

## ARIZONA PROPERTY MANAGEMENT AGREEMENT

This Agreement is made and entered into this day of \_\_\_\_\_, 20\_\_\_\_ between \_\_\_\_\_ (Owner) and \_\_\_\_\_ (Manager) for the rental period commencing \_\_\_\_\_, 20\_\_\_\_ and terminating \_\_\_\_\_, 20\_\_\_\_. Owner employs the services of Manager to manage, operate, rent and lease the following described property:

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**Responsibilities of Manager:** Owner hereby appoints Manager as his lawful agent and attorney-in-fact with full authority to do any and all lawful things necessary for the fulfillment of this Agreement, including the following:

Manager will assign a "Resident Manager" who will perform the following duties: market apartments, accept and process lease applications, collections, clean grounds and laundry rooms, and perform light maintenance and landscaping. See "Exhibit A", attached hereto.

In exchange for such services, Resident Manager shall receive a rent credit of \$\_\_\_\_\_. If such time arises where there is no Resident Manager, compensation of equal value shall be passed to the Manager who will assign these duties to an off-site Manager employee. Manager is responsible for the actions and responsibilities of the Resident Manager and off-site Manager employee. Cleaning apartments shall be considered an additional expense not included in Resident Manager compensation.

The Manager will make every effort in obtaining a qualified Resident Manager including the screening and advertising of an open position.

**Collection and Disbursement:** Manager agrees to collect all rents as they become due; to render to Owner a monthly accounting of rents received and expenses paid; and to remit to Owner all income, less any sums paid out. Manager agrees to collect the rents from the tenant and to disburse funds by ordinary mail or as instructed by the Owner on or before the 10<sup>th</sup> day of the current month, provided, however, that the rent has been received from the tenant. Manager shall utilize all legal means necessary to collect debt.

**Reporting:** A copy of the Tenant Statement reflecting unit number, tenant name, rent amount charged, and monies received from the prior month and the payment due for the next month will be provided to Owner mid-month for the previous month. In addition, Manager will provide receipts for expenses and work orders on a monthly basis in addition to monthly Income and Expense statements and P&L reports.

**Auxiliary Income:** Income derived by laundry, late fees, cable or utilities are the property of the owner and shall be passed though accordingly.

**Advertisement and Legal Proceedings:** Manager agrees to advertise for tenants, screen tenants and select tenants of suitable credit worthiness. Manager will set rents that are agreed upon between Owner and Manager at the time of the rent negotiations with the tenant, and will seek highest potential lease rates to maximize income and occupancy. Manager agrees to rent and to lease the property; to sign, renew and to cancel rental agreements and leases for the property or any part thereof; to sue and recover for rent and for loss or damage to any part of the property and/or furnishings thereof; and, when expedient, to compromise, settle and release any such legal proceedings or lawsuits.

**Signage:** Owner agrees to allow manager to place signs on property per city ordinance for the lease or rental of said property. On-site management advertising shall be allowable at a minimum. Large property management signs will not be allowed.

Manager will develop marketing material for distribution on the property and its website. Mass marketing such as distribution of flyers at strip malls or utilizing additional media shall be at owner's expense.

**Liability of Manager:** Owner hereby agrees to hold Manager harmless from, and to defend Manager against, any and all claims, charges, debts, demands and lawsuits when not due to negligence or competence. Owner shall hold Manager and any and all partners harmless of any injury caused by prior management or ownership. Manager's attorney's fees related to the management of the herein-described property are the responsibility of Manager. Owner agrees to maintain sufficient and prudent all risks property insurance. Owner shall provide a copy of such insurance policy to the Manager for the Manager's records.

Manager shall also carry a theft protection policy protecting from a) employee theft, b) depositors forgery or alteration, c) theft, disappearance and destruction, and d) computer and funds transfer fraud. Each category (a through d) shall have coverages of \$50,000.00 each. Coverage shall remain in effect for the duration of the Services Term.

**Compensation of Manager:** Owner agrees to compensate the Manager as follows: Owner agrees to pay the the Manager an amount equal to two (3%) percent of the collected gross rents as a fee for managing the property. An additional monthly fee of \$100 will be paid to Manager as a communication fee (Resident Services, Website). Transactional fees (credit card and credit background check process fees), and Resident Manager office supplies including internet will also be incurred at owners expense.

**Property Expenses:** All expenses, normal or otherwise, benefited to or by the property shall be charged to the properties account and are to be paid without discount and in full timely to property manager. Materials and Services shall be provided to Owner without mark-up.

**Normal Maintenance Approval:** Manager is to notify owner of all purchases over \$\_\_\_\_\_. Approval from owner is required. In the event of an emergency and the Owner cannot be reached, Manager will use their discretion regarding expending costs exceeding the \$\_\_\_\_\_ threshold.

**Turn Expense Approval:** Turn expenses shall be considered normal operating expenditures. Manager shall use his best judgment in determining the appropriateness of flooring repair replace decisions, painting and other turn maintenance expenses. Appliance, flooring, and fixture replacement requires Owner notification.

**Capital Improvements:** Improvements to the property other than painting, carpet, cleaning, minor plumbing and air conditioning repairs, and other miscellaneous repairs shall be considered normal operating expenditures. Air conditioning replacement and any other costs over \$1000.00 will be considered a capital improvement and require an e-mail or written approval by the owner. Capital improvement expenditures will be billed separately and payable immediately. Capital or ancillary improvements may not be performed without owner's written permission. Expenditures made on behalf of the owner are to be paid for by the Owner.

**Utilities:** Owner does hereby allow manager the right to turn on / off electricity in vacant apartments for the purposes of preparing apartment for the next resident. Utilities will be established in the owner's name.

Manager will pay the properties monthly utility bills (water, gas, electric, trash) as well as any property insurance payments at the expense of and on behalf of Owner.

**Security Deposits:** Security deposits will be held in trust by the manager. They shall be held in a separate account management by the manager in accordance with state law. Security deposit shall be considered the property of the resident.

**Disputes:** Resolution of disputes shall be held by mediation with each party bearing 50% of the mediation cost.

**Term of Agreement:** This Agreement shall be effective as of \_\_\_\_\_, 20\_\_ and shall expire on \_\_\_\_\_, 20\_\_\_. Upon expiration of the above initial term, this Agreement shall automatically be renewed and extended for a like period of time unless terminated in writing by either party by providing written notice 30 days prior to the date for such renewal. This Agreement may also be terminated by either party at any time with twenty days written notice. Upon termination Manager shall pay to Owner all rents and other monies collected less all fees, commissions and expenses due Manager under terms of this Agreement, which are owing to Manager .

**Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Manager and the heirs, administrators, successors, and assigns of the Owner. Notwithstanding the preceding sentence, Manager shall not assign its interest under this Agreement except in connection with the sale of all or substantially all of the assets of its business. In the event of such sale, Manger shall be released from all liability under this Agreement upon the express assumption of such liability by its assignee.

This document and "Exhibit A" attached represents the entire Agreement between the parties hereto.

IN WITNESS WHEREOF, the parties hereto hereby execute this Agreement on the date first above written.

**Owner's Signature** \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_

Print Name: \_\_\_\_\_

**Manager's Signature** \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_

Print Name: \_\_\_\_\_