

**PROPERTY MANAGEMENT AGREEMENT**

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2018 by and between \_\_\_\_\_ (The "Agent"), and \_\_\_\_\_ (the "Owner"):

W I T N E S S E T H:

WHEREAS, Owner holds fee simple title to that certain real estate described in exhibit A all located in Hennepin County (the "Real Estate"); and

WHEREAS, the Owner desires to employ the Agent to manage the Real Estate, and the Agent desires to be employed to manage the affairs of the Real Estate.

NOW, THEREFORE, it is agreed as follows:

1. The Owner hereby employs the Agent to manage the Real Estate for a period of one year beginning \_\_\_\_/\_\_\_\_/\_\_\_\_ and ending \_\_\_\_/\_\_\_\_/\_\_\_\_. In the event that a new contract is not executed by \_\_\_\_/\_\_\_\_/\_\_\_\_, this contract will automatically be extended and in force for a period of 6 months or until the Board acts on a renewal of the Management Agreement.
2. The Agent agrees to manage the affairs of the Real Estate to the extent, for the period, and upon the terms herein provided.
3. More particularly, the Agent agrees to perform the following services in the name of and on behalf of the Owner and the Owner hereby gives the Agent the authority and powers required to perform these services.
  - a. The Agent shall lease units only to those individuals who meet the HUD eligibility criteria for disability and income. The Agent shall work in collaboration with the support services staff of Community Involvement Programs (CIP) in the tenant selection process. The Agent is responsible for conducting personal reference checks
  - b. The Agent shall collect and, as necessary, receipt for all rents and other charges due to the Owner pursuant to the leasing of rental units within the Real Estate and all rental or payments from concessionaires. The Agent agrees, and the Owner hereby authorizes the Agent, to request, demand, collect, receive, and give receipts for any and all charges or rents which may at any time be or become payable to the Owner. Rents and other charges shall not be accepted in cash by the Agent. The Agent agrees to take such action, including legal action, with respect to delinquencies in payments due the Owner as the Owner may from time to time authorize. The Agent shall furnish the Owner an itemized list of all Residents with delinquent accounts on a quarterly basis.
  - c. The Agent shall maintain records showing all its receipts and expenditures relating to the Real Estate and shall submit to the Owner financial statements for the preceding month and a statement indicating the balance or deficit in the Agent's operating account for the Real Estate on or before the 15th day of the following month.

- d. The Agent is authorized to consult with legal counsel designated by the Owner to bring actions for eviction and to execute notices to vacate and to commence appropriate judicial proceedings; provided the Agent keeps the Owner informed of such actions and shall follow such instructions as the Owner has prescribed.
- e. The Agent shall prepare and submit to the Owner by \_\_\_\_ / \_\_\_\_ a recommended budget for the current calendar year showing anticipated receipts and expenditures for such year.
- f. By \_\_\_\_ / \_\_\_\_ the Agent shall submit to the Owner an audited financial statement of all receipts and expenditures relating to the Real Estate for the preceding year. Any audit required by the Owner shall be prepared at its expense by accountants of its selection, and Agent agrees the Owner or its representatives shall have free access to Agent's books and records as they relate to Agent's services under this Agreement in connection with such audit, and Agent shall give its full cooperation in connection with the audit.
- g. Subject to the direction of the Owner and the approved budget, Agent shall cause the common areas within the Real Estate to be maintained according to the reasonable standards of maintenance established by the Owner and consistent with the character of any common areas including without limitation, the cleaning, painting, decorating, and provision for fuel, gas, electricity, water, sewer charges, steam, if appropriate, telephone, janitor, vermin extermination, rubbish removal, snow removal, and such maintenance and repair work as are usually or customarily furnished or rendered in connection with the maintenance of real estate of the character of the common area.
- h. Subject to the Owner's direction and the approved budget, Agent shall cause the individual rental units within the Real Estate to be maintained according to the reasonable standards of maintenance established by the Owner and consistent with the character of the individual rental units, including, without limitation, carpet cleaning, painting, provision for gas, electricity, fuel, water, sewer, heat, telephone, vermin extermination, rubbish removal, maintenance and repair of appliances, and such other maintenance and repair work as are usually or customarily furnished or rendered in connection with the maintenance of real estate of the character of the individual rental units.
- i. Agent shall develop a preventive maintenance schedule including, but not limited to, periodic inspections of the units; residency commencement and termination checklists; inventory control; equipment maintenance; exterior maintenance on a seasonal basis; and painting, decorating, and replacement timetables, as necessary.
- j. On the basis of the approved budget and job standards, the Agent shall hire, pay, supervise maintenance staff and contract with vendors and such other personnel required to maintain and operate the Real Estate properly. Any employees shall be in the employ of Agent and directly supervised by the Agent.
- k. Agent shall maintain an insurance policy with Employee Theft Coverage with a liability limit of \$275,000 on those of its employees handling funds or assets of the Owner, or have access to individual rental units within the Real Estate, shall carry Worker's Compensation insurance, pay all necessary payroll taxes and shall execute and file punctually, when due, all forms, reports and returns required by law, relating to personnel employment. All contractors performing services over \$20,000 to the owner shall be licensed and bonded.

- l. The Agent shall execute and file all returns and other instruments and perform all acts required as an employer under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, Subtitle C of the Internal Revenue Code of 1986 with respect to wages paid by the Agent of behalf of the Owner, and under any similar Federal, State or Municipal law now or hereafter in force (and in connection therewith, the Owner agrees upon request to execute and deliver promptly to the Agent all necessary powers of attorney, notices of appointment and the like).
  - m. Subject to the direction of the Owner, the Agent shall negotiate and execute on behalf of the Owner contracts for water, electricity, gas, telephone and such other services for the Owner as may be necessary or advisable. The Agent shall also purchase on behalf of the Owner and at Owner's expense such equipment, tools, appliances, materials, and supplies as are necessary for the proper operation and maintenance of the Real Estate. All such purchases and contracts shall be in the name and at the expense of the Owner and shall be purchased at commercially reasonable rates and shall, upon termination of this agreement, be the property of the Owner.
  - n. The Agent shall pay from the Owner's funds all taxes which are not assessed against individual rental unit tenants, building inspection fees, water rates and other governmental charges, and all other charges or obligations incurred by the Owner with respect to the maintenance or operation of the Real Estate or incurred by the Agent on behalf of the Owner pursuant to the terms of this agreement or pursuant to other authority granted by the Owner.
  - o. The Agent shall maintain appropriate records of all insurance coverage carried by the Owner and review, negotiate and purchase insurance as directed by the Owner. The Agent shall investigate and report to the Owner all accidents or claims for damage in excess of \$500.00 relating to the operation and maintenance of common areas, including any damage or destruction thereto. Agent shall pay from the Owner's funds, all premiums for policies of insurance contracted by the Owner.
  - p. Agent shall have available to the Owner and the Real Estate tenants a twenty-four-hour-a-day emergency telephone answering service and shall, at all times, be prepared to provide emergency repair and maintenance service to all common areas and individual rental units within the Real Estate. The Owner further authorizes the Agent to enter any individual rental unit at any time, on their behalf to provide emergency repairs to items which are creating damage or harm to the individual rental units or the common area.
  - q. Agent shall maintain complete and accurate records of all transactions relating to the Owner which shall be kept separate from records not relating to the Owner. Such records shall be available for inspection by the Owner or their representatives at all reasonable times during the term of this agreement. Agent shall also furnish to Owner, upon written request, such records and information necessary for the Owner to comply with all applicable laws and regulations governing the taxation of said real property.
  - r. Agent shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties pursuant hereto.
4. At an additional fee agreed to by both parties, Agent shall assist the Owner in drawing up specifications for contract work as required, and shall secure bids for such work from good,

reputable contractors whose performance is known to Agent. In the event that no such contractors are known to Agent, the Owner will be so informed by Agent. Agent shall insure that all bids are submitted on a uniform basis, and that penalty clauses or performance bonds are included in specifications as required by the Owner. After presentation of bids to the Owner and selection of the contractor, Agent will from time to time monitor contractor's work and alert the Owner of performance deficiencies. At the Owner's request and per the Owner's direction, Agent will contact contractors to remedy any deficiencies and will assist the Owner in negotiating remedies required by contracts.

5. In discharging its responsibilities under paragraph 3 hereof, the Agent shall not make any expenditure nor incur any nonrecurring contractual obligation over the approved budget which exceeds \$20,000.00 without the prior consent of the Owner. Notwithstanding the limitations imposed by the preceding sentence, the Agent may, on behalf of the Owner without prior consent, expend a reasonable amount, or incur a contractual obligation for a reasonable amount, required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Owner, the common areas, any individual rental units or unit tenants or occupants or may threaten the suspension of any necessary service to the Real Estate's rental units or common areas and Owner agrees to reimburse Agent for such expenditures.
6. The Agent shall collect, deposit, and disburse Residents' security deposits in accordance with the terms of the respective leases. Resident's security deposits shall be deposited by the Agent in an interest bearing account, separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by the FDIC. The Agent shall be responsible for any loss incurred by the Owner for its failure to comply with refunding of security deposits with accrued interest to Residents as required in the Minnesota Laws, 1973, Chapter 561. This account shall be carried in the Agent's name and shall be designated of record "Security Deposit Account". The Agent shall cause the amount of the Security Deposit Account to equal or exceed at all times the aggregate of all outstanding obligations by the Owner with respect to security deposits.

The Agent agrees all monies collected by it on behalf of the Owner shall be deposited in a national bank where deposits are insured by the Federal Deposit Insurance Corporation separate and apart from Agent's own funds. It is understood such account may include other monies received by Agent in a representative capacity on behalf of others than the Owner. Each account shall be insured to the limit of the Federal Deposit Insurance Corporation for a single account. Notwithstanding the foregoing, Agent shall deposit all funds reserved as capital improvements reserves and such other reserves as the Owner and Agent shall, in the exercise of reasonable judgement, determine shall not be necessary for the day-to-day operation of the Real Estate, in an interest-bearing account, which interest shall accrue to the benefit of the Owner.

All expenses of operation and management may be paid from the Owner's funds held by the Agent, and the Agent is authorized to pay any amounts owed to the Agent by the Owner from such account at any time without prior notice to the Owner. In the event that the Agent advances funds to the Owner for any purpose whatsoever, the Owner agrees to repay the principle amount plus interest at the rate of prime interest rate plus 1¾%. In the event that Agent expends funds for reasonable costs, Owner agrees to reimburse the Agent.

7. The Owner shall pay the Agent a *general* management fee not to exceed 12% of all Revenues per month, unless the Owner's regulatory agency limits the fee to a lower rate. The management fee shall be paid monthly. No further charge shall be made by the Agent for the Manager's services

pursuant to paragraph 3, and the other services of the Agent's professional staff, except as otherwise expressly provided in this Agreement.

8. The Owner shall designate a single individual (and in his or her absence, alternates) who shall be authorized to deal with the Agent on any matter relating to Real Estate management. The Agent is directed not to accept directions or instructions with regard to the management from anyone else. In the absence of any other designation by the Owner, the President of the Board of Directors of Owner shall have this authority.
9. The Agent shall not have authority to make any structural changes in the common areas or to make any other major alterations or additions in or to any building or equipment therein without authorization from the Owner except when emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the common areas or the safety of the Real Estate, the individual rental unit tenants, their guests and occupants or the individual rental units, or as required to avoid the suspension of any necessary service to the Real Estate.

Except with respect to the conduct and execution of its duties hereunder, the Agent shall have no further responsibility for compliance of the Real Estate or any of its equipment with the requirements of any ordinances, laws, rules, or regulations (including those relating to the disposal of solid, liquid, or gaseous wastes) of the City, County, State, or Federal Governments or any public authority or official thereof having jurisdiction over it, except to notify the Owner promptly, or forward to the Owner promptly, any complaints, warnings notices, or summonses received by it relating to such matters.

10. The Owner agrees:
  - a. To indemnify and hold harmless the Agent, its representatives, servants and employees, of and from all loss, cost, expense and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of laws, ordinances, rules or regulations by the Owner, its employees, or the Real Estate, except for such as may arise out of the intentional acts or omissions of Agent or those independent contractors operating under Agent's supervision.
  - b. To indemnify, defend and save the Agent harmless from all suits in connection with the Real Estate and from liability for damage to property and injuries to or death of any employee or other person whomsoever, except when such suits and liability arise from the act of gross neglect of Agent, its officers, agents, employees or independent contractors, and to carry at their own expense public liability, boiler liability (if elevators are part of the equipment of the Real Estate), and insurance naming the Owner and Agent and adequate to protect their interest and in form, substance and amounts reasonably satisfactory to the Agent, and furnish to the Agent certificates within thirty (30) days from the date of this Agreement, the Agent may, but shall not be obligated to, place said insurance and charge the cost thereof to the account of the Owner.
  - c. To pay all expenses incurred by the Agent, including, without limitation, attorneys' fees for counsel employed to represent the Agent or the Owner in any proceedings or suit involving an alleged violation by the Agent or the Owner, or both, of any constitutional provision, statute, ordinance, law or regulation of any governmental body pertaining to environmental protection, fair housing, or fair employment, including, without limitation, those prohibiting or making illegal discrimination on the basis of race, creed, color,

religion, age, sexual orientation, disability or national origin in the sale, rental or other disposition of housing or any services rendered in connection therewith or in connection with employment practices (unless, in either case, the Agent is finally adjudicated to have violated such constitutional provision, statute, ordinance, law or regulation through its intentional acts or gross neglect or the intentional acts or gross neglect of its employees, agents or independent contractors) but nothing herein contained shall require the Agent to employ counsel to represent the Owner in any such proceeding or suit.

d. Notwithstanding the foregoing, Owner releases Agent, its representatives, servants, or employees of and from any loss, cost, expense, or liability whatsoever which may be imposed on them that is coverable by insurance. Likewise, the Agent releases the Owner its representatives, servants, or employees of and from any loss, cost, expense, or liability whatsoever which may be imposed on them that is coverable by insurance.

11. In the event it is alleged or charged that the buildings or any equipment constituting a part of the Real Estate, or any act or failure to act by the Owner with respect to the buildings or the sale, rental or other disposition thereof, or hiring employees to manage it fails to comply with, or is in violation of, 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 thereof having or claiming to have Jurisdiction thereover, and the Agent in its sole and absolute discretion determines that the action or position of the Owner with respect thereto may result in damage or liability to the Agent, the Agent shall have the right to cancel this agreement at any time by written notice to the Owner of its election to do so, which cancellation shall be effective upon the service of such notice. Such cancellation shall not release the Owner's indemnities set forth in paragraphs 8 and 9 above and shall not terminate any liability or obligation of the Owner to the Agent for any payment, reimbursement or other sum of money then due and payable to the Agent hereunder.

12. This agreement may be cancelled by either party before the termination date specified in paragraph 1 on not less than thirty (30) days prior written notice.

13. Any notice required or permitted to be served hereunder may be served by registered mail or in person, as follows:

a. If to the Agent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

a. If to the Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Either party may change the address for notice by notice to the other party. Notice served by mail shall be deemed to have been served when deposited in the mails.

14. The execution, interpretation, and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of Minnesota. If any part of this Agreement shall be declared invalid or unenforceable, Agent shall have the option to terminate this Agreement by notice to Owner.
15. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Agent and the successors and assigns of the Owner. Notwithstanding the preceding sentence the Agent shall not assign its interest under this agreement without prior written consent of Owner.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

WITNESS:

FOR THE OWNER:

By \_\_\_\_\_

Its \_\_\_\_\_

FOR THE AGENT:

By \_\_\_\_\_

Its \_\_\_\_\_