

PACIFIC RIM PROPERTIES LTD.

“Personal, Professional Service Since 1969”

PROPERTY MANAGEMENT AGREEMENT

1. PARTIES.

AGENT: PACIFIC RIM PROPERTIES LTD. 2333 Kapiolani Blvd, Ste 1, Honolulu, Hawaii 96826. Phone: (808) 941-1511
Fax: (808) 955-2535

OWNER(S): _____ **SOCIAL SECURITY #:** _____

_____ **SOCIAL SECURITY #:** _____

Mailing Address: _____

Phone Numbers: (Bus.) _____ (Home) _____

Emergency Contact: _____ Phone: _____

Property Address: _____

Description: _____ Parking Stall #: _____ Date Available: _____

Insurance Company: _____ Policy #: _____

Insurance Agent: _____ Phone #: _____

State of Hawaii General Excise Tax License #: _____ “HAWAII GENERAL EXCISE TAXES 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 AMOUNT OF RENTS COLLECTED, WILL BE FILED WITH THE HAWAII DEPARTMENT OF TAXATION.” Hawaii revised Statutes, Section 237.

By signing below, the above OWNER states they are / are not a U.S. Citizen or resident. If they are NOT a U.S. Citizen or resident, Pacific Rim Properties Ltd. is required by law to withhold 30% of gross rents received and report these taxes to the Internal Revenue Service, unless OWNER provides written exemption yearly per IRS forms currently in use.

Signature: _____ Date: _____

2. AGENCY. The OWNER, hereafter referred to as “YOU,” appoints and employs the AGENT, hereinafter referred to as “WE” or “US,” a licensed real estate company, exclusively to license, rent, operate and manage the REAL Property, hereafter referred to as “PROPERTY,” and AGENT accepts this exclusive agency appointment.

3. DISTRIBUTION OF INCOME. To the extent there are funds available for distribution, we shall deduct authorized payments, expenses and fees from gross rental income received and remit the net proceeds to you. Such funds shall be disbursed to the mailing address you provide or deposited bank account by the 15th of each month.

Bank account #: _____

Additional disbursements you authorize are as follows: _____

4. COMPENSATION. OWNER agrees to pay AGENT compensation for services as follows:

- a. A LEASING FEE for leasing premises or for any subsequent re-renting to new tenant(s) of 20 % of the first full month's gross rental received.
- b. A MONTHLY MANAGEMENT FEE thereafter of 10 % of the monthly gross rental income from the property during the term of this agreement. (See “TERM” on page two for fees if cancelled.)
- c. A SERVICE FEE of ten percent (10%) of the total costs in excess of \$1000 for such renovations or modernization of the property (excluding interior painting and carpet replacement).
- d. LATE FEES PAID BY TENANT – Fifty percent (50%) to AGENT (with balance paid to owner).
- e. GENERAL EXCISE TAXES – All fees referenced above will be subject to current Hawaii State GET taxes at the time.

5. ASSIGNABILITY. Either OWNER or AGENT may assign ITS rights hereunder to any other duly qualified party who shall thereupon assume all of AGENT'S or OWNER'S obligations and duties hereunder. Upon such assignment, AGENT or OWNER shall notify the other, in writing, of said assignment

6. NOTICES. All notices and demands hereunder shall be in writing and shall be personally delivered, mailed, faxed, or e-mailed to the AGENT or OWNER at the address provided.

Owner's initials _____ Date _____

Agent's Initials _____ Date _____

7. FORECLOSURE ACTION. In the event a foreclosure action is filed in District or Circuit Court, AGENT will continue to manage property but may hold all funds received, less management fees and expenses necessary to maintain unit, until receipt of written instructions from the court-appointed commissioner along with a copy of the court order.

8. SPECIAL CONDITIONS OR EXISTING PROBLEMS KNOWN: _____

9. ARBITRATION. In the event any dispute should arise between us, such dispute shall be resolved by binding arbitration before the American Arbitration Association in Honolulu, Hawaii. The prevailing party in such proceedings shall be entitled to an award of reasonable attorney's fees.

10. TERM. This agreement may be terminated by either party at any time, upon giving sixty (60) days written notice to the other party. In the event that you terminate this Agreement, we will nonetheless be entitled to any and all leasing fee/monthly management fees we would have collected in connection with the management of the property through the date the current lease on the property is terminated. We may deduct and retain from the rental income any such fees due. AGENT will keep owner advised of current fair market rental value and seek owner's input at time of re-rental.

11. RENTAL INFORMATION. OWNER shall determine lease terms and rental rates. AGENT will keep owner advised of current fair market rental value and seek OWNER'S input at time of re-rental.

12. DUTIES OF AGENT.

- a. **RENTALS AND COLLECTIONS.** You authorize us as the only person to execute leases, as well as terminate said leases (if in our opinion that action is warranted), and collect and issue receipts for rents. We will advertise the availability of the property, perform reasonable investigation of all references provided by prospective tenants, and sign leases in accordance with this agreement. Notwithstanding the foregoing, you agree that we will not be liable for tenants' failure to pay rent. **NOTE: ALL PROPERTIES MANAGED BY PACIFIC RIM PROPERTIES LTD. ARE NON-SMOKING.**
- b. **RESIDENTIAL LANDLORD-TENANT CODE.** You and we agree that all action taken under this Agreement must be in accordance with the "Residential Landlord-Tenant Code" of Hawaii and any other State of Hawaii and Federal laws and regulations that apply. You and we also agree to use the Rental Agreement form published by the Hawaii Association of Realtors. We will complete a written Inventory and Condition form upon the occupancy and departure of each tenant. We will notify you of any defects, complaints, warnings or summons against you or the property, which we are made aware of, which constitute a violation of any code or law. You agree you are solely responsible to remedy these.
- c. **LEGAL ACTION.** You authorize us to take any action, including eviction of any tenant, necessary to enforce compliance with the Rental Agreement. This includes the right to hire an attorney and appear in court as your Agent. You will pay for any legal expenses so incurred. We will seek to discuss any potential proceedings with you prior to initiating any such action.
- d. **REPAIRS.** The AGENT agrees to secure the prior approval of the OWNER on all expenditures in excess of \$500.00 for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in AGENT'S opinion such repairs are necessary to protect the property from damages or comply with any laws (AGENT to contact OWNER if available).
- e. **MAINTENANCE.** You authorize us to pay, at your expense, to maintain property, including the following: maintenance type cleaning, minor repairs, repainting as necessary, window and carpet cleaning, pest control and other customary services we may consider necessary to maintain high standards and maximum rentability of property. You understand there is a "life" for every item, and will be replaced as needed. **NOTE: AGENT operates Pacific Rim Maintenance to perform "handyman"-type work on properties we manage. If OWNER wishes AGENT to use any other company to do such work you will advise us accordingly.**
- f. **STATEMENTS.** We will provide you with monthly and year-end statements as well as copies of receipts for services performed to the mail/e-mail address provided above by OWNER. Statement will be issued by the 15th of each month.
- g. **HANDLING OF FUNDS.** Security deposits will be retained on tenant's behalf. Tenant's deposits may be utilized by us to replace or repair items damaged by the tenants, applied toward cleaning of property chargeable to the tenant, to any other charges due to the tenant, refunded to the tenant, or disbursed to you, as so we may reasonably determine.

All funds collected (rents and security deposits), shall be held in a separate trust account and under the control of AGENT. If tenant's security deposit is placed into an interest bearing account, all interest thereon will accrue and be payable to AGENT. We shall not be liable for any loss resulting from the insolvency of any financial institution.

Owner's initials _____ Date _____

Agent's Initials _____ Date _____

h. AGENT'S PAYMENT OF FUNDS. All obligations or expenses incurred will be for the account of, on behalf of, and at the expense of the OWNER. We shall not be required to perform any act or duty hereunder (including emergency repairs), involving the expenditure of money unless there are sufficient funds in OWNER'S account; this includes making any advances or incurring liability for you. We shall not be liable for any losses that you may suffer for nonpayment or late payment of any expenses. Although we are not obligated to do so, we may advance sums as necessary and in such cases, you agree to reimburse us immediately upon notification of such action.

13. DUTIES OF OWNER.

a. MINIMUM BALANCE IN OWNER'S ACCOUNT. You will deposit with us and shall maintain the sum of \$500.00 that we may apply for fees, authorized expenditures, repairs, maintenance and emergency expenses. If the balance in your account should fall below the sum of \$500.00, you shall deposit with us sufficient funds to restore the balance within ten (10) days of our request. If you fail to maintain a minimum balance as requested, we may, at our option, deposit from future rental income all sums as may be necessary to maintain such balance.

b. INVENTORY. You shall provide us with a complete inventory of furnishings or other items in the property. This list shall be updated as necessary and shall be attached to any Rental Agreement. You acknowledge and agree that we will not be responsible for any loss, damage, deterioration, or diminution in value of any inventory, except losses caused by our gross negligence. **NOTE: Small items (i.e. dishware, linens, etc.) will not be inventoried by AGENT.**

c. KEYS, SERVICE CONTRACTS. You shall furnish us with 3 complete sets of keys to the property. AGENT is authorized to sign for and/or purchase all keys and/or parking cards necessary for the property. You shall provide us any service contracts/warranties in effect on the property.

d. HOLD HARMLESS. You shall save and hold us harmless from any and all claims in connection with our management of the property, including claim for personal injury or property damage from any cause whatsoever in or about the property, including reimbursement of any attorney's fees paid or incurred by us in connection with the defense of any such claims or demand. We shall not be liable to you for any error of judgment or for any mistake of law or fact, or for anything we may do or refrain from doing, except in cases of willful misconduct or gross negligence.

e. INSURANCE. You shall purchase and maintain complete Owners, Landlord, and Tenants Liability insurance policies and such Fire and Extended Coverage insurance policies on the property **in the amount of no less than \$500,000** from an insurance company authorized to do business in the State of Hawaii. Such policies shall be written to protect us in the same manner and the same extent they protect you, and will name us as additional insured. You will also furnish us with a Certificate of Insurance. **NOTE: We are authorized to place this required insurance at your expense if a Certificate of Insurance, as specified, is not provided within 30 days of the date of this agreement.**

f. OWNER shall be responsible for all costs of advertising (if any) for property described above, and for costs of phone calls between AGENT and OWNER if owner is located outside the United States. These will be initiated and performed at AGENT'S discretion.

14. KEYS RECEIVED BY AGENT. _____

This Agreement contains the entire agreement between parties and may be modified only in writing and signed by all parties hereto. This Agreement shall be binding up on and to the benefit of the successors and assigns of the AGENT and to the heirs, administrators, executors, successors, and assigns of the OWNER. It shall be governed by the laws of the State of Hawaii, and if provisions of the Agreement are in conflict therewith, such provisions shall be severable and the remainder of this Agreement shall remain fully effective.

Signed this _____ day of _____. Receipt of a copy of this Agreement is acknowledged by each party.

OWNER: _____
Signature

OWNER: _____
Signature

AGENT: _____
For Pacific Rim Properties Ltd.