

In Consideration for the mutual covenants, conditions and agreements contained in this Agreement, Owner wishes to engage Manager as the Owner's exclusive agent for purposes of managing the Unit, as part of the Manager's rental program at Dover Bay.

- 1. Designation of Exclusive Manager.** Owner hereby appoints Manager as his/her exclusive agent for the purpose of renting, operating and managing the unit. Owner hereby authorizes Manager to execute and deliver on owner's behalf, oral or written or written rental agreements covering the Unit, and to receive and collect rental payments, upon such terms and to such persons ("Rental Guests") as Manager, in its reasonable discretion, may accept. All rental inquiries during the term of this Agreement shall be referred to as Manager. Owner shall not lease or arrange for any short-term occupancy of the Unit other than by referral of prospective Rental Guests to Manager.
- 2. Term.** The initial term of this Agreement shall be for two (2) years, commencing on the Commencement date set forth on page 1, unless sooner termination for cause as provided herein. Upon the expiration of the initial two (2) year term, either party may terminate this Agreement by providing no less than sixty (60) days' written notice to the other party. In the event of termination by the Owner, Owner agrees to either (1) honor all reservations taken and accepted by the Manager prior to Manager's receipt of the Owners notice of termination, or (2) pay the manager, at the time of Owner's giving the notice of termination, the commissions that would have been earned had the reservations ultimately been fulfilled and used.
- 3. Manager's Responsibilities.** Manager agrees to provide the following services:

 - a. Rates.** Manager will establish a rate schedule at which the Unit will be offered for rental, which will, in Manager's business judgment, be fair, reasonable and competitive, having due regard for the units class and atmosphere, the size and quality of the unit, the unit's proximity to recreation facilities and other amenities, and general market conditions. Manager may deviate from the scheduled rates, or the schedule may be changed from time to time, without notice to, or approval from, Owner.
 - b. Complimentary Stays.** Manager may negotiate special packages, groups, or convention rates for the unit. Manager may authorize up to three (3) nights complimentary use per year of the unit or the project of which it is a part to travel industry professionals, travel writers and editors, travel agents, corporate and ski industry VIP's or as trade for advertising. Complimentary use of the Unit will not take place during designated holidays.
 - c. Selection of Rental Guests.** Owner acknowledges and recognizes that Manager represents numerous properties at Dover Bay. The rental of the unit will first be based upon the requirements or requests of the Rental Guests. Thereafter, Manager will attempt to rent the unit on an equal basis with units of similar size, type, or location.
 - d. Reservation Services.** Manager will provide all necessary services to secure, effect, and confirm reservations, (with front desk check-in and

check-out), in accordance with the reservation, deposit, cancellation and refund policies which Manager may establish from time to time.

- e. Housekeeping Services.** Manager shall provide housekeeping services for Rental Guests, consisting of interior services necessary to make the Unit habitable and consistent with quality condominium resort practices, including but not limited to general cleaning, making beds, removing trash, and replacing linens and other necessary supplies, at such times and in such amounts as Manager may determine reasonable necessary. Housekeeping services will be provided to Owner or Owner's guests only upon request, and at the Owner's expense, at the standard per-stay maid rate then in effect.
- f. Maintenance.** Manager shall provide minor interior maintenance and repairs of the Unit, in order to keep the unit suitable for occupancy. Manager makes no representation that Manager is capable of providing repairs in all circumstances. Manager shall not be responsible for any loss of rental income while repairs are being affected. All maintenance work shall be done at the Owner's expense, including but not limited to replacement of any lost, stolen, damaged, or worn furniture, equipment or accessory items. Manager shall obtain owner's consent for maintenance expenditures in excess of \$250 per occurrence, provided Manager shall have the right to expend funds in excess of such amount for emergency repairs necessary to protect the unit or adjoining Units from damage, or to maintain service to occupying Rental Guests.
- g. Annual Cleaning.** At Owner's expense, Manager will schedule the unit for a "deep cleaning", during either the spring or fall off-season, including, without limitation, carpets, drapes, upholstery, bedspreads, woodwork, floors, flipping mattresses, and cleaning behind appliances. Manager shall obtain Owner's prior approval for the cost of such cleaning in excess of \$250.
- h. Accidents and Damages.** Manager shall not be liable for the acts or omissions of Rental Guests, their guests or invitees, or any other occupant of the Unit, or for any damage to at Owner's sole cost and expense. Manager will promptly investigate and make a full report as to all accidents or claims for damage or destruction to the unit or its furnishings, fixtures or household goods, and will make or cooperate in the making of any and all loss or accident reports required by the Owner's insurance carrier. Manager will use reasonable efforts to collect any loss caused by the occupants or Rental Guests of the unit, but shall not be liable if such efforts are unsuccessful.
- i. Inspection and Right of Entry.** Manager shall have the right to enter the Unit for all purposes set forth in this Agreement, or as may be necessary or desirable to carry out the purpose of this Agreement, including the right to enter the Unit to conduct an inventory of all furnishings and equipment, and to inspect the general condition of the interior of the unit, in order to maintain quality standards. When Manager deems necessary, Manager

will provide Owner with a written statement as the condition of the Unit and written recommendations for improvements or replacements.

- j. Employees.** Manager shall hire, supervise, and discharge any and all employees required for the operation and maintenance of the unit, and the performance of Manager's responsibility under this Agreement. No employees shall be deemed to be the employee of Owner.
 - k. Policies and Regulations.** Manager may adopt and impose policies and regulations governing the use of the unit, as Manager may deem reasonably necessary to enable Manager to effectively manage the Unit. Owner agrees to abide by the same, and to instruct all guests using the Unit through the Owner that such policies and regulation are in full force, and affect all persons.
 - l. Eviction.** Manager shall have full power and authority to evict and remove any renters of their guests at any time, if such action is deemed by manager to be reasonably necessary.
 - m. Discontinuation of Manager's Responsibilities.** Manager shall not be obligated to provide the services described in this Agreement during any period for which the unit is unfit for occupancy, whether due to un-repaired damages or otherwise, or in the event of unavailability of labor, shortage of materials or other causes by the control of the Manager. Manager will promptly notify Owner in any such event.
 - n. Insurance.** Manager shall maintain a broad form of comprehensive public liability insurance covering Manager Service's in an amount not less than one million dollars (\$1,000,000). A copy of such insurance will be maintained at Manager's office for inspection. Owner and Manager waive any right that each may have against the other for loss or damage to its property or property in which it may have an interest where such loss is caused by a peril covered by insurance held by owner or Manager, as the case may be, or arising from any cause which the claiming party was obligated to insure against under this Agreement.
- 4. Compensation.** As compensation for Manager's service provided under this Agreement, Manager shall retain fifty percent (50%) of all Gross Rental Revenue. "Gross Rental Revenue", for all purposes of this Agreement, means any income received for the rental of the unit to Rental Guests (excluding payments for specific services and amenities such as telephone, Owner housekeeping, pay order TV movies, exercise room, swimming pools, ski tickets, golf green fees, food and beverage, and other services which Manager may provide in addition to golf green fees, food and beverage, and other services which Manager may provide in addition to the rental of the Unit), after deducting any promotional discounts, refunds or credits, commissions owed to outside travel managers, tour brokers lodging services, reservation affiliation fees, other sales managers, or other persons or companies, in accordance with normal business practice in the trade, credit card commissions, and all applicable taxes. Manager will provide a quarterly statement of rental income and charges, and remit to the Owner the net rental income (after having deducted any expenses paid or incurred by Manager

on Owner's behalf) with twenty days following the end of the previous month. In the event that the quarterly accounting shows a deficit to the Owner, Owner shall promptly reimburse the same to Manager. Any sums not paid, by Manager or Owner, when due (with the quarterly accounting in the case of the Manager, or within fifteen days of receipt of the quarterly accounting in the case of the Owner) shall bear interest at the rate of twelve percent (12%) per annum until paid. In the event the Owner receives rents directly, regardless of whether Owner secured the renter without assistance from Manager, Owner shall immediately remit all such rents to Manager, to be held and disbursed under this Agreement in the same manner as rents received directly by Manager.

5. Owners Responsibility.

A. Recurring Expenses. Owner shall pay on a timely basis all real estate taxes, assessments and homeowner association fees, to ensure that the Unit is rentable at all times. If Owner fails to timely pay such amounts, Manager may, but shall not be obligated to, pay such amounts and offset such payments against payments due to Owner under Section 4. In addition, a \$50 fee per occurrence shall be charged to owner by Manager for any recurring expenses paid by Manager on behalf of Owner.

B. Furnishing Requirements. Owner, at Owner's sole expense, shall obtain and maintain at all times in the Unit, furniture and furnishings sufficient in number, type and quality in accordance with the minimum standards recommended by Manager. All furniture and furnishings shall remain Owner's separate property. Manager shall not in any way be liable for the loss, theft, damage or destruction of such property. Wear and tear on personal property is one of the rental costs incurred by Owner. Manager reserves the right to remove the Unit from the rental pool if the unit's furnishings do not meet the minimum standards recommended by Manager.

C. Utilities. Owner shall contract for the delivery of electricity, fuel, water, sewer, garbage service, telephone, and other services as Manager shall deem advisable, at Owner's expense. If Owner fails to timely pay for such services, Manager may, but shall not be obligated to, pay the same, and offset such payments against payments due to Owner under Section 4. In addition, a \$ 25.00 fee per occurrence shall be charged to Owner by Manager for any charges for utility services paid by Manager on behalf of Owner.

D. Telephone. Owner agrees to provide a private telephone for the Unit. Owner is encouraged to restrict long distance lines if the Unit telephone is not connected to a central switchboard. Owner shall be responsible for all expenses, including long distance charges, associated with telephone service to the Unit.

E. Insurance. Owner shall maintain broad form comprehensive public liability insurance covering the Unit in an amount not less than one million dollars (\$1,000,000). Owner shall provide Manager with a certificate of insurance naming Manager as an Additional Insured and indicating that Owner's policy is primary over other valid and collectible insurance.

Additionally, Manager recommends that Owner maintained personal property insurance covering the contents of the Unit. Owner waives any right that Owner may have against Manager for loss or damage to Owner's property or property in which Owner may have an interest where such loss is caused by a peril covered by insurance held by Owner or arising from any cause which Owner was obligated to insure against under this Agreement.

- F. Indemnification.** Owner shall indemnify and hold harmless Manager, its employees or agents, from and against all claims, suits, damages, costs, losses or expenses arising in connection with the use, occupancy, or ownership of the unit except to the extent covered by the gross negligence or intentional misconduct of Manager. The indemnification obligations of Owner shall survive the expiration or termination of this Agreement for any reason.
- G. Access by Owner.** Owner may not enter the unit, or permit any person whether family member, repair person, Owner's guests, sales agents, or otherwise, to enter the Unit, other than during confirmed periods of Owner's occupancy, without prior notification to, approval of and coordination with Manger. Owner and Owner's guests will abide by Manager's standard check-in and check-out procedure.
- H. Owners Usage.** Owner may reserve the unit for Owner's personal use (including owner's family and Owner's non-rental guests) at anytime and from time to time Owner shall comply with any reasonable reservation policies and procedures and modifications usage. Manager will approve Owner's proposed usage dates except to the extent they materially interfere with scheduled rental, repair or cleaning of the Unit. In the event of such interference, Owner and Manager will establish alternative Owner usage dates.
- I. Unreserved Dates.** Owner may use the Unit on a date other that set forth in the usage calendar, Owner provides notice to Manager and the Unit is not occupied or reserved for occupancy on the date or dates so requested.
- J. Usage requirements.** Personal use by Owner, Owner's family and/or Owner's non-rental guests will reduce the availability of the Unit and negatively affect potential rentals, especially on weekend and holidays throughout the year. Therefore, Owner, Owner's family and Owner's non-rental guests will comply with any applicable arrival/departure requirements established by Manager for use of the Unit during weekends, holidays, special events, and peak occupancy periods; comply with any established check-in and check-out procedures and times; and pay for any maintenance, cleaning or housekeeping services that are performed as if it had been a paid occupancy.
- K. Sale of Unit.** Owner shall notify manager, in writing, any time the Unit is listed for sale during the term of this Agreement. The Unit may be shown only when not occupied by Rental Guests. Manager shall not be responsible for any loss suffered by Owner as a result of issuance of Unit keys to listing agents, salespersons, or prospective purchasers. Upon the

closing of a sale of the Unit by Owner, this Agreement shall terminate, subject to advance bookings up to sixty (60) days following the closing of the sale. Within sixty (60) days following the closing, the parties shall settle their respective accounts, and all sums due or owing shall be paid to the party entitled thereto.

6. Miscellaneous.

- A. Notices.** Any notice to be given by any party to the other in connection with this Agreement shall be in writing, and shall be deemed received when either (1) personally served, (2) deposited by registered or certified mail, postage prepaid, return receipt requested, or (3) delivered by commercial overnight courier that guarantees next day delivery and provides a receipt. Such notice shall be directed to the party to be served at the address of the party set forth on the first page of this Agreement. Any change of address shall be delivered in writing, and deemed received when delivered by any of the foregoing described methods, or when receipt is acknowledged in writing by the recipient.
- B. Governing Law.** This Agreement shall be constructed in accordance with and governed by the substantive and procedural laws of the State of Idaho. Venue for any action brought hereunder shall lie in the District Court for the first Judicial District of the State of Idaho, in Bonner County.
- C. Attorney Fees.** In the event that it becomes necessary for either party to seek the services of an attorney to enforce their respective rights or remedies under this Agreement, the prevailing party shall be entitled to recover its reasonable costs and attorney fees incurred in that process. If suit or action is filed, the amount of such attorney fees and costs shall be fixed by the court or the courts in which such suit or action, including any appeal therein, is tried, heard or decided.
- D. Entire Agreement.** This Agreement, including any schedules attached hereto, contains the entire Agreement between the parties, and supersedes all prior agreements, understandings, correspondence, and communications, both verbal and written. No alterations, modifications or additions to this Agreement shall be binding unless reduced to writing and signed by Owner and Manager. If for any reason whatsoever, any term, obligation or condition of this Agreement, or the application thereof to any person or circumstance, is to any extent held or rendered invalid, or unenforceable, or illegal, then such term, obligation or condition shall be deemed to be independent of the remainder of this Agreement and severable and divisible there from, and its invalidity, unenforceability, or illegality shall not affect, impair or invalidate the remainder of this Agreement or any part hereof.

In Witness whereof, the parties have executed this Agreement this _____ day of _____, 20_____.

Manager:
Dover Bay Property Management

By _____

For: Dover Bay Property Management
Its: Manager

Owner:

Co-Owner:

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