



Management Agreement

Parties to the Contract:

In consideration of the covenants herein contained _____

(Names of all parties to the property)

(here after called Owner) and Brenda Amundsen, Property Manager/Agent of Preferred Property Management (hereinafter called "Agent", agree as follows:

TRANSACTION BROKER: All agents of Preferred Property Management, LLC, work exclusively as Transaction Brokers in Leasing and Managing Residential Rental Property:

The Owner hereby employs the Agent exclusively to rent, lease, operate and manage the property known as _____

(Property Address or Addresses)

Upon the terms hereinafter set forth. As a Transaction Broker the agent does not represent either the owner or the tenant in a fiduciary capacity as agent, but assists the owner and tenant separately in all transactions. A Transaction Broker has the duty to act fairly and honestly with both owner and tenant, but does not owe fiduciary duties to either side.

The Owner hereby employs the agent for a defined term of 90 days, ending _____ this contract will then be maintained on a month-to-month basis and to be assumed and held binding unless terminated by either party with 30 day written notice. At no time will a verbal termination be considered final. Termination without notice for substantial cause (e.g. established failure to perform per terms) may be made at any time. However, if Owner chooses to cancel this contract, without cause within 30 days of placement of Tenant, Owner will pay Preferred Property Management a "Place Tenant Only" fee of 75% of one months (current advertised) rent that Tenant is paying on said property. Due immediately upon cancellation of this agreement.

AGENT EMPLOYMENT AND RESPONSIBILITIES:

RENTING OF PREMISES/MONTHLY STATEMENT/SEPARATE OWNER FUNDS

The agent accepts the employment and agrees:

- a) To use diligence in the management of the premises, upon the terms herein provided, and agrees to furnish the services of Preferred Property Management, LLC, for the renting, leasing, operating and managing of the herein described premises.
- b) By approximately the 25th of each month, if the property is leased, the Agent agrees to send the owner a proceeds check minus any expenses that have occurred within the last thirty (30) days to bring the account current and payable. In the event the disbursements shall be in excess of the



- c) rents collected by the Agent, the proceeds will be deducted from the owners operating account. If the operating account is insufficient to cover these costs, the owner hereby agrees to pay such excess promptly (within ten business days) of notification from the agent. **If the owner owes funds to Preferred Property Management, LLC, and they are not repaid within the 10 business days, a finance charge of 2% per month (24% annually, compounded monthly) will be added to the total owed. In case of dispute and/or owner is carrying a negative balance on the books the Landlord shall be entitle to recover from the Owner all expenses associated therewith, i.e. court costs, attorney fees, collection agency fees, lost time to LANDLORD fees at \$50 per hour, etc. Preferred Property Management, LLC, is granted permission by the Owner to place a lien on the property if the management contract is canceled and the Owner has a negative balance.**

NOTE** In order to prevent the Owner from having to repay disbursed funds if the tenants check is returned, Preferred Property Management, LLC, does not disburse funds to the Owners until at least ten (10) full business days after depositing tenants monthly rent check.

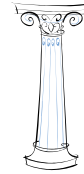
The monthly "Owner Activity Statement" will be sent via e-mail and the hard copy receipts will be sent quarterly. You will receive a hardcopy statement, with receipts in March, June, September, and December.

- d) The Agent does NOT pay mortgage indebtedness, property taxes, insurance premiums, Home Owners Association dues, special assessments, etc. If you have a need for these services, please make special arrangements with the Agent. **The Owner is advised to always be at least one month a head in these payments** since funds disbursement to the Owner can not be depended upon until the third week of the month, at the soonest.
- e) To deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in a Operating Trust Account in an FDIC insured bank qualified to engage in the banking business. Account to be separate from Agent's personal account. However, Agent will not be held liable in event of bankruptcy or failure of depository. Any interest accrued on accounts will be annually donated to charity of agents choosing, primarily for food and clothing assistance for the poor.

AGENTS AUTHORITY:

The Owner hereby gives the Agent the following authority and powers and agrees to assume the expenses in connection herewith:

- a) To advertise the availability for rental of the herein described property, through some or all of the following media: Commercial or Realtor lock box for access by others, print media, electronic media, internet, television, computer, information networks, radio, and Realtors Information networks (MLS).



To display “for rent” signs thereon; to sign, renew and/or cancel leases for the premises or any part thereof; to collect rents due or become due and give receipts therefore; to terminate tenancies and to sign and serve in the name of the Owner such notices that are appropriate; to institute and prosecute actions; to evict tenants and to recover possessions of said premises; to sue for in the name of the Owner and prosecute actions; to evict tenants and to recover possession of said premises; to sue for in the name of the Owner and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or reinstate such tenancies. Advertising costs for tenant placement are paid from the Owner’s Operating Account.

- b) Agent is authorized to verify the credit worthiness of prospective tenants. Prospective tenant is responsible for payment of application fees. Due to Fair Housing Laws, this information will NOT be shared with the Owner.
- c) In the event of eviction of the tenant for non-payment of rent or any other obligation of lease violation, Agent will advise the Owner as to the court procedure. Agent agrees to hire a process server to issue or post a “Demand for Payment or Possession” notice and forward necessary documents to Agents attorney to handle the actual eviction through the courts. Agent is authorized by Owner to sue in its own name or the Owners name and to expend a sum up to \$500.00 without prior permission of the Owner for the purpose of trying to recover any uncollectible rents or to evict the tenant from said property. The Agent will not be held responsible for any expenses incurred to the property during an eviction. All such expenses shall be paid by the Owner in the event Agent is unable to collect the rents and/or other legal fees from the tenant as a result of a lawsuit.
- d) Agent agrees to visit and survey the property when needed and report, if necessary to the Owner in the event of any problems with the property or tenants.
- e) Agent will initiate all leases with tenants signed by the Agent on behalf of the Owner as a contract between Preferred Property Management, LLC, and the tenant. Agent will have the authority and exclusive right to negotiate leases and month-to-month tenancies with existing and prospective tenants.
- f) If the Owner chooses to exercise the “Reverse Military or Job Transfer” clause as written in the tenants lease, the minimum 30 day notice to vacate to the tenants must be at least 30 days to the end of the next month. I.E. The Owner approaches Preferred Property Management, LLC, on June 6th that they want to exercise this right and move back into the home. The tenants will be notified to vacate the following July 31st, Not July 6th!



REPAIRS/EMPLOYEES:

Preferred Property Management, LLC, will not accept any property into their inventory unless the cost to prepare the unit for rent is less than \$500.00. In this case the Owner will advance these preparation fees in addition to all other fees to set up the management account. In the event your property is not ready to rent to others, we will be glad to advise you of items that must be completed before the unit can be turned over to us for management services.

- a) The Agent agrees to secure the prior approval of the Owner, except in case of emergency, on all expenditures in excess of \$500.00 for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of the operating account balance if in the opinion of the Agent such repairs are necessary to protect the property from damage or maintain services to the tenant as called for in their lease. If Agent is not able to receive approval from Owner within (24) twenty-four hours of notification to the Owner, the Agent has the expressed permission of the Owner to do the necessary repairs or maintenance at the property to protect Owners property interest. The Owner understands that in unusual circumstances, what appeared initially to be a minor repair of less than \$500.00, in fact turns into a major emergency and excess funds must be immediately expended. (Example – the tenant calls and reports that the pilot light on the furnace won't stay lit, thus no heat. A routine maintenance call is placed assuming it is a thermo-couple gone bad. When the technician arrives, he finds a cracked heat exchanger and carbon monoxide seeping into the unit. This minor repair quickly turns into a \$2,000.00 emergency that can not wait for authorization. It must be corrected immediately to prevent illness and possible death!)
- b) Unless the Owner resides outside of the continental United States, Preferred Property Management, LLC, will not instigate an insurance claim. The Owner will be contacted of the problem at hand and the Owner will be the one contacting the insurance company and filing a claim. Agent agrees to meet with adjuster and pay vendors from Owner's account and insurance proceeds. These services are above and beyond management services and are usually in conjunction with a disaster such as fire, flood, tornado, uncontrolled running water, etc. but not limited to these specifics. Agent will charge an hourly rate of \$50 per hour for this service. Owner may charge this back to their insurance company with the other invoices for repairs.

Be aware that regardless if repairs are necessary whether due to an insurance claim or normal wear and tear, Preferred Property Management, LLC, will NOT supply multiple bids. The Owner may obtain as many bids as they feel necessary.

- c) Preferred Property Management, LLC, agrees to hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises; it being agreed that all employees shall be deemed employees of the Owner and not the Agent, and that the Agent may perform any of its duties through Owner's attorneys, agents or employees and shall not be responsible for their acts, defaults or negligence if reasonable care has been exercised in their appointment and retention. All individual employees (i.e. independent contractors) will provide proof of Liability Insurance and when applicable, Workman's Compensation Insurance OR they will be hired through temporary job placement services to assure they have appropriate insurance coverage.

*Preferred Property Management, LLC
P.O. Box 2162
Parker, CO 80134-2162
720-842-1833 Office/720-851-8971 Fax
www.rentalpropertiescolorado.com*



**PREFERRED
PROPERTY
MANAGEMENT**

- d) Preferred Property Management, LLC, agrees to make contracts for electricity, gas, fuel, lawn care when necessary, water, telephone, window cleaning, drapery cleaning, ash or rubbish hauling and other services as the Agent shall deem necessary for the leasing or upkeep of the property. The Owner shall assume the obligation of any contract so entered into by Agent on behalf of the Owner to pay.

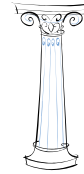
INSURANCE/SAVE HARMLESS:

- a) The Owner agrees and understands that it is his/her responsibility to maintain adequate fire, liability and extended coverage insurance on the property. The Owner should discuss their specific needs with their own insurance agent and have the Agent added as an “additional insured” under such policy in the same manner and extent it protects the Owner. There should be no additional insurance fee for this added insured, and assists the Agent when the Owner has filed an insurance claim. Please provide the Agent with a copy of the insurance coverage on the property as well as the insurance company name, address and phone number.

NAME OF INSURANCE COMPANY _____
ADDRESS _____
AGENTS NAME _____
AGENTS PHONE NUMBER _____
POLICY NUMBER _____

The Owner agrees to hold the Agent harmless and indemnify from any claims, debts, demands, suits, costs or charges including attorney fees and court costs in connection from any liability for injury suffered on or about the premises by any person (An example – the Owner left holiday decorations attached to the exterior of the home; the owner vacated. The tenant moved in and several months later tries to remove said decorations. In the process tenant falls off the roof, and sues the Agent and Owner for damages. The Agent is held harmless.)

- b) Agent shall provide the Owner with a “Property set-up form” created by and for Preferred Property Management, LLC. Owner agrees to complete this form to the best of their ability. In the event this form is not filled out or a staff member to include Agent from Preferred Property Management, LLC has to fill the form out, Owner will hold harmless Preferred Property Management, LLC, of any and all information that may be entered incorrectly on your behalf. In any event, Preferred Property Management, LLC, accepts no responsibility and or liability for any personal belongings the Owner may have intentionally or unintentionally left in or on the property.



FEE STRUCTURE:

The Owner agrees to compensate the Agent as follows:

\$75.00 one time Administrative set-up fee to establish a new property management account. This is due at contract signing.

From Tenant proceeds:

- a) 10% of all rents received;
- b) 10% from retained security deposits from tenants: i.e. caused from eviction or tenant vacating with no notice;
- c) If Owner requests hard copy check rather than Electronic Funds Transfer to Owners bank, there is a \$2 per check issued fee. (This is offered only if both bank accounts involved are capable of this).

NOTE – THERE ARE NO LEASE UP OR LEASE RENEWAL FEES!

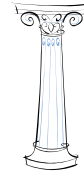
Agent is authorized to withdraw these funds at any time during the month after the monthly rent proceeds have been received. Management fees may be negotiated annually.

Due to the difficulty in collecting late fees and the excessive work involved in tracking down late paying tenants, all late fees will be maintained by the Agent.

MISCELLANEOUS:

- a) Seasonal short term rentals, and fully furnished rentals will be negotiated separately at a much higher rate, only through Preferred Property Management office in Parker.
- b) Services for tenant placement only (i.e. prescreen tenant, place tenant and write lease) for Owner is not recommended, but can be negotiated separately. Please refer to Place Tenant Only Agreement, by request (not included in this packet). We highly recommend that you recruit the assistance of Housing Helpers for this service.
- c) Realtors work on a commission only basis. A great amount of their lively hood is based on referrals from others. Would you kindly share with us who referred you to us or how you heard about our services? _____ If you found us via the internet do you remember which web site? If you decide to sell your home while it is in our care we certainly would appreciate your consideration in allowing us to be your listing agent. We will cooperate with other agents in listing your home for sale, under the condition they will abide by all tenant rights laws if your home is still occupied.

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In the event that your home goes into **foreclosure**, we will continue to receive rents from the tenants. However, we will not disburse ANY funds to the owner until the tenant has been relocated into another home at the owner's expense. This can include, but is not limited to: moving van, utility reconnect fees, and security deposit. If it becomes apparent to Preferred Property Management, LLC, that the Owner is having financial difficulties, Preferred Property Management, LLC, reserves the right to obtain a current credit report on the Owner.

OPERATING ACCOUNT:

The Owner will maintain and Operating Account with a balance of \$500 to beheld by Preferred Property Management, LLC. At least \$250 of this must be paid at signing the managing agreement to assure funds are available to start the advertising. The entire \$500 can be paid at contract signing or the balance of \$250 plus any unused funds for advertising and maintenance and be built up at \$50 per month from the rent proceeds, until the balance totals \$500. These funds always belong to the Owner. They will remain in the Owners account as long as there is management on the property by the Agent. These funds can be disbursed to the Owner, once this Management Agreement is cancelled, and once a written request is submitted to Agent asking that these funds be sent.

Please "X" your choice:

_____ I will deposit \$500 in Preferred Property Management, LLC, Operating Account at the initiation of this Management Agreement.

_____ I will deposit \$250 into the Preferred Property Management, LLC, Operating Account at the initiation of this Management Agreement and I authorize a \$50 monthly deduction from rents received to be deposited into Preferred Property Management, LLC, Operating Account until my Owner's balance reaches \$500. (\$250 to Owner Operating + \$150 file set up fee = \$400 minimum due at contract initiation.)

This agreement and the Colorado Real Estate Commission (BDA 55-04-05) – 4 Page Document attached (Exclusive Right to Lease) shall be binding upon the successors and assigns of the Agent, and the heirs, administrators, executors, successors, and assigns of the Owner. The property Management Agreement constitutes the entire agreement between the parties and no oral or verbal agreement or understanding shall bind either of them. Any and all changes shall be in writing. For the purpose of this Agreement, all notices herein shall be deemed to have served upon the other party when mailed at the following addresses or at such other addresses as shall be changed in writing, properly notifying the other party.

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**PREFERRED
PROPERTY
MANAGEMENT**

Dated this _____ day of _____ 20 _____

Owner _____
Printed Name Signature

Owner Social Security # _____ - _____ - _____

Owner _____
Printed Name Signature

Owner Social Security # _____ - _____ - _____

Mailing Address _____

Home Phone Number (_____) _____

Work Phone Number (_____) _____

Cellular Number (_____) _____

Fax Number (_____) _____

E-Mail Address _____

Agent (Signature) _____

Date: _____