

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made as of this ____ day of _____ (month year) by and between _____ (Collectively, the "Owner") and _____ an Illinois limited liability company (the "Manager").

WITNESSETH:

A. Owner owns certain real estate commonly known as:

B. The Owner desires to employ Manager and have the Manager manage, operate and serve as Owner's agent.

C. One or more affiliates of the Owner is an Illinois Licensed Real Estate Broker.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the parties covenant and agree as follows:

ARTICLE ONE APPOINTMENT; TERM; ACCEPTANCE

1.1 Appointment; Term. Owner hereby employs and appoints Manager as Owner's sole and exclusive agent to manage and operate the Property for the period commencing on **April 2, 2012** ("Commencement Date"), continuing for a term of one (1) year. The term of this agreement shall automatically extend for consecutive one (1) year periods unless sooner terminated pursuant to the terms of Article 10 hereof.

1.2 Acceptance Appointment. Manager hereby accepts the appointment as Owner's agent and agrees to manage, operate and maintain the Property in a faithful and diligent manner, subject to the terms, conditions and limitations contained in this Agreement. Manager shall deal at arm's length with all third parties and Manager shall serve Owner's interests at all times; provided, however, that Manager shall not be required to devote itself exclusively to the management and leasing of the Property.

ARTICLE TWO MANAGER'S AUTHORITY

Subject to the limitations on such authority contained elsewhere in this Agreement, Owner expressly authorizes and empowers Manager, during the Term, to undertake on behalf of Owner, at Owner's sole cost and expense, the actions specifically set forth below and such other actions as are necessary or desirable to be undertaken in connection with the performance of Manager's responsibilities hereunder.

2.1 Employees: To employ, discharge and pay at all times a sufficient number of capable employees to enable Manager to properly, adequately, safely and economically manage, operate, maintain and account for the Property. All personnel employed by Manager pursuant to its authority herein granted shall be employees of Manager.

2.2 Collection of Rents and Other Income: To collect all rents (including escalation billings resulting from tenant participation in increases in expenses, taxes and common area maintenance charges)

and other charges which may become due at any time from any tenant or from others for services provided in connection with or for the use of the Property or any portion thereof.

2.3 Maintenance and Supplies: To contract for and make or cause to be made usual and ordinary repairs to the Property, and to purchase supplies necessary for the operation and maintenance of the property.

2.4 Utilities, etc.: To pay all charges for water, gas, electricity and other services or commodities necessary or desirable in connection with the operation, care and maintenance of the Property.

2.5 Budgetary Expenses: To contract for and pay any and all other costs and expenses set forth in the Approved Operating Budget (hereinafter defined).

2.6 Designated Agent: _____ shall be the designated property manager for this property.

ARTICLE THREE
MANAGER'S SPECIFIC DUTIES;
LIMITATIONS ON MANAGER'S AUTHORITY

3.1 Operating Budgets: Manager shall prepare and submit to Owner a proposed operating budget (the "Operating Budget") which shall include, without limitation, anticipated costs of promotion, operation, repair and maintenance of the Property, reimbursable employment expenses and capital expenditures for the forthcoming calendar year. The initial Operating Budget shall be delivered to Owner within sixty (60) days before the end of each fiscal year. The Owner will consider the proposed Operating Budget and then will consult with the Manager in the ensuing period prior to the commencement of the forthcoming calendar year in order to implement an "Approved Operating Budget". Manager agrees to use diligence and to employ all reasonable efforts to cause the actual costs of maintaining and operating the Property not to exceed the Approved Operating Budget pertaining thereto either in total or in any one accounting category. Notwithstanding the above, Manager, shall have authority to incur expenses ten percent (10%) above the amount of any line item of the Approved Operating Budget.

3.2 Service Contracts: Manager shall not, without the prior written consent of Owner, enter into any contract for cleaning, maintaining, repairing or servicing the Property or any of the constituent part of the Property which is for a period longer than one (1) year and does not contain a thirty (30) day cancellation provision.

3.3 Emergency Repairs: In cases of emergency, Manager may make expenditures for repairs without prior written approval if it is necessary to prevent damage or injury or revenue loss. Owner must be informed of any such expenditure as soon as reasonably practical.

3.4 Taxes; Mortgages: The Manager shall make payments from the Operating Account on account of taxes or any ground lease, mortgage, deed of trust or other security instrument, if any, affecting the Property. If necessary, Manager will be able to hire a tax consultant, approved by Owner, to protest taxes.

3.5 Leases: Manager shall be given a fully executed lease for each existing tenant of the Property upon commencement of term hereof, and shall use its continued and earnest efforts to enforce compliance of the lease terms by tenants of the Property. Manager may not, without the prior written approval of Owner, terminate any lease, lock out a tenant, institute suit for rent or for use and occupancy, or proceedings for recovery of possession.

3.6 Compliance With Laws, Etc.: Provided Manager is supplied with sufficient funds therefore, Manager shall promptly remedy any violation of any federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use operation, repair and maintenance of the Property and

with the rules, regulations or orders of the local Board of Fire Underwriters or other similar body which comes to its attention.

3.7 Anti-Discrimination Clause: It is illegal for either the owner or any licensee to refuse to show, display, lease or sell to any person because of one's membership in a protected class, e.g., race, color, religion, national origin, sex, ancestry, age, marital status, physical or mental disability, familial status, sexual orientation, unfavorable discharge from the military service, military status, order of protection status or any other class protected by Article 3 of the Illinois Human Rights Act.

ARTICLE FOUR INSURANCE

4.1 Insurance/Indemnifications. Recognizing that certain risks are inherent in the ownership and operation of real property and that many risks are insurable and that liability for such damage may be incurred by both Owner and Manager arising from such activities and that Owner has substantial financial investment in the Project, Owner and Manager hereby agree that Owner shall, as provided in this Agreement, at Owner's expense, secure and maintain in amounts mutually agreed upon, insurance to cover potential risks associated with ownership of the Project and operation thereof. Such potential risks insured shall include, but not be limited to public liability risk, automobile liability risk, boiler and machinery risk, building and contents damage risk, property management activities and risks, and such other risks as Owner and Manager may determine are necessary for inclusion in insurance coverage to provide such protection for the interests of the parties involved. Such policies shall be written so as to name Manager and/or its subsidiaries and affiliates as "Manager" or "Property Manager" for the Project and additionally written so as to protect Manager to the same extent as the Owner and provide for thirty (30) day Notice of Cancellation to Manager. Such insurance shall be primary and not excess or contributory as to such insureds. Recognizing that Owner bears the primary risk as a result of its financial investment in the Project and recognizing Manager is covered on insurance policies to the same extent as Owner, and further recognizing that Manager's economic interest in the Project is relatively small when compared to Owner's financial investment in the Project and increase in the value thereof, and recognizing therefore that liability must be reasonably proportionate to the parties respective financial interest in the Project, and in keeping with the provisions of this Agreement regarding insurance liability and potential liability, Owner agrees to indemnify, save and hold Manager and its parents, subsidiaries, affiliates, principals, officers, employees, and agents, (collectively "Indemnitees") free and harmless for errors in judgment and acts or omissions made, done or omitted in the good faith exercise of the authority conferred upon Manager by this Agreement, any liability with respect to the Project whether such liability is caused or contributed to by the negligence of the Indemnitees, arising out the occupancy, management, operation or maintenance of the Project and from all liability whether to Owner or other persons from any and all claims for damages to persons or property from any cause whatsoever, including claims arising from contracts or accounts entered into by Manager on behalf of Owner pursuant to this Agreement, excepting only Manager's grossly and willfully negligent acts, and to defend, at Owner's expense (including Manager's and Manager's reasonable attorneys fees incurred in connection with the tender of any claim, the monitoring of resolution of such claim, and the time and expense of Manager's personnel in connection with the defense of such claim), any suits which may be brought against Manager pursuant to its actions as agent of Owner in discharging Manager's responsibilities and duties under this Agreement and to pay any and all judgments that may finally be rendered against Manager on account of any such liability. Notwithstanding the indemnity set forth above, Manager shall not be indemnified for (i) its grossly and willful negligent failure to perform under this Agreement, (ii) its unauthorized acts, or (iii) its wanton or willfully negligent acts. Manager shall indemnify, defend and hold Owner, its officers and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorney's fees and court costs, (except to the extent covered by insurance carried by Owner pursuant to this Agreement) sustained or incurred by or asserted against Owner, its officers or employees by reason of or arising out of Manager's gross and willful negligence, malfeasance or criminal acts.

4.2 Additional Insurance: Wherever any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred by either Owner or Manager in connection with the Property, and

such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof.

ARTICLE FIVE
FINANCIAL REPORTING AND RECORD KEEPING

5.1 Books of Account: Manager, in the conduct of its responsibilities to Owner, shall maintain adequate and separate books and records for the Property, the entries to which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded to the Property.

5.2 Financial Reports: The Manager shall furnish reports of all transactions occurring during the reporting period established by Owner.

5.3 Accounting Principles: All financial statements required by Owner will be prepared in accordance with generally accepted accounting principles.

ARTICLE SIX
BANK ACCOUNTS

The Manager shall deposit all rents and other funds collected from the operation of the Property, including any and all advance rents, in an account held by Manager at _____ which has been approved by Owner. Manager shall establish a special account or accounts (the "Operating Account") for the Property in the name of "Building Operating Account". Manager shall maintain detailed records of all deposits and withdrawals from such account, and such records will be open for inspection by Owner's employees or appointees. Out of the Operating Account, Manager shall pay the operating expenses of the Property and any other payments relative to the Property as required by the terms of this Agreement.

ARTICLE SEVEN
PAYMENT OF EXPENSES

Manager shall pay the following expenses directly from the Operating Account, subject to the restrictions outlined in Article Three:

- a) Cost to correct any violation of federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use, repair and maintenance of the Property, or relative to the rules, regulations or orders of the local Board of Fire Underwriters or other similar body;
- b) costs of making all repairs, decorations and alterations to the Property;
- c) costs incurred by Manager in connection with all service agreements authorized by the terms of this Agreement or otherwise approved by Owner;
- d) costs of collection of delinquent rentals collected through a collection agency which has been approved in advance by Owner or otherwise authorized by the terms of this Agreement;
- e) legal fees of attorneys provided such attorneys have been approved or designated by Owner in writing in advance of retention;

- f) costs of capital expenditures;
- g) costs of printed checks and maintenance fees for each bank account required by Owner;
- h) costs of cash registers, adding machines, on-site computer terminal, printer and software, and other equipment of such type and use, and operating expenses (including line costs and maintenance expenses) for any electronic data processing equipment located at the Property;
- i) leasing commissions;
- j) costs of utilities;
- k) costs of Owner approved advertising, public relations and other marketing costs related to Property;
- l) costs of printed forms and supplies required for use at the Property;
- m) audit fees;
- n) Manager's Fee; and
- o) any and all other costs incurred by Manager and related to the operation, maintenance and repair of Property and not expressly prohibited pursuant to the terms of this Agreement.

ARTICLE EIGHT
INSUFFICIENT GROSS INCOME

After Manager has paid, to the extent of available gross income, all bills, charges and expenses of the Property, Manager shall submit to Owner not more frequently than monthly, a statement of all remaining unpaid amounts, if any. Owner shall provide sufficient monies to pay any unpaid expenses within five (5) days after receipt of Manager's statement.

ARTICLE NINE
COMPENSATION

9.1 Management Fee: Manager shall receive an annual management fee, payable monthly on the last day of the month in which the management fee is attributable, equal to:

"Gross Rent" for the purpose of management fee computation means all receipts from any source respecting the operation of the Property (except for those excluded below), including, without limitation:

- a) base rent;
- b) percentage rent;
- c) miscellaneous income;
- d) escalations;
- e) real estate taxes and operating expenses passed through to tenants;

- f) parking rent; and
- g) collection of all outstanding receivables

Gross Rent for the purposes of Management Fee computation shall not include:

- a) security deposits and other deposits, except to the extent such deposits are applied in satisfaction of rental obligations (including payment of real estate tax and expense adjustments) of the depositor;
- b) interest or other investment income;
- c) taxes on rents;
- d) insurance proceeds other than proceeds of business interruption or rent loss insurance to the extent received in lieu of rentals;
- e) condemnation awards;
- f) payments by tenants of amounts above building standard Tenant Improvements;
- g) any sale or refinancing proceeds; and
- h) discounts and dividends on insurance proceeds.

Manager shall submit a calculation of its monthly Management Fee to Owner on or prior to the tenth (10th) day of the month following the month for which the Management Fee is attributable.

9.2 Construction Management Fee: Manager shall oversee the construction of tenant improvements required by the applicable leases. In addition, Manager shall oversee the construction of capital improvement projects required by Owner. Manager shall be entitled to a Construction Management Fee based on the following schedule:

~~\$0.00 to \$10,000.00 – 15% of total cost~~
~~\$10,001.00 to \$50,000.00 – 10% of total costs~~
~~over \$50,000.00 – 7% of total costs~~

Commented [JP1]: Should this be taken out?

Such amounts shall be paid as earned. "Costs of Construction" shall mean the actual cost of materials and labor for any such work as determined by bid or otherwise determined or approved in writing by owner. Manager shall not receive any Construction Management Fee in the event an outside 3rd party is hired as a general contractor.

9.3 Leasing Commissions: Manager shall market the property for sale or lease. The leasing commissions payable to Property Management Company shall be determined and paid as follows;

1. LEASE RENEWALS: For every lease renewal in the Building executed by Agent during the term of the Management Agreement, Property Management Company shall receive a commission equal to 3.5% of the total net rent to be collected over the term of the lease.
2. NEW LEASING: For every new lease in the Building executed by Agent during the term of the Management Agreement, Property Management Company shall receive a commission equal to 7% of the total average net rent over the term for the first year and 2% of the total average net rent over the term for any additional year (or portion, thereof).

ARTICLE TEN

TERMINATION

10.1 Termination: During the Term of this Agreement, either party shall have the right to terminate this Agreement within thirty (30) days after written notice.

10.2 Termination on Sale: This Agreement shall terminate, at the option of the Owner, by giving thirty (30) days written notice to Manager, upon sale of the Property by Owner.

10.3 Final Accounting: Upon termination of this Agreement for any reason, Manager shall deliver to Owner the following with respect to the Property:

- a) A final accounting, reflecting the balance of income and expenses on the Property as of the date of termination or withdrawal to be delivered within thirty (30) days after such termination.
- b) Any balance or monies of Owner or tenant security deposits, or both, held by Manager with respect to the Property to be delivered upon such termination.
- c) All records, contracts, leases, receipts for deposits, unpaid bills and other papers or documents which pertain to the Property to be delivered upon such termination. Upon such termination Owner will assume responsibility for payment of all approved or authorized unpaid bills.

ARTICLE ELEVEN ADDITIONAL SERVICES

It is expressly acknowledged and agreed by Owner that, unless contained in a Rider or Addendum hereto or otherwise subsequently agreed by Owner and Manager, Manager's responsibilities hereunder do not include responsibilities related to (a) services performed for Owner in connection with facilitating a sale of the Property, such as preparation of disposition studies; or (b) market forecasting or like studies other than the making of assumptions related to same in connection with the preparation of annual Operating Budgets. In the event Owner desires that Manager undertake any of the responsibilities above mentioned, Owner shall notify Manager in writing of such desire and, upon the execution of a Separate Agreement or Rider or Addendum hereto, which document shall contain terms and conditions acceptable to Owner and Manager, including a provision providing manager compensation for such services.

ARTICLE TWELVE MISCELLANEOUS

12.1 Notices: All notices, elections, offers, acceptances, demands, consents and reports (collectively the "Notice") provided for herein shall be in writing and shall be given to Owner and Manager at such address as each may hereafter specify in writing. Such Notices may be mailed by United States registered or certified mail, return receipt requested, postage prepaid and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the United States Post Office. Such Notices may also be delivered by hand, or by any other method or means permitted by law. For purposes of this Agreement, notices will be deemed to have been "given" upon personal delivery thereof or, if deposited in the United States Mail, as provided above, upon receipt.

12.2 No Assignment: This Agreement and all rights hereunder shall not be assigned by either party hereto.

12.3 Amendments: Except as otherwise herein provided, any and all amendments, additions or deletions to this Agreement shall be null and void unless approved by the parties in writing.

12.4 Complete Agreement: This Agreement supersedes and takes the place of any and all previous management agreements entered into between the parties hereto relating to the Property covered by this Agreement.

12.5 Confidentiality and Nonsolicitation. The parties hereto recognize, acknowledge and agree that Owner may become privy to certain confidential, proprietary or trade secret information of Manager. Owner hereby agrees that Owner will not disclose such information except as required in connection with this Agreement or pursuant to court order. Owner further agrees that during the term of this Agreement, and for a period one year thereafter, Owner will not solicit or offer employment to any employee of Manager.

12.6 IT IS ILLEGAL FOR EITHER THE OWNER OR THE MANAGER TO REFUSE TO DISPLAY, SELL, OR LEASE TO ANY PERSON BECAUSE OF ONE'S MEMBERSHIP IN A PROTECTED CLASS, E.G.: RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX, ANCESTRY, AGE, MARITAL STATUS, PHYSICAL OR MENTAL HANDICAP, FAMILIAL STATUS, OR ANY OTHER CLASS PROTECTED BY ARTICLE 3 OF THE ILLINOIS HUMAN RIGHTS ACT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

By: _____

Name: _____

Title: _____

MANAGER:

By: _____

Name: _____

Title: _____