



Property Management Agreement

This AGREEMENT is made by and between _____ (BROKER) and _____ (OWNER) to secure the services of BROKER in the management of real property known as: _____ (PREMISES), for a period beginning on _____, 20__ and ending on _____, 20 __, subject to the following terms and conditions:

1. **APPOINTMENT & AUTHORITY OF BROKER:** OWNER hereby appoints BROKER as the sole and exclusive BROKER to rent, lease, manage, collect and receipt for rents, and operate the PREMISES. With the terms and conditions described herein, OWNER retains the right to make all management decisions concerning establishing parameters for new tenants, rental terms, and capital or rent expenditures in excess of \$ _____ in any ___ month years and must advise BROKER of these terms at the onset of this AGREEMENT.

BROKER is authorized to secure the services of other real estate agents and conduct other marketing activities for purposes of securing a new tenant. It is agreed that the BROKER is entitled to compensation as provided herein in connection with any lease that may be executed during the term of this AGREEMENT, even if said lease was negotiated by OWNER or another party. BROKER shall also be paid compensation at the rate provided herein in connection with any lease that is being negotiated at the time of termination of this AGREEMENT if the tenant was introduced to PREMISES by BROKER.

Refer to the attached addendum for additional properties that fall under this agreement.

2. **TERM:** If the PREMISES are rented or leased through the efforts of BROKER and the lease term runs longer than the terms of the AGREEMENT, BROKER shall continue to be compensated as stated in paragraph 5. In the event that the PREMISES is not rented or leased within sixty (60) days of the beginning date of this AGREEMENT or remains vacant without being subject to a lease for any sixty (60) day period during the term of this Agreement, either party may terminate this AGREEMENT upon thirty (30) days written notice to the other party of such intention to terminate, provided that such written notice is delivered to the other party prior to the rental or lease of the PREMISES through the efforts of BROKER.

After the Term expires, this Agreement shall: (check one)

- Terminate.
- Continue on a month-to-month basis with either Party having the option to terminate with thirty (30) days' notice.

A. **RIGHT TO TERMINATE.** During the Term of this Agreement, either Party: (check one)

- **May terminate** this Agreement by providing at least _____ days' notice.
- **May NOT** terminate this Agreement and both parties must satisfy the terms and conditions of this Agreement until the expiration of the Term.

3. **TERMINATION:** OWNER shall comply with the Alabama Uniform Residential Landlord Tenant Act (URLTA) and other applicable laws. This AGREEMENT may be terminated by either Party, with or without cause, upon giving sixty (60) days written notice. If BROKER is unable to comply with such laws due to the action or inaction of OWNER concerning the PREMISES, BROKER may immediately terminate this AGREEMENT by reason of frustration of compliance with the law by providing written notice of termination to OWNER. Upon written notice of the termination to the tenant(s) of PREMISES, BROKER shall have no liability to the tenant(s) concerning any events relating to their tenancy occurring after the termination of this AGREEMENT.

4. **SPECIFIC AUTHORITY FOR REPAIR & ALTERATIONS:** OWNER hereby gives BROKER the following authority and powers and agrees to pay promptly on demand all legitimate expenses in connection with the following: to purchase necessary supplies; to contract for such utility services as BROKER may deem advisable; to make necessary repairs to the PREMISES without the express written consent of OWNER, limited to \$_____ in any ___ months year , and to make owner-authorized alterations and decorations. In addition, BROKER may pay or incur without limitation on behalf of OWNER monthly or recurring operating charges and/or emergency repair, if, in the reasonable opinion of the BROKER, such repairs are necessary to protect PREMISES from damage or maintain services to the tenants as called for in Alabama law or this AGREEMENT. BROKER is authorized on behalf of OWNER to hire, discharge, supervise and pay any employees or contractors for work performed. All providers of services shall be deemed to be acting on behalf of the OWNER and not the BROKER. BROKER will not be liable to the OWNER or others for any act, default or negligence on the part of such persons, contractors or other workmen, providing BROKER has taken reasonable care in engaging them or their employers. A reserve fund will be established for these items and maintained from rental proceeds in the amount of \$_____ to be paid from first rental payment or \$_____ per month from rental proceeds.

5. **BROKER RESPONSIBILITIES:** In addition to the foregoing, the BROKER will perform the following functions on OWNER'S behalf:

- a. Make reasonable efforts to collect all the rents and other fees due from tenants when such amounts become due, and deposit same into an account maintained on behalf of the OWNER, but BROKER does not guarantee the payment of any tenant's rent;
- b. Withdraw from such account all funds needed for proper disbursements for expenses payable by the OWNER, including, without limitation, BROKER'S compensation; and remit balance of rent to OWNER either at the address set forth in Paragraph 9 or as otherwise agreed in writing, together with a written statement within 30 days of rent receipt, indicating said receipts and disbursements; and
- c. Collect and place into escrow accounts, as required by law, security deposits under any lease. BROKER is authorized to disburse the security deposit at such times and to such persons as BROKER shall in good faith believe to be entitled to such funds in accordance with the Alabama laws governing security deposits. Any interest earned on said deposits shall belong to BROKER.

6. **BROKER COMPENSATION:** In consideration of the services rendered by BROKER, OWNER agrees to pay BROKER the following forms of compensation:

- a. **FOR SET-UP/ORIGINATION:** a fee of \$_____ due at the time of execution of the contract.
- b. **FOR MANAGEMENT:** a fee equal to _____% of gross receipts collected including all sums collectible under any leases, with a minimum monthly fee of \$_____.
- c. **FOR LEASING:** a fee equal to _____% of the first full month's rent for each new tenant's lease shall be paid to BROKER, in addition to the management fee provided for in Paragraph 5b above, but shall not be payable in connection with renewals.
- d. **CHARGES TO TENANTS:** late rent administration charges, returned check charges, releasing administration charge and application fees paid by tenants under any lease are the property of BROKER to offset expenses in enforcing the respective provisions unless otherwise stipulated in paragraph _____.
- e. **SALE TO TENANT:** If a sale or exchange of the PREMISES to the Tenant, or to anyone acting for or on behalf of a tenant or to any member of a tenant's immediate family is contracted for or effected during the term of this AGREEMENT or within ___ (1 if blank) month(s) of its termination, the BROKER will be paid by the OWNER a commission of _____% of the sales price, if the BROKER has a valid Alabama real estate license for the sale of real property in effect on the date such sale or exchange is closed.
- f. **RESTORATION/IMPROVEMENTS:** BROKER shall be paid _____% of the cost of any and all new construction, substantial repairs and capital improvements made to PREMISES during the term of this AGREEMENT in excess of \$_____, provided that BROKER receives written authorization from OWNER for each specific project. Any such construction shall be scheduled, coordinated, and supervised by BROKER on behalf

of OWNER. No fee will be charged for routine maintenance and repairs.

g. **EXPENSES:** OWNER further agrees to pay BROKER actual costs for advertising or not more than \$ _____ per _____, and for all other out-of-pocket expenses actually and reasonably incurred in connection with said PREMISES.

7. **INDEMNIFICATION:** OWNER agrees to indemnify, defend, and hold the BROKER harmless from all losses, expenses, damages, claims, suits, and costs, including, without limit, attorney's fees and expenses, incurred and arising from performance or attempted performance by BROKER of his or her duties and powers hereunder whether for personal injury and/or property damage suffered by any person on or about the PREMISES.

8. **LIABILITY INSURANCE:** OWNER agrees to obtain and keep in force at OWNER'S expense adequate insurance as follows: 1) against physical damage in an amount which reflects such coverage amount commonly carried by reasonable owners of properties similar in type, location and value, but not less than \$ _____; and 2) against liability or loss, damage, or injury to the premises or persons, which arises out of the occupancy, management, operation, or maintenance of the premises, in an amount which reflects such coverage amount commonly carried by reasonable owners of properties similar in type, location and value, but not less than \$250,000 \$500,000 \$1,000,000 Other _____. The amounts and types of insurance shall be acceptable to both OWNER and BROKER, and any deductible under such insurance policies shall be covered as an additional expense and all liability insurance maintained with respect to the PREMISES. OWNER agrees to furnish BROKER with certificates evidencing such insurance within fifteen (15) days of execution of this AGREEMENT. Any notice of default or cancellation of insurance coverage should be sent to BROKER as well as OWNER.

9. **LEGAL PROCEEDINGS:** BROKER assumes no liability whatsoever for acts or omissions of OWNER, any failure or default by any tenant in the payment of rent or other charges, or any previously unknown violations of environmental or other regulations.

OWNER shall pay reasonable expenses incurred by BROKER in obtaining legal advice regarding compliance with any law affecting the premises. OWNER is also responsible for all expenses incurred by BROKER, including, but not limited to, reasonable attorney's fees and BROKER'S costs and time, and any liability, fines, penalties or the like, in connection with any claim proceeding, or suit involving an alleged violation by BROKER and/or OWNER of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, fair housing, or illegal discrimination in relation to the PREMISES; however, OWNER shall not be responsible to BROKER for any such expenses if BROKER is finally adjudged to have personally, and not in a representative capacity, violated any such law. BROKER is in no way obligated to employ legal counsel to represent OWNER in any proceeding or suit.

10. **NOTICE:** OWNER agrees to receive all communications from BROKER at the address, phone number, or email address entered below, and BROKER agrees to receive all communications from OWNER at the address, phone number or email address listed below. Notice shall be deemed given when delivered personally or on the date such notice is deposited in the United States Mail, postage prepaid, return receipt requested, or when delivered electronically.

TO OWNER: _____ (Address)
_____ (Phone) _____ (Email)

TO BROKER: _____ (Address)
_____ (Phone) _____ (Email)

11. **OWNER REPRESENTATIONS & WARRANTIES:** OWNER represents and warrants to the BROKER that to the best of OWNER'S knowledge:

- a. OWNER has full power and authority to enter this AGREEMENT;
- b. PREMISES is zoned for its intended use;
- c. PREMISES are free of hazardous and/or toxic wastes and/or substances (as such terms are defined under applicable federal and state laws);

- d. PREMISES are fit for human habitation;
- e. No hidden or latent defects or conditions exist on or affect the PREMISES other than

- _____;
- f. PREMISES are not the subject of any order to repair or to demolish or other order of any governmental authority;
 - g. PREMISES comply with all currently applicable laws, statutes, and governmental rules and regulations, and OWNER will at all times during the term of this AGREEMENT fully and promptly comply with the lawful requirements of all applicable governmental authorities;
 - h. All mortgage payments have been made and account is current; and
 - i. Operating smoke detectors are on the PREMISES at the time this AGREEMENT is fully executed.

12. **LEAD-BASED PAINT DISCLOSURE:** For dwellings built before 1978, and as required by applicable law, a Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (the "Disclosure") must be signed by OWNER and attached hereto. OWNER represents that either (1) the improvements on the PREMISES were all submitted, commenced, and constructed after December 31, 1977, or (2) the Disclosure has been fully completed and is attached to this AGREEMENT. OWNER agrees to provide BROKER with any such additional information or reports as may come into OWNER'S possession during the term of this AGREEMENT. OWNER acknowledges that BROKER has informed OWNER of the OWNER'S obligations to provide a tenant of the property with the pamphlet "Protect Your Family From Lead in Your Home," to provide information to a tenant of the property with copies of available records and reports with respect to the PREMISES and lead-based paint and lead-based paint hazards, all pursuant to 42 U.S. Code § 4852(d), as amended.

13. **FORCE MAJEURE:** Any delays in the performance of any obligation of BROKER shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemics, and other similar causes not within the BROKER'S control, and any time periods required for performance shall be extended accordingly.

14. **PAYMENT FROM OWNER'S FUNDS:** BROKER shall have no duty to expend BROKER'S individual funds in fulfillment of BROKER'S responsibilities. All payments required or permitted to be made by BROKER shall be made from OWNER'S funds. OWNER agrees to deposit with BROKER promptly on demand such funds as may be necessary in BROKER'S reasonable judgment for performance by BROKER as provided in this AGREEMENT. If BROKER elects to advance any money in connection with PREMISES to pay any expense for OWNER due to emergency or otherwise, such advance will be considered a loan subject to repayment with interest, and OWNER agrees to reimburse BROKER, including interest at the rate of ___% per annum, and hereby authorizes BROKER to deduct such amounts from any monies due to OWNER.

15. **AVAILABILITY OF TENANTS:** BROKER shall make a good faith effort to obtain tenants for the PREMISES, but BROKER makes no guarantee that tenants can be found.

16. **SURVIVAL:** Indemnification and any other provisions which benefit BROKER shall survive any termination of this AGREEMENT.

17. **SPECIAL PROVISIONS:** _____

18. **FACSIMILE AND OTHER ELECTRONIC MEANS:** The parties agree that any offer, counteroffer and/or acceptance of any offer or counteroffer may be communicated by use of a fax or other secure electronic means, including, but not limited to, electronic mail and the internet, and the signatures, initials, and handwritten or typewritten

modifications to any of the foregoing shall be deemed to be valid and binding upon the parties as if the original signatures, initials, and handwritten or typewritten modifications were present on the documents in the handwriting of each party.

19. **TERMINATION:** OWNER shall comply with the Alabama Uniform Residential Landlord Tenant Act (URLTA) and other applicable laws. This AGREEMENT may be terminated by either Party, with or without cause, upon giving sixty (60) days written notice. If BROKER is unable to comply with such laws due to the action or inaction of OWNER concerning the PREMISES, BROKER may immediately terminate this AGREEMENT by reason of frustration of compliance with the law by providing written notice of termination to OWNER. Upon written notice of the termination to the tenant(s) of PREMISES, BROKER shall have no liability to the tenant(s) concerning any events relating to their tenancy occurring after the termination of this AGREEMENT.

20. **ARBITRATION:** _____ (Broker/Property Manager) _____ (Owner(s)) If initialed by the parties, the parties hereto agree that the property to be managed has been involved in and necessarily involves interstate commerce and that any controversy, claim, complaint, or dispute arising between the parties, or between the parties and the real estate licensees involved in this transaction, arising out of this agreement, is to be settled exclusively by binding arbitration. All parties specifically waive any rights which they have to commence an action other than arbitration against each other or against the real estate licensees. Any controversies, claims, complaints, or disputes arising or evolving out of or relating to this Agreement or breach thereof shall be settled under the Commercial arbitration Rules then in force of the American Arbitration Association, and all parties agree to be bound by the decision of this arbitration. The decision of the arbitrator shall be a final and binding resolution, which may be entered as judgment by a court of competent jurisdiction and may then be enforced by use of legal remedies.

WHEREFORE, the Parties have executed this AGREEMENT or caused the same to be executed by their authorized representative. This AGREEMENT shall be binding upon the Parties hereto and their respective personal representatives, heirs, administrators, executors, successors and assigns. IN WITNESS WHEREOF, the parties hereto have affixed their respective signatures this _____ day of _____, 20__.

Owner

Date

Owner

Date

Property Manager

Date

Broker / Agent

Date