

**CONTRACT
FOR MANAGEMENT AND RENT OF REAL ESTATE**

Today 2009, in the town of Sandanski, between:

1., owner of a personal ID card No.:, issued on by....., with EGN (Personal Identification number):....., and address:....., named hereafter “**ASSIGNOR**” on one side:

and

2. “DAVIDOV&BOEV PROPERTY” LTD with seat and address of management:, represented by the manager –, EGN (Personal Identification Number), residing at, holder of a personal ID card No., issued on, and referred to on the other hand as “**ASSIGNEE**”, was concluded the present contract about the following::

I SUBJECT OF THE CONTRACT

1. The **ASSIGNOR** assigns and the **ASSIGNEE** agrees, to perform property management and rent of the following real estate provided by the **ASSIGNOR**, namely Apartment N....., according the conditions set out in the present **CONTRACT**, as well as to:

- Advertise the real estate specified in Article 1 by means of Internet, promotional leaflets, advertising agencies and other advertising means permitted by the law.
- Conduct negotiations and sign contracts for provision of tourist and guest services at the real estate specified in Article 1.

2. The **ASSIGNOR** assigns and the **ASSIGNEE** agrees, to perform the bookkeeping services relevant to the implementation of the activities specified in Article 1 of the present contract, including:

- Payment of electricity and drinking water bills;
- Payment of state taxes and other taxes, related to the usage of the apartment;
- Payment of Cable TV fees;
- Payment of property insurance and furnishings on the expense of the **ASSIGNOR**;
- Inventarisation of all available equipment and objects in the real estate;
- Regular bookkeeping and report of all financial transactions, short and long-term assets;
- Tax protection;

II. RIGHTS AND OBLIGATIONS OF THE ASSIGNEE

3. The **ASSIGNEE** shall advertise “SANDANSKI PARADISE” residential complex, including the real estate of the **ASSIGNOR** in its capacity as a tourism site at various tourism exhibitions, the Internet, catalogues of tourist agencies etc.

4. The **ASSIGNEE** shall contract the accommodation of tourist in the apartments of “SANDANSKI PARADISE” residential complex, including the real estate of the **ASSIGNOR** with both Bulgarian and foreign tourist agencies and operators

5 The **ASSIGNEE** shall organize the entire process of taking reservations and providing accommodation of tourists in the complex.

6. The **ASSIGNEE** shall provide Internet access at the property of the **ASSIGNOR** for the amount of predetermined fee which will be paid at the front desk of the complex. When paying for the above mentioned service the visitors/guests will be provided with a password key for Internet access. The **ASSIGNEE** shall have the rights over the profit accumulated through the implementation of this activity.

7. The **ASSIGNEE** shall cooperate in the process of categorization of the Complex in compliance with the relevant Law on Tourism and the Regulation on categorization of tourist sites. The costs for obtaining a license will be at the expense of the **ASSIGNOR**.

8. The **ASSIGNEE** organizes the registration of tourist in compliance with the requirements of the Health Department and Fire Departments and the relevant legislation – Law on Internal Affairs, Law on Foreigners, Law on Civil Registration, etc.

9. The **ASSIGNEE** is obliged to comply with all requirements of the Health Department, Fire Safety Department, Local Municipal Administration etc., when it comes to registration of the tourist, according the relevant Law on Internal Affairs, etc.

10. The **ASSIGNEE** shall ensure the 24/7 presence of its employees at the front desk, who will provide assistance of the tourist in terms of matters related to their staying at property of the **ASSIGNOR**.

11. The **ASSIGNEE** shall provide the **ASSIGNOR** with 2 (two) reference lists of the tourist who were accommodated at the property of the **ASSIGNOR** during the season.

12. Both the **ASSIGNEE** and the **ASSIGNOR** can reduce the rates for one night stay at the property but not more than 25 % of the rates stated at the price annex attached to the present Contract, as the afford mentioned reduction can be implemented only when specific conditions occur, such as accommodation of large groups of people or accommodation for a longer period of time or as a result of specific changes in the tourism market in Sandanski. In the event of such reduction it should be carefully reflected in separate annex attached to the present Contract.

13. The **ASSIGNEE** is obliged to act in good faith, to take all necessary actions to safeguard the estate of the **ASSIGNOR** of the tourists accommodated in it, and to repair at the expense of the **ASSIGNOR** any damage caused by poor usage of the property by third parties

permitted to use the property but only if such damage is not covered by the insurance contract of the property.

14. The **ASSIGNEE** shall rent and receive the rental fees from tourist agents, tour operators and tenants.

15. The **ASSIGNEE** shall pay the agreed total rental income not later than 30th of June each year or 3 weeks after receiving the funds from tour operators, after deducting of the total rental income amount the VAT and 10% Tax, together with all costs for hotel expenses - namely, laundry, hotel cosmetics, travel insurance, resort fees, electricity, water, heating and cooling, Cable TV, telephone, etc., including the commission for the **ASSIGNEE**.

16. The **ASSIGNEE** shall pay the accumulated rental incomes by bank transfer to a bank account stated by the **ASSIGNOR** or in cash in exchange of receipt for the amounts received and paid, signed by both parties.

17. The **ASSIGNEE** has the right to deduct of the total income realized from the rent (according to the price agreed in the relevant price annex attached to the present contract) all costs necessary to pay the fees for laundry, hotel cosmetics, travel insurance, resort fee, property advertisement, electricity, water, heating and cooling, Cable TV, telephone and other costs related to the exploitation of the property, if the afford mentioned were not paid by the **ASSIGNOR** and this violates the activities of the **ASSIGNEE**.

18. The **ASSIGNEE** shall be obliged to create a property file in which to keep all receipts, invoices and other documents that provide information for covering the cost of the property and the payment of the relevant taxes.

19. The **ASSIGNEE** shall if necessary maintain contact with the **ASSIGNOR** and inform him/her of any significant facts and circumstances concerning her/his property.

20. The **ASSIGNEE** will not be liable for any damage to the property or equipment which is caused by third parties that were not renting the property, or were not allowed on to the property by the owner of the apartment, or were caused by the owner itself.

21. The **ASSIGNEE** may not rent the property stated in Article 1 of the present contract or to reserve it in case the **ASSIGNOR** has previously stated in a written form that he/she reserved the property for personal needs.

22. The **ASSIGNEE** is obliged to provide a price list for property services such as cleaning, laundry, supply of consumables, etc. when the property is used by the **ASSIGNOR**.

III. RIGHTS AND OBLIGATIONS OF THE ASSIGNOR

23. The **ASSIGNOR** is obliged to provide the rights for management and renting out of his/her property for the term of this agreement specified in art. 1 and 2 exclusively to the **ASSIGNEE**.

24. For property management the **ASSIGNOR** is obliged to pay the **ASSIGNEE** an annual commission for each calendar year amounting to 30 percent / thirty percent / of the revenue of all tourist night stays, after deducting 10% Tax and VAT, along with all costs for hotel

expenses, namely - laundry, hotel cosmetics, travel insurance, resort fees, advertising, electric, water, heating and cooling, Cable TV, telephone bills, etc.

25. The **ASSIGNOR** is obliged to ensure and provide the real estate by this contract, capable of meeting its intended purpose in accordance with Annex № 3 of the Regulation on the breakdown of funds for housing, and fully equipped according to type a list of the contractor.

26. The **ASSIGNOR** shall subscribe and pay respective charge for Cable TV for the period for which he/she provides the **ASSIGNEE** with the estate specified in Art.1 of the present contract for the needs of renting and provision of tourist services

27. The **ASSIGNOR** is obliged to take out a property insurance at his/her own expense with a insurance broker of his/her choice and submit a copy of it to the **ASSIGNEE**.

28. The **ASSIGNOR** shall notify the **ASSIGNEE** in writing (by letter, fax or e-mail) for the exact dates during the active season / spring - April, May and June, and autumn - September October / but not later than 01 October of the previous year for which he/she will use his property.

29. The **ASSIGNOR** has the right to use the property as per art. 1 for 14 days during the season from 01 December to 01 April each year, as he/she is obliged to inform the **ASSIGNEE** (by letter, fax, or e-mail) at least 90 /ninety/ days prior to the dates which he/she will use its property (the **ASSIGNEE** will not be allowed to use the property for provision of tourist services). The period for which the **ASSIGNOR** will use his/her property should not extent over more than one national holiday of the Republic of Bulgaria.

30. The **ASSIGNOR** is not allowed to change as of 1 / first / of November each year the dates specified in article 29 without the written consent of the **ASSIGNEE**.

31. In case the **ASSIGNOR** fails to provide his/her property for renting and accommodation of tourist in accordance to the time period specified in art. 29 and without the confirmation of the **ASSIGNEE**, he/she is obliged to pay all penalties and compensations due to tourist agents and the **ASSIGNEE** himself.

32. The **ASSIGNOR** shall cover all the costs incurred during the period when he/she uses the property subject of the present agreement.

33. The **ASSIGNOR** has the right to request from the **ASSIGNEE** the provision of additional services not covered by this contract, against their respective extra charges.

34. The **ASSIGNOR** may request additional information of the **ASSIGNEE** regarding the renting of his/her property to tenants (tourists), only in the cases where the request is within reasonable and measurable parameters, and is not treated as confidential by the tour operators.

IV. PRICES AND METHODS OF PAYMENT

35. The **ASSIGNEE** shall pay the **ASSIGNOR** the total rental income which is calculated by the income of the realized tourist night stays, according the prices agreed in the relevant price annex, attached to the present contract, after deducting 10% Tax and VAT, along with all costs for hotel expenses, namely - laundry, hotel cosmetics, travel insurance, resort fees, advertising, electric, water, heating and cooling, Cable TV, telephone bills, etc.

36. The **ASSIGNEE** shall pay the **ASSIGNOR** the annual fee set out in art. 35 of the present contract via bank transfer to a bank account specified by the **ASSIGNOR** or in cash with a receipt for the amounts received and delivered and signed by both sides, in two installments due within 20 twenty/days after the end of each six months' period. The amount of each installment shall be calculated on the basis of realized tourist night stays at the property of the **ASSIGNEE** for the respective six months' period, and after the deduction of the expenses specified in art.35 of the present contract.

37. The **ASSIGNOR** shall pay the **ASSIGNEE** an annual fee /commission/ amounting to 30 percent / thirty percent / of the revenue of all tourist night stays, after deducting 10% Tax and VAT, along with all incurred costs for hotel expenses, namely - laundry, hotel cosmetics, travel insurance, resort fees, advertising, electric, water, heating and cooling, Cable TV, telephone bills, etc.

38. The **ASSIGNOR** shall pay the **ASSIGNEE** the fee /commission/ specified in art.37 in the following manner – the **ASSIGNEE** will deduct the amount of this fee of the amount of the remuneration specified in art.36 of the present contract.

V. TERMINATION, AMENDMENTS, COMPENSATIONS, FORFEITS AND DEADLINES

39. The **ASSIGNOR** has the right to unilaterally terminate the present contract only by means of a prompt, written notice sent at least 6 (six) months prior to the event of termination. In such cases, the **ASSIGNOR** is obliged to pay all penalties for the costs of all bookings already made for the property, according the prices and conditions set out in the Price Annex attached to the present contract as well as the penalty charges on any contracts concluded with tour operators.

40. If case the **ASSIGNOR** fails to fulfill its obligations under the preceding paragraph and therefore not accept the reservations made prior to termination, he/she is obliged to pay the **ASSIGNEE** and the respective tour operator companies a compensation amounting to 30% (thirty percent) of the costs of all failed reservations according the prices and conditions set out in the Price Annex attached to the present contract. The **ASSIGNEE** is obliged to prove the existence of such reservations by the means of a Contract for Rent or a Rooming List of a tour operator.

41. The refusal of the **ASSIGNOR** to meet its commitment in providing his/her property for provision of tourist services specified in Section III of the present contract shall represent a sufficient ground for terminating the present agreement. In such cases the **ASSIGNOR** is obliged to pay the **ASSIGNEE** a compensation for all damages and lost profits caused and a penalty amounting to 10 (ten) percent on the amount of the latter.

42. In case of a delay by the **ASSIGNEE** to pay the due amount of rental income from more than 14 days after being paid by the tour operator, the **ASSIGNEE** is obliged to pay a penalty amounting to 0.2% (zero point two percent) of the amount of the delayed payment for each day of the delay.

43. In case the **ASSIGNEE** delays the payment of the respective amounts with more than 90 (ninety) days after being paid by the tour operator, the **ASSIGNOR** has the right to terminate the present contract and file a claim at the relevant Bulgarian court against the **ASSIGNEE** for the payment of the full amounts of the due rental incomes, together with the agreed forfeits specified in art.42 of the present contract.

44. The present **CONTRACT** is concluded for a period of 5 years and shall enter into force on the date of its signing and the notary transfer of the specified property of the **ASSIGNOR**

45. The present **CONTRACT** may be supplemented and amended by mutual consent signed by both parties and set out properly in the form of Annex, which shall be an integrated part of the present **CONTRACT**.

46. The present **CONTRACT** may be terminated in the following circumstances:

(1). In the form of a mutual agreement between the parties expressed in writing and with certified notary signatures.

(2). Unilaterally by the **ASSIGNOR** with a notice in writing sent at least 6 (six) months prior the event of termination, and by the payment of all damages and profit losses of the **ASSIGNEE** and all costs associated with the 5 year period of the present contract and the penalties due to the respective tour operators.

(3). Unilaterally by the **ASSIGNEE** with a dully notice sent at least 6 (six) months prior the event of termination

(4). In case of expiration of the present contract

(5). In the event of insolvency or bankruptcy (a legal proceeding or a court decision) of any of the parties

(6). In case of an imposed foreclosure or an opened legal proceedings on the property of any of the parties

(7). In the event of war, national riots, terrorist attacks, etc., as well as in the case of permanent incapacity to carry out business in Bulgaria due to reasons beyond the will of the parties

(8). In the case of the adoption of legislation in the country, implementation of which would be contrary to this agreement, or which would make the purpose and subject of this contract impossible.

(9). In the event where the **ASSIGNOR** sells his/her property while the present contract is still in force. In such case the new owner of the estate must undertake the rights and obligations of the **ASSIGNOR** under the present contract. For this purpose, prior to reconveyance of the property the parties should sign an Annex to the present contract.

VI. GENERAL PROVISIONS

47. The parties under the present **CONTRACT** shall communicate with each other by the means of telephone, email or through written correspondence to the following addresses:

FOR THE ASSIGNOR:

Tel.:
E-mail:
Address:

FOR THE ASSIGNEE:

Tel.:
E-mail:
Address: Bulgaria, Sandanski, 2800.....

48. In case of change of the above addresses, each party shall notify the other party within a period of seven days prior to the event of address change. In case of a failure to notify for the occurred changes the documents and notices sent to the old address will be deemed to be received with proper proof of their transmission.

49. All matters not covered by the present **CONTRACT** shall be solved by applying the relevant civil legislation of the Republic of Bulgaria.

The present contract is drawn up and signed in two identical copies in English and Bulgarian, one for each of the parties. In case of disputes and disagreements should be considered valid the text of the contract written in Bulgarian language.

Both parties declare that are completely familiar with the terms of this contract and signed it with full awareness and understanding of its meaning and significance.

ASSIGNOR.....

ASSIGNEE.....

PRICE LIST OF PRICES PER NIGHT DUE TO THE ASSIGNOR

PRICES PER NIGHT FOR ACCOMMODATION IN AN APARTMENT

1. PRICES FOR HIGH SEASON

(26 December – 01 January)

- Studio -
- One bedroom apartment -
- Two bedroom apartment -
- Three bedroom apartment -

2. PRICES FOR AVERAGE SEASON

(15-25 December, 02 January – 30 March)

- Studio -
- One bedroom apartment -
- Two bedroom apartment -
- Three bedroom apartment -

3. PRICES FOR LOW SEASON

(01 April – 14 December)

- Studio -
- One bedroom apartment -
- Two bedroom apartment -
- Three bedroom apartment -

NB! 10% of all income received from the rent paid to the ASSIGNOR shall be deducted and submitted by the ASSIGNEE in the tax office in the form of rental taxes.

ASSIGNOR:

ASSIGNEE: