

# PROPERTY MANAGEMENT AGREEMENT

**NOTE:** This form is used by a licensed broker or their agent when entering into an employment to act as a property manager for an owner's rental property, to document the employment and set forth the rights, responsibilities and expectations of the property manager and the landlord, including authorized activities, performance standards and expense limitations.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.  
*Items left blank or unchecked are not applicable.*

## **1. RETAINER PERIOD:**

1.1 Owner hereby retains and grants Broker the exclusive right to lease, rent, operate and maintain the property as Property Manager, commencing \_\_\_\_\_, 20\_\_\_\_\_, and continuing for one year and thereafter until terminated.

## **2. RECEIPT OF SECURITY DEPOSITS:**

2.1 Owner hands \$\_\_\_\_\_ to Broker for deposit into the trust account towards Owner's security deposit obligation to Tenants.

## **3. RECEIPT OF CASH RESERVE:**

3.1 Owner hands \$\_\_\_\_\_ to Broker as a deposit towards Owner's obligation under the agreement.

3.2 Owner to maintain a minimum cash reserve, in addition to any security deposits, in the amount of \$\_\_\_\_\_. On request from Broker, Owner will advance additional funds to maintain this minimum balance.

3.3 The cash reserve may be used to pay costs diligently incurred by Broker or due Broker in fulfilling Broker's obligations.

## **4. BROKERAGE FEE:**

**NOTICE: The amount or rate of real estate fees is not fixed by law. They are set by each Broker individually and are negotiable between Owner and Broker.**

4.1 Broker compensation to be:

a. \_\_\_\_\_% of all rents collected and deposited by Broker during the month, except for any first month's rent for which a Broker fee is paid under §4.1 b as follows,

b. \_\_\_\_\_% of the first month's rent collected and deposited under  rental agreements, and  leases,

c. All sums remaining from credit check fees in excess of credit report expenses, and

d.  Late payment charges and returned check charges paid by a tenant.

## **5. TRUST ACCOUNT:**

5.1 Broker will place Owner's deposit for costs and security deposits into

Broker's trust account, or  separate trust account for Owner, maintained with

\_\_\_\_\_ at their \_\_\_\_\_ branch

a. This account will be  non-interest bearing, or  interest bearing.

5.2 All funds received by Broker for the account of Owner will be placed in the trust account.

5.3 Amounts to pay and satisfy the obligations incurred by Broker may be disbursed from the account after payment is due.

5.4 On termination of this agreement, Broker will return to Owner all remaining trust funds belonging to Owner.

## **6. PERIODIC ACCOUNTING:**

6.1 Within ten days after each calendar  month, or  quarter, and on termination of this agreement, Broker will deliver to Owner a Statement of Account for all receipts and expenditures, together with a check to Owner for any funds in excess of minimum reserves under §3.2.

6.2 Amounts to compensate Broker under §4 may be withdrawn from the trust account.

6.3 Each Statement of Account delivered by Broker will include no less than the following information for the period:

a. Amount of security deposits received or refunded.

b. Amount of rent or receipts, itemized by unit.

c. An itemized description of disbursements.

d. End of month balance of the income, expense and security deposit trust accounts.

6.4  Broker to reserve and disburse from the trust account any property and employee taxes, special assessments, insurance premiums, loan payments and other payments required to be made by the owner.

6.5 Advertising costs incurred to locate new tenants to be paid  by Owner, or  by Broker.

**7. TITLE CONDITION AND LOANS:**

7.1 The property is referred to as \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

7.2 Owner's interest in the property is:  
 Fee simple,  \_\_\_\_\_

7.3 Loan payments are to be timely disbursed by Broker to:  
a. Lender \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_

Payment of \$ \_\_\_\_\_, due on the \_\_\_\_\_ day and delinquent on the \_\_\_\_\_ day of each month.

b. Lender \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_

Payment of \$ \_\_\_\_\_, due on the \_\_\_\_\_ day and delinquent on the \_\_\_\_\_ day of each month.

**8. BROKER AGREES TO:**

- 8.1 Use diligence in the performance of this employment.
- 8.2 Continuously maintain a California real estate broker's license.
- 8.3 Collect all rents, security deposits or other charges and expenses due Owner, and timely refund tenants' security deposits, less allowable deductions and including any interest due tenants.
- 8.4 Prepare and place advertisements for prospective tenants.
- 8.5 Show property to prospective tenants, obtain credit reports and confirm creditworthiness of tenants before executing rental or lease agreements.
- 8.6 Execute, renegotiate or cancel rental or lease agreements with tenants.  
No lease to exceed \_\_\_\_\_ months.
- 8.7 Serve rent collection and other notices, file unlawful detainer and money damage actions, recover possession of premises or settle with delinquent tenants.
- 8.8 Inspect the property monthly and each unit when tenants vacate.
- 8.9 Maintain and periodically confirm the inventory of personal property on premises.
- 8.10 Evaluate rental and lease agreements periodically for income, expense and provision updates.
- 8.11 Contract for utilities, services and equipment to operate and maintain the property and safeguard the tenants.
- 8.12 Contract for any repairs, maintenance or improvements needed to rent or lease the property.  
a. Owner to approve all repairs in excess of \$ \_\_\_\_\_.
- 8.13 Obligate Owner to no unauthorized agreement or liability.
- 8.14 Protect and enhance the goodwill of Owner's rental business and keep confidential and secure any knowledge of Owner's business activities acquired during this employment.
- 8.15 Hire, supervise and discharge  a resident manager, and  an assistant resident manager.
- 8.16 Inspect and take any action necessary to comply with federal, state, county or municipal safety and building codes affecting the property.
- 8.17 Notify Owner of any potential hazards to the tenants or property, and Owner to respond within seven (7) days. Should an emergency situation arise placing the tenants or property in jeopardy, Broker may immediately remedy the situation without further authority from Owner.

**9. OWNER AGREES TO:**

- 9.1 Hand Broker all keys and entry codes to the property, and copies of rental and lease agreements with existing tenants.
- 9.2 Hand Broker (if Broker is to disburse) loan payment coupons/envelopes, property tax bills, insurance premium billings and \_\_\_\_\_.
- 9.3 Indemnify Broker for the expense of any legal action arising out of Broker's proper performance of this agreement.

9.4 Provide public liability, property damage and workers' compensation insurance sufficient in amount to protect Broker and Owner, naming Broker as an additional insured.

9.5 Owner's insurance agent is \_\_\_\_\_

**10. TERMINATION:**

10.1 This agreement will continue until terminated by mutual written agreement or until either party, for legally justifiable cause, serves a written Notice of Termination. [See RPI Form 590-2]

10.2 Owner may terminate this agreement at any time during the initial one-year term by paying Broker a fee equal to three times Broker's management fee earned during the month preceding termination.

10.3 On termination, Owner will assume the obligation of any contract entered into by Broker under this agreement.

**11. GENERAL PROVISIONS:**

11.1 Broker is authorized to place a For Rent/Lease sign on the property and publish and disseminate property information.

11.2 Owner authorizes Broker to cooperate with other brokers and divide with them any compensation due.

11.3 The authorized agent-for-service is  Broker,  Owner,  \_\_\_\_\_

11.4 Broker may have or will contract to represent Owners of comparable properties or represent Tenants seeking comparable properties during the retainer period. Thus, a conflict of interest exists to the extent Broker's time is required to fulfill the fiduciary duty owed to others he now does or will represent.

11.5 Before any party to this agreement files an action on a dispute arising out of this agreement which remains unresolved after 30 days of informal negotiations, the parties agree to enter into non-binding mediation administered by a neutral dispute resolution organization and undertake a good faith effort during mediation to settle the dispute.

11.6 The prevailing party in any action on a dispute will be entitled to attorney fees and costs, unless they file an action without first offering to enter into mediation to resolve the dispute.

11.7 If this agreement authorizes Property Manager to execute and negotiate lease terms greater than one year, Landlord acknowledges receipt of the Agency Law Disclosure. [See RPI Form 305]

11.8  See attached addendum(s) for additional terms. [See RPI Form 250]

11.9 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Broker:**

**I agree to render services on the terms stated above.**

See attached Signature Page Addendum. [RPI Form 251]

Date: \_\_\_\_\_, 20\_\_\_\_

Broker's Name: \_\_\_\_\_

Broker's CalBRE #: \_\_\_\_\_

Agent: \_\_\_\_\_

Agent's CalBRE #: \_\_\_\_\_

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Cell: \_\_\_\_\_

Email: \_\_\_\_\_

**Owner:**

**I agree to employ Broker on the terms stated above.**

See attached Signature Page Addendum. [RPI Form 251]

Date: \_\_\_\_\_, 20\_\_\_\_

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

Signature: \_\_\_\_\_

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

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Cell: \_\_\_\_\_

Email: \_\_\_\_\_