

# PROPERTY MANAGEMENT AGREEMENT

GENERAL PROVISIONS Property Management Agreement (“Agreement”) Made this \_\_\_\_\_ day of \_\_\_\_\_, between \_\_\_\_\_ (“Owner”), and \_\_\_\_\_ (“Manager”). Owner gives Manager the exclusive right to rent, lease, operate and manage the property whose address is: \_\_\_\_\_

in the city of \_\_\_\_\_ County of \_\_\_\_\_ State of Wisconsin Zip Code of \_\_\_\_\_, (“Property”).  
Note: For multiple properties provide the additional description(s) in additional provisions or in an addendum, as necessary.

## COLLECTION OF RENTS AND OTHER INCOME

Manager shall deposit into Manager’s trust account (“Property Account”) all rents, security deposits, income and any other monies payable to Owner under this Agreement (“Property Funds”) where such Property Funds are received by Manager.

## DISBURSEMENT OF PROPERTY FUNDS

Owner designates Manager as a signatory on the Property Account and authorizes manager to make all disbursements authorized under this Agreement. Manager shall disburse Manager’s compensation when due and shall reimburse Manger within 30 days for any funds advanced by Manager from Manger’s funds on Owner’s behalf as provided herein. Manager shall pay all obligations and expenditures necessarily and properly incurred on behalf of the Owner in the management and operation of the Property, including but not limited to insurance premiums, real estate taxes, mortgage payments, supplies, repairs, maintenance, advertising costs and professional fees (“Monthly Expenses”). Manager shall make disbursements to Owner from the Property Account as and when and in such amounts as may be requested by Owner, provided that there are sufficient funds to meet Monthly Expenses with provision for adequate reserves and working capital, etc. Owner shall, upon written notice expenses and any other expenses which are the responsibility of Owner.

## MANAGER’S COMPENSATION

Manger’s compensation shall be paid no later than the 5<sup>th</sup> of each month, and shall be calculated as follows: A management fee equal to **6%** of the gross amount of all rents paid by tenants of the Property; A one-time leasing fee of \$75.00 upon execution of an original lease.

## MANAGER’S AUTHORITY

The Owner authorizes Manager to perform the following property management duties and Owner agrees to assume and pay all fees and expenses related to the Property and as provided for in this Agreement. In consideration for Owner’s agreements, Manager agrees to use professional knowledge and skills and reasonable efforts to fulfill Manager’s obligations under this authority.

- **Advertising:** To advertise the availability for rental of the Property or any part thereof by any reasonable means (including the Internet), to allow Manager to show the Property at reasonable times and upon reasonable advance notice as may be allowed by law, and to display “For Rent” and other appropriate signs. The manager agrees to secure the prior approval of the Owner on all advertising expenditures in excess of \$1,000.00 for any month.
- **Leases:** To prepare leases using lease forms provided by or approved by Owner (all lease forms shall identify Owner or an attorney as drafter), and to negotiate, sign (as agent of Owner), renew and terminate leases for the Property or any part thereof. Lease terms shall be no longer than one year without the prior authorization of Owner.
- **Legal Action:** To sign and serve, as agent of the Owner, such notices as may be appropriate. To the extent allowed by law, to institute and prosecute any appropriate legal action for and as agent of the Owner, including but not limited to, legal action to terminate tenancies, to evict, to recover possession of Property, to recover rents and other monies due Owner; and to settle, compromise and release such actions or suits and

reinstate such tenancies as may be deemed necessary by Manager. Manager may retain competent legal counsel, as required, upon Owner's approval, to institute and prosecute legal actions or suits or to otherwise represent Owner's interests related to the Property.

- **Maintenance and Repairs:** To have made or schedule repairs, improvements, and alterations required to maintain the Property in a good state of repair and appearance. To purchase or lease on behalf of the Owner, all equipment, tools, appliances, materials and supplies necessary for the continuous maintenance and operation of the Property. To hire outside contractors as necessary. Manager agrees to secure the prior approval of the Owner on all expenditures in excess of \$10,000.00 for any one item, except when, in the opinion of the Manger, such maintenance or repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their leases ("emergency maintenance or repairs"). Manger will promptly notify Owner of any needed emergency maintenance or repairs. If Manager does not receive a timely response from Owner, Manager may proceed with the emergency maintenance and repairs. Owner understand and agrees Owner's Agent is not required to make inspections of the property for the purposes of structural defects and or any engineering concerns. Owner agrees not to hold Owner's Agent responsible for any damages, accidents or liability resulting from any such structural defects and or any engineering concerns that may result to any party, (tenant, guest, employee, owner, owner's agent or otherwise) anywhere on the property or otherwise. Owner understands and agrees Owner's Agent is only required to determine the needs for minor repairs and maintenance of said premises.
- **Utilities and Service Contracts:** To enter into utility and service contracts as agent of Owner, including but not limited to contracts for electricity, gas, fuel, water, telephone, cleaning, trash removal, snow removal, lawn care, pest control and other contracts for services and commodities as Manager shall deem advisable and necessary for the efficient operation and maintenance of the Property. Owner approval required to exceed 3 year terms. The Owner agrees to assume the obligation of any of these contracts at the termination of this Agreement.
- **Employees:** To employ, discharge, and supervise as agent of the Owner all on-site managers, maintenance staff and other employees required for the efficient operation and maintenance of the Property. All such on-site managers, maintenance staff and other employees shall be, for all purposes, employees of the (Owner) ("Employer"). Employer shall be solely responsible for injuries and damages caused by employees' acts of omissions except for injuries and damages caused by the other Party's negligence or intentional wrongdoing. Owner shall approve all hiring in advance and Owner shall be responsible for all expenses arising from the employment. Employer shall be responsible for obtaining Worker's Compensation coverage when applicable.

#### **BOOKS OF ACCOUNT AND RECORDS**

The Manager shall maintain full and complete books and records with correct entries for all income and expenses resulting from the operation and management of the Property. Such books of account and records shall be the property of the Owner and shall, at all times during regular business hours be open to the inspections of the Owner or the duly authorized representative of the Owner, at the Manager's principal place of business.

The Manager shall furnish to Owner a detailed statement of all income and expenses for each month, on or before the 10<sup>th</sup> day of the following month. Within forty-five (45) days after the close of each accounting year of Owner (as determined by Owner), the Manager shall deliver to Owner a detailed statement of all income and expense of such accounting year and shall, if so instructed by Owner, cause to be prepared at Owner's expense and delivered to Owner, a balance sheet as of the end of said accounting year, and a profit and loss statement of the Property for such accounting year, which shall be prepared by an accountant designated by Owner.

#### **OWNER COOPERATION**

Owner agrees to make available to Manager all data, records, documents, rules and regulations, and other materials required in connection with the management of the Property, to provide or approve a lease for Manager's use, to cooperate fully with Manager in Manager's actions under this Agreement and to immediately provide to Manager the names of any prospective tenants.

#### **INSURANCE**

Owner agrees to carry comprehensive insurance covering the Property in the amount Owner deems appropriate for replacement coverage in his sole judgment, with a minimum of Two Million Dollars (\$2,000,000) liability coverage, and to direct the company issuing the insurance to name Manager, and all on-site managers, maintenance staff and other employees as additional insureds under the policy's liability coverage. Owner also agrees to carry an additional umbrellas policy of not less than \$1,000,000.00. While each party shall secure their own liability insurance, the **Owner** understands and agrees only the **Owner** of said property shall be held liable for any law suit, action, accident or legal matter of any kind that may occur regarding or on the said premises resulting from negligence, recklessness or willful misconduct from either party **Owner** or **Owner's Agent**. Therefore in the

case of a joint lawsuit by an injured party **Owner** agrees to cover any and all costs over and above what either **Owner** or **Owner's Agent's** Insurance may cover. **Owner** agrees to allow the **Owner's Agent** to be placed as and is considered to be, additionally insured on the **Owner's** liability insurance policy. All representations and warranties of the parties contained herein shall survive the termination of this agreement. The **Owner** agrees that they presently have and will maintain sufficient fire, casualty and liability coverage in an amount equal to at least 80% of the building's replacement value on said property for the duration of this contract. In the event that insurance does not cover any amount incurred as a result of the above mentioned situations the **Owner** agrees to be responsible for all fees, costs, charges or judgments due from both the **Owner** and the **Owner's Agent**.

Insurance Carrier: \_\_\_\_\_  
Insurance Agent: \_\_\_\_\_  
Phone: \_\_\_\_\_

Business Owner's Liability Policy # \_\_\_\_\_  
Umbrella Policy # \_\_\_\_\_

### INDEMNIFICATION

Owner agrees to indemnify and hold Manager harmless for losses, damages, costs, expenses, including attorney's fees, arising out of this Agreement unless caused by gross negligence or intentional wrongdoing of Manager.

### DEFAULT

In the event of a material default by either party to this Agreement, this Agreement may be terminated by the non-defaulting party if such default is not cured within ten (10) days after delivery of written notice of such default to the defaulting party. In the event any legal proceeding (including appellate proceedings) arises as a result of any default under this Agreement, the prevailing party shall be entitled to reimbursement of any costs and expenses, including reasonable attorneys fees, incurred by the prevailing party in connection therewith.

### DELIVERY

Delivery of documents or written notices related to this Agreement may be accomplished by: 1) giving the document or written notice personally to the party; 2) depositing the document or written notice postage or fees prepaid or charged to an account in the U.S. Mail or a commercial delivery system, addressed to the party, at the party's address; 3) electronically transmitting the document or written notice to the party's fax number.

### MISCELLANEOUS PROVISIONS

This Agreement shall be governed by and constructed in accordance with the laws of the State of Wisconsin. This Agreement represents the entire agreement of the Parties. All prior negotiations and discussions have been merged into this Agreement. No modification or waiver of this Agreement or any part hereof shall be valid unless in writing and signed by Manager and Owner. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other subsequent breach or condition, whether of like or different nature. The validity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

This Agreement may be executed in one or more counterparts and each of such counterparts shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument. Any signed document transmitted by facsimile machine (fax) shall be treated in all manner and respects as an original document and the signature of any Party upon a document transmitted by fax shall be considered an original signature. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, their personal representatives, successors, and assigns.

### AGENCY DISCLOSURE PROVISIONS (Applicable when Manager is practicing a real estate licensee.)

- **AGENCY DISCLOSURE AND CONSENT TO MULTIPLE REPRESENTATION:** Wisconsin Statute § 452.135(2) requires Broker to disclose that Owner is Broker's client. If a multiple representation relationship is consented to and does occur, both parties will be Broker's clients.
- **DUTIES OWED TO ALL PARTIES:** Wisconsin Statute § 452.133(1) states that in providing brokerage services to a party to a transaction (including both clients and customers), a broker shall do all of the following:
  - a) Provide brokerage services to all parties to the transaction honestly, fairly and in good faith.
  - b) Diligently exercise reasonable skill and care in providing brokerage services to all parties.
  - c) Disclose to each party all material adverse facts that the broker knows and that the party does not know or cannot discover through reasonably vigilant observation, unless the disclosure of a material adverse fact is prohibited by law.

- d) Keep confidential any information given to the broker in confidence, or any information obtained by the broker that he or she knows a reasonable party would want to be kept confidential, unless the information must be disclosed under par. (c) or Wis. Stat. § 452.23 (information contradicting third party inspection or investigation reports), or is otherwise required by law to be disclosed or the party whose interests may be adversely affected by the disclosure specifically authorizes the disclosure of particular confidential information. A broker shall continue to keep the information confidential after the transaction is complete and after the broker is no longer providing brokerage services to the party.
- e) Provide accurate information about market conditions that affect a transactions, to any party who requests the information, within a reasonable time of the party's request, unless disclosure of the information is prohibited by law.
- f) Account for all property of the parties coming into the possession of a broker within a reasonable time of receipt.
- g) When negotiating on behalf of a party, present contract proposals in an objective and unbiased manner and disclose the advantages and disadvantages of the proposals.

- **DUTIES OWED TO CLIENTS ONLY:**

Wisconsin Statute § 452.133(2) states that in addition to his or her duties, a broker providing brokerage services to his or her client shall do all the following:

- a) Loyal represent the client's interests by placing the client's interests ahead of the interests of any other party, unless loyalty to a client violates the broker's duties under Wis. Stat. § 452.137(2) (duties to all clients in multiple representation situations).
- b) Disclose to the client all information known by the broker that is material to the transaction and that is not known by the client or discoverable by the client through reasonably vigilant observation, except for confidential information and other information, the disclosure of which is prohibited by law.
- c) Fulfill any obligation required by the agency agreement, and any order of the client that is within the scope of the agency agreement, that are not inconsistent with another duty that the broker has under Wis. Stat. Chapter 452 or any other law.

- **MULTIPLE REPRESENTATION (DUAL AGENCY):** See Wisconsin statute § 452.137, if applicable.

- **CONFIDENTIALITY NOTICE:**

A BROKER IS REQUIRED TO MAINTAIN THE CONFIDENTIALITY OF ALL INFORMATION GIVEN TO THE BROKER IN CONFIDENCE AND OF ALL INFORMATION OBTAINED BY THE BROKER THAT HE OR SHE KNOWS A REASONABLE PARTY WOULD WANT TO BE KEPT CONFIDENTIAL, UNLESS THE INFORMATION IS REQUIRED TO BE DISCLOSED BY LAW. THE FOLLOWING INFORMATION IS REQUIRED TO BE DISCLOSED BY LAW:

- 1) MATERIAL ADVERSE FACTS AS DEFINED IN § 452.01(5g) OF THE WISCONSIN STATUTES.
- 2) ANY FACTS KNOWN BY THE BROKER THAT CONTRADICT ANY INFORMATION INCLUDED IN A WRITTEN INSPECTION REPORT ON THE PROPERTY OR REAL ESTATE THAT IS THE SUBJECT OF THE TRANSACTION.

TO ENSURE THAT THE BROKER IS AWARE OF WHAT SPECIFIC INFORMATION YOU CONSIDRE CONFIDENTIAL, YOU MAY LIST THAT INFORMATION ON THE LINE BELOW LABELED CONFIDENTIAL INFORMATION. AT A LATER TIME, YOU ALSO MAY PROVIDE THE BROKER WITH OTHER WRITTEN NOTIFICATION OF WHAT INFORMATION YOU CONSIDER TO BE CONFIDENTIAL. YOU MAY IDENTIFY INFORMATION WHICH MIGHT OTHERWISE BE CONSIDERED CONFIDENTIAL (SUCH AS OWNER'S MOTIVATION TO LEASE) ON THE LINE BELOW LABELED NON-CONFIDENTIAL INFORMATION.

**LEAD-BASED PAINT PROVISIONS**

(Owner) shall be responsible for identification and elimination of lead- based paint hazards and compliance with all applicable lead-based paint laws. If Property includes "target housing" (pre-1978 residential dwelling units) applicable laws may include federal laws such as the Residential Lead-Based Paint Disclosure Program (Section 1018 of Title X), and the Pre-Renovation Lead Information Rule (40 CFR Part 745) (For additional...

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