

# PROPERTY MANAGEMENT AGREEMENT

**THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT AGREEMENT • READ IT CAREFULLY**

This agreement is made by and between \_\_\_\_\_ (the "Owner") and \_\_\_\_\_, (the "manager"), and all parties agree to the covenants herein contained:

**1.0 The OWNER hereby employs and grants to \_\_\_\_\_ the exclusive right to rent, lease, operate, and manage the property (hereinafter called "PREMISES") known as:**

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

under the terms and conditions hereinafter set forth, for a term of one year beginning on \_\_\_\_\_ 20\_\_\_\_ and ending on \_\_\_\_\_, 20\_\_\_\_ and, thereafter, this contract shall be extended for each one year thereafter, unless notice to terminate is delivered to the other party as outlined in Section 5.

**2.0 THE MANAGER AGREES TO:**

- 2.1 Use diligence in performance of this contract.
- 2.2 Accept the management of PREMISES, to the extent, for the period, and under the terms herein provided and agrees to furnish the services of its organization for rental, operation, and management of PREMISES.
- 2.3 Deposit all receipts collected for OWNER (less any sums properly deducted or otherwise provided herein) into a trust account in a national or state institution qualified to engage in the banking or trust business, separate from MANAGER'S personal funds. This shall be a non-interest bearing, demand deposit trust account to comply with current statute; however, any future change granting interest income on deposits shall become the sole property of the MANAGER. Security Deposits collected by MANAGER shall be held by MANAGER and returned according to law to tenant upon termination of tenancy, less disbursements for repairs, damages or unpaid rent. In any event, MANAGER shall not be liable in event of bankruptcy or failure of a depository.
- 2.4 Render a monthly statement of receipts, disbursements, and charges to the following person(s) at the address(es) shown, which address shall be used for sending legal notices and annual IRC 1099 forms:  
Name \_\_\_\_\_ Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
Social Security #: \_\_\_\_\_ Telephone: \_\_\_\_\_  
Name \_\_\_\_\_ Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
Social Security #: \_\_\_\_\_ Telephone: \_\_\_\_\_

**3.0 THE OWNER AND MANAGER AGREE THAT THE OWNER SHALL:**

- 3.1 Carry, at OWNER's expense, such public liability, property damage, and worker's compensation insurance as shall be adequate to protect the PREMISES, and the tenants, and the MANAGER, as is deemed necessary. In the event of no coverage, MANAGER is authorized and instructed to place such coverage on the premises and deduct any and all costs of said coverage from the operating reserve account of the OWNER funds.
- 3.2 Grants to MANAGER an inherent authority to hire any and all attorneys and/or professionals, including legal, tax, environmental, structural council, and grants the authority to deduct those sums charged from the OWNER'S operating account(s) for the PREMISES.
- 3.3 Hold MANAGER harmless as long as MANAGER has done everything according to the law and has made full disclosure to OWNER. OWNER agrees to hold manager harmless and indemnify him in connection with any claim, suit, proceeding or alleged violation of any law pertaining to fair employment, fair housing, and acts pertaining to discrimination.

**4.0 THE OWNER AGREES TO GIVE MANAGER THE FOLLOWING POWERS AND AUTHORITY EXERCISED IN THE OWNER'S NAME, AT THE OWNER'S EXPENSE:**

- 4.1 To advertise the availability of the PREMISES or any part thereof.
- 4.2 To display a sign on the availability of the premises.
- 4.3 To place a Realty Board lockbox on the premises.
- 4.4 To collect rents on the PREMISES and collect assessments, deposits, or other fees and charges and to give receipts.
- 4.5 To sign rental agreements and to renew and/or cancel the existing leases and rental agreements and to prepare and execute the new leases or rental agreements, not to exceed a one-year period.

- 4.6 To terminate tenancies and to sign and serve in the name of the OWNER such notices as are appropriate to the operation of the PREMISES.
- 4.7 To collect from tenants, if applicable and which become the property of the MANAGER, all or any of the following: a late fee if rent is paid after 6:00 PM on the 3<sup>rd</sup> day after the due date, a non-negotiable returned check charge, a credit report fee, and a subleasing administrative charge.
- 4.8 To rely on the best available tenant reference information and manage to research with diligence tenant applications; but MANAGER is not to be held responsible or liable for accuracy or unavailability of tenant reference information (for instance, criminal records that are not available for public reference). OWNER understands and agrees that tenant applicant information will be released to OWNER upon request for further research by OWNER and to TENANT if law allows such.
- 4.9 To institute and prosecute actions to evict tenant and to recover possession of the PREMISES on behalf of the OWNER; to sue for and recover rent fees and charges; and when expedient, to settle, compromise, and release such actions or suits, or reinstate such tenancies. OWNER shall pay MANAGER for all expenses of litigation including attorney's fees, filing fees, and court costs which MANAGER does not recover from tenants on behalf of the OWNER. MANAGER may select the attorney of its choice to handle such litigation.
- 4.10 To perform any of the necessary duties through MANAGER'S or OWNER'S attorneys, agents, or employees and MANAGER shall not be responsible for their acts, default, or negligence if reasonable care has been exercised in their appointment, employment and retention; to hire, discharge and pay all engineers, janitors and other employees; to make or cause to be made all ordinary repairs and replacements necessary to preserve the PREMISES in its present condition and for the operating efficiency thereof and all alterations required to comply with lease requirements, and to do decorating on the PREMISES; and to purchase supplies and pay all bills. MANAGER shall secure the approval of the OWNER for any alterations of operational expenditures in excess of \$350.00 for any one item, nor more than \$500.00 in any one month, except monthly or recurring operating charges and emergency repairs in excess of the maximum, if, in the opinion of the MANAGER, such repairs are necessary to protect the PREMISES from damage, or to maintain services to the tenants as called for by their tenancy, or to prevent damage to the life or health, or to the property of others, or to avoid suspension of necessary services, or to avoid penalties or fines; and, to negotiate contracts for non-recurring items not exceeding \$500.00 (such as preparing a vacant unit, ready for re-renting purposes) and to enter into agreements for all necessary repairs, maintenance, minor alterations, and utility services (for which OWNER assumes the obligation of such contract), all of which is operation expenses of the PREMISES, for IRS purposes, and specifically, not capital improvements, which are part of 6.6 of this contract.
- 4.11 To pay loan indebtedness, property taxes, special assessments and insurance, provided that OWNER has provided funds and furnished full and complete data to MANAGER, if any. MANAGER does not assume any liability for additional fees for late fees, transfer fees, or for collections in conjunction with such payments when MANAGER is not in receipt of loan number, due date, mailing address, policy number, amount due, assessment number, account number, appropriate operating account funds or similar data. OWNER authorizes MANAGER to pay the following (initial each that apply): Loan payment  
 (1st) \_\_\_\_\_ (2nd) \_\_\_\_\_ Taxes \_\_\_\_\_ Insurance \_\_\_\_\_ Association \_\_\_\_\_ Assessment \_\_\_\_\_  
 Other \_\_\_\_\_
- 4.12 To collect from OWNER such funds as necessary to operate the PREMISES. The MANAGER shall not be required to advance any monies for the care or management of said PREMISES. Nothing contained herein shall obligate the MANAGER to advance its own funds on behalf of the OWNER. In addition, the OWNER agrees to establish a permanent Operating Reserve Account with the MANAGER in the minimum amount of \$300.00 minimum for each ownership site, but not less than \$1,000.00 for multiple units and multiple sites for an individual ownership entity. This Operating Reserve Account is to be kept current upon 10 days written notice from the MANAGER.
- 4.13 To execute and file all returns and other instruments and do and perform all acts required of the OWNER, as an employer with respect to the PREMISES, at OWNER'S expense for tax preparation and tax expense, under the Federal Insurance Contributions Acts (FICA), the Federal Unemployment Tax Act (FUTA), and Subtitle C of the Internal Revenue Code of 1954 with respect to wages paid by the AGENT on behalf of the OWNER and under any similar federal and state law now or hereafter in force (and in connection therewith the OWNER agrees upon request to promptly execute and deliver to the MANAGER all necessary power-of-attorney, notices-of-appointment, and the like). To issue IRS Annual 1099 forms (as required) reflecting annual income of the PREMISES to and for the OWNER, including the Annual 1099 forms for all vendors.

**5.0 The OWNER AND MANAGER FURTHER AGREE THAT:**

- 5.1 Upon mutual termination of the contract between the parties, all funds and monies shall be released to OWNER within a reasonable period, not to exceed sixty (60) days from termination date provided that all billings have been received by MANAGER which are chargeable to the OWNER'S account(s).
- 5.2 This agreement may be canceled by OWNER before the termination date specified in paragraph 1 on not less than 60 days prior written notice to the MANAGER, provided that such notice is accompanied by payment to the MANAGER of a cancellation fee in the amount equal to 100% of the management fee that would accrue over the remainder of the stated term of the Contract. For this purpose the monthly management fee for the remainder of the stated term shall be based upon the gross scheduled rents at the rate as described in Section 6.

- 5.3 During the first 60 days of the inception of the initial contract, the MANAGER reserves the right to cancel this contract immediately by giving the OWNER 24-hour notice of such intent upon MANAGER'S discovery of any event, alleged or charged, that any building or upon the discovery by MANAGER that the account is NOT as represented or equipment fails to comply with any of the requirements of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official having or claiming to have jurisdiction over said PREMISES. The intent of this first 60-day period is to determine the building, tenant, and property status. Such cancellation shall indemnify MANAGER for all, liability or obligations, except such acts as performed by the MANAGER; and, the OWNER shall retain responsibility to MANAGER for any payment, reimbursement, or other sum of money then due and payable to the MANAGER. There is specifically no penalty to the OWNER should AGENT elect to cancel; and, fees shall be based upon scheduled rents for the first 60 days, and upon collected rents thereafter, as outlined in the FEE Schedule contained in Section 6.0.
- 5.4 In the event that a court having legal jurisdiction over MANAGER should set aside any clause or item contained herein, the balance and remainder shall be binding between the parties.
- 5.5 This agreement shall be binding upon the successors, heirs, administrators, executors, and assignees of the OWNER.
- 5.6 Headings, punctuation, capitalization or bold print used herein are for convenience only and shall not affect the validity or interpretation, of any word, sentence or paragraph as intended by the parties.

**6.0 The FEES for services rendered by MANAGER, for which OWNER agrees to pay each month:**

**6.1 For services rendered:**

- A. \$ 75.00 one-time non-recurring Set-up Fee.
- B. \$ N/A charge for additional monthly operating statements.
- C. \$ 100.00 one-time per year for a written rent grid and comparative market analysis indicating the property and rental values.

**6.2 Management:**

**A. \$100.00 per month minimum, or**

**B.** For the first ninety (90) days from the contract inception, **Eight Percent (8%)** of the gross scheduled monthly income of rental income, garage rental income, and common area maintenance or any other fee required to be collected from operation of the PREMISES; *and then,*

**C. \$100.00 per month minimum or Eight Percent (8%)** of the gross collected monthly income (as defined above) for the balance of the term of the contract.

**D.** \_\_\_\_\_ % of gross collected income for funds received by MANAGER for delinquent rents due prior to beginning date of this contract.

**6.3 For renting vacant units:**

**A. Residential PREMISES**

1. \$150.00 per vacant unit with management as described in 6.2, or
2. One half (1/2) of one month's rental rate, if no management used, whichever is higher.

**B. Non-Residential PREMISES**

1. \$500.00 or 10% of entire lease, per unit, or
2. \$ \_\_\_\_\_ or \_\_\_\_\_ % , per unit, whichever is higher.

**6.4 For Laundry Room and Vending Machine Income:**

**A.** All income derived from the operation of laundry equipment and vending machines are managed at the same rate as the management fee.

**B.** All income from laundry or vending machines that is collected by an independent contractor service, for which that service company collects the funds, maintains and services the equipment according to its contract with the management company on the OWNER'S behalf, or under direct contract with the owner, for which such service company disburses a percent of income for such machines shall be at the same rate as the management fee collected by the MANAGER.

**6.5 For Legal Services:**

- A. \$10.00 per trip for notices served on tenants (i.e., Notice to Pay or Quit; Rent Increase Notice).
- B. \$50.00 for handling with attorney, for each court appearance, or to meet marshall and law officers at PREMISES for an eviction, civil unrest, or legal disturbance.
- C. \$25.00 per trip to meet appraisers, finance persons, lenders, insurance persons, investigating persons, or similar at the PREMISES, or government meetings at PLANNING Department, Zoning Department, Health Department, or similar government meetings.

**6.6 For Capital Expenditures on the PREMISES:**

- A. 15% of gross expense for rehabilitation and upgrading the PREMISES, if total cost exceeds \$1,000.00. As an active investor, according to IRS guidelines, the OWNER approves all Capital Expenditures. (Example: Fire restoration or remodeling.)

**6.7 For the Sale of the PREMISES:**

- A. If the owner decides to sell or exchange the PREMISES, the manager shall have the exclusive right to sell or exchange it and may accept a deposit thereon, and in such case, the OWNER agrees that MANAGER has earned a Commission of Six Percent (6%) of the sale and exchange price when OWNER accepts the price and terms of the contract with the buyer, or his agent.
- B. The OWNER elects to reserve the right to a sales listing agreement with the following licensed Real Estate Broker, \_\_\_\_\_, and Manager \_\_\_\_\_ honors this broker guarantee agreement. Owner authorizes \_\_\_\_\_ to procure a buyer for the premises at the rate of three (3%) percent to \_\_\_\_\_ as selling broker of the buyer, OWNER retains the right to reject any offer to purchase.

**7.0 Other Terms and Conditions:**

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**8.0 Rent Rate:**

As an active investor, it is the OWNER’S intent that the AGENT is to act as and on behalf of the OWNER to comply with IRS guidelines; therefore, OWNER actively and specifically sets rents to be not less than \$\_\_\_\_\_ per month.

**9.0 Agency Confirmation: The OWNER employs \_\_\_\_\_ the agent for the seller exclusively.**

**10.0 Time is of the essence.** All agreements between the parties are included in this agreement which constitutes the entire contract. No verbal, prior written contract, nor oral agreements are incorporated herein, except as is written and signed by \_\_\_\_\_ and OWNER.

**The foregoing constitutes the entire agreement between the parties and may be modified only in writing signed by both parties, and FURTHER, each party acknowledges receipt of a copy of this agreement.**

**OWNER**

\_\_\_\_\_ Dated \_\_\_\_\_

**OWNER**

\_\_\_\_\_ Dated \_\_\_\_\_

**OWNER**

\_\_\_\_\_ Dated \_\_\_\_\_

**OWNER**

\_\_\_\_\_ Dated \_\_\_\_\_

**MANAGER**

BY: \_\_\_\_\_ Dated \_\_\_\_\_