

PROPERTY MANAGEMENT AGREEMENT

This Property Management Agreement (this "Agreement") is made this _____, by and between _____ ("OWNER") and _____ ("AGENT"). The parties agree as follows:

1. **Managing Agent.** Owner appoints Agent to exclusively manage the property located at _____, _____, _____ (the "Premises"). Agent accepts the appointment and agrees to provide building management services. Owner agrees to pay all reasonable expenses in connection with those services. Agent agrees to use due diligence in the performance of this contract and in all matters involved with the management of this property.

2. **Term.** The term of this Agreement will be from _____ to _____.

3. **Agent's Responsibilities.** Owner grants Agent full authority to do any and all lawful things necessary for the fulfillment of this Agreement, including the following:
 - i. To use diligence in managing the premises and to rent, lease, and operate the premises.
 - ii. To collect all rents and other monies from Tenant as they become due. Agent does not guarantee tenant obligations. Agent may employ collection agencies, attorneys, or any other reasonable and lawful means to collect from a Tenant. Agent is responsible for suing and recovering, including settlement, for rent and for loss or damage to any part of the property. Agent is not responsible for mortgage payments, taxes, fire or other insurance premiums, or any recurring expenses
 - iii. To render to Owner a monthly accounting of rents received and expenses paid; and to remit to Owner all income, less any sums paid out, on or before the _____ day of the current month, provided, however, that the rent has been received from the tenant.
 - iv. Agent agrees to decorate, to maintain, improve and to repair the property and to hire and to supervise all employees and other needed labor. Any improvements and repairs that exceed _____ must receive approval from Owner. Agent is not responsible for any damage to premises by Tenants or others.
 - v. Agent agrees to advertise for, screen, and select tenants in compliance with all relevant laws and regulations. Agent will set rents that reflect the market conditions, unless otherwise instructed in writing by the Owner.

4. **Agent Liability.** Owner agrees to hold Agent harmless from any claims, charges, debts, demands and lawsuits. Owner agrees to pay Agent's attorney's fees related to the management of the property and any liability for injury on the property. Agent is not liable for the nonpayment of or theft of any service, including utilities, by Tenant. Owner agrees to maintain sufficient property insurance and will name Agent as an insured. Owner shall provide a copy of the insurance policy to the Agent.

5. **Compensation.** Owner agrees to compensate Agent for managing the premises. Owner agrees to pay Agent:
 - A. _____ of the first full month of rent for acquiring tenant;
 - B. _____ of all collected rents and fees;
 - C. _____ per month as a management fee;

6. **Termination.** The parties may terminate this agreement by mutual agreement at any time. If the premises is not rented within a _____ day period of this agreement, Owner may declare this agreement void.

7. **Successors.** This agreement shall be binding upon Owner and Agent's successors. Owner will not assign its interest in the premises except in connection with a sale of all or substantially all of its assets.
8. **Waivers.** No waiver of any condition or covenant in this Agreement by either party shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant of this Agreement.
9. **Governing Law.** This Agreement has been executed under and shall be governed by the laws of the State of _____ without regard to the state's conflict of law principles. The parties covenant and agree that any and all claims, disputes, and actions arising from this Agreement or as a result of the relationship of the parties shall be filed and heard in the venue of _____ County, State of _____ and that jurisdiction shall lie in such county and state.
10. **Force Majeure.** In the event that either party shall be delayed or hindered in or prevented from doing or performing any act or thing required in this Agreement by reason of strikes, lock-outs, casualties, acts of God, labor troubles, inability to procure materials, failure of power, governmental laws or regulations, riot, insurrection, war or other causes beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.
11. **Severability.** If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid, legal and enforceable as though the invalid, illegal or unenforceable parts had not been included in this Agreement.
12. **Complete Agreement.** This Agreement contains a complete expression of the agreement between the parties and there are no promises, representations or inducements except such as are herein provided.

The parties agree to execute this Agreement as of the first date written above.

Owner Signature

Owner Name

Agent Signature

Agent Name

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GENERAL INSTRUCTIONS

WHAT IS A PROPERTY MANAGEMENT AGREEMENT?

A property management agreement is a contract between a property owner and the company or person hired to manage the property. This contract covers all of the responsibilities that a management company is taking on for the owner.

This agreement does more than just explain the responsibilities each party will maintain. It should also cover the legal liabilities.

A well drafted agreement includes a clause about the type of insurance coverage a building owner must carry for the building. Property management companies should purchase their own insurance to protect their business - this may also be stipulated in the contract.

It's important that both parties are clear on what is covered within the contract. Often, property managers and owners have a verbal conversation about duties and responsibilities. The contract supersedes anything that was agreed to verbally.

WHEN IS IT NEEDED?

If you own a property and would like to retain a company to manage the building, this agreement will protect your interests. If you own a property management company, this contract will protect your interests and provide written proof of negotiated terms with the property owner.

BENEFITS OF HAVING A PROPERTY MANAGEMENT AGREEMENT

- Lays out reasons why either party might want to terminate the business partnership.

- Provides a definite time frame once either party serves the other with notice of termination. It's standard to include clause that indicates that 30 to 90 days notice must be given, in writing, prior to terminating the agreement.

- Provides clauses that itemize the fees associated with terminating the agreement prior to the end of the contract.

- Answers questions that might arise from liability issues, such as personal injury on the premises.

WHAT SHOULD BE INCLUDED?

Each property management agreement should be designed to best fit the two parties and the property itself. For instance, an agreement for a commercial property housing multiple businesses will need specific considerations for the businesses located in the building. A residential property might have different considerations.

Commercial property management agreements state that the owner of the building must purchase Commercial General Liability Insurance. It's also standard that the property manager is named as additionally insured under the owner's CGL policy for a commercial property.

If you run a property management company, it's advisable to create a standard contract for your business dealings. That contract can then be personalized for specific properties or kept largely intact.

Here are some basic aspects that should be covered in any property management agreement:

- Services
- Services not covered
- Fees
- Property owner responsibilities
- Property owner limitations
- Length of contract
- Termination clause
- Liability
- Funding / advances
- Compliance issues