

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this "Agreement") is entered into and shall be effective as of the 14th day of September 2018, by and between Augusta Communities LLC, a California nonprofit public benefit corporation ("Asset Manager"), and Les Frame Enterprises, Inc. ("Manager").

RECITALS:

A. The La Habra Housing Authority ("Housing Authority") holds the titles to certain real properties (the "Properties") located in La Habra, California described and identified on Exhibit A attached to this Agreement and by this reference incorporated in to this Agreement.

B. The Properties have been improved as manufactured housing communities, and are commonly known as "Park La Habra" and "Park View" (the Properties and all improvements on the Properties are referred to in this Agreement as the "Project"). Park La Habra is a 108-space community located at 1731 W Lambert Rd, La Habra, CA, and View Park is a 143-space community located at 1750 W Lambert Rd, La Habra, CA.

C. Concurrently herewith, the Asset Manager and the Housing Authority are entering into that certain Agreement for Services pursuant to which Asset Manager is providing services for asset management of the Project ("Asset Management Agreement").

D. The Asset Manager has entered into an agreement for services with the Authority to provide comprehensive program administration and management services designed to lessen the burdens of the Authority and their related agencies, authorities, boards or commissions by undertaking the operation and management of the Project, and for developing specialized affordable housing, compliance and resident services programs for the benefit of the low and moderate income households who reside there.

E. The Asset Manager wishes to retain a professional property manager to cause to be performed the continuing operation, and maintenance of the Project and Manager is a professional property manager willing to perform such services for Asset Manager.

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual agreements, covenants and promises contained in this Agreement and other good and valuable consideration, the receipt, sufficiency and validity of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

APPOINTMENT AND TERM

1.1 Appointment. Asset Manager hereby appoints Manager as an independent contractor for the operation and management of the Project upon the terms set forth in this Agreement. Manager hereby accepts such appointment on the terms set forth in this Agreement and agrees to furnish the services of its organization for the operation and management of the Project.

1.2 Term. This Agreement shall be effective as of the date set forth above and, unless sooner terminated pursuant to the provisions of this Agreement or the Asset Management Agreement, shall continue in full force and effect for a period of one (1) year. Thereafter, this Agreement shall continue in full force and effect on a year-to-year basis. Either party may terminate this Agreement at any time with a sixty (60) day prior written notice to the other party subject to the provisions of Section 1.4 below.

1.3 Termination of Agreement. In addition to the right of termination set forth in Section 1.2 above, Asset Manager may terminate this Agreement immediately upon the sale of the Project to an unrelated third party, or upon the termination of the Asset Management Agreement.

1.4 Obligations Upon Termination. Upon termination of this Agreement, each party shall promptly pay to the other, as soon as determinable after the effective date of termination, all amounts due such other party under the terms of this Agreement. On or before the effective date of termination, Manager shall deliver to Asset Manager the originals of all books, permits, plans, records, leases, licenses, contracts and other documents pertaining to the Project and its operation, which are in its possession. In addition, within five (5) business days following the effective date of any termination, Manager shall deliver to Asset Manager a list of all tenant security deposits; within thirty five (35) days after the effective date of any termination, Manager shall disburse to Asset Manager any monies remaining in the accounts maintained by Manager for the benefit of Asset Manager pursuant to the provisions of this Agreement, except for monies needed for unpaid obligations incurred prior to the termination of this Agreement; and within seventy five (75) days after the effective date of any termination, Manager shall deliver to Asset Manager a final accounts receivable and payable list and a final bank reconciliation. Manager shall reasonably cooperate with Asset Manager at no cost or expense to Manager to assist in an orderly transition of the management of the Project.

1.5 Asset Management Agreement. Notwithstanding anything in this Agreement to the contrary, at all times during the term of this Agreement, the Manager shall perform its duties and obligations under this Agreement subject to the terms and conditions of the Asset Management Agreement. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and the Asset Management Agreement, the terms and conditions of the Asset Management Agreement shall control.

ARTICLE II

DUTIES OF MANAGER

2.1 Operations.

(a) Manager shall continually operate the Project as a mobilehome park and shall perform all acts reasonably necessary for the efficient operation of the Project including, but not limited to, making recommendations to the Asset Manager for capital improvements and an analysis showing the costs/benefits to the Asset Manager.

(b) In connection with its operation of the Project, Manager shall provide or arrange for the provision to tenants of those services stipulated in leases and such other services as Asset Manager may approve in writing. Asset Manager shall maintain for Manager such

offices located at the Project as may be necessary for Manager to properly perform its functions under this Agreement.

(c) Asset Manager's prior written approval shall be required for all contracts not terminable on thirty (30) days written notice, except as otherwise provided in this Agreement or except as specifically provided in an approved budget for the Project.

(d) Manager shall negotiate (but not execute) on behalf of Asset Manager easement agreements and other agreements pertaining to the Property and submit all such agreements negotiated by it to Asset Manager for review and approval, which agreements, if approved, shall be executed by the Authority;

(e) Manager shall identify and recommend to Asset Manager actions relating to strategic marketing opportunities for the enhancement of the Project, its competitive position in the area and its financial condition;

(f) Manager shall investigate, monitor, and enforce the obligations and duties of all parties to any lease of space within the Project to monitor compliance and performance by such parties;

(g) Manager shall conduct customary reviews of prospective tenants; and

(h) Manager shall cooperate with brokers and rental agencies as necessary and advertise vacancies where required so as to seek prospective tenants for the Project.

(i) Manager shall comply with all Housing Authority reasonable requests for information and documents regarding the operations of Manager in the performance of this Agreement.

2.2 Maintenance. The Manager shall maintain or cause the Project to be maintained, at Authority's cost (except to the extent such costs are to be paid or reimbursed by tenants), in accordance with standards commensurate with a quality mobilehome park and in accordance with recorded documents affecting the Project, including within such maintenance, without limitation, exterior grounds and landscaping services, repairs to improvements, maintenance of mechanical systems and equipment and such other normal maintenance, alteration and repair work as may be reasonably advisable or necessary; provided, however, that the expense to be incurred for such maintenance, alteration or repair shall be such expense, which, (i) does not exceed any line item provided for in the approved budget for the Project by more than Five Thousand and No/100 Dollars (\$5,000.00) unless approved in writing by the Asset Manager, or (ii) is incurred under such circumstances as the Manager shall reasonably deem to be an emergency. In the event of such an emergency in which repairs are immediately necessary for the preservation and safety of the Project, or to avoid the suspension of any essential services to the Project or to avoid danger to life or property, such emergency expenditure shall not exceed the sum of Five Thousand Dollars (\$5,000.00) per emergency unless approved in writing by Asset Manager. Manager shall promptly notify Asset Manager in writing and in reasonable detail of such emergency. Manager shall provide regular and systematic inspections of buildings, grounds and parking areas in order to comply with any requirements concerning the

management or maintenance of the Project imposed upon the Project or Asset Manager by law, ordinance or regulation of governmental authority.

Manager shall require any contractor hired by Manager performing work at the Project to maintain satisfactory insurance including, but not limited to, workers' compensation insurance and insurance against liability for injury to persons and property arising out of all such contractor's operations and the use of owned, non-owned or hired automotive equipment in the pursuit of all such operations. For purposes of all such insurance, the Asset Manager and Project shall be named as additional insured parties.

2.3 Enforcement of Leases. Manager shall use commercially reasonable efforts to enforce the terms of all leases and to collect all rents and other charges due from or payable by tenants, concessionaires, if any, and others in accordance with the leases and the authorized use of the Project. Asset Manager authorizes Manager to request, demand, collect, receive and receipt for all such rent and other charges and, subject in each instance to the prior written approval of Asset Manager (except that such approval shall not be required for the write off of any late charges or default interest payable by a tenant or to write off not more than Seven Thousand Five Hundred and No/100 Dollars (\$7,500.00) in a tenant's other monetary obligations under its lease), to settle or compromise the payment of such amounts. All preliminary enforcement actions, including dunning letters and threats of litigation, and all preparation for the monitoring of litigation and settlement of claims, shall be performed by Manager. Manager shall provide written notice to Asset Manager of any legal proceedings instituted for the collection of rent or for the dispossession of tenants in the normal course of operations. All legal proceedings for the collection of rent or dispossession of tenants shall be conducted by counsel approved in writing by Asset Manager and the fees for such services shall be billed to Project by such counsel and paid by Project as and when due. Manager shall notify all tenants of the Project of any rules, regulations or notices which may be promulgated by Asset Manager or Manager.

2.4 Compliance with Laws, Contracts.

(a) Insofar as any of the following enumerated matters relate to or affect title to, or the condition, use or occupancy of, the Project, unless Asset Manager, at the direction of the Authority, has affirmed its intention to contest the same (in which event Manager shall reasonably cooperate with Asset Manager, as an additional service, in such contest to the extent requested by Asset Manager), Manager shall comply with and at Authority's cost and expense shall use commercially reasonable efforts to cause the Project to be kept, maintained, used and occupied in compliance with the following as now in effect or as may be hereafter in effect: (i) all applicable laws, statutes and ordinances; (ii) all applicable rules, regulations and orders of any governmental authority (specifically including, but not by way of limitation, changes in any applicable environmental laws, regulations and orders, building codes and fire regulations); (iii) any directive or occupancy certificate issued pursuant to any law, regulation or rule by any public officer; (iv) the provisions of any fire and casualty insurance policy or policies insuring Authority's interest in the Project (so as to not affect the insurance coverage or increase the premium rate for such insurance); and (v) the provisions of any lease, mortgage, agreement or other instrument affecting the Project, including, without limitation, any recorded covenants or restrictions (copies of which Asset Manager shall provide to Manager).

(b) Manager shall use commercially reasonable efforts to cause all state and local sales and use taxes payable with respect to purchases of any goods and/ or services authorized and paid for in connection with the Project to be paid prior to delinquency. For purchases of such goods and services which are subject to taxation, but for which the vendor does not bill the tax, Manager will, at Authority's cost and expense, self-assess such tax at the appropriate rate and remit such tax to the proper taxing authorities. Manager will obtain the necessary registrations to allow for remission of taxes.

(c) If Asset Manager shall so request, Manager shall cooperate with the Asset Manager or Authority, and the Asset Manager's or Authority's insurance company in the settling of any insurance claims covered under the Asset Manager's or Authority's insurance policies.

(d) Manager shall establish procedures for the prompt receipt, recordation, investigation and handling of tenant complaints and requests, requiring that any and all allegations by tenants of defaults by Authority under the leases be made in writing.

2.5 Records.

(a) Manager shall maintain in a form which is customary and consistent with good accounting principles, practices and procedures, a comprehensive system of books, records and accounts in which shall be entered fully and accurately each and every lease executed with respect to the Project and each and every financial transaction with respect to the operation of the Project including, without limitation, all items of income and expense. To the extent that particular items of expenditures or escalation with respect to the Project are billed separately to tenants of the Project, Manager shall maintain the Project books and records in a manner as to enable Manager to separately account for such items of expenditures on a fiscal year basis. Bills, receipts, vouchers and time records (in form and content mutually acceptable) shall be maintained on file by Manager at Manager's principal business office. The Project books and records shall be maintained at Manager's principal business office and Asset Manager shall at all reasonable times, upon two (2) days prior written notice to Manager, have access to such books, records and accounts and to all vouchers, files and other material pertaining to the Project and to the transactions contemplated by this Agreement. Manager shall maintain such books and accounts in a safe manner. Such books shall be kept on a fiscal year basis and based on a mutually acceptable accounting method. No disclosure of financial data concerning the Project shall be made by Manager to any other persons (other than any of Asset Manager or Authority's member, partners or lenders) unless specifically authorized in writing by or where required by law or administrative regulation. Upon written request of Asset Manager, Manager shall distribute customary financial data in form and content acceptable to the Asset Manager to the homeowners advisory board.

(b) Manager shall maintain and Asset Manager or Authority shall have the right to audit, examine, and make copies of or extracts from, such books and records during the period of this Agreement and for a period of three (3) years after termination of this Agreement. Such right may be exercised through any agent or employee of Asset Manager or Authority designated by Asset Manager or by a firm of independent certified public accountants of recognized standing selected by the Authority to conduct such audit and in connection therewith, as an additional service, Manager shall reasonably cooperate with such designated persons and

make available to them the books, records and other materials such persons may reasonably request. The cost of any such audit shall be borne by Project. In the event the results of such audit disclose a discrepancy amount owing from Manager to Asset Manager or from Asset Manager to Manager, then Manager or Asset Manager, as the case may be, shall pay such amount to the other within fifteen (15) days following confirmation of the results of the audit.

2.6 Reports and Statements. Manager shall prepare and submit the following reports and statements, the form of each of which shall be subject to the reasonable approval of Asset Manager. Such reports and statements shall include such supplementary statements as Asset Manager shall reasonably request and all information contained in such reports and statements shall be certified as accurate by Manager.

(a) Not later than the twenty first (21st) day after the close of each month, Manager shall submit to Asset Manager a balance sheet and income statement for the Project for such month together with a budget comparison with a narrative explanation of material variations from the budget, if requested by Asset Manager.

(b) Manager shall furnish to Asset Manager such reports and statements in such time frames as Asset Manager may reasonably request.

(c) Promptly following receipt, Manager shall submit to Asset Manager a copy of all notices or statements received with respect to the insurance policies respecting the Project, or received from any governmental agency, or any tenant of the Project, together with any other notices or statements received by Manager which threaten or are reasonably expected to have a material and adverse effect upon the Project or Asset Manager.

(d) Manager shall notify Asset Manager promptly in writing of all significant occurrences and circumstances adversely affecting the Project or its operation or adversely affecting in any material respect the interest of Asset Manager in and to the Project including, without limitation, the commencement of any legal actions or proceedings affecting or related to the Project. In addition, the Manager shall promptly investigate and make a full written report of all accidents and claims for damage relating to the ownership, operation and maintenance of the Project, which reports shall include any damage or destruction to the Project and the estimated cost of repair. Manager shall reasonably cooperate with Asset Manager, as additional service, and shall make any and all reports reasonably required by an insurance company in connection therewith.

2.7 Legal Requirements.

Manager shall execute and timely file all forms, reports and returns required by law relating to the employment of personnel employed by Manager in connection with the Project. The Manager shall promptly cause the issuance (or transfer, as the case may be) of any necessary business licenses and permits in the name of the Project. Manager shall maintain all licenses necessary to carry out its duties under this Agreement including, without limitation, a real estate brokerage license to the extent required by law.

2.8 Employment of Personnel/Independent Contractor.

(a) Manager shall have the duty, subject to the limitations set forth in Article VI of this Agreement, to investigate, hire, pay, supervise and discharge the personnel necessary to be employed in order to maintain and operate the Project properly, adequately, safely and economically in accordance with the obligations of Manager under this Agreement. Such personnel shall in every instance not be employees of Asset Manager and all matters pertaining to the employment, supervision, compensation, promotion and discharge of such employees are the responsibility of Manager. Such employees need not be officed on-site at the Project. Notwithstanding the foregoing, in no event shall Manager be responsible for the actions of, or liabilities caused by, personnel working for Augusta Community Center, a nonprofit supporting organization of Asset Manager, or any other after school program.

(b) Manager shall be responsible for the compensation and fringe benefits for such employees and for all payroll taxes, F.I.C.A. and similar items with respect to such employees. Manager shall obtain and maintain worker's compensation insurance and employer's liability insurance for an amount not less than the greater of (a) the minimum amount required by applicable law, and (b) One Million Dollars (\$1,000,000.00) covering all employees of Manager employed in, on or about the Project to provide statutory benefits as required by the laws of the state having jurisdiction of such matters. Manager shall directly control the time and manner of the work and services to be performed by the employees of Manager and Manager shall comply with all applicable federal, state and local laws, ordinances and regulations applicable to such employees.

(c) Manager shall make all necessary payroll deductions for disability and unemployment insurance, social security, withholding taxes and other applicable taxes, and prepare, maintain and file all necessary reports with respect to such taxes or deductions, and all other necessary statements and reports pertaining to labor employed in or about the Project.

(d) Notwithstanding the fact that personnel employed in or about the Project are employees of Manager, all wages, salaries and other compensation, including fringe benefits paid to or on behalf of such personnel by Manager shall be considered operating expenses of the Project plus worker's compensation and payroll taxes for such personnel to the extent the same are included in the approved budget for the Project approved by Asset Manager or are otherwise approved by Asset Manager in writing. In no event shall costs incurred by Manager for employer's liability insurance for Manager's employees be considered an operating cost of the Project. Additionally, Manager agrees to indemnify Asset Manager against any deductibles charged for Manager's Employer Liability Insurance coverage.

(e) This Agreement is not one of agency by Manager for Asset Manager but one with Manager engaged in the business of managing properties on its own behalf as an independent contractor. All employment arrangements are therefor solely Manager's concern and Asset Manager shall have no liability with respect to such employment arrangements.

(f) The provisions of this Section 2.8 shall not apply to personnel employed by third party vendors, suppliers or contractors of the Project.

2.9 General Duties. Manager will perform its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing appropriate for the person professionally engaged in the management of commercial real estate comparable to the Project.

ARTICLE III

BANK ACCOUNTS, DISBURSEMENTS, ADVANCES

3.1 Bank Accounts.

(a) All rents and other monies received by Manager from whatever source with respect to the Project shall be promptly deposited by Manager in an account for the benefit of the Authority at a federally insured financial institution designated by Manager and reasonably acceptable to Asset Manager (the "Operating Account"). Manager is authorized to pay from the Operating Account all expenditures in the normal course of business or as set forth in the approved budget for the Project or as otherwise authorized in writing by Asset Manager or permitted by this Agreement.

(b) Any funds in the Operating Account not required for the operation of the Project, after leaving in the Operating Account such funds as Manager reasonably determines may be required for the payment of items provided for in the approved budget for the Project or as otherwise approved by Asset Manager, shall be held until Asset Manager requests disbursement or transfer.

3.2 Tenant Security Deposits. Except as otherwise required by applicable law, all tenant security deposits collected by Manager with respect to the Project shall be deposited in the Operating Account or, if Asset Manager so determines in a separate account established for such security deposits.

3.3 Advances. In the event that additional funds are required at any time for payment of expenses, operating or capital, upon receipt of request for such funds from Manager accompanied by a statement of the necessity for such funds, Asset Manager shall, as soon as practical thereafter, but in no event later than seven (7) days after the receipt of such notice, advance or otherwise, request the Authority to make available additional funds in the Operating Account to pay such expenses.

3.4 Manager's Funds. Nothing contained in this Agreement shall obligate Manager to advance its own funds for the costs and expenses of the Project. If Manager, in its sole discretion advances its own funds to pay cost or expenses of the Project as set forth in an approved budget for the Project (or in the event of an emergency as permitted pursuant to the terms of this Agreement), Asset Manager shall immediately request the Authority reimburse the Manager for all reasonable amounts so expended.

ARTICLE IV

AUTHORITY OF PROPERTY MANAGER: DUTIES OF ASSET MANAGER

4.1 Implementation of Approved Budget For The Project. Manager shall have the power and authority to enter into such contracts as Manager or Asset Manager shall reasonably deem necessary or advisable in the care, operation and maintenance of the Project) on behalf of Asset Manager and make such expenditures (including, but not limited to, purchases of all equipment, tools, appliances, materials and supplies reasonably necessary or desirable for the care, maintenance and operation of the Project, all of which shall be used solely in connection with the Project) as are required to implement the approved budget for the Project.

4.2 Leasing of the Project/Plan. Manager shall have the power and authority to negotiate leases and month-to-month agreements with existing and prospective tenants on behalf of Project, or any rentable parts of the Project upon such terms and conditions as are approved by Asset Manager.

4.3 Execution of Agreements by Manager. Unless otherwise directed by Asset Manager, Manager shall execute in its own name on behalf of Authority all documents, contracts, and agreements which Manager is empowered to execute as an independent contractor acting on behalf of Asset Manager pursuant to powers granted in this Agreement or pursuant to other authorization by Asset Manager.

4.4 Limitation of Authority. Notwithstanding any provision in this Agreement to the contrary, Manager shall not, without the prior written approval of Asset Manager, unless specifically provided for in the approved budget for the Project: (a) convey or otherwise transfer, pledge or encumber any property or other asset of the Authority; (b) except as otherwise described in Section 2.3 above, institute or defend lawsuits or other legal proceedings on behalf of Authority; (c) terminate leases (except in accordance with any guidelines approved by Asset Manager); (d) pledge the credit of Authority, except in connection with purchases made in the ordinary course of business of operating the Project or as otherwise contemplated by this Agreement; (e) obligate the Authority for the payment of any fees or commissions to any third party real estate agent or broker; or (f) borrow money or execute any promissory note or other obligation or mortgage deed, security agreement or other encumbrances in the name of or on behalf of the Asset Manager or Authority.

4.5 Duties of Asset Manager. Asset Manager shall promptly provide to Manager such information with respect to the Project as Manager may reasonably request, including leases, correspondence, mortgage loan information and payment information and payment instructions and copies of Asset Manager's policies of insurance. In addition, Asset Manager shall at all times maintain sufficient funds in the Operating Account to enable Manager to pay the costs and expenses of the Project in a timely manner. Asset Manager shall cooperate with Manager and shall promptly respond to all request of Manager to allow for the efficient management and operation of the Project. Unless Asset Manager instructs Manager otherwise in writing, Asset Manager shall request that Authority pay, before delinquency, all real property taxes, personal property taxes and assessments levied against the Project or the personal property used in

connection with the operation of the Project and Manager shall have no responsibility for the payment of any such taxes or assessments.

ARTICLE V

COMPENSATION

5.1 Management Fee. In consideration of all the management services to be rendered by Manager pursuant to this Agreement and so long as this Agreement is in effect or has not been previously terminated pursuant to the terms of this Agreement, Manager shall receive as compensation for its management services under this Agreement a monthly fee equal to five percent of the rent revenue reported as of September 1, 2018 ("Management Fee"). Annually, during the Housing Authority's annual budget period, the Asset Manager agrees to submit a budget that increases the Management Fee by the percentage change in the CPI for the Consumer Price Index, Los Angeles-Long Beach-Anaheim, All Items, 1982-84=100 base, All Urban Consumers (CPI-U) published the month prior to the first month of the Housing Authority's new fiscal year.

5.2 Payment of Management Fee. The management fee shall be drawn directly by Manager from the Operating Account (or if there is then insufficient funds in the Operating Account, from the Deposit Account) at the beginning of each calendar month. In the event the fee received by Manager for any month during the term of this Agreement is less than the fixed fee provided for in Section 5.1 above, Manager may draw the balance of such fee from the Operating Account (or if there is then insufficient funds in the Operating Account, from the Deposit Account).

5.3 Compensation for Additional Services. Whenever in this Agreement services to be performed by Manager are specifically identified as additional services, the performance by Manager of such services is not included in the management fee and if Asset Manager requests and Manager performs such additional services, Asset Manager shall pay Manager for such additional services an amount agreed upon by the parties in writing prior to the commencement of such additional services.

ARTICLE VI

THIRD PARTY CONTRACT STANDARDS

6.1 Value. The price, compensation or other consideration paid to third parties for any goods or services obtained for the Project shall not exceed the amount ordinarily paid for such goods or services in the area where the Project is located.

6.2 Contracts with Related Parties. In order to properly perform the services required of Manager under this Agreement, Manager shall be permitted to employ any person or entity that is an affiliate of Manager; provided, however, the compensation paid to such affiliate shall be competitive with the fees charged by non-affiliated entities which provide the same or similar services. Any employment of a related party shall be approved in writing by Asset Manager prior to commencement.

ARTICLE VII

INSURANCE AND INDEMNIFICATION

7.1 Insurance. Asset Manager shall maintain, or request the Authority to maintain, the following types of insurance:

(a) Insurance against loss or damage to the Project (including installed tenant improvements and betterments) covered by insurance of the type now known as "causes of loss-special form" in an amount not less than the insurable replacement cost of the Project; such insurance to include coverage during the course of construction; with the stipulated value or agreed amount clause eliminating any co-insurance provision from such policies; with a "replacement cost endorsement";

(b) Business interruption insurance, also known as "loss of rents" insurance, in an amount not less than twelve (12) months projected income or rent from the Project;

(c) Mechanical breakdown insurance, also known as "boiler and machinery insurance," covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating and air conditioning, provided the Project contains equipment of such nature, and insurance against loss of occupancy or use arising from any such breakdown, or in such greater amounts as Manager may recommend or as Asset Manager may further require;

(d) Commercial general liability insurance with minimum protection to a limit of not less than \$1,000,000 "Combined Single Limit" with respect to anyone occurrence and with excess coverage of not less than \$5,000,000 or in such greater amounts as Manager may recommend or as Asset Manager may further require;

(e) The policies of property insurance maintained by Asset Manager shall name Manager as an additional insured, as its interests may appear. The policy of commercial general liability insurance shall name Manager as an additional insured. Asset Manager shall provide to Manager certificates or other evidence of the insurance required by this Agreement and no such insurance may be cancelled or materially reduced in scope without at least ten (10) days prior written notice to Manager.

7.2 Indemnification By Asset Manager. Except as otherwise provided in this Agreement, Asset Manager shall (a) indemnify and hold Manager harmless for, from and against any claim for damages or injuries to persons or property when Manager is carrying out the provisions of this Agreement or acting under the direction of Asset Manager, or by reason of Asset Manager's failure or refusal to comply with or abide by any rule, order, determination, ordinance or law of any federal, state or municipal authority; and (b) defend promptly and diligently, at Asset Manager's sole cost and expense, any claim, action or proceeding brought against Manager and/or Manager and Asset Manager, jointly or severally, arising out of or connected with any of the foregoing, and to hold harmless and fully indemnify Manager from any judgment, loss or settlement on account thereof, including reasonable attorneys' fees and court costs. Notwithstanding anything contained in this Section 7.2 to the contrary, the obligations on the part of Asset Manager to indemnify Manager shall in no event be deemed to extend to the performance by Manager of the duties and responsibilities set forth in Section 2.8 of this

Agreement with respect to the employees of Manager. Any liabilities of Manager arising under Section 2.8 of this Agreement in connection with such duties shall be the sole responsibility of Manager. The foregoing provisions of this paragraph shall survive the termination of this Agreement. Nothing contained in this Article shall require Asset Manager to indemnify Manager or defend or hold Manager harmless from any claims or actions resulting from acts or omissions which constitute gross negligence, willful misconduct or fraud on the part of Manager or any of Manager's employees or from acts or omissions which are outside the scope of Manager's authority or responsibility under this Agreement or which are in material breach of Manager's duties under this Agreement. Nothing contained in this Article shall relieve Manager from responsibility to Asset Manager for the gross negligence, willful misconduct or fraud of Manager or any of Manager's employees.

7.3 Indemnification By Manager. Manager shall indemnify, defend and hold Asset Manager and Housing Authority harmless for, from and against any and all claims, demands, liability, loss, cost or expense incurred by reason of the gross negligence, willful misconduct or fraud of Manager or any of Manager's employees, unless Asset Manager or the Housing Authority shall have approved the conduct in question or participated in such conduct. This indemnity shall not be applicable with respect to acts of Manager duly authorized and performed in accordance with the terms and provisions of this Agreement.

ARTICLE VIII

DEFAULT; REMEDIES

8.1 Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement:

(a) The failure of Manager to hold the appropriate management licenses necessary for the timely performance by Manager of each of its obligations under this Agreement and the failure to obtain such licenses in a timely manner so that the timely performance by Manager of such obligations is not affected.

(b) The failure of a party to observe or perform any of the other covenants, conditions or provisions of this Agreement to be observed or performed by a party where such failure continues for a period of seven (7) days after delivery of written notice thereof. .

(c) (i) The making by any party of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by any party of a petition to have the party adjudicated bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy; (iii) the filing of an involuntary petition to have the party adjudicated bankrupt under any law relating to bankruptcy, which is not dismissed within sixty (60) days thereafter; (iv) the appointment of a trustee or receiver to take possession of substantially all of the party's assets, where possession is not restored within sixty (60) days; or (v) the attachment, execution or other judicial seizure of substantially all of the party's assets, where such seizure is not discharged within sixty (60) days.

8.2 Remedies. In the event of the occurrence of an Event of Default as set forth in Section 8.1 above, the other party may at any time thereafter with or without notice or demand:

(a) terminate this Agreement; and/or

(b) pursue any other remedy now or in the future available at law or in equity.

ARTICLE IX

GENERAL

9.1 Notices. Any and all notices required by this Agreement shall be personally delivered or sent by Federal Express or other overnight mail, postage prepaid, addressed as follows:

To Asset Manager:

Executive Director
Augusta Communities LLC
400 N Mountain Ave, Suite 205
Upland, CA 91786

To Manager:

Title
Company
Address

or at such other addresses as the parties may designate to each other in accordance with this Section. A notice shall be deemed effective when mailed, or, if personally delivered, when delivered.

9.2 Right of Competition. Nothing contained in this Agreement shall deprive or otherwise affect the right of either party to own, invest in, manage or operate property or to conduct business activities which may be competitive with the business of the Project. Even though it may have either an ownership interest in, or management responsibility for, other similar properties that may be competitive with the Project, Manager shall always represent the Project fairly and deal with Asset Manager on an equitable basis.

9.3 Covenant of Further Assurances. The parties agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.

9.4 Status Reports. Recognizing that each party may find it necessary from time to time to establish to third parties such as accountants, banks, mortgagees or the like, the then current status of performance under this Agreement, each party agrees, upon the written request of any other party, made from time to time by notice, to furnish promptly and without charge, a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement to the best knowledge and belief of the party making such statement.

9.5 Successors and Assigns. Asset Manager's rights under this Agreement may be assigned by Asset Manager without reference to or consent by Manager, but Manager shall not

assign its rights under this Agreement unless such assignment shall have been approved in writing by Asset Manager, which approval may be given or withheld in Asset Manager's sole discretion. Subject to the restrictions on transfers and encumbrances set forth in this Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, executors, legal representatives, successors and assigns. Whenever in this Agreement a reference to any entity or party is made, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of such entity or party.

9.6 Waiver. No consent or waiver, express or implied, by any party to or of any breach or default by the other party in the performance by such other party of the obligations of such party under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this Agreement. Failure on the part of either party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of the rights thereof under this Agreement.

9.7 Additional Remedies. The rights and remedies of the parties under this Agreement shall not be mutually exclusive. The exercise of one or more remedies shall not preclude the exercise of any further or additional remedies.

9.8 Attorneys' Fees. In the event of any controversy, claim or action being filed between the parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs or damages, to reasonable attorneys' fees, whether or not such controversy was litigated or prosecuted to judgment. In the event that such controversy was litigated, the attorneys' fees shall be set by the court and not the jury.

9.9 Entire Agreement. This document represents the entire agreement between the parties with respect to the management of the Project, and to the extent inconsistent therewith, supersedes all other prior agreements, representations, and covenants, oral or written.

9.10 Severability. If any provisions of this Agreement or the application thereof to any entity or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to any other entity or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

9.11 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural; and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement, and all references in this Agreement to Articles, Sections or subsections shall refer to the corresponding Article, Section or subsection of this Agreement unless specific reference is made to the articles, Sections or subsections of another document or instrument.

9.12 Amendment. Neither this Agreement nor any provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

9.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

9.14 Interpretation. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

9.15 Governing Law. This Agreement and the obligations of Asset Manager and Manager shall be interpreted, construed and enforced in accordance with the laws of the State of California, without regard to any conflict of law principles to the contrary:

9.16 Third Parties. Except for the Asset Management Agreement, neither this Agreement nor any provision of this Agreement nor any service, relationship or other matter alluded to in this Agreement shall inure to the benefit of any third party (other than any entity which owns, directly or indirectly, any portion of the beneficial interest in Asset Manager), to any trustee in bankruptcy, to any assignee for the benefit of creditors, to any receiver by reason of insolvency, to another judiciary or officer representing a bankrupt or insolvent estate of either party, or to the creditors or claimants of such an estate.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Asset Manager and Manager have each caused this Agreement to be executed by its duly authorized representative as of the day and year first above written.


ASSET MANAGER:

Augusta Communities, LLC
a California nonprofit public benefit
corporation

By: 
Suzanne Taylor, Executive Director

MANAGER:

Les Frame Enterprises, Inc.

By: 
Name: Matt Silver
Its: Supervisor