

# UNITED METRO PROPERTIES, INC.

3320 W Cheryl Drive • Suite B-200 • Phoenix, Arizona 85051  
Office (602) 548-9449 • Fax (602) 564-9449  
www.unitedmetro.com

## PROPERTY MANAGEMENT AGREEMENT

This agreement is entered into between \_\_\_\_\_ (hereinafter referred to as "Owner"), who hereby employs UNITED METRO PROPERTIES, INC. as his exclusive managing Agent (hereinafter referred to as "Agent"), to rent, lease, operate and manage the real property located in Maricopa County, State of Arizona and further described as follows: \_\_\_\_\_ commencing \_\_\_\_\_, 2010 and terminating at midnight on \_\_\_\_\_, 2011 upon the following terms and conditions. This agreement shall automatically annually renew until terminated by either party.

**AGENT'S OBLIGATIONS:** Owner hereby confers upon the Agent the following duties, authority and powers:

**LEASING AND MANAGEMENT:** To determine the rent by comparison with recently leased properties, to market the property for rent, to display "For Rent" or "For Lease" signs and lockboxes thereon. Owner acknowledges that a lockbox may permit access to the property by potential tenants not accompanied with a United Metro Agent. Agent shall execute leases for terms not to exceed one year, make decisions on renewals or cancellations of leases relating to the property; to terminate tenancies, forgive rents, and to sign and serve for the Owner such notices as Agent deems appropriate; to institute legal actions in the name of (and expense of) the Owner, to evict tenants and recover possession of the premises, to recover rents and other sums due; to settle, compromise and release such actions. Owner understands that they will be responsible for the cost of all attorneys, collection companies, etc. used for evictions, and all legal matters.

**2. RENTS AND ESCROW OF DEPOSITS:** To deposit all receipts collected for Owner in a Trust Account maintained by the Agent with a qualified banking institution. Agent shall not incur any liability for bankruptcy or failure of the depository. Interest earned on such Trust Account shall accrue to the benefit of the Agent. Agent to collect and disburse rents and to Owner monthly via electronic bank transfer. Agent to retain the following funds in the owner's account: all security deposits received from tenants (for the term of the lease or until such time a tenant defaults on any lease term or condition), the amount of any recurring expenses and the Owner's maintenance reserve referred to in Paragraph 8.

**3. MAINTENANCE/REPAIRS:** To employ, supervise and discharge all labor required for the operation and maintenance of the property. Owner acknowledges that in an attempt to reduce maintenance costs, the Agent shall use United Property Maintenance, Inc., a wholly owned corporation of Kenneth M. Reiss, President of United Metro Properties, Inc. whenever possible. Agent shall take charge of all repairs, decorating and alterations and to purchase supplies therefor. Agent agrees to obtain Owner's prior authorization for any expense item in excess of \$200.00, except monthly or recurring operating charges or emergency repairs; or in the event the Owner is not reasonably available for consultation; or if the Agent deems such expenditures in excess of this amount is necessary for the protection of the property from damage or to prevent damage to life or to the property of others; or to avoid suspension of necessary services to the tenants.

Owner hereby relieves Agent from any and all liability pertaining to said repairs/alterations and acts of said third parties. This shall include, but not be limited to, property repairs/alterations contracted by the owner and utility connections contracted by Agent.

In the event of the inability or refusal of the Owner to pay all costs incurred and expended by Agent, Agent is authorized to make such payments on Owner's behalf from any and all of Owner's funds held by Agent. Such inability or refusal to pay will be considered a breach and immediate cancellation of this agreement by the Owner upon notification by the Agent. Agent shall be entitled to fees as described in paragraph 17 plus collection and legal fees needed to collect amounts which may be due before or after cancellation. In the event Agent pays any such costs from Agent's own funds on behalf of the Owner and Owner thereafter fails or refuses to reimburse Agent, Agent shall be entitled to interest upon all such advances at the highest legal rate. In addition, Agent is authorized to repay itself from any funds Agent holds for Owner including tenant deposits and rents or collects from any source during or any time after management services have been canceled.

**4. SERVICE CONTRACTS:** To execute contracts for (1) utilities and services for the operation, maintenance and safety of the property, as the Agent shall deem advisable and/or necessary; (2) weekly chemical service for properties with pools and (3) re-key of exterior locks between tenants. Owner shall be responsible for all costs for these services.

**5. MONTHLY STATEMENTS:** To electronically (via email attachment) render monthly itemized statements of receipts, expenses, charges and accruals and to remit receipts less disbursements, the minimum required balance/maintenance deposit, and accruals for future expenses to the Owner. In the event disbursements shall exceed receipts, Owner shall promptly remit such excess to the Agent.

**6. CANCELLATION:** Agent may cancel this agreement by serving written notice via mail or email to the Owner a minimum of thirty (30) days prior to the desired final date of management. Agent shall be entitled to the management fee as described below for the remaining portion of any and all leases in force as of cancellation date. Month-to-month rental agreements shall be calculated at four months. Owner to assume responsibility for any and all service contracts in force at the time of termination of this agreement. At the Agent's sole discretion, the Agent shall terminate this agreement if any of the following events occur: Agent receives any type of violation notices that the Owner is unable or unwilling to rectify within a reasonable time period; Owner lists said property with another Real Estate Company; Owner sells said property; any transfer or change in ownership; foreclosure, condemnation; Owner's refusal to allow Agent to collect rents, fees or other monies and/or when an event or action by Owner, tenant, natural disaster, fire, accident, property damage, or governmental agency prevents Agent from performing Agent's duties.

## **OWNER'S OBLIGATIONS:**

7. **CANCELLATION:** Owner may cancel this agreement by serving written notice via mail or email to the Agent a minimum of thirty (30) days prior to the desired final date of management and simultaneously pay Agent cancellation fees on the remaining portion of all leases in force as of the cancellation date based on the management fee indicated below. Month-to-month rental agreements shall be calculated at four months. Owner to assume responsibility for any and all service contracts in force at time of termination of this agreement. Upon Agent's receipt of Owner's notice to terminate this agreement, Agent is authorized to retain sufficient funds in its Trust Account to hold as security for expenses forecasted prior to the termination date.

8. **MAINTENANCE RESERVE/MINIMUM ACCOUNT BALANCE:** Owner agrees to maintain a reserve account balance of \$400.00 per property (\$800.00 maximum per Owner) which shall remain on Owner's behalf in Agent's Trust Account to cover any contingencies which may occur. Agent shall have the right to increase this amount when Agent anticipates additional future costs any time the property is occupied or if the tenant has given notice to vacate and the Agent anticipates unusual expenditures such as utilities, repairs, legal costs and/or Agent's fees which may need to be paid in the near future; or a possible financial liability.

9. **INDEMNIFICATION/RELEASE OF CLAIMS:** Owner hereby expressly releases, holds harmless and indemnifies Agent from any and all liability, damages or legal action arising out of or resulting from Agent's performance of the duties and responsibilities as provided herein, from any error of judgment or mistake of fact (including but not limited to the condition, size, boundaries, value of the property) or law or for anything which Agent may do or refrain from doing hereafter, and from liability for damage to property and injuries to or death of any employee or other person whomsoever occurring in, on or about the premises of the Property; and liability in connection with any Trustee Sale or Judicial Foreclosure of the property. Owner agrees to promptly and diligently defend, at Owner's sole expense, any claim, legal action or other proceeding brought against the Agent arising from the management of the property, except in the case of Agent's willful misconduct and/or gross negligence. Owner agrees to reimburse Agent for any monies which the Agent expends in connection with, or in defense of, any claim, civil or criminal action proceeding, charge or prosecution made, instituted, or maintained against Agent, or Owner and Agent jointly or severally. If suit is brought by either Agent or Owner, non-prevailing party agrees to pay all the costs incurred in connection with such action, including reasonable attorney's fees. Owner further agrees Agent is not liable for any damage or theft to the property including but not limited to appliances and personal items in said property whether the property is occupied or vacant.

10. **INSURANCE:** Owner agrees to provide, at Owner's sole expense, a Comprehensive General Liability Occurrence Policy including Broad Form and Contractual Extensions, Home Owner's Policy (sometimes called: Rental Dwelling, Landlord Policy, Townhouse/Condo Policy) in the minimum amount of \$300,000 Combined Single Limit and shall name United Metro Properties, Inc. as a co-insured on all policies covering the property and provide Agent with Certificates of Insurance or copies of the policies. Such insurance shall remain in full force and effect during the term of this agreement and any renewals thereof. Owner to advise Agent in advance of any Insurance Company pet restrictions.

11. **CONSOLIDATION OF FUNDS:** Owner hereby authorizes Agent to divert income from one property to cover any monetary deficiencies on any other property belonging to the Owner.

12. **A.R.S. 33-1902 (A-B):** Owner acknowledges that if Owner resides outside the state of Arizona, Owner is required to comply with the requirements of the Arizona Slumlord Abatement Law (ARS 33-1902). Owner shall register Kenneth M. Reiss of United Metro Properties, Inc. as their statutory agent. Owner agrees to hold Agent harmless for any fines or penalties for failure of registration. Information on this can be obtained at the Arizona State Assessors office at [http://www.maricopa.gov/Assessor/Residential\\_Property\\_links.aspx](http://www.maricopa.gov/Assessor/Residential_Property_links.aspx).

13. **SWIMMING POOL/BODY OF WATER:** If the property contains an above or below ground pool, lake or any body of water, Owner acknowledges they have read and understand the Arizona Department of Health Services Approved Private Pool Safety Notice as required by A.R.S. 36-1681(E) and A.D.H.S. Rule R9-3-101. Owner further acknowledges that the county or municipality in which the Property is located may have different swimming pool barrier requirements than the State requirements; and that the pool or body of water will comply with the applicable state, county and municipal pool barrier requirements prior to renting or leasing said property. Owner hereby agrees to install a pool fence if one does not exist prior to any tenant taking occupancy. Owner expressly relieves and indemnifies Agent from any and all liability and responsibility for compliance with the applicable pool barrier requirements or any legal action taken as a result of Owner not complying with all regulations and requirements. Owner shall provide weekly chemical service for in-ground pools.

14. **FAIR HOUSING/American Disability Act:** Owner acknowledges that Owner and Agent must adhere to Federal Fair Housing and ADA requirements. Therefore Agent shall have the final decision in the event Agent determines that any Owner's decision conflicts with said laws. Owner shall be liable for any and all fines and costs to defend Owner and/or Agent on assessed against Owner and/or Agent for such violations.

15. **LEAD BASED PAINT:** Owner agrees to disclose known lead based paint and lead-based paint hazards to Agent for properties built prior to 1978 and provide Agent with any risk assessments or inspections in owner's possession.

16. **GENERAL REPRESENTATIONS:** Owner hereby represents that (a) Owner has fee simple title and possession of the Property and all improvements/fixtures (unless rented); Owner is not bound by any other contract that would prohibit Owner from executing this contract; Owner is not delinquent in the payment of property taxes or insurance, Association Fees, mortgage(s), or any encumbrance affecting the Property; Owner has no knowledge of any violations of Homeowners Association, City, County or State or Federal Building zoning, fire or health laws, codes, statutes, ordinances, regulations or rules filed or issued regarding said property; the Property is not subject to the jurisdiction of any court; Owner is not aware of any condition concerning the Property that materially affects the health or safety of any tenant; Agent may disclose to a tenant or prospective tenant any information related to the representations made in this paragraph. . Owner shall immediately notify Agent of any changes in the disclosures made herein. Owner agrees to notify the Agent prior to visiting the property or contacting the tenant. Owner agrees to purchase any and all business licenses required by the applicable governmental authority.

17 PROPERTY SALE OR TRANSFER: Owner shall keep all loan obligations, property taxes, association fees and any other obligations which could lead to a foreclosure action current and paid in full as required. Owner shall notify Agent within ten (10) days, or as prescribed by law, after receipt of any notice of any trustee sale or judicial foreclosure related to the property.

18. FEES: Owner agrees to pay Agent fees for services rendered at the rates herein set forth. Owner recognizes Agent as agent in any negotiations relative to the property or any part thereof, which may have been initiated during the term hereof, and shall compensate Agent in accordance with the rates hereinafter set forth. If applicable, Owner further consents to Dual Agency with Tenants.

The Owner agrees to pay the Agent the following compensation for the performance of all responsibilities as stated in this agreement. Agent is hereby authorized to deduct all fees from Owner's funds:

- (a) MANAGEMENT FEE: Ten percent (10%), of the entire lease consideration with a monthly minimum of \$80.00 for vacant properties, payable monthly. The same percentage will be charged for rents forfeited from security deposits. If the owner instructs Agent not to re-lease any vacant property, the minimum monthly fee shall apply.
- (c) LEASE FEE: Seven (7%) of the gross rent for the lease period charged each time Agent rents said property. Agent shall have the discretion as to the amount to be offered to outside real estate Broker representing the applicant/tenants. If no other Broker is involved, the lease fee shall remain unchanged.
- (d) RENEWAL FEE: One Hundred Fifty Dollars (\$150.00) charged when a current tenant signs a lease renewal.
- (e) SET-UP FEE: \$100.00 per property.
- (e) LATE FEES AND NSF FEES to be retained by Agent as additional compensation.
- (f) MULTIPLE LISTING: Owner authorizes Agent to insert property for lease in the Multiple Listing System at Agent's discretion and to pay referral commissions to outside Agents.
- (g) Owner agrees to reimburse Agent for costs of all certified postage mailings sent on the Owner's behalf (i.e. to the owner's resident, etc.).
- (h) During the term of this agreement and one year following the termination of this agreement, should any property that is the subject of this agreement be sold to any tenant residing in said property purchase said property, Owner agrees to pay Agent a Real Estate Commission equal to three percent (3%) of the sales price at the close of escrow through the escrow company.
- (i) In the event Owner shall request Agent to undertake work exceeding normal management functions, a fee shall be agreed upon for such services before said work begins. If more than \$500.00, said fee shall be paid 50% upon commencement and 50% upon completion. Normal management does not include such items as modernization, fire restoration, major rehabilitation and inspections for a builder warranty or home warranty company.

18. Owner acknowledges and agrees that in order to minimize fees the Agent charges the Owner, the Agent may collect and retain from the tenant or applicants any or all of the following fees at the Agent's discretion: service of notices, late fees, check collection, application processing, credit report, debit//credit card, eviction documentation/lease reinstatement, key duplication, website use, tenancy history verification. Said fees do not need to be accounted for to the Owner.

19. CANCELLATION AND FINAL ACCOUNTING: Within 45 days of the termination date both parties shall account to each other with respect to all matters outstanding, and the Owner shall furnish Agent funds satisfactory to the Agent, against any outstanding obligations, commissions, fees or liabilities.

ADDITIONAL TERMS AND CONDITIONS

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THIS AGREEMENT SHALL BE BINDING UPON THE SUCCESSORS AND ASSIGNS OF AGENT AND THE HEIRS, ADMINISTRATORS, EXECUTORS, SUCCESSORS AND ASSIGNS OF OWNER.

