shall be provided with copies of all Owner insurance policies or certificates.)

8. OWNER’S PREFERENCES

- A. REPAIR FIRM: _____
- B. PEST CONTROL _____
- C. ATTORNEY _____
- D. CLEANING _____
- E. YARD MAINTENANCE _____
- F. OTHER _____
- G. OTHER _____

9. AGENT’S ADDITIONAL SERVICES:

A. Owner’s General Excise and Transient Tax (\$25/form filed) YES_____ NO_____

B. Utilities and Maintenance

If you choose to have Hawaiian Isle Real Estate pay additional invoices for you, a flat fee of \$25 per month per bill will be charged for this service.

10. ACCOUNTING AND AGENT’S FEE:

A. Agent’s Fee:

1. 22% plus GET on gross rents received on the first full month for a New Tenant Lease.
2. 12% plus GET on gross rents received on each additional month.
3. In the event a property is vacant more than 30 days, a \$50 / per visit plus GET fee will apply as we require the property to be checked every 14 days when unoccupied.
4. In the event of cancellation of contract by either party, agent is entitled to a fee equal to the remaining 12% plus GET (see Section 10. A. 2) left on the length of the lease.
5. Agent may be asked to assist the Owner with obtaining and supervising repairs and renovations at the property. Compensation to be charged at the rate of 20% management fee for all work done.

11. OWNER’S RESERVE FUND:

Agent to retain \$ 750.00 of Owner’s funds for a reserve fund to cover operating expenses. THE MINIMUM RESERVE FUND IS \$750.00. MORE IS REQUIRED FOR ACCOUNTS WITH LARGE MONTHLY BILLS. THIS AMOUNT IS SUBJECT TO CHANGE IF AGENT DEEMS IT NECESSARY.

12. SPECIAL INSTRUCTIONS TO AGENT:

AGENT: HAWAIIAN ISLE REAL ESTATE, LLC

Gretchen Osgood R(B)

Print Name

Signature

Principal Broker

Title

Date

OWNERS:

Print Name

Signature

Date

Print Name

Signature

Date