



# Performance Based Agreement

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## Cancellation Rights and Standards Enforcement

This document explains how our management agreement works and how cancellation is handled.

## Why We Use a Performance-Based Agreement

Many property management agreements rely on long contract terms to retain clients. That approach protects the contract, not the asset.

Our agreement is structured around performance and alignment. Owners stay because the oversight is working, not because leaving is difficult.

## No Long Term Lock-In

We do not require owners to commit to extended contract terms.

If expectations are no longer aligned or an owner chooses to transition management, the agreement may be cancelled without penalties.

## Cancellation Notice Requirements

To cancel the agreement:

- Written notice must be provided
- Notice applies to the current calendar month
- The agreement ends on the last day of that month

There are no early termination fees.

## What Happens After Notice Is Given

Once cancellation notice is received:

- We continue management through the end of the notice month
- Rent is collected and distributed as normal
- Maintenance coordination continues as needed
- Financial records are finalized
- Owner funds are reconciled
- Management responsibilities end at month end

After the final month closes, we stop managing the property and transition control cleanly.

## What Performance Means in Practice

Performance is not defined by promises or outcomes beyond our control.

It is defined by consistent execution of core responsibilities, including:

- Rent collection and lease enforcement
- Maintenance coordination
- Financial reporting and owner accounting
- Inspection documentation where applicable
- Compliance with Texas Property Code requirements
- Execution of HVAC preservation standards when included in the lease

If an owner feels these standards are not being met, the agreement should not continue.

## Why This Structure Benefits Owners

This model keeps incentives aligned.

We are motivated to:

- Communicate clearly
- Maintain oversight
- Address issues early
- Operate transparently

Owners retain flexibility without sacrificing professionalism or continuity.

## How This Fits Into Our Asset Protection Model

Our philosophy is simple:

Risk should sit with the operator, not the owner.

A performance-based agreement ensures accountability without forcing owners into relationships that no longer serve their investment.

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