

ARIZONA PROPERTY MANAGEMENT AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT - READ IT CAREFULLY

_____ ("Owner"), and _____, ("Agent") agree as follows:

1. APPOINTMENT OF AGENT: The Owner hereby appoints and grants Agent the exclusive right to rent, lease, operate, and manage the property(ies) known as

_____ and any additional property which may later may be added to this Agreement (collectively "Property"), upon the terms below, beginning _____, 20____ and ending _____, 20____ of that same calendar year. Either Party may terminate this Agreement with 30 days written notice. Unless terminated as provided here, this Agreement will automatically renew on a year-to-year basis in perpetuity unless you give us notice that you do not wish to renew. All renewals will be upon the terms and conditions of the new Agreement for the next year, which will be sent to you with the renewal notice. Arizona Revised Statutes (ARS) Sections 33-1901 and 1902, require that any out of state property owner designate a statutory agent. You hereby authorize us to serve as your statutory agent in the state of Arizona for the Property in order to receive official notices on your behalf. You may, at your option, use any licensed third party statutory agent service with our consent.

2. AGENT ACCEPTANCE: Agent accepts the appointment and grant and agrees to:

- (a) Use due diligence in the performance of this Agreement.
- (b) Furnish the services of its organization for the rental, leasing, operating, and management of the Property.

3. AUTHORITY AND POWERS: Owner grants to Agent the authority and power, at Owner's expense, to:

- (a) Advertising: If vacant, display "for rent," "for lease," and similar signs on the Property; advertise the availability for rental or lease of the Property or any part of it. Agent to advertise property for rent or for lease at rate mutually agreed, OR \$ _____ per month.
- (b) Rental/Leasing: Initiate, sign, renew, or cancel rental agreements and leases for the Property or any part of it; collect and give receipts for rents, other charges, and security deposits.

Owner will accept month to month tenancy: YES NO

- (c) Tenancy Termination: Sign and serve in Owner's name notices which are required or appropriate; commence and prosecute actions to evict tenants; recover possession of the Property in Owner's name; recover rents and other sums due; and when expedient, settle, compromise, and release claims, actions and suits and/or reinstate tenancies.
- (d) Repair/Maintenance: Make, cause to be made, and/or supervise repairs, improvements, alterations, and decorations to the Property; purchase and pay bills for services and supplies. Agent shall obtain prior approval of Owner on all expenditures over \$400.00 for any one item. Prior approval shall not be required for monthly or recurring operating charges, or if in Agent's opinion emergency expenditures over the maximum are needed to protect the Property, or other property(ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties, fines, or suspension of services to tenants called for in a lease or rental agreement or by law. Agent shall not be required to advance Agent's own funds in connection with the Property or this Agreement. However, if Agent elects to advance any funds, Owner shall promptly repay to Agent, on request, the amount advanced. Agent is not obligated to incur any debt or pay for any expense related to the Property(ies) if sufficient funds are not available in Owner's account. By your approval below you waive any claim for damages against us which may occur due to non-payment of any amount in relation to the

- Property(ies) if sufficient funds are not available in your property account. Owner is strongly advised to obtain a Home Warranty for the Property(ies) to mitigate the expenses associated with costly repair issues. Agent will supply appropriate lease addenda to advise tenant(s) of their rights and responsibilities associated with Home Warranty. Owner authorizes Agent to turn on/off utilities and other services to the Property(ies) as needed for the proper operation and maintenance of the Property(ies). When the Property is vacant, Agent will take necessary steps to keep it in a "rent-ready" condition. At all times, you agree to pay for and allow necessary maintenance to comply with applicable Arizona law regarding the fitness and habitability of the Property. Keeping the Property "rent-ready" means that some or all of the following maintenance/services may be necessary: a) inspections to determine compliance with lease (including security deposit charges), HOA's, city codes, and/or Arizona statutes (Landlord/Tenant Act & Slumlord laws); b) turn on/off utilities and/or other services. You agree to provide utilities up to five days after a tenant moves in. Charges beyond five days will be billed to the tenant; c) trash haul and basic yard maintenance; d) carpet cleaning/repair; e) janitorial; f) re-key; g) pool maintenance; h) HVAC filter replacement; i) frequent security checks to report on the Property(ies) condition. We do not guaranty or warranty any work performed by a third party and are not responsible for the acts of any such vendors or contractors. If you have a Home or Builder's Warranty available, or if you perform your own maintenance, you agree to provide us with a copy of the coverage and all necessary contact information to order services in a timely manner. If we notify you of necessary work to be performed and you fail to respond or perform the work within a reasonable time, you give us permission to have the work completed at your expense. You also agree to provide written permission to allow your tenant to work directly with the warranty companies, HOA's and/or yourself.
- (e) Contracts/Services: Contract, hire, supervise, and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Agent may perform any of Agent's duties through attorneys, agents, employees, and independent contractors, and shall not be responsible for their acts, omissions, defaults, negligence, and/or costs of same, except for persons working in Agent's firm.
 - (f) Expense Payments: In accordance with separate written instructions from Owner, Agent will disburse expenses and costs for the Property from Owner's funds held by Agent, unless directed otherwise in writing by Owner, including but not limited to property management fees and charges, expense for goods and services, property and other taxes, Association dues, assessments, loan payments, and insurance premiums. Agent will collect appropriate rental and/or sales taxes from your tenants and pay those amounts for you. However, it is your ultimate responsibility to pay any taxes determined by a taxing authority to be due in relation to the rental of the Property(ies). You authorize us and agree to pay the cost to secure individual tax and business licenses for you where required. If an individual license is not required, then we will include your Property(ies) on our master license.
 - (g) Trust Funds: Deposit all receipts collected for Owner, less any sums properly deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The funds shall be held in a trust account separate from Agent's personal accounts. Agent shall not be liable in event of bankruptcy or failure of a financial institution. Agent will retain any interest paid on trust account. Deposits received by owner prior to the date of this contract are not held by Agent.
 - (h) Tenant Deposits: Agent will handle tenant security deposits as follows: Hold such deposits in Agent's trust account; account for and return them to tenants, as required by law.
 - (i) Reserves: Maintain as a reserve in Agent's trust account a sum no less than \$500. When the reserve amount falls below this sum, Agent will replenish reserve from the rents for the property.
 - (j) Owner Statements: Render monthly statements of receipts, expenses and charges for each Property.

- (k) Accounting: We will provide you a monthly Accounting Statement showing all income and expenses for your Property(ies). The format for the Statement will be determined by us and will be reasonable and customary for the Industry. Your Statement will be made available to you by mail, email or online on or about the 15th of each month. You may choose to receive your monies by check or direct deposit to your bank. After we collect rents and any other amounts for you, you authorize us to deduct any amounts due to us or any third-parties from your account. We will retain in our trust account for you the minimum reserve amount and any additional amounts calculated to pay for charges incurred for the Property(ies). Any additional funds will be disbursed to you. If your account falls below the required minimum reserve and/or additional amounts are needed to pay fees, vendors or charges for your Property(ies), you agree to send the amount needed to pay your obligations. Rents received after the Statement cutoff date will be sent to you on or about the 25th of the month. If rents are received after the end of the month cutoff date, they will be sent with the next month's Statement.
- (l) Disbursements: Agent to disburse Owner's funds monthly in the following order:
- (1) Fees, charges, and reimbursements due under this Agreement.
 - (2) All other operating expenses, costs, and disbursements payable from Owner's funds held by Agent.
 - (3) Replenishment of reserves.
 - (4) Balance to Owner.

4. OWNER RESPONSIBILITIES: Owner shall:

- (a) Provide all documentation and records required by Agent to manage and operate the Property.
- (b) Indemnify and hold harmless Agent and all persons in Agent's firm, from all costs, expenses, suits, liabilities, damages, and claims of every type, including but not limited to those arising out of injury or death of any person(s), or damage to any real or personal property of any person(s), including Owner, in any way relating to the management, rental or operation of the Property by Agent or any person in Agent's firm, or the performance or exercise of any of the duties, powers, or authorizes herein or hereafter granted to Agent.
- (c) Carry and pay for public premises liability, property damage, and worker's compensation insurance adequate to protect the interests of Owner and Agent, and shall name both Owner, and Agent as insured parties.
- (d) Pay any late charges, penalties, and/or interest imposed by lenders or other parties caused by a lack of Owner's funds held by Agent and available for payment to same parties.

To carry out the purposes of this Agreement, you, the property Owner, warrant as follows and agree to do the following:

1. PROPERTY OWNERSHIP. By entering into this Agreement, you assure us that you own the Property(ies) you wish us to manage and will continue to maintain ownership throughout the term of this Agreement. You must immediately notify us of any change in ownership status as well as any failure to maintain mortgages or other encumbrances.
2. FORECLOSURE. In the event you receive notice of a Foreclosure, Trustee's sale, Forfeiture, or any other process of involuntary transfer, you must notify us immediately. In the event We learn of any threatened involuntary transfer, you authorize us: a) to immediately raise your property reserves; b) to hold all funds in trust pending a determination of liability to your tenant or any third parties; c) to exercise our sole discretion to use those funds and settle disputes; and d) to collect a separate Foreclosure Fee from you and/or your account. We understand that you may have other options you are pursuing to avoid an involuntary sale such as loan refinance, loan modification, short sale, etc. We will work with you during this process to provide information

about the Property and work with your tenants. You agree to pay us a fee for this extra service. You will hold us harmless and indemnify us for any liability in relation to your property.

3. PROPERTY RESERVES. You will maintain a minimum reserve amount in our trust account for each property managed by us in the amount of \$500 for a leased property and \$600 for a pending or actual vacant property. We are not required to incur any expenses, such as advertising or repairs, unless and until your account meets this required minimum reserve. You expressly waive any and all claims against us for any damages arising out of the failure to pay any amounts in relation to the property when that failure is due to insufficient funds in your account.

4. PAYMENT OF FEES AND CHARGES. You agree to pay any and all fees and charges pursuant to this Agreement as outlined. Failure to pay any amount due under this Agreement, may result in collection efforts and you agree to pay costs and a 10% collection fee.

5. INSURANCE. You agree, at your own expense, to carry adequate public liability and property damage insurance for your Property(ies). You release us from any liability in the event you experience a loss of, or damage to, appliances, fixtures, personal property, or the real property.

6. UTILITIES. You agree to turn on utilities for your property(ies) within 3 business days of signup, you further agree to provide utilities for your Property(ies) for up to 5 business days after a tenant moves in, Any utilities beyond that time will be added to your tenant's account as rent and will be collected by us in due course. By your approval below, you authorize us to contact any and all utility companies to turn on/off utilities as necessary in the management of the Property(ies) and further authorize us to obtain any and all information from the utility companies relating to services provided to your Property(ies) before and during the time of this Agreement.

7. HOA's AND CITY CODE. You will supply us with a copy of any HOA rules, regulations, or CC&R's. You agree to provide any information required by your HOA to properly register your Property(ies) as a rental properties according to the definition of your HOA. Some HOA's and/or their management companies require additional effort to coordinate HOA compliance. We are not liable for any enforcement of city code, HOA rules, CC&R's, fines, fees, or penalties incurred for any reason. In the event you receive an HOA or city violation, you will notify us within 48 hours of your receipt of your violation. You may notify us by facsimile or email attachment only. Where possible, you will implement dual notification with your HOA to include notices to be sent to us also.

8. MAINTENANCE. You agree to maintain your Property(ies) in compliance with the fitness and habitability standards of the Arizona Residential Landlord and Tenant Act, the Arizona slumlord law and any other applicable statutes or city codes. In the event you perform your own maintenance you agree to do so in a timely manner. In the event you have asked us to oversee maintenance for your Property(ies), you agree to provide sufficient funds necessary to perform required maintenance in a timely manner. You agree to indemnify us from any liability should you fail to perform your obligations regarding maintenance.

9. SWIMMING POOL/WATER. Per Arizona law, it is your responsibility to maintain or provide for the chemical treatment of any contained body of water on your Property(ies). Our standard lease Agreement calls for the tenant to provide chemicals and take care of the day-to-day maintenance of a swimming pool. We will manage the Property(ies) to see that these obligations are met. The Arizona Department of Health Services, pursuant to ARS 36-1681(E), has produced a Residential Pool Safety Notice which you acknowledge receiving if the Property(ies) has a swimming pool, lake, pond, or any contained body of water. You agree to comply with the above state laws and any additional county/municipal pool or water barrier requirements before leasing your Property (ies). You indemnify us from any liability in relation to your swimming pool or any other body of water.

5. COMPENSATION:

(a) Owner agrees to pay Agent fees as indicated for:

(1) Management: \$ _____ per month per unit OR _____% of the gross monthly income, whichever is lower. Owner and Agent may agree by separate writing to modify these amounts for multiple managed properties. Management fee will not be assessed for any property newly added to this Management Agreement until funds are received from the first tenant.

(2-a) Initial set-up including showing, advertising, initial interview with tenants, and creating new leases: \$250.00.

(2-b) Owner requests the Agent to list property on the Arizona Regional Multiple Listing Service: **YES** **NO**

Owner understands and agrees that leasing commission when listed in the MLS is 3% of gross annual lease amount, regardless of whether the tenant is found through the MLS or not, and in addition to the initial set-up fee.

(3) Evictions: \$250.00 for Agent court appearance. Owner is advised that additional expenses for attorney fees, court filing fees, and marshal service may be incurred.

(4) Preparing Property for rental, lease, or sale: No fee to agent; however owner is advised that additional expenses for cleaning, painting or other repairs may be incurred.

(5) Inspecting and Managing Property during extended periods of vacancy: \$10.00 per calendar week of vacancy.

(6) If agent oversees construction, landscaping, or planning on site: \$50.00 per hour.

(7) If Owner terminates this agreement within the first six months after a tenant has been located, an additional finder fee of \$500.00 shall be due.

It is understood that Agent is an independent contractor. Owner is not responsible for payment of SSI or income tax withholding.

Normal property management does not include providing on-site management services, property sales, refinancing, preparing Property for sale, lease-option/lease-purchase, or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, or attending Owner's Association meetings

If Owner requests Agent to perform services not included in normal property management or specified above, a fee shall be agreed upon for these services before the work begins.

Owner further agrees that:

(1) Agent may receive fees and charges from tenants for: (i) requesting an assignment or lease or sublease of the Property, (ii) processing credit applications, (iii) returned checks, (iv) other services that are not in conflict with this Agreement.

(2) Agent may perform any of its duties, and obtain necessary products and services, through affiliated companies or organizations in which Agent may own an interest, and may receive fees, commissions, and/or profits from these affiliated companies or organizations. Agent shall disclose to Owner any such relationship. Agent shall not, however, receive fees, commissions, or profits from unaffiliated companies in the performance of this Agreement without prior disclosure to and agreement of Owner.

(3) Agent may divide compensation fees, and charges due under this Agreement, in any manner acceptable to Agent.

6. AGENCY RELATIONSHIPS: Agent agrees to act as the agent of Owner in any resulting lease or rental transaction involving any Property covered by this Agreement. It may be necessary or appropriate for Agent to act as agent of both Owner and tenants, or one or more additional parties, in any resulting lease transaction, in which case Owner consents to Agent's representation of additional parties. However, if Agent is the listing Agent and/or property manager for a different property in which a tenant is interested, Owner understands that Agent may act as agent of that tenant and/or other property owner with respect to a transaction involving that other property.

In the event a tenant acting directly, indirectly, or through any person related to, dominated or controlled by tenant, shall acquire title to the property during Tenant's occupancy or within 90 days after the termination of tenancy, the Agent shall be considered the procuring cause in negotiating said transfer of title or ownership by reason of this lease, and real estate sales commission shall be due from owner.

7. NOTICES: Any written notice to Owner or Agent required under this Agreement shall be served by sending such notice by first class mail to that party at the address below, or at any different address which the parties may later designate for this purpose, and shall be deemed received three business days after deposit into the United States mail.

AGENT: _____

ADDRESS: _____

PHONE: _____

OWNER: _____

ADDRESS: _____

PHONE: _____

8. BINDING AGREEMENT: This Agreement shall be binding upon and shall inure to be benefit of Owner and Agent and their respective heirs, administrators, executors, successors, and assigns.

9. ADDITIONAL TERMS: _____

10. EQUAL HOUSING OPPORTUNITY: The Property will be offered and managed in compliance with federal, state, and local anti-discrimination laws.

11. MEDIATION OF DISPUTES: AGENT AND OWNER AGREE TO MEDIATE ANY DISPUTE OR CLAIM BETWEEN THEM ARISING OUT OF THIS CONTRACT OR ANY RESULTING TRANSACTION BEFORE RESORTING TO ARBITRATION OR COURT ACTION. Mediation is a process in which parties attempt to resolve a dispute by submitting it to an impartial, neutral mediator who is authorized to facilitate the resolution of the dispute but who is not empowered to impose a settlement on the parties. Mediation fee, if any, shall be divided equally among the parties involved. Before the mediation begins, the parties agree to sign a document limiting the admissibility in arbitration or any civil action of anything said, any admission made, and any documents prepared, in the course of the mediation. IF ANY PARTY COMMENCES AN ARBITRATION OR COURT ACTION BASED ON A DISPUTE OR CLAIM TO WHICH THIS PARAGRAPH APPLIES WITHOUT FIRST ATTEMPTING TO RESOLVE THE MATTER THROUGH MEDIATION, THEN IN THE DISCRETION OF THE ARBITRATOR(S) OR JUDGE, THAT PARTY SHALL NOT BE ENTITLED TO RECOVER ATTORNEY'S FEES EVEN IF THEY WOULD OTHERWISE BE AVAILABLE TO THAT PARTY IN ANY SUCH ARBITRATION OR COURT ACTION. However, the filing of a judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not in itself constitute a loss of the right to recover attorney's fees under this provision. The following matters are excluded from the requirement of mediation hereunder: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract, (b) an unlawful detainer action, (c) the filing or enforcement of a mechanic's lien, and (d) any matter which is within the jurisdiction of a probate court.

12. ARBITRATION OF DISPUTES: Any dispute or claim in law or equity between Owner and Agent arising out of this contract or any resulting transaction which is not settled through mediation shall be decided by neutral, binding arbitration and not by court action, except as provided by Arizona law for judicial review of arbitration proceedings.

The arbitration shall be conducted in accordance with the rules of either the American Arbitration Association (AAA) or Judicial Arbitration and Mediation Services, Inc. (JAMS). The selection between AAA and JAMS rules shall be made by the claimant first filing for the arbitration. The parties to an arbitration may agree in writing to use different rules and/or arbitrator(s). Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties shall have the right to discovery. The following matters are excluded from arbitration hereunder: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract, (b) an unlawful detainer action, (c) the filing or enforcement of a mechanic's lien, (d) any matter which is within the jurisdiction of a probate or small claims court, and (e) an action for bodily injury or wrongful death, or for latent or patent defects. The filing of a judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the right to arbitrate under this provision.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY ARIZONA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Owner's Initials _____ Agent's Initials _____

13. ATTORNEY'S FEES: In any action, proceeding, or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

14. Owner authorizes Agent to contact insurance carriers to request Certificates of Insurance. Liability insurance certificate to name Agent as additional insured. If Agent is not currently named as

additional insured, Agent is authorized to instruct insurance carrier to add Agent's name, provided there is no additional cost to owner.

15. By mutual agreement of the Owner and the Agent, this document may be supplanted by succeeding revisions, subject to the consent of both Owner and Agent when a succeeding revision is presented for approval.

Owner's fire and hazard insurance carrier: _____

Contact name and phone: _____

Policy number: _____

Owner's liability insurance carrier: _____

Contact name and phone: _____

Policy number: _____

We have read the foregoing prior to execution and have received a copy of this agreement:

Owner's Signature: _____ **Date:** _____

Print Name: _____

Agent's Signature: _____ **Date:** _____

Print Name: _____