

Blue Sage Property Management, Inc, CRMC
Residential and Vacation Rental
Property Management Agreement

1. Appointment: This Agreement between _____ hereinafter called Owner, and Blue Sage Property Management, hereinafter called Agent, whereby in consideration of services to be rendered by Agent, Owner appoints the Agent as the Exclusive Agent to rent, lease, operate, control and manage the following described property: _____.

This Agreement shall be for a term of one year, beginning ____ day of _____, 2022, and continuing on a month to month basis. The Agent reserves the right to terminate this agreement immediately with written or verbal notice if, in the opinion of Agent's legal counsel, Owner's actions or inactions are illegal, improper or jeopardize the safety or welfare of any Tenants or other persons.

2. Agent Acceptance: Agent accepts the appointment and grant by the Owner and agrees to:

1. Use due diligence in the performance of this Agreement.
2. Furnish the services of the Agent and its organization for the rental, leasing, operating and management of the property.

3. AUTHORITY AND POWERS: Owner grants to Agent the sole and exclusive right, authority and power, at Owners expense to:

(a) Advertising/Marketing: Advertise premises or any part thereof, to display signs on or about the premises, to place information in appropriate Internet sites; to cooperate with other Agents; to rent or lease the property; to advertise where appropriate, at Owner's expenset.

(b) Rental/Leasing: Initiate, sign, renew or cancel rental agreements and leases for the Property or any part of it. Collect and give receipts for rents, other charges and security deposits.

I) At each upcoming long-term vacancy, a proposed marketing plan will be presented to the Owner for approval or revision:

- i) Rental rate
- ii) Term
- iii) Pet preferences
- iv) Advertising budget (if any)
- v) Improvements needed (if any)

II) For vacation rentals, you may specify a minimum price, via written directive. You agree to dynamic pricing, set by specialty software and monitored by the Agent.

(c) Tenancy Termination: Sign and serve in Owner's name, notices that are required or appropriate. Commence and prosecute actions to evict tenants, recover possession of the property in owner's name, recover rents and other sums due, and when expedient, settle, negotiate, compromise, and release claims, actions and suits and/or reinstate tenancies. Agent has the sole authority to terminate a lease in case of loan default. Agent may require releases from all parties in the event of a controversy before disbursing Trust funds

(d) Repair/Maintenance: To inspect the property. Make, cause to be made, and/or supervise repairs, improvements, alterations, and decorations to the Property. Purchase and pay bills for services and supplies. Agent shall obtain prior approval of owner on all expenditures over \$300.00 for any one item. Prior approval shall not be required for monthly or recurring operating charges, and/or if in Agent's opinion, emergency expenditures over the maximum is needed to protect the Property, or other properties

from damage, prevent injury to persons, avoid unnecessary services, avoid penalties fines, or suspension of services to tenants called for in a lease or rental agreement or by law. Agent shall not be required to advance Agent's own funds in connection with the Property or this Agreement. However, if Agent elects to advance any funds, Owner shall promptly repay to Agent, on request, the amount advanced.

(e) Contract/Services: Contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the property. Agent may perform any of Agent's duties through attorneys, agents, employees, and independent contractors, and shall not be responsible for their acts, omissions, defaults, negligence, and/or costs of same, except for persons working in Agent's firm.

(f) Expense payments: Pay expenses and costs for the property from owner's funds held by Agent, unless directed otherwise by Owner, including but not limited to property management fees and charges, expenses for goods and services, property and other taxes, utilities, association dues, assessments and insurance premiums. For vacation rentals, Owner authorizes Agent to purchase consumable supplies and linens as needed.

(g) Trust Funds: Deposit all receipts collected for owner, less any sums properly deducted or disbursed, in a financial Institution whose deposits are insured by an agency of the United States Government. The funds shall be held in a trust account separate from Agent's personal accounts. Agent shall not be liable in event of bankruptcy or failure of a financial institution.

(h) Tenant Deposits: Agent will hold security deposits in Agent's trust account and return the deposits to tenants, as required by law.

(i) Reserves: Maintain as reserves in the Agent's trust account the minimum amount of **\$300.00**. The Owner understands that the State of Washington will retain any interest earned from these accounts.

Tenant deposits and owner reserves are held in separate interest bearing escrow accounts. The entity holding the funds is First Federal Savings and Loan, located in Sequim WA.

(j) Owner statements: Render monthly, statements of receipts, expenses and charges for each property.

(k) Owner Distribution: Remit funds monthly to owner.

(l) Disbursements: Unless otherwise stated below, Owner shall be responsible for making all payments such as real property tax, maintenance, association fees, etc.

Agent shall disburse Owner's funds in the following order.

(1) Fees, charges and reimbursements due under this Agreement. This includes late fees, posting fees, any other tenant charges and all vendor charges.

(2) All other operating expenses, costs, and disbursements payable from Owner's funds held by Agent.

(3) Reserves.

(4) Balance to Owner.

Unless otherwise directed, checks to Owners will be made payable jointly to all Owners in the County records. Owner(s) hereby request that checks instead be made payable to: _____.

All of the above authority and powers given by the Owner to the Agent shall be exercised by the Agent within the Agent's sole and absolute discretion and judgment, and the Owner agrees that he will accept the Agent's decision with respect to all of the authority and powers above contained. The Owner shall have no claim against the Agent by reason of the Agent's exercise of such authority and powers, if the Agent is not found guilty of willful misconduct or gross negligence.

4. OWNER RESPONSIBILITIES: Owner shall, as required by Agent to manage and operate the property:

- (a) Provide all necessary documentation and records, and
- (b) Indemnify, protect, and hold harmless Agent and all persons in Agent's firm, from all costs, expenses, suits, liabilities, claims of every type including but not limited to those arising out of injury or death of any person(s), or damage to any real or personal property of any person(s) including owner, in any way relating to the management, rental, or operation of the property by Agent or any person in Agent's firm, or the performance or exercise of any of the duties, powers, or authorities herein or hereafter granted to Agent, except to the extent due to the negligence of Agent or any person in Agent's firm.
- (c) Secure and pay for public and premises liability and property damage insurance adequate to protect the interests of Owner and Agent, and shall name both as insured parties. Owner shall furnish Agent with copies of the Certificates of Insurance within 21 days of signing this Agreement.
- (d) Owner agrees to refrain from communicating with the tenant. Owner understands that Manager only is to communicate with the Tenant.**
- (e) Pay any late charges, penalties, and/or interest imposed by lenders or other parties caused by a lack of owner's funds held by Agent.
- (f) Pay to re-key locks prior to new tenants moving in. Agent's policies include switching knobs and locks as an economic measure (if too costly, then a locksmith will be engaged). Labor may be charged, and new locks and knobs may be charged back as needed.
 - Please manage maintenance.**
 - Please contact me for maintenance (DIY).**
- (g) For "Do It Yourself" owners, you are expected to make arrangements to perform the proposed work order within one business day of receiving an email or phone call from our office. If the office does not hear back about your acceptance of the work order in a timely way, the office will schedule the work to an approved vendor. Emergency repairs will still be routed to vendors immediately.
- (h) At the end of this Agreement, if the tenants are still in place, the Owner agrees to assume full financial responsibility for the return of tenants' security deposits.
- (i) Upon Owner becoming aware that the Property is in default or foreclosure, Owner agrees to immediately inform Agent of such fact, and authorizes Agent to change the terms of the lease agreement, if any, in favor of the Tenant.

5. COMPENSATION:

(a) Owner agrees to pay Agent fee, as indicated for:

- (1) **Management: 10 (TEN)%** of the total monthly rent collected.
- (2) **Leasing: 50 (FIFTY)%** of one month's rent. For rental agreements less than 6 months, the leasing fee is ten (10%) per month for the 1st five months. **Lease renewals: \$100** per new term signed.
- (3) **Vacation rental: 28%** of the rents collected. This includes extra fees for excess guests or pets.
- (4) **Set up fee: \$300 for vacation/furnished rentals; \$150 for unfurnished rentals.** This covers entering into our systems, taking pictures and loading into various systems for advertising, writing ads, ordering cleaning and repairs as needed.
- (5) **Make Ready: 10% of cost purchases, plus labor charges** for delivery and setting up. We are ready, willing and able to purchase and fill a home for vacation rentals.
- (6) **Termination:**
 - a. Termination may take effect after 30 days written notice for long term rentals;
 - b. Termination requires 30 days notice and must end after Labor Day for short term rentals.
 - c. If termination before the first 12 month term, then there will be a **\$300** termination fee.

- (7) **Hourly Fees: \$50.00** per hour for work required by a Property Manager. These fees are normally for activities such as posting notices (usually charged to Tenant), court appearances and physical move outs. Attorney's fees and court costs are paid by Owner. Hourly fees for evicting tenants that we approve are not charged.
- (8) **Interest:** If Owner owes Agent money; interest shall accrue at **18% annual interest**, starting after 30 days.
- (9) **Supervision:** If property requires work that costs over \$1,000 in vendor billings, then Owner agrees to pay Agent **ten percent** of the costs to order and supervise the work. If Agent requires an expert to assess the work, that will be additional at Owner's expense..
- (10) **Other:** Any special services requested by Owner, which Agent is able to perform, may be done at an additional charge, with prior agreement between Owner and Agent.

(b) Standard property management services **do not** include providing on-site management, property sales to the public, refinancing, preparing property for sale, modernization, fire or damage restoration, income tax accounting, legal advice, representation before public agencies, real estate advice, debt collection, attending owner's association meetings, disposing of hazardous waste, snow/ice removal, etc

(c) Owner further agrees that Agent may receive and retain payments from others, as described below:

- (1) Agent may receive fees and charges from tenants for:
 - (a) Re-letting the property. Our practice is to allow a tenant to break the lease only with a new lease signed by approved applicants, with all expenses being borne by the tenant who is leaving.
 - (b) Processing credit applications.
 - (c) Returned checks.
 - (d) Late fees.
 - (e) Other services that are not in conflict with this Agreement.
- (2) Agent may perform any of its duties and obtain necessary products and services, through companies or organizations in which and may receive discounts. Discounts that are offered with the job at hand will be credited to the Owner.
- (3) Agent may use the company credit card to secure goods and services, and may receive related credit card benefits.
- (4) Agent may hire companies related to agent, or personally perform such work. Fees charged will be equal to or less than fees charged by similar companies.
- (5) Agent may divide fees due under this Agreement with other parties (for example, paying leasing fees to other agents), in any manner acceptable to Agent.

6. AGENCY RELATIONSHIPS: The Law of Real Estate Agency, from the State of Washington, is attached and part of this Agreement. Agent performs duties as a "Seller's Agent" to Owner.

7. NOTICES: Any written notice to Owner or Agent required under this Agreement shall be served by sending such notice in first class mail to that party at the address below, or at any different address which the parties may later designate for this purpose, and shall be deemed received five business days after deposit into the United States mail.

8. BINDING AGREEMENT: This Agreement shall be binding upon and shall inure to the benefit of Owner and Agent and their respective heirs, administrators, executors, successors and assigns.

9. EQUAL HOUSING OPPORTUNITY and Other Legal Requirements: The Property shall be offered in compliance with federal, state, and local anti-discrimination and fair housing laws. Owner agrees that Agent shall manage the property in full compliance with requirements of all applicable laws, and that Agent is authorized to take such action, as Agent deems appropriate to comply with such laws.

10. INDEMNIFICATION: Owner agrees to hold Agent harmless from any damage to property or from loss of or damage to furnishings, fixtures or other articles therein and all damage suits in connection with the management of the property and from liability from any and all injuries suffered by any Tenant or other person whomsoever. Agent shall not be liable for any and all errors of judgment or for any mistake of fact of law, or for anything it may do or refrain from doing with the managed property, except for acts of gross negligence, and is acting solely on behalf of Owner in an Agent capacity.

11. Attorney's Fees: In any action, proceeding or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

12. Severability: If any portion of this Agreement is held to be invalid, its invalidity shall not affect the validity or enforceability of any other provision of this Agreement.

13. Additional Provisions: none.

The undersigned Agent accepts this exclusive appointment and agrees to use due diligence in the exercise of the Authority, Powers and Duties granted under the terms and conditions hereof. This Agreement shall be binding upon the Successors and Assignors of the Agents and the Heirs, Administrators, Executors, Successors and Assignors of the Owner.

Owner: _____ Owner: _____

Date: _____ Date: _____

Kathryn MacGeraghty, Designated Broker

Blue Sage Property Management, Inc

PO Box 2116

Sequim, WA 98382

Office: 360-406-5252 x106

Email: Kathryn@BlueSageHomes.com