

PROPERTY MANAGEMENT AGREEMENT

A) PARTIES: 1. Ranch Property Management (hereinafter referred to as "AGENT").

2. _____
(Hereinafter referred to as "OWNER")

PROPERTY NUMBER: _____

B) AGENCY: The OWNER hereby employs and appoints AGENT, and AGENT hereby accepts such employment and appointment on the terms and conditions hereinafter provided as exclusive managing AGENT of that certain residence, hereinafter referred to as "Residence" located at:

C) TERMS: The term of this agreement shall be the term of the Residential Exclusive Lease/Rent Authorization Agreement, or shall commence on the ____ day of _____, _____, and terminate on the 31th day of August, _____.

1. Either party may terminate this agreement by giving 30 days written notice to the other party. This agreement shall continue on a month to month status unless otherwise cancelled or terminated as provided for herein. Broker shall send Owner a reminder notice at least (30) days prior to the renewal date.
2. This agreement shall be immediately and automatically terminated by: a. The sale, transfer or other disposition of legal and beneficial title to the Property, except for a transfer of the property to a trust or other legal entity controlled solely by Owner b. Condemnation of the Property or c. complete destruction of the Property.
3. If Owner cancels this Agreement prior to the Termination Date or any extension thereof, Owner shall pay agent an early cancellation fee equal to one months management fee. Management fees will not be prorated.
4. Agent may cancel this Agreement immediately by notice to Owner in the event that: a. A notice of trustee's sale or judicial foreclosure is recorded against the Property; b. Owner fails or refuses to comply with any rule, order, determination, code, ordinance or law of any governmental authority; c. Owner refuses to correct a hazardous condition on the Property.
5. Agent may withhold funds as permitted by law to pay any amounts due, expenses previously incurred but not yet invoiced, close accounts and enter into leases for periods not in excess of ____ year(s) and to renew and/or exercise any right of cancellation of the same.

D) AGENT'S AUTHORITY:

OWNER authorizes AGENT to act for and on behalf of OWNER in connection with the following:

1. Rents: To rent, maintain and manage the Residence and to collect rents due or to become due and give receipts therefor.
2. Contracts: To terminate tenancies; and in that regard to sign and deliver appropriate notices; to institute and prosecute action to evict tenants and recover possession of the residence; to sue for and recover accrued and unpaid rent and damages; to initiate and prosecute other actions as may be garnishment and attachment; and when expedient, to settle, compromise and release such actions or suits or reinstate such tenancies.
3. Repairs: To take charge of repairs, decorating and alterations and to purchase supplies therefor. To obtain OWNER'S prior authorization for any and each expense item in the excess of \$ _____, except monthly or recurring operation charges, cleaning, emergency repairs, or in the event the OWNER is not reasonably available for consultation, or if AGENT deems such expenditures in excess of this amount necessary for the protection of the property from damage or to perform services to the tenants provided for in their lease and as required by law.
4. Service Contracts: To execute contracts for utilities and services for the operation, maintenance, and safety of the property.
5. OWNER agrees that AGENT will not be responsible for payment of bills/ invoices not received nor bills/invoices/recurring expenses that OWNER has not authorized, in writing, AGENT to pay. OWNER will advise, in writing, vendors, mortgage companies, associations, utilities, etc. of AGENT'S authorization to make payments and receive statements and other communications on behalf of OWNER at AGENT'S mailing address. AGENT will not be responsible for "late charges" applicable to any late payment made when adequate funds are not available in OWNER'S operating account at least 10 days prior to payment due date. OWNER agrees to maintain a positive balance of \$ _____ (OWNER RESERVE) in Property Management Trust account (operating account) to cover these monthly payments. OWNER will promptly advance funds upon request by AGENT. One month's operating expenses to be collected upon signing this agreement. Monies from the Trust Accounts may be placed in a Savings account, separate from the AGENT'S account in compliance with the rules and regulations of the Department of Real Estate. All of the income mentioned in this paragraph will accrue to the AGENT, not the OWNER, without any accounting or reporting to the OWNER.

OWNER UNDERSTANDS THAT AGENT WILL NOT BE RESPONSIBLE, in the event of the inability or refusal of OWNER to pay all costs incurred and expended by AGENT in connection with any of the foregoing; AGENT is authorized to make such payments on OWNER'S behalf from any and all funds of OWNER held by AGENT and AGENT shall periodically render a complete accounting thereof.

6. **Assignments of Rents:** OWNER assigns to AGENT all rents and other funds collected for the property for purpose of paying all expenses incurred by the AGENT in managing and maintaining the property and any other expenses authorized by the terms of this agreement.

7. **Transfer of Funds:** If an OWNER owns more than one property under this Agreement, the AGENT is authorized to transfer funds from the other property, if necessary, to pay all past due and current expenses.

8. **Advertising:** To place advertising for rental of the Residence, to display signs upon the premises and to cause references or prospective tenants to be investigated.

E) AGENT'S AGREEMENT: AGENT agrees as follows:

1. **Communication:** To reasonably confer with OWNER in the performance of its duties as set forth herein.

2. **Management:** To use due diligence in the management of the Residence for the term of this Agreement and upon the terms and conditions herein provided, and agrees to furnish the services of its organization for the renting, leasing, & managing of the same.

3. **Accounting:** To furnish monthly or other regular periodic statements or receipts, expenses and charges, and to remit to OWNER all such receipts less actual disbursements therefrom. In the event the disbursements and charges shall be in excess of the receipts, the OWNER agrees to pay such excess promptly upon request.

4. **Trust Account:** The AGENT will promptly deposit all funds collected for the benefit of the OWNER into a Trust Account, separate from the AGENT'S Account in a national or state institution licensed to engage in the banking or trust operations. The Security Deposit collected from the Tenant will be maintained in a separate Security Deposit Trust Account, as required by the Department of Real Estate and may not be used to pay operating expenses of the property. The AGENT is not liable or responsible for the failure or bankruptcy of the trust institution.

5. **Statutory Compliance:** The AGENT shall register the property with the county assessor and designate a Ranch Realty employee as statutory agent who lives in Arizona to accept legal service on behalf of Owner, in compliance with ARS 33-1309(B). Owner agrees to purchase any business license or other license required by any applicable government authority and pay any fees or taxes when due. OWNER authorizes the AGENT to disclose the OWNERSHIP of the Residence 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 by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

F) OWNER'S RESPONSIBILITY:

1. All acts and actions performed by the AGENT under the provisions of this Agreement shall be done as an AGENT for the OWNER, and all such actions including any obligation of expense incurred in connection therewith shall be for the account, on behalf, and the sole responsibility of OWNER. Any payments to be made hereunder shall be made from any monies deposited to OWNER'S trust account or as may be otherwise provided by the OWNER. AGENT shall not be obligated to make any advance to or for the account of the OWNER or to pay any sums, except out of funds held or provided as said, nor shall the AGENT be obliged to incur any liability or obligations for the account of the OWNER without assurance that funds necessary for the discharge thereof will be provided. 2. To set rental rates and terms of lease.

G) OWNER'S AGREEMENT:

1. **Indemnification:** To indemnify, defend and hold the AGENT harmless from all claims, liability or losses arising out of or resulting from AGENT'S performance of the duties and responsibilities as provided herein, and from liability for damage to property and injuries to or death of any employee or other person whomsoever occurring in, on or about the premises of the Residence and in that regard to carry at OWNER'S expense public liability, fire theft and casualty insurance naming the OWNER and AGENT as is insured thereunder and to furnish the AGENT certificate evidencing the existence of such insurance. Unless the OWNER shall provide such insurance and furnish such certificate within thirty (30) days from the date of this Agreement, AGENT may, but shall not be obligated to contract for and place such Insurance and charge the cost thereof to the account of the OWNER. Owner will immediately advise AGENT of changes to HOA CC&R's or Rules & Regulations. In properties that fall within the jurisdiction of HOA's, it is OWNER'S sole responsibility to keep abreast of all changes, including lease restrictions.

H) FINAL ACCOUNTING:

Upon termination of this agreement, the parties shall within thirty (30) days thereafter account to each other with respect to all matters outstanding as of the date of termination, and the OWNER shall furnish the AGENT security, satisfactory to the AGENT, against any outstanding obligations or liabilities which the AGENT may have incurred hereunder, prior to termination.

Owner's Initials: _____

D) REMEDIES:

Alternative Dispute Resolution-Owner and Agent agree to mediate any dispute or claim arising out of or relating to this Agreement. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and nonappealable. Judgement on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the right to resort to court action.

Attorney Fees and Costs -The prevailing party in any dispute or claim arising out of or relating to this Agreement shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation: attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

J) FEES AND CHARGES:

In consideration for the services rendered as provided herein, OWNER agrees to pay AGENT the following:

1. For properties not offered for rent (Management Only), \$100 per month plus an initial \$100 start-up fee (3 month minimum). All of the following also applies except rental fees.
2. For Ranch Realty rental properties:
 - a. Monthly Management Fee of Five percent (5%) of the gross rent collected monthly, or \$75.00, whichever is greater.
 - b. Rental fee of _____ percent (____ %) of rent term as a one time charge, for each new Tenant. The AGENT makes no warranty or guarantee of the Tenant's performance of the obligations of the Rental Agreement. Rental fees are non-refundable should a breach or negotiated termination of the Lease contract take place.
 - c. Renewal Fee of _____ percent (____ %) of rent term for a new Rental Agreement negotiated with any existing Tenant for a term of 12 or more months _____ percent (____ %) for a term of less than 12 months. This fee applies to month to month Renewals as well and renewal fees are non-refundable.
 - d. A \$50.00 annual fee to act as Arizona Statutory Agent for your property (see paragraph E(5)).
 - e. An initial \$75 start up fee (Start-up fees do not apply to properties currently under Ranch Realty Management).
3. In order to minimize the fee the Agent charges the owner, the Agent may collect and retain for themselves from the Tenants all of any of the following: A fee for serving notices, as well as other tenant penalty charges, except late rent charges, which will be split between OWNER and AGENT.
4. a. A \$10 duplication of documents/information fee may be charged for time spent providing to OWNER additional copies previously provided.
b. A minimum of \$10 per hour for any work not falling within the normal scope of Management.

K) This Agreement and all attachments hereto shall constitute the entire Agreement between the parties, and no variance or modification thereof shall be effective, unless provided by supplemental agreement in writing and executed in the same manner as this Agreement. Obtain Addendum to Management Agreement Form on ranchrealty.com website.

L) For the convenience of the parties, this Agreement and all Ranch Realty forms may be executed by electronic signature, as well as in counterparts, which are in all respects identical and each of which shall be deemed to be complete in itself so that any one may be introduced in evidence or used for any other purpose without the production of the counterparts. This Agreement shall be binding upon the successors and assigns of the AGENT, and the heirs, administrators, executors, successors and assigns of the OWNER.

M) ADDITIONAL TERMS AND CONDITIONS: _____

Owner's Initials: _____

Payment-Credit Balances: OWNER requests and authorizes AGENT to make payments for the following items on behalf of the OWNER:

Mortgages: Yes ___ No ___ Mortgage Co: _____ Address: _____
 Account No: _____ Amount: _____

Association: Yes ___ No ___ Name: _____ Address: _____
 Account No. _____ Amount: _____

Utilities : Yes ___ No ___ (Basic internet service to be considered utilities with furnished rentals)

Property Taxes: Yes ___ No ___ Home Owner's Insurance: Yes ___ No ___ Insurance Company: _____
 Policy Number: _____

Warranty Company: _____ Account No: _____ Expiration Date: _____ Phone: _____

Other Warranties: _____ Account No: _____ Expiration Date: _____ Phone: _____

Furnished: _____ Unfurnished: _____ Gate Code: _____ Parking Space#: _____

Garage Code: _____ Mail Box #: _____ Alarm Code: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above.

The undersigned agree to the terms and conditions set forth herein.
 OWNER:

 ^OWNER'S/AUTHORIZED REPRESENTATIVE'S SIGNATURE MO/DA/YR

 ^OWNER'S/AUTHORIZED REPRESENTATIVE'S SIGNATURE MO/DA/YR

 OWNER'S/AUTHORIZED REPRESENTATIVE'S PRINTED NAME

 OWNER'S/AUTHORIZED REPRESENTATIVE'S PRINTED NAME

 ADDRESS

 ADDRESS

 CITY STATE ZIP CODE

 CITY STATE ZIP CODE

 TELEPHONE FAX

 TELEPHONE FAX

 EMAIL

 EMAIL

 EMERGENCY CONTACT AUTHORIZED TO ACT ON OWNER'S BEHALF

 TELEPHONE EMAIL

OWNER'S PREFERRED FORMS OF CONTACT:
 ___ Phone ___ E-mail ___ Mail ___ Fax

Social Security Number (for IRS 1099's): _____ - _____ - _____

AGENT: Ranch Realty Property Management

BROKER: H. Robert Berg / Designated Broker - Ranch Realty