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## PROPERTY MANAGEMENT EXPERTS

*"Property Management is Our Only Business"*

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### MANAGEMENT AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT -READ IT CAREFULLY

\_\_\_\_\_ (hereinafter "Owner"), and Property Management Experts (hereinafter "Agent") - California Real Estate broker, agree as follows:

- I. The Owner employs and grants Agent the exclusive right to rent, lease, and manage the property known as: \_\_\_\_\_ upon the terms hereinafter set forth, for the period of one year commencing on \_\_\_\_/\_\_\_\_/\_\_\_\_ and terminating on \_\_\_\_/\_\_\_\_/\_\_\_\_. On the expiration of the initial term, unless either party elects to terminate the agreement, it shall be automatically renewed monthly and may be terminated as of the last day of any month by either party giving written notice to the other party not less than thirty (30) days of intention to so terminate.
- II. AGENT SHALL:
- A. Use diligence in the performance of this contract.
  - B. Render monthly statements of receipts, expenses and charges and to remit to Owner receipts less disbursements.
  - C. Deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in a Trust account in a national or state institution qualified to engage in the banking or trust business, separate from Agent's personal account. However, Agent will not be held liable in event of bankruptcy or failure of a depository.
  - D. Bond by a fidelity company in adequate amount any employee who handles or is responsible for Owner's funds.
  - E. Accumulate as a reserve in the Owner's account each month such amounts AS MAY BE DIRECTED BY OWNER. Hold security deposits in trust account unless owner directs Agent to forward security deposit to owner, in which case Owner agrees to return security deposit upon demand to agent or vacated tenant. Owner accepts responsibility for penalties imposed if Owner does not return tenants deposit upon demand by Agent.
  - F. Hold security deposits in trust account unless Owner directs Agent to forward security deposits to Owner, in which case Owner shall be responsible to return such portion of the security deposits to tenants upon termination of their tenancies as may be required by law and agrees to indemnify Agent against any claims of tenants with respect to their security deposits.
- III. The Owner grants Agent the following authority and powers and Owner shall pay the expenses in connection herewith:
- A. Agent's Authority
    - 1. To advertise the availability for rental of the above property or any part thereof, and to display "for rent" signs thereof. Agent may add an administrative fee to advertising charges to cover Agent's cost to administer a program which includes newspaper and internet advertising, vacancy listings and responses. Since Agent arranges for group discounts, net advertising costs to Owner will be less than the cost of ads at vendors regular individual rates.
    - 2. To sign, renew or cancel rental agreements/leases for the premises or any part thereof.
    - 3. To collect rents or other charges and expenses due or to become due and give receipts therefore.
    - 4. To terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate.
    - 5. To institute and prosecute actions to evict tenants and to recover possession of said premises in the name of the Owner and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or suits or reinstate such tenancies.
    - 6. Retain security deposits in Owner's Trust Account.
  - B. Repairs, Maintenance, Alterations
    - 1. To make or cause to be made and supervise repairs, maintenance, and alterations on said premises; to purchase supplies and pay all bills therefore.
    - 2. The Agent shall secure the prior approval of the Owner for all expenditures in excess of \$300.00 for any one item, except monthly or recurring operating charges and emergency repairs in excess of maximum, if in the opinion of the Agent such repairs are necessary to protect the property from

damage or prevent damage to life or to the property of others, or to avoid suspension of necessary services, to avoid penalties or fines or to maintain services to the tenants as required by their rental agreements and/or leases. Agent shall not be liable for any such disbursements not approved by Owner which Agent in good faith determines to be necessary.

- 3. Agent may install a permanent lock box and may maintain one complete set of keys to the property in the lock box for the express use of the Owner and or Agent in case of an emergency.
- 4. The Agent and/or a Educationally Trained Home Inspector shall perform a visual inspection of the interior and exterior of the property, annually and submit a written report to the owner. The agent and/or a Educationally Trained Home Inspector will be paid \$100.00 fee for this inspection.

C. Employees

To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises. Agent may perform any of its duties through Owner's attorneys, agents or employees and shall not be responsible for their acts, defaults or negligence if reasonable care has been exercised in their appointment and retention.

D. Service Contracts

To make contracts for electricity, gas, fuel, water/sewer, telephone, window cleaning, trash hauling and other services as Agent deems advisable; the Owner to assume the obligation of any contract so entered into upon the termination of this agreement, including notifying utility companies of change of billing address.

E. Debt Service, Insurance Payment

To pay loan indebtedness, property taxes, special assessments and insurance as designated by Owner.

F. Lead based Paint hazard

Owner shall disclose to Agent the existence any lead-based paint or lead-based paint hazards on the property known to Owner so that Agent can disclose such information to tenants and provide tenants with any required information. Agent may sign on behalf of Owner all required disclosures and shall inform tenants of any known hazards pertaining to lease-based paint and lead-based hazards. Owner shall hold Agent harmless from liability for failure to disclose hazards known to Owner and not disclosed to Agent.

- 1. The property was constructed on or after January 1, 1978. **Owner's Initials** ( )
- 2. The property was constructed prior to January 1, 1978:
  - a. Owner has no knowledge of lead based paint or lead-based paint hazards in the housing except: \_\_\_\_\_  
\_\_\_\_\_. **Owner's Initials** ( )
  - b. Owner has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing, except the following, which owner shall provide to broker: \_\_\_\_\_  
**Owner's Initials** ( )

IV. OWNER SHALL:

A. Payment of Excess Expenses

In the event property expenses are in excess of the rents collected by the Agent, the owner hereby agrees to pay such excess promptly upon demand of the Agent. Owner agrees to pay late charges, interest charges, and other penalties incurred on account of insufficient funds.

B. Save Harmless and Insurance

Owner shall indemnify and save the Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities, damages or claim for damages, including but not limited to those arising out of any injury or death to person or persons or damage to any property of any kind whatsoever and to whomsoever belonging, including Owner, in any way relating to the management of the property by the Agent or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to the Agent except such liability as shall be incurred on account of Agent's gross negligence or willful misconduct. Owner shall maintain, at the Owner's sole cost and expense, public liability, property damage and worker's compensation insurance in such amounts as shall be adequate to insure and protect Agent and Owner. Such policies shall name the Agent as an insured or additional insured. OWNER SHALL PROVIDE AGENT WITH A CERTIFICATE OF INSURANCE SHOWING A MINIMUM OF \$300,000.00 LIABILITY COVERAGE within 14 days of execution of this agreement.

C. Pay the Agent

1. A one time set-up fee of \$100.00
2. A monthly management fee of \_\_\_\_\_.
3. A new tenant fee of \_\_\_\_\_ each time a unit is rented.
4. Reimburse Agent for expenditures made by Agent on Owner's behalf (i.e. advertising, repairs, utilities, management fees, misc. bills, etc.) to the extent not paid from Owner's Funds.
5. In the event that the Owner shall request the Agent to undertake work not included within conventional management of the property as provided herein, then Owner shall pay Agent additional compensation at the rate of \$100.00 per hour. Conventional management does not include supervision of tenant improvements, modernization, refinancing, appraisals, fire restoration, major rehabilitations, obtaining tax advice, presenting petitions to planning or zoning committees, assisting sales agents or appraisers, advising on proposed new construction or general real estate counseling.
6. Evictions: Owner shall pay all costs incurred to evict tenants.

V. If it shall become necessary for Agent or Owner to give notice of any kind, such notice shall be written, and served, by signing such notice by certified mail to the address shown under their signature.

VI. Owner may select vendors to provide maintenance services for the property provided they carry adequate insurance and licenses and are qualified to perform the service. If Owner shall not designate such a vendor, Agent may use its employees or affiliated companies to perform maintenance functions at the property. If Agent and Owner have not agreed upon compensation for such services, Owner will be charged rates which are competitive with rates charged by others in the area where the property is located.

VII. Mediation: Owner and Broker agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action in accordance with the Mediation Procedures of the American Arbitration Association. The fees of the American Arbitration Association or the mediators appointed by the Association shall be paid in equal shares by the parties. If a Party commences an action based on a dispute or claim to which this paragraph applies, without first attempting to resolve this matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such action.

VIII. Arbitration: In the event of any controversy, dispute or claim arising out of or relating to this Agreement or the obligations of the parties to each other, the parties shall first attempt in good faith to resolve the matter mutually between them or after mediation as provided above. If the parties are not able to resolve the controversy, dispute, or claim between themselves, then any such controversy, dispute, or claim shall be resolved by submission to final and binding arbitration. The arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association. The venue for the arbitration shall be in the city or county where the property is located in the office of the Association or the appointed arbitrator. The parties shall have the opportunity to agree mutually on the identity of the arbitrator; provided, however, that if the parties do not agree on the identity of an arbitrator within thirty (30) days from the filing of a demand for arbitration with the American Arbitration Association, the arbitrator shall be selected in accordance with the selection process used by the American Arbitration Association. The arbitrator shall apply California substantive law in determining the award and all applicable statutes of limitation; provided, however, that the arbitrator shall not have jurisdiction to award exemplary or punitive damages to either party. Each party shall have reasonable rights of discovery as provided by California Code of Civil Procedure § 1283.05. Judgment on the arbitration award may be entered by any court of competent jurisdiction and, in all cases submitted to arbitration, the parties agree to share equally the administration fee as well as the fee of the arbitrator. However, in any such arbitration and in any litigation arising from or relating to such arbitration or to this Agreement or the obligations of the parties the prevailing party shall be entitled to recover reasonable attorneys' and expert witness' fees, in addition to costs otherwise recoverable by law, and the prevailing party shall also be entitled to recover reasonable attorneys' fees and costs incurred in the enforcement and collection of an award or judgment.

IX. This agreement shall be binding upon in inure to the benefit of parties and their successors in interest. The parties acknowledge having read the foregoing prior to execution and receipt of a duplicate of the original.

Agent:

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
, Account Executive  
PROPERTY MANAGEMENT EXPERTS  
200 West Harding Way, Stockton CA 95204  
(209) 465-5000  
http://www.pmerents.com  
email: market@pmerents.com  
DATE \_\_\_\_\_

\_\_\_\_\_  
Signature of Owner

PROPERTY CODE \_\_\_\_\_

\_\_\_\_\_  
Owner's Mailing Street Address

PROPERTY ADDRESSES:

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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

\_\_\_\_\_  
Owner's E-mail Address

REFERRAL BY: \_\_\_\_\_

Social Security #: \_\_\_\_\_

Phone (Days) : (\_\_\_\_\_) \_\_\_\_\_

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

(Eves) : (\_\_\_\_\_) \_\_\_\_\_

**OWNER'S INSURANCE AGENT INFORMATION**

COMPANY NAME: \_\_\_\_\_

MGT. EFFECTIVE DATE: \_\_\_\_\_

AGENT NAME: \_\_\_\_\_

STREET : \_\_\_\_\_

CITY/ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_

FAX : \_\_\_\_\_

POLICY #: \_\_\_\_\_

EXPIRATION DATE: \_\_\_\_\_

**How property was acquired:**

- Walk/Phone In     Current owner     Yellow Page Ad
- Prospect Call/Marketing Letter     PME Website
- Rentalhouses.com     Referral
- Other: \_\_\_\_\_



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### **Addendum to Property Management Agreement**

The business of Property Management covers many issues and PME wants to make it as clear as possible to our clients the level of service we provide and the types of charges that you may incur.

#### **Maintenance**

I understand that tenants will be billed by PME to reimburse my account for maintenance bills that I have paid when the tenant is responsible as provided in the rental agreement or lease. The decision to bill the resident for maintenance when the tenant is responsible will be made by PME using its professional judgment. If the resident does not pay the bill PME will make the appropriate deduction from the tenant's security deposit.

I understand that PME has a Handyperson Service (Property Maintenance Experts) and that I can use that service or select my own contractor. I understand that PME selects the outside vendors it uses based on a variety of factors including but not limited to quality of service, response time, materials, licensing, insurance and price. If in the judgment of PME a second opinion is not needed for a particular job, I agree to either approve the provided bid or arrange to obtain my own bids. In no case is PME obligated to furnish multiple bids for maintenance work. PME is constantly evaluating the vendors it uses, and always uses its best efforts to obtain the best overall price for all of its clients. PME is a general contractor, and may use subcontractors and/or suppliers. Subcontractors are required to have adequate liability insurance and workers compensation insurance.

Property Maintenance Experts can provide gardening services on a weekly, bi-weekly, monthly, or quarterly (trimming only) basis through an approved vendor. Service (except quarterly) includes mowing, edging, weeding, hedge trimming, sweeping/blowing sidewalk and street gutters. PMAE shall provide gardening service based on a written bid. All yard cleanups, fertilization, sprinkler repair, and aeration will be provided at an additional cost of time, materials, and dump charges.

Property Maintenance Experts may charge a 15% surcharge on materials purchased for any specific job.

#### **Communication**

I understand that PME will provide a voice mail extension and email address for my property manager. I realize that my manager spends a portion of their day out of the office and that they will make every effort to take my calls live or return calls and emails as quickly as possible. Calls of a non-emergency nature will be returned as soon as possible and that is normally within one business day. In an emergency or for questions my property manger cannot answer I can ask to speak to PME's General Manager. I also understand should I have questions that can be answered by the following departments: Applications (ext. 6427), Accounting (ext. 6419), Marketing/Advertising (ext. 6432) or Repairs (209-644-2000), I will attempt to call them directly.

\_\_\_\_\_  
Owner Initial      Date

\_\_\_\_\_  
Broker Initial      Date