

# PROPERTY MANAGEMENT AGREEMENT

Parties: In consideration of the mutual promises and covenants herein contained:

(Hereinafter called OWNER), and RE/MAX Elite, 8154 S. Priest Dr. Suite #104 Tempe, Arizona 85282, called (BROKER) agree as follows

## A. EMPLOYMENT

In consideration of the acceptance by the undersigned licensed Arizona real estate BROKER of the terms of this contract and BROKER'S promise to use their best efforts to effect a continuous rental of the property described below, the OWNER hereby employs and appoints the BROKER exclusively to rent, lease, operate and manage the premises known as:

(Legal description)

Hereinafter referred to as the PROPERTY, and any personal property thereon belonging to the OWNER upon the terms hereinafter set forth, commencing as of the \_\_\_\_\_ day of \_\_\_\_\_, 2008 and ending on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. This contract will renew automatically for a period of two years on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ unless otherwise stated by either party, with (30) thirty days written notice. If the management agreement expires prior to the end of the lease, this management agreement shall automatically continue and be extended in full force and effect to the termination of the lease and any additional periods that the same tenant shall occupy the premises. If OWNER cancels the management agreement prior to the expiration of any current lease, a cancellation fee of \_\_\_\_\_% and all commissions shall be due and payable immediately on balance of lease and/or outstanding bills paid for by BROKER.

## B. TERMINATION

Either party may terminate this agreement upon thirty- (30) days written notice. Upon termination of or withdrawal from this Agreement, OWNER shall assume the obligations of any contract or outstanding bill executed by BROKER under this Agreement for and on behalf of OWNER and responsibility for payment of all unpaid bills. BROKER may withhold funds for thirty- (30) days after the end of the month, in which this Agreement is terminated, in order to pay bills previously incurred but not yet invoiced and to close accounts. BROKER shall deliver to OWNER, within thirty- (30) days after the end of the month in which this agreement is terminated, any balance of monies due OWNER or of tenant security deposits (see Section G, paragraph 2 regarding security deposits,) or both which were held by BROKER with respect to the PROPERTY, as well as a final accounting reflecting the balance of income and expenses with respect to the PROPERTY as of the date of termination or withdrawal. In the event a petition in bankruptcy is filed by or against either OWNER or BROKER, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party may immediately terminate this Agreement with written notice to other party. If OWNER shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any Federal, State, or Local authority, BROKER upon giving twenty-four hours' written notice to OWNER may terminate this Agreement.

### **C. BROKER'S RESPONSIBILITIES**

1. The BROKER shall use its best efforts to manage, maintain, operate, lease or rent the PROPERTY including negotiating for, entering into, signing, renewing, transferring and/or canceling leases for the PROPERTY or any part thereof, except that the BROKER shall have the authority to execute and sign leases and renewals for terms not in excess of \_\_\_\_\_ years and a minimum rent amount of \_\_\_\_\_.
2. BROKER may advertise the premises, prepare and secure renting signs, renting plans, circular matter and other forms of advertising.
3. BROKER will inspect the PROPERTY on a regular basis when vacant and exercise supervision of the property when occupied. BROKER will make a diligent effort to screen potential tenants and to collect rents, but in no way guarantees rent collections nor tenancy, and is not obligated to refund commission in cases of tenant default.
4. BROKER shall use its best efforts in collecting and depositing all rents, miscellaneous income, and tenant security deposits to a RE/MAX Elite Property Management Trust Account, separate from the funds of other RE/MAX Elite accounts.
5. BROKER will disburse collected funds, except refundable tenant deposits, to the OWNER monthly, net of the operating expenses, unless instructed otherwise by OWNER. At no times are any of the funds of said bank account to be intermingled with the funds of the BROKER. Although monies belonging to OWNER may be co-mingled in such trust bank account with monies of other OWNERS for whom BROKER is rendering managerial services. BROKER shall not permit monies standing to the credit of the OWNER to be used to satisfy the obligation of any other owner. The said trust account may earn interest. BROKER as additional compensation for BROKER'S services will use any interest earned.
6. BROKER will issue by the 25th of the following month, an accounting monthly of all funds collected and/or disbursed on the OWNER'S behalf, including the balance of the tenant security deposits, and also a year-end bookkeeping package.
7. BROKER will pay from OWNER'S funds all fees, bills or charges, including service work, management fees and commissions due from management of this PROPERTY (see Section D, #2.)

### **D. OWNER'S RESPONSIBILITIES**

1. OWNER agrees to save the BROKER harmless from all damage suits in connection with prior management of the property and/or any deposits not released to RE/MAX Elite.
2. OWNER agrees to maintain a reserve account of \$\_\_\_\_\_ operating balance in the Trust Account as reserves to meet obligations that may occur due to a shortage of current income. In the event the disbursement shall be in excess of the rents collected by the BROKER, the OWNER hereby agrees to pay such excess upon demand of BROKER. Although BROKER may elect to advance to OWNER sufficient monies to pay for the excess disbursements, nothing contained herein shall be construed to obligate BROKER to make such advances.
3. OWNER has responsibility for meeting all obligations required to maintain services and full use of the property by the tenant, per the rental or lease agreement.
4. OWNER agrees to save the BROKER harmless from all damage suits in connection with the management of the herein described property and from liability from injury suffered by an employee or other person whomsoever, and to carry, at OWNER'S sole expense, necessary public liability, and such other insurance adequate and necessary to protect the interests of the parties hereto, which policies shall be so written as to protect the BROKER in the same manner and to the same extent they protect the OWNER, and will name the BROKER as co-insured. Such insurance shall remain in full force and effect during the term of the agreement and any

renewals thereof, with a current copy to be sent to RE/MAX Elite further agrees to promptly and diligently defend, at OWNER'S sole expense, any legal action, claim or proceedings brought against the BROKER by the tenant or any other party arising from the management of the subject property, except in cases of willful misconduct and/or gross negligence by the BROKER. OWNER agrees to reimburse BROKER upon demand for any monies which the BROKER is required to pay out for any reason whatsoever, either in connection with, or as an expense in defense of, any claim, civil or criminal action proceeding, charge or prosecution made, instituted, or maintained against BROKER or OWNER and BROKER jointly or severally. BROKER may advise the OWNER on the general real estate matters, however, if legal assistance is required regarding tenancy or related matters; said assistance would be at the OWNER'S expense. Under Arizona Law, only an attorney is qualified to give legal advice or represent the OWNER in court. It is expressly understood and agreed that the foregoing provisions of this section shall survive the termination of this Agreement, but this shall not be construed to mean that OWNER'S liability does not survive as to other sections.

5. OWNER agrees to refer all inquiries for any leases or renewals or agreement for the rental or operation of the PROPERTY to BROKER for the duration of this Agreement, and all negotiations connected shall be conducted solely by or under the direction of BROKER.
6. In the event OWNER determines to effect a sale, exchange or lease of the PROPERTY, OWNER hereby agrees to appoint and by execution of separate written instructions and receipt by BROKER, RE/MAX Elite, a licensed real estate broker, the exclusive right to sell, exchange, rent or lease PROPERTY. OWNER also authorizes BROKER to accept and issue receipt for a deposit on any such transaction. This exclusive right to sell, exchange, rent or lease said PROPERTY shall be effective and remain in full force and be irrevocable by OWNER for the duration of this Agreement, including any renewals, and for a period of ninety (90) days thereafter. In the event BROKER produces a purchaser or tenant in accordance with the terms and conditions of this Agreement, or in the event a sale or lease is made by OWNER or through any other agent during the term of this Agreement, then for services rendered, OWNER agrees to pay to BROKER \_\_\_\_\_% of the sale price or gross lease amount. The same conditions shall prevail if within 90 days after expiration of this Agreement, a sale, exchange, rent or lease of PROPERTY is made directly by OWNER to any person to whom this property has been shown by BROKER or AGENT, unless this exclusive listing is renewed, or PROPERTY is relisted on an exclusive basis with another broker, in which this stipulation becomes void.

#### **E. REPAIRS AND MAINTENANCE**

BROKER will contract for repairs and maintenance at fair market rates as is deemed necessary. The BROKER shall secure the approval of the OWNER on all expenditures in excess of \$\_\_\_\_\_ for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the BROKER such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their leases.

#### **F. CONTRACTORS**

BROKER to employ, hire, discharge, and supervise all labor and contractors required for the operation and maintenance of the PROPERTY; it being agreed that all labor and contractors shall be deemed employees and contractors of the OWNER and not the BROKER, and that the BROKER may perform any of its duties through OWNER'S attorneys, agents or contractors and shall not be responsible for their act, defaults or negligence if reasonable care has been exercised in their appointment and retention.

**G. OTHER TERMS AND CONDITIONS OF THIS AGREEMENT SHALL BE AS FOLLOWS:**

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**H. OWNER INFO**

Full Name

Full Name

Tax ID

Tax ID

Mailing Address

Mailing Address

City State Zip Code

City State Zip Code

Home Phone

Home Phone

Mobile Phone

Mobile Phone

E-mail

E-mail

**OWNER GRANTS THE BROKER EXCLUSIVE RIGHT TO MANAGE AND LEASE THE PROPERTY AT FAIR MARKET RENTS, FOR THESE FEES:**

- A. A setup fee of \$ \_\_\_\_\_.
- B. A management fee equal to \_\_\_\_\_% of the monthly rent.
- C. A leasing commission based on \_\_\_\_\_% of the gross lease payable in full at occupancy.
- D. An amount equal to \$\_\_\_\_\_ per lease renewal shall be payable in full at occupancy.
- E. The BROKER will retain all NSF fees, however these fees will not be considered revenue source.

This agreement is not transferable and terminates immediately upon sale or transfer of title. If the agreement is terminated, any refundable tenant deposits will be forwarded to the OWNER only upon receipt of a signed release by the tenant and OWNER.

RE/MAX Elite Agents are licensed by the Arizona Department of Real Estate and are members of Local, State and National Associations of REALTORS, and pledged to Fair Housing for all qualified tenants without reference to race, color, religion, sex, national origin, or familial or handicap status.

The BROKER accepts this exclusive employment and agrees to use diligence in the exercise of the duties, authority and powers conferred upon BROKER under the terms hereof. This Agreement shall be binding upon the successors, heirs, administrators, executors, and assigns of the OWNER and may not be changed orally, but only by a writing signed by all parties.

All notices required to be given shall be in writing and mailed to the parties at the addresses set forth below. OWNER agrees to notify BROKER in writing of notices to be mailed to a different address that noted below:

**Address (es)**

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\_\_\_\_\_  
Owner Signature

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Date

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Date