

Property Management Agreement

In _____, California, this _____ day of _____, 20____, this agreement is made by and between L & L Realtors (it's successor and assignees), hereinafter called Agent, and _____, hereinafter called Owner, for the management of Owner's real property known as: _____ CA, zip code: _____.

1. **EXCLUSIVE AGENCY:** Owner hereby employs Agent as his exclusive agent for the rental and management of the subject property, hereof until _____, 20____, and continuing on a month to month basis thereafter, however, either party to this Agreement may elect to cancel and terminate this agreement by giving written notice to the other party not less than 30 days prior to termination (subject to the terms of paragraph #16-a). Illegal or unethical conduct is grounds for immediate cancellation by either party. In the event of termination of this agreement, Agent shall disburse to owner, within 60 days, the balance remaining in Owners trust account after all authorized expenses have been paid.
2. **AGENCY RELATIONSHIPS:** Broker shall act, and Owner hereby consents to Broker acting, as dual agent for Owner and tenant(s) in any resulting transaction. If the Property includes residential property with one-to-four dwelling units and this Agreement permits a tenancy in excess of one year, Owner acknowledges receipt of the "Disclosure Regarding Agency Relationships" (C.A.R. Form AD). Owner understands that Broker may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of other owner's properties before, during and after the expiration of this Agreement.
3. **AGENT IS AUTHORIZED AND AGREES TO THE FOLLOWING:**
 - a) Inspect the property and arrange needed repair and maintenance.
 - b) Set/adjust rental rate in line with current market conditions.
 - c) Advertise the property for rent which includes: internet advertising, newspapers ad(s), and displaying "FOR RENT" sign(s) as allowed.
 - d) Use due diligence to obtain a qualified tenant.
 - e) Sign, enter into, extend and/or terminate Rental and/or Lease Agreements on behalf of the Owner.
 - f) Collect rents, deposits, and charges due from tenants.
 - g) Sign and serve appropriate notices and negotiate agreements with tenants on behalf of the Owner.
 - h) Initiate court actions on behalf of the Owner for collection on monies owed, or to recover possession of the property.
 - i) Agent is further authorized to settle or compromise such actions.
4. **SECURITY DEPOSITS:** Agent shall collect a reasonable security deposit from tenants and give to the owners. By law, within twenty one (21) days of the time the tenant vacates, The owner must return said deposit to tenants, and may only retain that portion which is actually spent for repairs (excluding normal wear and tear), cleaning, and/or rent due. Agent to provide Owner with a copy of the security deposit transmittal, giving a breakdown of the disbursement of the security deposit.
5. **MAINTENANCE:** Agent is authorized to make or cause to be made, and/or supervise repairs, improvements, alterations and decorations to the Property; purchase, and pay bills for, services and supplies. Broker shall obtain prior approval of Owner for all expenditures over \$200.00 for any one item. Prior approval shall not be required for monthly or recurring operating charges or, if in Broker's opinion, emergency expenditures over the maximum are needed to protect the Property or other property(ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines, or suspension of services to tenants required by a lease or rental agreement or by law, including, but, not limited to, maintaining the Property in a condition fit for human habitation as required by Civil code SS1941 and 1941.1 and Health & Safety Code SS17920.3 and 17920.10. Agent shall proceed with repairs to be made at any reasonable cost after first making a reasonable attempt to contact the Owner.
6. **Rents and Charges:** Rents and charges collected from tenants shall be deposited directly into the owners account:
 - Agent's Fees will be billed to the owner.
 - Reimbursement of Agent for out of pocket expenses will be billed to owner.
 - Payment to vendors will be paid by owner.
 - Reserve account when agreed upon (paragraph 16-e)

7. **STATEMENTS:** Agent shall provide itemized statement, including copies of all bills paid and mail same to Owner with any monies due him on a monthly basis.
8. **OWNER'S RESPONSIBILITY:** Owner shall be responsible for payment of mortgages, taxes, liens, insurance and assessments. Owner shall also be responsible for payment of water, sewer, and refuse (unless otherwise agreed in paragraph #16-b). Owner shall indemnify and hold Agent harmless for any and all costs, expense, attorney's fees, suits, liabilities, damages or claims for damages, including, but not limited to, those arising out of any injury or death to any person or persons or damage to property of any kind whatsoever and to whomsoever belonging, including Owner, in any way relating to the management of the premises by the Agent or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter to the Agent, except in the case of willful misconduct or gross negligence.
9. **CAPACITY:** Owner warrants that he/she is the owner of the property and/or is authorized to enter into this agreement.
10. **REIMBURSEMENT OF EXPENSES:** Owner shall assume all cost for repairs, maintenance, alterations, advertising, court actions, utilities, etc. in connection with the property, and shall reimburse Agent for all incurred expenses. This includes advertising cost if/when the Owner terminates this agreement at any point after the Agent has begun marketing the property for rent.
11. **LIABILITY: Agent is not liable for any losses due to theft of appliances or fixtures in the rental unit.** Agent shall not be liable for damages as a result of any errors of judgment, or for its actions except in the case of willful misconduct or gross negligence.
12. **INSURANCE:** Owner shall carry liability insurance at a limit of no less than \$500,000.00 Liability must include bodily injury, property damage, and personal injury. Owner further agrees that at all times during the continuance of this agreement, all bodily damage and personal injury insurance carried by Owner on the property shall, without cost to Agent, extend to insure and indemnify Agent, as well as Owner, by endorsement of such insurance coverage to specifically name L & L Realty, as an additional insured. L & L Realty is hereby authorized and specifically instructed to contact Owner's insurance agent upon execution of this agreement to request said coverage or certificate of additional insured. If insurance company is unable to comply, Owner agrees to locate a company that can comply with this paragraph.
13. **EQUAL HOUSING OPPORTUNITY:** Owner understands that Agent will offer the property in compliance with federal, state, and local anti-discrimination laws.
14. **FORECLOSURE:** If for any reason the subject property goes into foreclosure, Owner agrees to notify the Agent in writing immediately. At the sole discretion of the Agent, failure of the Owner to give written notification to Agent will be grounds for immediate termination of property management services.
15. **MARKETING THE PROPERTY FOR SALE:** Negotiating with a tenant to allow a property to be marketed for sale is the responsibility of the Owner and Listing Agent – not the property manager. Arranging for access to the property for appraisers, pest reports, etc. is also the exclusive responsibility of the Owner and Listing Agent. Mishandling of these negotiations can cause very poor working relations with the tenant. Therefore, any dispute arising as a result of Owner/Listing Agent negotiations with regard to marketing and/or selling the property, shall be grounds, at the sole discretion of the property manager, for immediate termination of property management services (the exception to this paragraph is provided for in paragraph 16-i).
16. **OWNER AGREES TO PAY AGENT FOR THE FOLLOWING SERVICES (If/when rendered):**
 - a) **Tenant placement fee: 4% of Annual rent.** This fee includes: Screening applicants, negotiation of the rental agreement, and completing a Move-In Condition Report. No additional re-rent fee will be charged to the Owner if the tenant vacates in less than eleven (11) months after a Lease (excludes month-to-month Rental Agreements and Lease terms of less than 11 months) is signed by the Tenant. The Tenant placement fee includes advertising expenses.
 - b) **Bill pay service fee: \$3.00 per recurring bill paid each month.** (None, OR circle the bills Agent is to pay on behalf of the Owner): Water. Sewer. Garbage. Association dues. Gardener. Pool/spa. Alarm monitoring. Other: _____
When applicable, the bill pay service fee is added to the monthly management fee.
 - c) **Monthly management fee (including bill pay service fee):** \$ _____ (NOTE: Said monthly management fee will not be converted to a percentage of the starting rent rate) Approximate fair market rent is \$ _____ including the following services: Water, Sewer, Garbage, and _____. We will begin marketing the property at \$ _____ per month, and then reduce the price by approximately 5% every other week (if needed) until the property is rented or interest/activity are conducive to placing a qualified tenant.
 - d) **Advance for actual expenses (not a fee):** \$500 (or _____) toward actual expenses to prepare the property for marketing and for advertising. Owner understands that the locks will be re-keyed, the house will be cleaned as needed, and the carpets will be professionally cleaned. The gas and electric service will be left/turned on and a gardener will be hired to maintain the yard until the property is rented. Any unused portion of this advance will be refunded to the Owner with the first month's rent.
 - e) **Prep-fee:** should property require more preparation work than described above in item 16-d, then a prep fee of: \$ _____ shall be applied.
Additional Prep Required: _____
 - f) **Reserve account (not a fee):** \$ _____. (this is the balance that will be left in the owner's account at all times).
 - g) **Lease renewal fee:** \$ _____. (this is earned when the Agent procures an executed extension of the term of the Lease).
 - h) **Annual inspection fee:** \$ _____. (this is a written interior/exterior inspection and the Owner receives a copy). Drive by inspections are free. Owner requested interior/exterior inspections in addition to the annual inspections may be billed to owner at \$ _____ per inspection.
 - i) **Services exceeding normal management:** \$ _____. In the event that the Owner shall request the Agent to undertake work exceeding that usual to normal management, then a fee shall be agreed upon for such services and paid before the work begins. Normal management does not include arranging or performing the following: sales work, appraisal, structural pest report and work, lender required work, modernization, refinancing, fire restoration, flood restoration, room addition, major remodeling/updating, major rehabilitation, obtaining income tax advice, presenting petitions to planning or zoning committees, advising on proposed new construction or other counseling.

- j) \$300 to negotiate with the tenant and agreement to allow the property to be marketed for sale, and cooperate with the sale and escrow process (overriding Paragraph 15). This fee is waived when either L & L Realty or referring real estate agent, _____, is selected as the listing agent.
- k) If applicable, preparation and service fees for notices of default, which are served on tenant by L & L Realty, and any late and/or application fees collected are paid to L & L Realty
- l) If owner requests Broker to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.
- m) Agent shall on behalf of Owner, hire, supervise, and discharge all independent contractors required for the maintenance and operation of Owner's property. Agent shall not be responsible for the acts, defaults, or negligence of the independent contractors.
- n) If the termination of this contract by Owner is given when less than six months of management fee has been collected, a cancellation fee of \$300.00 shall be owed to Agent.
- o) These fees may be modified automatically by giving Owner sixty days notice of the modification. In the event Owner does not accept the modification, this agreement shall terminate.

17. **IMMEDIATE REPAIRS NEEDED TO MARKET PROPERTY FOR RENT:** Owner understands that all the following repairs should be completed in order to best prepare and market the property for rent. Owner's initials in the right column below indicate Owner's authorization for Agent to arrange the repairs indicated on the line initialed.

Re-key & Update Locks:	
Hauling:	
Yard Clean-Up:	
Weekly Gardener Service:	
House Cleaning: Windows / Mirrors / Cobwebs / Blinds / Cabinets / Stove Under Burners / Oven / Porches	
Painting:	
Carpet Cleaning/Repairs:	
Pest Control Bomb:	
Repairs: Furnace Filters: _____ @ _____ x _____. Light bulbs – Quantity & Type:	
Door Stops / Electrical Face Plates / Screens / Check Sprinklers / Smoke Detector(s) / Check Thermostat	
Other:	

18. DISPUTE RESOLUTION:

- a) **Mediation.** Owner and Agent agree to mediate any dispute, claim or controversy arising between them regarding the terms of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to Paragraph 17(b)-2. If, for any dispute or claim to which this paragraph applies, any party commences an action based on a dispute or claim to which this paragraph applies, without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees, even if they would otherwise be available to that party in any such action.
- b) **Arbitration of Disputes.**
 - 1. **Arbitration.** Owner and Agent agree that any dispute, claim or controversy arising between them regarding the terms of this agreement which is not settled by mediation, shall be decided by neutral, binding arbitration, including and subject to Paragraph 17 (b)-2. The arbitrator shall be a retired judge or justice, or an attorney with at least five (5) years of residential real estate law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. The parties covenant that they will participate in the proceedings in good faith, and that they will share equally in its costs, including, without limitation, the arbitrator's fees, provided that each party shall bear its own attorneys' fees in connection with any arbitration. The provisions of this paragraph may be enforced by any court of competent jurisdiction, and, in the event that the arbitration process continues through and including final determination of liability in accordance with this provision, the prevailing party shall be entitled to an award of all costs, fees, and expenses, including reasonable attorneys' fees, to be paid by the party against whom enforcement is ordered. Judgment upon the reward of the arbitrator(s) may be entered in any court of competent jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.
 - 2. **Exclusions from Mediation and Arbitration.** The following matters are excluded from mediation and arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in California Civil Code §295; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions hereof.
 - 3. **NOTICE:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ALL DISPUTES, CLAIMS OR CONTROVERSIES ARISING OUT OF OR RELATING TO THE PROPERTY MANAGEMENT AGREEMENT DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW, AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THOSE MATTERS LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVER AND APPEAL, EXCEPT TO THE EXTENT THAT THEY ARE SPECIFICALLY PROVIDED FOR UNDER THIS AGREEMENT. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

We have read and understand the foregoing and agree to submission of all disputes, claims or controversies arising out of or relating to this agreement to neutral arbitration in accordance with this agreement.

Owners' Initials

Agent's Initials

19. **GENERAL PROVISIONS:** Every term herein contained shall be deemed a condition hereof. Waiver by Agent of any term of this agreement shall not constitute a waiver of subsequent terms. No oral agreements have been entered into between Owner and Agent.
20. **SUCCESSION:** This Agreement shall be binding upon the successors and/or assignees of the Agent, and the heirs, administrators, executors, successors, and assignees of the Owner.
21. **NOTICE:** If it shall become necessary for Agent or owner to give notice of any kind, the same shall be written and served by sending such notice by regular mail to the address as shown under the signatures below.
22. **OTHER:** _____

Owner's signature hereon constitutes Owner's acceptance of the terms hereof. The undersigned acknowledges that they have read and understand this Agreement, and have received copies hereof.

OWNER signature(s):

 (Signature) (Print)

 (Signature) (Print)

AGENT signature:

 (Signature) (Print)

L & L Realty

Owner Address:

**OWNER SUPPLIED INFORMATION
 (Read top to bottom)**

Owner email: _____ **Insurance Co:** _____
 Home Ph: _____ Ins. Policy #: _____
 Work Ph: _____ Ins. Agent: _____
 Trash Day: _____ Mail box #: _____ Ins. Agent Ph: _____
 Home Warranty Co: N/A, or _____ Referred By: _____
 Home Warrantee Ph: _____ Ref. Agent Company: _____
 Home Warrantee Policy #: _____ Ref. Agent Address: _____

Owner Address: _____
 Owner Mailing Address: _____
 Owner Temp Address: _____
 Temp Contact Phone #: _____ Dates For Temp Contact Info: _____

Special Repair Request(s): _____
 Gardener Info: _____
 Current Tenant (Names & Ph.): N/A, or _____
 Home Owners Association Info: _____
 Gate Codes/Lock Combinations/Parking Space #/ Etc: _____

Alarm Information (Entry/Exit Codes): _____
 Other: _____

START-UP CHECKLIST

- Keys Garage/Gate Transmitters Property Management Agreement Owner Check (see paragraph 16-d)
- CC&Rs/House Rules/Pool Rules Pool/Gate/Mailbox Keys
- Liability Insurance Policy Naming Agent as Additional Insured (see paragraph 12)

Owner Initials _____ / _____