

**BEACH FRONT PROPERTY
MANAGEMENT, INC.**

EMPLOYEE HANDBOOK

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PURPOSE OF HANDBOOK

Welcome to Beach Front Property Management, Inc. (hereinafter referred to as “Beach Front Property Management” or “the Company”). We are very pleased to have you working with us. Your decision to join our team and become part of the Company’s future growth and success will be one of mutual benefit.

The purpose of the Beach Front Property Management Employee Handbook is to provide a general overview of the Company’s employment policies, practices and benefits. It will serve as a convenient source of reference as questions arise concerning employment and benefits; however, it does not cover all subjects in detail. Your supervisor, Human Resources and other Beach Front Property Management’s team members are ready to answer specific questions, and provide additional information not covered in this Handbook.

Except for the employment-at-will relationship, the Company reserves the right to change any of the policies, practices or benefits described in this Handbook with or without notice to employees. The Company will make every effort to notify employees when an official change in policy or procedure has been made but each employee is responsible for his/her own up-to-date knowledge about Company policies, procedures and benefits.

Please review the policies, procedures and benefits described in this Handbook. You will be asked to affirm that you have read, understand, agree to abide by, and acknowledge your receipt of this Employee Handbook and the Business Conduct Standards.

INTRODUCTION TO BEACH FRONT PROPERTY MANAGEMENT, INC.

Beach Front Property Management was founded in 1999 to provide quality third-party, property management services. The Company manages thousands of units in apartment communities and commercial buildings in the United States. From privately-owned properties to corporate multiple holdings, Beach Front Property Management tailors its approach to meet the individual needs of each owner – whether it includes repositioning, capital improvements, special subsidiary programs or daily operations.

Beach Front Property Management is committed to maintaining the standard of care for the industry and providing the residents of its communities a home that is well maintained and cared for. Complete dedication to residents is what creates longevity and stabilizes Beach Front Property Management communities.

TEAMWORK, CUSTOMER SERVICE AND EMPLOYEE RESPONSIBILITY

Beach Front Property Management has set a high standard of behavior and expects such from its employees. Each employee must assume full responsibility for the Company’s reputation within the community. Employees are expected to be uncompromising in their honesty and integrity, and always make sure their personal conduct is the very best it can be. A moment of carelessness or discourtesy may jeopardize the good will the Company has been building for years.

Employees should always keep in mind that clients and residents judge Beach Front Property Management by its employees' conduct, hospitality, enthusiasm and pride. Employees are expected to:

- Obey all laws, follow all policies and procedures, and keep informed of policy and procedural changes. This will insure prompt and accurate service to the Company's clients and residents.
- Strive to provide quality service and feel good about a job well done.
- Be courteous and helpful. Make certain everyone encountered, over the telephone and in person, receives consideration and superior service.
- Be a good listener. Whether an employee is dealing with a resident or another employee, listen to their point of view. Understand occasional frustration or anger.
- Ask questions. Employees should ask their supervisor or other member of management any questions they may have about their job and Company policies.
- Ask questions. Employees should ask residents questions that will help them help the resident.

EQUAL EMPLOYMENT AND EMPLOYEE RELATIONS

Beach Front Property Management is committed to equal opportunity in employment and to creating a work environment that recognizes and values employee diversity. Each person is responsible for acting in a manner that helps Beach Front Property Management achieve the following:

Equal Opportunity

At Beach Front Property Management, it is the policy to employ, train, and compensate individuals based on merit, job-related qualifications and abilities. Beach Front Property Management is committed to providing equal opportunity in employment regardless of ancestry, race, color, religion, national origin, sex, age, sexual orientation, marital status, handicap, medical condition, gender, pregnancy, disability, pregnancy, genetic characteristic, citizenship status, veteran status or any other basis prohibited by federal, state or local laws.

This policy applies to all employment terms and conditions including, but not limited to, compensation, decisions, benefits, discipline, hiring, promotions, transfers, terminations and training.

Drug-Free Workplace

Possession, use, sale or distribution of an illegal drug under applicable state or federal law in the workplace or while conducting Company business off premises is strictly prohibited. Illegal drugs have an adverse effect on an employee's performance, jeopardize the safety of co-workers and constitute risk to the business and interests of the Company.

CONDITIONS OF EMPLOYMENT

Employment At-Will Policy

Employment with Beach Front Property Management is voluntary and employees are free to resign at any time with or without cause, and with or without notice. Similarly, Beach Front Property Management is free to end the employment relationship at any time, with or without cause, and with or without prior notice.

The At-Will nature of the employee's employment relationship cannot be changed, waived or modified except in an individual written employment agreement signed by the employee and the Chief Executive Officer of the Company.

Immigration Reform And Control Act

The Company complies with the Immigration Reform and Control Act and only employs persons who have provided documentation evidencing that they are legally eligible to work in the United States. Upon hire, each employee is required to complete the employee section of an I-9 Form and provide the required documentation supporting his/her identity, prior to the start of work. As a condition of continued employment, that eligibility status must be maintained.

Disability Policy

The Company adheres to the American with Disabilities Act (ADA) and all applicable state and local laws in making every effort to ensure that qualified individuals with a disability are not discriminated against in any terms, conditions, or privileges of employment. The Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability so they can perform the essential functions of a job, unless the accommodation would create an undue hardship for Beach Front Property Management or pose a direct threat to the health and safety of the individual requesting the accommodation or others. Any applicant or employee requiring a reasonable accommodation in order to perform the essential functions of the job should immediately notify Human Resources.

Arbitration Agreement

All employment at Beach Front Property Management is subject to and conditional upon agreeing to final and binding arbitration arising out of the employment relationship. At time of hire, each employee is required to sign and return an Arbitration Agreement as a condition of employment.

STANDARDS OF CONDUCT

Working together at Beach Front Property Management requires cooperation and mutual respect for the rights of all employees, residents, and the general public. Therefore, Beach Front Property Management has high expectations regarding the personal conduct of all employees. The Company

understands its employees are its greatest asset and endeavors to maintain a positive business environment that demonstrates respect and appreciation for all employees.

While continuation of employment is at the mutual consent of the employee and the Company, it may be helpful to identify some examples of the types of conduct that are impermissible and may lead to various forms of discipline, up to and including immediate termination. Although it is not practical or possible to provide an exhaustive list of all types of impermissible conduct and performance, the following are some examples:

- Insubordination, including improper or disrespectful conduct toward a supervisor or refusal to perform tasks assigned by a supervisor
- Working or reporting to work under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer or use of alcohol or illegal drugs or possession of drug paraphernalia, while on duty. (Unopened gifts of alcohol are the exception.)
- Smoking in the workplace
- Theft or unauthorized removal or possession of property from the Company, fellow employees, residents or anyone on Company property
- Falsifying or making a material omission in an employment application or in other information provided in personnel, timekeeping or other Company records or documents
- Committing a fraudulent act or a breach of trust under any circumstance
- Alteration or destruction of any Company records or documents when such action conflicts with the policy detailing appropriate disposal of outdated documents and files
- Unauthorized disclosure of Company information
- Willful, deliberate, or malicious act, sabotage, negligence or improper conduct that results in economic loss or damage to the property of the Company, a resident or another employee
- Neglect in the care or use of Beach Front Property Management's property
- Fighting or provoking a fight, or acts/threats of violence toward supervisor, fellow employees or residents
- Boisterous or disruptive activity in the workplace
- Gambling or participating in illegal activities while on Company property or conducting Company business

- Violating safety or health rules, or engaging in conduct that creates a safety or health hazard, i.e. horseplay
- Sexual or other unlawful harassment of another employee, intimidation or creation of a hostile work environment
- Possession of dangerous or unauthorized materials, such as explosives, firearms, hazardous materials or other similar items
- Conviction of a criminal conviction that is job-related and consistent with business necessity
- Failure to report work-related injuries or accidents to management
- Unauthorized use of phones, computers, mail system or other Company equipment
- Unauthorized presence of employees or guests during non-work hours
- Unsatisfactory performance or conduct
- Excessive and unexcused absenteeism or tardiness
- Unauthorized absence from work during schedule work hours
- Sleeping while on duty
- Distributing unauthorized literature or any written or printed material during working time or in work areas
- Soliciting, collecting funds, selling or attempting to sell any non-Company related merchandise in Company work areas during work time
- Any act or failure to act, which is disruptive to or interferes with the efficient operation of the business or has an adverse impact on Company reputation or profitability
- Violation of Company policies and procedures, including the Business Conduct Standards policy
- Disciplinary action may result from violation of other rules of conduct, policies, procedures, practices and programs, and common sense or guidelines of decency as may be determined by Beach Front Property Management

No Harassment Policy

It is the policy of Beach Front Property Management to ensure its employees, visitors and residents are provided with a harassment-free work environment and committed to strictly enforcing this policy and procedure. This policy has been established to comply with both federal and state laws.

Beach Front Property Management is committed to providing a productive work environment free from sexual harassment and intimidation or harassment based on such factors as race, ancestry, place of origin, color, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status and disability or any other basis protected by federal, state or local law.

Beach Front Property Management will not tolerate harassment of employees by managers, supervisors or coworkers and also seeks to protect employees from harassment by non-employees in the workplace. Threats of violence, bodily harm or physical intimidation by employees will not be tolerated and may be grounds for immediate termination. No employee of the Company is expected to tolerate any prohibited conduct from anyone, while at work or engaged in Company business.

Some examples of harassment include:

- Ethnic slurs
- Racial jokes
- Sexual remarks
- Other offensive or persistently annoying and unwelcome conduct such as touching that interferes with an employee's work performance or creates a hostile or intimidating work environment
- Basing an employment decision (such as hiring, promotion, retention or compensation) on whether an employee accepts sexual advances

With regard specifically to sexual harassment, federal law defines sexual harassment as unwanted sexual advances, requests for sexual favors or visual, verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made a term or condition of employment; or
2. Submission to or rejection of such conduct is used as a basis for employment decisions affecting the individual; or
3. Such conduct has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, hostile or offensive working environment.

Prohibited harassment may take many forms including:

1. VERBAL CONDUCT such as epithets, derogatory comments, slurs, abusive language, or unwanted sexual advances, invitations or comments
2. VISUAL CONDUCT such as derogatory posters, cartoons, drawings or gestures
3. PHYSICAL CONDUCT such as assault, blocking normal movement, unwanted contact or interference with work directed at you because of your sex or other protected basis
4. THREATS AND DEMANDS to submit to sexual requests in order to keep your job or avoid some other loss, and offers of job benefits in return for sexual favors
5. RETALIATION for having reported the harassment
6. ANY CONDUCT that creates an offensive, intimidating or hostile environment

This policy applies to all phases of the employment relationship, including recruitment, testing, hiring, upgrading, promotion, demotion, transfer, layoff, termination, rates of pay, benefits and selection for training.

Any employee found to have acted in violation of the foregoing policies shall be subject to appropriate corrective action, up to and including termination. Visitors or residents found to have harassed an employee will be subject to appropriate actions by Beach Front Property Management.

The employee must follow the following complaint process:

1. Any employee who believes he or she has been unlawfully harassed should provide a written complaint to their immediate Supervisor, Regional Property Supervisor, or Human Resources as soon as possible after the incident. Supervisors will refer all harassment complaints to Human Resources.
2. An employee is not required to report harassment to his or her supervisor if the employee feels uncomfortable doing so or if the employee believes his or her supervisor is in violation of the Harassment Policy. In such case, the employee must report the situation to the next higher level Manager or Human Resources.
3. The complaint should include details of the incident(s), names of the individual(s) involved and names of any witness(es).
4. Employees must immediately report any violations of the policy so that complaints can be quickly and fairly resolved. Employees should also be aware that the Federal Equal Employment Opportunity Commission and the State Human Rights Commission (in California: The California Department of Fair Employment and Housing) investigate and prosecute complaints of prohibited harassment in employment. If an employee thinks they have been harassed or that they have been retaliated against for making a complaint, they may file a complaint with the appropriate agency. The nearest office is listed in the telephone book.

No employee will be subject to any form of retaliation for reporting any violation of this policy truthfully and in good faith. The Company will not tolerate any type of retaliation. Any employee who believes that they have been retaliated against in violation of the Harassment Policy should immediately bring the matter to the attention of Human Resources.

Non-Fraternization

The Company believes in a work place that is free of any potential fraternization conflict between a supervisor and a direct report. Thus, the Company prohibits romantic or intimate relationships between a supervisor and a direct report. Romantic or intimate relationships between a supervisor and a direct report may create a perception of favoritism, conflict of interest, claims of sexual harassment and serious problems in the working environment in general.

It is Company policy that any supervisor involved in a romantic or intimate relationship with a direct report (defined here as dating or engaging in sexual relations) must immediately report the relationship to Human Resources. The Company will treat such information as confidential, consistent however, with its business needs. Failure to report such relationships immediately will be grounds for discipline action, up to and including termination.

Where such relationships exist, the Company reserves the right to take appropriate employment actions as are necessary to ensure that the risks mentioned above will not occur. This may include transferring one or both parties, terminating one or both parties, adjusting lines of reporting or communication, and/or requiring the parties to acknowledge in writing their voluntary involvement in a romantic or intimate relationship.

Drug-Free Workplace – Alcohol/Drug Policy

Beach Front Property Management prohibits the possession, use, sale or distribution of any illegal drug under applicable State and Federal law in the workplace or while conducting Company business off premises. Illegal drugs have an adverse effect on an employee's performance, jeopardize the safety of co-workers and constitute risk to the business and the interests of the Company.

Employees found to be using or under the influence of illegal drugs or alcohol while at work, or otherwise in violation of this policy, will be terminated.

Definition of "illegal drug":

- a. Any drug or derivative thereof whose use, possession, sale, transfer, attempted sale or transfer, manufacture, or storage is illegal or regulated under any federal, state, or local law or regulation
- b. Any drug, including – but not limited to – a prescription drug, used for any reason other than that prescribed by a physician
- c. Inhalants used illegally

Definition of “under the influence”: A state of not having the normal use of mental or physical faculties resulting from the voluntary introduction into the body of an alcoholic beverage, drug, or substance of abuse.

Consistent with the rules listed above, any of the following actions constitutes a violation of the Company’s policy on drugs and may subject an employee to disciplinary action, up to and including immediate termination.

- Using, selling, purchasing, transferring, manufacturing, or storing an illegal drug (under state or federal law) or drug paraphernalia, or attempting to or assisting another to do so, while in the course of employment.
- Working or reporting to work, conducting Company business or being on Company property while under the influence of an illegal drug (under state or federal law) or alcohol, or in an impaired condition.

Use of lawful prescribed drugs (under state or federal law) by a physician or dentist under a current course of treatment is not prohibited. However, employees taking any lawful prescribed drugs (under state or federal law), which could affect work performance or cause a safety hazard to themselves or others, must inform their supervisor on the first workday of its use.

Beach Front Property Management is committed to establishing and maintaining a safe and healthful environment free from the influence of alcohol and drugs for employees, residents, and the general public. The Company’s goal is to promote such an environment on all Company-owned premises, including public and private premises accessed by employees during the course and scope of employment.

The Company will not tolerate any alcohol or drug use (prescription or otherwise) which may affect job performance or pose a hazard to the safety and welfare of the employee, the public, or other employees of the Company. The goal of this policy is to ensure the safety of all employees and the general public, to protect the assets of the Company, to reduce damage to Company, employee and public property, and to contain the costs of health care and workers’ compensation.

DRUG AND ALCOHOL PROGRAM

The Company will conduct alcohol and drug testing when circumstances warrant or may be required by applicable law or regulations. A positive alcohol or drug test administered under this policy is a violation of this policy and will result in immediate termination.

Testing for alcohol and drugs will be conducted by a Company-designated medical center. Any employee refusing to comply with a request for testing, who provides false information in connection with a test, or who attempts to falsify test results through tampering, contamination or substitution will be terminated.

Drug testing will be done by urinalysis. If the test is positive for one or more drugs, a confirmation test will be performed for each identified drug. A positive result will be considered a violation of this policy and subject the employee to immediate termination.

If a lawful drug (under state or federal law) was **prescribed** by a licensed medical practitioner, who has advised the employee that the substance will not adversely affect their ability to safely perform their duties, **and the employee notified the Company of therapeutic drug use on the first workday of use**, it will be exempt from the drug test results. Medical marijuana is illegal under federal law and may be illegal under applicable state law. If you are unsure if your prescription medication is illegal under applicable state or federal law, please contact Human Resources to discuss.

The privacy of the employee will be protected at all times. Beach Front Property Management will adhere to all standards of confidentiality regarding employee testing and recordkeeping.

In all states except Texas, the test may be administered after an event which:

1. Resulted in death or physical injury requiring treatment by a medical facility for more than first aid. (First aid is defined as a one-time medical visit, e.g. simple splinter removal, eyewash, etc.)
2. Resulted in property damage of \$500 or more. The test may be administered following any accident where the supervisor believes that drugs or alcohol may have been a contributing factor.

In Texas, the test may be administered when:

1. An employee either contributed to, or cannot be completely discounted as a contributing factor to an accident
2. An employee was involved in an event which resulted in death or physical injury requiring treatment by a medical facility for more than first aid. (First aid is defined as a one-time medical visit, e.g. simple splinter removal, eyewash, etc.)

The decision to administer an alcohol and drug test after any other accident will be made by a supervisor based on the best information available at the time. Such tests will be made as soon after the accident as is possible but in no case more than eight hours for alcohol testing or 32 hours for drug testing. Any employee who fails to report the accident to a member of management and/or thereafter leaves the scene of the accident without prior authorization from management will be considered to have refused the test and will be terminated.

Reasonable Suspicion Testing

The Company will require an alcohol and/or drug test of any employee who is reasonably suspected of violating this policy, including but not limited to, any employee suspected of possessing, using or being under the influence of an illegal drug, a legal drug if such use would violate this policy, or alcohol while on duty or in Company vehicles or on Company property during normal work hours.

A reasonable suspicion referred for testing will be made on the basis of specific contemporaneous, documented observations by the supervisor.

Testing Procedure

In all cases, the employee will be tested as soon as the Company can schedule the test. Testing will be done by urinalysis. The urinalysis drug testing will be conducted by laboratories certified by the United States Department of Health and Human Services (HHS) or a comparable certifying authority. At the time the specimens are collected, the specimens must be immediately sealed, labeled, and initialed by the employee. In all cases, a split sample shall be collected.

All information received regarding drug testing will be maintained in a confidential manner.

Employees shall have the right to require that a confirmed positive sample be retested.

Consequences

Employees who test positive on the drug or alcohol screen administered as the result of a work-related injury, accident or random test, will be terminated. Compliance with this policy is a condition of employment for all employees. Failure or refusal of an employee to cooperate fully, sign any required document, or submit to any inspection or test will result in immediate termination.

COMPANY ASSETS, RECORDS AND INFORMATION

Protection of Property

All employees must protect and safeguard Company property and the property of clients, residents and business partners. This applies to property assets of all kinds, including equipment, supplies and real estate as well as proprietary business information.

Protection of non-public Company information is especially important. Unauthorized use or release of information regarding plans, strategies, costs or prices, pending contracts or unannounced products or services could jeopardize the Company's competitive position.

Confidentiality

It is important to protect the confidentiality of our clients and residents. This information is shared in confidence and must not be shared with anyone outside Beach Front Property Management, either during or after employment. The use or improper disclosure of any information may result in liability for both the employee and the Company. If there is any doubt at all as to whether information should be released to anyone who does not have a clear right to that information (even another employee), the employee must obtain approval from the supervisor or an Officer of the Company.

Business Records

Government agencies, customers and vendors rely upon the integrity of the Company's business records. All business records (for example, timesheets, contracts and financial records) must accurately reflect the transactions of the Company in accordance with all applicable requirements. Unrecorded or "hidden" funds or assets are not permitted. The Company will not create or permit false or misleading entries to be made in the records of the Company under any circumstances.

COMPLIANCE PROGRAM

Beach Front Property Management is committed to complying with all applicable laws and regulations. Each employee is expected to be familiar with laws and regulations that apply to the Company's business operations and to seek help from the Company's legal counsel when questions arise.

Beach Front Property Management's Compliance Program has been established to prevent, detect, and correct violations of law and Company policies and procedures.

Each employee is personally accountable for advising Company management of any instances of fraud, improper auditing or accounting practices or other violations of the Business Conduct Standards and to disclose any circumstances that may be perceived as an instance of impropriety. Employees may utilize verbal or written communications to their supervisor, a member of management, or Human Resources. An employee's failure to timely disclose violations, suspected violations or circumstances that may appear to be improper could result in disciplinary action up to and including termination.

Any questions should be directed to Human Resources or to the Company's in-house legal.

OPEN COMMUNICATIONS AND EMPLOYEE RESOLUTION PROCESS

The Company has an open communications policy and welcomes any suggestions, questions or concerns about an employee's job, working conditions, or the treatment received as an employee. Employees' suggestions for improving Beach Front Property Management operations are always welcome. Effective communication is a two-way street and the Company encourages employees to meet and discuss suggestions, problems or concerns with their supervisor and members of management.

NOTE: For issues of prohibited harassment or discrimination, employees may use the open communications policy or report concerns directly to Human Resources.

Most issues are resolved through direct and clear communication between the parties. To utilize the open communication policy we ask that employees first discuss their concerns with their supervisor, following these steps:

1. Bring the concern to the attention of the immediate supervisor who will investigate and provide a solution or explanation. This is often the simplest, quickest, and most satisfactory means to reach a solution.

2. If the problem is not, or the employee believes cannot be, resolved with the supervisor, the employee may ask the next-level supervisor and then the COO to review the problem with all appropriate parties.
3. If the problem is still not resolved, the employee may refer it to Human Resources who will work with the COO or CEO to resolve the matter.

By following the above process, employees and management work together to address and resolve potential problems. Supervisors are expected to build and maintain relationships with their employees to encourage open and direct communication regarding all matters. The Company is committed to ensuring any employee utilizing this procedure may do so without fear of retaliation.

The Open Communications and Resolutions Process does not impact or supersede the Company's Harassment or Compliance policies.

SAFETY POLICY

Safety Policy Statement

It is the policy of BFPM that accident prevention shall be considered of primary importance in all phases of operation and administration. It is the intention of BFPM to provide safe and healthy working conditions and to establish and insist upon safe practices at all times by all employees.

The prevention of accidents is an objective affecting all levels of the organization and its activities. It is, therefore, a basic requirement that each supervisor make the safety of employees an integral part of his or her regular management function. It is equally the duty of each employee to accept and follow established safety regulations and procedures.

Every effort will be made to provide adequate training to employees. However, if an employee is ever in doubt about how to do a job safely, it is their duty to ask for assistance.

Employees are expected to assist management in accident prevention activities. Unsafe conditions must be reported. Fellow employees that need help should be assisted. Everyone is responsible for the housekeeping duties that pertain to their jobs.

Any injury that occurs on the job, even a slight cut or strain, must be reported to management as soon as possible. In no circumstance, except an emergency, should an employee leave the worksite without reporting an injury that occurred.

When you have an accident, everyone loses; you, your family, your fellow workers, and BFPM. Please work safely. It's good for everyone.

Safety Rules

Safety Rules are necessary so that all may work safely.

1. *WORK SAFELY* - Learn the rules and practices of safety on your job, and apply them. Be especially interested in inexperienced employees. Show them proper safe practices.
2. *ATTIRE* - always wear shoes when showing a vacant apartment and closed toe shoes while performing maintenance in a unit. Do not carry any sharp instruments in case you trip and lose your balance.
3. *LIFTING* - Keep your back in a natural curve, bend at the hips and at the knees so that you are closer to the load. Lift with your leg muscles and not your weaker back muscles. Do not lift especially heavy materials by yourself.
4. *MACHINERY* - Before starting machinery, make sure that everyone is clear and the safety devices are in working order.
5. *HANDTOOLS* - Defective tools are dangerous. With property tools, your job will be safer and easier. Do not leave tools on the floor, on the workbench, or throughout your work area. You may lose them and also place others in danger.
6. *GARDENING* - While on company property, use of gardening tools, electric pruners or electric gardening tools, climbing of trees, fences, etc., to trim, prune, or perform any gardening related duties, is strictly forbidden.
7. *PERSONAL SAFETY EQUIPMENT* - Wear goggles when using chemicals. Do the same when drilling, welding, using a wire brush or portable grinder. Wear a face shield instead of glasses when there is danger from flying particles. Use work gloves when handling chemicals or sharp, heavy, rough or hot materials.
8. *LADDERS* - Before using, examine the ladder for weak or damaged rails or loose or broken rungs. If found defective, take it out of service and report it to your supervisor. Never use metal ladders near or while working with electrical equipment.
9. *ROOF* - Access to the building roof is strictly forbidden.
10. *SECOND STORY CLEANING* - Do not clean second story windows at any time.
11. *GARAGE DOOR SPRINGS* - Do not attempt to replace unless you have been properly trained and instructed.
12. *MACHINE GUARDS*- Machines have guards especially for your protection. If it is necessary to take off machine guards, first ask permission from your supervisor. Be sure the electricity is shut down. Replace all guards at the end of a repair job.
13. *ELECTRICAL EQUIPMENT* - Do not use electrical equipment with wet hands, or while standing on wet ground. Examine all extension cords so that there are not cuts, breaks, or protruding wires sticking out of the electrical cords before you use them.

14. *HEALTH* - If your hands are soiled with paint or chemicals, wash them before eating or smoking. Never wash your hands in gasoline or solvents. These can cause skin ailments or poisoning. Never mix solvents, cleansers or chemicals together at any time. Do not inhale the fumes of chemicals at any time.
15. *RESIDENT SERVICES* - moving resident's personal items, driving tenants in your personal vehicle, is strictly forbidden.
16. *IN CASE OF AN ACCIDENT* - Report all accidents to your supervisor immediately. Obtain first aid immediately if you have been injured.

Failure to abide by these rules could lead to disciplinary action up to and including your immediate dismissal.

Report to your supervisor whenever you believe a situation is dangerous. We are happy to receive your ideas and recommendations to improve the work situation. Employees are advised that reports of unsafe conditions or practices are protected by law. It would be illegal for the employer to take any action against an employee in reprisal for exercising rights to participate in communications involving safety.

The employer will investigate any report as required by the Injury and Illness Protection Program Standard (8 CCR §3203) and advise the employee who provided the information or the workers in the area of the employer's response.

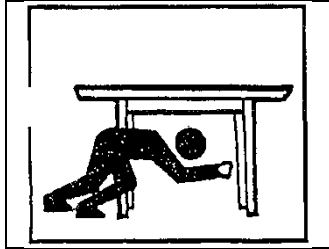
Earthquakes

When an earthquake strikes

Duck, Cover and Hold

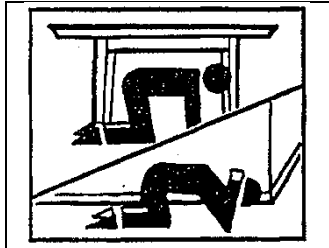


Whether you are in your home, a school classroom, a high-rise or another type of building, it is important to know how to protect yourself during an earthquake. Practice what to do during an earthquake and train yourself and your family members to react automatically when the shaking starts. If you are outdoors when the shaking starts, get into an open area away from trees, buildings, walls and power lines. If you are indoors, follow the steps below:



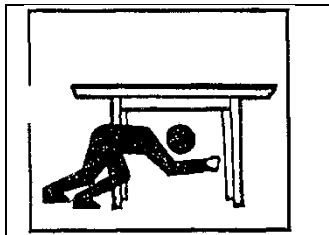
DUCK

DUCK or drop down to the floor.



COVER

Take COVER under a sturdy desk, table or other furniture. If that is not possible seek COVER against an interior wall and protect your head and neck with your arms. Avoid danger spots near windows, hanging objects, mirrors or tall furniture.



HOLD

If you take cover under a sturdy piece of furniture, HOLD on to it and be prepared to move with it. HOLD the position until the ground stops shaking and it is safe to move.

PUNCTUALITY

Employees are expected to be on time and ready to start work as scheduled. In the event an employee anticipates being late or is late, the employee should promptly contact the supervisor. Should undue tardiness become apparent, disciplinary action may result.

ATTENDANCE

Regular attendance and punctuality are essential to the successful operation of the Company's business and are a mandatory condition of employment. Attendance is an important part of an employee's job performance. Attendance will be monitored on an ongoing basis and will be included as part of the performance review.

The Company considers unexcused absences in excess of six incidents within a rolling 12-month period to be excessive. An incident is defined as one continuous period of absence. For example, missing one individual day, three consecutive days, or two (2) or more hours tardy in a day, is considered one incident of absence. Excessive unexcused absences and tardiness are prohibited, and will result in disciplinary action up to and including termination of employment.

Employees are expected to report to work as scheduled and remain at work until the end of a normal workday, unless notifying a supervisor. If it is impossible to report to work, employees are responsible for informing their supervisor of his/her absence prior to the start of the workday. If the supervisor is unavailable, a voice message should be left or an email sent. However, a follow-up call must be made

later that day. If the absence is to continue beyond the first day, the employee must notify the supervisor on a daily basis unless otherwise arranged.

Calling in is the responsibility of every employee who is absent. If an employee fails to notify his/her supervisor of an absence for three consecutive workdays, the employee will be considered to have abandoned and thus voluntarily resigned from his/her job.

JOB DUTIES: MANAGERS' MAINTENANCE REQUIREMENTS

KITCHEN

1. Garbage disposal - repair or replace and free of obstructions, reset as needed.
2. Stove light & fan - repair or replace
3. Pilot light (stove & oven) - repair or replace
4. Burners - repair or replace; replace knobs and handles
5. Faucet leaks - leaks under sinks; stems and assemblies; repair or replace as needed, also washer replacements.
6. Plug and basket for sink - replace
7. Dishwasher - run cycle; call if appliance is not working or leaks
8. Lights & switches - repair or replace
9. Kitchen sink supply lines - replace
10. All plumbing to the wall.

BATHROOM

1. Showerheads - clear or replace
2. Sink plugs - clear or replace
3. Caulk tubs and sinks - clean and remove existing first
4. Faucet leaks - see above
5. Toilet works - ball cock assembly & flapper; replace seat, gasket and water supply lines.
6. Shower rods - repair or replace
7. Toilet paper holder & brackets - repair or replace
8. Towel racks/brackets - repair or replace
9. Heat lamps, lights and fans - repair or replace
10. Local stoppages in sinks and showers that can be cleared with "Clear-All" and a plunger.
11. Replace shower door brackets - make sure tracks are clear and drains work; repair or replace hardware
12. Supply lines - repair or replace
13. Tub spouts - replace if it can be put in without breaking the wall.
14. All plumbing to the wall.

OTHER

1. Install ceiling fans

2. Door knobs - repair or replace front door lock; replace deadbolts, mailbox locks and privacy knobs.
3. Closet doors run smoothly in tracks - repair or replace assemblies
4. Door stops- replace
5. Screens- use maintenance warehouse kit to replace
6. Switch plates & receptacles- repair or replace
7. Light fixtures- repair or replace
8. Put up rental signs and banners- not over 4ft.
9. Verticals- hang; remove rods; patch holes when verticals are to be installed.
10. Replace light bulbs in halls, porches and throughout complex
11. Smoke detectors -repair or replace; check battery first
12. Doorknobs, cabinet catches & hinges - repair or replace
13. Time clocks - set with time changes
14. Sprinklers- replace heads and report pipe leaks
15. Window cracks- repair or replace
16. Lubricate automatic gate hardware and all gate hinges on perimeter of complex
17. Patch exterior wood and fences; replace fence slats
18. Air conditioners - clean or replace filters
19. Patch small holes in walls up to 12 inches in diameter

OPTIONAL

1. Install toilet and wax rings
2. Appliance installation

DO NOT go on the roof. DO NOT attempt to reach high items without a ladder.

EMPLOYEE REIMBURSEMENT FOR COMPANY EXPENSES

Process

Beach Front Property Management's employees may, in the course of performing their assigned duties, incur business expenses for which they can expect to be reimbursed. The Company expects its employees to be honest and to exercise good judgment when incurring business expenses. A completed employee expense report is required for all business reimbursements.

Employee expense reports that are submitted without required information, signatures or supporting documentation will be returned to the employee for adjustment or further support prior to being paid.

Mileage and Related Expenses

The Company offers employees the choice of the following options:

Option A

Employees may receive a mileage reimbursement for actual miles driven with their personal vehicles for work-related purposes. This does *not* include driving to the first job or driving from the last property home. At the end of each month, the employee will submit a mileage reimbursement form, laying out the miles driven that month, from where to where and the business purpose of each trip. The Company will reimburse the employee at the rate of \$0.555 per mile, which is the standard mileage reimbursement rate published by the IRS. These reimbursements are non-taxable to the employee.

Option B

The flat fee arrangement is a set monthly auto allowance which requires no reporting and is considered part of the regular earnings and subject to federal and state statutory withholdings. It will also be reported in the W-2 at the end of the year.

Laundry

Expenses for laundry of an employee's clothing will not be reimbursed except under extraordinary circumstances. Such situations must be documented by the employee and approved by the appropriate supervisor.

Conclusion

Any questions should be directed to Human Resources.

HOME DEPOT PROCEDURE

1. There cannot be co-mingling of accounts from different owners. A Home Depot account is opened in a specific owners name for their specific property. Any charges from one owner to another will be grounds for termination as this is a serious offense.

2. Any charges to the main corporate account must be approved by Kyle Kazan or Lucille Aresco-Crowley.

3. All managers will be given access to the Home Depot account to download their bills, code them weekly and submit them to accounting. This is important if one has unit turns or rehab where they will reach the limit quickly.

4. Accounting will put all received and approved Home Depot payables into the aged payables within the next 60 days.

5. Reports will be sent monthly to all owners with an aged payable with a clearly stated cover sheet explaining why we could not pay all the bills as well as a request for an owner's contribution to cover these bills. All emails will copy Lucille Aresco-Crowley (Lucille@bfpminc.com). Calls for an owner's contribution must be followed up with an email. If no email is available a letter with copy to Lucille is sufficient.

6. Owner's comments must be documents in the follow up email as "confirmation of" or "to memorialize our conversation as of date."

7. Maintenance personnel must include apartment number or letter for all receipts at Home Depot and indicate a V for Vacant or O for Occupied.

8. Maintenance must verify the receipt is to the correct address and their name is clearly on the receipt. If there is an error it has to be fixed before you leave.

WORKPLACE VIOLENCE

The Company has a zero tolerance policy for workplace violence. Consistent with this policy, acts or threats of physical violence, including intimidation, harassment, and/or coercion, which involves or affects the Company or which may occur on Company property will not be tolerated. Acts or threats of violence include conduct which is sufficiently severe, offensive, or intimidating to alter the employment conditions at the Company or to create a hostile, abusive, or intimidating work environment for one or several employees and will not be tolerated.

WEAPONS

Employees may not, at any time while on any Company-owned or managed property, including anywhere that Company business is conducted, such as customer locations, Company event venues, broker offices, etc., possess or use any weapon. Weapons include, but are not limited to, guns, knives or swords with blades over four inches in length, explosives, and any chemical whose purpose is to cause harm to another person.

Regardless of whether an employee possesses a concealed weapons permit or is allowed by law to possess a weapon, weapons are prohibited on any Company property or in any location in which the employee represents the Company for business purposes, including those listed above.

Possession of a weapon may be authorized in writing by the Company's CEO or COO to allow security personnel or a trained employee to have a weapon on Company property when this possession is determined necessary to secure the safety and security of Company employees. Only the CEO, COO, or their designee, may authorize the carrying of or use of a weapon.

Employees who violate this policy will be terminated.

PERSONAL MAIL

Beach Front Property Management's letterhead stationery should not be used for any personal correspondence as it might be considered an official communication from the Company. In addition, Company postage may not be used for personal mail.

EMPLOYEE RECORDS AND INFORMATION

References

The Company policy on references is to limit the disclosure of information to an employee's dates of employment and job title unless otherwise required by law. Beach Front Property Management does

not provide letters of recommendation. If an employee wants Beach Front Property Management to provide salary information to any company or individual, the employee must authorize the disclosure in writing. When such written request is made, all such responses to the request will be limited to the following:

- Name
- Current Job Title
- Date of Hire and/or Termination
- Salary
- Year-to-date Earnings

Beach Front Property Management will provide federal, state and local government agencies any employee information required by law.

Review of Employee's Own File

An employee may review his or her personnel file at any reasonable time. Human Resources should be contacted to arrange an appointment or to make the file available to the employee at the work location through his or her supervisor. An employee may have copies of any documents signed by the employee that are contained in the employee's personnel file.

Employee's Responsibility To Keep Information Current

Beach Front Property Management wants to ensure an employee's paycheck reflects the proper deductions, that dependents are covered by all appropriate benefits and that all personal data in the personnel file is accurate and up to date. Human Resources should be notified of any changes in an employee's personal status as soon as possible. Important information includes the following:

- Name, address, and telephone number
- Marital status
- Number of dependents
- Person to be notified in case of emergency
- Beneficiaries for insurance or profit sharing
- Tax withholding

OUTSIDE EMPLOYMENT

Outside activities and employment must not in any way exploit an employee's relationship with the Company or negatively affect the performance of the employee's work. The Company requests the employee discuss any prospective outside employment with the supervisor to ensure there will not be a conflict. If an employee's outside work impacts his/her position or relationships at Beach Front Property Management or affects his/her work for the Company, the employee will need to decide which job the employee wishes to keep.

OFFICE HOURS, OVERTIME, MEAL PERIODS, AND ON-CALL PAY

Working Hours

The Corporate Office maintains hours of operation that best serve its clients and residents and support the field operations. The Office Hours for the Corporate Office are Monday through Friday, 8:00 a.m. to 5:00 p.m., with a 1-hour lunch break. Any deviation must be approved in writing by the immediate supervisor.

The Office Hours for community properties are set by the supervisor with Corporate Office approval.

All employees are expected to be on time and ready to start work as scheduled. In the event an employee anticipates being late or is late, the employee should promptly contact the supervisor. Should undue tardiness become apparent, disciplinary action may result.

Exempt employees are paid for the work they perform rather than for the hours worked. Their hours may vary from the standard workweek depending on the needs of the business and based upon prior approval from a supervisor. Certain employees may be assigned to different work schedules and/or shifts outside of standard office hours based upon business operations.

Meal Periods

Beach Front Property Management provides each employee with a meal period in accordance with applicable federal and state wage and hour laws. Non-exempt employees are provided one duty-free hour for their meal period. Meal periods are not considered to be time worked and may not be used to shorten the workday. Employees are prohibited from combining meal and rest periods.

Employees are free to leave the premises during their meal period. Non-exempt employees are entirely relieved of responsibilities and restrictions during their meal periods. A non-exempt employee will be provided with a meal period ***in accordance with the wage and hour laws of the state in which the employee works.***

Meal Periods in California

The Company provides each employee with a one hour duty-free meal period that shall be completed by the end of the fifth hour of work. The employee must immediately contact his/her manager if the

employee is prevented from taking a meal period and/or completing his/her meal period by the end of the fifth hour.

However, when an employee's work period for the day does not exceed six hours, the meal period may be waived by mutual consent of the Company and the employee. If an employee work period for the day exceeds 10 hours, the employee may take a second meal period. The second meal period, however, may be waived if (1) the employee works no more than twelve hours; (2) the employee agrees to waive it; and (3) the first meal period has not waived. If the employee works in excess of 12 hours, the employee must take a second meal period.

If you have any questions or concerns about your meal periods, please contact Human Resources.

Rest Periods

Non-exempt employees are authorized and permitted to take a ten minute paid rest period for every four hours of work or "major fraction thereof." Accordingly, employees are entitled to a 10-minute paid rest period for shifts from 3½ to 6 hours in length, two 10-minute rest periods for shifts more than 6 hours up to 10 hours, and three 10-minute rest periods for shifts of more than 10 hours up to 14 hours. Rest period are paid and employees should not clock in or out for rest period.

Employees must stay on the premises during his or her paid rest period. Rest periods may not be saved for later use, accumulated so the employee can leave early, or used to compute additional pay. Employees are prohibited from combining meal and rest periods.

Overtime

Hours worked by non-exempt employees in excess of daily and/or weekly limits are compensated as required by state and federal laws. Time off on personal time, holidays, or any leave of absence will not be considered hours worked when calculating overtime. In addition, vacation time does not constitute hours worked.

It is the responsibility of the employee to plan and carry out assigned duties within the work schedule assigned by the supervisor. If there is work that cannot be accomplished within the hours of work scheduled for the employee, the employee shall inform his or her supervisor. The supervisor must approve any additional hours of work that are required in advance. Overtime worked without prior authorization may result in disciplinary action. Employees who work unapproved overtime will be paid for the overtime and the Company will handle the employee's failure to obtain prior approval as a disciplinary matter.

Non-exempt employees who work overtime may not forfeit their right to receive overtime pay and are required to account for hours and fractional hours worked. All time worked, including overtime hours worked, must be recorded on the appropriate time record for payment.

TIMESHEETS AND PAYCHECKS

Timesheets

Timesheets are used to determine the number of hours for which employees will be paid for the given pay period. Therefore, it is essential that employees keep an accurate record of hours worked, sick, vacation, holidays, jury duty or other absences. The employee and supervisor must sign a copy of the timesheet.

- As noted above, employees must report all hours worked.
- With the exception of a bona fide emergency, employees may not begin work earlier than six minutes before starting time or finish more than six minutes after the end of the workday without prior approval from the supervisor to work overtime.

Paychecks

Paychecks are issued bi-weekly. The pay dates vary but are paid out every other week of the month. If a payday falls on a weekend or a holiday, employees will be given their paychecks on the last working day prior to the payday. If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his/her return from vacation. If employees have any questions about their paychecks, please discuss them with the supervisor or Payroll Department.

Paychecks will not, under any circumstances, be given to any person other than the employee without written authorization. Paychecks may also be mailed to the employee's address or deposited directly into an employee's bank account upon request.

BENEFITS

Employee benefits include all plans and methods used to provide additional compensation or assistance above the normal salary and wage provisions. Benefits are an important part of an employee's compensation. Beach Front Property Management is committed to providing employees and their dependents with a comprehensive and competitive benefits program with the following objectives:

- Enable the recruitment and retention of the best available talent
- Provide a safety net of basic benefits protection against the financial impact of catastrophic life events
- Deliver high quality and value at a reasonable cost for the Company's employees
- Allow employees to enhance basic benefits with additional voluntary coverage(s) to address particular benefits needs

To ensure Beach Front Property Management responds to the changing needs of employee remains competitive with other companies, the Company periodically assesses the benefits program to

determine its impact on recruitment and retention, how the program compares to other similar companies and to balance the cost of benefits against the perceived value.

When hired, an employee is informed by Human Resources that they have a specified length of time to decide whether to enroll in the various plans, i.e. insurance plans, or to waive coverage. Employees may choose membership for employee only, for employee and spouse, for employee and children or for family. The Company contributes a significant portion towards the cost of premiums. The employee's portion of the premium is paid by payroll deduction.

Insurance Programs

All full-time employees who have completed 30 consecutive days of employment are eligible for the Group Benefits Insurance plans, which are as follows:

- Medical insurance
- Life insurance
- Accidental Death & Dismemberment insurance
- Short Term Disability insurance
- Long Term Disability insurance
- Dental insurance
- Vision insurance

Some of these programs require an employee contribution. Full details of these important benefits are provided to each employee at the time of hire and also posted on the Company's internal website.

Social Security/Medicare

Beach Front Property Management withholds income tax from all employees' earnings and participates in FICA (Social Security) and Medicare withholding and matching programs as required by law.

Vacation Days

Vacation time is provided to promote rest and relaxation for full-time employees on an extended basis. In order to be eligible for vacation, the employee must be a full-time employee working 40 hours per week (part-time employees do not accrue vacation benefits). Eligible employees are entitled to five (5) days of vacation after one (1) year, ten (10) days of vacation after two (2) years of continuous service and after ten (10) years of service, fifteen (15) days of vacation.. Once the cap on vacation time is reached, there is no further accrual.

Employees on a leave of absence will cease accruing vacation time until they return to work.

Taking Vacation

Vacations should be scheduled as far in advance as possible and must be taken on regularly scheduled workdays. Eligible employees may not take vacation until after ninety (90) days of continuous work. All vacations require a written request, at least 30 days in advance, for written approval from the employee's supervisor and Human Resources. Approval for vacations is based on business need. Managers and field and regional supervisors may not take vacation days from the 29th to the 5th of each month; and maintenance may not take vacation days from the 1st to the 7th of the month or at the same time as another maintenance technician as well as accounting personnel, property management personnel and office staff cannot take off the same days as another in their department. Accounting may not take time off during bank reconciliation time and during the financials.

All requests must be in writing with written approval from supervisor given 30 days in advance and signed off by COO after HR Department turns in master calendar before any time off may be taken or schedule. Do not purchase tickets nor vacation packages or otherwise book hotels before obtaining necessary written approval.

Two weeks may not be taken at the same time for resident managers, supervisors or office staff without prior written approval from immediate supervisor and then final sign off from COO.

Employees cannot receive pay in lieu of vacation time. Paid vacation will be based on the employee's current hourly rate of pay.

Black-out days for vacations are November 21-29 and December 19-31.

Days off prior to a holiday must be shared among staff through the master calendar in payroll. Supervisor may sign off and put on calendar after COO approval. One employee will be approved to take days off prior to the holiday – they will be limited to one per employee unless nobody else in the Company is requesting the day off.

Holidays

The Company recognizes the importance of leisure time in achieving greater productivity, and therefore, provides certain holidays:

Memorial Day

Thanksgiving Day

Independence Day

Christmas Day

Labor Day

New Year's Day

Sick Leave

In order to minimize the economic hardship that may result from an unexpected short-term illness or injury, Beach Front Property Management provides its full-time employees with sick leave. Each employee is entitled to five (5) sick days per year. These days are paid only if the employee is ill or needs to attend an appointment with their doctor or dentist (for self or dependents). Negative sick time will be deducted from vacation time. After three (3) days of continuous sick time off, a doctor's note will be required. Sick time caps after five (5) days and does not accrue until used. Sick time may not be used within three (3) days before an approved vacation or holiday.

Employees may also use accrued sick leave for appointments with their doctor or dentist. Such appointments should be scheduled at the beginning or ending of the day, so the employee takes the least amount of time away from work. Accrued sick leave may only be used for the employee's own illness or appointments with his/her doctor or dentist.

Each employee will accrue sick time at 0.0385 hours for each straight-time hour worked up to a maximum of 40 hours per week.

Employees will not be paid for accrued but unused sick leave upon termination of employment.

Kin Care (CA)

In California, employees may be eligible for "Kin Care," leave under California Labor Code section 233. Kin Care allows employees to use up to half of their accrued sick leave benefits in any calendar year to care for a sick family member, including a child, parent, spouse or registered domestic partner. Kin Care does not extend the maximum period of leave to which an employee is entitled under the California Family Rights Act or the federal Family and Medical Leave Act of 1993, regardless of whether the employee receives sick leave compensation during that leave.

All conditions and restrictions placed by the employer upon the use by an employee of sick leave also shall apply to the use by an employee of sick leave to attend to an illness of his or her child, parent, spouse, or domestic partner.

Medical Statements

Employees may be required to provide a statement from their doctor at any time they are absent due to illness. Further, if an employee has a medical problem that could limit his/her work duties or hours, the employee must provide a statement from his/her physician detailing the restrictions. This statement must be provided to the supervisor and Human Resources.

State Disability Insurance (CA)

All employees who work in the State of California may be eligible to obtain State Disability Insurance (CA-SDI) benefits to compensate them for wage losses sustained due to non-work-related mental or physical injuries, illness or disabilities (including pregnancy-related disabilities) through the state-sponsored plan. Employee contributions to this program are paid through payroll tax withholdings, as

mandated by law. California employees may obtain claim forms and additional information regarding benefits and eligibility directly from the California Employment Development Department's website at www.edd.ca.gov.

LEAVES OF ABSENCE

Leaves of Absence

All leaves of absence will be administered in accordance with applicable State and Federal laws. Unless specified otherwise or prohibited by applicable state laws or ordinances, an employee is required to use all available vacation/floating holiday/sick time while on an approved leave of absence. A leave of absence is any absence of at least five consecutive calendar days.

Medical Leave of Absence

Employees may be granted a medical leave of absence for non-work-related temporary medical disabilities (including but not limited to pregnancy, childbirth and related medical conditions) for up to four months depending upon the period of actual disability. The Company may elect to extend an employee's medical leave beyond four months; however, the Company will have no obligation to hold such an employee's position open after the initial four months, unless required by applicable law.

A doctor's written certificate of disability must be provided before a medical leave is approved. Requests for leave should be made in writing as far in advance as possible. If an employee is granted a medical leave, the Company will pay sick pay for the period of time equivalent to the employee's accumulated sick pay earned. Employees may also use vacation time previously accrued. Employees in states that have disability benefit programs will only receive the difference between the disability insurance payment and regular salary.

A medical leave begins on the first day the doctor certifies the employee is unable to work and ends when the doctor certifies the employee is able to return to work, or after a total of four months of leave, whichever occurs first. Medical leaves will run concurrently with Family and Medical Leaves of Absence, unless otherwise provided by law.

All medical leaves of absence must be requested in writing and submitted to the employee's supervisor who will forward a copy to Human Resources. The doctor must also provide in writing the date the employee became disabled and an estimated date of return to work.

Family & Medical Leaves of Absence

A Family and Medical Leave of Absence (FMLA) is a leave for any of the following reasons:

- The birth and care of a newborn child of the employee, or the placement of a child with an employee in connection with the adoption of the child by the employee or foster care of a child by the employee.

- The care for an immediate family member (spouse, domestic partner, parent or child) with a serious health condition.
- The serious health condition of the employee which prevents the employee from working.
- The care for a covered service member (see below) with a serious injury or illness that is the spouse, parent, child or next of kin of the employee.
- Any qualifying emergency (see below) arising out of the fact that the spouse, or a son, daughter, or parent of the employee is on covered duty (or has been notified of an impending call or order to covered active duty) in the Armed Forces.

A covered service member means: (A) a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is on the temporary disability retired list, for a serious injury or illness; or (B) a veteran who is undergoing medical treatment, recuperation, or therapy, for a serious injury or illness and who was a member of the Armed Forces, including a member of the National Guard or Reserves, at any time during the period of 5 years preceding the date on which the veteran undergoes that medical treatment, recuperation, or therapy.

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities. Other conditions may meet the definition of continuing treatment.

Qualifying emergencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

No greater or lesser leave benefits will be granted than those set forth in the applicable state and federal laws. In certain situations, federal law requires that provisions of state law apply. In any case, employees will be eligible for the most liberal benefits available under either law. Family and Medical Leaves of absence will run concurrently with Medical leaves unless otherwise provided by law.

Eligibility and Return From Leave

Employees who have been employed for at least 12 months prior to the start of the leave, have worked for a total of at least 1,250 hours during the 12 months and are eligible for other benefits may have a right to family and medical leaves. FMLA leaves are for up to 12 work weeks per year (or 26 weeks to provide care to a seriously injured service member) for eligible full-time employees, except as otherwise provided by law. In most cases, employees returning from an FMLA must be reinstated to the same or a comparable position. However, in certain situations, the Company legally may deny a request for leave and/or refuse to reinstate an employee returning from leave.

Requests/Approvals

To request a FMLA, employees must submit a request in writing to their supervisor. A copy will be forwarded to the Human Resources. The request must state the reason for the leave and be accompanied by proof of the birth of a child, or certification by the health care provider of the family member requiring care. Certification must contain the following:

- The date the employee's own serious illness or health condition commenced and the condition's probable duration
- The estimated amount of time the health care provider believes the employee needs to care for himself or herself, the family member, and/or covered service member
- A statement which verifies the need for the employee to provide care to the family member and/or covered service member
- No information on the medical diagnosis or other medical information on the employee, family member and/or covered service member need be included in the certification

Pay During Leave

FMLA is an unpaid leave. Employees must use any accrued vacation time during the family and medical leave, first. Employees may also request their accrued sick leave be paid during the Family and Medical Leave as long as the leave is for the employee's own medical condition. Accrued sick time may not be used when caring for someone else.

Advance Notice

If the need for a FMLA is foreseeable, employees are asked to give their supervisor at least 30 days advance notice of the need for leave. For events, which are not foreseeable 30 days in advance, employees should notify their supervisor as soon as the need for the leave is apparent, but no later than two days after learning of the need for the leave. If the need for leave is foreseeable due to a planned medical treatment or supervision of a family member and/or covered service member, employees must make a reasonable effort, subject to the approval of the family member's and/or covered service member health care provider, to schedule the treatment or supervision to avoid disruption of the Company's operations. Failure to comply with this notice provision may result in denial or deferral of the leave.

Benefits While On Leave

Any employee granted an FMLA will continue to participate in the Company's benefits programs to the same extent and under the same conditions as apply to employees on other unpaid leaves of absence. Employee benefit contributions will be deducted from any pay the employee receives. If an employee goes onto unpaid status, the employee will be responsible for his/her portion of the contributions. Failing to make such contributions will result in benefit cancellation.

Duration and Timing of Leaves

Family and Medical Leaves taken for the birth or placement of a child must be initiated within one year of the birth or placement. Additionally, the minimum duration for such leaves is two weeks; however, an employee may request a shorter leave of at least one day but less than two weeks on any two occasions during the one-year period. Pregnant employees may have the right to take a pregnancy disability leave in addition to a Family and Medical Leave. Employees should contact Human Resources for any questions regarding their individual situation.

California Family Rights Act

In compliance with the California Family Rights Act (CFRA), Beach Front Property Management provides eligible employees working in the State of California with up to twelve (12) weeks of job-protected family or medical leave over a twelve (12) month period in the event of their own serious medical condition; for the birth, adoption or placement of a child; or to care for a spouse, domestic partner or parent with a serious health condition. To be eligible for leave under CFRA, an employee must complete twelve (12) months of consecutive service with Beach Front Property Management and have worked at least 1250 hours in the twelve (12) months immediately preceding the requested leave. Leave under CFRA may be permitted on a reduced schedule, intermittent or consecutive basis.

Unless an employee is disabled by a pregnancy-related medical condition, CFRA leave generally runs concurrently with leave granted under the Company's FMLA Policy provided the leave meets the terms of both laws. California employees should refer to the Company's FMLA Policy for additional information and guidelines related to such leave, including certification requirements, as those same guidelines generally apply.

Pregnancy Leave (CA)

All female employees who work in California are medically unable to work due to any pregnancy-related conditions, including disability for childbirth, recovery from childbirth (but not for baby bonding) and absence for severe morning sickness, doctor-ordered bed-rest or necessary pre-natal care, are eligible for pregnancy disability leave from Beach Front Property Management for the duration of their disability, up to a maximum combined total of four (4) months of leave per pregnancy. California pregnancy disability leave may be taken on a reduced, intermittent or consecutive basis, and is in addition to any leave an employee may be entitled to under the California Family Rights Act.

However, California employees on approved pregnancy disability leave will simultaneously receive approved time off under the Company's FMLA Policy, in accordance with the terms of that Policy and provided that they meet the requirements of the FMLA.

A California employee seeking pregnancy disability leave must inform their manager when the leave is expected to begin and its probable duration. If the need for the leave is foreseeable, an employee must provide at least thirty (30) days' advance notice before the requested start-date for their leave. If thirty (30) days' advance notice is not possible, notice must be given to the Company as soon as practicable.

If, because of pregnancy, childbirth or related medical conditions, an employee working in California needs a reasonable accommodation to perform the essential functions of her job and her health care provider determines that the reasonable accommodation is medically advisable, she must inform her manager of the particular accommodation she is requesting. Beach Front Property Management will provide a reasonable accommodation to the extent that an accommodation is necessary and feasible, unless undue hardship would result to the Company or it would pose a direct threat to the health and safety of the employee and others.

The Company requires medical verification of an employee's inability to work or to perform one or more of the essential functions of her job without endangering herself, her unborn child, or someone else. In the case of an employee seeking an accommodation to continue working, the doctor's certification must indicate the date on which the accommodation became medically advisable, how long the accommodation will likely be needed, and the medical necessity of the accommodation due to her pregnancy, childbirth or related medical condition. The Company will also require medical clearance before the employee will be permitted to return to work.

CA pregnancy disability leave is unpaid. However, California employees on pregnancy disability leave are required to substitute their accrued sick days during their leave in the same manner required under the Company's FMLA Policy. Employees additionally may, at their own option, use their banked vacation days or available floating holidays during their California pregnancy disability leave to supplement their unpaid time. The Company will also integrate sick or vacation pay with State Disability Insurance (CA-SDI) benefits, to the extent that an employee is eligible for the same and as permitted by California law. The use or receipt of sick or vacation days, floating holidays and/or CA-SDI benefits does not extend the length of pregnancy disability leave. Employees should refer to the Company's FMLA and CA-SDI Policies for more information.

The Company will continue to provide California employees on approved pregnancy disability leave with health benefits at the same level and under the same conditions as if they had continued to work. If any portion of the leave is unpaid, an employee's contributions for health benefits will be deducted from her pay upon her return to work.

Upon return from pregnancy disability leave, most employees will be restored to their original position or to an equivalent position with like seniority, status, benefits and pay. However, business conditions or other circumstances may result in the Company not being able to restore an individual to her former or an equivalent position.

All female employees regularly assigned to work in California are eligible for pregnancy disability leave regardless of their length of service with the Company.

Paid Family Leave (CA)

All employees who work in California may obtain up to six (6) weeks of paid family leave insurance wage replacement benefits: (i) to bond with a newborn, within twelve (12) months of birth; (ii) to bond with a newly-adopted child or the placement of a foster child, within twelve (12) months of adoption or placement; or (iii) to care for a child, spouse, parent or domestic partner with a serious health condition, provided that they meet the eligibility requirements established by the state (CA-PFL). For purposes of

this policy, a “child” means a biological, adopted or foster care son or daughter, stepson or stepdaughter, legal ward, son or daughter of a domestic partner, or a son or daughter of an employee standing in loco parentis to that child.

This program is funded exclusively by employee contributions, as established by state law. Employee contributions are paid through payroll tax withholdings.

The maximum weekly benefit amount payable for CA-PFL is the same as the CA-SDI maximum, subject to a seven (7) day waiting period mandated by law. Eligible employees may collect benefits on an intermittent, reduced schedule, or consecutive basis.

California employees who are eligible to collect CA-PFL will be required to use two (2) weeks of their banked vacation days, or exhaust such lesser amount as may be existing in their vacation bank, prior to collecting CA-PFL benefits. However, the first seven (7) days of vacation pay required to be used will be applied to the seven (7) day waiting period mandated by law.

CA-PFL provides a wage replacement benefit; it does not grant an employee with a job-protected right to a leave of absence. Any period during which an eligible employee is receiving CA-PFL benefits will be counted against the employee’s available leave under the FMLA, the CFRA, and other Company Policies, to the extent that an employee qualifies for leave under those Policies.

California employees are directed to review the Company’s FMLA, CFRA and other Policies for more information regarding eligibility and available leave. California employees are also directed to consult the California Employment Development Department’s website at www.edd.ca.gov to apply for PFL benefits and for additional information regarding benefit eligibility, certification and notice requirements.

A California employee may make a claim for CA-PFL benefits at any time after being employed. However, California employees are not eligible for CA-PFL benefits with respect to any day that another family member is able and available for the same period of time to provide the required care.

Jury Duty Leave of Absence

Beach Front Property Management recognizes the importance of the jury service process and the need to support it. In this regard, the Company will compensate an employee summoned to jury service in accordance with this policy. The Company will comply with all government ordinances regarding jury service.

Full time employees summoned to serve on jury duty will be granted up to two (2) days of pay, during any 12-month period, for those days spent in jury service and with appropriate verification from the court house, including (1) a copy of the jury summons; and (2) a statement from the clerk of the court confirming attendance for jury service for each calendar day the employee is on jury service. Documentation must be presented to the supervisor confirming each day’s attendance prior to the end of the pay period for which the employee is requesting pay.

Employee Obligations

If an employee is summoned to jury service, the employee must:

- Provide his/her supervisor with reasonable notice that he/she received a summons for jury service and intends to serve if selected. Communications should be via e-mail or written notice immediately following the employee's receipt of the jury summons and should include the period the employee is eligible to serve;
- Communicate with the supervisor (via phone on those days when the employee is not at work due to jury obligations), if he/she has been selected to serve on a jury (to include service as an alternate juror) and the likely length of the trial;
- Maintain daily phone contact at the end of each day jury duty is served to inform the supervisor of the trial's schedule and the employee's continuing obligation;
- Discuss with the supervisor, through daily phone contact, whether the employee should return to work on days when dismissed early from jury service;
- Return to work on the first day following the end of the trial or the employee's dismissal from jury service.

Military Leave of Absence

Employees are eligible for leave of absence to meet their military obligations from their date of hire.

Reserve Duty

Beach Front Property Management will pay the difference between an employee's full salary and his/her military pay, for up to two weeks each year. Additional time will be unpaid.

Active Duty

Employees may take a leave of absence without pay to meet their active duty responsibilities. To be eligible for reinstatement to employment, the employee must return to work in accordance with the provisions of the Universal Military and Service Act. The leave of absence will expire if the employee does not return within the time limits set by the Act.

Military Spousal Leave (CA)

In California, Beach Front Property Management will provide ten days of unpaid leave for spouses of the United States Armed Forces or Reserves, National Guard, or Army (who work an average of twenty hours per week) while such personnel are on active duty and on a leave of absence from deployment in an area of military conflict.

“Military conflict” is defined as either a period of war declared by Congress, or a period of deployment for which a member of a reserve component is ordered to active duty.

To be eligible for a leave, an employee must work an average of 20 or more hours per week. Employees must give Beach Front Property Management notice of the need for time off within two business days of receiving official notice that the military spouse will be on leave from deployment. Employees must also provide written documentation "certifying" that the military spouse will be on leave from deployment during the leave period requested. The leave must be taken during the military spouse's leave from deployment, and not at any other time.

Beach Front Property Management S supports the men and women of our armed forces and their families and prohibits discrimination against any employee because of uniformed service.

Paid Organ and Bone Marrow Donor Leave (CA)

Employees who work in California will receive as much as 30 days paid leave within a one year period for employee organ donors and 5 days paid leave within a one-year period for employees who donate bone marrow.

Unpaid School Partnership Leave (CA)

Employees who work in California and are a parent or legal guardian of a child in kindergarten through Grade 12, or attending a licensed daycare facility, will be granted up to 40 hours off (unpaid) work per calendar year for the purpose of participating in activities of the school or daycare. This time off must be taken within the following guidelines:

No more than 8 hours off for this purpose may be taken in any one calendar month.

Employees will not be required to substitute accrued paid leave for this purpose.

Employees will be required to provide written documentation from the school supporting the date and time of the school activity in which the employee participated.

An employee who intends to take school partnership leave must give Beach Front Property Management reasonable advance notice of the intention to take time off in accordance with Beach Front Property Management policy,

Unpaid Domestic Violence or Sexual Assault Leave (CA)

Employees who work in California and are victims of domestic violence or sexual assault may take unpaid time off to:

- Seek medical attention for injuries caused by domestic violence or sexual assault.
- Obtain services from a domestic violence shelter, program or rape crisis center as a result of domestic violence.

- Obtain psychological counseling related to an experience of domestic violence or sexual assault.
- Participate in safety planning and take other actions to increase safety from future domestic violence or sexual assault, including temporary or permanent relocation.

An employee who is a victim of domestic violence or sexual assault must give Beach Front Property Management reasonable advance notice of the intention to take time off for any of the above purposes, unless reasonable notice is not feasible. If an unscheduled absence occurs, the employee should provide

Beach Front Property Management with one of the following within a reasonable time after the absence:

- A police report indicating that the employee was a victim of domestic violence or sexual assault.
- A court order protecting or separating the employee from the perpetrator of an act of domestic violence or sexual assault, or other evidence from the court or prosecuting attorney that the employee appeared in court.
- Documentation from a medical professional, domestic violence advocate, health care provider or counselor that the employee was undergoing treatment for physical or mental injuries or abuse resulting in victimization from an act of domestic violence or sexual assault.

Employees will not be required to substitute accrued vacation for unpaid domestic leave.

Employees may not take unpaid leave for domestic violence that exceeds the unpaid leave time allowed under the FMLA/CFRA. Domestic violence leave is unpaid. Beach Front Property Management will maintain the confidentiality of an employee who requests time off as a result of domestic violence or sexual assault, to the extent allowed by law.

Unpaid Literacy Assistance Leave (CA)

Employees who work in California and seek help in solving a problem with illiteracy such as, enrolling in an adult literacy program, will be accommodated unless it would cause an undue hardship.

Literacy assistance leave is unpaid. Beach Front Property Management will maintain the confidentiality and privacy of an employee who discloses the problem of illiteracy and will not terminate an employee who discloses illiteracy.

Unpaid Civil Air Patrol Leave (CA)

Employees who work in California and volunteer as part of the California Wing of the civilian auxiliary of the United States Air Force (known as “Civil Air Patrol”) are entitled to a leave of not less than 10 days per calendar year to respond to certain emergency situations under the Civil Air Patrol Employment Protection Act (the “Act”). to an eligible employee responding to an emergency operational mission of the Civil Air Patrol.

A leave for a single emergency operational mission may not exceed three (3) days. This leave further is restricted to an emergency operational mission of the Civil Air Patrol, which can be authorized by the United States Air Force, the California Emergency Management Agency, or other subdivision of the State of California which has the authority to authorize an emergency operational mission of the California Wing of the Civil Air Patrol.

To be eligible for such leave, an employee must have been employed for at least a 90-day period immediately preceding the commencement of leave. An employee is further required to give as much notice as possible as to the intended beginning and end of the leave, and can be required to submit certification from the Civil Air Patrol to verify the eligibility of the employee for the leave.

Civil air patrol leave is unpaid.

Unpaid Drug and Rehabilitation Leave (CA)

Employees who work in California and requests to enter either an alcohol or drug rehabilitation program will be reasonably accommodated unless it would cause an undue hardship. Drug and rehabilitation leave is unpaid.

Voting Leave of Absence

Beach Front Property Management encourages its employees to take an active role in the federal, state and local election process. On election days, therefore, the Company allows a limited voting paid leave (2 hours) for its employees who cannot arrange to go to the polls before or after work. This must be pre-approved by the employee's supervisor on the third work day prior to the day of election.

No more than two (2) hours of the time off for voting may be taken without loss of pay. The time off for voting shall be taken only at the beginning or end of the regular work shift, whichever allows the most free time for voting and the least time off from the employee's regularly-assigned work duties, unless otherwise mutually agreed upon in advance.

Voting Leave (TX)

In Texas, employees must be allowed time off to vote, with pay, and without any penalty, unless they have two consecutive nonworking hours in which to vote while the polls are open. Employees are also permitted to attend a precinct convention of a political party, without pay or penalty.

Other Leaves

Beach Front Property Management complies with Leave of Absence Laws of the individual states where employees work. Employees should contact Human Resources for more information and/or questions.

EMPLOYMENT TERMINATION

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are a few examples of some of the most common circumstances under which employment is terminated:

- Resignation – voluntary employment termination initiated by an employee
- Termination – involuntary employment termination initiated by Beach Front Property Management
- Layoff – involuntary employment termination initiated by Beach Front Property Management for non-disciplinary reasons

When an employee intends to terminate his/her employment with Beach Front Property Management, he/she shall give the Company at least two (2) weeks written notice.

Since employment with Beach Front Property Management is based on mutual consent, both the employee and Beach Front Property Management have the right to terminate employment at will, with or without cause during the introductory period for new employees.

Any employee who terminates employment with Beach Front Property Management shall return all laptops, files, records, keys, and any other materials that are the property of Beach Front Property Management. The cost of replacing non-returned items will be deducted from the employee's final paycheck. Furthermore, any outstanding financial obligations owed to Beach Front Property Management will also be deducted from the employee's final check.

An employee's benefits will be affected by employment termination in the following manner. All accrued vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense, if the employee elects to do so. Human Resources will notify the employee of the benefits that may be continued and of the terms, conditions, and limitations.

Cobra (Consolidated Omnibus Budget Reconciliation Act)

COBRA is the temporary extension of health coverage at group rates when coverage under the plans would otherwise end. When an employee becomes eligible for coverage under COBRA, Human Resources will provide, to the employee, written information about their COBRA rights and responsibilities.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT

Employee Name (please print)

I have received a copy of the Employee Handbook and have read it. If I was not sure I fully understood a policy, I asked my supervisor to provide further explanation. I agree to abide by all of the policies described in the Handbook.

I understand that this Handbook includes information only on the Human Resources policies that I am most likely to need. Full details of all policies may be obtained from Human Resources.

I understand that no individual supervisor or manager has the authority to change policies at any time. If I am uncertain about any policy or procedure, I will speak with Human Resources for clarification.

I also understand that either Beach Front Property Management or I may terminate my employment at any time for any reason with or without cause. This Employee Handbook does not create a contract of employment between Beach Front Property Management and me.

I understand this Handbook supersedes and revokes all previous Employee Handbooks and memos that may have been issued from time to time on subjects covered in this Handbook.

I understand the Company reserves the right to interpret, change, suspend, cancel, or dispute with or without notice all or any part of the Company's policies, procedures, and benefits at any time. The Company will notify all employees of these changes. Changes will be effective on the dates determined by the Company, and after those dates all superseded policies will be null.

Employee Signature

Date

GAS ALLOWANCE ACKNOWLEDGEMENT

The Company will offer employees the choice of which option they would like, bear in mind the monthly amount will remain the same if Option B is chosen. If Option A is chosen, the employee will be given a mileage reimbursement form that is required to be submitted at month end although it will be capped at the current amount that the employee currently receives. If the employee feels they drive more than the employee may track their actual mileage for one month and the Company will review the report at the end of August.

Option A

Employees may receive a mileage reimbursement for actual miles driven with their personal vehicles for work related purposes. This does *not* include driving to the first job or driving from the last property home. At the end of each month the employee will submit a mileage reimbursement form, laying out the miles driven that month, from where to where and the business purpose of each trip. The Company will reimburse the employee at the rate of \$0.555 per mile, which is the standard mileage reimbursement rate published by the IRS. These reimbursements are non-taxable to the employee.

Option B

The flat fee arrangement is a set monthly auto allowance which requires no reporting and is considered part of the regular earnings and subject to federal and state statutory withholdings. It will also be reported in the W-2 at the end of the year.

Please feel free to consult with your tax preparer if you have any questions. If you have any objections you may schedule an appointment with me to review this policy. We absolutely want all to know that all must follow this policy.

I, _____, have received this memo. I have reviewed it in its entirety and select the following method outlined above.

_____ Option A

_____ Option B

Employee Signature

Date