

MANAGEMENT AGREEMENT

This Agreement is made at _____ this
day of _____, 20____, between _____ hereinafter called
the "Owner", and _____, hereinafter called the "Agent", for the period
beginning _____ and ending _____ to
correspond with the development's fiscal year end.

In consideration of the promises hereinafter set forth, the parties hereby agree as follows:

ONE:

The following terms used in this Agreement shall have the meanings set forth below:

- (a) "NJHMFA" or "Agency" shall mean the New Jersey Housing and Mortgage Finance Agency.
- (b) "Owner" shall mean the mortgagor of record at the time this Agreement is executed.
- (c) "Agent" or "Managing Agent" shall mean a firm or individual with a valid Real Estate Brokers license issued by the State of New Jersey.
- (d) "Development" shall mean the land and buildings owned or leased by the Owner, subject to an Agency Mortgage and/or regulatory agreement, and further identified by a NJHMFA number (HMFA #).
- (e) "Management Manual" shall mean those regulations, procedures and techniques set forth in the current edition of New Jersey Housing and Mortgage Finance Agency's Property Management Policy and Procedure Manual, and all subsequent revisions thereto, which is available and on file at the Agency.
- (f) "Accounting Manual" shall mean the New Jersey Housing and Mortgage Finance Agency's Accounting Policies and Procedures Manual for Sponsors and Managing Agents, and all subsequent revisions thereto, which is available and on file at the Agency.

- (g) If applicable, "Net Effective Collections" shall mean (1) all monies collected by the Agent as rents, including commercial rents, (2) monies collected from tenants as a result of late rent payments, (3) monies collected for parking area and air conditioner rental where applicable, (4) monies collected pursuant to Section 101 of the National Housing Act of 1968 commonly known as Rent Supplement, (5) monies collected pursuant to Section 236 (F) 2 commonly known as Rental Assistance Payments, (6) monies collected under Section 8 known as Monthly Housing Assistance Payments, (7) Section 8 Vacancy Payments, and (8) monies collected from authorized vending machine concessionaires.

Items excluded from Net Effective Collections are incomes derived from all interest (i.e., security deposits, investments, etc.), discounts, dividends, payments from insurance claims, Section 236 interest reduction payments, financial adjustment factor (FAF), eviction fees, and Section 8 Daily Debt Service payments. Any item not mentioned in paragraph (g), (1) through (8) above, which is to be included in the calculation for management fee, requires prior written authorization from the Agency.

- (h) "Operating Account" shall mean that checking account, naming the Development as payor and maintained in a bank whose deposits are insured by the FDIC or, into which all monies received on behalf of the Development are deposited and from which payments to discharge the Development's operating expenses are drawn (See Section SEVEN).

TWO:

- (a) The Owner hereby appoints the Agent and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive management agent of the Development known as _____, HMFA # _____, located in the City of _____

County of _____, State of New Jersey, hereinafter referred to as the "Development" and owned by the "Owner".

- (b) The Agent fully understands that, if applicable, the Owner is operating under the Limited-Dividend Nonprofit Housing Corporations or Associations Law of New Jersey (N.J.S.A. 55:16-1 et seq.), as amended, also the New Jersey Housing and Mortgage Finance Agency Law (N.J.S.A. 55:14K-1 et seq.), as amended.
- (c) The Agent fully understands that they and the Owner are subject to all written rules, regulations, and policies and procedures established by the New Jersey Housing and Mortgage Finance Agency whether or not they are set forth in the NJHMFA "Management Manual".
- (d) The Agent agrees to meet with the Owner and/or the NJHMFA whenever requested by the Owner and/or the NJHMFA.

THREE:

- (a) The Agent will become familiar with the layout, construction, location, character, plan and operation of the lighting, heating, plumbing, and ventilating systems, as well as elevators, if any, and other mechanical equipment in the Development. The Agent shall obtain from the Owner and the Owner must provide copies of the as-built plans and copies of all guarantees and warranties, pertinent to the construction and the equipment of the Development, that are in force at the time of execution of this Agreement.
- (b) The Agent hereby acknowledges: (1) Receipt of a copy of the "Management Manual", a copy of Tenant Income Limits, a copy of the "Accounting Manual" and (2) that he has read the same and knows their contents and warrants that he will operate the Development in accordance with such guidelines, policies and procedures, and laws.

In the event any instructions from the Owner to the Agent are contrary to any of the above guidelines, policies and procedures or laws, said instructions shall be given to the Agent in writing with a copy to the NJHMFA.

FOUR:

- (a) The Agent will be responsible for staffing the development. The cost of the site personnel will be charged to the operating account or can be reimbursed to the Agent from the development's operating account in an amount not to exceed the line items for such expenditures as shown in the Development's Annual Budget as adopted by the Owner and approved by the NJHMFA. The Agent shall make sure that adequate site staff is present on the premises during the business hours established by the Owner, unless other arrangements are approved by the Agency. In the event business hours are shown to be inadequate for proper tenant services, the NJHMFA can effect a change in said hours by written notice to the Owner and the Agent.
- (b) The Agent shall obtain Fidelity Bonds, covering all of its employees as well as employees of the Development and Owners who are signatories to the Operating Account, in an amount not less than one and one half times the maximum monthly potential rents of the Development. The Fidelity Bond shall be issued by a company with the required A.M. Best rating or better and name the development and the NJHMFA as loss payees. The original of such Fidelity Bonds shall be submitted to the Agency for approval and file. The cost of the approved Bonds may be charged to the Operating Account.
- (c) The Agent agrees to maintain complete tenant files or copies thereof at the development (unless otherwise approved by the Agency) site and that authorized representatives of the Owner, the NJHMFA and/or if applicable, HUD shall have access to all tenant records including, but not limited to, applications, recertifications, maintenance files and leases. It is expressly understood that tenant file information shall not be divulged to any other person or persons without proper legal authority.
- (d) The Agent agrees to make development records and documents available to the NJHMFA at its offices on reasonable notice.

The Agent agrees that authorized representatives of the Owner and the NJHMFA shall have full and free access during normal working hours to all books of account and records of the Agent and the Development, including the right to make copies of, or transcriptions from such books of account and records and related supporting documents and statements, including, but not limited to, invoices, bank statements, canceled checks, and checkbooks.

Under no circumstances shall the Managing Agent be related to the Owner or any member of the Sponsoring Board unless said relationship is disclosed to the NJHMFA.

FIVE:

The Agent shall render services and perform duties as follows:

- (a) The Agent shall submit a complete Management Plan (including, but not limited to staffing requirements and job duties) that has been approved by the Owner, to the NJHMFA for review, possible revision, and approval. Any revision will be reviewed with the Owner and Agent before final adoption.
- (b) As the Agent of the Owner, the Agent shall investigate, hire, pay, supervise, and discharge personnel employed to properly maintain and operate the Development in accordance with the Management Plan as approved by the NJHMFA. Such personnel shall not, in any instance, be a member of the Sponsoring Board or related to the Owner or any member of the Sponsoring Board. Compensation for the services of such employees (as evidenced by proper payroll records) shall be considered an operating expense of the Development.
- (c) If the Development is not occupied, the Agent shall ascertain the general condition of the Development and work with the Owner, Architect, Contractor, and NJHMFA to insure an orderly acceptance and occupancy of the Development.
- (d) The Agent shall make an inventory of all furniture, office equipment, maintenance tools and supplies, including a determination as to the amount of fuel on hand. This inventory should be updated as needed, be

maintained at the Development site, and be available to the Owner and the NJHMFA on request.

- (e) The Agent shall coordinate the plans of Tenants for moving their personal effects in and out of the Development, with a view towards scheduling such movements so as to cause a minimum of loss of income to the Development.
- (f) The Agent shall record all requests for service made by tenants in a systematic fashion, and record the action taken with respect to each request. Complaints of a serious nature shall, after thorough investigation, be reported to the Owner and the NJHMFA with appropriate recommendations.
- (g) The Agent or the site staff shall make an annual inspection of all dwelling units in the prescribed manner and report his findings to the appropriate party with his recommendation as to the action required to correct any problems. The Agent shall document and charge tenants for any damage beyond normal wear and tear.
- (h) The Agent shall collect (1) all monthly rents and all other charges, if any, due from tenants, (2) all rents due for the use of garage or parking spaces and for the lease of other non-dwelling facilities in the Development, (3) all sums due from concessionaires which have been approved by the Owner and the NJHMFA, and (4) all rent surcharges in accordance with the New Jersey Housing and Mortgage Finance Agency Law, and in accordance with State and Federal Regulations.

The Owner hereby authorizes the Agent to request, demand, collect and receive any and all rents or charges which may at any time be or become due to the Owner. In the event of non-payment, the Agent, on behalf of the Owner, shall prepare, soon after the 15th of the month, a list of all delinquencies and forward same to the Owner's attorney each month for immediate action.

The Agent shall prepare, on a timely basis, all requisitions and vouchers for all rent or carrying charges, supplements, interest subsidies,

operating subsidies, or other similar grants for assistance in accordance with Federal, State, and NJHMFA procedures and directions.

- (i) The Agent shall maintain the buildings, appurtenances and grounds of the Development in accordance with standards approved by the Owner and accepted by the NJHMFA, including, but not limited to, interior and exterior cleaning, painting and decorating, and such other normal maintenance and preventive maintenance and repair work as may be necessary. For any one item of repair or replacement, the expense incurred shall not exceed the limit specifically authorized by the NJHMFA prior to the expenditure.
- (j) The Agent shall not make expenditures over the limit set by the NJHMFA other than those pertaining to monthly debt service and reserve payments, utilities, taxes, NJHMFA approved contracts or NJHMFA approved insurance without prior approval of the Owner and written approval by the NJHMFA; except that repairs and other actions may be taken without prior approval, when such action is necessary to correct or eliminate a condition that significantly threatens the lives, health, welfare, or safety of any person, or may result in significant property damage. Notwithstanding this authority as to emergency repairs, the Agent shall provide a written report to the Owner and the NJHMFA by the end of the next business day regarding every such emergency and related expenditure.

It should be understood that the expenditure limit established by the NJHMFA is for NJHMFA purposes only. Any Owner imposed spending limit below the amount authorized by the Agency should be included in the Agent's Management Plan.

- (k) The Agent shall, with the approval of the Owner and the NJHMFA, enter into contracts for necessary services pursuant to the following:
 - (1) All contracted services are subject to a cost-benefit analysis approved by the Owner if under \$15,000 and the Owner and NJHMFA if over \$15,000 unless a higher amount is approved by Agency policy.

- (2) All contracts must be within budget limits. If not, specific approval by the Owner and the NJHMFA is required.
 - (3) All contracts are subject to any specifications outlined in the NJHMFA "Management Manual" and shall include evidence of proper liability insurance issued to the provider.
 - (4) For all contracts exceeding \$15,000, unless a higher amount is approved by Agency policy, the Agent shall obtain proposals from at least three (3) competitive firms and submit same to the Owner for approval. The proposals shall then be forwarded to the NJHMFA, for review and written approval.
 - (5) For all contracts exceeding \$15,000, unless a higher amount is approved by Agency policy, the proposed vendor must satisfactorily complete an appropriate NJHMFA Administrative Questionnaire. Said Administrative Questionnaire must accompany the vendor's proposal when it is submitted to the NJHMFA for approval.
- (l) The Agent shall, with the approval of the Owner and the NJHMFA, purchase the necessary equipment, tools, appliances, materials, and supplies required to properly operate the Development. If said purchases are to exceed \$15,000, unless a higher amount is approved by Agency policy the Agent shall obtain three (3) competitive proposals and submit same to the Owner for approval and the NJHMFA for review and written approval prior to the purchase.
- The Agent shall further secure all discounts, commissions, or rebates, obtainable for deposit in or credit to the Development's Operating Account.
- (m) The Agent shall place in force all forms of insurance needed to adequately protect the Owner and the NJHMFA as required by the Mortgage and/or regulatory agreement of the Owner with the NJHMFA, the insurance section of the "Management Manual", and subject to the provisions set forth in (k) above. An original policy, naming the NJHMFA as

mortgagee, as applicable, and/or additional insured shall be forwarded to the NJHMFA. All of the various types of insurance coverage required for the benefit of the Owner and the NJHMFA shall be placed with such companies, in such amount, and with such beneficial interests appearing therein as shall be acceptable to the Owner and the NJHMFA, and otherwise be in conformity with the requirements of the Mortgage and/or Regulatory Agreement and specifications set by the NJHMFA. The Agent shall promptly investigate and make full written report, in accordance with the insurance contract, as to all accidents or claims for damage relating to the ownership, operation, or maintenance of the Development, including any damage or destruction to the Development and the estimated cost of repair, and in connection therewith, shall cooperate with, and make any and all reports required by, any Insurance Company which has issued a policy to or on behalf of the Owner; copies of said reports shall be forwarded to the Owner and the NJHMFA.

- (n) The Agent shall disburse regularly and punctually from the funds collected and deposited in the Operating Account:
- (1) mortgage principal and interest, fees, and charges (except when specifically exempted or withdrawn by the NJHMFA).
 - (2) salaries and all other compensation due and payable to the salaried employees of the Development, and the taxes or other payments required therefore,
 - (3) sums due for real estate taxes, payments in lieu of taxes (PILOT), and special assessments (except when specifically exempted or withdrawn by the NJHMFA),
 - (4) fire and other hazard insurance premiums (except when specifically exempted or withdrawn by the Agency),
 - (5) the amount specified for allocation to reserves or to escrow accounts (except when specifically exempted or withdrawn by the NJHMFA),

- (6) sums due and payable for capital expenditures approved by the Owner and the NJHMFA,
- (7) sums due and payable as operating expenses authorized to be incurred under the terms of this Agreement as approved by the Owner and the NJHMFA.

After disbursement as herein specified, any balance remaining in the Operating Account, not currently required for operating costs as determined by the Owner, shall be invested by the Agent, upon Owner and Agency approval, per the Agency's permitted investment rules. In no circumstance shall the retained balance in the Operating Account, at any time, exceed the limit of the Agent's Fidelity Bond.

- (o) The Agent shall prepare and file all forms, reports, and returns required by law in connection with Unemployment Insurance, Worker's Compensation Insurance, Disability Benefits, Social Security, Payroll Taxes, and other similar taxes now in effect or hereafter imposed, and comply with all other requirements relating to the employment of the Development's personnel.
- (p) The Agent shall maintain a comprehensive system of records including, but not limited to, a general ledger, general journal, cash receipt book, monthly rent roll, cash disbursement book, security book, bank reconciliations, payroll books and records, contracts, invoices, tenant files (including current leases and timely recertifications), and any other records, files, or books required to discharge the management duties in a manner acceptable to the Owner and/or NJHMFA or as prescribed in the "Management Manual" or "Accounting Manual".
- (q) The Agent shall complete leases or lease renewal forms, approved by HUD, if applicable and have them executed by the tenant. The completed lease must include the current rent for the unit to be occupied, the term of...

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