



# Property Management Agreement

APPROVED FOR USE BY MEMBERS OF THE STARK Trumbull Area REALTORS<sup>®</sup>



In consideration of the covenants herein contained, \_\_\_\_\_  
(name and address of OWNER, hereinafter called "OWNER"), and \_\_\_\_\_  
(hereinafter called "MANAGER"), whose address is \_\_\_\_\_ agree as follows:

## 1. The OWNER hereby:

Employs the MANAGER as exclusive agent to rent and manage the following described property: \_\_\_\_\_  
(hereinafter called the Premises) upon the terms and conditions hereinafter set forth, for a period of \_\_\_\_\_  
beginning on \_\_\_\_\_ (Date) and ending on \_\_\_\_\_ (Date).

2. **Notices:** All notices given in connection with this agreement shall be in writing and shall be deemed effective when sent to the address set forth above, or such other address for a party as shall be specified by notice given pursuant hereto, for MANAGER and OWNER when delivered by hand or, if mailed, by certified mail with a return receipt requested, by overnight courier, or by facsimile and the sender has a transmittal report verifying it was sent to the correct destination.

## 3. The MANAGER agrees as follows:

- A. Accept the management of the Premises for the period stated above and upon the terms herein provided and agrees to furnish the services of its organization for the rental operation and management of the Premises.
- B. On or before the \_\_\_\_ of each month, remit the net proceeds, defined as all sums collected less the sum of expenses authorized herein and MANAGER'S fees, to the OWNER at the address above together with an itemized statement of receipts, disbursements and charges.
- C. MANAGER will remit the net proceeds to the OWNER, or deposit them in the following account, separate from MANAGER'S own account:

\_\_\_\_\_. Account # \_\_\_\_\_. If disbursements and charges are in excess of receipts, OWNER agrees to pay said excess not later than fifteen (15) days following receipt of the itemized statement showing said excess. Nothing herein contained shall obligate the MANAGER to advance its own funds on behalf of the OWNER.

- D. To cause all employees of the MANAGER who handle or are responsible for the safekeeping of any moneys of the OWNER to be covered by a fidelity bond in an amount and with a company selected by the MANAGER in its sole discretion.

## 4. The OWNER agrees to give the MANAGER the following authority and powers and agrees to assume all expenses in connection therewith:

- A. To advertise the Premises or any part thereof; to display signs thereon and to rent the same; to cause references of prospective tenants to be investigated; to set rental prices; to sign leases and to renew and/or cancel existing leases; and to terminate tenancies and to sign and serve such notices as are deemed necessary by the MANAGER; to institute and prosecute actions in the OWNER'S name, to evict tenants, and to recover possession of the Premises; to sue in the OWNER'S name and recover rent; and, when expedient, to settle, compromise and release such actions or suits, or reinstate such tenancies. OWNER shall reimburse MANAGER for all expenses of litigation including attorney's fees, filing fees, and court costs which MANAGER does not recover from tenants. MANAGER may select the attorney of its choice to handle such litigation.
- B. To hire, discharge, and pay for all engineers, janitors, and contractors.
- C. To make, or cause to be made, pay for, and supervise all ordinary repairs and alterations; to decorate the Premises; to negotiate contracts for items or services not exceeding \$\_\_\_\_\_ per month and to purchase supplies and pay all bills. MANAGER shall secure the approval of the OWNER for any alterations or expenditures in excess of \$\_\_\_\_\_ for any one item, except monthly or recurring operating charges and emergency repairs in excess of the maximum, if, in the opinion of the MANAGER, such repairs are necessary to protect the Premises from damage or to maintain services to the tenant as called for by their tenancy.
- D. To collect rents, charges and/or assessments, including a nonnegotiable check charge, credit report fee, a subleasing administrative charge and/or broker's commission and other items to become due, and give receipts, therefore.
- E. To receive all security deposits from tenants. When security deposit checks are received by MANAGER, OWNER shall authorize MANAGER to deposit the amount of such deposits into the OWNER'S operating trust account (or other designated account). OWNER further specifically authorizes MANAGER to expend all such funds deposited in said account, for and on behalf of OWNER, for the purposes and under the authority established in this agreement and as allowed by law. OWNER agrees that when a tenant for whom a security deposit has been received, terminates his or her tenancy, OWNER shall be responsible for depositing with MANAGER sufficient money to refund the tenant's security deposit, if the OWNER's account does not have sufficient funds to do so. Once such amount has been deposited with MANAGER or if there are sufficient funds in the trust account to refund the tenant's security deposit without an additional deposit, MANAGER shall be responsible for causing the same to be returned to the tenant according to the provisions of tenant's lease and applicable law.
- F. The MANAGER shall not be required to advance any moneys for the care or management of the Premises, and the OWNER agrees to advance all moneys necessary, therefore. If the MANAGER shall elect to advance any money in connection with the Premises, the OWNER agrees to reimburse the MANAGER forthwith and hereby authorizes the MANAGER to deduct such advances from any moneys due the OWNER. The MANAGER shall, upon instruction from the OWNER, hold reserves each month for the payment of real estate taxes, insurance, or other special expenditure. If MANAGER is responsible for payment of expenses and other amounts on behalf of OWNER, then the OWNER agrees to establish a permanent Operating Reserve Account with MANAGER using the Tenant's Security Deposits held on this property. Said Operating Reserve Account may be used by MANAGER to cover any excess of disbursements and charges over receipts, or for payment of any other charges and expenses in connection with the Premises in the sole discretion of MANAGER.

## 5. The OWNER further agrees as follows:

- A. To indemnify, defend, and save the MANAGER harmless, except in the case of MANAGER'S gross negligence and/or willful misconduct, from all suits, claims, damage, loss and liability, including the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expense, and attorneys' fees, in connection with the management of the Premises and from liability for damage to property and for injuries to or death of any occupant of the Tenant or other person whomsoever, and to carry at OWNERS' expense public liability insurance naming OWNER and also naming MANAGER as

an Additional Insured. Such insurance shall be in form and substance reasonably satisfactory to the MANAGER and in an amount not less than one million dollars (\$1,000,000). OWNER shall furnish to MANAGER certificates evidencing the existence of such insurance and its renewal each year. Unless the OWNER shall provide such insurance and furnish such certificate within fifteen days from the date of this agreement, the MANAGER may, but shall not be obligated to, place said insurance and charge the cost thereof to the account of the OWNER. All such insurance policies shall provide that the MANAGER shall receive thirty (30) days written notice prior to the cancellation of the policy.

- B. To indemnify, defend, and save the MANAGER harmless from all claims, investigations, and suits, or from actions or failures to act of the OWNER, with respect to any alleged or actual violation of state or federal labor laws in connection with the MANAGER'S employees, it being, however, the responsibility of the MANAGER to comply with all applicable state or federal labor laws. The OWNER'S obligation under this paragraph 5(B) shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expense, and attorneys' fees.
- C. To pay all expenses incurred by the MANAGER, including, but not limited to, reasonable attorney's fees and MANAGER'S normal hourly rate and out of pocket expenses in connection with any claim, proceeding, or suit related to the Premises or to MANAGER'S actions or failure to act which are in any way related to this Agreement and involve an alleged violation by the MANAGER or the OWNER, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, taxes, or fair housing, including but not limited to; any law prohibiting, or making illegal, discrimination on the basis of race, sex, religion, color, national origin, family status, ancestry, or handicap provided however, that the OWNER shall not be responsible to the MANAGER for any such expenses in the event the MANAGER is finally adjudicated to have personally, and not in a representative capacity, violated any such law. Nothing contained herein shall obligate the MANAGER 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 MANAGER shall have the right to employ an attorney and may select the attorney of its choice. The OWNER also agrees to pay reasonable expenses incurred by the MANAGER in obtaining legal advice regarding compliance with any law affecting the premises or activities related thereto.
- D. MANAGER is authorized to pay mortgage indebtedness, general taxes, special assessments, and all insurance premiums. In no event shall the MANAGER be required to advance its own money in payment of any such indebtedness, taxes, assessments, or premiums.
- E. That any and all non-sufficient funds fees collected from the Tenants will become the property of the OWNER, to help cover any expenses incurred by the MANAGER, due to the depositing and/or re-depositing of the bad checks, these fees will be deposited into the operating account. Any expenses incurred by the MANAGER in the depositing and re-depositing of Tenant's bad check shall be charged to the OWNER'S operating account.
- F. To permit and pay for the MANAGER to have the locks changed on each unit after a tenant vacates.
- G. Owner shall execute and file all returns and other instruments and do and perform all acts required of the OWNER as an employer with respect to the Premises unless otherwise agreed to with MANAGER.

**6. The OWNER agrees to pay the MANAGER each month all of the following:**

- A. For MANAGEMENT: \$ \_\_\_\_\_ per month or \_\_\_\_\_ percent (\_\_\_\_ %) of the monthly gross receipts, whichever is the greater amount. Gross receipts are all amounts received from the operation of the Premises including, but not limited to, rents, parking fees, deposits,
- B. LEASING: \$ \_\_\_\_\_ per unit or \_\_\_\_\_ of one-month rent upon execution of a new lease with a new tenant.
- C. MODERNIZATION (REHABILITATION/CONSTRUCTION) and/or FIRE RESTORATION: \_\_\_\_\_ percent (\_\_\_\_ %) over cost of labor and material.
- D. All dollar amounts owed to the MANAGER shall be paid out of the OWNER'S operating account and shall be paid first before any other item.

**7. It is mutually agreed between OWNER and MANAGER as follows:**

- A. Other than expenses related to exercising the express powers above vested in the MANAGER, the OWNER expressly withholds from the MANAGER any power or authority to make any changes or incur expenses in excess of the dollar amounts set forth in paragraph 4C, without the written direction of the OWNER, except for 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 safety of the tenants and occupants thereof or are required to avoid the suspension of any necessary service to the Premises.
- B. The MANAGER 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. The OWNER represents that to the best of the OWNER's knowledge the Premises and such equipment comply with all such requirements and authorizes the MANAGER to disclose the OWNERSHIP of the Premises to any such officials and agrees to indemnify and hold harmless the MANAGER, its representatives, MANAGER'S, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on the MANAGER, its representatives, MANAGER'S, and employees by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulations.
- C. 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 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 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 there over, and the MANAGER, in its sole and absolute discretion, considers that the action or position of the OWNER with respect thereto may result in damage or liability to the MANAGER, the MANAGER shall immediately 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 cancellation shall not release the indemnities of the OWNER nor shall it relieve the OWNER of any liability or obligation to the MANAGER for any payment, reimbursement, or other sum of money then due and payable to the MANAGER hereunder.
- D. This agreement may be canceled by the OWNER before the termination date specified in Paragraph 1 on not less than thirty (30) days prior written notice to the MANAGER, provided that such notice is accompanied by payment to the MANAGER of a cancellation fee in an amount equal to \_\_\_\_\_ percent \_\_\_\_\_ % of the management fee that would accrue over the remainder of the stated term of the Agreement. For this purpose, the monthly management fee for the remainder of the stated term shall be presumed to be the same as that of the last month prior to service of the notice of cancellation. With sixty (60) days prior written cancellation notice by either party, no subsequent fees for new leases signed after termination of this agreement will be payable to the MANAGER. This agreement may be canceled by the MANAGER before the termination date specified in Paragraph 1 on not less than thirty (30) days prior written notice to the OWNER. Such cancellation shall not release the indemnities of the OWNER nor shall it relieve the OWNER of any liability or obligation to the MANAGER for any payment, reimbursement, or other sum of money then due or which becomes due and payable to the MANAGER hereunder prior to the effective date of the termination.
- E. Subject to OWNER's rights to cancel in Section 7(D), this agreement may be assigned by the MANAGER without the consent of the OWNER. No assignment shall relieve OWNER from liability for performance of OWNER'S obligations under this agreement.
- F. The MANAGER shall have the right to negotiate potential agency relationships for the purchase of real estate with the OWNER's tenants during the term of this agreement, but shall not encourage or influence a tenant to breach the lease agreement.

8. The OWNER shall pay or reimburse the MANAGER for any sums of money due it under this Agreement for services or actions prior to termination, notwithstanding any termination of this Agreement. The OWNER shall pay or reimburse the MANAGER for said sums not later than thirty (30) days after this Agreement is terminated. An interest rate of \_\_\_\_\_ percent (\_\_\_\_\_% ) per month will be charged on the average daily unpaid balance. All provisions of this Agreement that require the OWNER to have insured or to defend, reimburse, or indemnify the MANAGER shall survive any termination and, if MANAGER is or becomes involved in any proceeding or litigation by reason of having been the OWNER'S MANAGER, provisions 5A, 5B, and 5C shall apply as if this Agreement were still in effect. The parties understand and agree that the MANAGER may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay amounts previously incurred but not yet invoiced and to close accounts.

9. **FAIR HOUSING STATEMENT:** It is illegal, pursuant to the Ohio Fair Housing Law, Division (H) of Section 4112.02 of the Revised Code and the Federal Fair Housing Law, 42 U.S.C.A. 3601, to refuse to sell, transfer, assign, rent, lease, sublease, or finance housing accommodations, refuse to negotiate for the sale or rental of housing accommodations, or otherwise deny or make unavailable housing accommodations because of race, color, religion, sex, familial status as defined in section 4112.01 of the Revised Code, ancestry, military status as defined in that section, disability as defined in that section, or national origin or to so discriminate in advertising the sale or rental of housing, in the financing of housing, or in the provision of real estate brokerage services. It is also illegal, for profit, to induce or attempt to induce a person to sell or rent a dwelling by representations regarding the entry into the neighborhood of a person or persons belonging to one of the protected classes.

10. **ARBITRATION CLAUSE:** In the event a dispute arises concerning this contract and/or the performance of OWNER or MANAGER (including any officer, MANAGER or employee of MANAGER's broker's company) arising out of or in any way related to this contract or any of their acts or performance in connection therewith or related thereto, the dispute shall be submitted to binding arbitration through and pursuant to the commercial rules of the American Arbitration Association. By agreeing to arbitration, all parties waive their right to court or jury trial. All claims, including cross claims and counterclaims, must be brought in the arbitration, or are waived. It is understood that the arbitration will be administered by said arbitration association and will include the use of its arbitrators. The arbitration shall be held in either the county where the property is located or where the principal office of listing broker is located. The arbitrator shall have experience in property management with the type or real estate that is being managed pursuant to this contract and all issues of arbitrability shall be determined solely by the arbitrator unless otherwise required by law. All costs and/or fees of the arbitration shall be equally divided among all parties to the arbitration and all parties to the arbitration shall be solely responsible for paying their own attorney's fees.

11. **PROPERTY DISCLOSURE OF HAZARDOUS MATERIALS**

A. Please fill in the following:

1. Property construction date: \_\_\_\_\_.

B. **LEAD WARNING STATEMENT** - Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Tenants must also receive a federally approved pamphlet on lead poisoning prevention, which will be provided by the MANAGER. It is federally mandated that the OWNER must disclose the presence of lead-based paint or lead-based paint hazards in and/or around his/her property as mandated under 42 U.S.C. 4852d. This disclosure must be made in writing, with all supporting documentation, if any, to the management company. Failure to disclose lead information is a violation of Federal Law.

**Please initial one of the following:**

1. \_\_\_\_\_ The OWNER has knowledge of lead-based paint and/or lead-based paint hazards in the Premises and will provide the MANAGER with documentation.

2. \_\_\_\_\_ The OWNER does not have any knowledge of lead-based paint and/or lead-based paint hazards in the Premises.

C. Do you have actual knowledge of the presence of any of the following hazardous materials on the premises?

	Yes	No	Unknown
Asbestos	_____	_____	_____
Urea-Formaldehyde	_____	_____	_____
Radon Gas	_____	_____	_____
Mold	_____	_____	_____
Other _____	_____	_____	_____

13. **The OWNER hereby** designates MANAGER as exclusive sales MANAGER for any sale of the Premises, or any part thereof, during the term of this Agreement, and to pay the MANAGER a brokerage fee of \_\_\_\_\_ percent (\_\_\_\_\_% ) of the gross sale price.

14. **This Agreement shall** be binding upon MANAGER'S successors and assigns and OWNER'S heirs, administrators, executors, successors and assigns. This Agreement contains the entire understanding between OWNER and MANAGER regarding management of the above-described Premises. This Management Agreement shall be interpreted under the laws of the state of Ohio.

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

OWNER: \_\_\_\_\_ DATE: \_\_\_\_\_

MANAGER: \_\_\_\_\_ DATE: \_\_\_\_\_