



LENIHAN

COMMERCIAL PROPERTIES

REAL ESTATE MANAGEMENT AGREEMENT

This **REAL ESTATE MANAGEMENT AGREEMENT** is made and entered into as of _____ by and between _____ with offices at _____ (hereinafter referred to as "Property Manager"), and _____ (hereinafter referred to as "Owner").

For a good and valuable consideration, the Owner does hereby engage the Property Manager for the purpose of managing the rental, maintenance and operation of the real property and improvements located in Louisville, Kentucky, and described more particularly on **Exhibit "A"**, attached hereto and made a part hereof (which property is referred to herein as the "Rental Property"), in accordance with the terms and conditions set forth herein.

1. Exclusive Agency. The Owner engages the Property Manager to be the exclusive agent of the Owner for all purposes incident to managing the rental, operation and maintenance of the Rental Property.

2. Term of Agreement. This management agreement shall be for a term of approximately one year, commencing on the date hereof and continuing until _____, and continuing year to year thereafter unless terminated by either party with thirty (30) days written notice to the other.

3. Responsibilities of Property Manager. The Property Manager shall:

- (a) use best efforts and due diligence in managing the operation of the Rental Property as commercial rental property and agrees to arrange for any and all services deemed by the Property Manager to be reasonable and necessary for leasing the Rental Property and for maintaining the Rental Property in good condition and repair; and
- (b) provide to the Owner on a monthly basis a detailed accounting for all receipts (rent and other income, if any) and any and all expenses of

operation incurred, and to remit on a monthly basis to the Owner the net income (receipts less expenses incurred and any impound for anticipated expenses) generated by the Rental Property. In the event the expenses of operation in any month shall exceed the rental and other income received, then the Owner shall promptly upon demand remit to the Property Manager in full the amount by which the expenses exceeded the receipts;

4. Bank Accounts.

- (a) The Property Manager shall collect all monies on behalf of the Owner from rents or otherwise relating to the Rental Property and deposit said funds in account, entitled Operating Account for the Owner established in:

Bank Name: _____

Address: _____

Account No. _____

- (b) The Property Manager shall deposit all tenant security deposits received in a separate trust account, entitled Tenant Security Deposit Escrow Account, established in:

Bank Name: _____

Address: _____

Tenant Security Deposit Escrow Account
Account No. _____

5. Authority of Property Manager. The Owner grants to the Property Manager the following authority and power and agrees to assume responsibility for any and all expenses incurred in the exercise of said authority and power:

- (a) exclusive authority to
 - (1) collect all rents due or to become due and to provide receipts to the tenants therefore;
 - (2) terminate tenancies, if and when such shall be determined in the opinion of the Property Manager to be in the best interests of the Owner, and to

serve in the name of the Owner such notices to the tenants as shall be appropriate;

(3) institute and prosecute on behalf of Owner legal proceedings to evict tenants and/or to recover rents and other sums due relating to the Rental Property; and

(4) settle, compromise or release such legal proceedings and/ or reinstate tenants, if determined by the Property Manager to be in the best interest of the Owner.

- (b) authority to arrange for such cleaning and other services and to arrange for such repairs, renovations, redecorating and alterations as may be determined by the Property Manager to be reasonable and necessary in the operation of the Rental Property and to maintain it in good condition and repair. The Property Manager shall secure prior approval from the Owner on any and all expenditures in excess of \$500.00 for any one item, except for monthly or recurring normal expenses or charges and for emergency repairs, if in the good faith opinion of the Property Manager such repairs are necessary to protect the tenants, maintain services to the tenants or to protect the Rental Property.
- (c) authority to hire, discharge and observe all personnel and/or independent contractors required for the operation and maintenance of the Rental Property, provided any personnel hired as employees shall be the employees of the Property Manager and not the Owner. Owner agrees that Property Manager shall charge the Owner for the maintenance and other services provided by its employees based on reasonable market rates. In addition, Owner hereby ratifies and agrees to pay the charges billed by any such independent contractors for services provided to the Rental Property, plus an override to the Property Manager for overhead and coordination, as provided herein.
- (d) authority to enter into contracts for electricity, gas, water, sewer service, telephone, cable, window cleaning, yard maintenance, snow and ice removal, garbage and trash removal and such other services as the Property Manager shall in good faith deem to be reasonable and necessary in the operation of the Rental Property. The Owner hereby ratifies and agrees to assume the obligation of any such contract or contracts at the termination of this agreement.

6. Compensation to Property Manager. Owner agrees to pay the Property Manager as follows for services performed in managing the rental operation and maintenance of the Rental Property:

- (a) A management fee in the amount of 5% of the gross collected rents.

- (b) A coordination fee no greater than TEN percent (10%) of any expense incurred by an independent contractor for repairs and maintenance to the Rental Property, not to include normal maintenance performed by employees or agents of the Property Manager.

The Owner authorizes and directs the Property Manager to deduct each month from the rental and other funds maintained in the trust account held for the Owner all compensation due to the Property Manager as set forth in this Paragraph 6. In the event withdrawal of said funds for compensation will cause said Owner's account to have a negative balance, then the Property Manager shall refrain from withdrawing said compensation and the Owner shall pay to the Property Manager the full amount due within 15 days of demand.

In order to offset additional costs of tenant selection, the Property Manager may charge tenants and prospective tenants an application fee, credit fee, key duplication or replacement fee, rent late charges and/or other fees deemed necessary and appropriate. Owner acknowledges said fees and agrees the Property Manager shall retain, as additional compensation, any of said fees charged.

7. Hold Harmless. The Owner further agrees:

- (a) to indemnify and hold the Property Manager harmless from and against any and all damage claims or litigation in connection with the management of the Rental Property and from any claims of liability or litigation in connection with injury suffered or claimed by any person whomsoever in connection with the Rental Property, including, but not limited to actual legal fees incurred in the defense of same. The Owner further agrees to maintain, at the Owners expense, sufficient property damage and liability insurance, in such amounts as shall be acceptable to the Property Manager, which acceptance shall not be unreasonably withheld, and to add the Property Manager as an additional insured on said policies of insurance. The Owner shall furnish a declarations page of said insurance to the Property Manager upon request to verify compliance.
- (b) To indemnify and hold harmless the Property Manager, its shareholders, officers and employees from and against any and all claims relating to environmental contaminants located at the Rental Property or alleged to be located at the Rental Property. The Owner acknowledges that the Property Manager, its shareholders, officers and employees are not qualified, licensed or able to manage or perform the removal, encapsulation, control and/or analysis of environmental contaminants, including, but not limited to, asbestos, radon, mold and PCBs.

- (c) To maintain on the Rental Property such hazard and fire insurance coverage as the Owner shall deem reasonable and necessary in the discretion of the Owner. The Owner acknowledges and agrees that the Property Manager is not responsible for placing, reviewing and maintaining insurance coverage on the Rental Property, nor is the Property Manager responsible for paying any annual insurance premiums unless the invoice for same is provided by the Owner with reasonable time for payment.
- (d) That the Property Manager is not responsible for paying ad valorem real estate taxes on the Rental Property on the Owner's behalf, unless the tax bills are provided by the Owner with reasonable time for payment and provided sufficient funds are in the trust account for payment.

8. Termination of Management Agreement. Property Manager may terminate this management agreement with thirty (30) days written notice on or before the first of the month. Owner may terminate this management agreement with a thirty (30) days written notice after the term of initial lease(s) has expired. Notice shall be deemed given when mailed, first class postage prepaid, to the recipient at the address as set forth at the top of Page one of this agreement. In the event this agreement is terminated by either party, for whatever reason, the Property Manager may estimate and withhold funds for payment of final expenses relating to the Rental Property; provided, the Property Manager shall make final accounting and disbursement of funds to the Owner not more than ninety (90) days from the effective date of termination. In addition, the Owner shall have the right to terminate this agreement immediately upon the occurrence of any of the following:

- (a) gross negligence or fraud by the Property Manager or its employees in carrying out the management duties assigned to it herein;
- (b) the filing of a petition in bankruptcy by or against the Property Manager or an assignment by the Property Manager for the benefit of creditors;
- (c) the condemnation or destruction of the Rental Property.

9. Kentucky Landlord Tenant Law. The Property Manager agrees to comply with the requirements of the Kentucky Landlord Tenant Law (K.R.S. Chapter 383, Section 383.580) concerning acceptance of tenant security deposits, maintenance of said deposits in a separate escrow account and pre- and post-tenancy inspections of rental units with tenants and prospective tenants.

In the event a tenant vacates a rental unit without paying his/her last month's rent and does not demand a return of his/her security deposit, the Property Manager may, after sixty (60) days, remove the deposit from the trust account and apply such to the rental debt owing.

In the event a tenant vacates a rental unit not owing rent and having a refund due after deduction, if any, for damage, the Property Manager shall send notification, to the last known or reasonably determinable address of the tenant, of the amount of any refund due. In the event the Property Manager shall not have received a response from the tenant within sixty (60) days from the sending of such notification, the Property Manager may remove the amount of said refund from the trust account and deposit it in the Owner's account and the Owner may retain it free from claim by the tenant or any person claiming on the tenant's behalf. The Owner shall reimburse the Property Manager twenty-five percent (25.0%) of such refund deposited to the Owner's account as reimbursement for time incurred in disbursing said funds.

10. Miscellaneous.

- (a) Should the Owner breach the terms of this agreement and should the Property Manager see to enforce this agreement in any action in law or in equity, then the Owner agrees, in addition to any sums otherwise due and owing to the Property Manager pursuant to this agreement, to pay to the Property Manager the cost of reasonable attorney fees and court costs incurred by the Property Manager in enforcing this agreement.
- (b) This agreement shall be binding on the successors and assigns of the Property Manager the heirs, administrators, executors, successors and assigns of the Owner, provided however, the Property Manager shall not assign its rights hereunder without the prior consent, in writing, of the Owner.
- (c) This agreement shall be executed in counterparts, each of which shall be considered an original, and the parties hereto acknowledge receipt of an originally signed counterpart.
- (d) All legal correspondence intended for property manager:

IN WITNESS WHEREOF, the parties have signed this agreement as of the date first above written.

OWNER:

Print Name: _____

Signature: _____

PROPERTY MANAGER:

Print Name: _____

Signature: _____

Exhibit "A"

Initials _____