

THE LANDING AT NEWPORT CONDOMINIUMS

RENTAL POOL AGREEMENT

Parties. Landing Rental Pool, LLC, an Oregon Limited Liability Company, (“RENTAL POOL”) was formed for the purpose of and agrees to manage the rental of condominium units belonging to certain members of The Landing at Newport Condominiums Unit Owners Association (“Unit Owners”) choosing to place their units in service as a Hotel Unit. Landing Rental Pool, LLC has selected Somac, Inc. (“Agent”) to oversee the daily operations of the hotel units in the rental pool.

Agency. The RENTAL POOL and Unit Owner hereby appoint and designate Somac, Inc. (“Agent”) or any other management agency appointed by RENTAL POOL as Agent to maintain, manage and rent Unit Owner’s unit when Unit Owner is not occupying it, from time to time, for terms and at such rentals as Agent, in its sole discretion, may determine to be in Unit Owner’s best interest, with a view toward obtaining the greatest total rents from said unit and all other units of Hotel managed by the Agent commensurate with the nature, class and atmosphere of Hotel and said unit(s). Unit Owner acknowledges that Unit Owner has read the Management Agreement between Landing Rental Pool, LLC and Somac, Inc, a copy of which is attached as Exhibit ‘A’.

Receipt of Rent. For purposes of renting said unit, Unit Owner hereby authorizes and appoints Agent, as Unit Owner’s attorney in fact and agent, to execute and deliver on Unit Owner’s behalf rental agreements covering said unit upon such terms and to such tenants as Agent, in its discretion, may select subject however, to all the terms and conditions herein set forth and as set forth in this Agreement. On behalf of and as agent for Unit Owner, Agent is further authorized to demand, receive and receipt for, the rent payments for such unit.

Rental of Unit. In renting units, the RENTAL POOL will request that Agent shall give equal consideration to all units, attempting to spread the occupancy among the units of each room type as much as possible. Each room shall be rented as a complete unit. Unit Owner shall not rent Unit Owner’s unit to anyone without the prior approval of Agent, and, whether or not such approval is obtained, Unit Owner will remit immediately all rents which may be received by Unit Owner to Agent, to be held and disbursed in the same manner as rents received directly by Agent. Unit Owner agrees to cooperate with Agent and other Unit Owners of units in RENTAL POOL in promoting the rental of units owned by Unit Owners in RENTAL POOL.

Sale of Unit. Should members of the rental pool sell their respective unit during an operational month, the profit for that month will be pro-rated to the seller and buyer based on the closing date of the sale. The seller of a unit, as party of this agreement, agrees to address any cash reserves held by agent at the closing of sale to buyer. The amount of cash reserves due to seller is determined to be the appropriate share or fraction, the numerator of which is 1.0 for a One Bedroom and 1.3 for a Two Bedroom and the denominator of which is the total of all points for all of the units in the pool multiplied by the cash reserves at the time of the previous month’s close. No funds will be dispersed to either seller or buyer without an agreement signed by both seller and buyer.

Should seller elect to remain in the rental pool, the seller shall sign a rental pool agreement with the agent and immediately place an identical amount of cash reserves as determined above with the Agent. Should the cash reserves become the property of the buyer at the time of closing, a copy of the signed agreement signed by both seller and buyer shall be presented to the Agent.

In lieu of any properly signed agreement, the Agent shall treat any cash reserves as property of the new owner until instructed otherwise by both parties.

Segregation of Rent. Income from both 1-bedroom units and 2-bedroom units operated as hotel units by the Agent shall not be segregated into separate pools. All income and expenses related to two bedroom units shall be increased by a factor of 1.3 above those associated with one-bedroom units. This factor is subject to review at any time as warranted by changing conditions or experience.

Owner Occupancy. Unit Owner shall have the right to occupy Unit Owner's unit upon giving notice to Agent with the intended dates of occupancy at least thirty (30) days in advance of the date of intended occupancy, and Unit Owner may occupy Unit Owner's unit at any time upon notice to Agent within said 30 days if Agent has not rented the unit at the time of said notice for the period Unit Owner desires occupancy. Such period of occupancy by Unit Owner shall for purposes of this agreement be done on a daily basis. When Unit Owner shall have notified Agent of intent to occupy Unit Owner's unit, Unit Owner shall be deemed to have occupied Unit Owner's unit for the day(s) specified, whether or not Unit Owner actually occupies it. This agreement is in no way intended to be used in limiting, accruing, accounting for or otherwise affecting any relationship with the Unit Owner and the IRS and determining the number of days used for personal use. Agent may rent the unit for a period more than 30 days in advance only with Unit Owner's prior written approval. Agent may assess Unit Owner a reasonable cleaning charge of \$39.00 for a one-bedroom unit, \$55.00 for a two-bedroom unit, after Unit Owner's occupancy to render Unit Owner's unit fit for rental occupancy. This fee is subject to change at any time at the discretion of The Landing at Newport Management RENTAL POOL and Somac, Inc. Management. Unit Owner shall abide by Agent's rules for check out procedures.

Expenses. As Agent for all the owners of units managed by Agent, Agent shall pay the costs of operating the Hotel which are of a type which the Unit Owner would not have to pay if they did not rent their units as hotel accommodations, including the cost of replacing broken or stolen dishes, silverware or furniture which occurs when the unit is in the pool and which are subject to the list of minimum required equipment mentioned herein, all taxes paid mentioned herein, the costs of advertising, the cost of all linen service, laundry, hotel soap, stationery, and similar supplies and all wages of maids, and other hotel employees. Agent shall not pay, as hotel expenses, and Unit Owner shall pay promptly when due, all expenses of Unit Owner's unit of the type which Unit Owner would incur even though Unit Owner did not rent Unit Owner's unit as a hotel accommodation, including, without limitation, all charges payable for, or with respect to, said unit under the terms of the Declaration establishing the Hotel as a condominium, ad-valorem real property taxes, unit repair and remodeling, the shares applicable to such unit of the common expenses of the Association of Unit Owners, as that term is used in ORS 01.505 to 91.675, and by the By-laws of the Association of Unit Owners, and utility charges, or any costs and expenses of maintaining and operation the common elements of the Association, including, without limiting the generality of the foregoing, the costs of painting, repairs to improvements, any costs of repairs and maintenance of the unit, and any separate utility and service charges.

Taxes. The expenses payable by Agent for the Unit Owner shall also include all general excise taxes and all license taxes and any other taxes levied, assessed against, or payable by, Agent with respect to the hotel operation. Agent shall not be liable for any federal or state income taxes or corporate excise taxes attributable to income earned by, or paid to, Unit Owner.

Division of Income. Each Unit Owner shall receive a portion of the net income for the previous month by multiplying the fraction, the numerator of which is the total points accumulated for that unit for the entire month and the denominator of which is the total of all points accumulated for all of the units for the entire month, by the net income distributed to the unit owners for that month. Points shall be accumulated for each unit as follows:

- Each unit shall receive 1.0 point for a One Bedroom unit and 1.3 points for a Two Bedroom unit for each night in the pool from Sunday night thru Thursday night.
- Each unit shall receive 2.0 points for a One Bedroom unit and 2.6 points for a Two Bedroom unit for each night in the pool on Friday night or Saturday night.
- Each unit shall receive additional bonus points (1.0 for a One Bedroom unit and 1.3 for a Two Bedroom unit) for each of the following designated holidays:

New Year's Eve	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Eve
Christmas Day	

Each day stands on its own. For example, should any holiday in the above mentioned schedule fall on a Friday or Saturday the total points for that day would be 3.0 points for a One Bedroom unit and 3.9 points for a Two Bedroom unit. Should any holiday in the above mentioned schedule fall on a Sunday thru Thursday, the total points for that day would be 2.0 points for a One Bedroom Unit and 2.6 points for a Two Bedroom unit.

Agent shall report to the Unit Owner the Unit Owner's share of the rental income or loss for the preceding month, as soon after the end of such month as Agent shall reasonably be able to compute the same. Agent will determine the amount of cash to be distributed to Unit Owner after providing for a reasonable cash reserve. Distributions shall be made, at the direction of the RENTAL POOL, directly to Unit Owners. Annually, following each calendar year of the term hereof, the Agent shall promptly prepare and forward to the Unit Owner a statement showing all receipts and disbursements of the RENTAL POOL in reasonable detail, such statement to be forwarded to each Unit Owner as soon as the same can reasonably be prepared. Unit Owner shall have the right at any time during ordinary business hours to examine the books of the RENTAL POOL with respect to Agent, personally or by Unit Owner's duly authorized representative, such authorization to be in writing direct to Agent.

Furniture and Furnishings. In order to operate the rental unit effectively as a hotel accommodation, Unit Owner shall provide and maintain in the unit, furniture and furnishings sufficient in number type, and quality to furnish the unit adequately. Agent shall provide Unit Owner with a list of the minimum necessary furniture and furnishings for Unit Owner's unit, to which Unit Owner shall make such additions as Unit Owner desires. By Unit Owner's execution of this Operating Agreement, Unit Owner agrees to meet and maintain the minimum standard of the number, type, and quality of furniture and furnishings reasonably established by Agent. Such furniture and furnishings shall be purchased or leased by Unit Owner and shall remain Unit Owner's separate property of Unit Owner or that of Unit Owner's Lessor.

Past Due Obligations of Unit Owner. Any moneys due a Unit Owner under this agreement may be used, in the RENTAL POOL's discretion, to satisfy any obligation of the Unit Owner, provided that such obligation of said Unit Owner is at least thirty (30) days in default. In the case of the sale of a Unit, the obligation of the Unit Owner may be paid immediately, unless the obligations are paid through the final closing of the Sale of the unit.

Unit Number(s) _____

Unit Owner: _____

By: _____

Date: _____

Landing Rental Pool, LLC

By: _____

Date: _____