

## **MASTER SERVICES AGREEMENT**

This Master Services Agreement (“Agreement”) is entered into as of October 1, 2015 (the “Effective Date”), by and between Independent Cities Finance Authority (“Client”), a California joint powers authority, with its principal office at 1100 S. Flower Street, Suite 3300, Los Angeles, California 90015, and HomeStar Property Management, LLC, a Delaware limited liability company (“HSPM”), with its principal office at 13355 Noel Road, Suite 510 Dallas, Texas 75240 (HSPM and Client being collectively referred to hereinafter and throughout as the “Parties” or each individually as “Party”).

### **RECITALS**

- A. Client has established the Independent Cities Finance Authority Single Family Lease Purchase Homeownership Initiative ("Initiative") to assist persons of low and moderate income who meet specified criteria ("Eligible Lessees") pursue eligibility to become homeowners by selecting and residing in a single family property (collectively, the "Properties") per the terms of a twenty-four month lease agreement (“Lease”) while actively participating in mandatory financial literacy, credit management, and FHA-approved housing counseling curriculum to become eligible to acquire the Properties through qualifying loan assumption at lease end. The first phase of the Initiative is intended to involve \$100,000,000 in mortgage financing for approximately 325 Properties.
- B. Client requires the services of an experienced property manager to undertake the initial inspection of proposed Properties, manage the Properties that are acquired by Client for the Initiative and handle all repairs and maintenance for the Properties.
- C. HSPM represents that it possesses the requisite qualifications, experience, technical expertise, licenses, permits, and approvals to manage the Properties on behalf of Client in connection with the Initiative and has agreed to advance development funding for the Initiative in connection with its engagement hereunder.
- D. Client desires to engage HSPM to provide services for the initiative in accordance with the terms of this Agreement and HSPM is willing to provide such services.

NOW THEREFORE, HSPM and Client mutually agree as follows:

1. **Scope of Agreement and Documents.** This Agreement shall govern the relationship between Client and HSPM.
  - (a) **Scope of Work.** During the Term of this Agreement, HSPM will provide the services which are set forth on the “Scope of Work” attached hereto as Exhibit “A” (“Base Services”).

(b) Additional Services. In addition to the Base Services, the Parties shall use the following procedure for providing major repair/rehab services to individual Properties (“Enhanced Services” and together with Base Services, the “Services”):

- (i) For Enhanced Services, HSPM shall issue to the Client a bid/work order detailing the Services that Client selected on a particular property and listing the total price for performing the Services.
- (ii) The Client shall promptly sign the bid/work order and return to HSPM.
- (iii) HSPM will perform the Enhanced Services on the particular Property.
- (iv) When HSPM has completed Enhanced Services, it will notify the Client. The Client and/or the Client’s representative will inspect the Enhanced Services performed on the particular Property. If the Enhanced Services are complete and have been performed in a workmanlike manner, then the Client will notify HSPM that the Enhanced Services have been accepted. The Client may not unreasonably withhold its acceptance of the Enhanced Services.

(c) Documents. The Agreement incorporates the following documents: (1) this Agreement; (2) modifications or change orders issued after the execution of the Agreement between the Client and HSPM, regardless of whether such modifications, change orders, Project Change Requests, or Change Authorizations address performance of services that commenced before the execution of this Agreement; (3) Work orders executed by the Parties, along with any exhibits attached or modifications made to the work orders; and (4) other documents that may be incorporated into this Agreement, if any.

(d) Development Funding. HSPM will provide an advance for development funding for the Initiative in accordance with the terms of the Funding Addendum attached hereto as Exhibit “B”.

2. **Subcontractors**. A Subcontractor is a person or entity who has a direct contract with HSPM to perform work. HSPM may retain Subcontractors to perform some or all of the Services, and HSPM shall supervise and direct the work of Subcontractors. HSPM shall be responsible to the Client for acts and omissions of Subcontractors. During the Term of this Agreement, and for one (1) year after its termination, the Client may not solicit or contract with any Subcontractor retained by HSPM to perform Services under this Agreement.

3. **Term, Termination and Consequences of Termination**.

(a) Term. This Agreement shall commence on the Effective Date and shall continue until terminated as described in this Section (the “Term”). Each work order for Enhanced Services executed during the Term shall set forth its own term, the period of performance and the Enhanced Services to be performed under such work order, which may extend beyond the Term. Any work order executed before the termination of this Agreement

shall remain subject to the terms and conditions of this Agreement for the term of such work order.

- (b) Termination for Convenience. Neither Client nor HSPM will have the right to terminate this Agreement for convenience, it being understood that HSPM is to provide services for the duration of the first phase of the Initiative.
- (c) Termination for Breach by Client. If HSPM commits a material breach of this Agreement or any work order, and such breach is incapable of cure or, for breaches capable of cure, such a breach is not cured within thirty (30) days of receiving notice of the breach from Client, Client may terminate this Agreement upon written notice to HSPM. For purposes of this Agreement, a material breach includes (i) the insolvency or bankruptcy of HSPM; (ii) the subjection of HSPM's property to any levy, seizure, general assignment for the benefit of creditors, application or sale for or by any creditor or government agency; and (iii) the failure to make available or deliver the Services in the time and manner provided for in this Contract.
- (d) Termination for Breach by HSPM. As HSPM will be collecting boarding and property management fees from the closing of Properties and the monthly payments of Eligible Lessees as compensation for its services hereunder, HSPM will not have the right to terminate this Agreement with respect to the Base Services as long as it continues to receive such payments on Properties already under management. Except for the foregoing, if Client commits a material breach of this Agreement or any work order, and such breach is incapable of cure or, for breaches capable of cure, such a breach is not cured within ninety (90) days of receiving notice of the breach from HSPM, HSPM may terminate this Agreement upon written notice to Client. For purposes of this Agreement, a material breach includes (i) the insolvency or bankruptcy of Client; (ii) the subjection of Client's property to any levy, seizure, general assignment for the benefit of creditors, application or sale for or by any creditor or government agency; and (iii) the failure to pay for Services in a timely manner.
- (e) Effect of Termination. Following service of a notice terminating this Agreement or any work order, but before the effective date of such termination, each Party shall continue to abide by the terms and conditions of this Agreement and the related work order and comply fully with its obligations hereunder and it shall not in any way hinder or interrupt the performance of this Agreement or the applicable work order during any period between the date of service of a termination notice and the date of actual termination. Termination shall be without prejudice to any rights or remedies either Party may have against the other in respect of any antecedent breach of the terms of this Agreement; *provided, however*, that neither Party shall be liable for any claim for loss of profit or loss of contract if either Party terminates this Agreement or any work order in accordance with its terms before the completion of the Services.
- (f) Termination Obligations. Upon termination of this Agreement or any work order for whatever reason:

- (i) HSPM shall submit to Client invoice(s) for any Services performed since the date of the last invoice issued;
- (ii) Client shall pay the undisputed amounts of such invoice(s); and
- (iii) The following Sections of this Agreement shall survive: 2, 3(c), 3(d), 4, 5, 6, 8, 9, 10, and 13.

#### **4. Compensation and Invoicing.**

- (a) Fees. HSPM's fees in connection with the Services shall be as set forth in Schedule B of the Statement of Work and any applicable work order, and shall be paid in accordance with this Agreement, unless otherwise provided in said work order.
- (b) Invoicing and Payment. For Enhanced Services, Client shall pay 50% of the total sum listed on each work order contemporaneously on approving the bid/work order to HSPM. HSPM will invoice Client for the remaining 50% of the total sum listed on each work order upon the Client's and the Client's broker's acceptance of the Enhanced Services as outlined in Section 1(a)(v). Client shall pay the remaining 50% of the work order within thirty (30) days after Enhanced Services have been approved by the Client or the Client's representative. Each invoice submitted by HSPM shall be accompanied by reasonable supporting documentation, if applicable. For all other Services other than major repair/rehab Services, Client shall pay for the Services within thirty (30) days after Services have been completed. If any invoice is not paid when due, interest will be added to and payable on all overdue amounts at 18 percent per year or 1.5% per month, or the maximum percentage allowed under applicable laws, whichever is less.
- (c) Expense Reimbursement. If applicable to Enhanced Services to be provided and indicated in any work order, Client shall reimburse HSPM for pre-approved expenses incurred in connection with the Enhanced Services.
- (d) Disputed Invoices. If Client, in good faith, disputes any invoice (or a portion thereof), it may withhold payment of any disputed amounts but agrees to pay any non-disputed portions in accordance with Section 4(b). Prior to the initiation of any formal dispute resolution procedure as provided in Section 14 of this Agreement, Client and HSPM agree to work together in good faith to resolve any disputes concerning any invoice.

#### **5. Changes to Services.**

- (a) Changes to Services may be accomplished after execution of this Agreement, and without invalidating the Agreement, by Project Change Request or Change Authorization approved by HSPM and Client.
- (b) Procedure. The Parties shall use the following procedure for authorizing changes to Services:

- (i) The Party that desires a change in Services shall submit to the other Party a Project Change Request. The Project Change Request must describe the proposed change, the rationale for the change, and the effect the change will have on the scope of Services outlined in the work order.
- (ii) The designated points of contact for both Parties will review the Project Change Request and either approve it for further investigation or reject it. Neither Party shall unreasonably reject a Project Change Request submitted by the other Party. The Parties shall mutually agree upon any charges for such investigation, if any.
- (iii) If an investigation is authorized, the Client will sign the Project Change Request, which will constitute approval for the investigation charges. HSPM will invoice Client for any such charges. Client shall pay the amount invoiced within thirty (30) days of receiving the invoice.
- (iv) HSPM will conduct the investigation promptly, and will report to the Client the effect that the changes proposed by the Project Change Request will have on the work order price, schedule, and other terms and conditions of this Agreement.
- (v) Upon completion of the investigation, both Parties will review the impact of the proposed change of Services and, if mutually agreed, the Parties will execute a Change Authorization. For Enhanced Services that involve urgent or emergency repairs to Properties, the Parties shall use best efforts to execute a Change Authorization WITHIN 24 HOURS OF REQUEST to ensure deliverable timeline is met.
- (vi) A Change Authorization must specify the adjustment to the work order price, schedule, and other terms and conditions of this Agreement. HSPM will invoice the Client for any adjustment in work order price. Client shall pay the amount invoiced within thirty (30) days of receiving the invoice.

## **6. Confidentiality.**

- (a) Confidential Information Defined. For the purposes of this Agreement, “Confidential Information” means nonpublic proprietary information of a Party (the “Disclosing Party”) that is disclosed to the other Party (the “Receiving Party”), including but not limited to:
  - (i) the terms and/or existence of this Agreement, business or technical processes, formulae, source codes, object code, product designs, sales, cost and other unpublished financial information, customer information, product and business plans, projections, marketing data or strategies, trade secrets, intellectual property rights, know-how, expertise, methods and procedures for operation, information about or lists of employees or vendors or subcontractors, customer names, business or technical proposals, and any other information which is or should reasonably be understood to be confidential or proprietary to the Disclosing Party. The foregoing definition of Confidential Information applies to: (i) all such information, whether tangible or intangible and regardless of the

medium in which it is stored or presented; and (ii) all copies of such information, as well as all memoranda, notes, summaries, analyses, computer records, and other materials prepared by the Receiving Party or any of its employees, agents, advisors, directors, officers, and subcontractors (collectively "Representatives") that contain or reflect the Confidential Information.

- (b) Use of Confidential Information. Each Party acknowledges that during the Term it may be exposed to or acquire Confidential Information of the other Party or its affiliates. The Receiving Party shall hold the Confidential Information of the Disclosing Party in strict confidence and will not disclose such information except to its Representatives who have a need to know such information for the purpose of effecting the terms and conditions of this Agreement and who have entered into an agreement with the Receiving Party with confidentiality restrictions materially equivalent to those contained herein. The Receiving Party shall be responsible for the breach of this Agreement by any of its Representatives. The Receiving Party will protect the Disclosing Party's Confidential Information using the same degree of care that it uses to protect its own information of like import, but in no event with less than a commercially reasonable standard of care.
- (c) Exceptions. Confidential Information shall not include, and this Agreement imposes no obligations with respect to, information that:
- (i) is or becomes part of the public domain other than by disclosure by a Party in violation of this Agreement;
  - (ii) was disclosed to a Party before the Effective Date without a duty of confidentiality;
  - (iii) is independently developed by a Party outside of this Agreement and without reference to or reliance on any Confidential Information of the other Party; or
  - (iv) was obtained from a third party not known after reasonable inquiry to be under a duty of confidentiality.
- (d) Disclosure by Operation of Law. If either Party is requested to disclose all or any part of any Confidential Information under a subpoena, or inquiry issued by a court of competent jurisdiction or by a judicial or administrative agency or legislative body or committee, such Party shall, to the extent permitted by law, (i) promptly notify the other Party of the existence, terms and circumstances surrounding such request; (ii) consult with the other Party on the advisability of taking legally available steps to resist or narrow such request and cooperate with such Party on any steps it considers advisable; and (iii) if disclosure of the Confidential Information is required or deemed advisable, exercise commercially reasonable efforts to obtain an order, stipulation or other reliable assurance that confidential treatment shall be accorded to such portion of the Confidential Information to be disclosed. Each Party shall reimburse the other Party for reasonable legal fees and expenses incurred in connection with such Party's effort to comply with this Section.

HSPM further acknowledges that Client is a public agency subject to the disclosure requirements of the Brown Act and the California Public Records Act.

- (e) Return of Confidential Information. Upon the request of the Disclosing Party, the Receiving Party shall return all Confidential Information to the Disclosing Party provided to it pursuant to this Agreement; provided, however, (i) the Receiving Party shall be permitted to retain copies of the Disclosing Party's Confidential Information solely for archival, audit, disaster recovery, legal and/or regulatory purposes, and (ii) neither party will be required to search archived electronic back-up files of its computer systems for the other party's Confidential Information in order to purge the other party's Confidential Information from its archived files; provided further, that any Confidential Information so retained will (i) remain subject to the obligations and restrictions contained in this Agreement, (ii) will be maintained in accordance with the retaining party's document retention policies and procedures, and (iii) the retaining party will not use the retained Confidential Information for any other purpose.
- (f) Remedies. The Parties agree that an actual or threatened breach of this Section by it or its Representatives may cause irreparable damage to the Disclosing Party and that damages may not be an adequate remedy for any such breach. Accordingly, each Party shall be entitled to seek injunctive relief to restrain any such breach, threatened or actual, without the necessity of posting bond, in addition to any other remedies available to such Party at law or in equity.

**7. Independent Contractor Status.** Nothing in this Agreement or in the course of dealing between the Parties shall be deemed to create between the Parties (including their respective directors, officers, employees and agents) a partnership, joint venture, association, employment relationship or any other relationship other than that of independent contractors with respect to each other.

**8. Representations, Warranties and Disclaimers.**

- (a) Mutual Representations and Warranties. Each Party hereby represents and warrants to the other Party that the following matters are true and correct as of the date of this Agreement:
  - (i) Such Party is a legal or governmental entity, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has full power and authority to conduct its business as now being conducted.
  - (ii) Such Party has the right, power, authority and capacity to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

- (iii) Each Party will provide a single point of contact for all operational issues as well as emergency contacts for any issues that may arise during evening, weekend, or holiday hours.
- (iii) The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or governmental action on the part of such Party, and no other corporate proceedings or action on the part of such Party are necessary to authorize this Agreement.
- (iv) The execution, delivery, and performance by such Party of this Agreement will not (i) conflict with or violate any of the organizational documents of such Party; (ii) result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any contract of such Party; (iii) require consent or approval of any third party or any party to any contract of such Party; or (iv) conflict with or violate any applicable law.
- (v) This Agreement constitutes legal, valid and binding obligations of such Party, enforceable against such Party in accordance with its terms.

(b) HSPM Responsibilities.

- (i) HSPM shall staff projects according to Client estimates of volume and deliverables, provide dedicated staff to the onboarding of Client and ongoing relationship management, and timely billing.
- (ii) HSPM will provide Client with timely updates regarding outstanding orders as well as periodic reporting as required.

(c) Client Responsibilities.

- (i) Client shall promptly approve bid/ work orders, provide payment in accordance with the terms of this Agreement, dedicate management to HSPM projects to ensure a successful operational roll-in, and define any reporting requirements before signing and returning a work order.
- (ii) Client shall use its best efforts to give HSPM reasonable notice of changes to Client's managed real estate portfolio including acquisitions, dispositions or volume changes.
- (iii) Client acknowledges that HSPM will staff projects according to projected volumes and will, at a minimum, provide volume projections quarterly.

(d) Reliance on Information. The Parties expressly acknowledge and agree that HSPM will not be liable for any inaccurate or incomplete data provided by or on behalf of Client, or



obtained by HSPM through commercially reasonable efforts. HSPM shall be entitled to rely in good faith on any document or file of any kind submitted by or on behalf of Client pursuant to this Agreement or obtained by HSPM through commercially reasonable efforts. The Client shall compensate HSPM for any increased cost or adjustment to the schedule for performing Services that is caused by the Client's provision of inaccurate or incomplete data.

- (c) Additional Documentation. The Parties shall cooperate fully and execute any and all supplementary documentation and take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

## **9. Taxes.**

- (a) Responsibility for Taxes. Prices in this Agreement do not include any applicable sales, use, ad valorem or similar taxes (each, a "Tax" and collectively, "Taxes") regardless of the taxing authority. Client shall pay such Taxes unless there is an applicable exemption from such Tax, with written confirmation of such Tax exemption to be provided HSPM upon request. To the extent HSPM is required by law to collect such Taxes, one hundred percent (100%) of such Taxes shall be added to invoices as separately stated charges and paid in full by Client in accordance with this Agreement, unless Client is exempt from such Taxes and furnishes HSPM with a certificate of exemption. HSPM through its Property Manager is responsible for complying with all laws applicable to the manufacture, delivery, and export/import of the Products and provision of the Services. HSPM shall be responsible for all taxes imposed on HSPM's income or property.
- (b) Tax Disputes. If Client disagrees with HSPM's determination that any Tax is due with respect to transactions under this Agreement, Client shall have the right to seek an administrative determination from the applicable taxing authority, or, alternatively, Client shall have the right to contest any asserted claim for such Taxes, subject to its agreeing to indemnify HSPM for the entire amount of such contested Tax (including any associated interest and/or late penalties) should such Tax be deemed applicable. HSPM agrees to reasonably cooperate with Client in the event Client determines to contest any such Taxes. Client and HSPM shall promptly inform each other in writing of any assertion by a taxing authority of additional tax liability in respect of said transactions. Any legal proceedings or any other action against HSPM and with respect to such asserted liability shall be under HSPM's direction but Client shall be consulted. Any legal proceedings or any other action against Client and with respect to such asserted liability shall be under Client's direction but HSPM shall be consulted. In any event, Client and HSPM shall fully cooperate with each other as to the asserted liability. Each Party shall bear all the reasonable costs of any action undertaken by the other at that Party's request.

## **10. Indemnification and Limitation of Liability.**

- (a) HSPM Indemnification. HSPM shall indemnify and hold harmless Client, its affiliates, assignees and each of its and their managing directors, partners, directors, officers,

employees and agents from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Services, provided that such claim, damage, loss, or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Services themselves), but only to the extent caused by the negligent acts or omissions of HSPM or any person or entity under HSPM's direction or control. Client shall promptly notify HSPM in writing of any claim which Client believes falls within the scope of this Section 10. Client may, at its expense, assist in such defense, provided HSPM shall control such defense and all negotiations relative to the settlement of any such claim.

(b) Client Indemnification. Client shall indemnify and hold harmless HSPM, its affiliates, assignees and each of its and their managing directors, partners, directors, officers, employees and agents from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the negligent acts or omissions of Client or any person or entity under Client's direction or control. HSPM shall promptly notify Client in writing of any claim which HSPM believes falls within the scope of this Section 10. HSPM may, at its expense, assist in such defense, provided Client shall control such defense and all negotiations relative to the settlement of any such claim.

(c) LIMITATION OF LIABILITY. IN NO EVENT (I) WILL HSPM OR CLIENT BE LIABLE TO EACH OTHER, WHETHER IN CONTRACT, TORT, UNDER ANY WARRANTY OR ANY OTHER THEORY OF LIABILITY, FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST BUSINESS OR PROFITS; AND (II) WILL EITHER PARTY'S LIABILITY TO THE OTHER EXCEED \$500,000, WHETHER IN CONTRACT, TORT, UNDER ANY WARRANTY OR ANY OTHER THEORY OF LIABILITY, UNLESS SUCH CLAIMS (A) RESULT FROM THE BAD FAITH OR WILLFUL MISCONDUCT OF A PARTY, OR (B) SEEK INDEMNIFICATION UNDER THIS SECTION 10. THE FOREGOING LIMITATION OF LIABILITY WILL NOT APPLY TO THIRD PARTY CLAIMS FOR PERSONAL INJURY, WRONGFUL DEATH OR PROPERTY DAMAGE WHICH ARE SUBJECT TO THE INDEMNITY OBLIGATIONS OF THE PARTIES PURSUANT TO SECTIONS 10(a) and 10(b), NOR SHALL ANY CAP SET FORTH IN THIS SECTION 10(c) LIMIT THE AMOUNT OF INSURANCE PROCEEDS AVAILABLE FOR A VALID CLAIM.

**11. Timeliness of Performance.** HSPM understands that performance of the Services hereunder in accordance with the terms of this Agreement or an applicable work order is required by Client in order to meet its schedule and commitments. Neither Party, however, shall be responsible for any delays that are not due to such Party's fault or negligence that could not have reasonably been foreseen or provided against. Neither party shall incur any liability due to failure or delay in performance of any obligation caused by Force Majeure, at least for the duration of the Force Majeure; *provided, however,* that the affected party shall promptly

notify the other of the existence of the Force Majeure and the effect on its ability to perform its obligations, and that the affected party undertakes all reasonable efforts to mitigate the impact of the Force Majeure on the other party. The term "Force Majeure" shall mean and include without limitation any Act of God, industry wide strikes, explosion, fire, flood, war and other hostilities, civil commotion, governmental acts, regulations or orders, generalized inadequate supply of raw materials or components, or any other circumstance of a similar nature beyond the reasonable control of an affected Party. If any Force Majeure endures more than thirty (30) days, the parties shall meet and review in good faith the desirability and conditions of this Agreement or any work order, and Client may terminate this Agreement without further liability to HSPM except as may otherwise be provided for herein and payment for services performed through the effective date of termination.

**12. Notices.** Any notice or communication required or permitted to be given by either party under this Agreement shall be in writing and shall be hand delivered or sent by overnight delivery service to the party receiving such communication. Notice may also be given by electronic mail provided that such notice is confirmed in writing by return electronic mail within twenty-four (24) hours. Notices will be given at the address specified below:

If to Client:

Debbie Smith, Executive Director  
Independent Cities Finance Authority  
1100 S. Flower Street, Suite 3300  
Los Angeles, CA 90015  
Phone: 877/906-0941  
E-mail: debbie@icfauthority.org

If to HSPM:

HomeStar Field Services  
13355 Noel Road, Suite 510  
Dallas, TX 75240  
Attn: Micheal Breese  
Phone: \_\_\_\_\_  
E-mail: \_\_\_\_\_

or such other address as either party may in the future specify to the other party.

**13. Insurance.** HSPM, at its expense, shall secure and maintain for itself and its employees at all times during HSPM's performance of Services under this Agreement and any applicable work order the following insurance coverage:

- (a) Workers' Compensation insurance coverage required by federal and state law.
- (b) Employer's Liability insurance coverage with limits not less than \$1,000,000 injury per occurrence, \$1,000,000 disease per employee, and \$1,000,000 disease policy limit.

(c) Comprehensive General Liability insurance coverage written on an occurrence basis with limits no less than:

- (i) General Aggregate: \$1,000,000;
- (ii) Bodily Injury: \$1,000,000 per person, \$1,000,000 per occurrence;
- (iii) Property Damage: \$1,000,000 per occurrence, \$2,000,000 aggregate;
- (d) Comprehensive Automobile Liability insurance with a combined single limit of liability for bodily injury and property damage of not less than \$1,000,000 for vehicles owned, non-owned, or rented. This coverage shall include employees as insureds.

(e) The required coverage may be in any combination of primary, excess, and umbrella policies. Any excess or umbrella policy must provide excess coverage over underlying insurance on a following-form basis such that when any loss covered by the primary policy exceeds the limits under the primary policy, the excess or umbrella policy becomes effective to cover such loss.

(f) Client shall be named as an Additional Insured on the required policies excluding Workers' Compensation.

#### **14. Miscellaneous.**

- (a) Entire Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement and the applicable Statements of Work and constitutes the complete agreement and understanding between the parties unless modified in a writing signed by both parties.
- (b) Assignment. Neither Party shall assign, sub-license, sub-contract, charge or otherwise encumber any of its rights or obligations under this Agreement without the prior written consent of the other Party except that either Party may assign this agreement without consent to any entity which succeeds to all or substantially all of such party's assets or business. A change of control of a Party shall not be deemed an assignment.
- (c) Modification. The Parties may modify this Agreement only by a written instrument that has been fully executed by the Parties.
- (d) Governing Law. This Agreement and all matters relating to or arising under this Agreement shall be governed in all respects by the laws of the State of California, without giving effect to principles of conflicts of law.
- (e) Dispute Resolution.

Any dispute arising under this Agreement, including, without limitation, all disputes relating in any manner to the performance or enforcement of this Agreement shall be resolved by binding arbitration in the County of Los Angeles, California, pursuant to the rules of Judicial Arbitration and Mediation Services (“JAMS”), as amended or as augmented in this Agreement (the “Rules”). Arbitration shall be initiated as provided by the Rules, although the written notice to the other party initiating arbitration shall also include a description of the claim(s) asserted and the facts upon which the claim(s) are based. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all claims subject hereto, including any award of attorney’s fees and costs. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. All disputes shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the parties within thirty (30) days of the effective date of the notice initiating the arbitration. If the parties cannot agree on an arbitrator, then the complaining party shall notify JAMS and request selection of an arbitrator in accordance with the Rules. The arbitrator shall have only such authority to award equitable relief, damages, costs, and fees as a court would have for the particular claim(s) asserted. In no event shall the arbitrator award punitive damages of any kind. The parties acknowledge that one of the purposes of utilizing arbitration is to avoid lengthy and expensive discovery and allow for prompt resolution of the dispute. The arbitrator shall have the power to limit or deny a request for documents or a deposition if the arbitrator determines that the request exceeds those matters which are directly relevant to the claims in controversy. The document demand and response shall conform to Code of Civil Procedure section 1282.6. The deposition notice shall conform to Code of Civil Procedure section 1283. The parties may make a motion for protective order or motion to compel before the arbitrator with regard to the discovery, as provided in Code of Civil Procedure. Notwithstanding the election by the parties to arbitrate their disputes, nothing contained herein shall prevent a party from filing an action in a court of competent jurisdiction to seek any form of equitable remedy or relief.

- (f) Severability. If any provision of this Agreement (or any portion thereof) is determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected by such determination and shall be binding upon Client and HSPM and shall be enforceable as though said invalid or unenforceable provision (or portion thereof) were not contained in this Agreement.
- (g) No Waiver. The failure by either Client or HSPM to insist upon strict performance of any of the provisions of this Agreement shall in no way constitute a waiver of either Parties’ rights under this Agreement, at law or in equity, or a waiver of any other provisions or subsequent default by the other Party in the performance of or compliance with any of the terms of this Agreement.
- (h) Section Headings. The headings of this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation or construction of this Agreement.

- (i) Non-exclusivity. Each party acknowledges that during the period that HSPM is providing Services under this Agreement the other Party may, directly or indirectly, be employed or associated with person(s), corporation, partnership or other entity that compete with the other Party. Each Party shall continue to observe its confidentiality obligations hereunder.
  
- (j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The executed instrument may be delivered by facsimile or electronic mail. Counterparts and duplicate originals shall be deemed original instruments, and facsimile or electronic signatures shall be deemed original signatures.

*[signature page follows]*

IN WITNESS WHEREOF, the parties, each acting with due and proper authority, have executed this Agreement as of the Effective Date.

INDEPENDENT CITIES FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

HOMESTAR PROPERTY MANAGEMENT LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**  
**STATEMENT OF WORK AND STANDARD PRICING**

**See Attached**



## **STATEMENT OF WORK**

### **Property Management Services**

THIS STATEMENT OF WORK (“SOW”) is entered into as of October 1, 2015, (“Effective\_Date”) by and between HomeStar Property Management, a Delaware limited liability company (“HSPM”) and Independent Cities Finance Authority, a California joint powers authority (“CLIENT”) (“HSPM” and “CLIENT” being collectively referred to hereinafter and throughout as the “Parties” or each individually as “Party”).

**1. Definitions.** Capitalized terms shall have the meanings defined in the Agreement and/or this SOW, and where not otherwise defined shall have the meanings specified below. If similar terms are defined differently in this SOW and in the Agreement, the definition set forth in this SOW shall control:

1.1. Affiliate: Shall mean an entity that owns or controls, is owned or controlled by, or is or under common control or ownership with a Party, where control is defined as the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.2. Agreement: Shall mean the Master Services Agreement between HSPM and CLIENT dated as of October 1, 2015, the terms and conditions of which are incorporated hereto by reference, and to which this SOW is subject. In the event of a conflict in language or terms between the Agreement and this SOW, the SOW shall control.

1.3. Expenses: Shall mean normal and customary costs, overnight courier expenses, such other pre-approved out-of-pocket expenses as HSPM may reasonably incur in providing the Services contemplated by this SOW. Expenses shall not include office equipment, office systems, general overhead, employee and other costs incurred by HSPM in the general operation of its business.

1.4. Fees: Shall mean the fees payable to HSPM for providing the Services contemplated by this SOW, as set forth in Schedule B.

1.5. Initiative: Shall mean the Single Family Lease Purchase Homeownership Initiative described in Recital A of the Agreement.

1.6. Property Managers: Shall mean those managers hired by HSPM to manage the Assets.

1.7. Property or Properties: Shall mean residential properties of CLIENT which are included in the Initiative.

1.8. Services: Shall mean those management functions and services described on Schedule A and referred to as “Base Services” in the Agreement, as the same may be amended from time to time by written consent of the Parties.

1.9. Statement of Work (“SOW”): Shall mean this document including all of its Schedules, Attachments and Appendices.

**2. General Provisions:**

2.1. Engagement: CLIENT hereby engages HSPM and HSPM’s Affiliates and Property Managers it retains to perform the rental management, repair and maintenance services with regard to the Properties. HSPM shall perform the Services in accordance with the terms of the Agreement and this SOW.

2.2. Term: This SOW shall commence on October 1, 2015 and continue as long as any Properties remain under lease pursuant to the first phase of the Initiative.

2.3. Acceptance of Properties:

(a) Designation of Properties. All Properties which are purchased by Client for the Initiative will be subject to this SOW. Client will notify HSPM of new Properties in writing and according to the data requirements in Section 4.2.

(b) Withdrawal by CLIENT. CLIENT shall have a right to withdraw a Property from Services under this SOW when (i) the Property is assumed by the Eligible Lessee in accordance with the terms of the Initiative; (ii) the Property is sold by Client; or (iii) in the event of a termination of HSPM for cause in accordance with the terms of the Agreement. CLIENT shall notify HSPM in writing of CLIENT’s intent to withdraw a Property. Upon the withdrawal by CLIENT of any Property, CLIENT shall remain liable for all Fees and authorized Expenses incurred through the date that the Property was withdrawn.

2.4. Disclosure: Neither Party shall disclose the terms and conditions of this SOW to third parties (except for each Party’s officers, agents, subcontractors, Property Managers, Affiliates, authorized employees, auditors or third parties whose review is mandated by law) without prior written authorization from the other Party. Notwithstanding the foregoing, HSPM acknowledges that the Agreement and this SOW is a public record subject to disclosure under the Brown Act and the California Public Records Act.

2.5. Insurance Requirements: HSPM shall obtain and maintain insurance policies as set forth in Schedule C.

2.6. Vendors: CLIENT hereby acknowledges that HSPM may retain third party vendors, including Property Managers, and Affiliates to perform certain Services contemplated hereunder and no further consent is needed from CLIENT. CLIENT hereby authorizes HSPM to retain such vendors on HSPM’s behalf, provided that HSPM remains fully responsible for the provision of all Services by such vendors and furthermore that HSPM ensures that vendors maintain all necessary licenses required by the State of California and are otherwise qualified to perform the services for which they are engaged. HSPM hereby agrees that any and all representations and warranties of a third party vendor shall pass through and inure to the benefit of CLIENT to the extent permitted by law.

### **3. Fees, Expenses and Payment.**

3.1. Fees and Expenses. CLIENT shall pay the Fees and authorized Expenses earned and/or incurred by HSPM in performing the Services at such times and in such amounts as are specified in Schedule B. Notwithstanding the foregoing, it is understood that HSPM will be solely responsible for collecting certain Fees and authorized Expenses from the occupants of each Property and CLIENT will not be responsible for payment of such Fees and authorized Expenses.

#### **3.2. Payment for Property Repairs and Inspections.**

(a) Payment to HSPM or its Affiliate for Property Repairs, as defined in Section G of Schedule A, will be completed as follows:

- (i) The cost of Property Repairs will first come from the home warranty program purchased by Client for each Property or if covered by property insurance, then through the applicable property coverage.
- (ii) If the cost of the Property Repairs for any single Property is less than \$2,500, then HSPM or its Affiliate shall invoice CLIENT for the Services provided and CLIENT shall pay HSPM or its Affiliate the invoiced amount within thirty (30) days.
- (iii) If the cost of the Property Repairs for any single Property is \$2,500 or greater, then the parties will use the procedure for Enhanced Services as set forth in the Agreement.
- (iv) HSPM or its Affiliate will attach supporting documentation to each invoice. If the cost of the work exceeds \$1,000, HSPM or its Affiliate will also submit before and after photographs.
- (v) If any invoice is not paid when due, interest will be added to and payable on all overdue amounts at 12 percent per year or 1.0% per month.

### **4. Miscellaneous Provisions.**

4.1. Reporting: HSPM shall generate standard inventory/activity reports for each Property. The form of such reports, medium, frequency and the required information to be contained therein shall be mutually agreed to by the Parties.

4.2. Data Requirements: CLIENT agrees to send an initial data file for all Properties assigned to HSPM, containing the required data fields as shown in Schedule E.

4.3. Other Information: HSPM agrees to notify CLIENT of any litigation involving the Property within three (3) business days of HSPM's discovery of same.

4.4. Entire Agreement: The Agreement and this SOW and its attachments set forth the entire agreement and understanding between the Parties as to the subject matter hereof and merges and supersedes all prior discussions and agreements with respect thereto.

IN WITNESS WHEREOF, the Parties hereto have caused this SOW to be executed by their respective duly authorized representative as of the day and year first above written.

INDEPENDENT CITIES FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

HOMESTAR PROPERTY MANAGEMENT LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE A  
SERVICES

**DESCRIPTION OF SERVICES:** Upon request from CLIENT, HSPM through its Affiliates and Property Managers shall provide the following Services to CLIENT:

**A. Property Inspection Services.** When a Property has been identified as a potential acquisition for the Initiative, HSPM will provide the following Services to CLIENT prior to acquisition:

1. For each Property, HSPM's Affiliate will conduct an initial assessment inspection:
  - (a) to confirm that the Property is in habitable condition, based on standards mutually agreed upon with CLIENT, or on local municipality, state, and/or federal building and housing code requirements;
  - (b) to obtain any repair and/or remediation or rehabilitation bid(s) that are necessary for habitability purposes, or as directed by CLIENT or any of their designated affiliates, or otherwise required by applicable law;
  - (c) to identify any potential immediate hazards to health or safety;
  - (d) to "test" the working functionality of the mechanical systems (electric, including electrical outlets, gas, water and HVAC systems, as well as all smoke and any carbon monoxide detectors); and
  - (e) to identify conditions that may impact the suitability of the Property for the Initiative.
2. HSPM's Affiliate will use a CLIENT-approved checklist, as summarized below, and evaluate the following areas as "approved" or "deficient". HSPM's Affiliate will also provide status and photos of each room, including detailed photos and descriptions concerning any visible and/or potential damages identified, including but not limited to:
  - (a) Kitchen: major appliances, cabinetry, flooring, walls, ceiling, fixtures, including faucets, lights, vents, and windows.
  - (b) Living room, stairway(s) and hallway(s): flooring, walls, handrails where applicable, ceiling, fixtures, lights, windows and doors/stops, including door locks.
  - (c) Bedroom(s), including closet spaces: flooring, walls, ceiling, fixtures, lights, windows and doors/stops, including door locks.
  - (d) Bathroom(s): plumbing, sink, toilet, tub, shower, flooring, walls, ceiling, fixtures, including faucets, windows and doors/stops, including door locks.
  - (e) Outside: roof (that which can be viewed from the ground level only as well as evidence of interior leaks), exterior walls, yard, fence, windows, external light fixtures and electrical receptacles, doors/stops, including any garage door(s) and locks, sprinkling systems, general appearance, pets and, if there is a pool, spa or hot tub, the pool, spa or hot tub and the fencing around each.

3. HSPM will review the inspection report to identify any reported adverse issue(s) based on federal, state, and/or local building and housing code requirements, if applicable. Further, HSPM will submit an itemized list of all of items that do not meet applicable requirements or standards to CLIENT for review. Correction of issues will be undertaken by Seller as a condition to closing unless expressly authorized by CLIENT as an Enhanced Service.
  4. HSPM shall determine whether any HOA dues are delinquent at the time of acquisition so that CLIENT can request such fees to be paid by Seller.
  5. HSPM shall determine if there are delinquent utilities due at time of acquisition.
  6. HSPM will determine and notify appropriate CLIENT personnel if the property is located in a jurisdiction with rent control or a just cause ordinance.
  7. CLIENT shall remit payment for Inspections completed, as defined above, and in accordance with Section 3.2 of the SOW.
- B. Broker Services:** Upon the request of CLIENT, HSPM agrees to act as broker on behalf of CLIENT as the buyer in the acquisition of Properties.
- C. Closing Inspection:** HSPM will inspect all repairs or punch list items that were identified by HSPM during the Property inspection process and were submitted for correction by Seller prior to the closing on each Property or for Enhanced Services pursuant to the Agreement. HSPM will further report to CLIENT that the Property is ready for occupancy by the tenant.
- D. Final Lease Execution:** Upon request, HSPM will assist CLIENT to obtain due execution of CLIENT's lease form for the Initiative and ensure that all related documentation, insurance and other requirements necessary for the tenant to take occupancy of the Property is complete.
- E. Lease Administration.** HSPM will be responsible for property management-related services on all Properties in the Initiative. HSPM will have full power and authority to complete the tasks to comply with CLIENT requirements specified in this Agreement. HSPM will enforce all of the terms of the lease agreement for each Property that is provided by CLIENT, a template of which has been provided to and approved by HSPM.
- F. Collection of Rents:** HSPM will attempt to collect all payments due according to the terms of the lease. HSPM shall hire Affiliates and Property Managers to perform the services hereunder, and the Property Managers must be licensed to collect rent in accordance with the laws of the State of California.
1. HSPM will establish a bank account for the benefit of CLIENT.

2. HSPM will use commercially reasonable efforts to collect and deposit to the bank account for the benefit of CLIENT all rent and other payments on the 10<sup>th</sup> (tenth) day of the month.

HSPM will initiate occupant reminder calls no later than 5 calendar days after the rent payment due date.

1. HSPM will make 3 more contact attempts through the 15<sup>th</sup> calendar day of default (or as provided in the lease or as permitted by applicable law).
2. From the 16th through the 20th calendar day of default, HSPM will provide a final 2 Business Day notification to the occupant by "delivery confirmed" letter or as otherwise required by applicable law.

HSPM will contact CLIENT for written response if the occupant voluntarily comes to HSPM prior to the 30<sup>th</sup> day of default, with rent or a documented hardship and a proposal to bring the payments current that may extend over several months. HSPM will notify CLIENT of the default for the purpose of pursuing eviction proceedings if HSPM does not receive good funds to cure the arrearages by the latest of 30 calendar days from the date of default, or as provided for in the lease, or as required by applicable law. If applicable, HSPM will provide CLIENT with the occupant's documented hardship and proposed catch up plan that may extend over several months.

HSPM will not make any further call attempts after referral to assigned eviction attorney. HSPM will refer all occupant communications to the assigned eviction attorney.

3. HSPM will notify CLIENT of the default if HSPM does not receive good funds that cure the arrearages by the latest of the 30<sup>th</sup> day of default, or as provided for in the lease, or required by applicable law.

#### **G. Property Repairs:**

1. Call Center Services:
  - (a) Tenants will be provided 24-hour access to contact HSPM via telephone in the event of a required repair and/or emergency event.
  - (b) HSPM will take incoming call(s) and/or provide a voice mail system for tenants to leave a message requesting a repair.
  - (c) HSPM will provide corporate level back up on all call system(s) to support incoming calls for emergency repairs from tenants, agents, CLIENT and/or any of their designated affiliates. The back-up telephone system will be available 24 hours per day, 365 days per year (or 366 days in the event of a leap year).
  - (d) HSPM will classify calls pursuant to the definition and description of both non-emergency and emergency repairs as described in section I.2. of this Exhibit.

- (i) Emergency Repair Calls: HSPM will respond to the tenant and initiate the work required to repair the issue within 4 hours of receipt.
- (ii) Non-Emergency Repair Calls: HSPM will respond to the tenant within 4 hours of the regular opening of business the next Business Day.
- (e) HSPM will determine if the repairs are subject to any home warranty purchased by CLIENT for the Property or are covered by property insurance.

2. Emergency Repair Services:

- (a) "Emergency Repairs" refer to repairs that are required to remedy hazards that pose imminent and/or serious threats to the property or to the health and safety of the tenant(s), or as determined by HSPM. These repairs shall be made as soon as reasonably possible.
  - (i) Emergency Repairs are not limited to minimum repairs needed to restore habitability and/or remove any immediate dangers to the health and safety of the tenant(s). Additionally, emergency repairs should address and, where possible, prevent further damage to the asset based on the standards outlined in Section F of this Exhibit.
  - (ii) HSPM will notify CLIENT of the completed emergency repair, including all pertinent background details and description(s) of the service(s) provided within 72 hours of completion. Documentation: All repair or maintenance related activities shall be documented via photos and uploaded into the system of record within 3 business days of completion. HSPM and its Affiliates shall be granted authorization and full prior approval by CLIENT to perform emergency repairs up to, but not exceeding, \$2,500.
  - (iii) HSPM and its Affiliates shall be required to submit a formal bid to CLIENT for review and approval for any emergency repairs that exceeds \$2,500 as an Enhanced Service under the Agreement. CLIENT will review and provide disposition of each submitted emergency repair bid within a timely manner not to exceed 24 hours of receipt. Conditions requiring emergency repair(s) can consist of, but are not limited to, the following:
    - a. Tree service to correct a health or safety issue;
    - b. Burst water service;
    - c. Blocked or broken lavatory service, septic tank or related "leaking" problem;
    - d. Serious roof leak;
    - e. Gas leak;
    - f. Dangerous electrical fault;
    - g. Flooding or serious flood damage;
    - h. Serious storm, fire or impact damage;
    - i. Failure or breakdown of the gas, electricity, HVAC or water supply to the property;
    - j. Termination of the gas, electricity, heating oil, or water supply to the property if such condition is reasonably viewed to create imminent potential damage to the property;



- k. Failure or breakdown of essential service or appliance(s) at the property for hot water, cooling or heating;
- l. Fault or damage that make the property unsafe or unsecure;
- m. Fault or damage likely to injure a person, damaged property or unduly inconvenience to a resident of the property; Serious fault in a staircase or property that unduly inconveniences a resident in gaining access in, to, or out of, or use of the property; and other issues as approved by CLIENT upon request
- n. CLIENT shall make payment in accordance with Section 3.2 of the SOW.

3. Non-Emergency Repair Services:

(a) “Non-Emergency Repair Services” refers to repairs performed on an Property that do not meet the requirements set forth above for “Emergency Repair Services” as determined by HSPM. These repairs include, but are not limited to, routine maintenance, repair, rehabilitation, preservation, and environmental remediation services. The procedure for providing Non-Emergency Repair Services to an Property are as follows:

(i) Determination of Non-Emergency Repair Services.

- a. HSPM may perform non-emergency repairs that are less than \$1,000 on any Property, without prior approval from CLIENT
- b. HSPM will submit a formal bid to CLIENT for any non-emergency repairs that exceed \$1,000. CLIENT will review and provide disposition for each bid within a timely manner not to exceed 5 business days.

(ii) HSPM or its Affiliate will perform the non-emergency repair on the identified Property.

(iii) CLIENT will review all completed non-emergency repairs as submitted by HSPM and its Affiliates. CLIENT may not unreasonably withhold its acceptance of the Services performed.

(iv) CLIENT shall make payment in accordance with Section 3.2 of the SOW.

**K. Funds Administration**

1. Reporting: HSPM will report to CLIENT, in a form acceptable to the parties, all receipts, expenses, disbursements and balances each month.
2. Remittance File: HSPM will submit a Payment Request via email to CLIENT. The Payment Request will include property level accounting of all receipts, expenses, disbursements and property account balances.

**L. Compliance with Laws.** HSPM through its Property Managers will comply with all applicable federal, state and local laws, regulations, ordinances and codes, including without limitation, the federal Fair Debt Collection Practices Act, applicable state debt collection practices acts, federal, state and local landlord/ occupant and local rental laws, all federal state and local Fair Housing laws and regulations relating to

rental and sale of residential properties and the Americans With Disability Act and any similar state and local laws and regulations.

**M. Tenant Support.** At HSPM's expense, HSPM will:

1. provide a toll free number for general inquiries from tenants, agents and other third parties;
2. acquire and configure TTY service for hearing impaired tenants; and
3. HSPM will track and report customer complaints.

**N. Lease Expiration.**

1. HSPM will report to CLIENT if the occupant intends to voluntarily vacate at the end of lease term.
2. HSPM will obtain CLIENT approval to proceed with eviction if a response is not received from occupant after a minimum of 3 attempts AND the occupant does not vacate within 5 days after the end of the lease term.

**O. Disposition Services.**

1. At the request of CLIENT, HSPM will act as a broker for CLIENT to dispose of a Property in an off-market or an on-market where an assumption by tenant in accordance with the Initiative is determined not to be feasible and CLIENT desires to exit the Property.

SCHEDULE B  
FEES AND EXPENSES

CLIENT shall pay to HSPM the following fees and expenses, in accordance with the following terms:

1. **Monthly Management Fee.** The monthly management fee will be calculated as 10% of the actual rent collected from tenants each month. If no rent is collected in a month, no fee will be charged by HSPM. The monthly management fee will cover the cost of HSPM to provide all of the Services set forth in Items D through N of Schedule A, not including the actual costs of repairs or Enhanced Services as set forth in Item G of Schedule A.
2. **Boarding Fee.** The boarding fee will be calculated in an amount equal to one half of one percent (0.5%) of the mortgage loan amount for the Property when acquired by CLIENT and assigned to HSPM under this SOW. In no event will the aggregate amount of the Boarding Fee exceed Five Hundred Thousand Dollars (\$500,000.00) for the first phase of the Initiative.
3. **Out of pocket expenses associated with managing the Properties.** CLIENT shall reimburse HSPM for out of pocket expenses which are authorized in advance by CLIENT associated with managing the properties including, but not limited to, costs for temporary housing for tenants during periods when the Property is uninhabitable (e.g. during emergency repairs).
4. **Property Condition Inspection Fee.** The property condition inspection fee will be calculated at \$125.00 per Property evaluated at the written request of the CLIENT and will cover the services of HSPM set forth in Items A and C of Schedule A.
5. **Broker Fees.** CLIENT shall pay HSPM a broker fee of 2.00% for acting as the broker on acquisitions of Property pursuant to Item B of Schedule A.
6. **Eviction Fees.** CLIENT shall reimburse HSPM for any out of pocket expenses associated with eviction processing plus HSPM costs; total eviction bid to be approved in advance by the CLIENT.
7. **Disposition Fees.** CLIENT shall pay HSPM 3.00% of the sales price of any Property to facilitate the 'off-market' disposition of the Property. Separately, CLIENT shall pay HSPM 6.00% of the sales price of the dispossessed Property to facilitate the 'on-market' disposition of the Property.
8. **Warranty Fees.** CLIENT shall pay HSPM \$485.00 per year per Property to provide Warranty Coverage as described in attached Schedule D.

**Payment Terms**

HSPM will net out the Monthly Management Fee, as described above in this Exhibit B, from the monthly rent remittances to CLIENT to the extent the amount of total gross rents collected on all managed assets is enough to cover the total amount of the Monthly Management Fees for a month. Any fees and expenses from Exhibit B in excess of the total gross rents collected in a month will be invoiced to CLIENT and due and payable to HSPM within thirty (30) calendar days from the date of the invoice.

SCHEDULE C  
INSURANCE

HSPM will, at its own cost and expense, obtain and maintain in full force and effect, with financially sound and reputable insurers having A.M. Best ratings of at least A or better, liability insurance to cover HSPM's obligations under this Agreement. Upon execution of this Agreement, and before the commencement of any Services, HSPM will upon CLIENT's request provide CLIENT with a Certificate of Insurance evidencing the following coverage and limits of liability:

COVERAGE	LIMITS OF LIABILITY
<b>Workers' Compensation &amp; Employers Liability Insurance:</b>	
\$1,000,000	Per Occurrence
<b>Errors &amp; Omissions Insurance:</b>	
\$1,000,000 \$1,000,000	Per Occurrence Aggregate
<b>Property Protection Insurance:</b>	
\$300,000	Dwelling Per Occurrence
<b>Employment Practices Liability Insurance:</b>	
\$1,000,000 \$1,000,000	Per Occurrence Aggregate
<b>Employee Benefits Liability Insurance:</b>	
\$1,000,000 \$1,000,000	Per Occurrence Aggregate
<b>Commercial General Liability Insurance:</b>	
\$1,000,000 \$2,000,000	Per Occurrence Aggregate
<b>Automotive Liability Insurance:</b>	

\$1,000,000 \$1,000,000	Per Occurrence Aggregate
<b>Umbrella Insurance:</b>	
\$3,000,000 \$3,000,000	Per Occurrence Aggregate

CLIENT will receive thirty (30) days' advance written notice in the event of a cancellation or material change in HSPM's insurance policy.

**SCHEDULE D**  
**HOMEOWNER'S WARRANTY COVERAGE**

## **EXHIBIT B**

### **FUNDING ADDENDUM**

1. Advance of Funding

Within five (5) business days of the execution of the Agreement, HSPM will provide Client with an advance of Two Hundred Thousand Dollars \$250,000 to facilitate the development and implementation of the Initiative. Such advance will be paid directly to an account with Wilmington Trust as designated by Client. Client, in its sole discretion, will have the right to immediately cause the advance to be disbursed to cover development and implementation costs associated with the Initiative.

2. Funding Fee

The advance will be repaid through a funding fee to be collected upon the closing of each Property in the Initiative in the amount of one half of one percent (0.5%) of the total loan amount for each Property, provided, however, that in no event will the aggregate funding fees payable to HSPM exceed the sum of Five Hundred Thousand Dollars (\$500,000.00).

3. Client Liability

The sole source of repayment for the advance will be the funding fee set forth in Section 2. HSPM acknowledges that Client does not guarantee the success of the Initiative or the number of Properties that will fund and become subject to the terms of this Agreement and HSPM agrees that it accepts such risk and that the risk is reflected in the amount of the funding fee. Notwithstanding the foregoing, Client will be responsible for repayment of any unpaid balance of the advance in the event that (i) HSPM terminates the Agreement for cause; or (ii) Client is in breach of its obligation to provide for the funding fee in the closing of all Properties in the first phase of the Initiative.