

PROPERTY MANAGEMENT AGREEMENT

Manager: Ned Baker Real Estate
2339 State St.
Salem, OR 97301

Owner Code: _____
(Office Use Only)

Owner: _____
(Print Name)

This agreement is entered into this _____ day of _____, 2012, by and between
(Day) (Month)

Ned Baker Real Estate, hereinafter referred to as ‘**Manager**’ and _____,
hereinafter referred to as ‘**Owner**’.

In consideration of the covenants contained herein and other valuable consideration, the parties agree that Manager is hereby employed as the exclusive agent of Owner for the rental, lease, operation and management of real property located at:

- I. **Term.** This Agreement shall be a month to month agreement with the right to terminate by either party via written 30 day notice.
- II. **Duties of Manager.** Owner hereby appoints Manager as its exclusive agent with the following duties:
 - A. To advertise the availability for rent of the Property or any part thereof, in media which, in the Manager’s sole discretion, are suitable for the property and market conditions.
 - B. To display ‘FOR RENT’ or ‘FOR LEASE’ signs as appropriate and to post a Lock Box on the property for prospective tenant viewing.
 - C. To receive applications and non-refundable fees as expenses require or market conditions determine. Manager shall receive directly and retain such non-refundable application screening fees, late fees and other such charges.
 - D. To screen applicants in accordance with Manager’s screening criteria.
 - E. To negotiate and execute month to month rental or lease agreements and to negotiate and execute necessary addenda, renewals and cancellations.
 - F. To collect rent, security deposits, screening fees, and late fees where applicable and other charges, and to issue receipts as necessary.
 - G. To deposit all receipts collected for Owner in a client trust account with a banking institution insured by the FDIC.
 - H. To deposit and retain all conditionally refundable security deposits, in a client trust account with a banking institution insured by the FDIC, until allocated and disbursed at the termination of the tenancy according to applicable laws and the terms of the Rental Agreement or at the termination of this Management Agreement.
 - I. To terminate tenancies and to sign and serve for the Owner such notices as Manager deems appropriate.
 - J. To commence legal actions or collections in the name of the Owner to evict tenants and recover possession of the premises and to recover rents and such sums due and to settle, compromise and release such actions. All expenses of litigation, including costs and attorney’s fees shall be paid by the Owner. Manager may select a qualified outside provider of its choice to handle such litigation.
 - K. To reinstate tenancies when appropriate.
 - L. Shall have the sole and exclusive authority to determine what expenses shall be paid and disbursements made in the event insufficient funds are available to pay all amounts currently due. In no event shall Manager be required to use its funds to pay any of the obligations of the Owner.

- M. To deliver to Owner all receipts less disbursements, including agreed upon compensation and required reports, except as otherwise provided herein, upon request.
- N. To make inspections of the Property consistent with applicable laws and as deemed necessary and appropriate in the sole discretion of Manager.
- O. To purchase and pay for necessary and reasonable repair and maintenance supplies not to exceed \$250 or Essential Services.
- P. To execute contracts, in Owner's name, for utilities and services for the operation, maintenance and safety of the property, as Manager shall deem necessary and appropriate, in its sole discretion. Utility bills shall be placed in the Owner's name C/O Ned Baker Real Estate with a billing address of: 2339 State St. Salem, OR 97301. All multifamily units, in which utilities are paid, must hold a \$200 reserve over the term of management to cover the bills.
- Q. To provide notice to tenants of termination of this Agreement within 30 days of termination.
- R. To provide to Owner, within sixty days after termination of this Agreement, all unobligated funds and a final accounting of obligated funds and copies of all necessary of agreed upon documents which may be reproduced by Manager in accordance with its schedule of fees and charges.
- S. To comply with all requirements of the law applicable to landlords or to advise Owner so that he/she may act as necessary to comply therewith.
- T. To maintain the Property in good repair in accordance with local codes and any other applicable laws of this state of its subdivisions. This includes, but is not limited to, cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair as may be necessary subject to limitations imposed by Owner in writing in advance. Expenses associated with maintenance and repair shall be paid out of Owner's operating client trust account.
- U. To manage the Property in accordance with standards of reasonable care and diligence and to furnish the service of its organization for the management and operation of the Property.
- V. If this agreement pertains to more than one property or if the Owner and the Manager have entered into one or more other agreements under which Manager is managing property for Owner, Manager is authorized to transfer funds from the ledger of one such property to the ledger of another such property for the purpose of prompt payment of any indebtedness authorized by this and/or any other similar management agreements.

Please mark one: Yes, to Funds Transfers No, to Funds Transfers X _____
 (Owner Initials)

- W. Upon termination of this agreement by either party, and unless directed otherwise in writing by Owner, Manager shall, in a timely manner, deliver all refundable security deposits to Owner.
- X. To disburse funds in the Owner's client trust account to Owner, on or about the 20th day of each month to extent those funds exceed the sum of Advances required per Paragraph IX, below, of this agreement, any other amounts held back per written instruction from Owner and prepaid rent to extent it exceeds the management fee applicable to that months' rent. In any case, funds will not be disbursed until the availability of those funds has been verified by the financial institution on which a check is drawn or fourteen days after the check is deposited, whichever comes first. For each additional payment other than the regularly scheduled Owner distribution, Manager may assess a \$15.00 transaction fee.

III. Duties of Owner. Owner accepts and agrees to perform, the following duties:

- A. Remit any excess of disbursements and charges over receipts to Manager within ten days of oral or written notice advising Owner of the amount of the deficiency.
- B. Take notice of the condition of the Property and, subject to the availability of funds, establish goals to upgrade and maintain the Property.
- C. Assume the obligation of any contract entered into legally and for the benefit of the Owner pursuant to this agreement at the termination of this agreement. For example, if Manager has entered into an agreement for repairs of the property, Owner shall be responsible for the payment of the agreement even if this agreement has been terminated by either party.

- D. To pay all expenses incurred by the Manager, including without limitation, attorneys' fees for counsel employed to represent the Manager, the Owner or both of them in any proceeding, controversy or suit involving the property, the ownership or operation thereof. Nothing herein contacting shall require the Manager to employ counsel to represent the Owner in any such proceeding or suit. In this regard, Owner agrees to indemnify, defend and save the Manager harmless from all claims, investigations and suits with respect to any alleged or actual violations of State, Federal, City or County labor laws, it being expressly agreed and understood that as between the Owner and the Manager, all persons employed in connection with the Property are employees of the Manager. The Owner's obligations under this paragraph shall include payment of all settlements, judgments, demands, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expenses and attorneys' fees. However, protection is not afforded by applicable insurance coverage where the claim is based upon the willful negligence of the Manager or its employees.
- E. To indemnify, defend and save Manager harmless from all suits in conjunction with the property and from liability for damage to property and injuries to or death of an employee or other person whomsoever. Owner further agrees that Manager shall not be liable to Owner for any damages caused by tenant or others to either interior or exterior of the property. In addition, Owner agrees that cash, checks and any other medium of exchange used for paying rents, security deposits, etc., are the property of the Owner and the Manager shall not be liable except in the case of gross negligence.
- F. Owner agrees that Manager does not assume and is given no responsibility for compliance of the property 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 Owner promptly or forward to Owner promptly any complaints, warnings, notices or summonses received by Manager relating to such matters. Owner represents that to the best of his/her knowledge the property and equipment comply with all such requirements and authorizes Manager to disclose the ownership of the property to any such official and agrees to indemnify and save harmless the Manager, its representatives, servants and employees, of and from all loss, cost, expense and liability whatsoever which may be imposed on them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulations.
- G. In the event it is alleged that the property or equipment therein or any act of failure to act by the Owner with respect to the property of the sale, rental or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any constitutional provision, statute, ordinance, law or regulation of any governmental body of any order or ruling of any public authority or official thereof having or claiming to have jurisdiction there over, or any court, and the Manager shall have the right to cancel this agreement at any time by serving written notice to the Owner of its election to do so, which cancellation shall be effective upon the service of such notice. Such notices may be served personally or by registered mail, on or to the Owner named in this agreement, and if served by mail shall be deemed to have been served with deposited in mails. Such cancellation shall not release the indemnities of the parties set forth herein and shall not terminate any liability or obligation of the Owner to the Manager for any payment, reimbursement or other sum of money then due and payable to the Manager here under.
- H. Manager shall have no liability for failure to make a payment on a loan, taxes, insurance or assessments.

IV. Repairs and Maintenance. Manager shall make or cause to be made ordinary and reasonable repairs, without the prior written approval of the Owner, in an amount not to exceed \$250, except emergency repairs exceeding that amount, if, in the sole discretion of Manager, such expenditures are necessary to protect and preserve the property from damage or to maintain services to the tenant as required by law or this agreement.

V. Disclosures.

A. Owner represents and warrants that:

1. Owner is a legal owner of the Property or legal entity which owns the property and has full authority to enter into this Agreement and to employ the Manager under the terms of this Agreement.
2. There are no written or oral agreements affecting the management of the Property other than tenant leases, copies of which have been provided to manager.
3. To the best of the Owner's knowledge the building, its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like including, but not limited to, those relating to hazardous or toxic substances.

4. To the best of the Owner's knowledge the building does not contain any toxic substances such as, but not limited to: Lead based paint asbestos, urea, formaldehyde, radon, or other hazardous substances and that no unsafe condition exists except as disclosed in writing at the time of this agreement.
5. He/She has disclosed the existence of any default of foreclosure notices affecting the property as of the date of this agreement and further agrees to disclose any such notices received hereafter, within five days of the receipt of any such notices.

B. Manager represents and warrants that:

1. Manager, from time to time, employs personnel as managers, maintenance workers, clerical and accounting staff. In such event, such personnel shall be deemed, for all purposes, the employees of the Manager. All employee compensation, taxes and other benefits including payroll and bookkeeping costs shall be paid through the Manager's central payroll account.
2. Manager may, at some future date, form an independent company to provide maintenance services for the Property. Should that occur Owner will be advised in advance in writing of applicable rates and fees.
3. Manager may outsource maintenance work as Manager deems appropriate, and, in Manger's sole discretion.

VI. Accounts and Reports. To prepare and furnish to Owner monthly statements of all receipts and disbursements, on or around the 20th day of each month of the subject activity.

VII. Records Retention. All original documents required by law shall be retained by Manager for a period of six years after their expiration or such other period as mandated by law. At the end of such retention period, Manager may destroy or otherwise dispose of all such documents.

VIII. Compensation. The Manager shall be compensated for its services according to the following schedule:

- A. In the month in which rents are collected, Manager shall take a management fee in the amount of _____% of the monthly gross receipts from the operations of the Property during the period this Agreement remains in full force and effect.
- B. Fees. The Manager shall retain, in addition to all other compensation described herein, all application fees, screening fees charged to prospective tenants, late fees, NSF fees, lease medication and violation fees, advertising rebates, banking rebates and any other fees as partial payment for services and reimbursement for expense. All such fees shall be paid directly to Manager and taken by Manager when received.
- C. Sale. If this agreement is terminated during the term of a rental or lease agreement because of the sale of the property, Manager shall be entitled to all fees which would have been earned during the current term of the rental or lease agreement. Any and all such fees owed to Manager shall be immediately due and payable upon termination of this agreement.
- D. If Owner withdraws Manager's authority to rent or lease property while Manager is marketing Property, Owner shall pay to Manager the full Retainer Deposit which was received upon signing.
- E. Manager may collect a fee of \$45.00 for every posting or inspection above the initial 120 day and Annual walk through.
- F. Any additional advertising requested by Owner will be at Owner's expense.
- G. All fees specified herein are payable when earned unless specified otherwise.

IX. Hold Harmless. Manager shall indemnify, defend and save Owner harmless from all liability, claims and suits arising because of willful negligence or intentional torts by Manager or its employees. Owner shall indemnify, defend and save Manager harmless from all liability, claims and suits arising out of the duties lawfully performed by the Manager under this agreement other than those arising because of willful negligence or an intentional tort by Manager or its employees. Owner agrees to defend and save Manager harmless for the assessment of any late fees resulting from charges which could not be paid timely because Owner failed to maintain a sufficient balance in the Owner's operating account after notice by the Manager. Furthermore, Owner shall indemnify and hold Manager, its employees, officer and directors, ("Indemnities") harmless from all damage, loss, cost or attorney's fees Indemnities may sustain on account of: (1) Any damage to or destruction of any property;(2) Any injury to or death of any person; (3)Any error of judgment by Indemnities or any mistake of law or fact by Indemnities; and (4) To the extent not covered by insurance, any alleged violation of any law (statutory, common or otherwise) pertaining to fair employment or wrongful termination by employees working on the Property fair credit reporting, fair debt collections, environmental protection, rent control, taxes, fair

housing, or any other such laws. This indemnity provision applies if the claim arises out of the sole negligence of Manager. However, it shall not apply if it is finally adjudicated that an officer, director or home office employee of Manager acted with gross negligence or willful misconduct. Owner agrees to carry liability insurance adequate to protect the interest of the parties hereto; and insurance shall be written as to protect Manager in the same manner and to the same as it protects Owner.

Warranties. Manager agrees to use its best efforts to perform the services requested of it by Owner in accordance with this Agreement, but makes no warranties of any kind, express or implied, with respect to the services to be provided hereunder. IN NO EVENT SHALL MANAGER BE LIABLE TO OWNER FOR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER. MANAGER'S liability with respect to its performance or nonperformance of its obligations under this Agreement shall in no event exceed the sums paid to Manager pursuant to this Agreement.

- X. **Insurance.** Owner agrees to carry at his/her own expense public liability insurance in an amount not less than Owner's total assets or minimum \$500,000 naming Owner and Manager in a form adequate to protect their interests and in form and substance reasonably satisfactory to the Manager, and to furnish Manager with certificates evidencing the existence of such insurance.
- XI. **Termination.** Either party may terminate this agreement without cause by giving not less than thirty days written notice to the other at the address specified herein or at the address most recently provided in writing. Notices shall be deemed sufficient if personally delivered or sent by registered mail.
- XII. **Assignability.** Neither party shall directly or indirectly assign, sell or otherwise transfer all or any part of the legal or beneficial interest or all or any part of the rights or obligations created by this Agreement without first obtaining the written approval of the other.
- XIII. **Security Agreement.** Owner hereby grants Manager a security interest in all funds which are held by Manager for Owner and in all personal property of Owner located on or in the Property. This security interest shall serve as collateral for all of Owner's obligations here under. Manager may record this agreement as a financing statement and may enforce its security interest as provided under the Oregon Uniform Commercial Code.
- XIV. **Setoff.** Manager has the right to set off any amounts due to Manager under this Agreement against any and all funds in Owner's Client Trust Account.
- XV. **Fair Housing.** The Manager practices fair housing policies, to be in compliance with Fair Housing of Oregon and the United States of America. Fair housing policies are covered in the Fair Housing law and its amendments. The Fair Housing Law is an extension of the Civil Rights Act and prohibits discrimination on the basis of race, color, religion, sex, and national origin, handicap (physical or mental), familial status, families with children and marital status.
- XVI. **Disputes.** Any dispute between the parties that arise out of or relates to this Agreement or its breach, by initialing the space below, the parties agree to try in good faith to settle the dispute by voluntary mediation before resorting to court action or arbitration. In the event of a dispute between the parties concerning the operation and/or management of the property or any of the terms of this agreement, wherein legal counsel is employed by either or both parties, it is agreed that the fees of the mediator will be shared equally between all parties to the dispute.

X _____ X _____ X _____
(Owner Initials) (Owner Initials) (Broker Initials)

- XVII. **Entire Agreement.** This Agreement incorporates all of the terms, covenants and conditions agreed to by the parties and all prior and contemporaneous agreements are superseded hereby. This Agreement can only be modified or amended in writing, signed by both parties.
- XVIII. **Severability.** If any part of this Agreement is determined by a court of competent jurisdiction to be unenforceable, all other parts of this Agreement shall remain in full force and effect.
- XIX. **Notices.** All notices, reports and statements required to be sent here under to Owner or Manager by the other shall be mailed to the address set forth herein or such other address as specified in writing.
- XX. **Governing Law.** This Agreement shall be governed by the laws of the State of Oregon.

XXI. Additional Terms:

XXII. Emergency Contact. If in the event of an emergency, as determined by Manager, Manager is unable to contact Owner in a timely manner to prevent damage to the Property or claims against Owner, Manager may contact the following person who is authorized, in emergency circumstances only, to act in behalf of the Owner in authorizing Manager to take any necessary and appropriate remedial action:

(Print Name)

(Telephone)

(Mailing Address)

(City, State, Zip)

PROPERTY OWNER:

Name

Date

Mailing Address

City, State, Zip

E-mail address

Telephone

Signature

Telephone

Signature

Social Security # or Tax Payer ID #

PROPERTY MANAGEMENT COMPANY:

Ned Baker Real Estate
2339 State St.
Salem, OR 97301
503-364-6797 – Office
503-364-6798 – Fax
www.nedbaker.com

Property Manager

Date

Signature of Reviewing Licensee

Date of Review