

**PROPERTY MANAGEMENT AGREEMENT**

1. **Parties:** This agreement establishes the agency relationship between:
  - a. **Broker:** TransCity Property Management, Inc. (referred to as Transcity, the agent, broker or agency) a licensed real estate brokerage in the state of Arizona, located at 2812 N. Norwalk #115, Mesa, AZ 85215 and
  - b. **Owner:** \*|owner|\* who warrants that he/she is the sole Owner of the Property, or has unconditional authority to execute this Agreement on behalf of any Co-Owner.
2. **Employment of the Broker:** Owner hereby hires, employs and appoints TransCity as its exclusive Agent and Brokerage to rent, manage, maintain and operate the property described below. All services rendered by the agent brokerage and its employees will be performed on behalf of the owner as the owner's agent. Agent will provide the necessary services, employees or contractors for all property management services.
3. **Property Address:** \*|property address|\*
4. **Term:** This agreement shall commence on \*|start date|\* , and end on December 31, 2020.. *This agreement can be terminated with 15 days' notice by either party at any time with or without a reason or by mutual agreement.* . At the end of the initial period, this agreement will renew automatically for one-year terms. If either fails to materially comply with this agreement, then it can be terminated immediately upon notice to the other party of the non-compliance This agreement may be amended by the agent with 30 days' notice to the owner and the owner's continuation of service will constitute acceptance of the new terms. If the owner terminates during the first year of this agreement the early termination fee paid by the owner to be to compensate the agent in a final lump sum payment for the monthly management fees remaining on any lease initiated by Transcity. After the first 12 months of management there is no additional fee to terminate at any time. Broker will provide any records required by law to be given to the owner within 30 days.
5. **Compliance with the Law:** The parties will comply with all obligations, duties, and responsibilities under all Arizona and Federal laws, including fair housing laws, and any other statute, administrative rule, ordinance, or homeowners association covenant applicable to the property. Owner acknowledges that as an Arizona property management company, Broker is subject to regulation by the Arizona Real Estate Commission, and must comply with Arizona Real Estate Commission rules and regulations in the formation of this contract, and the performance of its duties under this Agreement.
6. **Reserves:** Owner will deposit \$ \*|reserves|\* with Broker to be held in a trust account as a reserve for Owner. Broker may, at Broker's discretion, use the reserve to pay any expense related to the leasing and management of the Property (including Broker's fees). If the balance of the reserve becomes less than \$ \*|reserves|\* at any time, Broker may withhold disbursements to owner until the reserve is replenished. Broker is not obligated to advance any money to Owner or on Owners behalf for property expenses. In the event that the reserve balance is at any time insufficient to pay disbursements due, Owner will, immediately upon notice, remit to Broker sufficient funds to cover deficiency and replenish the reserve. If Broker does advance funds on Owners behalf, then any funds not paid to Broker within 10 days of request, will bear interest at a rate of 4% per month. If any such funds are not remitted, the agent may use any funds held on behalf of the owner including security deposits for which the owner will be responsible to refund to the tenant. Agent has no obligation to make any payments for services if there are not sufficient funds in the owner's account to make payments. If owner has any outstanding bills, invoices, or work orders that have not been paid these will be paid as priority. Agent does not act as a collection agent for judgements against tenants or for other amounts owed by tenants.
7. **Communications:** Email is agreed by the parties to be an acceptable method of communication between the owner and agent for all notification purposes and processes. Such notice must be acknowledged by the other party. The agent will notify the owner of repairs with an email work order request process. Repairs will proceed according to Agents standard process unless requested otherwise by owner response to the request. Owner will be notified of pending vacancies, notices to vacate, or tenant repair requests by email.
8. **Authority of the Broker:**
  - a. **Leasing and Management Authority:** Owner grants to Broker and his agents the following authority, which Broker will exercise at Brokers discretion:
    - i. Advertise the Property for rent at Owner's expense by means and methods that Broker determines are reasonably competitive. The agent is authorized to place a lockbox on the property for allowing prospective renters, vendors, and agents to access the property for viewing or repairing.

- ii. Negotiate and execute leases on Owner's behalf for the Property at market rates and competitively reasonable terms. Broker shall, at Brokers discretion, establish, maintain and terminate tenancies with tenants of the Property. The Broker shall have sole responsibility for determining the terms and conditions for tenancies of the Property, including but not limited to approving applicants, establishing rents, deposits, fees, pet terms, and lease terms and conditions. The agent will use diligence and industry accepted standards to screen applicants and prospective tenants. Broker shall not be required to present all offers to lease. The Broker shall make the final decision regarding tenant lease approvals.
  - iii. Terminate leases for the Property, negotiate lease terminations, and serve notices of termination; Settle, compromise, or withdraw any eviction or collection action; Negotiate and make reasonable concessions to tenants or former tenants in the Property;
  - iv. Broker shall hold tenant security deposits in a trust account on behalf of Owner. The disposition of the security deposits shall be the sole discretion of Broker. If the owner chooses to perform any repairs using their own repair persons or themselves, they assume responsibility for accounting to the tenant for the costs incurred within the legal time frame required by law. Any trust accounts maintained by Broker under this agreement may be an interest-bearing and Broker may retain any interest earned.
  - v. Institute and prosecute, at Owner's expense, actions to evict tenants in the Property, recover possession of the Property or hire collection agency to recover lost rent and other damages; Broker shall have authority on behalf of the Owner to terminate any lease or rental agreements covering the Property, to execute and serve such legal or other notices as Broker deems appropriate, to institute legal actions for the benefit of, and the expense of Owner for the purpose of evicting tenants in default and to recover possession of the Premises, to recover unpaid rents and other sums due from any tenant, to settle, compromise and release claims by or against any tenant, and to employ attorneys for payment of rent. Owner agrees that Broker is not responsible for the collection of delinquent accounts. Broker assumes no liability for monies that are uncollectible or for any damages or costs related to the tenancy and the property.
  - vi. Owner agrees to accept the terms of the collection agency's standard contract when executed for Owner by Broker.
  - vii. Hire contractors to repair, maintain, or alter the Property provided that Broker does not expend more than \$500 for any single repair, maintenance item, or alteration without Owner's consent, unless the repair is deemed necessary by Broker, is an emergency repair, or is required for health and safety. Agent will attempt to notify the owner of all repair requests. The owner authorizes the agent to maintain the property and either repair or cause to be repaired per regular industry standards and construction laws any items necessary to maintain the property in fit and habitable condition according to all building regulations and codes. Agent holds no responsibility to perform or cause to be performed repairs or maintenance if funds are not available in the owners account.
  - viii. When service to repair items pertaining to the health and safety of the tenant or to protect the property where electrical, plumbing, air conditioning, heating, hot water, or appliances are concerned, agent is authorized after attempting to contact the owner to take actions to repair or remedy the malfunctioning, broken or worn out items even when such items may exceed the dollar repair limit if the owner is unavailable or fails to respond to email or phone calls.
  - ix. Contract, at Owner's expense, in Owner's name for all utilities and maintenance to the Property, and other regularly recurring expenses that Broker determines are reasonable to maintain and care for the property.
  - x. Perform other services deemed necessary by Broker, related to the leasing and management of the Property. Administrative Fees: If Broker collects administrative charges from tenants or prospective tenants, including but not limited to, application fees, posting fees, returned check fees, reletting fees, late charges, interest on security deposits, certified mailing fees or other customary fees, Broker will retain such fees as compensation under this agreement. Broker need not account to Owner for such fees and these administrative fees are earned and payable at the time Broker collects such fees.
- b. **Record Keeping:**
- i. Broker will maintain accurate records related to the Property and file Form 1099 and/or other required form with the Internal Revenue Service related to funds received on behalf of Owner.
  - ii. Broker will remit, on or about the 20<sup>th</sup> day of each month, the following items to Owner: funds transferred electronically, collected by Broker for Owner under this agreement less deductions and charges, directly to Owner's bank account; and a statement of disbursements, delivered electronically. The owner can access this report through an owner portal. An email link is provided each month. Agent depends on technology to reduce costs. Should owner opt to receive a check for rent proceeds and not use direct deposit services there will be a \$15.00 fee and a \$15.00 fee to have the Owner statement mailed. The fee to replace a lost check is \$55.00.

- iii. Agent will collect rents and deposit them into a trust account located in the state of Arizona. Any prepaid rents will be held by the agent and disbursed to the owner as they become due for rent and not before. Agent will refund deposit to tenant or to owner for tenant damages after a move out inspection is performed per the agent's policies and procedures and in accordance with accepted standards for wear and tear and damages.
  - iv. Owner assigns the rents collected to the agent to be used for fulfilling this agreement. Funds collected from tenants or sent by the owner will first be used to pay management and leasing fees, then tax liabilities and then payments to vendors for repairs. The balance of funds will be remitted to the owner less a minimum reserve of \$ \*|reserves|\* .
- c. **Deductions and Offset:** Broker may disburse from any funds Broker holds in a trust account for Owner: Any compensation or reimbursement due Broker or other vendors under this agreement.

**9. Owner's Representations:**

- a. Owner is not delinquent in the payment of any property taxes, homeowner association fees, property insurance, mortgage, or any encumbrance on or affecting the Property. Should the owner not meet the payment of these obligations resulting in adverse action or foreclosure by the lender or HOA there will be a \$250.00 fee to mitigate any lease termination that may result;
- b. The Property is not subject to a lis pendens or any legal action;
- c. Owner agrees to furnish Broker with funds, as requested by Broker, as needed to cover all fees, repairs, and maintenance.
- d. Owner and Broker are obligated under law to disclose to a tenant or to a prospective tenant any known condition that materially and adversely affects the health or safety of a tenant. Owner is obligated under the Arizona Landlord Tenant Act to repair any such condition for a tenant, Owner represents that Owner is not aware of a condition concerning the Property that materially affects the health or safety of a tenant. Owner is responsible for having the property in suitable condition with all appliances, plumbing systems and electrical systems functioning properly at the beginning of this contract and meeting all standards and codes that pertain to housing or pool barriers that apply by city, county or state statute. This agreement may be terminated upon inspection and discovery that said systems and appliances are not functioning properly or maintained per standards and codes that may legally apply.
- e. Owner is responsible for maintaining swimming pools and spas and paying for professional cleaning and chemical services. The owner also agrees to abide by all pool barrier laws and ordinances should the property have a pool or water feature.
- f. Owner will not enter the property while occupied by a tenant without arranging with the agent first.

**10. Owner's Cooperation; Owner agrees to:**

- a. Not hold Broker responsible for personal property left by the Owner on the Property. Owner will remove all personal property from the Property
- b. Not contact, deal with, or negotiate with any prospective or current tenant in the Property concerning any matter related to the management or leasing of the Property, but refer all such dealing to Broker
- c. Not enter into a listing agreement or property management agreement with another Broker for the rental, leasing, or management of the Property to become effective during this agreement
- d. Retain only properly insured, qualified licensed contractors, sub-contractors and/or vendors to perform repair or maintenance services on the Property
- e. Owner will not list property for sale with a sales agent outside of Transcity Property Management while this management agreement is in force or allow a lock box or sharing of keys to any other person
- f. Abide by all Federal, State, Local Fair Housing Laws and Arizona Landlord Tenant Act
- g. If the Property is vacant, the Owner may choose to coordinate repairs, however during this time period Broker will not advertise the property for rent until the repairs are completed.
- h. If Owner does NOT want Broker to perform a lease renewal, Owner must notify Broker in writing a minimum of 90 days prior to the lease expiration date.
- i. In the event of fire, flood or damage where an insurance claims the agent has the first option to choose a contractor licensed in Arizona to perform the necessary initial dry out, any remediation and subsequent drywall, painting or other items to be covered by the insurance company to repair the property to a habitable condition. Owner will use licensed contractors recommended by Transcity for repairs covered by insurance due to flood, fire, storm or other covered claims otherwise this agreement may be terminated by the agent.
- j. The owner will have the property ready to rent at the beginning of this agreement according the standards of the Agent's property maintenance checklist. Owner will continue to maintain the property according to the recommendations of the agent between tenants. Appliances in the property must be maintained during a tenancy.
- k. If owner has a home warranty program and it does not provide a priority response for health and safety issues, owner may incur daily rent rebates to tenants if they are without plumbing, air conditioning or other required services due

to delays. Owner will also be charged a daily fee to have a portable air conditioning unit installed. If warranty company does not respond promptly to Broker requests, Owner will be responsible for communications to warranty company. If warranty company fails to provide needed services in a timely manner, Owner will assume responsibility for the needed repairs without the home warranty.

- l. Owner will apply for and maintain an Arizona Sales Tax license for the purpose of paying the Arizona rental sales tax. Owner will also sign the state "General Disclosure/Representation Authorization Form" which gives Transcity the authorization to pay the rental tax. TransCity will collect and pay this tax for the owner, but is not obligated to do so.

**11. Insurance:** At all times during this agreement, Owner must maintain in effect and deliver copies to Broker:

- a. A public liability insurance policy (Landlords Policy) that names Broker as a co-insured or additional insured and covers losses related to the Property in an amount of not less than \$500,000 per occurrence.
- b. An insurance policy for the Property in an amount equal to the reasonable replacement cost of the Property's improvements and that contains endorsements which contemplate the leasing of the Property with vacancies between lease terms. The policy will cover the dwelling against fire, water damage, theft and liability and against all claims by tenants or others.
- c. If the deductible of said policy is more than \$1000.00 and there is an occurrence of damage to the property resulting from agency error, the agent will only be liable for the insurance policy deductible or \$1000.00 whichever is less.
- d. Except where gross negligence or bad faith actions are involved on the part of the agent, the owner will indemnify, release and hold harmless Transcity Property Management, Inc., and its employees from errors, lawsuits, mistake of fact of law and claims under the performance of its duties while managing the property.

**12. Broker Fees:** This Paragraph survives termination or expiration of this agreement with regard to fees earned during this agreement, which are not payable until after its termination. Broker may deduct any fees from any funds Broker holds in trust for Owner.

- a. Management Fees: Each month Owner will pay Broker  $*|mgt\ fee| * ( *|mgt\ fee\ %|* )$  of the gross monthly income collected that month, paid in advance. Gross income shall include all rents and other income including laundry income, tenant rent credits, move-in specials, forfeited security deposits, funds collected by collection agency, and other miscellaneous income. This is the agency fee to retain our services.
- b. Marketing: When a property is advertised for rent, Owner will reimburse Broker the cost to place a sign on the property. This is between \$25.00 - \$85.00. Owner will also pay an \$85.00 advertising fee for each month that the property is advertised.
- c. Leasing Fees for New Tenancies: The fee for leasing and finding a tenant and executing a lease is \$  $*|lease\ fee|* .$  This fee is paid out of the first month's rent after signing a lease with a new tenant. Property may be listed on the MLS with the owner's approval and additional leasing fee to compensate participating brokers of \$250.00 will be charged.
- d. Lease Renewal: Each time a tenant in the Property renews or extends a lease, Owner will pay Broker a renewal fee of \$75.00, due and payable at the time the lease is executed.
- e. Property Condition Report: One property condition report will be done after a tenant moves out to facilitate the reporting of the security deposit. Any other property condition reports or drive-bys to the property the Owner will pay Broker a property condition report fee of \$75.00.
- f. If the IRS or any governmental agency seeks to lien or garnish the owner there will be a 10% fee for any amounts sought and remitted.

**13. Management services do not include:** Normal property management does not include monthly inspections, representation at court hearings, depositions, homeowner meetings, providing on-site management, property sales, preparing Property for sale, supervising and coordinating modernization, rehabilitation, fire or major damage restoration projects, extra trips to the property, meeting vendors or other people including utility companies at the property, government inspections; obtaining income tax, accounting or legal advice; advising on proposed new construction, debt collection, counseling, legal proceedings, or insurance related paperwork and estimates. If Broker performs services not included in normal property management or specified above, Owner shall pay Broker a fee of \$75 per hour. For fire restoration, rehabilitation, major repairs or insurance claims, Owner will pay the full cost of such repairs plus an oversight fee of 20% of such repairs.

**14. Liability and Indemnification:**

- a. Owner is responsible and liable for all contracts and obligations related to the Property (for example, maintenance, service, repair and utility agreements) entered into before or during this agreement by Owner or by Broker under Broker's authority under this agreement. Owner agrees to hold Broker harmless from all claims related to any such contracts.
- b. Owner agrees to protect, defend, indemnify, and hold Broker harmless from any damage, costs, attorney's fees, and expenses that:
  - i. Are caused by Owner, negligently or otherwise;

- ii. Arise from Owner's failure to disclose any material or relevant information about the Property;
  - iii. Are caused by Owner giving incorrect information to any person; or
  - iv. Are related to the management of the Property and are not caused by Broker, negligently or otherwise.
  - v. Owner represents that the Property complies with the legal requirements regarding carbon monoxide and has working smoke and fire alarms installed. Landlord agrees to indemnify and hold Broker harmless if the Property does not comply with the legal requirements referenced.
- c. Broker is not responsible or liable in any manner for:
- i. Any late fees or other charges Owner incurs to any creditor caused by late or insufficient payments by any tenant in the Property; or
  - ii. Damages to Property, or Owner, caused by a tenant's breach of a lease.
  - iii. Agent is not responsible for any tenant damage to the real or personal property of the owner.
  - iv. Any liabilities for bankruptcy or failure of the bank where escrow funds are deposited.
- d. Broker is not responsible or liable in any manner for personal injury to any person or for loss or damage to any person's real or personal property resulting from any act or omission not caused by Broker's negligence, including but not limited to injuries or damages caused by:
- i. Other Brokers, their associates, inspectors, appraisers, and contractors who are, or are not, authorized to access the Property;
  - ii. Acts of third parties (for example, acts of God, vandalism, theft, or criminal acts);
  - iii. Freezing or leaking water pipes;
  - iv. Gas emissions or fires;
  - v. A dangerous condition or environmental condition on the Property; or The Property's non-compliance with any law or ordinance.
15. **Attorney's Fees:** If Owner or Broker is a prevailing party in any legal proceeding brought as a result of a dispute under this agreement or any transaction related to or contemplated by this agreement, such party will be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees not to exceed \$1,000.

**16. Agreement of Parties:**

- a. Entire Agreement: This document contains the entire agreement of the parties.
- b. Assignments: Broker may assign its rights and delegate its duties under this agreement without Owner's consent, provided that the assignee agrees to assume and perform each and every covenant and term of this agreement applicable to Broker.
- c. Binding Effect: Owner's obligation to pay Broker an earned fee is binding upon Owner and Owner's heirs, administrators, executors, successors, and permitted assignees.
- d. Joint and Several: All Owners executing this agreement are jointly and severally liable for the performance of all its terms. Any act or notice to, refund to, or signature of, any one or more of the Owners regarding any term of this agreement, its extension, its renewal, or its termination is binding on all Owners executing this agreement.
- e. Governing Law: Arizona law governs the interpretation, validity, performance, and enforcement of this agreement.
- f. Severability: If a court finds any clause in this agreement invalid or unenforceable, the remainder of this agreement will not be affected and all other provisions of this agreement will remain valid and enforceable.
- g. Notices: Notices between the parties must be in writing and are effective when sent to the receiving party's address, or e-mail address. All terms and conditions of this agreement are subject to change by Broker, with a 30-day notice to Owner.
- h. Sale of Property: If the Owner elects to sell the property and a tenant procured by Broker purchases the property from the Owner during the term of this agreement, or within 12 months after its termination, Broker will be paid a sales commission equal to (4.5%) of the sales price at the time of closing. Broker may be a Transaction-Broker when selling Owner's property to a tenant.
- i. Fair Housing: Federal and State fair housing laws require the Property to be shown and made available to all persons without regard to race, color, religion, national origin, sex, disability, age, familial status, marital status, sexual orientation / transgender status. Owner agrees that Broker has to comply with all fair housing legal requirements at all times. Owner acknowledges that liability for failure to comply with fair housing legal requirements also extends to Landlord. Owner agrees to comply with all fair housing legal requirements at all times. Owner shall not directly or indirectly cause Broker to violate any fair housing legal requirements. Owner shall not issue any directive to Broker, take any action, or exercise any discretion if the result would cause Broker to be liable for violation of any fair housing legal requirement. Owner agrees to not limit Broker's ability to comply with all fair housing legal requirements.
- j. Smoke and CO Detectors: Arizona law requires smoke and carbon monoxide detectors be installed in rental property. These devices will be checked and fresh batteries installed, or devices replaced, each time a new tenant occupies the property, at the Owner's expense.

- k. Locks: Locks will be rekeyed prior to occupancy by a new tenant, at the Owner's expense.
- l. Normal Wear and Tear: The Owner understands that some "wear and tear" expenses will occur and that these costs cannot be charged to a Tenant, and Owner understands that they will incur these expenses. Upon renting, the law recognizes the property as a business and requires Owner to expect some expenses for cleaning and maintenance as "normal wear and tear" while operating a rental property.
- m. Service Animals: Owner understands that state and federal law govern "service animals" and "emotional support animals", and those animals are NOT legally considered pets, and therefore pet policies do not apply.
- n. Security Deposits and Tenant Turnovers: During vacancy periods owner will be expected to respond to maintenance requests and conference about applicants in order prepare the property for the next tenant. Tenants may be charged for damages they cause up to the amount of their deposit and actions may be initiated by Transcity or the owner to collect damages that exceed the amount of the deposit. Agent is not responsible for pursuing collection of judgments after eviction of tenants or for damage beyond the deposit. Transcity is not responsible for any losses due to tenant damage or neglect to the owner's personal property or the real property and premises. Agent's policies and procedures will determine damages to be charged against tenant's deposits for damages.
- o. Termination: If this Agreement terminates before, at the same time, or within 60 days after an expiring tenant lease agreement, the Owner shall be responsible for completing the security deposit disposition to the tenant or ex-tenant. All funds shall be distributed to Owner within 60 days of the termination date and a final accounting will be emailed.
- p. In the case of a pending foreclosure, Broker may freeze all Owner related funds and withhold disbursements. Agent reserves the right to refund security deposits to the tenants and to release tenants any obligations under their lease.
- q. Legal Advice: Broker cannot give legal advice. READ THIS AGREEMENT CAREFULLY. If you do not understand the effect of this agreement, consult an attorney BEFORE signing.

By signing below, I as a party to this contract acknowledge that I have read and I agree to the provisions stated in the contract and I have retained or received a copy of the contract for my records. This document is the entire contract and no verbal or written amendments exist outside of what is written herein.

\_\_\_\_\_  
Property Owner Date

\_\_\_\_\_  
Property Owner Date

\_\_\_\_\_  
TransCity Property Management, Inc. Agent Date