



## **RESIDENTIAL PROPERTY MANGEMENT AGREEMENT**

**The AGREEMENT**, made this        day of        2013, between \_\_\_\_\_ hereafter designated as "Owner(s)" and 5 Star Property Management, LLC hereinafter designated as "Broker".

**WITNESSETH:** In consideration of the mutual promises and covenants herein contained, Owner and Agent agree as follows:

**EXCLUSIVE AGENCY:** The Owner hereby appoints Broker to rent, lease, operate and manage the property known as:

**PROPERTY ADDRESS**

**PARCEL #**

**LEGAL DESCRIPTION**

for the period of 12 months beginning \_\_\_\_\_ and thereafter for yearly periods. On or before sixty (60) days prior to expiration of the above term or any renewal period, either party shall notify the other in writing of an intention to terminate this Agreement, in which case this Agreement may be terminated on the last mentioned date. However, the Broker may elect to cancel this agreement upon occurrence of any of the following circumstances:

- In the event of a bona fide sale or demolition of the premises.
- If a petition for bankruptcy is filed either the by the Owner or the Broker, or if either shall make an assignment for the benefit of creditors to take advantage of any insolvency act.
- If the Owner shall fail to comply with any rule, order, termination, ordinance of law of any federal, state or local authority, relating to the operations of the premises.
- At the discretion of the Broker, a written notice of voluntary cancellation by the Broker will be mailed to the Owner with a ten (10) day notice of cancellation prior to.

Should the Owner decide to terminate this Agreement prior to expiration of the above term, Owner agrees to pay the Broker half of the desired rent as an early termination fee to cover administrative associated with the property.

Any notice of cancelation must be in writing and may be serviced personally or by certified mail to Broker's business address or the Owner's address as designated on the Broker's monthly statement. If said notice is by certified mail, then said notice shall be deemed to have been serviced when post marked. Such cancellation shall not terminate any liability or obligation of the Owner to the Broker for any payment, reimbursement, or other sum of money then due and payable to the Broker hereunder. Prior to termination, the Owner shall pay or reimburse Agent for any sums of money due it under this agreement notwithstanding any termination of the agreement. The parties understand and agree that the Broker may withhold funds for ninety (90) days after the end of the month in which the agreement is terminated to pay bills previously incurred but not yet invoiced and to close accounts.

**RENTING THE PREMISES:** Broker shall use its best efforts in disposing of vacant space and in keeping the premises rented to desirable tenants, and to this end, is authorized on behalf of the Owner to enlist the services of other estate brokers. Rents established will be in keeping with comparable rents in the area and in the best interest of the Owner. Broker is authorized to adjust the schedule of rent payments for efficient office operation.

**MARKETING AUTHORIZATION:** Leasing Broker is authorized to advertise property for rent, using periodicals, signs, online marketing, brochures or other such means as Broker may deem proper and advisable. Broker is authorized to place signs on the property advertising the property for rent, provided such signs comply with applicable laws. The cost of advertising outside of what is standard for the firm will be paid by the Owner. Installation and removal of the "For Rent" or "For Lease" sign will be paid by the Owner. Owner agrees to Broker's periodic review and adjustment of rental amount to respond to current market conditions.

## **DUTIES AND RESPONSIBILITIES OF OWNER**

**Indemnifications for all acts or non-actions by Owner:** To indemnify, defend and save the Broker harmless from all claims, suits, investigations and litigations arising from actions or failures to act of the Owner, regardless of the nature or character of the claim. Further, the Owner agrees that his actions and activities shall comply fully with all applicable state, federal and local laws, statutes, ordinances, regulations and agreement. And the Owner shall indemnify and hold the Broker harmless against any claims, suits or litigation, including legal expenses, resulting from the Owner's non-compliance or violation.

1. **Owner to pay agent's defense expense:** To pay all expenses by the Broker including, but not limited to reasonable attorney's fees and Agent's costs and time in connection with any claim, proceeding or suit involving an alleged violation by the Broker or Owner or both, provided however, that the Owner shall not be responsible for Broker for any such expenses in the event the Broker is finally adjudicated to have personally, and not

in a representative capacity, violated the law. Nothing contained herein shall obligate the Broker to employ counsel to represent the Owner in any such proceeding or suit. The Owner also agrees to pay reasonable expenses incurred by the Broker in obtaining legal advice regarding compliance with any law affecting the premises or activities related thereto. A billing from an attorney giving such advice to Broker shall be conclusive evidence of reasonable attorney's fees.

2. **Indemnities to remain in force:** All indemnities covenanted by Owner in this agreement shall remain in force beyond the termination of this agreement, whether termination is by expiration of time, operation of law, or otherwise.

**BROKER TO NEGOTIATE LEASES:** All inquiries for any lease or renewals or agreements for the rental or operation of the premises or any party thereof shall be referred to the Broker. All negotiations and signing of the lease documents connected therewith shall be conducted solely by or under the direction of the Broker.

**TENANT SCREENING:** Broker will submit rental application to screening agency for background check of potential tenant(s). The background checks generally include a credit report, criminal history check and telephone contact of listed references. The Broker will also collect paystubs, verify employment and previous rental history. The results of the screening process are generally provided to the leasing Broker by a screening agency and the information is generally deemed reliable but cannot be guaranteed. The Owner should understand that interviews, screening and proper documentation will not completely eliminate the possibility of an inferior tenant. Rental Research, Inc. will use its best efforts to place a quality tenant, but does not guarantee the performance of the tenant. The screening summary will be provided to the Owner at the time the prospective tenant is presented to the Owner. Broker may collect from tenants a charge for credit report/tenant screening fees and Broker need not account to Owner of such charges. Owner understands and accepts the fact that tenant-screening reports may be accomplished by firms or individuals associated with the Broker, but in all situations charges shall be competitive with those charges in the state.

**ENFORCEMENT OF LEASE:** Broker shall use its best efforts in the management of the property, enforcement of the terms and conditions of the lease, and due diligence in collecting the rents and other income. Broker does not have any way to guarantee the performance of the tenant and for the compliance of the tenant to the lease.

**MAINTENANCE:** Broker is authorized, in the name of and at the expense of the Owner, as may be advisable or necessary, to make or cause to be made ordinary repairs and/or alterations to the premises, make contracts for gas, fuel, water, trash collection or other services, and to purchase supplies and materials. The expense to be incurred for any one transaction shall not

exceed the sum of \$ \_\_\_\_\_ unless authorized by Owner, except under such circumstances as Agent shall deem to be an emergency. It is expressly understood and agreed that all individuals and firms providing maintenance or services are doing so on behalf of the Owner only, and not the Broker. Broker is in no way liable for such providers for their compensation, and Broker is in no way liable to Owner or others for any act or omission on the part of any such provider. Best efforts will be made to use licensed, bonded and insured individuals or firms that provide maintenance services on the Owner's property or on behalf of the owner, unless otherwise directed by the Owner in writing to do differently.

**STATEMENTS:** Broker shall render to Owner a monthly statement of receipts and disbursements, remitting any balance shown due to the Owner. The disbursement shall include compensation of Broker on the bases hereinafter provided.

### **REIMBURSEMENT OF BROKER**

- **Reimbursement:** Owner shall reimburse Broker promptly for any monies, which Broker may elect to advance the Owner. Nothing herein contained, however, shall be construed to obligate the Broker to make any such advances.
- **Additional Services:** In the event Broker is required to perform services other than those set forth in this agreement or addendum, the Broker shall be paid additional compensation at the rate of \$90.00 per hour. Additional services are described as non-routine services necessitated by special problems, small claims court appearances, meetings, litigations or lawsuit issues, insurance claim administration, catastrophic damages to property and the rehab or remodeling of a property and its improvements that require an unusual amount of time to correct, monitor or coordinate.
- **Fees:** 100% of tenant's NSF fees, tenant notice fees and tenant screening fees & late fees are paid to the Broker.
- **Marketing Costs:** The costs of advertising the property "For Rent" shall be paid for by the Owner out of the operating and/or reserve accounts or paid directly by the Owner to the Broker. Newspaper ads that are shared with other properties managed by the Broker shall be pro-rated based upon the number of lines in the ad including the use of the Broker's name, logo, phone number and website address.

**SEPARATION OF OWNER'S FUNDS:** All funds received by Agent for or on behalf of Owner (less any sums property deducted by Broker pursuant to any of the provisions of this Agreement) shall be deposited in the bank in a Trust Account maintained by the Agent. Any interest earned on said Trust Account is to be retained by the Broker as compensation in administering these funds. Broker will not be held liable in event of bankruptcy or failure of a depository.

**SECURITY AND DAMAGE DEPOSITS:** Broker will collect, deposit and disburse tenant's security deposits in accordance with the terms of each tenant's lease. Broker shall pay tenant's interest upon such security deposits only if required by law to do so. Otherwise, any interest earned on tenant's security deposits is to be retained by Broker as compensation for administering these funds. Broker shall comply with all applicable state and local laws concerning the responsibility for security deposits and interest.

**SAVE HARMLESS:** Owner agrees to hold and save Agent free and harmless for damage or injuries to person or property by reason of any cause under the express or implied directions of Owner. Owner agrees to waive subrogation for any insured loss to Broker.

**INSURANCE:** Owner agrees to carry a minimum public liability insurance of \$1,000,000 CSL for residential single family properties and a minimum of \$2,000,000 for multi-family properties, or as may be necessary for the protection of the interest of the Owner and the Broker as an additional insured. Any deductible required under such insurance policies shall be Owner's expense. A certificate of insurance including the Waiver of Subrogation shall be mailed annually to Broker's office.

**LEGAL PROCEEDINGS:** Broker may, in the name of and at the expense of the Owner, institute any and all legal actions or proceedings for the collection of rent or other income from the property or the eviction or disposal of tenants other than or other tenants. Such expense may include the engagement of legal counsel for such matter.

**LANDLORD TENANT ACT OF WASHINGTON STATE:** Owner acknowledges awareness of this statute and understands Agent will act according to its provisions. Broker recommends Owner obtain a copy of the Washington State Landlord Tenant Act for reference to their rights and their tenant's rights. Broker will act according to any local laws and ordinances.

**FAIR HOUSING AND DISCRIMINATION LAWS:** Owner acknowledges awareness of these statutes and understands Broker will act according to their provisions.

**COLLECTION AND ATTORNEY'S FEES:** The prevailing party in disputes concerning this agreement shall be entitled to the cost of collection and enforcement, including but not limited to reasonable attorney's fees, court costs and all necessary expenses.

**SMOKE ALARMS AND DEADBOLTS:** Washington state law requires that all rental houses have operating smoke alarms and deadbolts. Agent requires that all deadbolts have "flippers" on the interior of all exterior doors, with exception of doors with windows.

**RIDERS:** Riders, if any, attached hereto are made a part of this agreement by reference.

**MANAGEMENT FEE:** Owner agrees to pay Broker a minimum fee equal to \$100 per month or 9% of the monthly gross rent whichever is greater for occupied properties.

**LEASING COMMISSION:** Owner agrees to pay Broker a sum equivalent to one half month's rent for up to a one year lease for property that are clean, in good repair and "ready to rent". Owner agrees to pay Broker a sum equivalent to one full month's rent for up to a one year lease for properties that require maintenance and/or repair coordinated by the Broker. A lease renewal fee equivalent to one-half month's rent will be collected for each and every renewal of tenant's lease.

**OUTSIDE BROKER COMMISSION:** In the event that a desirable tenant is found by an outside real estate broker, commission equivalent to 25% of the first month's rent will be paid to such broker. It is understood that outside real estate broker commission is separate from the leasing commission. \_\_\_\_\_ (please initial)

**OWNER RESERVE:** To provide for contingencies and prompt payment of bills, Owner agrees to deposit with Broker a sum of \_\_\_\_\_ (\$1,000 if not filled in). After using any or all of this deposit, Broker will re-establish a balance equal to the original amount upon receipt of subsequent rent collections.

**RENT SCHEDULE:** Rents shall be collected by Broker as follows: All rents pro-rated to the first of each month, and are due the first of each month and late after the 5<sup>th</sup> of each month (unless stated differently in the rental agreement). **Owner should expect disbursements to be received by the 15<sup>th</sup> of each month.**

**APPLIANCES WARRANTED:** Owner agrees to maintain and keep in good working condition all appliances, plumbing, electrical and heating systems.

**WASHINGTON LAW AND COURTS TO GOVERN:** This agreement shall be construed to be under the law of the State of Washington and choice of jurisdiction and venue for suit shall be Pierce County, Washington.

**LEASE/RENTAL PROVISIONS desired by Owner:**

**Property Type:** Single Family \_\_\_\_\_ Duplex\_\_\_\_\_ Tri-plex\_\_\_ Four-plex\_\_\_\_\_ Multi-plex\_\_\_\_\_

**Number of units:**

One bedroom/ Studio	_____	Rental Amount	_____	Lease Term	_____
Two Bedroom	_____	Rental Amount	_____	Lease Term	_____
Three Bedroom	_____	Rental Amount	_____	Lease Term	_____
Four Bedroom	_____	Rental Amount	_____	Lease Term	_____
					<u>12 MONTHS</u>

**Security Deposit Amount Desired:** \$

**Pets:** YES NO

This agreement shall be binding on the parties hereto, their heirs, executors, administrators, successors, assigns, and contains the final and entire agreement between the parties hereto and neither they nor their agents shall be bound by any terms, conditions, statements, warranties, or representations, oral or written, not herein contained, and may not be changed orally but only in writing signed by the party to be changed thereby. If any owner should have any special requests of the Agent, it is required to be attached to this agreement in writing.

By: \_\_\_\_\_  
Broker, 5 Star Property Management, LLC

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

Date: \_\_\_\_\_

By \_\_\_\_\_  
Owner

**COMMENTS:**

**5 Star Property Management**  
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