

MANAGEMENT AGREEMENT

Revised 10/11/2017

In consideration of the covenants herein contained _____ (hereinafter called "Owner") and [INSERT YOUR COMPANY NAME]. (hereinafter called "Agent"), agree as follows:

1. EMPLOYMENT:

The Owner employs the Agent exclusively to lease, rent, operate and manage the real property located at, _____ in accordance with the terms of this agreement for a period of one year from the date hereof and for annual periods thereafter unless on or before thirty days prior to the expiration of this agreement or any such renewal period, either party notifies the other in writing of his intention to terminate this agreement. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and interpreted in accordance with, the laws of the State of Alabama. The Agent and Owner agree that neither party may assign or delegate their respective rights, duties, or obligations under this Agreement, without the prior written authorization of the other party. This agreement is to be interpreted without regard to the draftsman. The terms and intent of this Agreement shall be interpreted and construed on the express assumption that all parties participated in its drafting. Should any term, condition, or provision of this agreement be declared invalid or unenforceable, the balance of this Agreement shall remain in full force and effect and shall stand as if the unenforceable provision(s) does not exist.

2. AGENT'S AUTHORITY, DUTIES AND POWERS:

The Owner gives to the agent the following authority, duties and powers and agrees to assume the expenses incurred in the performance of the following:

- a. Rents: To collect and deposit all receipts for the Owner in an account in a national or state financial institution, separate from Agent's personal accounts.
- b. Deposits: To collect and deposit all Security Deposits and Earnest Money Deposits in an account as above. To hold such funds in trust for Owner and Tenant and to pay said funds in accordance with the terms of the lease or sale agreement that caused them to be deposited.
- c. Leasing: To lease the property; Agent is granted an exclusive right to lease this property during the term hereof; to advertise the property for rent at Owner's expense and to display "For Rent" signs; to verify prospective tenants' employment and credit references; to negotiate renewals or cancellations of leases; to terminate leases; to sign and serve such notices as Agent deems necessary. When Tenant has made an application to rent that is acceptable to Agent, Agent will inform Owner. If Owner is in agreement, the lease will be prepared and presented to Tenant. Once the Tenant has signed the lease, it will be forwarded to Owner for signature. If Owner fails to sign and return the lease it is agreed that the lease is binding on the Owner.
- d. Repairs: To cause to be made and to supervise repairs and alterations to said premises and to purchase supplies and to pay all bills therefor. After the property is leased, the

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Agent agrees to secure the prior approval of the Owner for all expenditures in excess of \$200.00. for any one item, except for monthly or recurring charges previously approved by the Owner, or in the event that the Owner is not reasonably available for consultation or if, In the opinion of Agent, such repairs are necessary to protect the property from damage or loss, or if the health, safety, and welfare of the tenants is at risk.

e. Service Contracts: To make contracts as may be necessary for garbage removal, pest control or other services Agent may deem necessary, the Owner to continue to be liable for such obligations which may extend beyond the termination date of this agreement.

f. Statements: To render monthly and annual detailed statements of receipts and expenses.

g. Payments to Owner: To remit to the Owner on or about the fifteenth of each month any funds remaining from rents received after paying necessary disbursements. In the event that disbursements exceed receipts, Owner will immediately remit such excess to Agent. Owner will not receive rent payments until a signed lease or lease extension has been received by Agent.

h. Litigation: To enter into litigation on behalf of Owner as Agent determines to be in Owner's best interest, to hire legal counsel, and to offer and accept settlements of disputes.

3. AGENT TERMINATION CLAUSE:

Agent may terminate the management agreement with 30 days written notice to Owner if the agent, in its sole discretion, deems the continuation of the agreement subjects itself to liability or is in breach of its duties to the tenants or any other persons. If so terminated, the Owner shall immediately pay back to Agent all monies of any nature expended by Agent on the Owner's behalf.

4. OWNER'S OBLIGATIONS:

a. Financial Responsibility: To be personally responsible for the payment of any expenses or other obligation incurred by Agent in the proper exercise of his authority and duties hereunder; to be personally responsible for the payment to Agent of the amount of excess of expenditures over receipts. Owner hereby grants to Agent a lien against said property to insure the repayment to Agent of said excess and any other amounts that may be due hereunder. In the event that any or all of such an excess remains unpaid to Agent one month after Agent has delivered to Owner a statement showing the amount of the excess, Owner will incur a service charge equal to two percent (2%) of the amount of the excess unpaid each month.

b. Agent's Liability: Owner agrees to fully indemnify and hold harmless Agent and all of its agents and employees from and against all claims, damages, losses, and expenses, including attorney's fees actually incurred, arising out of, resulting from, or directly or indirectly connected with the performance of Agent's work and services performed under this agreement, including, but not limited to, the Agent's rental or management of the herein described property, and from any liability for any alleged injury, damage, or loss suffered by any tenant, applicant, or other person whatsoever. Owner agrees to carry, at his own expense, necessary public liability insurance in an amount not less than \$300,000, which policy shall be so written as to protect Agent in the same manner and to the same extent they protect Owner and will name Agent as an additional insured. The Agent also shall not be liable for any error of judgment or from mistakes of fact or law, or for anything which it may do or refrain from doing, except in the case of willful misconduct or gross negligence. The Owner also agrees to hold the Agent harmless for damages to said

property by the tenants which may exceed the amount of any security deposits and which damages are determined by Agent to be uncollectible.

c. **Agent's Fees:** During the term of this Agreement, its extension or renewal, Owner shall recognize Agent as the Broker in any negotiation relating to the rental of property, or any part thereof, and in the event of the consummation of any sale or lease thereof to the tenant.

Owner shall pay the Agent as follows:

Rental Properties:

Leasing Fee: 50 % of the first full month's rent each time a new tenant executes a lease.

Lease Renewal Fee: There will be no lease renewal fee if the current tenant renews the lease.

Management Fee: Ten percent (10) % of all rent and pet fees. The management fee will be capped at \$220/month.

Late Fees: In the event that rent is paid late (after the first of each month and before the 12th of the month) [INSERT YOUR COMPANY NAME] will receive 100% of the late fee. In the event the owner's distributions are caused to be paid late (after the 12th of each month) [INSERT YOUR COMPANY NAME] will receive 10% and the owner will receive 90% of the late fees.

Marketing Fee: Once the property has been put on the market for rent, the owner will incur a \$20.00 charge per week for marketing. This charge will continue for up to 4 weeks or until the property is rented, whichever comes first.

Inspection Fee: There will be no inspection fee.

Maintenance Reserve: [INSERT YOUR COMPANY NAME] does not require a maintenance reserve. If a repair is greater than the five hundred dollars (\$500), owner will be required to immediately pay the difference to [INSERT YOUR COMPANY NAME] so that [INSERT YOUR COMPANY NAME] will not be required to carry the balance.

Past Due Balances: Owner agrees to pay a 2%/monthly interest fee on any balance that has not been paid in full by the end of the current month.

Mode of Payment to Owners: Check or Direct Deposit – A \$5.00 check processing fee will be charged for receiving a paper check.

Processing Fees: Owner will be responsible for any processing fees incurred when paying by credit or debit card.

[INSERT YOUR COMPANY NAME] will transfer utilities after tenant has vacated the property.

Sale of Property:

For the sale of property within two (2) years of the date of any lease to someone who occupies the property during the term of this agreement or its extension or during the term of an extension or renewal of a lease that was active during the term of this agreement: Owner will owe agent a commission equal to **six percent (6) %** of the sales price.

In the event the property is sold to a tenant it is understood that Agent is working as the agent of the Owner. It is understood that in the event of such a sale that Agent will be representing the Owner. Agent will be entitled to these fees so long as the property is purchased by someone who occupied the property during the term of this agreement or during the term of the lease's extension or renewal even if this agreement has been terminated. It is agreed that any lease/purchase agreement negotiated by any party during the term of this agreement or its extension is subject to this agreement and will obligate Owner to the commissions herein agreed.

Smoke Detectors: To insure that there is installed on each floor of the house an operable smoke detector. Owner understands that Alabama law and/or regulations of the State Fire Marshall may operate to place an extreme liability on the Owner in the event that a person or property is damaged in a fire and regulations concerning fire detectors have not been followed.

d. Habitability: Owner warrants that the premises are habitable and that they are in compliance with all state and local ordinances relating to rental property.

e. If your property falls within any municipality which may require a business license, it is your responsibility to contact that city's Revenue Department, concerning business licenses and/or taxes. After doing so, please notify our office if you would like us to make future arrangements to pay them from your account.

5. EARLY TERMINATION CLAUSE:

If Owner terminates the management agreement before the end of a lease or an extension thereof, the Owner shall be obligated to pay the Agent at once two times the yearly commissions on the lease plus all commissions due and unpaid at that time and all monies of any nature expended by the Agent on the Owner's behalf. The security deposit will be released upon a properly signed and executed release agreement entered into by the tenant, Owner and Agent in form and language approved by the Agent. Owner may prematurely terminate this agreement if Agent fails to rent the property within four months of the date hereof, provided that Owner pays Agent for all accumulated charges.

6. WORKERS COMPENSATION INSURANCE:

Insurance requires that any contractors, and/or sub-contractors who work on any property we manage, be covered by Workers Compensation. If an individual contractor is not required by law to carry insurance, our insurance company regulations have insisted that small contractors be covered by our company. In that case, Owner understands that any such charge will be added to the appropriate invoice and, therefore, becomes part of the expenditures billed to such Owner.

7. NOTICE:

All written notices to the Owner may be addressed and mailed to the Owner at _____, and mailed to the Agent at [INSERT YOUR COMPANY ADDRESS].

8. BINDING AGREEMENT:

This agreement shall be binding upon and will inure to the benefit of the parties hereto, their representatives, successors, heirs or assigns. The Agent and Owner agree that neither party may assign or delegate their respective rights, duties, or obligations under this agreement, without the prior written authorization of the other party.

9. DISCRIMINATION:

It is illegal to discriminate in the sale or lease of real estate because of race, religion, sex, handicaps, national origin or familial status.

10. OWNER'S WARRANTY:

The Owner warrants that he is the owner of the property described herein or that he has the authority to execute this agreement.

11. HOME WARRANTY:

Owner may enlist the services of a home warranty company. If home is covered by a home warranty, owner will provide the warranty company name, contact number and contract

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number to Agent. If contractor requires tenant to pay a service call fee, tenant will submit receipt to Agent and will be given a credit for the service fee amount on the next month's rent. Agent will follow the agreed upon terms detailed in the maintenance agreement.

12. ATTORNEY'S FEES:

If, within 30 days or such longer period as may be agreed upon by the Agent and Owner in writing, the parties cannot resolve any dispute, claim or controversy arising from or relating to the agreement, or any dispute, claim, or controversy arising from or relating to the validity of this Agreement or these arbitration provisions, or any future claim, dispute, or controversy arising between them, then the Agent and Owner agree and consent to resolve all such disputes, claims or controversies through binding arbitration in accordance with the National Rules for the Resolution of Commercial Disputes of the American Arbitration Association (and the extent not inconsistent, the rules of The Federal Arbitration Act) in effect at the time the demand for arbitration is made. One arbitrator shall be used and shall be chosen by mutual agreement of the parties. If, within 30 days after one party notifies the other of an arbitrable dispute, no arbitrator has been chosen, an arbitrator shall be chosen by AAA pursuant to the applicable National Rules. The arbitrator shall coordinate and limit as appropriate all pre-arbitrable discoveries, which shall include document production, information request, and depositions. No later than 30 days prior to the hearing, or at such other time as the arbitrator may direct, the parties may file dispositive motions, including motions for summary judgement, in accordance with the arbitrators guidelines and procedures for motion practice. Following the arbitration hearing, the arbitrator shall issue a written decision and, if necessary, an award, stating the reasons therefor. In issuing his decision, the arbitrator shall apply the substantive law (and the law of remedies) of the State of Alabama, or the federal law (if applicable) that would be applied by a federal court sitting in Alabama. The Federal Rules of Evidence shall apply to the arbitration proceedings. The arbitrator's decision and award, if any, shall be exclusive, final, and binding on the parties, their respective heirs, executors, administrators, successors, agents, assigns, attorneys, and all other persons or entities in privity with the parties. The award, if any, shall be enforced pursuant to The Federal Arbitration Act, according to the procedure outlined in 9 U.S.C Section 13. The Agent and Owner understand that by agreeing to these arbitration provisions, they are agreeing to substitute one legitimate dispute resolution for (arbitration) for another (litigation, and both parties are hereby knowingly and voluntarily waiving their respective rights to have their disputes resolved in court, including their respective rights to trial by jury. Each party shall pay its own attorney's fees and expenses incurred in connection with the arbitration proceedings; all other expenses of arbitration shall be equally divided between the parties, provided, however, that the arbitrator shall have the authority to assess any of the...

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