

PROPERTY MANAGEMENT AGREEMENT

This agreement is made this date _____; by and between: the
 "Owner": _____ and the "Agent":

SECTION 1 APPOINTMENT AND ACCEPTANCE

Owner hereby appoints Agent as sole and exclusive Agent of Owner to lease, manage or list the property for sale. Agent accepts the appointment and agrees to furnish the services of its organization for the leasing, management and/or sale of the Premises; and Owner agrees to pay **all expenses** in connection with those services.

Agent is a licensed Real Estate Broker in Missouri and Kansas. Agent will be acting as the Seller's or Landlord's Limited Agent as prescribed by the Missouri Real Estate Commission (MREC). Agent's duty is to perform the terms of the written agreement made with the seller or landlord, *to exercise reasonable skill and care for the seller or landlord, and to promote the interests of the seller or landlord* with the utmost good faith, loyalty and fidelity in the sale, lease or management of the property.

Owner warrants that Owner is the sole owner of the Premises and that the Premises are not subject to current legal action or foreclosure. **All copies of tenant leases are to be furnished to Agent.**

SECTION 1.2 DESCRIPTION OF PREMISES

The properties to be managed by Agent under this agreement (the "Premises") are known as Address, consisting of the land, buildings and other improvements.

SECTION 1.3 TERM

This term of Agreement shall be for an initial period of one year from the xst day of month 2008, to and including the xst day of 2009; and thereafter shall be automatically renewed from year to year, unless terminated as provided in section 11 herein. Each of the said one-year periods is referred to as a "term year".

SECTION 2 BANK ACCOUNTS

All amounts collected shall be deposited in the Agent's Escrow accounts and registered with the Missouri Real Estate Commission (MREC). Such depository shall be selected by the Agent. However, Agent shall not be held liable in the event of bankruptcy or failure of a depository. Funds in the Escrow Account remain the property of the Owner and are subject to disbursement of expenses by Agent as described in this Agreement.

Owner acknowledges that any interest amounts received by Agent on any lease income, security or other deposits, or any other amounts held in the Escrow Accounts shall be retained by Agent or as directed by MREC.

SECTION 3 COLLECTION OF RENTS AND OTHER RECEIPTS

Agent shall collect all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Premises. Such receipts shall be deposited in the Escrow Accounts maintained by Agent. Owner authorizes Agent to endorse any and all checks drawn to the order of Owner for deposit in such Escrow Accounts.

Agent may collect from tenants any or all of the following special fees; an administrative charge for late payment of rent, a charge for returned or non-negotiable checks, a credit report fee, an administrative charge and/or broker's commission for subleasing.

Owner Initials: _____ Agent Initials: _____

Agent shall collect, deposit and disburse tenant's security deposits in accordance with the terms of state and local laws. Security Deposits will be held in Turn-Key's Escrow Account until tenant moves out and the Security Deposit Reconciliation is completed, in accordance with the Missouri Real Estate Commission's regulations. Should the Premises sell or upon termination of the Agreement, Owner authorizes Agent to deduct any outstanding balances owed by Owner from the Security Deposits prior to releasing these funds. Pre-paid rents will be forwarded to the Owner on the monthly statement.

Owner shall be responsible for the payment of all mortgage/notes, property taxes, special assessments, Homeowner Association fees, all utilities and premiums for casualty and liability insurance relating to the Premises.

SECTION 4 DISBURSEMENTS FROM ESCROW ACCOUNTS

From the Escrow Accounts, Agent is hereby authorized to pay or reimburse itself for **all expenses and costs of operating the Premises** and for all other sums due Agent under this Agreement, including Agent's compensation under Section 10. **To the extent that funds are available, Agent shall transmit cash balances to Owner.**

By the 31st day of each month, Agent shall furnish Owner with a **Management Report** of monies collected and an **Invoice** of charges from the operation of the Premises during the previous month. The Bookkeeper begins Reports on the 10th of the month and all are completed by the 31st. Maintenance costs and costs to operate the premises are a separate service from management and those fees are listed in Turn-Key's Maintenance Policy.

Housing Authority payments will be sent to Owner c/o Turn-Key Properties, LLC, 5614 Raytown Road, Raytown MO 64133

SECTION 5 AGENT NOT REQUIRED TO ADVANCE FUNDS

In the event that the Owner's balance in the Escrow Account is at any time insufficient to pay disbursements due and payable under Section 4, Owner shall, immediately upon notice, remit to Agent sufficient funds to cover the deficiency. In no event shall Agent be required to use its own funds to pay such disbursements. Nor shall Agent be required to advance any monies to Owner or to any Escrow Account.

Any deficiency in funds owed by Owner shall be considered a loan subject to repayment with interest, and Owner hereby agrees to reimburse Agent, including interest and hereby authorizes Agent to deduct such amounts from any monies due owner.

Any sums due Agent under any provision of this Agreement, not paid within thirty (30) days after such sums have become due, shall bear interest at the rate of 20% APR, however, not less than Twenty Five Dollars (\$25.) per month, until paid in full. Mailing or E-mailing monthly statement of income and expenses indicating a deficient Owner balance shall be sufficient notice to Owner of balance due.

In the event that an action is brought by the Agent to recover any monies due Agent, for services rendered to the Owner as a result of this agreement, Owner agrees to pay Agent's reasonable attorney's fee in connection therewith.

SECTION 6 ADVERTISING

Agent is authorized to advertise the Premises or portions thereof for rent, using print ads, signs, brochures, internet/web sites, displays or such other means as Agent may deem proper and advisable. Agent is authorized to place signs on the Premises advertising the Premises for rent. Owner agrees to pay for and reimburse Agent for all advertising costs. Advertising expenses may include direct costs for advertising the Owner's premises as well as a reasonable pro-rata share of general advertising by the Agent which is designed to collectively benefit the Owner's premises and other properties managed by Agent.

Owner SHALL NOT place any advertising for the premises themselves. Agent will be the only advertiser of the premises.

SECTION 7 LEASING AND RENTING

Agent shall use all reasonable efforts to keep premises rented by locating tenants for the Premises, however Agent makes NO guarantee that a tenant will be available to rent the Premises. Agent is authorized to negotiate, prepare and execute all leases, including all renewals and extensions of leases and to cancel and modify existing leases. Agent shall execute all leases as Agent for the Owner. All costs of leasing shall be paid out of the Escrow Account.

Owner Initials: _____ Agent Initials: _____

During the term of this Agreement, Owner shall not authorize any other person, firm or corporation to negotiate or act as leasing or rental agent with respect to any leases or space in the Premises. **Owner agrees to promptly forward all inquiries about leases to Agent.** Owner agrees that if rental unit is rented by owner, anyone associated with the owner or under the direction of the owner, during the period of this Agreement, **all Management fees will be paid to Agent, according to the terms of this contract, the same as if Agent leased the premises.**

Agent will make all decisions as to the rental amount, fees and deposits. Agent is authorized to establish and change or revise all rents, fees or deposits and any other charges with respect to the Premises. Owner understands that the Agent determines rental amounts in a competitive manner and consistent with other similar properties based on Real Estate comparables. Owner understands that Agent will strive to rent the premises for the maximum rent possible, as Agent's Management Fee is based on the rental amount.

Owner and Agent agree to follow all Federal and Local Fair Housing Laws. If Owner should at any time request Agent to disregard Fair Housing Laws and/or Landlord-Tenant Laws, this contract will be terminated immediately and the management fees for the balance of this contract or \$500., whichever is greater, will be due immediately.

SECTION 7.1 ENFORCEMENT OF LEASES

Agent shall have the authority, on behalf of the Owner to terminate any lease or rental agreements covering the premises that are in default, to execute and serve such legal or other notices as Agent deems appropriate, to institute legal actions for the benefit of, and the expense of, Owner for the purpose of evicting tenants in default and to recover possession of the premises, to recover unpaid rents and other sums due from any tenant to settle, compromise and release claims by or against any tenant and to employ attorneys for payment of rent more than five days in arrears. Owner agrees that Agent is not responsible for the collection of delinquent accounts. Agent assumes no liability for monies that are uncollectible or for any damages or costs related to the tenancy and the property. Attorney's fees, filing fees, court costs and other necessary expenses incurred in connection with such actions and not recovered from tenants shall be paid out of the Escrow Account or reimbursed directly to Agent by Owner. Agent may select the attorney of its choice to handle such litigation.

Owner shall pay reasonable expenses incurred by Agent in obtaining legal advice regarding compliance with any law affecting the Premises or activities related to them. If such expenditure also benefits others for whom Agent in this Agreement acts in a similar capacity, Owner agrees to pay an apportioned amount of such expense.

SECTION 8 INSURANCE, HOLD HARMLESS AND LIABILITY

Owner shall obtain and keep in force adequate insurance against physical damage, fire with extended coverage endorsement and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of the Premises. Any deductible required under such insurance policies shall be Owner's expense. Liability insurance will be adequate to protect the interests of both Owner and Agent in form, substance and amounts.

Agent, Turn-Key Properties, LLC shall be covered as an additional insured on all liability insurance maintained with respect to the Premises. Within fifteen (15) days from the effective date, Owner must furnish Agent with certificates evidencing such insurance.

Owner shall indemnify, defend and hold Agent harmless from all claims, investigation, loss, damage, cost expense (including attorney's fees), liability or lawsuits by third parties related to the premises for personal injury or property damage incurred or occurring in, on or about the Premises. Nothing in this Agreement contained shall be construed as rendering Agent liable for any act, omission or occurrence resulting from or in any manner arising out of the performance of Agent's duties and obligations hereunder.

Owner shall pay all expenses incurred by Agent, including, but not limited to, reasonable attorney's fees and Agent's costs and time and any liability, fines, penalties or the like, in connection with any claim, proceeding or suit involving an alleged violation by Agent or Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes or fair housing, including, but not limited to, any law prohibiting or making illegal discrimination on the basis of race, sex, creed, color, religion, national origin or mental or physical handicap. Nothing contained in the Agreement shall obligate Agent to employ legal council to represent Owner in any such proceedings or suit. The Owner's obligation

Owner Initials: _____ Agent Initials: _____

under this section shall include the payments of all costs, expenses, suits, claims, settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay, court costs, litigation expense, worker's compensation claims and attorney's fees.

Agent shall not be liable for any willful neglect, abuse or damage to the Premises by tenants, vandals, or others nor loss or damage to any personal property of Owner.

Agent assumes no liability whatsoever for any acts or omissions of owner or any previous owners of the premises or any previous management or other agent of either. Agent assumes no liability for any failure of or default by tenant in the payment of any rent or other charges due owner or in the performance of any obligations owed by any tenant to Owner pursuant to any lease or otherwise. If at any time during or after the term of this Agreement, the Premises are found to be contaminated with hazardous waste, Owner agrees to indemnify and hold Agent harmless from all claims, demands, actions, liabilities, costs expenses, damages and obligation of any nature arising from or as a result of said hazardous waste. The foregoing indemnification shall survive the termination or expiration of the Agreement.

Agent assumes no responsibility or management of personal property left by Owner at premises.

SECTION 9 MAINTENANCE AND REPAIR

Agent is authorized to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve and maintain the Premises in an attractive condition and good state of repair for the operating efficiency of the Premises, and all alterations required to comply with lease requirements, governmental regulations or insurance requirements. Agent is also authorized to decorate (paint, etc.) the Premises and to purchase or rent, on Owner's behalf, all equipment, tools, appliances, materials, supplies and other items necessary for the management, maintenance or operation of the Premises. Such maintenance and decorating expenses shall be at the owner's expense and paid out of the Escrow Account.

SECTION 9.1 CONTRACTS, UTILITIES AND SERVICES

Agent is authorized to negotiate contracts and to enter into agreements for all necessary repairs, maintenance, minor alterations and utility services. Agent shall, at Owner's expense, make contracts on Owner's behalf for electricity, gas, telephone, fuel, water, sewer, garbage, irrigation, yard care, maintenance agreements, coin operated washer and dryers and such other services as Agent shall deem necessary or prudent for the operation of the Premises. Owner to assume the obligation of any contracts entered. All utility deposits shall be the Owner's expense and shall be paid out of the Escrow Account.

SECTION 10 AGENT'S COMPENSATION AND EXPENSES

As compensation for the services provided by Agent under this Agreement (**and exclusive of reimbursement of maintenance and operating expenses to which Agent is entitled hereunder**), Owner shall pay Agent as follows:

ONE TIME SET UP FEE: Agent shall charge a One Time Set Up Fee of \$250. for the initial single family dwelling or duplex. Set up services include set up in computer, placing sign in front yard, taking pictures of property for advertising, completing a Unit Description for phone descriptions, completing a list of suggested improvements for Owner and replacing one deadbolt lock with a Turn-Key master lock. Each additional single family dwelling or duplex; will be an additional \$125. For a duplex, the cost of the second deadbolt will be additional. If the door on the premises requires any alterations, retro-fitting or additional passage knob, there are additional charges as described in Turn-Key's Maintenance Policy. Multi-family dwellings of more than two units will be priced accordingly.

MONTHLY MANAGEMENT FEES: Monthly Management Fees shall be **Ten (10) %** of the total monthly gross receipts from the Premises, payable once per month; after tenant's rents have cleared the bank; for the duration of this Agreement. Minimum monthly fee of **Fifty Dollars (\$50.00)** per unit while Premises is rented.

The term "**gross receipts**" shall be deemed to include all rents and other income and charges from the normal operation of the Premises, including, but not limited to, rents, parking receipts, laundry income, collected and/or forfeited security deposits, pet deposits and other fees and deposits and other miscellaneous income. Gross receipts shall NOT be deemed to include the special charges listed in Section 3 or interest on security deposits or income arising out of the sale of real property and items of a similar nature. If Owner approves or allows a tenant to pay partial rent or stay in the unit with unpaid rent, the Monthly Management

Owner Initials: _____ Agent Initials: _____

Fee will be charged, as if the full rent was paid.

ONE TIME LEASING FEE: Upon move in of a new tenant, One Time Leasing Fee shall be **Seventy Five (75) %** of the first months rent, based on the full amount of one month's rent, excluding any rent discounts or rent specials given to the tenant as a rental incentive.

*As stated in Section 8, Owner agrees that if rental unit is rented by owner, anyone associated with the owner or under the direction of the owner, during the period of this Agreement, **all Management fees will be paid to Agent, according to the terms of this contract, the same as if Agent leased the premises.***

RENEWAL FEE: As an incentive to encourage tenant's annual renewal of their lease, a Renewal Fee shall be **Twenty Five (25) %** of one month's rent.

Services paid by the Management Fee begin when the tenant is placed and rent is being paid. Services paid by the Leasing fee are procurement of a Tenant. Until a tenant is placed, costs of operating the Premises are charged to the Owner as operating costs of the premises.

LATE FEES: Late fees paid by the tenant; for late rent; are split 50/50 with Owner.

COURT ATTENDANCE: Any time of Agent or Agent's employees expended in preparation for and attendance to court on Owner's behalf will be billed at the rate of \$50. per hour.

EVICITION PREPARATION: If Turn-Key takes over management of a unit where a tenant is behind on the rent and it is necessary to file for Rent and Possession, there will be a Document Preparation Fee of \$50. per hour.

EVICITION PROTECTION: If Turn-Key places the tenant, an \$8. per month, per unit fee will be charged for Eviction Protection and if a Rent and Possession filing is required, Turn-Key will pay the eviction costs according to our Eviction Protection Policy.

SHOWING FEES: Management Fees do not pay for showing property to inspectors, appraisers, contractors or others. Charges for showing of the property to prospective tenants is covered in a Owner Set up and Preference Form and Owner can choose the option they prefer.

Agent shall receive and retain all Tenant application fees, non-sufficient fund bank fees, non-payment delivery notice fees and termination fees, if any.

Owner agrees to reimburse Agent **each month** during the term hereof or expenses directly attributable to Owner's property. These expenses include, but are not limited to, advertising, maintenance, repair and legal fees.

SECTION 11 TERMINATION

This Agreement may be terminated by either Owner or Agent, at the end of the initial term or of any following term year upon the giving of **45 days' written notice prior to the end** of said initial term or following term year.

SECTION 11.1 TERMINATION COMPENSATION

If owner terminates this Agreement before the end of the initial term or any subsequent term, the Owner agrees to pay the Agent an administrative fee equal to the percentage set forth in Section 10, herein applied to actual or projected rent for the Premises, or the monthly amount set forth in Section 10, whichever is applicable, for the remainder of the term, whether or not the Premises is leased or rented. **Minimum Termination fee shall be Five Hundred Dollars (\$500.00)**

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