

Progressive Property Management, Inc.
Broker Agreement

_____ (Owner”), and **PROGRESSIVE PROPERTY MANAGEMENT, INC. (BRE# 01958885)**
 (“Broker”), Agree as follows:

1. **APPOINTMENT OF BROKER:** Owner hereby appoints and grants Broker the exclusive right to rent, lease, operate, and manage the property(ies) known as _____ and any additional property that may later be added to this Agreement (“Property”), Upon the terms below, for the period beginning (date) _____ and ending (date) _____ at 11:59 PM.
(If checked:)

✓ Either party may terminate this Property Management Agreement (“Agreement”) on at least **30** days written notice no earlier than **6** months after the original commencement date of this Agreement. After the exclusive term expires, this agreement shall continue as a non-exclusive agreement that either party may terminate by giving at least 30 days written notice to the other. If owner prematurely terminates agreement for any reason, all monies due owner, if any, will be returned within 60 days.

2. **BROKER ACCEPTANCE:** Broker accepts the appointment and grant, and agrees to:
 - A. Use due diligence in the performance of this Agreement.
 - B. Furnish the services of its firm for the rental, leasing, operation and management of the Property
3. **AUTHORITY AND POWERS:** Owner grants Broker the authority and power, at Owners expense, to:
 - A. **ADVERTISING:** Display FOR RENT/LEASE and similar signs on the Property and advertise the availability of the Property, or any part thereof, for rental or lease. Also use standard marketing procedures to attract, qualify and secure a new tenant (if no tenant in property). This may include Craigslist, Rent.com and the Southern California Multiple Listing Service (CRMLS). Owner agrees that such expenses incurred for advertising, out of country phone calls, collection costs, legal notices are the responsibility of the Owner and shall be reimbursed to Broker. Broker will work diligently to procure qualified tenants at fair market rents. Broker will use due diligence in the screening and selection of tenants and abide by all fair housing laws.
 - B. **RENTAL; LEASING:** Broker will act on behalf of the Owner. Broker will not charge an additional commission to secure a tenant. Broker will retain **35%** of the first month’s rent as a tenant acquisition fee (for a \$1,500 lease, that fee would equal \$525). This fee is calculated on one month’s rent and not the actual funds collected the month the tenant takes possession of the property (e.g., the tenant moves in on the 15th and Broker collects ½ of the first month’s rent, the tenant acquisition fee will be charged for a full month). Owner authorizes Broker to offer this fee to the Broker who represents the tenant, pay a third party marketing company or retain a portion of this fee for services rendered in obtaining a qualified tenant. In the event Broker secures the tenant, this fee will be retained by Broker who would be representing both parties. Broker is authorized to negotiate and sign leases on behalf of Owner and in the name of Owner or Broker.

It is understood that all such tenants are tenants of the Owner and not the Broker. Listing Broker may also initiate, sign, renew, modify or cancel rental agreements and leases for the Property, of any part thereof; collect and give receipts for rents, other fees, charges and security deposits. It is understood and agreed that this property will be rented in accordance with Fair Housing Laws without regard to race, creed, religion, sex, age, physical or mental handicap, disability, height or weight, marital status or familial status, color or national origin, or any other class protected by law. Broker shall use all reasonable efforts to keep the Premises rented by procuring tenants for the Premises. However, Broker does not guarantee the payment of rent by the tenant, but will make every reasonable effort to collect when and as they become due.

Any lease of rental agreement executed by Broker for Owner shall not exceed 1 year or shall be month-to-month. Unless Owner authorized a lower amount, rent shall be at market rate ; OR See attachment. (i) Broker will collect rent payments from tenant which will be due the 1st of each month and late by the 5th. Broker is authorized to sign and serve for the Owner notices to terminate the tenancies and other such notices as the Broker deems appropriate; to institute the legal actions in the name of Owner or Broker to evict tenants and recover possession of the premises; to recover rents and other sums due; and when expedient to settle, compromise and release such actions or suits or reinstate such tenancies. Furthermore, inasmuch as Broker is not authorized to practice law, where legal assistance is needed for such matters as enforcing the collection of rent or eviction of a tenant, such action shall be through legal counsel. If rent is not collected by the 5th, Broker will email or mail and post an "Eviction Letter" by the 6th of the month. Broker will Deliver "3 Day Notice to Quit" if payment not received by the 10th of the month. If the lease or rental agreement contains a "Late Fee" charge, Broker shall be entitled to 50% of such fee as additional compensation for the additional time and expenses of collecting the delinquent rental payment. Late fee will be levied at the Broker's discretion.

- C. **TENANCY TERMINATION:** Broker may sign and serve in Owner's name notices that are required or appropriate; commence and prosecute actions to evict tenants, hire and manage attorney to proceed with eviction in the event of non-payment; recover possession of the Property in Owner's name; recover rents and other sums due and, when expedient, settle, compromise and release claims, actions and suits and/or reinstate tenancies.
- D. **REPAIR; MAINTENANCE:** Sierra Maintenance Services (a fictitious business name of Lagani, Inc.) is used by Broker to perform repair, maintenance and other services on your property. Sierra Maintenance Services is wholly owned by Scott P. Brady, the Owner of Progressive Property Management, Inc. Owner authorizes Broker to use the services of Sierra Maintenance Services to perform repair, maintenance and other services on your property at Broker's sole discretion when anticipated cost savings can be rendered as compared to using other vendors.

No repairs, decorations, alterations or supplies costing more than \$350 shall be made without prior approval from Owner, except for monthly or recurring operating charges, emergency repairs, or in the event the Owner is not reasonably available for consultation, if the Broker deems such expenditures in excess of this amount are necessary for the protection of the property from damage or persons from injury or to perform services to the tenants provided in their leases or rental agreements make, cause to be made, and/or supervise repairs, improvements alterations and decorations to the Property; purchase, and pay bills for, services and supplies. Broker shall obtain prior approval of Owner for all expenditures over \$350 for any one item. Prior approval shall not be required for monthly or recurring operating charges or, in Broker's opinion, emergency expenditures over the maximum are needed to protect the Property or other property(ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines or suspension of services to tenants required by lease of real agreement or be law, including, but not limited to, maintaining the Property in a condition fit for human habitation and required by the Civil Code §§1941 and 1941.1 and Health and Safety Code §§17920.3 and 17920.10.

- E. **REPORTS, NOTICES AND SIGNS:** Broker will comply with federal, state or local law requiring delivery of reports or notices and/or posting of signs or notices.
- F. **CONTRACTS; SERVICES:** Broker will contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Broker may perform any of Broker's duties through attorneys, Brokers, employees, of independent contractors and , except for persons working in the Broker's firm, shall not be responsible for their acts, omissions, defaults, negligence and/or costs of same. Broker's services do not include any work related to the sale of the property. This includes, but is not limited to, securing signed estoppel certificates or settling appointments for warranty inspections or inspections by buyers, Brokers, and appraisers.
- G. **EXPENSE PAYMENTS:** Broker will pay expenses and costs for the Property from Owner's funds held by Broker, unless otherwise directed by Owner. Expenses and costs may include but are not limited to,

property management compensation, fees and charges, expenses for goods and services, property taxes and other taxes, Owner's Association dues, assessments, loan payments and insurance premiums.

- H. SECURITY DEPOSITS:** Broker will receive security deposits from tenants, which deposits shall be given to Owner, or placed in Broker's trust account.
- I. TRUST FUNDS:** Broker will collect rents, security deposits and all other receipts and deposit monies into Broker's general trust account for the Owner with a qualified banking institution, but Broker shall not be responsible for the failure of such depository. The general trust account shall not be an interest bearing account. Deposit all receipts collected for Owner, less any sums properly deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The funds shall be held in a trust account separate from Broker's personal accounts. Broker shall not be liable in event of bankruptcy or failure of a financial institution. Broker may, at Broker's discretion, hold security deposits in a separate account in trust for the tenants. Upon termination of the tenancy by the tenant, if applicable, Broker shall disburse the security deposit appropriate at the termination of the tenancy and pay interest, if any, on the security deposit. Broker is not liable for tenant damages, including unpaid rent, which exceeds the security deposit. Owner authorizes Broker to deposit all trust funds received in connection with this property management service into an analyzed trust account. The analyzed trust account accrues earnings credits that are used to offset bank services charges assessed to Broker. Any excess earnings credits or funds earned from the analyzed trust account may be paid to Broker or vendors used by the Broker. The analyzed trust account provides Broker with a financial benefit.
- J. RESERVES:** Broker shall collect from Owner, or deduct from first month's proceeds, an operating reserve equal to **\$350**. Should Owner or Broker terminate this agreement, this reserve will be refunded to the Owner. This operating reserve shall be used to pay for any monthly expenses that may occur during the management of the property. Maintain a reserve in Broker's trust account of **\$350**.
- K. DISBURSEMENTS:** (i) Broker agrees to pay from gross receipts all operating expenses and such other expenses as may be authorized by Owner including:
 - Maintenance, Repairs Utilities Mortgage Payments HOA Property Taxes
 - Insurance Payroll Taxes Pool Service Landscaping Other: _____
- (ii) Owner assumes full responsibility for the payment of any expenses and obligations incurred in connection with the proper and reasonable exercise of the Broker's duties set forth in this Agreement.
- (iii) Any excess of receipts over disbursements and operating reserve of **\$350** shall be forwarded by the 15th of the current month. (iv) Disburse Owner's funds held in Broker's trust account in the following order:
 - (1) Compensation due Broker under paragraph 10.
 - (2) All other operating expenses, costs and disbursements payable from Owner's funds held by Broker.
 - (3) Reserves and security deposits held by Broker
 - (4) Balance to Owner
- L. OWNER DISTRIBUTION:** Broker will remit funds, if any are available, monthly to Owner.
- M. OWNER STATEMENTS:** Broker shall maintain accurate records of all monies received and disbursed in connection with its Management of the property and said records shall be open for inspection by Owner during regular business hours upon reasonable notice. Broker shall submit a monthly report, forward copies of any paid bills and disburse proceeds within 5 days from the receipt of good funds and render monthly statements of receipts, expenses and charges for each Property. Broker agrees to submit monthly statements of all receipts and disbursements by not later than the 15th of the current month. Broker shall also deliver to Owner an annual statement that will be accompanied by a 1099 and a reporting of expenses paid in that calendar year on or before January 31. Owner agrees to receive 1099 form electronically, via the secure Appfolio owner portal.
- N. BROKER FUNDS:** Broker shall not advance Broker's own funds in connection with the Property or this Agreement.

- O. **KEYSAFE/LOCKBOX:** (If checked) Owner authorizes the use of a keysafe/lockbox to allow entry into the Property and agrees to sign a keysafe/lockbox addendum (C.A.R., Form KLA) if requested by Broker.
 - P. If Owner requests additional work of Broker beyond the scope of work agreed to in this agreement. Broker, may, at its discretion, perform that work at a fee of **\$30** per hour. The minimum fee will be **\$50** for any work performed. Owner shall agree to this additional fee before work is performed.
 - Q. Broker agrees to perform an annual inspection of the property under management at least once per year, typically 75 days prior to the expiration of the lease, and this inspection is included in the base fee charged by the Broker. If the Owner wants additional inspections, Broker may agree to additional inspections at a cost of **\$50** per inspection.
4. **PERFORMANCE GUARANTEES:** This is a **disclosure** regarding the limitations and responsibilities of Broker with regards to the Performance Guarantees. All the guarantees are included with the base management fee agreed to by the Owner.
- A. **Payment Guarantee:** If the tenant fails to pay the monthly rent as agreed, Broker will not collect a management fee for that month, and will only collect a fee for that month when that month's rent is paid. Broker only receives their percentage of rent that is actually collected.
 - B. **Service Guarantee:** Broker will forward the Owner's monthly proceeds within 5 business days of receipt of "good" funds from the tenant. "Good" funds are defined as a rent payment that clears with the bank (this can take as much as 3 business days). If Broker does not wire, mail or transfer said funds within 5 business days, Broker will waive that month's property management fee for that property.
 - C. **Fee Guarantee:** If an Owner can find a lower fee to manage their property in writing, Broker will match that fee. The competing property management cannot charge any miscellaneous fees and the quote must be only a percentage of rents collected. The only fee the competing firm may quote is 50% of any late fees collected.
 - D. **Response Guarantee:** If an Owner or tenant calls, texts or emails us about any matter, Broker will respond within 24 hours of receipt of the message. If there is no response within 24 hours, Broker will waive the property management fee for that month. Tenants and Owner must use the emergency number for Broker **(714) 394-3335** for weekend calls in order for the Response Guarantee to be valid.
 - D. **Satisfaction Guarantee:** If you the property Owner are not satisfied with the services of Broker, you may cancel our contract at any time with a 60-day notice. If Broker places a tenant in the property, this cancellation will be valid after 6 months after placing that tenant.
 - E. **Tenant Guarantee:** If a tenant the Broker places into the property and for whom a tenant acquisition fee has been charged to the Owner, must be evicted by Broker within 12 months of the execution of the contract, Broker will waive the next tenant acquisition fee to secure the next tenant.
 - F. **Happiness Guarantee:** If Broker takes over management of a property from an Owner which the Owner has been self-managing and which currently has a tenant paying as agreed, Broker agrees to rebate 50% of the property management fees paid to the date that the Owner notifies Broker of the cancellation of the contract. Owner must notify Broker in writing no sooner than 6 months and no later than 12 months after the execution of this agreement. After 12 months, Owner may still cancel this agreement, but Broker will not be obligated to refund any management fees collected to that date.
5. **OWNER RESPONSIBILITIES:** Owner shall:
- A. Provide all documentation, records and disclosures as required by law or required by Broker to manage and operate the Property, and immediately notify Broker if Owner becomes aware of any change in such documentation, records or disclosures, or any matter affecting the habitability of the Property.
 - B. Owner shall indemnify and save the Broker harmless from any and all costs, expenses, attorneys' fees, suits liabilities, or damages from or connected with the management of the property by Broker or the proper performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to Broker. The Broker shall not be liable for any error of judgment or for any mistake of fact or law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross

negligence. Indemnify, defend and hold harmless Broker, and all persons in Broker's firm, regardless of responsibility, from all costs, expenses, suits, liabilities, damages, attorney fees and claims of every type, including but not limited to those arising out of injury or death of any person, or damage to any real personal property of any person, including Owner, for: (i) any repairs performed by Owner or by others hired directly by Owner; or (ii) those relating to the management, leasing, rental, security deposits, or operation of the Property by Broker or any person in Broker's firm, or the performance or exercise of any of the duties, powers or authorities granted to Broker.

- C. Maintain the Property in a condition fit for human habitation as required by Civil Code §§ 1941 and 1941.1 and Health and Safety Code §§ 17920.3 and 17920.10 and other applicable law, or other statute.
- D. Pay all interest on tenants' security deposits if required by local law or ordinance.
- E. Owner agrees to carry, at Owner's expense, a comprehensive general liability policy with a minimum limit of \$500,000 for bodily injury and property damage. Broker is to be named as additional insured or additional interested party. Owner shall immediately furnish Broker with a certificate of insurance evidencing the above coverage is in force with a carrier acceptable to the Broker. In the event Broker receives notice that said insurance coverage is to be canceled, Broker may at its option cancel this Agreement. Carry and pay for (i) public and premises liability insurance in an amount of no less than \$1,000,000; and (ii) property damage adequate to protect the interests of Owner and Broker. Broker shall be, and Owner authorized Broker to be, named as an additional insured party on Owner's policies.
- F. Pay any late charges, penalties and/or interest imposed by lenders or other parties for failure to make payment to those parties, if the failure is due to insufficient funds in Broker's trust account available for such payment.
- G. Immediately replace any funds required if there are insufficient funds in Broker's trust account to cover Owner's responsibilities.

6. **OWNER REPRESENTATIONS:** Owner represents that unless otherwise specified in writing, Owner is unaware of: (i) any recorded Notice of Default affecting the Property; (ii) any delinquent amounts due under any loan secured by, or other obligation affecting, the Property; (iii) any bankruptcy, insolvency or similar proceeding affecting the Property; (iv) any litigation, arbitration, administrative action, government investigation, or other pending or threatened action that does or may affect the Property or Owners ability to transfer it; and (v) any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Broker in writing if Owner becomes aware of any of these items during the term of this Agreement.

7. **HOLD HARMLESS:** Except for the willful misconduct of Broker, Owner shall indemnify, defend and hold Broker (including its shareholders, officers and directors) harmless from all loss, damage, cost expense (including attorneys' fees), liability, claims, investigations and lawsuits by third parties for personal injury or property damage incurred or occurring in, on or about the Premises that are connected with the management of the property, during the term of this agreement or after its termination, including any liability for error of judgment, a mistake of fact of law, or for anything which Broker may do or refrain from doing hereinafter. Broker, under this agreement, shall not be responsible for delays in the performance of any obligation unless there is an intentional delay caused by Broker or its employees. Owner shall pay, except as provided elsewhere in this agreement, all expenses incurred by the Broker, including, but not limited to, reasonable attorneys' fees and Broker's costs and time in connection with any claim, proceeding, or suit involving an alleged violation by the Broker or Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, fair housing, including, but not limited to, any law prohibiting, or making illegal, discrimination on the basis of race, sex, creed, color, religion, national origin, age, marital status, or mental or physical handicap, provided, however, that the Owner shall not be responsible to the Broker for any expenses in the event that Broker is finally adjudicated to have personally, and not in a representative capacity, violated any such law, unless such acts and or omissions are outside the course and scope of Broker's duties hereunder. Nothing contained herein shall obligate the Broker to employ counsel to represent the Owner in any such proceeding or suit. The Owner also agrees to pay reasonable expenses (or an apportioned amount of such

expenses where other employers of Broker also benefit) incurred by the Broker in obtaining legal advice regarding compliance with any law affecting the premises or activities related thereto. Broker assumes no responsibility or management of personal property left by Owner at premises. Owner shall not hold the Broker liable for any willful neglect, abuse or damage to the premises by tenants or vandals or other nor for loss of or damage to any personal property of the Owner or any tenant including loss due to exchange or theft by tenants or any third party. Further, the Owner shall not hold the Broker liable for any error of judgment or mistake of law except in cases of willful misconduct or gross negligence.

8. TAX WITHHOLDING:

- A. The Owner authorizes Broker to remit trust funds of the Owner (which funds may consist in whole or part of rent or rents and other taxable income collected for Owner by Broker) to the California Franchise Tax Board as and for withholding taxes, when the Owner is subject to the Non-Resident Withholding Requirement under the California Revenue and Taxation Code.
- B. If Owner is not a California Resident or a corporation or LLC qualified to conduct business in California, Owner authorizes Broker to withhold and transmit to California Franchise Tax Board ("FTB") 7% of the GROSS payments to Owner that exceed \$1,500 received by Broker, unless Owner completes and transmits to Broker FTB form 589, nonresident reduce withholding request, FTB form 588, nonresident withholding waiver, or FTB form 590, withholding exemption certificate.
- C. If Owner is a nonresident alien individual, a foreign entity, or other non-U.S. person, (Foreign Investor) Owner authorizes Broker to withhold and transmit to the Internal Revenue Service (IRS) 30% of GROSS rental receipts unless Owner elects to treat rental income as "effectively connected income" by submitting to Broker a fully completed IRS form W-8ECI, Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States. A Foreign investor Owner will need to obtain a U.S. tax payer identification number and file a declaration with the IRS regarding effectively connected income in order to complete the form given to Broker. Further, the Foreign Investor Owner will be responsible for making any necessary estimated tax payments.

9. DISCLOSURE:

A. LEAD-BASED PAINT:

- (1) The Property was constructed on or after January 1, 1978
- (2) The property was constructed prior to 1978
 - (i) Owner has no knowledge of lead-based paint or lead based paint hazards in the housing except _____
 - (ii) Owner has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing, except the following, which Owner shall provide to Broker: _____

B. POOL/SPA DRAIN: Any pool or spa on the property does (or, does not) have an anti-entrapment drain cover, device or system.

10. COMPENSATION:

Monthly Fee to be collected by Broker:

- A. ~~X~~% of actual gross monthly collections, but not to include security deposits or the tenant acquisition fee. The minimum management fee per unit shall be **\$75** a month.
- B. Broker shall charge of monthly fee of **\$0** to the tenant for management services provided to the Owner. This fee will be disclosed to the tenant and included in gross rent.
- C. Broker shall retain **50%** of late fees collected. Balance is forwarded to Owner.

- D. Broker shall retain **35%** of first month’s rent as a “tenant acquisition fee” to be paid to the broker who represents the tenant when a property is marketed on the MLS, Craigslist or any other marketing medium, or services rendered by Progressive Property Management, Inc., to secure a tenant for the Owner.
- E. If a tenant must be evicted, Owner shall pay eviction fees directly to the attorney used to effect the eviction.
- F. Broker shall not charge to prepare the property for lease nor will the Broker receive compensation for managing the property during periods of vacancy.
- G. Compensation is deducted from monthly proceeds.
- H. Other:
 - (1) This Agreement does not include providing on-site management services, property sales, refinancing, preparing Property for sale or refinancing, modernization, fire, or major damage restoration, rehabilitation, obtaining income tax, accounting or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, attending Owner’s Association meetings or any service not explicitly related to the ongoing management of the property. If Owner requests Broker to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.
 - (2) If Owner requests additional work of Broker beyond the scope of work agreed to in this agreement. Broker, may, at its discretion, perform that work at a fee of **\$30** per hour. The minimum fee will be **\$50** for any work performed. Owner shall agree to this additional fee before work is performed.
 - (3) Broker agrees to perform an annual inspection of the property under management at least once per year, typically 60 days prior to the expiration of the lease, and this inspection is included in the base fee charged by the Broker. If the Owner requests additional inspections, Broker may agree to additional inspections at a cost of **\$75** per inspection. Sierra Maintenance Services offers a “Preventative Maintenance Inspection” for a fee of **\$75**. It is highly recommended the Owner agree to this annual inspection, but it is not required.

Owner initial for Annual Preventative Maintenance Inspection:

_____ **Yes** _____ **No**

- I. Broker may divide compensation, fees and charges due under this Agreement in any manner acceptable to Broker.
- J. Owner further agrees that Broker may receive and keep fees and charges from tenants for (i) requesting an assignment of lease or sublease of the Property; (ii) processing credit applications; (iii) any returned checks and/or (if checked) late payments; and (iv) any other services that are not in conflict with this Agreement.
- K. Broker may perform any of Broker’s duties, and obtain necessary products and services, through affiliated companies or organizations in which Broker may own an interest. Broker may receive fees, commissions and/or profits from these affiliated companies or organizations. Broker has an Ownership interest in the following affiliated companies or organizations: Scott P. Brady is 100% Owner of Progressive Property Management, Inc., co-owns or owns a material interest in the following companies:
 - i. Progressive Property Management, Inc., dba Partners Real Estate Group
 - ii. Progressive Property Management, Inc, dba Partners Escrow
 - iii. Progressive Property Management, Inc., dba RentPlatz
 - iv. Lagani, Inc., dba Sierra Maintenance Services
 - v. Lagani, Inc., dba Sierra Landscape Services
- L. Progressive Property Management, Inc. has a “Services Agreement” with Dilbeck Real Estate and Coldwell Banker Coastal Alliance. Both Dilbeck Real Estate and Coldwell Banker Coastal Alliance, its affiliates or owners may receive a financial benefit as a result of this business relationship.

- 11. AGENCY RELATIONSHIPS:** Broker may act, and Owner hereby consents to Broker acting, as a dual Broker for Owner and tenant(s) in any resulting transaction. If the Property includes residential property with one-to-four dwelling units and this Agreement permits a tenancy in excess of one year, Owner acknowledges receipt of the "Disclosure Regarding Agency Relationships" (C.A.R Form AD). Owner understands that Broker may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of other Owners' properties before, during and after the expiration of this Agreement. This Agreement shall be binding upon the successors and assigns of Broker and the heirs, administrators, executors, successors and assigns of the Owner.
- 12. DISTRIBUTION AUTHORIZATION:** The Bureau of Real Estate requires that we receive instructions as to how you wish to receive your proceeds on a monthly basis. Unless stated differently in the tenants lease contract, all rent is due on the 1st of each month and considered late if not received by the 5th of the month. If the 5th falls on a holiday or Sunday then payment is considered late on the next business day. Tenants are able to make their rental payments via cash, personal check, Cashiers Check, Money Order or Electronic Funds Transfer (EFT). Please note that any payment made via EFT is held for three days until funds have cleared. These payments are NOT considered late if the funds clear after the 5th of the month. Monthly accounting for each property is processed in the order payment is received. As the owner, you have the option of receiving your proceeds in any of the following ways:

TYPE	TIME	COST
Check	Pick up in office when ready	FREE
Check	Mailed to preferred address	FREE
ACH Transfer Bank of America Accounts	3-day ACH transfer 5pm PT cutoff time	FREE
ACH Transfer Non-Bank of America Accounts	3-day ACH transfer 5pm PT cutoff time	FREE

For example:

Tenant Sends Via EFT Rent on a Friday	April 4 th
Funds Cleared by Bank the next Friday	April 9 th
Funds Sent Via ACH to Owner	April 11 th
Funds Cleared to Owner	April 16 th

Broker will make every effort to have Owner's accounting processed in a timely fashion and distribute funds to Owner no later than the 15th of the month. Please understand that occasionally circumstances arise where proceeds may be delayed. Broker will notify Owner if there is a problem. Owner has the option to change disbursement method at any time. If Owner chooses to have funds electronically transferred, Broker requires a copy of a voided check in file. If Owner does not select an option listed above, Progressive Property Management, Inc. will mail the Owner proceeds.

Owner chooses to have funds (please circle) SENT BY CHECK or BANK ACH

- 13. NOTICES:** All notices required to be given hereunder shall be in writing and mailed to the parties hereto at the addresses set forth below. Any written notice to Owner or Broker required under this Agreement shall be served by sending such notice by first class mail or other agreed-to delivery method to that party at the address below, or at any different address the parties may later designate for this purpose. Notice shall be deemed received three (3) calendar days after deposit into United States mail OR _____

14. DISPUTE RESOLUTION:

A. MEDIATION: Owner and Broker agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refused to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. **Exclusions from this mediation agreement are specific in paragraph 13C.**

B. ARBITRATION OF DISPUTES:

Owner and Broker agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 13C.

“NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DSPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARIBTRATION OF DISPUTES’ PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.”

“WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.”

Owner's initials _____ / _____ Broker's initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction or other provisional remedied, shall not constitute a waiver or violation or violation of the mediation and arbitration provisions.

15. EQUAL HOUSING OPPORTUNITY: The Property is offered in compliance with federal, state and local anti-discrimination laws.

16. ATTORNEY FEES: In the event of any legal action (including arbitration) by the parties arising out of this Agreement, the losing party shall pay prevailing party reasonable attorney's fees and costs in addition to all other relief. In any action, proceeding or arbitration between Owner and Broker regarding the obligation to pay compensation under this Agreement, the prevailing Owner or Broker shall be entitled to a reasonable attorney

fees and cost from the non-prevailing Owner or Broker, except as provided in paragraph 11A.

17. ADDITIONAL TERMS: Keysafe/Lockbox Addendum (C.A.R Form KLA); Lead-Based Paint and Lead-Based Paint Hazards Disclosure (C.A.R Form FLD); Water Heater & Smoke Detector Statement of Compliance; Carbon Monoxide Detector Notice; Lease/Rental Mold and Ventilation Addendum; Authorization to Act on Behalf of Owner; See Addendum.

18. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed except in writing. This Agreement and any supplement, addendum or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

Owner warrants that Owner is the Owner of the Property or has the authority to execute this Agreement. Owner acknowledges Owner has read, understands, accepts and has received a copy of the Agreement.

If any of the provisions of this agreement, or its application, is held invalid, it will not affect other provisions or application herein which can be given effect without the invalid provision or application. To this end all provisions of this agreement are severable.

Owner _____ Date _____
 Owner (print) _____ Social Security or Tax ID _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ Email _____

Owner _____ Date _____
 Owner (print) _____ Social Security or Tax ID _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ Email _____

Real Estate Broker Firm): Progressive Property Management, Inc. BRE# 01958885 Date _____
 By (Agent): Scott P. Brady BRE# 01202061
 Address 1251 Yorba Linda Blvd. City Placentia State CA Zip 92870
 Telephone (714) 528-3100 Fax (714) 528-5522 Email scott@propropinc.com

By (Broker): Carolyn Davis BRE# 00816035
 Address 1251 Yorba Linda Blvd. City Placentia State CA Zip 92870
 Telephone (714) 528-3100 Fax (714) 528-5522 Email cdavisre@aol.com

Signature of Designated Broker _____ Date _____