

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT ("Agreement") is entered into this ____ day of _____, 20____, by and between _____, having an address at _____ ("Owner") and _____ ("Broker").

At all times, Broker shall act as the Owner's agent and not as a Transaction Broker under this Agreement. Broker shall treat the tenant as a customer. A customer is a party to a transaction with whom Broker has no brokerage relationship. Broker shall disclose to such customer Broker's relationship with Owner. If Owner and tenant are both working with the same broker, Broker shall function as Owner's agent.

Broker may designate one or more licensees to perform the services for Owner as required by this Agreement. References in this Agreement to Broker shall include all persons so designated, including substitute or additional licensees. Upon such designation, Owner's agency relationship shall exist only with said licensee or licensees, and shall not extend to the Broker, employing broker, or other licensees employed or engaged by Broker who are not so designated. The licensee(s) initially designated by Broker to perform services for Owner as required by this Agreement is/are: _____.

Broker shall act as Owner's disclosed Agent and Owner shall be referred to as "Landlord" in all leases. **Because Broker is a disclosed Agent for Owner, Owner is still liable under any lease signed by Broker on Owner's behalf.**

IN CONSIDERATION of the covenants herein contained, the parties hereby agree as follows:

1. **Term.** Owner hereby employs Broker, as an independent contractor, to exclusively manage and lease the property known as _____, having a legal description of:

Per Public Records

1. County of _____, State of Colorado (the "Property") upon the terms set forth herein, for a period beginning on the ____ day of _____, 20____ (the "Commencement Date") and shall continue for a period of 1 year (12 months). Owner agrees at the expiration of this Agreement if Owner wishes Broker to continue its duties as Property Manager of the Premises without any express written agreement as to such holding over, Owner shall be deemed a month-to-month Owner subject to the terms and conditions set forth in this Agreement, as applicable. In the event of such a continuation on a month-to-month basis, this Agreement may then be terminated by either party giving a 30 day written notice prior to the end of the given month. Additional information concerning the Property and its rental terms are attached hereto as Exhibit A.

2. **Fees and Compensation.**

(a) **Management Fee.** Broker shall charge a 10% of gross rent management fee for the first term of this Agreement. Any subsequent terms of this Agreement may include a management fee, which shall be negotiated when an extension or renewal is signed. There will be a \$750 set-up/marketing fee for each NEW rental period; this fee will be collected out of the first month's rent.

(b) *Reimbursement.* In the event Broker advances money for the Owners account or Owner owes fees to Broker for services otherwise arising out of this contract, all moneys advanced by Broker shall be due and payable by Owner upon demand and shall bear interest at the rate of fifteen percent (15%) per annum.

(c) *Payments.* Broker will make payment(s) to owner upon receiving payment from tenant. Any delays in receiving payments by the tenant will be communicated with owner. Broker is not responsible or liable for lack of payments by tenant. Broker will act in a timely and diligent manner to collect rents or begin the eviction process. Eviction process will be at the discretion and authority of the owner.

(d) *Expenses.* Owner shall be liable for all expenses of owning the Property, including all taxes and maintenance expenses.

(e) *Vacancy.* Broker shall not be liable for any expenses or fees for any period during which the Property is vacant. Broker shall not incur a penalty if the Property is vacant.

(f) *Renters Insurance.* A Farmers Insurance renter insurance policy with base coverage will be provided to the tenant at the owners cost and included as part of the rent. Tenant will be responsible for paying any costs associated with submitting a claim: i.e. any deductibles or other costs outside of the coverage of the insurance policy in force.

3. **Accounting for Operation and Maintenance of Property.**

(a) Broker agrees to perform all of Broker's duties with diligence and in accordance with the standards of professional property management in the State of Colorado.

(b) Broker shall maintain adequate books and records concerning the operation and maintenance of the Property.

(c) Broker shall, from the Custodial Account defined herein below, issue payment for all expenditures incurred in connection with the operation and maintenance of the Property as such expenditures become due and payable, including, without limitation, payment for all expenses, compensation due and payable to Broker as specified in this Agreement (if any), advances to Owner, attorneys fees paid by Broker on behalf of Owner, and utilities paid in advance by Broker on behalf of Owner. Owner agrees to assume ultimate responsibility for payment of all expenditures incurred in the operation and maintenance of the Property. Broker shall not at any time be obligated to advance Broker's funds to Owner's account or to the Custodial Account for the purpose of paying for or satisfying any expenditure incurred in the operation and maintenance of the Property. Large repair invoices above the average balance of the Custodial Account may be directed to the Owner for payment.

(d) Unless both parties consent in writing, Broker shall not be required to file any reports not expressly mentioned in this Agreement.

4. **Powers of Broker.** Owner hereby gives to Broker the following authority and powers (all or any of which may be exercised in the name of Owner) and Owner further agrees to assume ultimate responsibility for payment of all expenses incurred by Broker in connection therewith:

- (a) To advertise the Property or portions thereof and to select and obtain tenants.
- (b) To negotiate, enter into, and execute leases on Owner's behalf and as Owner's Broker (attorney-in-fact) with one or more tenants for all or any portion of the Property. Broker may, at Broker's sole discretion, utilize any lease form provided to Broker by Owner, any lease form normally utilized by Broker, or any other leasing or rental form deemed to be appropriate by Broker.
- (c) To hire, contract for, discharge, and supervise all independent contract labor required for the operation and maintenance of the Property. Broker shall not be liable to Owner or any other party for any act or omission of such independent contractors.
- (d) To make, or cause to be made, to the Property all repairs, alterations, replacements and improvements; to purchase supplies for such repairs, alterations, replacements and improvements; and to purchase operating supplies. Broker shall secure the prior written approval of Owner for any expenditure for repair, alteration, decoration, cost, purchase or replacement. Owner's prior written approval shall not be required for expenditures of monthly or recurring operating expenses, nor for expenditures for any emergency repairs if, in the sole discretion of Broker, such repairs are necessary to protect the Property or to maintain services to the tenants as called for by tenants' leases.
- (e) To collect rents, assessments, and all other items which are due, or are to become due, from any third party and give receipts therefore, and to deposit all funds collected hereunder into the Custodial Account.
- (f) To contract for electricity, gas, water, fuel, window cleaning, waste or rubbish hauling, rental of furniture or equipment, and such other services as Broker may deem necessary in furtherance of Broker's duties hereunder. Owner agrees to assume the obligation of any contracts so entered into at the termination of this Agreement.
- (g) To maintain business-like relationships with tenants. Broker shall receive, consider and record all service requests submitted by tenants in systematic fashion, and Broker shall respond to such service requests promptly and efficiently. Requests or complaints which are deemed extraordinary by Broker shall, after thorough investigation, be reported to the Owner with appropriate recommendations.
- (h) To prepare and maintain accurate payroll time sheets for all personnel. Broker shall prepare all payroll checks on a timely basis and shall disburse such payroll checks to all personnel.

5. **Duties of Broker.** In addition to the above, the Broker, acting as Owner's Agent, shall perform the following Uniform Duties:

- (a) Broker will exercise reasonable skill and care for Owner, including, but not limited to the following:
 - (i) Performing the terms of any written or oral agreement with Owner;
 - (ii) Presenting all offers to and from Owner in a timely manner regardless of whether the Property is subject to a lease or letter of intent to lease;
 - (iii) Disclosing to Owner adverse material facts actually known by Broker;
 - (iv) Advising Owner regarding the transaction and obtaining expert advice as to material matters about which Broker knows but the specifics of which are beyond the expertise of Broker;
 - (v) Accounting in a timely manner for all money and property received; and
 - (vi) Keeping Owner fully informed regarding the transaction.

- (b) Broker shall not disclose the following information without the informed consent of Owner:
 - (i) That Owner is willing to accept less than the asking lease rate for the Property;
 - (ii) What Owner's motivating factors are for leasing the Property;
 - (iii) That Owner will agree to lease terms other than those offered;
 - (iv) Any material information about Owner unless disclosure is required by law or failure to disclose such information would constitute fraud or dishonest dealing; or
 - (v) Any facts or suspicions regarding circumstances that could psychologically impact or stigmatize the Property.

(c) Owner consents to Broker's disclosure of Owner's confidential information to the supervising broker or designee for the purpose of proper supervision, provided such supervising broker or designee shall not further disclose such information without consent of Owner or use such information to the detriment of Owner.

(d) Brokerage Firm has agreements with other owners to market and lease their property. Broker may show alternative properties not owned by Owner to other prospective tenants and list competing properties for lease.

(e) If all or a portion of the Property is subject to a lease or letter of intent to Lease obtained by Broker, Broker shall not be obligated to seek additional offers to lease such portion of the Property.

(f) Broker has no duty to conduct an independent inspection of the Property for the benefit of tenant and has no duty to independently verify the accuracy or completeness of statements made by Owner or independent inspectors.

(g) Owner shall not be liable for the acts of Broker unless such acts are approved, directed or ratified by Owner.

- (h) Broker is a limited agent of Owner, with the following additional duties:
 - i. Promoting the interests of Owner with the utmost good faith, loyalty and fidelity.
 - ii. Seeking rental rates and terms that are acceptable to Owner.
 - iii. Counseling Owner as to any material benefits or risks of a transaction that are actually known to Broker
- (i) Broker shall assist in obtaining settlements on insurance or other claims, if necessary.
- (j) Broker shall not be required to inspect the Property on a periodic or routine basis. Broker agrees to inspect the Property prior to and subsequent to each tenant occupying the Property.
- (k) Broker shall investigate all possible tenants' credit history. Broker shall require all possible tenants to complete an application and will run a credit report on the tenant.

6. Disclosure.

(a) **Broker's Obligations.** Colorado law requires a broker to disclose to any prospective tenant all adverse material facts actually known by such broker including, but not limited to, adverse material facts pertaining to the title to the Property, the physical condition of the Property, any material defects in the Property, and any environmental hazards affecting the Property required by law to be disclosed. These types of disclosures may include such matters as structural defects, soil conditions, violations of health, zoning or building laws, and nonconforming uses and zoning variances. Owner agrees that any tenant may have the Property and Inclusions inspected and authorizes Broker to disclose any facts actually known by Broker about the Property. Broker shall not be obligated to conduct an independent investigation of the tenant's financial condition except as otherwise provided in the Agreement.

(b) **Owner's Obligations.** An owner is not required by law to provide any particular disclosure form. However, disclosure of known material latent (not obvious) defects is required by law.

(1) Owner Agrees Does Not Agree to provide a written disclosure of adverse matters regarding the Property completed to the best of Owner's current, actual knowledge.

7. **Agency.** Broker shall represent Owner as Owner's Agent and shall treat the tenant as a customer. A customer is a party to a transaction with whom Broker has no brokerage relationship. Broker shall disclose to such customer Broker's relationship with Owner.

8. **No Authority to Make Structural Changes.** Owner expressly withholds from Broker any power or authority to make any structural changes in any building or equipment located on the Property. Broker shall not, without Owner's prior written consent, incur any expense chargeable to Owner for expenditures other than those specifically enumerated in Sections 3 and 4 herein above.

9. **Establishment of Custodial Account.** Broker shall establish and maintain a separate Custodial Account in a bank or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation. Broker shall at all times maintain the Custodial Account in a manner which reflects the custodial nature of the account.

Broker shall deposit into the Custodial Account all monies received from or on behalf of Owner. Normal operating expenses of the Property shall be paid from the Custodial Account. Owner authorizes Broker to withdraw funds from the Custodial Account for any payments to be made by the Broker in order to discharge any liabilities or obligations incurred pursuant to this Agreement.

10. **Reimbursement of Custodial Account.** Within twenty-four (24) hour's notice from Broker (regardless if such notice is written or oral), Owner agrees to promptly supply to Broker or deposit into the Custodial Account, any and all funds required for the payment of operating expenses incurred in the performance of this Agreement. If the Custodial Account does not contain sufficient funds for one or more disbursements, Broker may, after notifying Owner (either orally or in writing) of such insufficiency, defer making any disbursement until Owner has furnished all funds necessary for such disbursement. Broker is hereby authorized to disburse funds in payment of Management Fees and/or Office Leasing Fees earned by Broker (or for any other expenditures incurred in the operation of the Property if such other expenditures were paid out of Broker's own funds) ahead of, and in preference to, any other disbursements due.

11. **Disposition of Security Deposits.**

(a) Possession of Security Deposits.

Broker shall hold the security deposit for the benefit of the Owner and shall be obligated to return any of the security deposit that should be properly made to the Tenant. Team Lassen does not allow owners to hold the security deposit due to our obligation to comply with C.R.S. §38-12-101.

(b) Pursuant to C.R.S. §12-61-113 (1)(g.5), all security deposits received by Broker will be placed in an escrow or trust account. Broker may not deliver a security deposit to Owner.

(c) Pursuant to statutory requirements and Colorado Real Estate Commission Rules E-1 and E-2, Broker must transfer all escrowed money belonging to Owner at reasonable and agreed upon intervals and with proper accounting. If advance rental money or security deposit is held by Broker but subject to recall by tenant, such money must be escrowed until such time as the money is earned and rightfully transferred or credited to Owner. However, Broker shall not be required to transfer any escrowed money to Owner if such a transfer would be in violation of federal, state, or local law.

(d) Upon termination of this Agreement, whether by sale, assignment, death, appointment by receiver or otherwise, Broker shall transfer the security deposit funds, or any remainder thereof after lawful deductions, to Owner or Owner's successor in interest. Broker shall give tenant notice if the security deposit is transferred to another entity.

(e) Owner agrees and understands that Broker may retain interest on Custodial accounts, and Broker shall have sole authority and discretion in disbursing security deposit funds at lease termination.

12. **Documents Pertaining to the Property** . At the commencement of this Agreement, Owner agrees to provide to Broker all necessary and appropriate documents which will assist Broker in managing the Property. Such documents shall include, but not be limited to Owner's tax identification number, prior period accounting records, copies of existing leases and lease correspondence, copies of building plans, copies of any contracts, HOA Rules & Regulations, By-Laws, CC&Rs, and any other relevant documents pertaining to the operation of the Property. Broker agrees to provide any new lease agreements for the Property.

13. **Inventory of Personal Property.**

(a) Upon commencement of this Agreement, Owner shall provide to Broker an inventory of all furniture, fixtures, equipment, and other items of personal property (collectively, the "Inventory of Personal Property"), whether attached to the Property or not, which are to be included as part of the Property subject to this Agreement.

(b) If within five (5) days after the commencement of this Agreement, Owner has not provided the Inventory of Personal Property to Broker, Broker shall, at Owner's expense conduct an inventory of all such furniture, fixtures, equipment, and other items of personal property. The cost of such inventory shall be paid by Broker from the Custodial Account, according to the terms of Section 6 herein above. Upon completion of the inventory taken by Broker, Broker shall, within five (5) days after the completion of such inventory, provide to Owner, in writing, an Inventory of Personal Property.

14. **Lead-Based Paint Disclosure.** If one or more residential buildings is located upon, or included with, the Property, and if one or more of such residential buildings were constructed prior to January 1, 1978, Owner must disclose the presence of known lead-based paint and/or lead-based paint hazards in the building(s). Owner hereby acknowledges the following obligations, which shall be completed before Broker or any proposed tenant is obligated to enter into a contract to lease the Property or any portion of the Property:

(a) Owner shall provide the required lead warning statement set forth on the Lead-Based Paint Disclosure form, attached here to as "Exhibit B"

(b) Owner shall disclose to Broker and the proposed tenant the presence of any known lead-based paint and/or lead-based paint hazards in the Property. Owner shall also disclose any additional information available to Owner concerning the known lead-based paint and/or lead-based paint hazards, such as the basis for the determination that lead-based paint and/or lead-based paint hazards exist, the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces.

(c) Owner shall disclose to Broker the existence of any available records or reports. Owner shall also provide the proposed tenant with any records or reports available to Owner pertaining to lead-based paint and/or lead-based paint hazards in the Property being leased. This requirement includes records and reports regarding common areas. This requirement also includes records and reports regarding other residential dwellings in multi-family target housing, provided that such information is part of any evaluation or reduction of lead-based paint and/or lead-based paint hazards in the building as a whole. If no such records or reports are available, Owner shall so indicate.

(d) Owner must sign and date the Lead-Based Paint Disclosure (Rentals), certifying to the accuracy of Owner's statements, to the best of Owner's knowledge.

There is no obligation of Owner to conduct any evaluation or reduction activities. If any of the disclosure activities identified above occurs after the proposed tenant has provided an offer to lease the Property or a portion of the Property, Owner shall complete the required disclosure activities prior to accepting the proposed tenant's offer and the proposed tenant shall have the opportunity to review the information and possibly amend the offer. Owner is required to retain a copy of each completed Lead-Based Paint Disclosure (Rentals) form for a period of not less than three (3) years from the commencement date of the applicable leasing period.

15. **Compliance with Statutes and Regulations.** Broker shall not be liable or responsible for compliance by the Property, any building located upon the Property, or any equipment located on or utilized upon the Property with the requirements of any statute, ordinance, law or regulation of any governmental body or of any public authority or official thereof having jurisdiction over the Property. Upon receipt of any complaint, warning, notice, or summons received by Broker regarding the Property, any buildings located on the Property, or equipment located on or utilized upon the Property, Broker shall immediately notify Owner of the receipt of such complaint, warning, notice, or summons or shall immediately forward such complaint, warning, notice, or summons to Owner. Owner represents and warrants, to the best of Owner's knowledge, that the Property and all equipment located on or utilized on the Property comply with all applicable statutes, ordinances, laws, and regulations. Owner agrees to indemnify and hold harmless Broker, Broker's representatives, and Broker's employees, from and against any and all demands, claims, fines, penalties, damages (including consequential damages), liabilities, judgments, and expenses (including without limitation reasonable attorneys' fees) whatsoever that may be incurred or imposed on Broker, or any of Broker's representatives, Brokers and employees, by reason of any present, future, or alleged violation(s) of any law, ordinance, statute or regulation. Owner authorizes Broker to disclose the ownership of the Property to any governmental official. If Owner fails or refuses to comply with such laws, Broker may terminate this Agreement by giving twenty-four (24) hour notice to Owner.

16. **Cancellation of Agreement Due to Owner's Failure to Comply with Statutes and Regulations .** In the event that allegations are made or charges are filed that a) the Property, any building located on the Premises, or any equipment located on or utilized on the Property, or b) any act or failure to act by Owner with respect to the Property or the sale, rental or other disposition of the Property fails to comply with or is in violation of any federal, state, or local law, or is in violation of any order or ruling of any public authority or official having or claiming to have jurisdiction over the Property, and Broker, in Broker's sole and absolute discretion, considers that the action or position of Owner with regard to such allegations or charges may result in damage or liability to Broker, Broker shall have the right to cancel this Agreement at any time by written notice to Owner. Any cancellation served by Broker to Owner pursuant to this section shall be effective upon the service of such notice. Any cancellation by Broker pursuant to the terms of this section shall not release Owner from any duty or obligation to indemnify Broker as set forth in Paragraph 20 below and shall not terminate any liability or obligation of Owner to Broker for any payment, reimbursement or other sums of money due and payable to Broker pursuant to Broker's performance of this Agreement.

17. **Termination Upon Default.** Either party to this Agreement may terminate this Agreement at any time if the other party is in default. The following events are referred to collectively as an "Event of Default":

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