



Administration Contract
(German Residential Property Act)
(5 pages)

The following contract is concluded between the owner(s) of

.....
object:
- hereinafter referred to as owner -

and

H&S Verwaltungsgesellschaft mbH
Stuttgarter Str. 40, 12059 Berlin-Rixdorf
- hereinafter referred to as administrator -

§ 1 Appointment and dismissal of the administrator

1. Pursuant
.....
2. H&S Verwaltungsgesellschaft mbH has been appointed as administrator of the above named property.
3. Administrative duties commence on and cease on
4. The property owners are to decide whether this contract should be extended; the contractual partners must be informed of any amendments to this contract four weeks in advance or before these are presented to the owners' association. The owners shall decide on amendments by a simple majority. Any amendments passed must also be approved by the property administration before becoming valid.

§ 2 General obligations and rights of the administrator

1. The tasks and authority of the property administrator are based on the German Residential Property Act, on the partition deed, on valid agreements made by the owners and on this contract.

2. The administrator is obliged to do all in his power in order to manage the property in relation to organisational / business matters, as well as regarding technology and maintenance. He is obliged to manage the property in the manner of a scrupulous businessman whereby he must comply with all legal regulations and contractual agreements.
3. The property administrator acts in principle for the owner and has also the authority to represent the owner vis a vis local authorities, third parties, companies and other bodies both singularly and before court in assets and liability matters. He has also power of authority in pending court proceedings against the owners.
4. Any expenditures for repairs or maintenance exceeding 2,500.00 € must be approved by the management committee. In the case of necessary repairs, the administrator is obliged to call in offers and agree with the owners' committee on the award of tenders. The administrator is also obliged to monitor and approve all repair works, to check invoices and to deal with warranty for defects within due time.

§ 3 Individual tasks of the property administrator

The administrator must perform the following tasks in particular:

1. The closure and termination of necessary contracts and other legal transactions at his own discretion for the owner with approval from the owners' committee.
2. The collection of outstanding service charges for the owners and if necessary before court.
3. The collection of the necessary maintenance reserves in accordance with the German Residential Property Act and the partition deed in a separate interest-bearing account insofar as these are not required for urgent repairs.
4. To take out, maintain or terminate insurance policies as foreseen by the partition deed or agreed by the owners' association.
5. To ensure compliance with the house rules and to monitor the owners' obligations in accordance with legal stipulations and the partition deed.
6. To monitor the caretaker's activities.
7. To participate in management meetings on request whereby dates of such must be mutually agreed upon.
8. To set appointments and agendas for pending meetings in cooperation with the management committee and to issue invitations in line with the Residential Property Act or the partition deed to the apartment owners.

- 9. A copy of the signed and approved minutes of the assembly meeting is to be sent immediately or at the latest four weeks after the meeting to the owners.
- 10. To file all documents relating to the property correctly. The owners' association is to solely decide whether old invoices, banking or accounting documents should be destroyed.
- 11. Financial statements (full and itemized) are to be issued within 12 months after the end of the fiscal year.

§ 4 Sale of property

- 1. On the sale of property, all obligations of this contract shall be incumbent to the legal successor thereof.
- 2. The legal successor is bound to all contracts, agreements and decisions of the owners' association. The aim of this regulation is that all owners have the same rights and obligations.
- 3. Should it be necessary that the administrator must agree to the sale in a notarial certified form, he then has the right to the reimbursement of out-of-pocket expenses. For such services he will receive, at present, 150.00 € plus expenses and notary costs. The seller and purchaser are responsible for payment as joint debtors.

§ 5 Remuneration

The administrator shall receive the following remuneration for his services:

- 1. For the services listed in §2 and §3, the owners' association shall pay the administration the following monthly fee of at present:

Per separate dwelling €
 Per part-ownership €

The administrator has the right to deduct the monthly fee from the property owners' account in advance.

- 2. For awarding tenders and monitoring repair and maintenance works

5% of the total costs
 maximum 10,000.00 €

- 3. Fees for special services

Organisation of emergency owners' meetings

Per residential unit 20.00- €

Non-recurring services are charged according to expenses; hourly fees at present (only in agreement with the owner or owners' association)

CEO / Authorized signatory 61.00 €

Clerical assistant 46.00 €

Trainee 28.00 €

Other services

Copies 0.50 €

Reminders 5.00 €

4. All fees are prone to the statutory VAT rate.
5. Monthly fees for the administrator's services are due immediately.
6. The administration fee does not include notary and lawyer fees, court costs, survey fees and expenses for bank services, estate agents, advertising, room rental etc. and such will be invoiced by the administrator separately.

§ 6 Part ownership, heritable building right, part heritable building right

This contract is also valid for part ownership, heritable building right and/or part heritable building right insofar as individual clauses do not state otherwise.

§ 7 Further agreements

Should individual provisions of this contract become invalid as a whole or in part then the invalidity of any provision shall not affect any part of the remaining contract. In such case the parties shall be obliged to replace the invalid provision by way of mutual agreement with a provision that approximates the meaning and spirit of the agreement and serves the intentions of the parties to the contract.

§ 8 Other regulations

- The administrator assures that he has taken out and maintains an insurance policy for pecuniary loss with coverage of 100,000.00 €. This insurance is valid not only for this contract.

- Place of jurisdiction: Berlin

_____, date _____

Horst Hüning
H&S Verwaltungsgesellschaft mbH

Owner / Owners' committee