

## PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this "Agreement") is made on January 27, 2015, by and between \_\_\_\_\_ (Owner") and Frio Pecan Farm, L.P., a Texas limited partnership ("Agent"). Owner owns Unit 9 of Frio Pecan Farm, Phase III (the "Property") located in Real County, Texas, as shown on plat attached hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. Owner retains Agent as Owner's sole and exclusive agent to manage the Property under the terms and conditions hereof. Agent agrees to manage the Property under the terms and conditions hereof.

2. Agent will:

(a) Charge for the use of the Property the customary rates charged by Agent for the use of similar properties and collect all rental fees and any other income owed for the use of the Property. Agent may set fall and winter discount rates and offer discount rental prices from time to time in accordance with Agent's normal business practices. Agent will have no liability for returned checks or unauthorized credit card transactions.

(b) Collect and pay all state and local hotel/motel bed tax fees. Agent and Owner will split equally all credit card transaction fees owned with respect to the Property.

(c) Keep the Property in good clean condition and repair, including all cleaning, trash collection, maintenance, repair, replacement, and landscaping. At least twice a year, Agent will have the Property deep cleaned, including windows, screens, washing curtains/blinds, vacuuming, flipping beds, cleaning/organizing cabinets, drawers, closets, and power washing.

(d) Upon each guest departure, Agent will wash and change all bed linens, clean bathrooms, sweep and mop floors, wash dishes, clean windows, porch, refrigerator, oven and stove, and replace paper towels, toilet paper, bath soap, dish soap, and dish towels as needed. No bath towels will be provided to guests by Agent from May 15<sup>th</sup> to September 15<sup>th</sup>.

(e) Inspect and replace air condition filters, water filters, and smoke alarm batteries as needed, have the Property and surrounding property exterminated twice per year or as needed, and have the Property's heating and air conditioning system and refrigeration units inspected and maintained at least annually.

(f) Market the Property in accordance with Agent's normal business practices. Owner and Agent agree to annual marketing budget for the Property of Ten Thousand Dollars (\$10,000.00), with forty percent (40%) of such cost to be paid by Agent and sixty percent (60%) of such cost to be paid by Owners. The annual marketing budget for the Property may be amended from time to time by written agreement of Owner and Agent. Unless otherwise

notified in writing by Owner, Agent will exercise its judgment as to where and when to advertise the Property.

(g) Pay the monthly and special assessments for the Property directly to the community association of which the Property is a part, to the extent such assessments can be paid from Owner's share of rental income received for the Property.

3. Owner will:

(a) Obey all applicable laws and Agent's rules relating to the use, condition, and occupancy of the Property and any requirements imposed by utility companies serving or insurance companies covering the Property.

(b) Replace at Owner's cost as needed any of the following (with which the Property is currently equipped) : (2) sets of bed linens, blankets and pillows for each bed, kitchen towels, pot holders, and one (1) set of towels for each guest, and smoke alarms and fire extinguishers in the Property as reasonable.

(c) Reimburse Agent for costs of repairs, replacements, pest control, and replacement of air conditioning filters, water filters, and smoke detector batteries, for inspection of heating and air conditioning system and refrigeration units for the Property, for marketing the Property, and for the costs of utilities, internet, water, and television (currently Direct TV) for the Property not paid directly by Owner. Agent will notify Owner of any major repairs or maintenance needed. Agent will hire repairmen and oversee repairs that Agent cannot reasonably perform. Agent will provide Owner with copies of receipts for parts and labor for repairs and maintenance and Owner will pay for such parts and labor.

(d) Provide casualty insurance for the Property and its contents in at least the full replacement value thereof. Owner will also provide liability insurance for the Property naming Agent as an additional insured, with a waiver of subrogation in favor of Agent, in the amount of at least One Hundred Thousand and No/100<sup>ths</sup> Dollars (\$100,000.00) per occurrence.

(e) Advise Agent by November 1 of each calendar year of the dates that Owner wishes to reserve the property for the following calendar year; provided, however, that Owner may not reserve more than one hundred (100) dates per calendar year. Owner may stay at the Property after notifying Agent any time the Property is not already reserved by a guest. Owner must call before coming to the Property to determine if the Property is vacant. Owner and Owner's non-paying guests shall reserve all dates through the Agent to prevent double bookings. Owner will respect all dates reserved by paying guests and not ask Agent to cancel reservations by paying guests. Agent will charge Owner a \$30.00 fee for the first night stay and \$10 fee a day thereafter as a cleaning and maintenance fee for each stay on the Property by Owner and/or Owner's non-paying guests.

(f) Not list the Property for sale or have any repairman or real estate agent at the Property without prior written notification to Agent.

(g) INDEMNIFY, DEFEND, AND HOLD HARMLESS AGENT AND AGENT'S EMPLOYEES, OFFICERS, DIRECTORS, SUCCESSORS, ASSIGNS, AGENTS, AND REPRESENTATIVES (THE "INDEMNIFIED PARTIES") FROM ANY INJURY TO ANY THIRD PARTY OR PARTIES AND/OR DAMAGE TO PROPERTY OWNED BY ANY THIRD PARTY OR PARTIES (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PROPERTY OR ARISING FROM ACTS DONE BY OR UNDERTAKEN BY ANY OF THE INDEMNIFIED PARTIES PURSUANT TO THIS AGREEMENT. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (I) WILL SURVIVE THE END OF THE TERM, AND (II) WILL APPLY EVEN IF THE INJURY IS CAUSED IN WHILE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF AGENT BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AGENT.

4. The term of this Agreement (the "Term") will commence on the date hereof and continue until terminated by either party hereto upon at least one hundred eighty (180) days' prior written notice to the other party. Upon the termination of this Agreement, (a) Owner agrees to honor any dates for which the Property has already been reserved as a date of termination, (b) Agent shall deliver to Owner a final statement of income received and disbursements made by Agent relating to the Property, and (c) neither party will have any liability to the other party under this Agreement except for money owed under this Agreement as of the date of such termination.

5. On or before the 25<sup>th</sup> day of each calendar month, Agent will forward to Owner sixty percent (60%) of the gross rental income received by Agent for the Property in the preceding month, less expenses incurred by Agent for the Property in such month and the monthly and special assessments paid to the community association of which the Property is a part of, together with a statement of income and expenses and copies of receipts for expenses.

6. Owner and Agent agree:

(a) This Agreement may be amended only by an instrument in writing signed by Owner and Agent.

(b) This Agreement is the entire agreement of the parties with respect to the subject matter hereof, and there are no oral representations, warranties, agreements, or promises pertaining to this Agreement or to the subject matter hereof not incorporated in writing this Agreement.

(c) Neither party may assign this Agreement or any rights or obligations hereunder without prior written consent of the other party hereto.

(d) If either party retains an attorney to enforce this Agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

(e) This Agreement will be construed in accordance with the laws of the State of Texas, without regard to the conflict of laws provisions thereof. Exclusive venue for any dispute arising under or in connection with this Agreement is Real County, Texas.

(f) THERE IS NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS AGREEMENT.

(g) Any notice required or permitted under this Agreement must be in writing. Notice may be given by certified mail, regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

(h) The parties certify and acknowledge that they have had the opportunity to read this Agreement. The parties further state they have voluntarily entered into this Agreement fully aware of its terms and conditions.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first set forth above.

**OWNER:**

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**AGENT:**

Frio Pecan Farm, L.P., a Texas limited partnership

By: Frio Pecan Farm Management, Inc., a  
Texas corporation, its general partner

By: \_\_\_\_\_

Name: John H. Seibert, Jr.

Title: President