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GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
LANDMARK TITLE
BY: ZJM, DEPUTY - WI 24 P.

When recorded, mail to:

Brian D. Cunningham, Esq.
SNELL & WILMER L.L.P.
Gateway Tower West
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

APN: 27-20-351-026 &
27-20-351-027

*San Tropez West Holdings, LLC
(Salt Lake County, Utah)*

**ASSIGNMENT AND SUBORDINATION
OF MANAGEMENT AGREEMENT**

This ASSIGNMENT AND SUBORDINATION OF MANAGEMENT AGREEMENT (the "Assignment") is made as of June 7, 2013, SAN TROPEZ WEST HOLDINGS, LLC, a Utah limited liability company ("Borrower"), WASATCH PROPERTY MANAGEMENT, INC., a Utah corporation ("Manager"), and WASATCH ADVANTAGE GROUP, LLC, a Utah limited liability company ("WAG"), in favor of U.S. BANK NATIONAL ASSOCIATION, a national banking association, and its successors, participants and assigns ("Lender").

Recitals

A. Borrower applied for a term loan in principal amount of TEN MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$10,650,000.00) (the "Loan") from Lender, and Lender has agreed to extend the Loan to Borrower, subject to the terms and conditions of that certain Term Loan Agreement of approximately even date herewith between Borrower and Lender (the "Loan Agreement"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Loan Agreement.

B. The Loan is secured by, among other things, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing executed by Borrower, to the trustee named therein for the benefit of Lender (the "Deed of Trust"), which encumbers certain real property located in Salt Lake County, Utah and as more particularly described on **Exhibit A** attached hereto and made a part hereof (the "Property").

C. This Assignment is being executed in connection with the extension of the Loan by Lender and the acceptance of the Property by Lender as collateral for the Loan. This Assignment is one of the Loan Documents.

D. Pursuant to that certain Management Agreement dated May 31, 2013 between Borrower and Manager (the "Management Agreement"), a true and correct copy of which is attached hereto as **Exhibit B**, Borrower employed Manager exclusively to operate and manage the Property as more particularly described in the Management Agreement.

E. Lender requires as a condition to the making of the Loan that Borrower assign the Management Agreement as set forth below and Borrower and Manager agree to the terms and conditions set forth in this Assignment.

Agreement

NOW, THEREFORE, in consideration of the above recitals and the mutual promises contained in this Assignment, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

1. Assignment of Management Agreement. As additional security for the Loan, Borrower hereby conditionally transfers, sets over and assigns to Lender, and grants to Lender a security interest in and to, all of Borrower's right, title and interest in and to the Management Agreement, said transfer and assignment to be a present, unconditional collateral assignment.

2. Subordination of Management Agreement and Fees. Borrower, Manager and WAG hereby agree that the Management Agreement and any and all liens, rights (including the right to receive management fees, if any) and interests (whether choate or inchoate) owed, claimed or held by Manager in and to the Property are and shall be in all respects subordinate to the liens and security interests created or to be created for the benefit of Lender under the Deed of Trust and the other Loan Documents, including all renewals, extensions, increases, supplements, amendments, modifications and replacements thereof.

3. Borrower's Covenants. Borrower hereby covenants with Lender that during the term of this Assignment: (a) Borrower shall not transfer the responsibility for the management of the Property from Manager to any other person or entity without the prior written consent of Lender, which consent may be withheld by Lender in Lender's reasonable discretion; (b) Borrower shall not terminate or materially amend any of the terms or provisions of the Management Agreement without the prior written consent of Lender, which consent shall not unreasonably be withheld or delayed by Lender; and (c) Borrower shall, in the manner provided for in this Assignment, give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property. Borrower at all times shall provide for the competent and responsible management and operation of the Property by a qualified professional manager. All management contracts affecting the Property including the Management Agreement shall be terminable upon thirty (30) days' written notice without penalty or charge (except for unpaid accrued management fees). All management contracts which supersede or replace the Management Agreement must be approved in writing by Lender prior to the execution of the same.

4. Manager's Representations. Manager warrants and represents to Lender as of the date hereof that: (a) Manager has agreed to act as manager of the Property pursuant to the Management Agreement; (b) the entire agreement between Manager and Borrower for the management of the Property is evidenced by the Management Agreement; (c) the Management Agreement constitutes the valid and binding agreement of Manager, enforceable in accordance with its terms, and Manager has full authority under all state and local laws and regulations, to perform all of its obligations under the Management Agreement; and (d) As of the date hereof, Borrower is not in default in the performance of any of its obligations under the Management Agreement and all payments and fees required to be paid by Borrower to Manager thereunder have been paid to the date hereof.

5. Agreement by Borrower and Manager. Borrower and Manager hereby agree that upon a Default or Event of Default or failure of condition under any of the Loan Documents during the term of this Assignment, at the sole and absolute option of Lender exercised by written notice to Borrower and Manager:

(a) All issues, proceeds and profits of the Property collected by Manager, after payment of all costs and expenses of operating the Property approved by Lender (including,

without limitation, operating expenses, real estate taxes, insurance premiums, repairs and maintenance and the fees and commissions payable under the Management Agreement), shall be applied in accordance with Lender's written directions to Manager; or

(b) All issues, proceeds and profits of the Property collected by Manager, before payment of any costs or expenses of operating the Property, but after the reimbursement to Manager of all reasonable costs and expenses required to be reimbursed to Manager pursuant to the Management Agreement, shall be forwarded directly to Lender, to a lockbox designated by Lender, or elsewhere as instructed by Lender; or

(c) Lender may exercise its rights under this Assignment and may immediately terminate the Management Agreement and require Manager to transfer its responsibility for the management of the Property to a management company selected by Lender in Lender's sole and absolute discretion; or

(d) Manager shall, if requested by Lender in writing, or its successors or assigns, continue performance, on behalf of Lender, or its successors or assigns, of all of Manager's obligations under the terms of the Management Agreement with respect to the Property, provided Lender sends to Manager notice at the address set forth in Section 10 hereof and performs or causes to be performed the obligations of Borrower to Manager under the Management Agreement accruing or arising from and after, and with respect to the period commencing upon, the effective date of such notice.

6. Consent and Agreement by Manager. Manager hereby acknowledges and consents to this Assignment and agrees that Manager will act in conformity with the provisions of this Assignment and Lender's rights hereunder or otherwise related to the Management Agreement. In the event that the responsibility of the management of the Property is transferred from Manager in accordance with the provisions hereof, Manager shall, and hereby agrees to, fully cooperate in transferring its responsibility to a new management company and effectuate such transfer no later than thirty (30) days from the date the Management Agreement is terminated, provided that Lender promptly reimburses Manager for all reasonable costs and expenses incurred in conjunction with such transfer. Further, Manager hereby agrees: (a) not to contest or impede the exercise by Lender of any right it has under or in connection with this Assignment; and (b) that it shall, in the manner provided for in this Assignment, give at least thirty (30) days prior written notice to Lender of its intention to terminate the Management Agreement or otherwise discontinue its management of the Property.

7. Termination. At such time as the Loan is paid in full and the Deed of Trust is reconveyed or released of record, this Assignment and all of Lender's right, title and interest hereunder with respect to the Management Agreement shall automatically terminate. Lender shall execute and deliver a termination of this Assignment in recordable form upon full repayment of the Loan.

8. No Joint Venture. Lender has no obligation to Manager with respect to the Deed of Trust or Loan Documents and Manager shall not be a third party beneficiary with respect to any of Lender's obligations to Borrower set forth in the Loan Documents. The relationship of Lender to Borrower is one of a creditor to a debtor, and Lender is not a joint venturer or partner of Borrower.

9. Lender's Reliance on Representations. Manager has executed this Assignment in order to induce Lender to accept the Deed of Trust and the Loan Documents and with full knowledge that Lender shall rely upon the representations, warranties and agreements herein contained, and that but for this instrument and the representations, warranties and agreements herein contained, Lender would not take such actions.

10. Notices. All notices required shall be in writing and shall be sent delivered by (a) registered or certified mail, postage prepaid, return receipt requested, (b) Federal Express, Airborne or another reputable overnight courier, or (c) delivered by hand by commercial courier service, addressed to the party to be so notified at its address. Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of delivery by hand (or refusal to accept such delivery) if delivered during business hours on a Business Day (otherwise on the next Business Day), and/or (c) on the next Business Day if sent by an overnight commercial courier. Notices shall be deemed effective if delivered by counsel to either party, as if given directly by such party. Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days prior written notice of such change to the other parties. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery.

To Borrower: San Tropez West Holdings, LLC
595 South Riverwoods Parkway, Suite 400
Logan, Utah 84321
Attention: Jeffrey S. Nielsen

with a copy to: Olson & Hoggan, P.C.
130 South Main, Suite 200
Logan, Utah 84321
Attention: Robert B. Funk

with a copy to: Hansen Guarantees, LLC
299 South Main Street, Suite 2400
Salt Lake City, Utah 84111
Attention: Ryan Peterson

with a copy to: Wasatch Acquisitions and Capital, Inc.
595 South Riverwoods Parkway, Suite 400
Logan, Utah 84321
Attention: Dylan Olsen

To Manager: Wasatch Property Management, Inc.
595 South Riverwoods Parkway, Suite 400
Logan, Utah 84321
Attention: Scott Stettler

In the case of Lender, to: U.S. Bank National Association
170 South Main Street, Suite 600
Salt Lake City, Utah 84101
Attention: John Montgomery

With a copy to: Snell & Wilmer L.L.P.
Gateway Tower West
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Attention: Brian D. Cunningham, Esq.

Any party may change its address from time to time by giving prior written notice to the other party as described above. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt.

11. Heirs, Successors and Assigns. The terms of this Assignment shall bind and inure to the benefit of the heirs, successors and assigns of the parties. Lender may sell participations in or assign the Loan, and may provide to actual or potential participants or assignee, without notice to or the consent of Borrower or Manager all documents, financial and other information which Lender now has or may hereafter acquire relating to (a) the Loan; (b) the Property and its operation (including, without limitation, copies of all leases, subleases, management agreements or any other agreements concerning the use and occupancy of the Property); and/or (c) any party connected with the Loan (including, without limitation, Manager). The representations, warranties, obligations and covenants of Manager under this Assignment shall also benefit and apply with respect to any such participant or assignee.

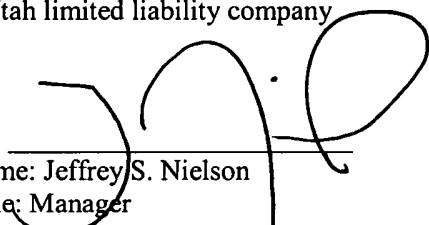
12. Counterparts. This Assignment may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

13. Governing Law. This Assignment shall be construed, governed and enforced in accordance with the laws in effect from time to time in the State of Utah (without regard to its conflicts of law principles).

[Remainder of Page Intentionally Left Blank]


IN WITNESS WHEREOF, the undersigned have executed this Assignment on the date and year first written above.

SAN TROPEZ WEST HOLDINGS, LLC
a Utah limited liability company

By: 
Name: Jeffrey S. Nielson
Title: Manager

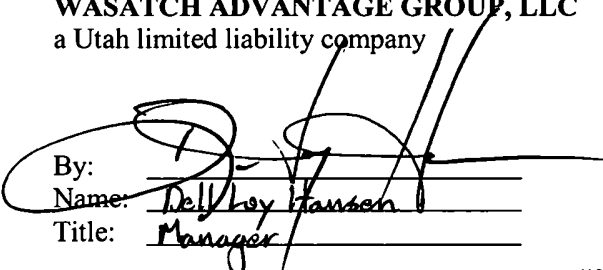
“Borrower”

WASATCH PROPERTY MANAGEMENT, INC.
a Utah corporation

By: 
Name: Scott Stettler
Title: CFO

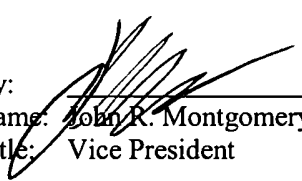
“Manager”

WASATCH ADVANTAGE GROUP, LLC
a Utah limited liability company

By: 
Name: Dell Loy Hansen
Title: Manager

“Manager”

U.S. BANK NATIONAL ASSOCIATION
a national banking association

By: 
Name: John R. Montgomery
Title: Vice President

“Lender”

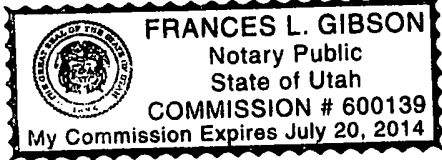
STATE OF UTAH)
 : ss.
COUNTY OF Salt Lake)

The foregoing instrument was acknowledged before me this 6th day of June, 2013, by Jeffrey S. Nielsen, the Manager of **SAN TROPEZ WEST HOLDINGS, LLC**, a Utah limited liability company, for and on behalf of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Frances L. Gibson
NOTARY PUBLIC

[Seal]



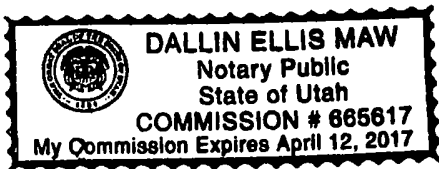
STATE OF UTAH)
 : ss.
COUNTY OF Cache)

The foregoing instrument was acknowledged before me this 5 day of June, 2013, by Scott Stettler, the CFO of **WASATCH PROPERTY MANAGEMENT, INC.**, a Utah corporation, for and on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Dallin Maw
NOTARY PUBLIC

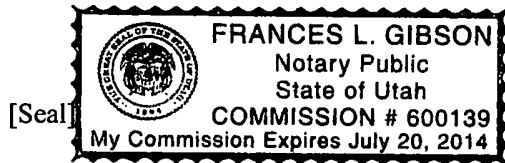
[Seal]



STATE OF UTAH)
 : ss.
COUNTY OF Salt Lake)

The foregoing instrument was acknowledged before me this 6 day of June, 2013, by DELL LOY HANSEN, the MANAGER of **WASATCH ADVANTAGE GROUP, LLC**, a Utah limited liability company, for and on behalf of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



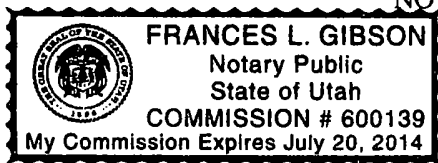
Frances L. Gibson
NOTARY PUBLIC

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 6 day of June, 2013, by John R. Montgomery, a Vice President of **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, for and on behalf of said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[Seal]



Frances L. Gibson
NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION

That certain real property owned by Borrower and situated in the County of Salt Lake, State of Utah and described as follows:

PARCEL 1:

Portions of Lots 1 and 2 of The South District Subdivision as recorded in Book 2009P at Page 2 in the Salt Lake County Recorder's Office, located in the Southwest Quarter of Section 20, Township 3 South, Range 1 West, Salt Lake Base and Meridian, said parcel being more particularly described as follows:

Beginning at a point on the North Right-of-Way Line of 11800 South Street, said point being also on the South Boundary Line of said The South District Subdivision, said point being also North 89°50'48" West 1623.61 feet, along the Section Line, and North 55.50 feet from the South Quarter Corner of said Section 20; and running thence, along said North Right-of-Way Line and South Boundary Line, North 89°50'48" West 310.20 feet to the Easterly Right-of-Way Line of Bangerter Highway and the Southwest Boundary Corner of said The South District Subdivision; thence, along said Easterly Right-of-Way Line and the Westerly Boundary Line of said The South District Subdivision, North 02°00'49" West 573.47 feet to the Northwest Boundary Corner of said The South District Subdivision; thence along the North Boundary Line of said The South District Subdivision, South 89°59'18" East 599.79 feet to the Westerly Right-of-Way Line of District Drive; thence along said Westerly Right-of-Way Line, the following six (6) courses: (1) Southeasterly 46.49 feet along the arc of a 30.00 foot radius curve to the right, chord bears South 35°17'24" East 41.97 feet, (2) Southwesterly 142.41 feet along the arc of a 180.00 foot radius curve to the right, chord bears South 33°12'04" West 138.73 feet, (3) South 55°52'00" West 117.50 feet, (4) Southwesterly 263.27 feet along the arc of a 270.00 foot radius curve to the left, chord bears South 27°56'00" West 252.96 feet, (5) South 125.52 feet, (6) Southwesterly 8.85 feet along the arc of a 19.50 foot radius curve to the right, chord bears South 12°59'53" West 8.77 feet to the Point of Beginning.

PARCEL 2:

The non-exclusive easements for vehicular and pedestrian access, ingress and egress, and for the installation, operation, maintenance, service, repair, improvement and replacement of utilities, appurtenant to PARCEL 1 described above, as defined, described and created pursuant to that certain DECLARATION OF ACCESS AND UTILITY EASEMENTS recorded December 30, 2010 as Entry No. 11107309, in Book 9893, at Page 6507 in the Official Records of the Salt Lake County Recorder, over and across the following described easement area:

"PRIVATE ROAD WEST"

Beginning at a point on the Southerly Boundary Line of Lot 14, The District Commercial Subdivision Plat, as recorded in Book 2007P at Page 312 in the Salt Lake County Recorder's Office, said point being also North 00°00'42" East 626.95 feet along the Section Line and West 1259.54 feet from the South Quarter Corner of Section 20, Township 3 South, Range 1 West, Salt Lake Base and Meridian; and running thence South 00°00'42" West 8.29 feet; thence Southwesterly 31.41 feet along the arc of a 22.00 foot radius curve to the left, chord bears South 49°06'25" West 28.81 feet; thence Southwesterly 189.67 feet along the arc of a 228.00 foot radius curve to the right, chord bears South 32°02'04" West 184.25 feet; thence South 55°52'00" West 117.50 feet; thence Southwesterly 216.46 feet along the arc of a 222.00 foot radius curve to the left, chord bears South 27°56'00" West 207.99 feet; thence South 125.73 feet; thence Southerly 9.32 feet along the arc of a 12.50 foot radius curve to the left, chord bears South 21°21'13" East 9.10 feet to the Northerly Right-of-Way Line of 11800 South Street; thence, along said Northerly Right-of-Way Line, North 89°50'48" West 53.29 feet; thence Northerly 8.85 feet along the arc of a 19.50 feet radius curve to the left, chord bears North 12°59'53" East 8.77 feet; thence North 125.52 feet; thence Northeasterly 263.27 feet along the arc of a 270.00 feet radius curve to the right, chord bears North 27°56'00" East 252.96 feet; thence North 55°52'00" East 117.50 feet; thence Northeasterly 166.37 feet along the arc of a 180.00 feet radius curve to the left, chord bears North 29°23'15" East 160.51 feet; thence Northwesterly 15.40 feet along the arc of a 9.50 feet radius curve to the left, chord bears North 43°32'24" West 13.77 feet; thence North 00°00'42" East 0.50 feet to the said Southerly Boundary Line of Lot 14, The District Commercial Subdivision Plat; thence, along said Southerly Boundary Line, the following two (2) courses: (1) South 89°59'18" East 0.28 feet, (2) South 84°59'59" East 77.18 feet to the Point of Beginning.

EXHIBIT B

MANAGEMENT AGREEMENT

(See Attached)

MANAGEMENT AGREEMENT

Between

SAN TROPEZ WEST HOLDINGS, LLC

A Utah Limited Liability Company

the “OWNER”

and

WASATCH PROPERTY MANAGEMENT, INC.

A Utah Corporation

“PROPERTY MANAGER”

Dated: 31 May 2013

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement"), dated 31 May 2013 (the "Effective Date"), is by and between San Tropez West Holdings, LLC, a Utah limited liability company, (the "Owner) and Wasatch Property Management, Inc., a Utah corporation (the "Property Manager"); and Wasatch Advantage Group, LLC, a Utah limited liability company ("WAG"). The Owner is the owner of that certain multifamily housing property known as San Tropez Town Homes located on Siracus Dr., South Jordan, Utah (the "Property"). The Owner desires to appoint the Property Manager to manage the Property and to perform the duties and obligations set forth in this Agreement. In consideration of the agreements and covenants herein contained, the Owner and the Property Manager hereby agree as follows:

ARTICLE I APPOINTMENT; TERM OF AGREEMENT

1.01. Appointment and Acceptance. The Owner hereby appoints the Property Manager to be the exclusive Agent of Owner to rent and manage the Property on behalf of the Owner upon the terms and conditions hereinafter set forth. The Property Manager hereby accepts such appointment.

1.02. Term. The initial term of the appointment (the "Initial Term") shall be for a five (5) year period beginning on the Effective Date and ending on the date that is five (5) years after the Effective Date. Upon the expiration of the Initial Term and on each anniversary of the Effective Date thereafter, this Agreement will be extended for an additional term (each such term, a "Subsequent Term") consisting of the next one (1) year, unless terminated pursuant to the provisions of Article V, below or unless Owner gives written notice to the Property Manager that after a two-thirds vote of its members, it does not intend to extend the term of this Agreement.

ARTICLE II COVENANTS AND AGREEMENTS OF THE PROPERTY MANAGER

The Property Manager hereby covenants and agrees during the term of this Agreement:

2.01. Management. To accept the management of the Property to the extent, for the period and upon the terms herein provided, and to continually maintain a management office at the Property and to furnish the services of its organization for the rental, operation and management of the Property.

2.02. Books and Records. To maintain a complete system of records, books and accounts with respect to the Property. All records, books and accounts relating to the Property will be available for examination by the Owner during regular business hours at the corporate offices of the Property Manager upon one (1) business day's notice. The Property Manager further agrees to prepare and submit quarterly reports due on the 15th day of each January, April, July, and October, which

quarterly reports shall consist of operating statements on a cash and accrual basis, balance sheet, twelve (12) month actual/budget report, and executive summary of operations (the "Quarterly Reports") to the Owner at 595 South Riverwoods Parkway, Suite 400, Logan, Utah 84321.

2.03. Operating Account. To open a separate banking account for the deposit of receipts collected as described herein in a bank or other institution whose deposits are insured by the federal government (the "Operating Account"). All expenses incurred by Property Manager in operation of the Property shall be paid from the Operating Account. In the event Property Manager elects to advance money in connection with the Property such advances shall be considered a loan subject to repayment at a reasonable rate of interest ("Advances"). Funds in the Operating Account shall not be commingled with Property Manager's funds.

2.04. Operating Budget. On or before December 15 of each year during the Initial Term and on or before December 15th of each year of each Subsequent Term, to submit to the Owner for approval a proposed budget of monthly operating expenses to be incurred in connection with operation of the Property for the succeeding calendar year (each an "Operating Budget"). Each Operating Budget shall include a statement of assumptions upon which the Operating Budget is based. The Property Manager will make any reasonable and prudent changes to the Operating Budget required by the Owner.

2.05. Capital Plan. Within thirty (30) days of execution of this Agreement and on or before December 15 of each year during the Initial Term and on or before December 15th of each year of each Subsequent Term, to submit to the Owner a capital expenditure plan for the Property for the next three calendar-year period (each a "Capital Plan"). Each Capital Plan shall detail descriptions of all planned capital improvements to be made to the Property during the related calendar years, an estimate of expenditures to be incurred therewith each month of such calendar years and a timetable for completion of such improvements. The Owner shall inform the Property Manager of any changes reasonably required to such plan by Owner.

2.06. Authorized Costs. If any duties and responsibilities to be carried out by the Property Manager involve the expenditure of money or the incurring of obligations or settlement of a claim over Five Thousand Dollars (\$5,000.00), the Property Manager shall not incur the same unless the expense, obligation or cost is provided for in the current Operating Budget or Capital Plan, is permitted pursuant to Section 3.05 of this Agreement, or is otherwise approved by the Owner.

2.07. Fidelity Bond. To cause all employees and officers of the Property Manager who handle or who are responsible for the safekeeping of any rents or other moneys of the Owner to be covered by an Employee Crime and Dishonesty Policy or fidelity bond, naming the Owner in an amount not less than Fifty Thousand Dollars (\$50,000.00).

2.08. Collection of Rents; Application of Funds. To collect all rents, charges and/or assessments and other items due or to become due on the Owner's account in connection with the management and operation of the Property and give receipts therefor and to collect security deposits and deposit such amounts in the Operating Account for the Property. The collection, deposit and

disbursing of security deposits shall be done in accordance with the appropriate federal, state and local laws governing the same.

2.09. Tenant Compliance. To use reasonable commercial efforts to secure full compliance by each tenant with the terms of such tenant's lease. Voluntary compliance will be emphasized; nevertheless, the Property Manager will lawfully terminate any tenancy when, in the Property Manager's judgment, sufficient cause (including, but not limited to, nonpayment of rent) for such termination occurs under the terms of the tenant's lease. The Property Manager is authorized to bring actions for eviction and to recover possession of the units at the Property, to execute notices to vacate and judicial pleadings incident to such actions, to sue for and recover rent and, when expedient, to settle, compromise and release such actions or suits or reinstate such tenancies. The Property Manager may take such actions or select the attorney of its choice to handle such litigation. The Property Manager shall also attempt to obtain reimbursement from such tenants for all legal expenses, including attorney fees incurred on behalf of the Owner in connection with such legal action. Such fees shall be operating expenses of the Property.

2.10. Indemnification. The Property Manager agrees to indemnify and hold Owner harmless from and against claims and damages arising from the gross negligence or willful misconduct of Property Manager and further agrees to provide public liability and worker's compensation insurance for all employees employed by Property Manager.

2.11. Additional Covenants of Property Manager. The Property Manager hereby further covenants and agrees that it will:

(a) Not knowingly or willingly do anything that would cause the violation of any statute, ordinance, law, rule, regulation, order or requirement of any federal, state or municipal government, and appropriate departments, commissions, boards and officers having jurisdiction over the manner of use of the Property or the maintenance or operation thereof, as well as any orders and requirements of the local board of fire underwriters, or any other body which may hereafter exercise similar functions;

(b) Be available at all reasonable times to consult with the Owner on matters of general policy, planning and goals; and

(c) Assist, as requested and directed by the Owner, in claims under any insurance policy.

ARTICLE III POWERS OF PROPERTY MANAGER

The Property Manager shall have, and hereby accepts, the following authority, powers and obligations (all or any of which may be exercised in the name of the Owner and are subject to the terms and provisions of the Operating Budget and the Capital Plan):

3.01. Market. Aggressively lease and market the Property and periodically make recommendations to the Owner regarding the leasing/marketing efforts. The Property Manager has discretion to charge rents and offer concessions consistent with the projected Operating Budget. The Property Manager shall conduct the leasing of the Property to comply with the applicable Mortgage Loan Documents or, if applicable, so as to preserve the tax-exempt nature of the financing for the Property.

3.02. Leases. Cause references of prospective tenants to be investigated on behalf of Owner, sign leases for terms not in excess of one (1) year for rents not less than Owner-approved rent schedules, including concessions thereon, and renew and/or cancel the existing leases and prepare and execute the new leases without additional charge to the Owner.

3.03. Collect. On the Owner's behalf, collect from tenants, to the best of the Property Manager's ability, all or any of the following: late rent administrative charges, non-negotiable check charges, credit report fees and sub-leasing administrative charges.

3.04. Staffing and Discharge of Employees. Property Manager shall have full discretion in hiring, discharging and reasonably compensating all employees involved in every aspect of the managing, maintaining and operating of the Property. Related expenses will be the responsibility of the Owner as outlined in subsections 3.04(a) and 3.04(b), below.

(a) Employee Payroll and Benefit Expense. Owner will pay or permit the Property Manager to pay on its behalf all reasonable expenses incurred as a result of employee payroll and benefits. This will include all costs in connection with any federal state or local laws, including, but not limited to, worker's compensation insurance, FICA, Medicare, FUTA, and SUTA and any and all other taxes or fees. It will further include all employee recruiting and retention costs, as well as employee benefits including, but not limited to, 401(k), health insurance, disability insurance, uniforms, training, drug screening, vacation, sick or personal days, paid holidays, and advertising for new positions.

(b) Payroll Load. Property Manager will propose, in the Operating Budget, the expected costs of payroll benefits and calculate such costs as a percentage of payroll. This percentage is known as the payroll load, and is attached uniformly to all payroll dollars expended by the Property Manager (the "Payroll Load"). Actual Payroll Load shall fall within a two percent (2%) variance (plus or minus) of the amount projected in the Operating Budget. Any negative deviation of more than two percent (2%) will be charged at year-end, and any positive deviation greater than two percent (2%) will be refunded at year-end. The Property Manager will be paid, as a component of Payroll Load, a payroll administration fee in the amount of three percent (3%) of the Property's gross wages to provide the following administrative functions: (i) payroll administration; (ii) benefits administration; (iii) employee/human resource administration; and (iv) management.

3.05. Contracts. The Property Manager shall also have authority to negotiate contracts for nonrecurring repair items, to enter into agreements for all necessary repairs, maintenance, minor alterations and utility services and to purchase supplies and pay all bills incurred in operation of the Property. Obtain services at a reasonable additional fee for laundry services, security, rehabilitation

and repair, landscape, collections, real property tax protests, evictions, and employee training programs, which services may be provided by affiliated entities or Property Manager, and enter into such service contracts as Property Manager deems advisable. Notwithstanding the foregoing, unless such expenditure is listed in the Operating Budget or the Capital Plan, the Property Manager shall secure the approval of the Owner for any alterations, repairs or expenditures in excess of five thousand dollars (\$5,000.00) for any one item, except monthly or recurring operating charges which are included in the Operating Budget or Capital Plan and emergency repairs in excess of the five thousand dollars (\$5,000.00), if, in the reasonable opinion of the Property Manager, such emergency repairs are necessary to protect the Property from damage or to maintain services to the tenants as called for by their leases. Any such contract shall be cancelable by Property Manager or Owner on not less than thirty (30) days written notice.

3.06. Alterations. Make any structural changes in any building or make any other major alteration or addition in or to any such building or equipment therein, or incur any expense chargeable to the Owner in connection with such alterations at the fee set forth in Section 4.06, below.

3.07. Preventative Maintenance. Initiate and maintain a preventative maintenance program, in accordance with the current approved Operating Budget and Capital Plan, designed to promote the useful life of the Property and its mechanical systems. Such program shall include regular inspection of all apartment units.

3.08. Regular Maintenance. Cause buildings, appurtenances and grounds of the Property to be maintained according to standards acceptable to the Owner, including, but not limited to, interior and exterior cleaning, painting and decorating of the common areas, and repair and maintenance of the plumbing, HVAC, electrical and other systems within the areas subject to any limitations imposed by the Owner in addition to those contained herein.

ARTICLE IV AGREEMENTS OF OWNER

4.01. Construction of Property. Promptly upon commencement of this Agreement, the Owner will furnish the Property Manager with a complete set of plans and specifications and copies of all guarantees and warranties within its possession, which are pertinent to construction of the Property and fixtures thereon.

4.02. Indemnification of Property Manager. Except as to any claims arising from the gross negligence or willful misconduct of the Property Manager, the Owner will indemnify, defend and hold the Property Manager harmless from all claims, investigations and suits in connection with the Property and from liability for damage to any property, injuries to or death of any employee or other person whosoever, violation of any labor laws or ordinances or any awards arising out of any matter referred to in Section 4.03 below. This indemnification shall survive termination of this Agreement.

4.03. Expenses. Owner will pay or permit the Property Manager to pay all reasonable expenses incurred by the Property Manager, including, but not limited to, reasonable attorney fees and

the Property Manager's costs in connection with any state or federal labor law, any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, or fair housing, including, but not limited to, laws regarding the accommodation of any religion, national origin, or mental or physical handicap. Overhead costs, for which Property Manager shall not be reimbursed, include, among others, corporate rent, utilities and payroll, photocopy, postage, telephone and telecopy charges. In addition, nothing contained herein shall obligate the Property Manager to employ counsel to represent it in any such proceeding or suit, and the Owner may elect to employ counsel to represent it in any such proceeding or suit. The Owner also agrees to pay reasonable expenses (or an apportioned amount of such expenses where other employers of the Property Manager also benefit from the expenditure) incurred by the Property Manager in obtaining legal advice regarding compliance with any law affecting the Property or activities related thereto.

4.04. Insurance. The Owner shall cause to be placed and kept in force at all times during the term of this Agreement all insurance of the type and in the amounts required to be maintained pursuant to the terms of any loan secured by the Property. The Property Manager shall be a named insured on all liability policies. The Property Manager may place such insurance and charge the cost thereof to the Operating Account.

4.05. Management Fees. The Owner agrees to pay the Property Manager fees for the services rendered by the Property Manager pursuant to this Agreement as follows:

(a) Property Management. In consideration for Property Manager's property management services, Owner shall pay Property Manager a property management fee (the "Property Management Fee") in the amount of three percent (3%) of Gross Revenue generated by the Property, payable upon occupancy of any apartment unit on the Property. The Owner shall pay the Property Management Fee monthly, in arrears, throughout the term of this Agreement. For purposes of this Agreement, the term "Gross Revenue" shall be defined as all amounts accrued from the operation of the Property, including, but not limited to, rents, parking fees, laundry income, forfeited security deposits, legal fees billed, other fees and deposits and other miscellaneous income, but not including receipts from insurance proceeds (except for rent reimbursements), refunds, the sale of any property, sales tax, security deposits or any other non-income items.

(b) Asset Management. Upon occupancy of any apartment on the Property, the Owner shall pay Property Manager a one and one-half percent (1.5%) asset management fee (the "Asset Management Fee") payable on the Gross Revenue generated by the Property. Owner shall pay two-thirds of the Asset Management Fee (or 1% of the Property Gross Revenue) to Property Manager, and one-third of the Asset Management Fee (or 0.5% of the Property Gross Revenue) to WAG. The Owner shall pay the Asset Management Fee to Property Manager and WAG monthly, in arrears, throughout the term of this Agreement.

(c) Initial Marketing and Leasing. Property Manager shall provide initial apartment marketing and leasing services to attract prospective tenants to the Property. In consideration of its marketing and leasing services, Owner shall pay Property Manager a monthly leasing commission (the "Leasing Commission") in accordance with the following terms:

- (i) Amount. The amount of the Leasing Commission shall vary depending upon the number of apartment units located on the Property:
- a. \$4,000.00 per month for projects of up to 150 units;
 - b. \$5,000.00 per month for projects of 150 to 200 units;
 - c. \$6,500.00 per month for projects of 201 to 300 units; and
 - d. \$8,000.00 per month for projects of over 300 units.
- (ii) Third Party Costs. In addition to the sums set forth above, the Owner shall also reimburse Property Manager for all of its out-of-pocket third-party costs incurred in connection with the marketing and leasing of the units.
- (iii) Commencement. The Owner shall begin making Leasing Commission payments to Property Manager as soon as Property Manager places an on-site employee at the Property site, which is anticipated to be approximately ninety (90) days prior to initial occupancy.
- (iv) Payment In Lieu of Management Fees. The payment of the fees set forth in this Section 4.05(c) shall be in lieu of Property Manager's Property Management Fee and Asset Management Fee set forth in Sections 4.05(a) and 4.05(b) above (the "PM/AM Fees"). Owner shall continue to pay the fees set forth in this Section 4.05(c) to Property Manager until such time as the combined PM/AM Fees exceed the amounts payable under this Section 4.05(c); whereupon, the Owner shall be relieved of its obligation to make payments under this Section 4.05(c) and shall instead make monthly payments to Property Manager equal to the PM/AM Fees.

~~(d) Disposition Fee. Property Manager shall receive a one percent (1%) disposition fee (the "Disposition Fee") in the event the Property is sold and this Agreement is terminated, and a new management agreement with Property Manager or an affiliate is not entered into by Property Manager and the new Property owner.~~

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(e) Construction Management Fee. Owner agrees to pay Property Manager a fee of five percent (5%) of the cost of construction for all repairs, improvements or rehabilitation exceeding five thousand dollars (\$5,000.00) and managed by the Property Manager.

4.06. Additional Fees. Owner agrees to pay Property Manager or any affiliate of Property Manager retained to perform the services set forth in Section 3.05 above, a reasonable fee for the service provided so long as the fee is included in the Operating Budget or Capital Plan or is otherwise approved by the Owner.

- (i) Amount. The amount of the Leasing Commission shall vary depending upon the number of apartment units located on the Property:
 - a. \$4,000.00 per month for projects of up to 150 units;
 - b. \$5,000.00 per month for projects of 150 to 200 units;
 - c. \$6,500.00 per month for projects of 201 to 300 units; and
 - d. \$8,000.00 per month for projects of over 300 units.
- (ii) Third Party Costs. In addition to the sums set forth above, the Owner shall also reimburse Property Manager for all of its out-of-pocket third-party costs incurred in connection with the marketing and leasing of the units.
- (iii) Commencement. The Owner shall begin making Leasing Commission payments to Property Manager as soon as Property Manager places an on-site employee at the Property site, which is anticipated to be approximately ninety (90) days prior to initial occupancy.
- (iv) Payment In Lieu of Management Fees. The payment of the fees set forth in this Section 4.05(c) shall be in lieu of Property Manager's Property Management Fee and Asset Management Fee set forth in Sections 4.05(a) and 4.05(b) above (the "PM/AM Fees"). Owner shall continue to pay the fees set forth in this Section 4.05(c) to Property Manager until such time as the combined PM/AM Fees exceed the amounts payable under this Section 4.05(c); whereupon, the Owner shall be relieved of its obligation to make payments under this Section 4.05(c) and shall instead make monthly payments to Property Manager equal to the PM/AM Fees.

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4.06. Additional Fees. Owner agrees to pay Property Manager or any affiliate of Property Manager retained to perform the services set forth in Section 3.05 above, a reasonable fee for the service provided so long as the fee is included in the Operating Budget or Capital Plan or is otherwise approved by the Owner.

4.07. Repayment of Advances. Owner agrees to repay any advances made to the Property by the Property Manager, and hereby authorizes Property Manager to pay such amount from the Operating Account.

ARTICLE V

TERMINATION OF AGREEMENT; EVENTS OF DEFAULT

5.01. Termination by Property Manager. This Agreement may be terminated at any time by the Property Manager upon One Hundred Twenty (120) days' advance written notice to the Owner.

5.02. Termination by Owner. This Agreement may be terminated by the Owner at any time upon the occurrence of any of the following circumstances:

(a) In the event of a bona fide sale of the Property, Owner may terminate this Agreement on not less than thirty (30) days' advance written notice, providing that the Owner pays Property Manager the Disposition Fee referenced in Section 4.05(d).

(b) If Property Manager breaches any of the terms of this Agreement in a material manner and such breach continues for a period of thirty (30) days after written notice of such breach is given to the Property Manager, the Owner may terminate this Agreement immediately upon written notice.

(c) The dissolution, cessation of business for any cause whatsoever, of the Property Manager, the reorganization, bankruptcy, insolvency, or assignment for the benefit of creditors of Property Manager, shall effect an immediate termination of this Agreement, at the option of the Owner, unless prior to any reorganization of Property Manager, Owner shall have been notified of the proposed change and shall have given its consent in writing.

ARTICLE VI

TRANSFER OF RECORDS

6.01. Transfer of Records. In the event the Property Manager's duties, responsibilities and liabilities hereunder are terminated pursuant to Article V of this Agreement, the Property Manager shall discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the same degree of diligence and prudence which it is obligated to exercise hereunder, and shall take no action whatsoever that might impair or prejudice the rights or financial condition of its successor or the Owner. Furthermore, the Property Manager agrees to cooperate with the Owner and any successor property manager in effecting the termination of the Property Manager's duties and responsibilities hereunder and shall promptly also transfer to such successor property manager, all files, documents and records (including computer tapes and diskettes, including data but not programs) relating to the Property, and an accounting of any amounts collected and held by the Property Manager and otherwise use its best efforts to effect the orderly and efficient transfer of its rights, duties and responsibilities to the assuming party.

**ARTICLE VII
SUCCESSORS**

7.01. Assignment. This Agreement may be assigned by Property Manager only with consent of Owner which consent shall not be unreasonably withheld.

7.02. Binding. This Agreement shall be binding upon the successors and assigns of the Property Manager and the successors and assigns of Owner.

**ARTICLE VIII
GENERAL**

8.01. Counterparts. This Agreement may be executed in counterparts by the parties hereto, and all such counterparts shall constitute one (1) and the same Agreement.

8.02. Facsimile. This Agreement may be executed by the parties and delivered by e-mail or telecopied transmission, and any e-mailed or telecopied signatures shall be deemed legal and binding in lieu of delivery of the original Agreement with original signatures.

8.03. Governing Law. This Agreement shall be governed by the laws of the State of Utah.

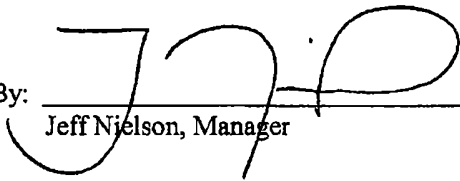
8.04. Entire Agreement. This Agreement constitutes the entire understanding of the Owner and the Property Manager with respect to the management and operation of the Property and the terms of this Agreement supersedes and replaces any written or oral agreement or understanding that may have existed between the parties prior to the date hereof in respect of such subject matter. This Agreement may not be changed, amended or modified except by another agreement in writing executed by the Owner and the Property Manager.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures as of the date first written above.

OWNER:

SAN TROPEZ WEST HOLDINGS, LLC
A Utah Limited Liability Company

By: 
Jeff Nielson, Manager

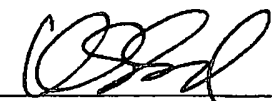
PROPERTY MANAGER:

WASATCH PROPERTY MANAGEMENT, INC.
A Utah Corporation

By: _____
Brad Mishler, Chief Operating Officer

WAG:

WASATCH ADVANTAGE GROUP, LLC
A Utah Limited Liability Company

By: 
Kip Sheppard, President

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures as of the date first written above.


OWNER:

SAN TROPEZ WEST HOLDINGS, LLC
A Utah Limited Liability Company

By: _____
Jeff Nielson, Manager

PROPERTY MANAGER:

WASATCH PROPERTY MANAGEMENT, INC.
A Utah Corporation

By:  _____
Brad Mishler, Chief Operating Officer

WAG:

WASATCH ADVANTAGE GROUP, LLC
A Utah Limited Liability Company

By: _____
Kip Sheppard, President