

# RESIDENTIAL PROPERTY MANAGEMENT AGREEMENT

This Property Management Agreement (this "Agreement") is entered into and made effective as of (the "Effective Date"), by and between **[OWNER NAME]**, a Individual with an address of **[OWNER S MAILING ADDRESS]** (the "Owner"), and **[MANAGER NAME]**, a Llc with an address of **[MANAGER S MAILING ADDRESS]** (the "Manager"). Owner and Manager are each a "Party" and together the "Parties."

## Recitals

WHEREAS, Owner owns or controls the real property described in Section 2 (the "Property") and desires to engage Manager to operate, lease, and maintain the Property on the terms set forth herein;

WHEREAS, Manager represents that it is qualified, experienced, and (where required by the laws of the State of **[STATE]**) licensed to provide property management services; and

WHEREAS, the Parties desire to define the scope of Manager's authority, compensation, and obligations and Owner's reserved rights;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows.

## 1. Engagement and Authority

Owner hereby engages Manager, and Manager hereby accepts such engagement, to manage, operate, lease, and maintain the Property on the terms of this Agreement. This engagement is **exclusive**: during the Term, Owner shall not engage any other property manager or broker with respect to the Property.

## 2. Property

The Property managed under this Agreement is:

- **Address:** **[PROPERTY ADDRESS]**
- **City:** **[CITY WHERE THE PROPERTY IS LOCATED]**, **[STATE]**
- **APN / legal description:**
- **Property type:** Residential
- **Number of units:** 1
- **Year built:** 2000

### 3. Term

This Agreement commences on the Effective Date and continues for an initial term of 12th (12) months (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall automatically renew on a month-to-month basis, unless either Party delivers written notice of non-renewal at least 60 days before the scheduled expiration or the start of any renewal month.

### 4. Manager's License; Representations

Manager represents and warrants that: (a) Manager holds all licenses and authorizations required by the laws of the State of [STATE] to perform the services contemplated by this Agreement, including real estate broker license number \*\*\*\* (where applicable); (b) Manager will maintain such licenses in good standing throughout the Term; (c) Manager shall comply with all applicable federal, state, and local laws, ordinances, and regulations governing the Property and its operation; and (d) Manager shall promptly notify Owner of any suspension, revocation, restriction, or disciplinary proceeding relating to any such license. A material lapse or revocation of Manager's license is a material breach and an event of termination under Section 12.

### 5. Scope of Services

**Core services.** Manager shall perform the following services on Owner's behalf:

- Tenant placement, advertising, and screening, subject to Section 9;
- Lease negotiation and execution, for lease terms not exceeding 12 months without Owner's written consent, and at a monthly rent not less than \$0.00;
- Rent collection, enforcement of late fees, and deposit and disbursement of funds through the trust account described in Section 7;
- Coordination of maintenance and repairs, subject to the spending limits in Section 8;
- Move-in, move-out, and periodic inspections of the Property, with advance tenant notice as required by applicable state law;
- Delivery of a monthly income-and-expense statement, rent roll, and maintenance activity log, plus a year-end summary supporting Owner's tax filings;

**Excluded services.** Manager is **not** authorized to, and shall not, without Owner's prior written consent: (a) list, market, or sell the Property or any interest therein; (b) manage major construction, renovation, or capital-improvement projects exceeding ordinary course maintenance; (c) provide legal advice or legal representation to Owner; (d) prepare Owner's income tax returns; or (e) make insurance procurement decisions on Owner's behalf.

## 6. Compensation

**Management fee.** Manager shall be paid a management fee equal to **10%** of rents actually collected each month.

**Tenant placement / leasing fee.** 50% of the first month's rent for each new tenant.

**Lease renewal fee.** 25% of one month's rent per renewal.

**Eviction coordination fee.** \$500.00 per eviction commenced, plus reimbursement of documented third-party costs (filing fees, process-server fees, and, if applicable, Owner-retained legal counsel).

Manager may deduct fees owed to Manager from the trust account monthly. Manager shall itemize all fees on the monthly financial report delivered under Section 10.

**Vendor invoices — no markup.** Manager shall pass through all third-party vendor invoices to the Property at actual cost, without markup, surcharge, administrative fee, or undisclosed rebate. Any vendor rebate, discount, or incentive shall inure to Owner.

## 7. Trust Account and Non-Commingling

Manager shall maintain a separate client trust (or escrow) account at **[Bank name to be provided at signing]** for the deposit of all rents, security deposits, and other funds collected on Owner's behalf (the "Trust Account"). Manager shall not commingle Owner funds or tenant security deposits with Manager's operating funds or with funds held for any other owner except in a legally-permitted pooled broker trust account. Manager shall reconcile the Trust Account monthly and shall make reconciliation statements available to Owner on request. Owner shall fund the Trust Account with an operating reserve of **\$500.00**, which Manager shall maintain and replenish as needed for Property expenses.

Manager shall disburse net rents (collected rents, less operating expenses, fees, and reserve replenishment) to Owner on or about the **15th** day of each month.

**Security deposits — baseline rule.** Except to the extent a more protective rule applies under Section 16, Manager shall: (a) hold all tenant security deposits in the Trust Account, segregated from Manager's operating funds; (b) not apply deposits to current rent except upon tenant default and lease termination; (c) upon lease termination, return the deposit (or the balance after lawful deductions, with a written itemization of deductions) within the time required by the applicable state statute, and in no event later than thirty (30) days after the tenant vacates; and (d) maintain deposit ledgers available to Owner on request.

## 8. Maintenance, Repairs, and Emergency Authority

**Emergency authority.** Manager is authorized to approve and pay, from the Trust Account, emergency repairs up to **\$500.00** per incident without Owner's prior consent.

**Non-emergency repairs and capital improvements.** Non-emergency repairs, cosmetic changes, and capital improvements exceeding the emergency limit above require Owner's prior written approval.

**Habitability exception — Document.com differentiator.** Notwithstanding the spending limit in this Section 8, Manager is authorized (and obligated) to approve and promptly complete any repair necessary to preserve the habitability, life safety, or essential services of the Property (including heat, hot water, potable water, electricity, gas, plumbing, structural integrity, smoke-alarm functionality, and emergency egress), regardless of cost. Manager shall notify Owner within twenty-four (24) hours of commissioning any habitability repair exceeding the emergency limit. This provision is intended to prevent the spending limit from causing Owner or Manager to breach the implied warranty of habitability under the laws of the State of [STATE].

## 9. Tenant Screening — Fair Housing

**Fair Housing covenant.** Manager shall comply with the federal Fair Housing Act (42 U.S.C. §§3601–3619), the Equal Credit Opportunity Act (15 U.S.C. §§1691 et seq.), and all applicable state and local fair-housing laws in all advertising, screening, and leasing activity. Manager shall not discriminate on the basis of race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, disability, or any other class protected by applicable law.

**Screening criteria.** Subject to the Fair Housing covenant and applicable Fair Chance ordinances, Manager may apply the following screening criteria: minimum credit score of 650; minimum income-to-rent ratio of 3× monthly rent; individualized criminal-history assessment consistent with HUD's April 4, 2016 guidance on the use of criminal records under the Fair Housing Act.

**FCRA adverse-action notices.** When Manager uses a consumer report for tenant screening, Manager shall (a) certify a permissible purpose to the consumer reporting agency, (b) deliver the applicant a written adverse-action notice identifying the reporting agency, the right to a free disclosure, and the right to dispute inaccuracies, consistent with the Fair Credit Reporting Act (15 U.S.C. §§1681 et seq.).

**Servicemembers Civil Relief Act.** Manager shall honor all valid lease-termination requests from tenants covered by the Servicemembers Civil Relief Act (50 U.S.C. §§3901 et seq.), including early termination upon PCS or deployment orders of ninety (90) days or more.

## 9B. Tenant Data; Privacy and Safeguards

Manager shall maintain reasonable administrative, technical, and physical safeguards to protect applicant and tenant personally identifiable information ("PII"), including social security numbers, financial-account numbers, and consumer-report data, consistent with the Safeguards Rule (16 C.F.R. Part 314) and applicable state privacy statutes. Manager shall (a) limit access to PII to personnel with a legitimate need; (b) securely destroy consumer-report information in accordance with the FCRA Disposal Rule (16 C.F.R. Part 682); and (c) notify Owner in writing within seventy-two (72) hours of discovering any breach or

suspected unauthorized disclosure of PII affecting Owner's applicants or tenants, and cooperate with Owner in any required breach-notification response.

## **10. Financial Reporting, Audit Right, and Tax**

Manager shall deliver to Owner, on or before the fifteenth (15th) day following each calendar month, a written report including: (a) an income and expense statement; (b) a rent roll listing each tenant, rent amount, payment status, and arrears; (c) a maintenance activity log; (d) copies of material vendor invoices; and (e) a reconciliation of the Trust Account. Manager shall deliver an annual summary within forty-five (45) days after each calendar year end to support Owner's tax reporting.

**Books and records; audit right.** Manager shall maintain complete and accurate books, records, receipts, invoices, bank statements, and supporting documentation for all transactions conducted on Owner's behalf for a period of not less than four (4) years (or longer if required by state broker-trust rules). Upon not less than ten (10) business days' written notice, Owner (or Owner's accountant or auditor) may inspect, audit, and copy such records at Manager's offices during normal business hours, not more than once per calendar year absent reasonable cause. If an audit discloses an overcharge or misallocation of three percent (3%) or more of the amounts audited, Manager shall reimburse Owner for the reasonable cost of the audit, without prejudice to any other remedy.

**IRS Form 1099 reporting.** Manager shall timely issue IRS Form 1099-MISC (or 1099-NEC, as applicable) to Owner for rents paid to Owner of \$600 or more in any calendar year, and to each vendor paid \$600 or more by Manager on Owner's behalf, consistent with 26 U.S.C. §6041 and applicable IRS instructions. Owner shall provide Manager with Form W-9. Manager shall retain supporting records for at least four (4) years.

## **11. Inspections and Entry**

Manager shall conduct a move-in inspection with written report and photos, a move-out inspection with written report and photos (supporting any security-deposit deductions), and such periodic inspections as reasonably necessary. Entry into any occupied unit shall be preceded by advance notice to the tenant in the manner and timing required by applicable state and local law (see Section 16).

## **12. Termination**

This Agreement may be terminated: (a) at expiration of the Term without renewal; (b) by either Party for material breach upon thirty (30) days' written notice and opportunity to cure; (c) by either Party without cause upon sixty (60) days' written notice; (d) immediately upon Manager's loss of any license required to perform its services; (e) upon sale, total destruction, or condemnation of the Property; or (f) by mutual written agreement.

**Termination obligations.** Within thirty (30) days after termination, Manager shall: (i) deliver to Owner all tenant files, executed leases, tenant correspondence, and rent ledgers; (ii) deliver all financial records, bank statements, and Trust Account reconciliations; (iii) assign or deliver all vendor contracts, warranty documents, and service agreements; (iv) deliver all keys, access codes, alarm codes, and security-system credentials; (v) remit to Owner or Owner's successor all funds held in the Trust Account, net of undisputed fees earned through termination; and (vi) cooperate reasonably in transitioning Property operations to Owner or Owner's successor manager for up to sixty (60) days. Manager's final management fee shall be prorated through the termination date.

### 13. Insurance

**Owner insurance.** Owner shall maintain property/hazard insurance on the Property and general liability insurance of not less than **\$1,000,000.00** per occurrence, naming Manager as an additional insured.

**Manager insurance — Document.com differentiator.** Manager shall maintain: (a) Errors & Omissions (professional liability) insurance of not less than **\$1,000,000.00** per claim; (b) commercial general liability insurance of not less than \$1,000,000 per occurrence, naming Owner as additional insured; and (c) workers' compensation insurance as required by law for any on-site Manager employees. Manager shall deliver certificates of insurance to Owner at signing and upon each renewal, and shall provide at least thirty (30) days' notice before any cancellation or material change.

### 14. Indemnification and Liability

Each Party shall indemnify, defend, and hold harmless the other Party from any loss, liability, or expense (including reasonable attorney's fees) arising from the indemnifying Party's own negligence, willful misconduct, or breach of this Agreement. Manager shall not be liable for the acts of third-party vendors except to the extent the vendor was negligently selected or supervised. Owner shall indemnify Manager against pre-existing Property conditions and latent defects that were not disclosed to Manager.

**Third-party claim procedure.** The indemnified Party shall (a) give the indemnifying Party prompt written notice of any indemnifiable claim; (b) tender sole control of the defense and settlement to the indemnifying Party, provided no settlement may impose a non-monetary obligation or admission on the indemnified Party without its prior written consent; and (c) cooperate reasonably in the defense at the indemnifying Party's expense.

**Liability cap.** Except for (i) indemnification obligations, (ii) Manager's gross negligence, fraud, or willful misconduct, (iii) Manager's breach of Section 7 (Trust Account and Non-Commingling), or (iv) Manager's breach of Section 9B (Tenant Data; Privacy), Manager's aggregate liability under this Agreement shall not exceed the management fees paid to Manager in the twelve (12) months preceding the event giving rise to liability.

## 15. Owner's Responsibilities

Owner shall: (a) fund the Trust Account reserve; (b) maintain all required insurance; (c) pay or timely fund mortgages, property taxes, HOA dues, and senior encumbrances; (d) disclose to Manager all known material defects, hazards, pending litigation, code-enforcement actions, and existing tenancies; (e) approve non-emergency capital expenditures in writing; and (f) promptly respond to Manager requests for approval.

## 16. State-Specific Compliance

## 17. General Provisions

**Governing Law.** This Agreement is governed by the laws of the State of [STATE] (the state where the Property is located), without regard to conflicts-of-law principles.

**Mediation; Arbitration.** The Parties shall first attempt in good faith to resolve any dispute through non-binding mediation in the county where the Property is situated, for thirty (30) days. If unresolved, the dispute shall be submitted to binding AAA Commercial Arbitration in the same venue.

**Attorney's fees.** In any action or proceeding arising out of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney's fees and costs, to the extent permitted by law.

**Force Majeure.** Neither Party shall be liable for any failure or delay in performance (other than payment obligations already accrued) to the extent caused by events beyond its reasonable control, including acts of God, fire, flood, earthquake, hurricane, pandemic, public-health order, war, terrorism, civil unrest, utility or telecommunications failure, or governmental action. The affected Party shall give prompt written notice describing the event and shall use reasonable efforts to resume performance. If a force-majeure event continues for more than ninety (90) consecutive days, either Party may terminate this Agreement on written notice without penalty.

**Confidentiality.** Each Party shall treat as confidential all non-public information received from the other Party, including tenant lists, rent rolls, financial statements, screening reports, and business strategies, and shall use such information solely to perform this Agreement. This obligation survives termination for three (3) years, except that obligations concerning tenant PII (Section 9B) survive indefinitely.

**Notices.** All notices required under this Agreement shall be in writing and delivered to the Parties at the addresses set forth above (or at such other address as a Party may designate by written notice) by hand, overnight courier, certified mail, or email with confirmation of receipt.

**Assignment.** Neither Party may assign this Agreement without the other Party's prior written consent, except that Owner may assign to a successor owner of the Property upon written notice to Manager.

**Independent Contractor.** Manager is an independent contractor. Nothing in this Agreement creates an employment, partnership, joint venture, or agency relationship beyond the limited agency expressly granted for Property operations.

**Entire Agreement; Amendments.** This Agreement is the entire agreement between the Parties as to its subject matter and supersedes all prior negotiations. Amendments must be in writing and signed by both Parties.

**Severability; Waiver.** If any provision is held invalid, the remainder continues in effect and the invalid provision shall be modified to the minimum extent necessary to be enforceable. No waiver of any breach is a waiver of any other or future breach.

**Survival.** Sections 6 (accrued compensation), 7 (trust account, final accounting), 9B (privacy), 10 (audit right), 12 (termination obligations), 14 (indemnification and liability cap), and this Section 17 (Confidentiality, Governing Law, and dispute-resolution provisions) survive termination or expiration of this Agreement.

**Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts. Electronic signatures are valid and binding under the federal E-SIGN Act (15 U.S.C. §7001 et seq.) and applicable state law.

## Signatures

IN WITNESS WHEREOF, the Parties have executed this Property Management Agreement as of the Effective Date.

### Owner

\_\_\_\_\_ PRINTED NAME

\_\_\_\_\_ SIGNATURE

\_\_\_\_\_ DATE

### Manager

\_\_\_\_\_ PRINTED NAME

\_\_\_\_\_ SIGNATURE

\_\_\_\_\_ DATE