

# ADEA Property Management LLP

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In consideration of the covenants herein contained \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ hereinafter called "**Owner**" and **David C. Armerding, d.b.a. ADEA Property Management, LLP, of Missoula, MT**, hereinafter called "**Agent**", agree as follows:

**1. The Owner** hereby employs the Agent exclusively to rent, lease, operate and manage the residential real estate investment property located at \_\_\_\_\_ **Missoula, MT 59802**, upon the terms hereinafter set forth commencing on \_\_\_\_\_, **2009**, and continuing thereafter on a monthly basis. Thereafter, either party hereto may notify the other in writing of an intention to terminate the agreement, such written notice given at least thirty (30) days prior to the termination date.

**2. The Agent** accepts and agrees:

**2.1** To use due diligence in the management of the Premises for the period and upon the terms herein provided, and agrees to furnish the services of its organization for the rental operation and management of the Premises.

**2.2** To collect rents and receipts pertaining to the property. To render a monthly statement of receipts, disbursements, and charges for the Premises to the following person(s) at the address(es):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and to remit each month the net proceeds (provided Agent is not required to make any mortgage, escrow, or tax payment on the first day of the following month). Agent will remit the net proceeds to the following person, in the percentages specified, and at the addresses shown:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**100.00%**

In case the disbursements and charges shall be in excess of the receipts, the Owner agrees to pay such excess promptly, but nothing herein contained shall obligate the Agent to advance its own funds on behalf of the Owner.

**3. The Owner** hereby gives the Agent the following authority and powers and agrees to assume the expenses in connection therewith:

**3.1** To facilitate the effective management of the property AGENT is empowered:

a) To advertise the availability for rental, at rates established by Owner, of the herein described Premises or any part thereof;

- b) and to display "FOR RENT" signs therein;
- c) in negotiations with prospective tenants, to disclose other offers without the specific consent of the Owner;
- d) to investigate the references of prospective new tenants;
- e) and to sign leases for terms of not more than one (1) year, and to renew and/or cancel existing leases and prepare and execute the new leases without additional charge to the Owner;
- f) ADEA is authorized to collect from tenants all or any of the following: an application fee, a late rent administrative charge, a non-negotiable check charge, a lease cancellation fee, a subleasing administrative charge and/or broker's commission and need not account for such charges and or commission to the Owner;
- g) to collect rents due or to become due and give receipts thereof;
- h) to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate;
- i) to sue for in the name of the Owner and recover rents and other sums due;
- j) and when expedient, to settle, compromise and release such actions or suits or reinstate such actions or suits or reinstate such tenancies. Owner shall reimburse Agent for all expenses of litigation including attorneys fees, filing fees, and court costs, which Agent does not recover from tenants. Agent shall use the attorney of his choice unless otherwise instructed to use an attorney selected by the Owner.

**3.2** To make or cause to be made and supervise any repairs, improvements, alterations, and to do decorating on said Premises.

- a) To purchase supplies and pay all bills therefor.
- b) The Agent agrees to obtain the prior approval of the Owner on all expenditures that exceed \$500.00 each, except monthly or recurring operating charges and/or emergency repairs, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their leases.
- c) The Owner acknowledges that Agent employs person(s) to accomplish maintenance and repair work and that Agent operates such business activities with the intent to create a profit for Agents business.

**3.3** To handle tenants' security deposits and to comply, on the Owner's behalf, with applicable state or local laws concerning the Agent's responsibility for security deposits and interest thereon, if any.

**3.4** To make contracts for electricity, gas, water, waste disposal, janitorial services and any other necessary services that the Agent and Owner deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement.

**3.5** The Agent shall not be required to advance any moneys for the care or management of said property, and the Owner agrees to advance all moneys necessary therefor. If the Agent shall elect to advance any money in connection with the property, the Owner agrees to reimburse the Agent forthwith and hereby authorizes the Agent to deduct such advances from any moneys due the Owner. The Agent shall, upon instruction from the Owner, impound reserves each month for the payment of real estate taxes, insurance or any other special expenditure. In addition, the Owner agrees to establish a permanent Operating Reserve Account with the Agent in the amount of **\$500.00** of the Owner's funds, **plus the total amount collected from the tenant(s) for the security deposit(s).**

**4. The Owner** further agrees:

**4.1** To obtain a policy for public liability insurance including elevator and steam boiler liability endorsements, which policy shall name the Agent as an additional insured. In the event the owner is unable to obtain a public liability insurance policy naming the Agent as an additional insured, or in the event any claim exceeds the policy limits for coverage under such policy for insurance, Owner hereby expressly agrees to indemnify, defend and hold harmless the Agent from and against any and all claims, losses, liabilities, damage, costs and expenses (including without limitation attorney fees and disbursements) from any suit arising from, out of or in connection with the occupation, maintenance or management of the property including but not limited to liability arising from any injury to person or property as a result of any act or omission of the owner, its agents, representatives, employees, subcontractors, invitees or licensees, whether negligent or otherwise, provided, however, that Owner shall in no way be obligated to indemnify, defend and hold harmless the Agent for any act or omission of the Agent, or the Agent's agents or employees, that constitutes negligence, gross negligence, recklessness or intentional misconduct.

**4.2** To pay at his expense, property insurance on the premises to its full insurable value, with Agent added as an additional insured as respects said property.

**4.3** To pay all expenses incurred by the Agent, including, but not limited to, reasonable attorneys' fees and Agent's costs and time in connection with any claim, proceeding, or suit involving all alleged violation(s) by the Agent or the Owner, or both, of any law pertaining to fair employment, fair credit reporting, equal opportunity, environmental protection, rent control, taxes, or fair housing, including, but not limited to, any law prohibiting, or making illegal, discrimination on the basis of race, sex, creed, color, religion, national origin, or mental physical handicap, provided, however, that the Owner shall not be responsible to the Agent for any such expenses in the event the Agent is finally adjudicated to have personally, and not in a representative capacity, violated any such law. Nothing contained herein shall obligate the Agent to employ counsel to represent the Owner in any such proceeding or suit, and the Owner may elect to employ counsel to represent the Owner in any such proceeding or suit. The Owner also agrees to pay reasonable expenses (or any apportioned amount of such expenses where other employers of Agent also benefit from the expenditure) incurred by the Agent in obtaining legal advice regarding compliance with any law affecting the Premises or activities related thereto, provided that Owner and Agent have previously agreed that said action was to be performed for their mutual benefit.

**4.4** To indemnify, defend, and save the Agent harmless from all claims, investigations, suits, or from actions or failures to act of the Owner, with respect to any alleged or actual violation on state or federal labor laws, it being expressly agreed and understood that as between the Owner and the Agent, all persons employed by the Agent in connection with the Agent's management activities for the Premises are employees of the Agent, not the Owner. Therefor, it shall be the responsibility of the Agent to comply with all applicable state or federal labor laws. The Owner's obligation under this paragraph shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expense, and attorney's fees related to acts or failures to act of the Owner with respect to said state or federal labor laws.

**4.5** To give adequate advance written notice to the Agent if the Owner desires that the Agent make payment, out of the proceeds from the premises, of mortgage indebtedness, general taxes, special assessments, or fire, steam boiler, or any other insurance premiums. In no event shall

the Agent be required to advance its own money in payment of any such indebtedness, taxes, assessments, or premiums.

**5. The Owner** agrees to pay the Agent each month:

**5.1 FOR MANAGEMENT: Ten Percent (10%) or \$100.00 per month,** whichever is greater, of the monthly gross receipts from the operation of the Premises during the period this Agreement remains in full force and effect. Gross receipts are all amounts received from the operation of the Premises including, but not limited to, rents and laundry income.

**5.2 OTHER CHARGES:** Agent will be reimbursed for costs of materials used in the day to day operation of this property, including but not necessarily limited to, mileage, driving time, long distance phone charges, postage, copies, faxes, stationary, checks and deposit tickets, credit reports, tax forms and other office supplies from the property's operating funds. Any reimbursement will be documented in the Owner's monthly statement.

**5.3 INTEREST EARNED ON TRUST ACCOUNT FUNDS:** Owner agrees that the Agent is entitled to interest earned on Agent's trust account balance as additional consideration for services performed.

**6. It is Mutually** agreed that:

**6.1** The Owner expressly withholds from the Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expense chargeable to the Owner other than expenses related to exercising the express powers above vested in the Agent without the prior written direction of the following person:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Cell:** ( )  
**Email to:**

**Home:** ( )  
**Work:** ( )

except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Premises or the health and safety of the tenants and occupants thereof or are required to avoid the suspension of any necessary service to the Premises.

**6.2** The Agent does not assume and is given no responsibility for compliance of any building on the Premises or any equipment therein with the requirements of any statute, ordinance, law, or regulation of any governmental body or of any public authority or official thereof having jurisdiction, except to notify the Owner promptly or forward to the Owner promptly any complaints, warnings, notices, or summonses received by it relating to such matters as well as matters referred to in Sections 4.1, 4,3 and 4.4 of this agreement. The Owner represents that to the best of his (its) knowledge the Premises and such equipment comply with all such requirements and authorizes the Agent to disclose the Ownership of the Premises to any such

officials and agrees to indemnify and hold harmless the Agent, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulation.

**6.3** In the event it is alleged or charged that any building on the Premises or any equipment therein or any act or failure to act by the Owner with the respect to the Premises or the sale, rental, or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereover, and the Agent, in its sole and absolute discretion, considers that the action or position of the Owner or registered managing Agent with respect thereto may result in damage or liability to the Agent, the Agent shall have the right to cancel this Agreement at any time by written notice to the Owner of its election to do so, which cancellation shall be effective upon the service of such notice. Such notice may be served personally or by registered mail, on or to the person named to receive the Agent's monthly statement at the address designated for such person as provided in Paragraph 2.2 above, and if served by mail shall be deemed to have been served when deposited in the mail. Such cancellation shall not be release the indemnities of the Owner set forth in Paragraphs 4 and 6.2 above and shall not terminate any liability or obligation of the Owner to the Agent for any payment, reimbursement, or other sum of money then due and payable to the Agent hereunder.

**6.4** The Owner shall pay or reimburse the Agent for any sums of money due it under this Agreement for services for actions prior to termination, notwithstanding any termination of this Agreement. All provisions of this Agreement that require the Owner to have insured or to defend, reimburse, or indemnify the Agent (including, but not limited to, Paragraph 4.1, 4.2 and 4.3) shall survive any termination and, if Agent is or becomes involved in any proceeding or litigation by reason of having been the Owner's Agent, such provisions shall apply as if this Agreement were still in effect. The parties understand and agree that the Agent may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay bills previously incurred but not yet invoiced and to close accounts.

**THIS AGREEMENT** is executed and delivered in the **CITY OF MISSOULA**, and the laws of **MONTANA** shall govern its construction, validity, and effect. This agreement shall be binding upon the successors and assigns of the Agent and the heirs, administrators, executors, successors and assigns of the Owner.

**IN WITNESS WHEREOF**, the parties have hereunto affixed or caused to be their respective signature this \_\_\_\_ day of \_\_\_\_\_, **20**\_\_\_\_.

Owner: \_\_\_\_\_

Agent: **ADEA Property Management, LLP**  
by: **David C. Armerding (Owner)**

TIN: \_\_\_\_\_

Tax ID: 81-0421119