

Relocation and Moving Bonus Policy and Procedure

Document Name: Relocation and Moving Bonus Policy and Procedure

Responsible Administrator: CFO, HR Director

Responsible Department: Office Services, Accounting

Approval Authority: CEO, CFO

Last Update: June 30, 2017

Contact: HR Department

Page 1 of 3

Introduction:

The purpose of this policy is to provide guidelines in accordance with Hartman Income REIT, Inc policies. Limited relocation and moving bonuses for staff may be provided if funds are available in the department budget and the bonus does not exceed the allotted percentage of the employee’s annual salary. The allotted percentages are noted below:

* $35,000.00 - $40,000.00 2.5% of annual base salary
* $40,001.00 - $45,000.00 3% of annual base salary
* $45,001.00 - $50,000.00 3.5% of annual base salary
* $50,001.00 - $60,000.00 4% of annual base salary
* $60,000.00 - $70,000.00 4.5% of annual base salary
* $70,001.00 - $80,000.00 5% of annual base salary
* $80,001.00 - $100,000.00 6% of annual base salary
* Over $100,000.00 7.5% of annual base salary

Approval of the request for the bonus payment for existing employees is allowable if the relocation creates an advantage for the company.

Individuals receiving payment of the bonus should be aware of any personal income tax implications and should consult a tax professional with personal tax questions. All bonus payment s made will be added to the respective employees W-2 as taxable income.

Eligibility:

Written Letter of Offer

Payment of the bonus is only allowable when the sum has been included as a formal component of the original offer of employment made to a qualified applicant and a check request has been signed in advance by the CEO.

Full Time Position

The employee must be assigned to a full-time position, salaried position, and must have agreed to work on a full-time basis for at least one year.

Distance/IRS Regulations

The distance between the employees new work location and the former residence must be 50 miles greater than the distance between the employees old work location and the former residence in order for the moving expenses to be tax deductible. See IRS Publication 521. All tax liabilities are the sole responsibility of the employee.

Relocation of Current Employees

Relocation for a current employee is allowable in situations where the employee relocation is in the best interest of the company. In such cases the following applies:

* The employee must reside between 20 and 30 miles from assigned office location prior to relocation.
* The employees move must result in a commute no greater than 12 miles from assigned office location.
* The bonus is paid after the move has been completed and the requested documentation has been provided to substantiate the move.
* It is at the sole discretion of the company to determine the validity of documents submitted to substantiate the move. Requested documents could include but are not limited to: copy of lease agreements, deeds of trust, utility bills, receipts from moving company, documentation of closing dates and statements.

Page 2 of 3

* The check request for the sum due should be submitted, approved and signed by the CEO prior to the *Relocation and Moving Bonus Agreement* being executed.
* The current employee must have a scorecard average higher than 85 and cannot have received any corrective actions within the past 12 months in order to be eligible for consideration of the bonus.
* The current employee must agree to 12 months of continued employment from the date the bonus is granted and an executed *Relocation and* *Moving Bonus Agreement* must be in place.

Relocation and Moving Bonus Agreement

In order to receive payment of the moving bonus the employee must accept the terms of the *Relocation and* *Moving Bonus Agreement* with the company prior to incurring any expenses. No company obligation for payment exists, until all parties execute the agreement. The *Relocation and Moving* Bonus *Agreement* must be signed by the department manager, HR Representative and CEO.

If the employee fails to remain employed for the obligated one year of service, the hiring department is required to immediately notify the payroll department so that the agreed upon deductions can be processed in a timely manner against remaining payroll payments. If payroll deductions of cannot be achieved, the employee will refund to the company the gross amount of the bonus payment made directly to the employee. The hiring department is responsible for collecting any refund which cannot be deducted in payroll processing. Unsuccessful efforts to collect the refund from the employee after 30 days will be referred for further collection efforts including referral to an outside collection agency. Refunds collected through payroll deduction or directly from the employee will be returned to the original funding source. Breach of contract may result in legal action being taken against the employee. As part of this agreement, the employee agrees to pay all collection costs, including attorney fees and any other charges necessary for collection of any amount still due to the company.

Repayment of the bonus by employees who do not remain employed for a full year, may be pro-rated or waived if the company employment is terminated for reasons beyond the employee’s control and found acceptable to the company. Any such waiver must be in writing by the CEO. Should the repayment be pro-rated, failure to repay the amount may result in legal action being taken against the employee to recover the money. As part of the agreement, the employee agrees to pay all the collections including attorney fees and other charges necessary for the collection of any amount still due to the company.

The IRS requires employees to work full time for at least 39 weeks during the first 12 months after relocation in order to claim appropriate tax deductions.

Page 3 of 3