

COMMERCIAL PROPERTY MANAGEMENT AGREEMENT

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Washington State

1 THIS AGREEMENT, dated this _____ day of _____,
2 _____, by and between _____, who
3 by signature below warrants and guarantees to be the owner of subject property or having a durable
4 Power of Attorney to act in fact for and in behalf of owner, hereinafter called "Owner", and BCI
5 PROPERTIES, LLC, being a duly licensed and bonded property management company in the State of
6 Washington, hereafter called "Manager or Broker."

7
8 **WITNESSETH:**

9
10 WHEREAS, Owner owns and has the right to collect rents from and manage the Property hereinafter
11 described, and desires to engage Manager to manage and operate such Property.

12
13 NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

14
15 **ARTICLE I**

16
17 **PROPERTY**

18
19 1.1 **Property:** The Property address(s) which is the subject of this Agreement is known as, is;
20 _____
21 _____
22 (the "Building") which with outer improvements is located and situated on the real property described
23 on Schedule "A" a Legal Description, attached hereto and made a part hereof (the "Land"). The Building,
24 the Land and other improvements located on the Land and all appurtenances thereto are hereinafter
25 collectively referred to as the "Property".

26
27 **ARTICLE II - COMMENCEMENT DATE**

28
29 2.1 **Manager's duties** and responsibilities under this Agreement shall begin as of the _____ Day of
30 _____, 20____, and shall renew for one year periods. After the first year either party may
31 terminate or cancel with a 30 day notice at any time.

32
33 **ARTICLE III - MANAGER'S RESPONSIBILITIES**

34
35 3.1 **Management.** Manager shall without hindrance provide the following property management
36 services; management of maintenance of buildings and grounds at subject location, operate, collect
37 rents, screen applicants, evict as needed and maintain the Property in an efficient and satisfactory
38 manner consistent with Owner's instruction and subject to Owner's payment of the costs related
39 thereto as hereinafter set out.

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40 **3.2 Employees & Independent Contractors** - Manager shall have in its employ at all times a sufficient
41 number of capable employees to enable it to properly, adequately, safely and economically manage,
42 maintain the Property, or have good access to Licensed Contractors or Service Providers who will act on
43 behalf of Manager to benefit the Owner. All matters pertaining to the employment, supervision,
44 compensation, promotion and discharge of such employees are the responsibility of Manager, which is
45 in all respects the employer of such employees. Manager shall fully comply with all applicable laws and
46 regulations having to do with workers' compensation, social security, unemployment insurance, hours of
47 labor, wages, working conditions and other employer-employee related subjects. This Agreement is not
48 one of agency by Manager for Owner but one with Manager engaged independently in the business of
49 managing properties on its own behalf, as an independent contractor. All employment arrangements
50 are therefore solely Manager's concern and Owner shall have no liability with respect thereto.

51
52 **3.3 Employee Staffing** - Owner and Manager shall mutually agree on the appropriate number of "on-
53 site" employees whose salaries may be charged to the Property for services rendered to the Property, if
54 and as needed. This employee staffing plan shall be reflected in the approved Operating Budget and
55 shall be subject to modification from time to time upon the mutual agreement of Owner and Manager.

56
57 **3.4 Compliance with Laws, Mortgages, etc.** - Manager shall at Owner's expense comply with all federal,
58 state and municipal laws, ordinances, regulations and orders relative to the management, operation,
59 repair and maintenance of the Property and with the rules, regulations or order of the local Board of
60 Fire Underwriters or other similar body. Manager shall promptly remedy any violation of any such law,
61 ordinance rule, regulation or order which comes to its attention.

62
63 Expenses incurred in remedying violations may be paid from the Operating Account established by
64 Owner pursuant to the terms of Section 7.1 hereof; provided, such expenses do not exceed \$3,000 in
65 any one instance. When more than such amount is required or if the violation is one for which the
66 Property title holder might be subject to penalty, Manager shall promptly notify Owner so that prompt
67 arrangements may be made to remedy the violation at Owner's expense.

68
69 Manager shall be responsible for compliance with all terms and conditions contained in any space lease,
70 mortgage, deed of trust or other security instruments affecting the Property; provided, however,
71 Manager shall not be required to make any payment or incur any liability on account thereof.

72
73 **3.5 Approved Budgets.** Manager shall, within ten (10) days after execution of this Agreement, prepare
74 and submit to Owner an Operating Budget and a Capital Budget for the promotion, operation, repair
75 and maintenance of the Property for the then current calendar year that this lease is active. The
76 Manager shall submit a proposed budget in subsequent years no later than October 1 of each year.

77
78 Owner will consider the proposed budgets and then will consult Manager in the ensuing period prior to
79 the commencement of the forthcoming calendar year in order to agree on an "Approved Operating
80 Budget" and an "Approved Capital Budget".

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81
82 Manager agrees to use diligence and to employ all reasonable efforts to ensure that the actual costs of
83 maintaining and operating the Property shall not exceed the Approved Budget pertaining thereto, either
84 in total or in any one accounting category. All expenses must be charged to the proper account as
85 specified in the Approved Chart of Accounts and no expense may be classified or reclassified for the
86 purpose of avoiding an excess in the annual budgeted amount of any accounting category. Manager
87 shall secure Owner's prior written approval for any expenditure that will result in an excess of the
88 greater of \$2,500.00 or ten percent (10%) of the annual budgeted amount in any one accounting
89 category of the Approved Operating Budget. Optional modified agreement (strike the former):
90

91
92 _____
92 During the calendar year, Manager shall inform Owner of any major increases in costs and expenses that
93 were not foreseen during a budget preparation period, thus were not reflected in an Approved Budget.
94

95 **3.6 Collection of Rents and Other Income.** Manager shall, if requested in writing to do so by Owner,
96 collect all rents (including escalation billings resulting from tenant participation in increase in expenses,
97 taxes and common area maintenance charges) and other charges which may become due at any time
98 from any tenant or from others for services provided in connection with of for the use of any Property
99 or any portion thereof. If requested in writing to do so, Manager shall collect and identify any income
100 due Owner from miscellaneous services provided to tenants or the public including, but not limited to,
101 parking income, tenant storage, and coin operated machines of all types (e.g., vending machines, pay
102 telephones, etc.). All monies so collected shall be deposited in the Operating Account established by
103 Owner pursuant to Section 7.1 hereof. Manger may not, without the prior written approval of Owner,
104 terminate any lease, lock out a tenant, institute suit for rent or for use and occupancy, or proceeding for
105 recovery of possession. In connection with any collection efforts, only legal counsel or collection firms
106 designated by Owner shall be retained. Manager shall not write off any income items without prior
107 approval of Owner. (This document is the property and copyrighted by BCI Properties, LLC)
108

109 **3.7 Competitive Bidding.** All contracts for repairs, capital improvements, goods and services exceeding
110 \$1,000.00 shall be awarded on the basis of competitive bidding, solicited in the following manner:
111

112 (a) A minimum of 2 written bids shall be obtained for each purchase or maintenance repair etc. for any
113 repairs or maintenance over \$1,000.00 and the owner or owners assigned agent shall be required to
114 approve such expense in writing prior to work being done. Owner shall remit said funds within 72 hours
115 unless otherwise agreed upon. **Health and safety repairs** shall be remedied by mutual agreement within
116 72 hours either by owner or property manager with owner's approval. A lack of agreement and funding
117 on owners part shall be considered a breach of this contract with penalties as prescribed herein.
118

119 (b) Each bid will be solicited on a form prepared by BCI Properties, LLC so that uniformity will exist in all
120 bid quotes company wide.

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121

122 (c) Manager shall submit bid quotes with a recommendation to Owner for written approval.

123 (d) Owner shall be free to accept or reject any and all bid quotes.

124

125 (e) Manager may request Owner to waive competitive bidding rules.

126

127 (f) Contracts may be entered into with affiliates of Manager provided Owner approved the contracts.

128

129 Owner may pay for such expenses from its own resources or may authorize payment by Manager out of
130 the Operating Account.

131

132 **3.8 Repairs.** Manager shall attend to the making and supervision of all ordinary and extraordinary
133 repairs, decorations and alterations subject to the limits of the approved Operating Budget. Excluded
134 from this provision are expenditures to refurbish, rehabilitate, remodel, or otherwise prepare areas
135 covered by new rental leases unless otherwise agreed upon in writing between the parties hereto.

136

137 **In case of emergency,** Manager may make expenditures for repairs which exceed the limits in Section
138 3.7 hereof without prior written approval if it is necessary to prevent damage or injury.

139

140 **3.9 Capital Improvements.** The Approval Capital Budget constitutes an authorization for Manager to
141 expend money for projects up to \$_____. With respect to the purchase and installation of
142 major items (costs in excess of \$_____) of new or replacement equipment, Manager
143 shall recommend that Owner purchase these items when Manager believes such purchase to be
144 necessary or desirable. Owner may arrange to purchase and install the same itself or may authorize
145 Manager to do so subject to prescribed supervision and specification requirements and conditions.

146

147 The competitive bid rules outlined in Section 3.7 hereof will be observed.

148

149 **3.10 Service Contracts.** Manager shall not enter into any contract for cleaning, maintaining, repairing or
150 servicing any Property or any of the constituent parts of any Property that requires annual payments in
151 excess of \$_____ without the prior written consent of Owner. As a condition to
152 obtaining such consent. Manager shall supply Owner with a copy of the proposed contract and shall
153 state to Owner the relationship, if any, between Manager (or the person or persons in control or
154 Manager) and the party proposed to supply such goods or services, or both.

155

156 All service contracts shall: (a) be in the name of Manager, (b) be assignable, at Owner's option, to Owner
157 or Owner's nominee, (c) include a provision for cancellation thereof by Owner or Manager upon not
158 more than thirty (30) days written notice and (d) shall require that all contractors provide evidence of
159 sufficient insurance. Unless Owner specifically waives such requirements, either by memorandum or as
160 an amendment to the contract, all service contracts shall be subject to bid under procedures as specified

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161 in Section 3.7 hereof. If this Agreement is terminated pursuant to Article XIII hereof, Manager shall, at
162 Owner's option, assign to Owner or Owner's nominee all service agreements pertaining to the Property.

163
164 **3.11 Non-Owned Properties.** If Owner does not have title to the Property, such as when a Lien Holder is
165 on title, then notwithstanding the provisions of this Agreement including the provisions relative to the
166 making of repairs or maintenance of the Property, Manager shall not incur any expenses in any month in
167 excess of the income from the property during that month, without prior funding in full from owner. In
168 any case in which there is doubt, Manager shall inform Owner of the situation so that Owner may have
169 the opportunity of determining what action should be taken under the circumstances.

170
171 **3.12 Taxes, Mortgages.** Manager shall, if so requested, obtain and verify bills for real estate and
172 personal taxes, improvements, assessments and other like charges which are or may become liens
173 against the Property and recommend payment or appeal as in its best judgment it may decide. Manager
174 shall forward such bills to Owner for payment by Owner in such time to permit Owner to avoid penalty
175 for late payment or to permit Owner to take advantage of discounts. Manager shall not make any
176 payments on account of any ground lease, mortgage, deed of trust or other security instrument, if any,
177 affecting the Property.

178

179 **ARTICLE IV**

180

181 **INSURANCE**

182

183 **4.1 Insurance.** Owner, at its expense, will obtain and keep in force adequate insurance against physical
184 damage (i.e., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability
185 for loss, damage or injury to property or persons which might arise out of the occupancy, management,
186 operation or maintenance of the Property. Manager will be covered as an additional insured in all
187 liability insurance maintained with respect to the Property with a minimum of \$300,000 for liability
188 coverage, or as required by law or property managers insurance company. Owner shall save Manager
189 harmless from any liability on account of loss, damage or injury actually insured against and actually
190 collected by Owner. Manager shall notify Owner and the insurance carrier after manager receives notice
191 of any such loss, damage or injury and will take no action (such as admission of liability) which might bar
192 Owner from obtaining any protection afforded by any policy Owner may hold or which might prejudice
193 Owner in its defense to a claim based on such loss, damage or injury. Owner shall have the exclusive
194 right, at its option, to conduct the defense to any claim, demand or suit within limits prescribed by the
195 policy or policies of insurance. Lack of such coverage is a breach of this contract with penalties as
196 prescribed herein.

197

198 Manager shall furnish whatever information is requested by Owner for the purpose of establishing the
199 placement of insurance coverages and shall aid and cooperate in every reasonable way with respect to
200 such insurance and any loss thereunder. Owner shall include in its hazard policy covering the Property,
201 personal property, fixtures and equipment located thereon, and Manager shall include in any fire

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202 policies for its furniture, furnishings or fixtures situated at the Property, appropriate clauses pursuant to
203 which the respective insurance carriers shall waive all rights of subrogation with respect to losses
204 payable under such policies.

205 **4.2 Additional Insurance.** Manager must furnish a certificate evidencing Workers' Compensation and
206 crime insurance in a form acceptable to Owner if employees are used in the on-site management of
207 subject property. Crime insurance shall be for an amount not less than \$40,000. The certificate shall be
208 attached thereto an endorsement that Owner will be given at least ten (10) days prior written notice of
209 cancellation of or any material change in the policy. Owner will not reimburse Manager for Manager's
210 cost of such insurance, or for any and all coverage Manager obtains for its own account.

211
212 **4.3 Subcontractor's Insurance.** Manager shall require that all subcontractors brought onto the Property
213 have insurance coverage at the subcontractor's expense, in the following minimum amounts:

- 214
215 (a) Workers' Compensation - Statutory Amount
216
217 (b) Employer's Liability (in those areas where it is required) \$100,000 minimum
218
219 (c) Comprehensive General Liability (minimum):

- 220
221 i. \$100,000 Bodily Injury per person
222 \$300,000 per occurrence
223 \$100,000 Property Damage
224

225 or
226

- 227 ii. \$300,000 Combined Single Limit
228

229 Manager must obtain Owner's permission to waive any of the above requirements. Higher amounts may
230 be required if the work to be performed is sufficiently hazardous. Manager shall obtain and keep on file
231 a Certificate of Insurance which shows that the subcontractor is so insured.

232 *See Section VIII for claims/loss requirements.

233 **ARTICLE V**

234

235 **FINANCIAL REPORTING AND RECORD KEEPING**

236

237 **5.1 Books of Accounts.** Manager, in the conduct of its responsibilities to Owner, shall maintain adequate
238 and separate books and records for the Property, the entries to which shall be supported by sufficient
239 documentation to ascertain that said entries are properly and accurately recorded to the Property. Such
240 books and records shall be maintained by Manager at Manager's address as stated herein or at such

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241 other location as may be mutually agreed upon in writing. Manager shall ensure such control over
242 accounting and financial transactions as is reasonably required to protect Owner's assets from theft,
243 error or fraudulent activity on the part of Manager's employees or other agents. Losses arising from
244 such instances are to be borne by Manager and shall include but not be limited to:

245

246 (a) Theft of assets by Manager's employees or other agents.

247

248 (b) Overpayment or duplicate payment of invoices arising from either fraud or error.

249

250 (c) Unauthorized use of facilities by Management's employees or associates.

251

252 **5.2 Account Classification.** Manager shall adopt a Chart of Accounts acceptable to Owner.

253

254 **5.3 Financial Reports.** Manager shall furnish reports of all transactions occurring during the prior month.
255 these reports are to be received by Owner on or before the 10th day of the month after the above
256 described accounting period and must show all collections, delinquencies, uncollectible items,
257 vacancies, and other matters pertaining to the management, operations, and maintenance of the
258 Property during the month. The report shall include the items listed on Schedule "B", attached hereto
259 and made a part hereof, and a comparison of monthly and year-to-date actual income and expense with
260 the Approved Operating Budget for the Property. In addition, Manager shall prepare forms prescribed
261 by Owner to facilitate the input of financial information into Owner's accounting system.

262

263 **5.4 Supporting Documentation.** As additional support to monthly financial statements. Management
264 shall provide such additional supporting documentation as may reasonably be requested by Owner.

265

266 **5.5 Transfer of Funds.** If Owner elects in writing to have Manager collect rents payable for Leases with
267 respect to the Property, on or before the 15th of every month, Manager shall remit the cash balance in
268 the Operating Account after deducting the authorized working capital amount and known major
269 expenditures that will be paid between that date and the last day of the month and the sums which
270 Owner is required to maintain in the Operating Account.

271

272 Checks for remittances should be delivered to Owner, independent of required financial reports, in the
273 most expeditious manner possible as directed by Owner.

274

275 **5.6 Accounting Principles.** All financial statements and reports required by Owner will be prepared in
276 accordance with generally accepted accounting principles with the execution that Owner may specify
277 that the statements be prepared on a cash basis.

278

279 **ARTICLE VI**

280

281 **OWNER'S RIGHT TO AUDIT**

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282

283 **6.1 Owner reserves** the right for Owner's employees, or others appointed by Owner, to conduct
284 examinations during normal business hours after three (3) days written notification, of the books and
285 records maintained for Owner by Manager no matter where the books and records are located. Owner
286 also reserves the right to perform any and all additional audit tests relating to Manager's activities,
287 either at the Property or at any office of Manager; provided, such audit tests are related to those
288 activities performed by Manager for Owner.

289

290 **ARTICLE VII**

291 **EXPECTATION OF TENANCY**

292 Owner expects the Manager to enforce the follow upon any and all tenants.

293 **7.1 Tenant's Maintenance.** Tenant shall, at its sole expense, keep all parts of the Leased Premises in
294 good condition, order and repair, clean, sanitary and safe, including, without limitation, the following
295 items: all glass, including windows of glass or plate glass, window mullions and gaskets, doors and
296 attached hardware, office entries, special store fronts, interior walls, interior ceilings, cabinets, millwork,
297 paneling and other finish work, floors and floor coverings, plumbing fixtures and sanitary sewers
298 between Tenant's plumbing fixtures and the main Project sanitary sewers, electrical facilities and
299 electrical fixtures, and all other equipment, fixtures and Trade Fixtures (hereinafter defined), and shall
300 paint the interior of the Leased Premises when necessary in order to maintain at all times a clean and
301 slightly appearance. Tenant shall also maintain on a regular basis the heating, ventilating and cooling
302 equipment serving the Leased Premises, and repair the same as necessary. Tenant shall repair and
303 replace, subject to Manager's direction and supervision, any damage to the Leased Premises or the
304 Project caused by Tenant or any of Tenant's Agents. If Tenant refuses or neglects to make repairs and/or
305 maintain the Leased Premises, or any part thereof, in a manner reasonably satisfactory to Manager,
306 Manager shall have the right (but not the obligation), upon giving Tenant ten days' prior written notice
307 of its election to do so, to make such repairs or replacements or perform such maintenance on behalf of
308 and for the account of Tenant. Such cost shall be payable to Manager by Tenant on demand as
309 Additional Rental. The obligation to repair shall include the obligation to replace when necessary. All
310 contractors, workmen, artisans and other persons which or who Tenant proposes to retain to perform
311 work in the Leased Premises pursuant to this Section shall be approved by Manager prior to the
312 commencement of any such work. Tenant is also obligated to perform, at Tenant's own cost and
313 expense and risk, all other maintenance and repairs necessary or appropriate to cause the Leased
314 Premises to be suitable for Tenant's intended commercial purpose.

315 **7.2 Occupancy of Leased Premises.** Tenant shall throughout the Term of this Lease, at its own expense,
316 maintain the Leased Premises and all improvements thereon and shall deliver up the Leased Premises in
317 a clean and sanitary condition at the expiration or termination of this Lease or the termination of
318 Tenant's right to occupy the Leased Premises, in good repair and condition, reasonable wear and tear
319 excepted, subject to the provisions of Article VI. Upon the expiration or termination of this Lease or the

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320 termination of Tenant's right to occupy the Leased Premises, Tenant shall surrender all keys for the
321 Leased Premises to Manager at the place then fixed for the payment of Rent and Manager shall have the
322 right to reenter and resume possession of the Leased Premises. No act done by Manager or any of
323 Manager's Agents (hereinafter defined) during the Term of the Lease shall be deemed an acceptance of
324 a surrender of the Leased Premises, and no agreement to accept a surrender of the Leased Premises
325 shall be valid unless the same be made in writing and executed by Manager. Tenant shall notify Manager
326 at least fifteen (15) days prior to vacating the Leased Premises and shall arrange to meet with Manager
327 for a joint inspection of the Leased Premises. If Tenant fails to give such notice or to arrange for such
328 inspection, then Manager's inspection of the Leased Premises shall be deemed correct for the purpose
329 of determining Tenant's responsibility for repair of the Leased Premises.

330

331 **7.3. Common Area.** The Common Area, if applicable, shall be subject to Manager's sole management
332 and control and shall be operated and maintained in such manner as Manager, in its discretion, shall
333 determine. Manager reserves the right to change from time to time the dimensions and location of the
334 Common Area as well as the location, dimensions, identity and type of any building and to construct
335 additional buildings or additional stories on existing buildings or other improvements in the Project, and
336 to eliminate buildings. Tenant and Tenant's Agents shall have the nonexclusive right and license to use
337 the Common Area as constituted from time to time, such use to be in common with Manager, other
338 tenants of the Project and other persons permitted by Manager to use the Common Area. Manager may
339 from time to time designate specific areas within the Project or in reasonable proximity thereto in which
340 automobiles owned by Tenant and Tenant's Agents shall be parked. Tenant and Tenant's Agents shall
341 not, without the prior written consent of Manager, solicit business or display merchandise within the
342 Common Area, or distribute handbills therein, or take any action which would interfere with the rights
343 of other persons to use the Common Area. Manager may temporarily close any part of the Common
344 Area as may be necessary to prevent the public from obtaining prescriptive rights or to make repairs or
345 alterations.

346

347 **7.4. Light, Air and View.** Neither the diminution nor the shutting off of any light, air or view nor any
348 other effect on the Leased Premises by any structure or condition now or hereafter existing on property
349 adjacent to the Leased Premises or the Project shall affect this Lease, abate Rent or otherwise impose
350 any liability on Manager.

351

352 **7.5. Entry.** Tenant shall permit Manager and Manager's Agents (hereinafter defined) to enter into and
353 upon the Leased Premises at all reasonable times for the purposes of inspecting the same or showing
354 the same to prospective purchasers, or for the purpose of maintaining or making repairs and the Rent
355 shall in no way abate while such inspections, repairs, alterations, improvements or additions are being
356 made, by reason of loss or interruption of business of Tenant; provided, however, that Manager shall
357 make reasonable efforts not to interfere with the normal business operations of Tenant. During the
358 period that is six (6) months prior to the end of the Term hereof (unless Tenant has exercised its option
359 to renew) and at any time Tenant is in default, Manager or Manager's Agents may enter the Leased
360 Premises during reasonable times for the purpose of showing the Leased Premises. Manager

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361 acknowledges that the business conducted by Tenant and to be conducted by Tenant on the Leased
362 Premises consists of retention, maintenance and storage of records of third parties, which requires that
363 their access be restricted so as to maintain the confidentiality thereof. In exercising its right to enter into
364 and upon the Leased Premises, Manager shall observe such procedures and safeguards as Tenant may
365 reasonably impose to protect the confidentiality of the business records stored in the Leased Premises,
366 provided, in the case of an emergency, Manager may take such action as may be reasonably necessary
367 to protect the Leased Premises. In the event of a default by Tenant under and pursuant to this Lease,
368 Tenant, or the third parties whose records are stored and maintained by Tenant on the Premises, shall
369 have thirty (30) days from the retaking of possession by Manager in which to remove such records from
370 the Premises without interference from Manager. In no event shall any Manager type lien, security
371 interest or encumbrance attach in any manner to any of such third party records.

372
373 **7.6. Waste and Environmental Compliance.** Tenant covenants and agrees to comply strictly and in all
374 respects and to cause Tenant's Agents to comply strictly and in all respects with the requirements of any
375 applicable law, statute, ordinance, permit, decree, guideline, rule, regulation or order pertaining to
376 health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"),
377 including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability
378 Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act,
379 the Texas Water Code, the Texas Solid Waste Disposal Act and regulations promulgated under any of the
380 preceding statutes, as each of the foregoing may be amended from time to time. Tenant shall not cause
381 or permit any Hazardous Materials (hereinafter defined) to be brought to or generated, treated, stored,
382 used, installed or disposed in, on, under or about the Leased Premises or the Project.

383 **ARTICLE VIII**

384 **Insurance:**

385
386 8.1 Broker may not file a claim for a casualty loss with the carrier insuring the Property. Broker may
387 communicate with the carrier to facilitate the processing of any claim Owner may file or other matters
388 that Owner instructs Broker to communicate to the carrier.

389
390 8.2 Broker may not directly or indirectly employ or pay a lawyer to represent Owner. Broker may
391 communicate with Owner's attorney in accordance with Owner's instructions.

392 **ARTICLE IX**

393 **LEGAL COMPLIANCE:**

394
395
396
397 9.1 The parties will comply with all obligations, duties, and responsibilities under the Washington State
398 RCW/WAC Codes, fair housing laws, and any other statute, administrative rule, ordinance, or restrictive
399 covenant applicable to the use, leasing, management, or care of the Property.

400 **ARTICLE X**

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403 **RESERVES:**

404
405 **10.1** Upon execution of this agreement, Owner will deposit the following amount with Broker to be
406 held in a trust account as a reserve for Owner: \$. Broker may, at Broker's discretion, use the reserve to
407 pay any expense related to the management of the Property (including but not limited to Broker's fees).
408 If the balance of the reserve becomes less than the amount stated, Broker may: (a) deduct an amount
409 that will bring the balance to the amount stated from any subsequent rent received on behalf of Owner
410 and deposit the amount into the reserve; or (b) notify Owner that Owner must promptly deposit
411 additional funds with Broker to bring the balance to the amount stated.

412 **ARTICLE XI**

413 **OWNER'S REPRESENTATIONS:**

414
415
416 11.1 General: Except as disclosed in Paragraph 20, Owner represents that:
417 (1) Owner has fee simple title to and peaceable possession of the Property and all its improvements
418 and fixtures, unless rented, and the legal capacity to lease the Property;
419 (2) Owner is not bound by another agreement for the management of the Property that is or will be in
420 effect during this agreement;
421 (3) if Broker has the authority to lease the Property under Paragraph 1C, Owner is not bound by: (a)
422 another agreement with another broker for the lease of the Property that will be in effect during this
423 agreement; or (b) any agreement or covenant that prohibits owner from leasing the Property;
424 (4) Owner is not delinquent in the payment of any property taxes, owners' association fees, property
425 insurance, mortgage, or any encumbrance on or affecting the Property;
426 (5) the Property is not subject to the jurisdiction of any court; and
427 (6) all information related to the Property that Owner provides to Broker is true and correct to the best
428 of Owner's knowledge.

429 11.2 Property Condition: Except as stated below, in this agreement, or in any addendum, Owner is not
430 aware of: (1) any condition affecting the Property that materially affects the health or safety of an
431 ordinary tenant; (2) any environmental hazard on the Property; or (3) any violation of any ordinance,
432 statute, restriction, or law related to the Property.

433 **ARTICLE XII**

434 **OWNER'S COOPERATION:**

435
436
437 12.1 Owner agrees to:
438 (1) cooperate with Broker to facilitate the management of the Property;
439 (2) not deal with or negotiate with any tenant in the Property concerning any matter related to the
440 management of the Property but refer all such dealings to Broker;
441 (3) not enter into a management agreement with another broker for the management of the Property
442 to become effective during this agreement;
443 (4) provide Broker with copies of any existing leases or rental agreements related to the Property;
444 (5) provide Broker with keys and access devices to the Property;
445 (6) provide Broker with copies of all warranties related to the Property or any item in the Property;
446 (7) tender to Broker any security deposits paid by any existing tenants in the Property;

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447 (8) complete any disclosures or notices required by law or a lease of the Property;

448 Management Agreement concerning: _____
449

450 (9) amend applicable notices and disclosures if a material change occurs during this agreement; and
451 (10) notify Broker if Owner becomes delinquent in the payment of: (a) any mortgage or other
452 encumbrance secured by the Property; (b) property taxes; (c) property insurance; or (d) owners'
453 association fees.

454
455 12.2 If Broker has the authority to lease the Property under Paragraph 1C, Owner further agrees to
456 (1) cooperate with Broker to facilitate the showing, marketing, and lease of the Property;
457 (2) not rent or lease the Property to anyone without Broker's prior written approval;
458 (3) not negotiate with any prospective tenant who might contact Owner directly, but refer all
459 prospective tenants to Broker;
460 (4) not deal with or negotiate with any tenant in the Property concerning any matter related to the
461 leasing of the Property but refer all such dealings to Broker; and
462 (5) not enter into a listing agreement with another broker for the rental or leasing of the Property to
463 become effective during this agreement.

464 ARTICLE XIII

465 466 BROKER'S FEES:

467
468 13.1 All fees to Broker under this agreement are payable in Tacoma, Washington. This Paragraph 12
469 survives termination of this agreement with regard to fees earned during this agreement which are not
470 payable until after its termination. Broker may deduct any fees under this Paragraph 12 from any funds
471 Broker holds in trust for Owner. If more than one property or unit is made part of and subject to this
472 agreement, each of the provisions below will apply to each property or unit separately.

473
474 13.2 Management Fees: Each month Owner will pay Broker the greater of;
475 1. \$ _____ (monthly minimum management fee) or...
476 2. _____% of the gross monthly rents collected that month. **(execute one box only.)**

477
478 13.3 A vacancy in the Property or failure by a tenant to pay rent may _____, or may not _____ (check
479 one) excuse payment of the minimum management fee. Management fees under this Paragraph 12A
480 are earned daily and are payable not later than the last day of each month.

481
482 13.4 Leasing Fees for New Tenancies: Each time the Property is leased to a new tenant, Owner will pay
483 Broker a new leasing fee equal to: *(Check one box only.)*

- 484 (1) _____% of the gross rents to be paid under the lease.
485 (2) \$ _____.

486
487 13.5 The leasing fees under this Paragraph 13.2 are earned and payable at the time the lease is
488 executed. Renewal or Extension Fees: Each time a tenant in the Property renews or extends a lease,
489 Owner will pay Broker a renewal or extension fee equal to: *(Check one box only.)*
490 (1) _____% of the gross rents to be paid under the renewal or extension.

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491 (2) \$_____.

492

493 13.5 The renewal or extension fees under this Paragraph 13.2 are earned at the time the renewal or
494 lease is executed by the parties to the lease and are payable at the time the renewal or extension is
495 effective. For the purposes of this paragraph, a new lease for the same Property with the same tenant
496 then occupying the Property is an extension or renewal. This Paragraph 13.2 does not apply to month-to-
497 month renewals or month-to-month extensions.

498

499 13.6 Service Fees: Each time Broker arranges for the Property to be repaired, maintained, redecorated,
500 or altered as permitted by this agreement, Owner will pay Broker a service fee equal to: *(Check one box*
501 *only.)*

502 (1) _____ % of the total cost of each repair, maintenance, alteration, or redecoration.

503 (2) \$_____.

504

505 The service fees under this Paragraph 13.6 are earned at the time the repair, maintenance,
506 redecoration, or alteration is made and are payable upon Owner's receipt of Broker's invoice.

507 Interest on Trust Accounts: Any trust account Broker maintains under this agreement may be an
508 interest-bearing or income producing account. Broker may retain any interest or income from such
509 account as compensation under this agreement. Broker will remove any interest or income payable
510 under this Paragraph from the trust account not later than the 30th day after the interest or income
511 is paid.

512

513 13.7 Administrative Fees: If Broker collects administrative charges from tenants or prospective tenants,
514 including but not limited to, application fees, returned check fees, or late charges, Broker will retain
515 such fees as compensation under this agreement. The administrative fees under this Paragraph are
516 earned and payable at the time Broker collects such fees.

517

518 13.8 Fees Related to Legal Proceedings: If Owner requests or instructs Broker to appear in any legal
519 proceeding or deposition related to the Property (including, but not limited to, evictions, tenant
520 disputes, security deposit disputes, and suits for damages), Owner will pay Broker \$_____ per_____
521 for Broker's time expended in the such matters and in preparation of such matters. Fees under this
522 Paragraph are earned at the time the services are rendered and payable upon Owner's receipt of
523 Broker's invoice.

524

525 **ARTICLE XIV**

526 **Fees in the Event of a Sale:**

527 **14.1 Fee if a Tenant Purchases Property:** If at any time during this agreement or within days
528 after it ends, Owner sells the Property to a tenant who occupied the Property during the term of this
529 agreement, Owner will pay Broker a fee equal to: *(Check one box only.)*

530 (a) _____ % of the sales price.

531 (b) \$_____.

532

533 Fees under this Paragraph are earned at the time Owner agrees to sell the Property and are
534 payable at the time the sale closes.

535

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536 **14.2 Fee if Buyer is Procured through Broker:** If during this agreement, Owner agrees to sell the
537 Property to a person other than a tenant who occupied the Property and Broker procures the buyer,
538 directly or through another broker, Owner will pay Broker a fee equal to: *(Check one box only.)*

539 (a) _____ % of the sales price.

540 (b) \$ _____.

541

542 Fees under this Paragraph are earned at the time Owner agrees to sell the Property and are
543 payable at the time the sale closes.

544

545 **14.3 Sale Coordination Fees:** If at any time during this agreement Owner agrees to sell the Property and
546 Broker is not paid a fee under the foregoing Paragraphs, Owner will pay Broker for Broker's time and
547 services to coordinate showings, inspections, appraisals, repairs, and other related matters. Fees under
548 this paragraph are earned at the time such services are rendered and payable upon Owner's receipt of
549 Broker's invoice.

550

551 **14.4 Definition:** "Sell" means to agree to sell, convey, transfer or exchange any interest in the Property
552 whether by oral or written agreement or option.

553

554 **14.5 Separate Listing Agreement Controls:** If Owner sells the Property and pays Broker the fee under a
555 separate written listing agreement between Owner and Broker this Paragraph will not apply.

556 I. Other: _____

557

558

559 **ARTICLE XV**

560

561 **EXPENSE REIMBURSEMENT:**

562

563 **15.1** Upon Owner's receipt of Broker's invoice, Owner will reimburse Broker the following expenses that
564 are related to the leasing or management of the Property: (a) copy charges; (b) charges for long distance
565 telephone calls or facsimile transmissions; (c) regular, express, or certified mail charges; (d) notary fees;
566 (e) photos and videos; (f) reasonable travel expenses, including but not limited to mileage
567 reimbursement (at the standard mileage rate published by the IRS), parking expenses, and tolls; and (g)
568 any other expenditures Broker is authorized to make under this agreement for Owner or that Owner
569 otherwise authorizes Broker to make for Owner.

570

571 **ARTICLE XVI**

572

573 **FUNDS RECEIVED AFTER TERMINATION:**

574

575 **16.1** If Broker receives any funds on behalf of Owner after this agreement ends (for example, rent,
576 damages, past due amounts, and others), Broker will deposit those funds in Broker's trust account and
577 will: (a) pay % of the funds received to Broker as compensation for services (for example, research,
578 accounting, communicating, and processing) rendered at that time; and (b) pay the balance of the funds
579 to Owner. This provision survives termination of this agreement.

580

581 **ARTICLE XVII**

582

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583 **LIABILITY AND INDEMNIFICATION:**

584

585 **17.1 Broker is not responsible or liable in any manner for personal injury to any person or for loss or**
586 **damage to any person's real or personal property resulting from any act or omission not caused**
587 **by Broker's negligence, including but not limited to injuries or damages caused by:**

588 (1) other brokers, their associates, inspectors, appraisers, and contractors who are authorized
589 to access the Property;

590 (2) acts of third parties (for example, vandalism, theft, or other criminal acts);

591 (3) freezing or leaking water pipes;

592 (4) a dangerous condition or environmental condition on the Property; or

593 (5) the Property's non-compliance with any law or ordinance.

594

595 17.2 Broker is not responsible or liable in any manner for:

596 (1) any late fees or other charges Owner incurs to any creditor caused by late or insufficient
597 payments by any tenant in the Property; or

598 (2) damages to Owner caused by a tenant's breach of a lease.

599 C. Owner agrees to protect, defend, indemnify, and hold Broker harmless from any damage, costs,
600 attorney's fees, and expenses that:

601 (1) are caused by Owner, negligently or otherwise;

602 (2) arise from Owner's failure to disclose any material or relevant information about the
603 Property;

604 (3) are caused by Owner giving incorrect information to any person; or

605 (4) are related to the management of the Property and are not caused by Broker, negligently or
606 otherwise.

607

608 17.3 Owner is responsible and liable for all contracts and obligations related to the Property (for
609 example, maintenance, service, repair and utility agreements) entered into before or during this
610 agreement by Owner or by Broker under Broker's authority under this agreement. Owner
611 agrees to hold Broker harmless from all claims related to any such contracts.

612 **ARTICLE XVIII**

613

614 **DEFAULT:**

615

616 **18.1 A party is in default of this agreement** if the party fails to cure a breach or any violation of this
617 agreement within 10 days after receipt of written demand to cure the breach from the other party, or
618 within 72 hours if the breach is health or safety related. If either party is in default, the non-defaulting
619 party may: (a) terminate this agreement by providing at least 10 days written notice; (b) recover all
620 amounts due to the non-defaulting party under this agreement; (c) recover reasonable collection costs
621 and attorney's fees; and (d) exercise any other remedy available at law. Broker is also entitled to recover
622 any compensation Broker would have been entitled to receive if Owner did not breach this agreement.

623

624 **ARTICLE XIX**

625

626 **MEDIATION:**

627

628 19.1 The parties agree to negotiate in good faith in an effort to resolve any dispute related to this

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629 agreement that may arise between the parties. If the dispute cannot be resolved by negotiation, the
630 dispute will be submitted to mediation. The parties to the dispute will choose a mutually acceptable
631 mediator and will share the cost of mediation equally.

632
633 **ARTICLE XX**

634
635 **ATTORNEY'S FEES:**

636
637 **20.1 If Owner or Broker is a prevailing party** in any legal proceeding brought as a result of a dispute
638 under this agreement or any transaction related to or contemplated by this agreement, such party
639 will be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable
640 attorney's fees.

641
642 **ARTICLE XXI**

643 **SPECIAL PROVISIONS:**

644 _____
645 _____

646 **Owner of property x** _____ **Date:** _____

647
648 **BCI Properties Agent x** _____ **Date:** _____

649 **Donald J. Leske II**

650
651 **NOTARY SEAL -**

652 STATE OF WASHINGTON

653 COUNTY OF _____

654 On this day personally appeared before me _____, to me known to be the individual(s) described
655 in and who executed the within and foregoing instrument, and acknowledged that he/she/they signed the same as his/her/their
656 free and voluntary act and deed, for the uses and purposes therein mentioned.

657 Given under my hand and seal of office this _____ day of _____, 20_____.

658 _____

659 Notary Public residing at _____

660 Printed Name: _____ seal

661 My Commission Expires: _____

662

