

RE/MAX EXCELLENCE PROPERTY MANAGEMENT

Linda Raaymakers

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Residential Property Management Agreement

This Property Management Agreement (hereinafter referred to as the "Agreement"), entered into _____, _____ by and between

_____ (Hereafter referred to as "Owner" of the property or properties described below (hereafter referred to as the "Property" and the management company RE/MAX Excellence (hereafter referred to as the "Brokerage" which is duly licensed to manage the property. In consideration of the mutual terms of this Agreement the parties agree as follows:

(Property Address) _____

1. NOTICES

Any notices, demands, consents, and reports necessary or provided for under this Agreement shall be in writing and shall be addresses as follows:

TO OWNER:

Name: _____
Address: _____
Phone: _____
FAX: _____
Email: _____

Brokerage:

RE/MAX Excellence
PO Box 1639
Long Beach WA 98631
Cell 360.783.2389
Office 360.642.3710
Linda.raaymakers716@gmail.com

All notices shall be faxed or sent by mail or emailed . Notices shall be effective as of the date the notice is faxed, mailed or emailed to the fax number, address or email address listed above.

2. TERMS REQUIRED FOR TENANCY BY OWNER

Rental Amount \$ _____ per month
Security Deposit \$ _____ held in trust per lease agreement with tenant

Household Pets are allowed or are not allowed .

Tenant Insurance is or is not required by the owner.

INITIALS _____ INITIALS _____

3. EMPLOYMENT OF MANAGING BROKER

- A. Employment and Acceptance:** Owner employs Brokerage as the sole exclusive Agent of Owner to manage the Property upon the terms and conditions provided herein. Brokerage accepts the employment and shall furnish the services of the Firm for the management of the Property. Owner shall pay all of the expenses in connection with the services described.
- B. Term:** The term of the Agreement shall be for an initial period of **1 year beginning on** _____, _____ **through** _____, _____; and thereafter shall then renew for a term unless terminated by either party. If no notice is given by either party the contract continues on a month by month basis until notice is given and the Agreement is terminated.
- C. Relationship of Broker to Owner:** The relationship of the parties to this Agreement shall be that of principal and Agent and all duties to be performed by Brokerage under this Agreement shall be on behalf of Owner, in Owner's name and for Owner's account. In taking any action under this Agreement, Brokerage shall be acting only as Agent for Owner, and

nothing in this Agreement, Broker shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture or any other relationship between the parties or as requiring Brokerage to bear any portion of losses arising out of or connected with the ownership or operation of the Property. Brokerage shall not at any time during the period of this Agreement be considered a direct employee of Owner. Neither party shall have the power to bind nor obligate the other except as expressly set forth in this Agreement, except that Brokerage is authorized to act with such additional power as may be necessary to carry out the spirit and intent of the Agreement. Brokerage, under this Agreement, shall not be responsible for delays in the performance of any obligation unless there is an intentional delay caused by Brokerage or its employees.

- D. Description of Property:** The properties to be managed by Broker under this Agreement are described on Exhibit A attached hereto, and are hereinafter referred to as "Property".

4. BROKER COMPENSATION AND EXPENSES

As compensation for the services rendered by Brokerage under this Agreement (exclusive of reimbursement of the expenses to which Broken is entitled hereunder), Owner shall pay Brokerage as follows:

- A. Management Services:** Brokerage shall be paid the 10% per month of the monthly gross collected rents. Payments that are due Brokerage for periods of less than the scheduled rental period shall be prorated.
- B. Leasing:** For the procurement of a Tenant(s) for whom a lease is signed, Brokerage shall be paid a leasing fee as follows: \$350 dollars as a onetime set up fee for the term of the contract.
- C. Advertising:** All newspaper classified advertisements, internet ads, or any other advertisements placed on Owners behalf are paid by the Brokerage firm whose intent is to bring a qualified tenant that results in a signed lease.
- D. Selling Commission:** If, within the term of this Agreement or within 185 days thereafter, a tenant shall enter into a purchase and sale agreement or lease/option to purchase the Property, Brokerage shall be deemed the procuring cause of the sale, and the Owner shall pay Brokerage a fee of 3% as the selling agent. If within the term of this Agreement, Owner shall decide to sell the Property on the market, Owner shall list the Property with the Broker for a 6% commission.
- E. Interest on Unpaid Sums:** Any sums due to Brokerage under the terms of the Agreement, and not paid within 30 days after such sums have become due, shall bear interest at the rate of 12% annum.
- F. Extraordinary Services:** An hourly fee of \$65 per hour shall be paid to Brokerage for all necessary or requested tasks not considered normal management duties.

5. BANK ACCOUNTS

- A. Trust Accounts:** Brokerage shall establish a separate Trust Account, apart from any company or corporate account, for deposit of collected receipts in an institution whose deposits are insured by the federal government. Such depository shall be selected by Brokerage. Designated funds relating to the Property in the Trust Account remain the property of Owner subject to disbursement of expenses by Brokerage as described in this Agreement. Any interest accrued on this account will be retained by Firm/Broker. Brokerage shall notify Owner if a new reserve amount is required.
- B. Initial Deposit and Reserve:** Immediately upon commencement of this Agreement, Owner shall remit to Brokerage the sum of \$ (not required currently) as a reserve. Owner shall maintain the reserve stated above at all times in the Trust Account to enable the Broker to pay the obligations of Owner under this Agreement as they become due. Brokerage shall notify Owner if additional funds are required.
- C. Security Deposit Trust Account:** Brokerage shall maintain a Security Deposit Trust Account for security deposits, cleaning, pet and key and other deposits.

6. COLLECTION OF RENTS AND OTHER RECEIPTS

- A. Brokerage's Authority:** Brokerage shall collect all rents, charges, and other amounts receivable on Owner's account in connection with the management and operation of the Property. Such receipts shall be deposited in the Trust Account maintained by Brokerage.
- B. Special Charges:** If permitted by applicable law, Brokerage may collect from tenants and retain any and or all, but not limited to the following: administrative charge for late payment, a charge for returned or non-negotiated checks, interest and a rental application fee.

- C. **Security Deposits:** Brokerage shall collect a security deposit and deposit it into the Trust Account and disburse it in accordance with Washington Statutes and Rules. Any interest earned on tenant security deposits shall be retained by Firm/Brokerage. See amount stipulated 2 of this contract.
- D. **NON-Refundable Tenant Fees:** Broker shall deposit non-refundable tenant fees in Trust Account as property income, which shall be dispensed to Owner at the dispensation of funds.

7. DISBURSEMENTS OR RENTS AND OTHER RECEIPTS

- A. **Operating Expenses:** From the Trust Account, Brokerage is hereby authorized to pay or reimburse itself for all expenses and costs of operating the Property and for all other sums due Brokerage under this Agreement, including Brokerage's compensation.
- B. **Net Proceeds:** To the extent that funds are available and after maintaining the cash contingency reserve amount as specified in Paragraph 4(B). Broker shall transmit the cash balances due to Owner monthly on the 10th of the month, or the next business day if it falls on a weekend.

8. BROKERAGE IS NOT REQUIRED TO ADVANCE FUNDS

If the balance of the Trust Account is at any time insufficient to pay disbursements due and payable, Owner shall not later than 10 days after notice, remit to Brokerage sufficient funds to cover the deficiency and replenish the contingency reserve. In no event shall Brokerage be required to use its own funds to pay such disbursements, nor shall Brokerage be required to advance any monies to Owner.

9. FINANCIAL AND OTHER REPORTS

- A. **Owner/IRS Relationship:** Owner is required to file all required Internal Revenue Service (IRS) forms and meet all IRS requirements.
- B. **Reports:** Brokerage shall generate Owner a statement of cash receipts and disbursements from the operation of the Property monthly. In addition, Broker shall, on a mutually acceptable schedule, prepare and submit to Owner annual reports as are agreed on by both parties. Brokerage shall submit as required by the IRS at the conclusion of each calendar year a Form 1099 indicating the total income received from the property.

10. LEASING AND RENTING

- A. **Brokerage's Authority:** Brokerage is authorized to negotiate, prepare and sign all leases, including all renewals and extensions of leases and to cancel and modify existing leases for Owner. All costs of leasing shall be paid out of the Property Trust Account. Leases are to be written on Brokerage's standard lease form.
- B. **Enforcement of the Leases:** Brokerage is authorized to institute, in Owner's name, all legal actions or proceedings for the enforcement of any lease term, for the collection of rent or other income from the Property, or the eviction or dispossession of the tenants or other persons from the Property at owners request. Brokerage is authorized to sign and serve such notices as Broker deems necessary for lease enforcement, including the collection of rent or other income. If Owner deems it necessary, Brokerage may retain an attorney of Broker's choice (unless Owner supplies Broker with the name of Owner's attorney). Owner shall pay all attorney fees and court costs for eviction proceedings.
- C. **Management/Maintenance Review:** Brokerage shall make management/maintenance reviews of the Property at the time of occupancy, when the tenant vacates and at such other times as Brokerage feels necessary or advisable and report matters concerning the condition of the Property to Owner. In event of vacancy, Brokerage will take reasonable precautions to secure the Property.

11. REASONABLE MAINTENANCE AND REPAIR

- A. **Ordinary/Emergency Maintenance Repair:** Brokerage shall notify Owner of necessary repairs, Broker shall aid Owner in obtaining contracted services. Owner has the right to use their own employees for all repairs and replacements reasonably necessary to preserve Property in a habitable condition and for the operating efficiency of the Property, and all alterations required to comply with lease requirements, governmental regulations or insurance requirements. Any costs must be approved by the Owner in advance except that in an emergency where repairs are immediately necessary for the

preservation and safety of the Property, to avoid the suspension of any essential service to the Property, to avoid danger or life of property, or to comply with federal, state, or local law; such emergency repairs shall be made by Broker at Owner's expense without prior approval.

- B. Smoke Detectors/Carbon Monoxide Detectors:** At Owner's expense smoke detectors and carbon monoxide detectors will be installed on the Property in working condition in accordance with the law prior to the tenant's occupancy. During the occupancy, it shall be the tenant's responsibility to maintain all equipment.

12. UTILITIES

Brokerage shall, in Owner's name and at Owner's expense, make contracts for electricity, gas, or water and such other services as necessary or prudent for the operation of the Property. All utility charges and deposits shall be Owner's responsibility or Tenant's responsibility as designated.

13. INSURANCE

- A. Owner's Insurance:** Owner shall obtain and keep in force adequate insurance against damage 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 Property. The deductible required under such insurance policies shall be Owner's expense. Brokerage shall be covered as an additional insured on all liability insurance maintained with respect to the Property. Liability insurance shall be adequate to protect the interests of both Owner and Brokerage in form, substance and amounts reasonable satisfactory to Brokerage, but not less than \$500,000. Owner shall provide Broker with proof of fire insurance policies in force and shall obtain adequate vandalism coverage for the Property. Owner shall furnish Brokerage with certificate evidencing fire and liability insurance or with cancellation duplicate copies of such policies within 15 days after the date of this Agreement. Such policies shall provide that notice of default or cancellation shall be sent to Brokerage as well as Owner and shall require a minimum of 30 days written notice to Brokerage before any cancellation of or changes to such policies occur. See 3B of this contract for initials.

14. SAVE HARMLESS

Owner shall indemnify, defend and save Broker harmless from all loss, investigation, suits, damage, cost, expense, (including attorney fees) liability or claims for personal injury or property injury or property damage incurred or occurring in, on, or about the Property.

15. BROKER ASSUMES NO LIABILITY

Broker assumes no liability for any damages, losses, or acts of omission by the Tenant. Brokerage assumes no liability for any acts or omissions of Owner or previous brokers. Brokerage assumes no liability for default by any tenant. Brokerage assumes no liability for violations or environmental or other regulations which may become known during the term of this Agreement. Any such regulatory violations or hazards discovered by Brokerage shall be brought to the attention of Owner, and Owner shall promptly cure them. Brokerage shall not be liable in the event of bankruptcy or failure of the depository bank where Owner's funds are deposited.

16. OWNER'S RESPONSIBILITY FOR EXPENSES OF LITIGATION

Owner shall pay all fines, penalties, or other expenses in connection with any claim, proceeding or suit involving an alleged violation of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control taxes, or fair housing, including all illegal discrimination on the basis of race, sex, color, religion, national origin, physical handicap, familial status, elderliness or all other protected classes; provided, however, that Owner shall not be responsible to Brokerage for any such expenses if Brokerage is finally adjudged in a court of law to have personally, and not in a representative capacity violated any such law. Nothing contained in the Agreement shall obligate Brokerage to employ legal counsel to represent Owner in any such proceeding or suit.

17. REPRESENTATIONS

- A. Owner Representations:** There are no written or oral agreements affecting the Property other than disclosed tenant leases, copies of which have been furnished to Brokerage; that there are no recorded easements, restrictions, reservations

or rights of way which adversely affect the use of the Property for the purposes intended under this Agreement; that the Property is zoned for the intended use; that all permits for the operation of the Property have been secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders or the like; that the information supplied by the Owner is dependable and accurate; and that any loans, notes, mortgages, due or trust deeds are fully paid and are current without details.

- B. Multiple Listing Service:** No Multiple Listing Service or Association of REALTORS is a party to this Agreement and no Multiple Listing Service or Association of REALTORS sets, controls, or suggests the amount of compensation for any service rendered pursuant to this Agreement.

18. TERMINATION

- A. Early Termination:** This Agreement may be terminated by Owner before the termination date specified in Paragraph 3B by written notice to Broker not less than 30 days prior to the termination date specified in such notice, together with a cancellation fee in the amount equal to the management fee that would accrue over the remainder of the stated term of any existing lease agreement. For this purpose, the monthly management fee for the remainder of the stated term of the existing lease agreement shall be presumed to be the same as that of the last full calendar month prior to service of the notice of cancellation. In the event Owner directs Broker to transfer files and documents to a succeeding management company, Owner will pay Broker a transfer fee of \$100.00. This Agreement may be terminated by Broker before the termination date specified in Paragraph 3B upon 30 days written notice to Owner. Within 10 days of termination, Owner will pay Broker any monies due under this contract.
- B. Owner Responsibility for Payments:** Upon termination of this Agreement, Owner shall assume the obligations of any contract or outstanding bills incurred by Broker under this Agreement. Broker may withhold funds for 30 days after the end of the month in which this Agreement is terminated in order to pay bills previously incurred but not yet invoiced and to close accounts. Broker shall deliver to Owner, within 30 days after the end of the month in which this Agreement is terminated, any balance of all monies due the Owner or tenant security deposits, or both, which were held by the Broker with respect to the Property, as well as a final accounting reflecting the balance of income and expenses with respect to the Property as of the date of termination or withdrawal. The security deposit will not be released unless all parties agree in writing to the transfer of the security deposit from the Broker's Trust Account to Owner.

19. INDEMNIFICATION SURVIVES TERMINATION

All representations and warranties of the parties contained herein shall survive the termination of the Agreement. All provisions of this Agreement that require Owner to have insured or to defend, reimburse, indemnify Brokerage shall survive any termination. If Brokerage becomes involved in any proceeding or litigation by reason of having been Owner's Broker, such provisions shall apply as if this Agreement were still in effect.

20. MISCELLANEOUS

- A. Rights Cumulative; No Waiver:** The exercise of any right or remedy provided in this Agreement shall not be an election of remedies, and each right and remedy shall be cumulative. The failure of either party to this Agreement to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy provided in this Agreement, shall not be construed as a waiver of such right or remedy with respect to subsequent defaults. Every right and remedy provided in this Agreement may be exercised from time to time and as often as may be deemed expedient by the party exercising such right or remedy.
- B. Agreement to Mediate:** All parties agree to engage in mediation through the Grays Harbor REALTORS prior to commencing any legal action. In any action or proceeding involving a dispute between the parties arising out of this Agreement, the prevailing party shall be entitled to receive from the other party court costs and reasonable attorney fees to be determined by the court.
- C. Headings:** All headings and subheadings in the Agreement and in the accompanying List of Provisions are inserted for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

21. APPLICABLE LAW AND PARTIAL INVALIDITY

The interpretation of the Agreement shall be governed by the laws of the State of Washington. Any action arising under this Agreement shall be brought in State Court of Pacific County, Washington. If any part of this Agreement shall be declared invalid or unenforceable, either party shall have the option to terminate this Agreement by written notice to the other party.

22. COMPLETE AGREEMENT

This Agreement shall be binding upon the parties, and each of their respective heirs, executors, administrators, successors, and assigns. No amendment is valid unless in writing and signed by the parties. There are no warranties or representations not herein contained.

23. FOREIGN INVESTMENTS IN REAL PROPERTY TAX ACT

Pursuant to the Internal Revenue Code Section 1441, the deduction of a withholding tax on all fixed or determinable gross income shall be required of any non-resident alien individual, fiduciary, foreign partnership, or foreign corporation unless exempt under provisions provided under said IRS Section 1441. If Owner is a non-resident alien individual, fiduciary, foreign corporation, foreign partnership, Broker will require a written statement from either a CPA or US TAX ATTORNEY.

IF OWNER IS A NON-RESIDENT ALIEN INDIVIDUAL, FIDUCIARY, FOREIGN PARTNERSHIP OR CORPORATION, please notify this management company in writing at the time of this contract.

24. OTHER TERMS

Owner acknowledges all terms and conditions of this contract with their signature below.

Owner Name: _____ Date: _____

Signature

Owner Name: _____ Date: _____

Signature

Authorized Agent for Broker: _____ Date: _____

Signature