



PROPERTY MANAGEMENT AGREEMENT

THE CONTRACT: This contract to manage residential rental property is made this _____ day of _____, 2018 by and between _____ hereinafter "LANDLORD", and _____ hereinafter "PROPERTY MANAGER".

SUBJECT PROPERTY: The property to be managed will be _____

TERM: The term of this agreement will be twelve (12) calendar months starting the _____ day of _____, 2018 and ending on the _____ day of _____, 2019. This contract is renewable annually. Landlord will give a 30-day written notice to Property Manager prior to expiration of this contract to terminate this agreement. Landlord further understands and agrees that funds may be withheld for up to sixty (60) days after the end of the month in which this agreement is terminated to pay bills previously incurred but not yet invoiced and to close accounts. This contract will supersede all previous contracts between Landlord and Property Manager regarding the above-mentioned property.

CONSIDERATION: The management fee will be 10% of gross income from the property. Gross income is defined as all revenues collected including pet fees and any non-refundable tenant deposits. Property manager shall retain all application fees. The management fee will be withdrawn immediately upon Property Manager receiving any income from the property. All other bills and/or payments will be paid after Property Manager. A leasing fee of \$250.00 will be paid to Property Manager each time the property must be leased. If a licensed real estate agent refers a lessee that rents this unit, the leasing fee will be paid to the licensee's company.

MISCELLANEOUS SERVICE FEES AND CHARGES: Landlord agrees to pay Property Manager for any other non-routine services connected with the day to day management and operation of the property or for services not covered under this agreement. These services include, but are not limited to, meeting real estate appraisers, real estate agents, insurance adjusters, building inspectors, and utility service representatives, making interior inspections of a unit (other than at the termination of a lease) and compiling reports or information related to the sale of the property. This may also include the handling of calamity, disaster or insurance claims; capital improvements; major roof repairs and/or replacement; remodeling; renovations; and obtaining more than one estimate or bid for repairs.

RESPONSIBILITIES OF PROPERTY MANAGER: Property Manager will have the following responsibilities:

- a. **RENTING THE PROPERTY:** Property Manager will make timely efforts to ensure the property is rented. Agent will also have the right to execute and enter into on behalf of Landlord, leases of the property on the terms, conditions and rental price, as determined by Property Manager, in his sole discretion. Property

Manager may negotiate all extensions and renewals of such leases. Property Manager will have the right to set fair market rental and make rental concessions as needed, to induce prospective tenants to occupy the property. If any one unit of the property is vacant for more than thirty (30) days, Landlord has the right to terminate this contract.

- b. **MAINTENANCE:** Property Manager will make or cause to be made and supervise repairs and alterations, and do decorating on the property. Landlord hereby authorizes Property Manager to purchase supplies and pay all bills thereof, at Landlords expense. The property Manager agrees to secure the prior approval of Landlord on all non routine expenditures in excess of \$300.00 for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the Property Manager such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in the lease; most maintenance will be accomplished in house by Property Managers Agents at a current rate of \$77.50 per hour. All expenses incurred in maintenance will be paid for by Landlord and will be deducted from Landlords monthly income check. If the monthly income check does not cover those months' bills, Property Manager will bill any extra expenses to Landlord.

- c. **ADVERTISING:** Property Manager will be responsible for advertising the property for rent. There will be no fee for marketing on Property Managers website, a "For Rent" sign, or any internet marketing that has no direct expense. Any cost born by print advertising, internet marketing or other forms of advertising will be at Landlords expense. Landlord hereby gives Property Manager authority to display a "FOR RENT" sign on the property.

- d. **BILLS:** Property Manager will be responsible for writing and sending the payments for all the bills with the exception of the mortgage payment, property taxes, and property insurance. These bills will include, but are not limited to, utilities, subcontractors, and suppliers. These bills will be paid for from the income generated from the property and will be expensed to Landlord. If the income generated is not enough to cover the payments Landlord will remit payment to Property Manager upon request. Bills will be paid in the following priority:
 - 1. Property Manager (including, but not limited to, mgmt and leasing fees)
 - 2. Utility Companies
 - 3. Vendors
 - 4. Other bills due
 - 5. Landlord.

- e. **SECURITY DEPOSITS:** Property Manager will maintain an escrow account at a national or state member bank that is a member of the Federal Deposit Insurance Corporation for all security deposits to be held. This account will not generate any interest; therefore, none will be paid on it. Any security deposits held by Landlord prior to this contract will be transferred to Property Manager to be placed in this account. Any security deposits kept from tenants will be considered rent and treated the same as rent. Upon termination of this agreement, security deposits will only be transferred either to another escrow account, specifically designated for tenant security deposits, or back to the tenant as per TCA Title 66-28-301(a).

- f. **MONTHLY STATEMENTS:** Property Manager will send Landlord monthly statements along with the income payment. Landlord will receive a monthly statement even if any or all units are vacant.
- g. **END OF THE YEAR REPORT:** Property Manager will send a end of the year report along with a IRS required form 1099 by the 15th of February of the following year.
- h. **PROPERTY SURVEY:** Property Manager shall walk through any unit upon termination of a lease to assess any possible damages. Damages may or may not be deducted from the tenants security deposit. This will be determined at the sole discretion of Property Manager.
- i. **LOCKBOXES:** Property Manager will affix a lock box on a property during a turnover period or when maintenance needs to be accomplished. Landlord agrees Property Manager has no liability for misuse of the lock box in the event damage or injury is done as a result of this misuse. Landlord further authorizes the Property Manager to issue lock box codes to prospective tenants while the property is vacant.
- j. **FAIR HOUSING:** Property Manager shall comply with all Federal and State Fair housing laws. The property will be available for and shown to people from any of the protected classes. There will be no discrimination against race, color, religion, national origin, sex, sexual orientation, handicap, student or familial status.
- k. **LATE FEES AND NSF CHECKS:** Late fees shall be treated as rent. Property Manager shall receive the agreed upon percentage above. Non-sufficient funds (NSF) fees shall be retained by Property Manager due to the excessive work entailed in correcting this action.

RESPONSIBILITIES OF LANDLORD: Landlord will have the following responsibilities:

- a. **BILLS:** Landlord will be responsible for paying for the mortgage, property taxes, homeowners association dues, and property and liability insurance. Furthermore, Landlord will be responsible for paying Property Manager for any overage expenses incurred during a given month. If necessary bills will be sent to Landlord monthly.
- b. **DEFICIT BALANCE:** Landlord shall pay promptly any deficit balance upon receipt of the monthly statement, which reports the amount due. A service charge of 1.5% per month shall be added to balances not brought current by the 15th of the following month in which the deficit balance is reported to Landlord. Landlord agrees to report any error or discrepancy in writing within thirty (30) days of receipt of monthly statement. Failure to report any such error within thirty (30) days of each statement constitutes a waiver of any such claim.
- c. **MINIMUM BALANCE:** Landlord agrees to maintain a minimum balance of three hundred (\$300.00) dollars per unit in Property Managers Trust Account at all times. If regular monthly payments are to be made on Landlords behalf, a

minimum of three hundred (\$300.00) dollars per unit plus the total of these monthly payments is to be kept in Property Managers Trust Account at all times.

- d. **CALAMITY/SALES:** Landlord will assume responsibility of any major renovations due to natural disasters, insurance claims and/or rehabilitation for sale of the property.
- e. **PROPERTY CONDITIONS:** Landlord will allow Property Manager to make necessary repairs to the property to offer tenants a quality home. If Property Manager feels that Landlord is not offering a good quality of living for the tenants, Property Manager may terminate this contract.

OTHER ITEMS:

- a. **EMPLOYMENT OF AGENT:** Property Manager is a licensed real estate agent and shall act as exclusive agent of Landlord to manage, operate and maintain the property.
- b. **NOTICES:** All notices in this agreement shall be in writing. These notices may be in electronic form, such as email or fax; hand delivered; or delivered by U.S. Postal Service.
- c. **HOLD HARMLESS:** Landlord further agrees to hold Property Manager harmless from all damage suits in connection with the management of the property and from liability from injury suffered by any employee or other person whomsoever, and to carry, at his/her own expense, necessary public liability insurance adequate to protect the interest of the parties hereto, which policies will be so written to protect Property Manager in the same manner and the same extent they protect Landlord.
- d. **INDEMNIFICATION:** Property Manager shall not be deemed as a guarantor for the collection of any rent payment. Landlord further holds Property Manager harmless for any damage, collection loss or repair expenses.
- e. **INSURANCE:** Landlord shall obtain at his/her own expense a fire and extended coverage hazard insurance policy in the amount equal to the full replacement cost of the structure and other improvements situated on the property. All policies will name Property Manager and Landlord as co-insured as their respective interest may appear. Owner will deliver insurance certificates evidencing such insurance coverage to Property Manager within ten (10) days of the execution of this agreement by and between the parties.
- f. **TERMINATION DUE TO MANAGER FAILURE:** If Property Manager fails to perform under the terms of this agreement Landlord shall notify Property Manager in writing. If the fault is not cured within thirty (30) days, Landlord shall have the right to terminate this agreement with a thirty (30) day written notice.
- g. **NSF CHECKS:** Landlord realizes that Property Manager may accept checks for rental payment. Landlord agrees to reimburse Property Manager for any sums that have been disbursed by Property Manager to Landlord on the faith that a tenants check was good when such check was returned.
- h. **AUTHORITY:** Landlord hereby gives authority to Property Manager to sign,

renew, and/or cancel leases for the property or any part thereof; to collect rents due or to become due and give receipts thereof; to terminate tenancies and to sign and to serve in the same name of the Landlord such notices as are appropriate; to institute and prosecute actions to evict tenants and to recover possession of said premises; to sue for in the name of Landlord and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or suits or reinstate such tenancies.

- i. **ATTORNEY'S FEES:** If Property Manager brings litigation to enforce any of the terms hereof, Landlord shall bear all costs and expenses of litigation including, but not limited to, reasonable attorney fees. If landlord brings litigation to enforce any terms hereof and Property Manager is the prevailing party, Landlord shall bear all cost and expenses of litigation including, but not limited to, reasonable attorney fees.
- j. **GOVERNING LAWS:** This agreement, the relative rights and obligations of the parties, and all performance hereunder shall be governed by and construed in accordance with the laws of the State of Tennessee.
- k. **TENANT TERMINATION:** Landlord grants Property Manager authority to negotiate early termination of a lease.
- l. **ACKNOWLEDGEMENT:** Landlord acknowledges he/she has read this agreement, understands its contents and states there are no other agreements or conditions other than as set fourth herein.

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