



PROPERTY MANAGEMENT AGREEMENT

OWNER:

AGENT:

PROPERTY:

APN:

Owner and Property Manager, as hereinafter identified, agree as follows:

1. **APPOINTMENT OF AGENT:** Owner hereby appoints and grants Property Manager the exclusive right to rent, lease, operate, and manage the property identified herein. This Agreement shall commence on _____ and terminate on _____. Either party may terminate this Agreement on at least 30 days written notice to the other party. After the exclusive term of the Agreement, this Agreement shall continue as a non-exclusive agreement that either party may terminate by giving at least 30 days written notice to the other party.
2. **BROKER ACCEPTANCE:** Agent is an independent contractor with West USA Realty. Owner understands and acknowledges that this Agreement is subject to acceptance by the Broker for West USA Realty.
3. **AUTHORITY AND POWERS:** Owner grants Agent the authority and power, at Owner's expense, to:
 - A. **Advertising:** Display "For Rent/Lease" and similar signs on the property and advertise the availability of the property, or any part thereof, for rental or lease.
 - B. **Rental/Leasing:** Initiate, sign, renew, modify or cancel rental agreements and leases for the property, or any part thereof, collect and give receipts for rents, other fees, charges and security deposits; investigate references of prospective renters. Any lease or rental agreement executed by Agent for Owner shall not exceed 2 years. The property shall be rented for a price to be determined by Owner.



- 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 the Owner's name; recover rents and other sums due; and, when expedient, settle, compromise and release claims and suites and/or reinstate tenancies.
- D. **Repair & Maintenance:** Make, cause to be made, and/or supervise repairs, improvements, alterations and decorations to the property; purchase and pay bills for services and supplies; to make reasonable contracts for all utilities as Agent shall deem necessary to assure the property shall be caused to be, and remain, in good condition and properly operating. Agent shall obtain prior approval of Owner for all expenditures over \$250.00 for any one item. Prior approval shall not be required for monthly or recurring operating charges or, if in the Agent's opinion, emergency expenditures over the maximum are needed to protect the property or other properties 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 Arizona law. Owner shall be responsible for payment of all such contracts for said property.
- E. **Reports, Notices and Signs:** Comply with federal, state or local law requiring delivery of reports or notices and/or posting of signs or notices.
- F. **Contracts and 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 or independent contractors and, except for persons working in the Agent's firm, shall not be responsible for their acts, omissions, defaults, negligence and/or costs of same.
- G. **Expense Payments:** Pay expenses and costs for the property from the Owner's funds, if held by Agent's Broker, or advance expenses from Agent's funds to be reimbursed by Owner. Expenses and costs may include, but are not limited to, property management compensation, expenses for goods and services, property taxes and other taxes, Owner's Association dues, assessments, loan payments and insurance premiums.
- H. **Security Deposits:** Receive security deposits from tenants, which deposits shall be given to Owner or placed in an account of the Broker for Agent; if held by Broker, pay from owner's funds all interest on tenant's security deposits if required by local law or ordinance. Owner shall be responsible to tenants for return of security deposits and all interest due, if any, on security deposits held by Owner.
- I. **Trust Fund:** If Owner desires funds to be held by Agent/Broker, Agent shall deposit all receipts collected for Owner, less any sums properly deducted or disbursed by Broker, 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 Broker's personal accounts. Broker/Agent shall not be liable in the event of bankruptcy or failure of a financial institution.



- J. **Disbursements:** Disburse Owner's funds held in owner's Account, if any, in the following order:
 - (1) Compensation due Agent/Broker under this Agreement
 - (2) All other operating expenses, costs and disbursements payable from Owner's funds held by Owner.
 - (3) Reserves and security deposits held by Owner
 - (4) Balance to Owner.
 - K. **Accountings:** Render monthly statements of receipts, expenses and charges for each property.
 - L. **Broker/Agent's Funds:** Neither Agent nor Broker is required to advance their own funds in connection with the property or this Agreement.
 - M. **Lockbox:** Owner authorizes the use of a lockbox to allow entry into the property,
4. **OWNER'S RESPONSIBILITIES:** Owner shall:
- A. **Documentation:** Provide all documentation, records, disclosures as required by law or required by Agent to manage and operate the property, and immediately notify Agent if Owner becomes aware of any change in such documentation, records or disclosures, or any matter affecting the habitability or ownership of the property.
 - B. **Indemnification:** Indemnify, defend and hold harmless Agent/Broker, and all persons in Broker's firm, regardless of responsibility, from all costs, expenses, suits, liabilities, damages, attorney fees and claims of every type, including but not limited to those arising out of injury or death of any person, or damage to any real or personal property of any person, including owner, for: (i) any repairs performed by Owner or by others hired directly by Owner; or (ii) those relating to the management, leasing, rental, security deposits, or operation of the property by Agent, or any person in Agent's company, or the performance or exercise of any of the duties, powers or authorities granted to Agent.
 - C. **Maintain Property:** Maintain the property in a condition fit for human habitation as required by Arizona or other applicable law.
 - D. **Payment of Interest:** Pay all interest on tenant's security deposits, if required by local law or ordinance.
 - E. **Insurance:** Carry and pay for: (i) public and premises liability insurance in an amount of no less than \$1,000,000.00; and (ii) property damage and worker's compensation insurance adequate to protect the interests of Owner and Agent. Agent shall be, and Owner authorizes Agent to be, named as an additional insured party on Owner's policies.
 - F. **Late Charges:** Pay any late charges, penalties and/or interest imposed by lenders or other parties for failure to make payment to those parties, if the failure is due to insufficient funds in Broker's trust account available for such payment.
 - G. **Replacement of Funds:** Immediately replace any funds required if there are insufficient funds in Broker's trust account to cover Owner's responsibilities.



5. **COMPENSATION:**

- A. **Basic Fee:** Owner agrees to pay Agent the following sums for the management services provided by Agent: (i) for the first month upon initial leasing of a property, a sum equal to 1/3 of the first month's gross rent; (ii) for each subsequent month, the sum of 6% of the gross monthly rent collected. (In the event that the property has been rented/leased and the tenant vacates, the 6% management fee shall continue during the period of the vacancy. Upon a new tenant being obtained, the monthly fee for the first month of the new lease shall be 1/3 of the gross monthly rent.)
- B. **Additional Fees:** If Agent is working with contractors and vendors for major refurbishment or improvement to the property exceeding \$1,000.00, Agent shall be entitled to receive additional compensation in the sum of 5% of the total value of the work performed and services provided (as a one-time payment).
- C. **Services Not Covered:** This Agreement does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining income tax, accounting or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling or attending Owner's Association meetings. If Owner requests Agent to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.
- D. **LEGAL SERVICES NOT COVERED:** Though Agent is an attorney licensed to practice law in California and Arizona, Owner acknowledges that Agent will not provide legal advice to Owner as a part of this Agreement, unless subject to separate written agreement between Attorney and Client delineating the legal service to be provided; further, Owner acknowledges that an attorney-client relationship is not intended nor created by this Agreement.
- E. **Shared Compensation:** Agent may divide compensation, fees and charges due under this Agreement in any manner acceptable to Agent.

6. **AGENCY RELATIONSHIPS:** Agent shall solely act as Agent for Owner herein and will not act as a dual agent (for Owner and tenants) in any transaction. Owner understands that Agent may have, or obtain, property management agreements with other clients on other property, and that potential tenants may consider, make offers on, or lease through Agent, property the same as, or similar to, Owner's property. Owner consents to Agent's representation of other owners before, during and after the expiration of this Agreement.

7. **HOLD HARMLESS /RISK MANAGEMENT:** Agent shall not be held liable for any error of judgment, or for any mistake of law or fact, or for anything that may be or refrain from doing hereafter except in cases of willful misconduct or gross negligence.

8. **NOTICES:** Any written notice to Owner or Agent required under this Agreement shall be served by sending such notice by first class mail or other agreed-to delivery method to that party at the addresses provided above. Notices shall be deemed received five (5) calendar days after deposit into the United States mail.

9. **DISPUTE RESOLUTION:**

A. **Mediation:** Owner and Agent agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resulting to arbitration or court action, subject to paragraph 9-B-2, below. Paragraph 9-B-2 below applies whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. 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, than that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.**

B. **Arbitration of Disputes:**

1. Owner and Agent agree that any dispute or claim in law or equity arising between them regarding the obligation to pay compensation under this Agreement, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraph 8-B-2 below. The arbitrator shall be a retired Judge or justice, or an attorney, with at least 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 Arizona law. The parties shall have the right to discovery in accordance with Arizona law. In all other respects, the arbitration shall be conducted in accordance with Arizona law. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction. Interpretation of this Agreement to arbitrate shall be governed by the Federal Arbitration Act.
2. 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; (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.
3. **NOTICE: By initialing in the space below, you are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by Arizona Law and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. By initialing in the space below you are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of Arizona Law. Your agreement to this arbitration provision is voluntary."**



“We have read and understand the foregoing and agree to submit disputes arising out of the matters included in the “Arbitration of Disputes” provisions to neutral arbitration.”

OWNER’S INITIALS: _____

AGENT’S INITIALS: _____

- 10. **LEGAL REQUIREMENTS:** Owner acknowledges that Agent shall manage the property in compliance with federal, state and local anti-discrimination laws and the provisions and requirements of the Arizona Residential Landlord and Tenant Act A.R.S. Title 33, Chapter 10.
- 11. **ATTORNEY FEES:** In any action, the prevailing Owner or Agent shall be entitled to reasonable attorney fees and costs from the non-prevailing party, except as provided in paragraph 9-A.
- 12. **TIME OF ESSENCE; ENTIRE CONTRACT, CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed except in writing accepted by both parties to this Agreement. This Agreement and any supplement, addendum or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

Owner warrants that Owner is the owner of the property or has the authority to execute this Agreement. Owner acknowledges that Owner has read, understands, accepts and has received a copy of this Agreement.

Owner/Date

Agent/Date

Broker Acceptance/Date
West USA Realty Flagstaff