

MANAGEMENT AGREEMENT  
SEAL BEACH MUTUAL NO. SIXTEEN

Agreement made this fifteenth day of January, 1964, between SEAL BEACH MUTUAL NO. SIXTEEN, a corporation organized and existing under the laws of California having its principal office at Seal Beach, California, hereinafter called the "Owner", and GOLDEN RAIN FOUNDATION, having its principal office at Seal Beach, California, hereinafter called the "Agent",

WITNESSETH:

In consideration of the terms, conditions, and covenants hereinafter set forth, the parties hereto mutually agree as follows:

FIRST. (a) The Owner hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive managing agent of the development known as ROSSMOOR LEISURE WORLD SEAL BEACH MUTUAL NO. SIXTEEN, located in the County of Orange, State of California, and consisting of sixty dwelling units (hereinafter referred to as the "Project").

(b) The Agent fully understands that the Owner is a non-profit cooperative ownership housing corporation, providing accommodations in the Project principally for residential use by its stockholders, hereinafter referred to as "Members", and the Agent agrees, notwithstanding the authority given to the Agent in this Agreement, to confer fully and freely with the Owner in the performance of its duties as herein set forth. The Agent agrees to encourage whenever possible the principles of cooperative effort among the Members consistent with such policy guidance as may be given by the Owner, and to attend Members' meetings at any time or times requested by the Owner.

SECOND. In order to facilitate efficient operation, the Owner shall furnish the Agent with a complete set of the plans and specifications of the Project, and with the aid of these documents and inspection made by competent personnel, the Agent will inform itself with respect to the layout, construction, location, character, plan and operation of the lighting, heating, plumbing, and ventilating systems as well as elevators, if any, and other mechanical equipment in the Project.

THIRD. The Agent shall hire in its own name all managerial personnel necessary for the efficient discharge of the duties of the Agent hereunder. Compensation for the services of such employees shall be the responsibility of the Agent.

FOURTH. Under the personal and direct supervision of one of its principal officers, the Agent shall render services and perform duties as follows:

(a) On the basis of an operating schedule, job standards, and wage rates previously approved by the Owner on the recommendation of the Agent as provided in the annual operating plan and budget, investigate, hire, pay, supervise and discharge the personnel necessary to be employed in order properly to maintain and operate the Project. Such personnel shall in every instance be in the Agent's, and not the Owner's, employ. All of such personnel who are responsible for handling the Owner's monies shall be bonded by a fidelity bond acceptable to the Owner. Compensation for the services of such employees, including the cost of fidelity bonds (as evidenced by certified payrolls), shall be considered an operating expense of the Project.

(b) Immediately ascertain the general condition of the property, and if the accommodations there afforded have yet to be occupied for the first time, establish liaison with the general contractor to facilitate the completion by him of such corrective work, if any, as is yet to be done; also, cause an inventory to be taken of all furniture, office equipment, maintenance tools and supplies, including a determination as to the amount of fuel on hand.

(c) Coordinate the plans of Members for moving their personal effects into the Project or out of it; with a view towards scheduling such movements so that there will be a minimum of inconvenience to other Members.

(d) Maintain businesslike relations with Members whose service requests shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each. Complaints of a serious nature shall, after thorough investigation, be reported to the owner with appropriate recommendations. As part of a continuing program to secure full performance by the Members of all items and maintenance for which they are responsible, the Agent shall make an annual inspection of all dwelling units and report its findings to the Owner and to the consenting parties,

(e) Collect all monthly carrying charges due from Members, all sums due from concessionaires, if any, in consequence of the authorized operation of facilities in the Project maintained primarily for the benefit of the Members. The Owner hereby authorizes and directs the Agent to request, demand, collect, receive, and receipt for any and all charges or rents which may at any time be or become due to the Owner, and to take such legal action as necessary to evict members delinquent in payment of monthly carrying charges for 30 days or more. As a standard practice, the Agent shall furnish the Owner with an itemized list of all delinquent accounts immediately following the tenth day of each month.

(f) Cause the buildings, appurtenances and grounds on the Project to be maintained according to standards acceptable to the Owner, including but not limited to interior and exterior cleaning, painting, and decorating, plumbing, steamfitting, carpentry and such other normal maintenance and repair work as may be necessary, subject to any limitations imposed by the Owner in addition to those contained herein. For any one item of repair or replacement, the expense incurred at Owner's expense shall not exceed the sum of \$500.00 unless specifically authorized by the Owner; excepting, however, that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety of the Members, or required to avoid the suspension of any necessary service to the Project, may be made by the Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if at all possible, confer immediately with the Owner regarding every such expenditure. The Agent shall not incur liabilities against Owner (direct or contingent) which will at any time exceed the aggregate of \$5,000.00, or any liability against Owner maturing more than one year from the creation thereof, without first obtaining the approval of the Owner.

(g) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county, or municipal authority having jurisdiction thereover, and orders of the Board of Fire Underwriters or other similar bodies, subject to the same limitation contained in Paragraph (f) of this Article in connection with the making of repairs and alterations. The Agent, however, shall not take any action under this Paragraph (g) so long as the Owner is contesting, or has affirmed its intention to contest any such order or requirement. The Agent shall promptly, and in no event later than 72 hours from the time of their receipt, notify the Owner in writing of all such orders and notices of requirements.

(h) Make contracts for water, electricity, gas, fuel oil, telephone, vermin extermination, and other necessary services. Also, place orders for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain the Project.

(i) Cause to be placed and kept in force all forms of insurance needed adequately to protect the Owner (or as required by law), including but not limited to workmen's compensation insurance, public liability insurance, boiler insurance, fire and extended coverage insurance, and burglary and theft insurance. All of the various types of insurance coverage required for the benefit of the Owner shall be placed with such companies, and in such amounts, acceptable to Owner. The Agent shall promptly investi-

gate and make a full written report as to all accidents or claims for damage relating to the ownership, operation and maintenance of the Project, including any damage or destruction to the Project, the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

(j) From the funds collected and deposited in the special accounts hereinafter provided, cause to be disbursed regularly and punctually (1) property taxes and assessments; and (2) sums otherwise due and payable by the Owner as operating expenses authorized to be incurred under the terms of this Agreement, including the Agent's fee. Those funds collected which have been budgeted for the Replacement Reserve and Operating Reserve shall be deposited in such accounts as are specified by the Owner. After disbursement in the order herein specified, any balance remaining in the special account may be disbursed or transferred from time to time, but only in accordance with the operating budget or otherwise as specifically directed by the Owner in writing.

(k) Maintain a comprehensive system of office records, books, and accounts in a manner satisfactory to the Owner, which records shall be subject to examination by their authorized agents at all reasonable hours. As a standard practice, the Agent shall render to the Owner by not later than the tenth of each succeeding month a statement of receipts and disbursements as of the end of every month.

(l) At least 60 days before the beginning of each new fiscal year, prepare with the assistance of an accountant, if need be, an operating budget for the Project setting forth an itemized statement of the anticipated receipts and disbursements for the new fiscal year based upon the then current schedule of monthly carrying charges, and taking into account the general condition of the Project. The budget together with a statement from the Agent outlining a plan of operation and justifying the estimates made in every important particular, shall be submitted to the Owner in final draft at least 30 days prior to the commencement of the annual period for which it has been made. The budget shall serve as a supporting document for the schedule of monthly carrying charges proposed for the new fiscal year. It shall also constitute a major control under which the Agent shall operate, and there shall be no substantial variances therefrom, except such as may be sanctioned by the Owner. By this is meant that no expenses may be incurred or commitments made by the Agent in connection with the maintenance and operation of the Project in excess of the amounts allocated to the various classifications of expense in the approved budget without the prior consent of the Owner, except that, if necessary because of an emergency or lack of sufficient time to obtain such prior consent, an over-run may be experienced, provided it is brought promptly to the attention of the Owner in writing.

(m) Maintain a current list of acceptable prospective Members and handle all arrangements necessary and incident to the acceptance of Subscription Agreements. The Agent shall exercise its best efforts to effect the renewal of all Occupancy Agreements in such a way as will normally obviate vacancy loss. The Agent shall also assist those Members who are desirous of transferring their stock and Occupancy Agreements in obtaining in their place and stead new Members acceptable to the Owner and on such terms and conditions as the Owner may dictate.

(n) It shall be the duty of the Agent at all times during the term of this Agreement to operate and maintain the Project according to the highest standards achievable consistent with the overall plan of the Owner. Full compliance by the Members with the terms and conditions of their respective Occupancy Agreements shall be secured, and to this end the Agent shall see that all Members are informed with respect to such rules, regulations and notices as may be promulgated by the Owner from time to time. The Agent shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.

FIFTH. Everything done by the Agent under the provisions of Article FOURTH shall be done as Agent of the Owner, and all obligations or expenses incurred thereunder shall be for the account, on behalf, and at the expense of the Owner, except that the Owner shall not be obligated to pay the overhead expenses of the Agent's office. Any payments to be made by the Agent hereunder shall be made out of such sums as are available in the special account of the Owner, or as may be provided by the Owner. The Agent shall not be obliged to make any advance to or for the account of the Owner or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Agent be obliged to incur any liability or obligation for the account of the Owner without assurance that the necessary funds for the discharge thereof will be provided.

SIXTH. The agent shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof, a separate bank account as Agent of the Owner for the deposit of the monies of the Owner, with authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of the Agent fee, all of which payments shall be subject to the limitations in this Agreement.

SEVENTH. The sole compensation which the Agent shall be entitled to receive for all services performed under this Agreement shall be a fee computed any payable monthly in an amount equal to \$.56 per unit.

EIGHTH. (a) Unless cancelled pursuant to section (b) or (c) of this Article, this Agreement shall be in effect for a term of one year from the date of execution. This Agreement is automatically renewable at the end of the original term and any subsequent terms for one year, provided neither party has given notice of intent to terminate 30 days prior to the end of any term.

(b) This Agreement may be terminated by mutual consent of the parties as of the end of any calendar month.

(c) In the event a petition in bankruptcy is filed by or against either Owner or Agent, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement without notice to the other.

(d) Upon termination, the contracting parties shall account to each other with respect to all matters outstanding as of the date of termination, and the Owner shall furnish the Agent security, satisfactory to the Agent, against any outstanding obligations or liabilities which the Agent may have incurred hereunder.

NINTH. As used in this Agreement:

(a) The term "Occupancy Agreements" shall mean those certain forms of agreement between the Owner and its Members (and any renewals thereof) under the terms of which said Members are entitled to enjoy possession of their respective dwelling units.

(b) The term "carrying charges" shall mean those monthly rates which Members are bound to pay to the Owner pursuant to the terms of their respective Occupancy Agreements.

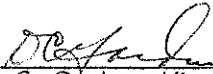
TENTH. (a) This Agreement, shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective successors and assigns.

(b) This Agreement shall constitute the entire Agreement between the

contracting parties, and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

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

SEAL BEACH MUTUAL NO. SIXTEEN  
(Cooperative)

By   
D. C. Gardner, Vice President

GOLDEN RAIN FOUNDATION

By 