



## ***PROPERTY MANAGEMENT AGREEMENT***

\_\_\_\_\_  
("Owner"), and *Compass Property Management Corporation* ("Broker"), agree as follows:

**1. APPOINTMENT OF BROKER:** Owner hereby appoints and grants Broker the exclusive right to rent, lease, operate, and manage the property (ies) known as:

\_\_\_\_\_ and any additional property which may later be added to this Agreement ("Property"), upon the terms below, for the period beginning on (date) \_\_\_\_\_ and ending (date) \_\_\_\_\_ at 11:59 p.m. Either party may terminate this Property Management Agreement ("Agreement") on at least 30 (thirty) days written notice 3(three) months after the original commencement date of the Agreement. After the initial exclusive term expires, this Agreement shall automatically renew for annual periods unless either the OWNER or the BROKER shall, with at least thirty (30) days prior to the expiration date hereof, give written notice of the desire not to renew this CONTRACT.

**2. BROKER ACCEPTANCE:** Broker accepts the appointment and grant, and agrees to:

- A. Use due diligence in the performance of the agreement.
- B. Furnish the services of its firm for the rental, leasing, operation, and management of the Property.

**3. AUTHORITY AND POWERS:** Owner grants Broker the authority and power, at owners expense, to:

- A. **ADVERTISING:** Display FOR RENT / LEASE and similar signs on the Property and advertise the availability of the Property, or any part thereof, for rental or lease.
- B. **RENTAL; LEASING:** Initiate, sign, renew, modify or cancel rental agreement and leases for the Property , or any part thereof; collect and give receipts for rent, other fees, charges and security deposit Any lease or rental agreement executed by Broker for Owner shall not exceed 2 (two) years and the rent shall be at market rate.
- C. **TENANCY TERMINATION:** Sign and serve in Owner's name notices that are required or appropriate; commence and prosecute actions to evict tenants; recover possession of Property in Owner's name; recover rents and other sums due; and , when expedient, settle, compromise and release claims, actions and suits and/or reinstate tenancies.
- D. **REPAIR; MAINTENANCE:** Make, cause to be made, and/or supervise repairs, improvements, alterations, and decorations to the property; purchase, and pay bills for, services and supplies. Broker shall obtain prior approval of Owner for all expenditures over **\$500.00** (five hundred dollars) for any one item. Prior approval shall not be required for monthly or recurring operating charges or, if in Broker's opinion, emergency expenditures are needed to protect the Property or other property (ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines, or suspension or services to tenants required by lease or rental agreement or by law, including but not limited to, maintaining the Property in a condition fit for human habitation as required by Civil Code 1941 and 1941.1 and Health and Safety Code 17920.3 and 17920.10. Cost of such supplies and equipment shall be an operating expense of the Property.
- E. **REPORTS, NOTICES AND SIGNS:** Comply with federal, state, or local law requiring delivery of reports or notices and/or posting of signs or notices.
- F. **CONTRACTS; SERVICES:** Contract, hire, supervise, and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Broker may perform any of Broker's duties through attorneys, agents, employees, or independent contractors and shall not be responsible for their acts, omissions, defaults, negligence, and/or costs of same. Cost of such contracts and services shall be an operating expense of the Property.
- G. **LEGAL ASSISTANCE:** Broker is not licensed to practice law. Should legal assistance be required for any matters, including, but not limited to enforcement of rent collection, any eviction of a tenant, such legal assistance shall only be obtained through Broker retained counsel. All legal expenses shall be an operating expense of the Property.
- H. **EXPENSE PAYMENTS:** Pay expenses and costs for the Property from Owner's funds held by Broker, unless otherwise directed by Owner. Expenses and cost may include, but are not limited to, property management compensation, fees and



# COMPASS

PROPERTY MANAGEMENT  
CORPORATION

charges, expenses for goods and services, property taxes and other taxes, Owner's Association dues, assessments, loan payments, and insurance premiums.

- I. **SECURITY DEPOSITS:** Receive security deposits from tenants, which deposits shall be placed in Broker's trust account and, if held Broker's trust account, pay from Owner's funds all interest on tenants' security deposits if required by local law or ordinance. Owner shall be responsible to tenants for return of security deposits and all interest due on security deposits held by Owner.
- J. **TRUST FUNDS:** Deposit all receipts collected for Owner, less any sums property deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The funds shall be held in a trust account separate from Broker's personal accounts. Broker shall not be liable in event of bankruptcy or failure of a financial institution.
- K. **RESERVES:** Maintain a reserve in Broker's trust account of **\$500.00 plus the sum of one months recurring payables.**
- L. **DISBURSEMENTS:** Disburse Owner's funds, held in Broker's account, in the following order:
  - 1) Compensation due Broker under paragraph 6.
  - 2) All other operating expenses, costs, and disbursements payable from Owner's funds held by Broker.
  - 3) Reserves and security deposits held by Broker.
  - 4) Balance due Owner.
- M. **OWNER DISTRIBUTION:** Remit funds, if any are available, monthly, to owner.
- N. **OWNER STATEMENTS:** Render monthly statements of receipts, expenses, and charges for each Property.
- O. **BROKER FUNDS:** Broker shall not advance Broker's own funds in connection with the Property or this Agreement.
- P. **LOCKBOX:** Owner authorizes the use of a keysafe/lockbox to allow entry into the Property.

#### 4. OWNER RESPONSIBILITIES: Owner shall:

- A. Provide all documentation, house rules, warranties in effect, records and disclosures as required by law or required by Broker to manage and operate the Property, and immediately notify Broker if Owner becomes aware of any change in such documentation, records, or disclosures, or any matter affecting the habitability of the Property.
- B. Indemnify, defend and hold harmless Broker and all persons in Broker's firm, regardless of responsibility, from all costs, expenses, suits, liabilities, damages, attorney fees and claims of every type, including but not limited to those arising out of injury or death of any person, or damage to any real or personal property of any person, including Owner, for: (i) any repairs performed by Owner or by others hired directly by Owner; or (ii) those relating to the management, leasing, rental, security deposits, or operation of the Property by Broker, or any person in Broker's firm, or the performance or exercise of any of the duties, powers or authorities granted to Broker.
- C. Maintain the Property in a condition fit for human habitation as required by Civil Code 1941 and 1941.1 and Health and Safety Code 17920.3 and 17920.10 and other applicable law.
- D. Pay all interest on tenants' security deposits if required by local law or ordinance.
- E. Carry and pay for: (i) public and premises liability insurance in an amount of no less than \$1,000,000.00; and (ii) property damage and worker's compensation insurance adequate to protect the interests of Owner and Broker. Broker shall be, and Owner authorizes Broker to be, named as an additional insured party on Owner's policies.
- F. Pay any late charges, penalties, and/or interest imposed by lenders or other parties for failure to make payment to those parties, if the failure is due to insufficient funds in Broker's trust account available for such payment.
- G. Owner assumes full responsibility for payment of any expenses and obligations incurred in connection with the exercise of Broker's duties set forth herein including but is not limited to advertising, outside services, repairs, and replacements performed under this agreement, unpaid tenant charges and legal actions on behalf of the Owner.
- H. Unless otherwise stated in Contract, Owner shall be responsible for making all payments such as property tax, monthly mortgage, maintenance fees HOA dues, lease rents, etc.
- I. Owner agrees to **immediately** replace any funds required if there are insufficient funds in Broker's trust account to cover Owner's responsibilities.
- J. Owner agrees to prepare and submit an Inventory and condition form of the property, furniture, fixtures, and other articles therein. If Owner fails to furnish the Inventory and condition form, Owner agrees to accept inventory and condition form prepared by Broker.
- K. Owner to provide 3 (three) complete sets of keys to Broker.

#### 5. LEAD-BASED PAINT DISCLOSURE:



# COMPASS

PROPERTY MANAGEMENT  
CORPORATION

A.  The Property was constructed on or after January 1, 1978. Or

B.  The Property was constructed prior to 1978.

(1) Owner has no knowledge of lead-based paint hazards in the housing except:

(2) Owner has no report or records pertaining to lead-based paint or lead-based hazards in the housing, except the following, which Owner shall provide to Broker:

## 6. COMPENSATION:

- A. Owner agrees to pay Broker a monthly fee of \_\_\_\_\_% of the gross rental income or \$\_\_\_\_\_ per unit, whichever is greater, collected during the terms of this Agreement for services rendered and a lease signing fee equal to \$\_\_\_\_\_ for every new lease executed by Broker.
- B. In the event Owner elects to terminate this Agreement while a valid Lease/Rental Agreement initiated by Broker remains in effect, Owner shall prepay to Broker the total anticipated management fees for the remainder of the Lease/Rental Agreement. Should the termination arise from the sale of the Property and the new Owner choose to sign new management agreement under Broker, prepayment of management fees may be waived.
- C. Normal management does not include litigation (including small claims court), providing onsite management services, property sales, preparing property for sales or refinance, rehabilitation, modernization, refinancing, fire restoration, major renovations, obtaining income tax advice, attending HOA meetings, presenting petitions to planning or zoning committees, advising on proposed new construction, administrative or personnel services for other professionals or agencies or other counseling. If Owner requests Broker to perform services not included in this agreement, a fee of \$65.00 per hour shall be charged.
- D. Broker may divide compensation fees and charges due under this agreement in any manner acceptable to Broker.
- E. Owner further agrees that:
- (1) Broker will receive and keep fees and charges from tenants for (i) requesting an assignment of lease or sublease of the Property; (ii) processing credit applications; (iii) any returned check and late payments; (iv) 1<sup>st</sup> month of any increase in rental amount; and (v) any other service that are not in conflict with this agreement.
  - (2) Broker may perform any of the Broker's duties, and obtain necessary products and services, through affiliated companies or organizations in which Broker may own interest. Broker may receive fees, commissions, and/or profits from these affiliated companies or organizations. Broker has an ownership interest in the following companies and organizations: Coastline Property Maintenance. Broker shall disclose to Owner any other such relationships as they occur. Broker shall not receive any fees, commissions, or profits from unaffiliated companies or organizations in the performance of this Agreement, without prior disclosure to Owner.
- F. In no event shall this Agreement be terminated until all indebtedness has been paid in full.

**7. AGENCY RELATIONSHIPS:** Broker shall act, and Owner hereby consents to Broker acting, as dual agent for Owner and tenant(s) in any resulting transaction. Owner understands that Broker may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of other owners' properties before, during, and after the expiration of this agreement.

**8. NOTICES:** Any written notice to Owner or Broker required under this Agreement shall be served by sending such notice by first class mail or other agreed-to delivery method to that party at the address below, or at any different address, the parties may later designate for this purpose. Notice shall be deemed received three (3) calendar days after deposit into the United States mail. Should either party deem it necessary to terminate this agreement by written 30 day notice, Broker shall have 60 days from end date on notice to render final statement and disburse funds to owner, as well as return keys, other entry devices or documentation.

**9. BINDING:** This agreement shall be binding upon the successor(s) of the Broker, and the heirs, administrators, executors, successors and assigns of the Owner.

## 10. DISPUTE RESOLUTION

- A. **MEDIATION:** Owner and Broker agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action, subject to paragraph 10B(2) below applies whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action based on a dispute or claim to which this paragraph applies, without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.



# COMPASS

PROPERTY MANAGEMENT CORPORATION

- B. ARBITRATION OF DISPUTES:** (1) Owner and Broker agree that any dispute or claim in law or equity arising between them regarding the obligation to pay compensation under this agreement, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraph 10B(2) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with Code of Civil Procedure 1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.
- C. (2) EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from mediation hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code 2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.

**“NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE “ARBITRATION OF DISPUTES” PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISIONS IS VOLUNTARY.”**

**“WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE “ARBITRATION OF DISPUTES” PROVISION TO NEUTRAL ARBITRATION.”**

Owner's Initials \_\_\_\_\_ / \_\_\_\_\_ Broker's Initials \_\_\_\_\_ / \_\_\_\_\_

- 11. EQUAL HOUSING OPPORTUNITY:** The Property is offered in compliance with federal, state, and local anti-discrimination laws.
- 12. ATTORNEYS FEES:** In any action, proceeding, or arbitration between Owner and Broker regarding the obligation to pay compensation under this Agreement, the prevailing Owner or Broker shall be entitled to reasonable attorneys fees and costs from the non-prevailing Owner or Broker, except as provided in paragraph 10A.
- 13. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provisions in it may be extended, amended, modified, altered or changed except in writing. This Agreement and any supplement, addendum or modification, including any copy, may be signed in tow or more counterparts, all of which shall constitute one and the same writing. Owner warrants that Owner is the owner of the Property or has the authority to execute this contract. Owner acknowledges Owner has read, understands, accepts, and has received a copy of the Agreement.

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

Owner: \_\_\_\_\_  
Print Name Social Security / Tax ID: (for tax reporting)

Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Real Estate Broker (Firm): \_\_\_\_\_ Date: \_\_\_\_\_

By (Agent): \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_