

PROPERTY MANAGEMENT & REALTY COMPANY
10531 TIMBERWOOD CIRCLE SUITE C
LOUISVILLE KENTUCKY 40223
(502) 426-7672 Fax: (502) 426-7688

MANAGEMENT AGREEMENT

Parties

In consideration of the covenants herein contained,

(hereinafter called "Owner") and **Property Management & Realty Co, Inc.** (hereinafter called "Agent")

Agree as follows:

Exclusive Agency

1. The Owner hereby employs the Agent exclusively to rent, lease, operate, and manage, the properties known as:

Total # of Units: 1

upon the terms hereinafter set forth for the period of one year. Beginning on the first day of July 2010, and ending on June 30th 2011, and thereafter for annual periods unless on or before sixty(60) days prior to the date last above mentioned or on or before sixty (60) days prior to the expiration of any such renewal period, either party hereto shall notify the other in writing of an intention to terminate this agreement, in which case this agreement may be so terminated. It is understood that work planned or in progress on any vacant units will cease with the date of the termination of the agreement.

Renting of premises. Agent to negotiate lease.

2. The Agent accepts the employment and agrees:

- a) to use due diligence in the management of the premises for the period and upon the terms herein provided and agrees to furnish the services of his/its organization for the renting, leasing, operating, and managing of the herein described premises;
- b) to render on or before the 20th of the following month monthly statements of receipts, expenses, and charges, and to remit to Owner less disbursements. In the event the disbursements shall be in excess of the rents collected by the Agent, the Owner hereby agrees to pay such excess promptly upon demand of the Agent. In the event anticipated expenditures will cause the account to become overdrawn, the Agent is authorized to retain sufficient funds in the account to offset said expenditures;
- c) to deposit all receipts collected for the Owner(less any sums properly deducted as otherwise herein) in a Trust Account in Republic Bank, Kentucky Acct# Interest earned, if any, will accrue to the Agent.
- d) Agent's employees who handle or are responsible for Owner's monies shall be bonded by a fidelity bond in an adequate amount.
- e) All efforts will be made to obtain the highest rent possible consistent with market conditions. Initially, an attempt to obtain \$ per month will be made with the understanding that agent may adjust the rent to as low as \$ without prior owner authorization. Minimum security deposits to be collected from lessees will be \$
- f) The procedures for returning or retaining the security deposit will be in accord with KRS 383.580 as stated in the attached lease form. The Agent, at its sole discretion, will determine the amount of security deposit refund due the tenant.

Agent's authority.

3. The owner hereby gives to the Agent the following authority and powers and agrees to assume the expenses in connection herewith:

- a) to advertise at the expense of the owner the availability for rental of the herein described premises or any part thereof, and to display "for rent" signs and agent identification signs thereon; agent may add an administrative fee of \$59.00 to advertising charges to cover Agent cost to administer advertising program. An initial deposit of \$125.00 may be collected for advertising cost; to sign, renew and/or cancel leases for premises or any part thereof; to collect rents due or to become due and give receipts therefore; if permitted by applicable law, to collect from tenants any or all of the following: an administrative charge for late payment of rent, a charge for returned or non-negotiable checks, and a credit report fee; to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute actions, to evict tenants and to recover possession of said premises; to sue for in the name of the Owner and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or suits or reinstate such tenancies; to reimburse Agent for long distance phone calls made on Owner's behalf.

Repairs.

b) to make or cause to be made and supervise repairs on said premises; to purchase supplies and pay all bills therefore. The Agent agrees to secure the prior approval of the Owner on all expenditures in excess of \$350.00 for any one item, except monthly or recurring operating charges including normal turnover expense charges and emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their leases.

Employees.

c) to hire, discharge, and supervise all labor and employees required for the operation and maintenance of the premises; it being agreed that all employees shall be deemed employees of the agent and not the Owner, and that the Agent may perform any of its duties through Owner's attorney, agents, or employees and shall not be responsible for their acts, defaults, or negligence if reasonable care has been exercised in their appointment and retention.

Service Contracts.

d) to make contracts for appliance repairs, HVAC repairs, electricity, gas, fuel, water, telephone, window cleaning, ash or rubbish hauling, and other services or such as the Agent shall deem advisable, the Owner to assume the obligation of any contract so entered into at the termination of this agreement.

Save harmless.

4. The Owner further agrees:

a) to save the Agent harmless from all damage suits in connection with the management of the herein described property and from liability from injury by any employee or other person whomsoever except in cases of willful misconduct or gross negligence and to carry, at his own expense, necessary public liability insurance adequate to protect the interests of the parties hereto, which policies shall so be written as to protect the Agent in the same manner and to the same extent they protect the Owner, and will name the Agent as co-insured. Unless the Owner shall provide such insurance and furnish such certificate within thirty (30) days from the date of this agreement, the Agent may, but shall not be obligated to, place said insurance and charge the cost thereof to the account of the Owner. The Agent also shall not be liable for any error of judgment or for any mistake of fact or law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.

b) to pay all expenses incurred by the Agent including reasonable attorney's fees for counsel employed to represent the Agent or Owner in any proceeding or suit involving an alleged violation by the Agent or the Owner, or both, of any constitutional provision, statute, ordinance, law or regulation of any government body pertaining to environmental protection, or fair housing including, without limitation, those prohibiting or making illegal discrimination on the basis of race, creed, color, religion, national origin, familial status or handicap in the rental or other disposition of housing or any services rendered in connection therewith (unless, in either case, the Agent is finally adjudicated to have personally and not in a representative capacity violated such constitutional provision, statute, ordinance, law or regulation), but nothing herein contained shall require the Agent to employ counsel to represent the Owner in any such proceeding or suit.

c) the Agent is not responsible for placing insurance coverage's on the subject property(ies) or determining the amounts or types of coverage's that should be carried.

d) Agent is not responsible for paying real estate tax bills on Owner's behalf unless the bills are specifically provided to the Agent by the Owner.

Compensation to Agent.

e) To pay the Agent:

(1) for management: nine (9) percent of the gross collected rents with a \$75.00 per month minimum.

(2) for leasing: a fee equal to ½ one month's rent with a \$550.00 per lease minimum.

(3) for lease renewals: One hundred fifty dollars (\$150.00) for each signed lease renewal.

(4) for other services:

(a) Annual maintenance & safety survey – Once per year the agent may perform an interior maintenance & safety survey. This survey is performed to check for needed or anticipated maintenance, condition of the property controlled by tenant, and for possible safety concerns. This inspection does not provide a safety guarantee of any kind, but it is intended to address generally accepted standard of care matters. The fee for this service is \$75.00 per unit per annual inspection.

(b) in the event that the Owner requests the Agent to undertake work exceeding normal management services, which is not specifically listed above with a corresponding fee, an hourly fee shall be charged equal to the then current hourly fee rate or 3% of accepted bids over \$1500, whichever is greater. (As of 1/1/12 the hourly rate is \$75.00). Normal management does not include: modernization, refinancing, fire or casualty loss restoration supervision, rehabilitation's, appearances in court by Agent or employees, supervision of repairs exceeding \$300.00, obtaining multiple bids for jobs, obtaining income tax advice, presenting petitions to planning or zoning committees, appealing tax assessments, performing a competitive market analysis for property value, advising on proposed

new construction, assisting sales agents or appraisers, attending subdivision or neighborhood association meetings, supervision of redecorating, cleaning and preparation for sale or other counseling.

- (c) that in order to offset additional costs to agent, the agent may charge tenants an application fee, late charge, or any other charges deemed necessary or appropriate. Said fees or charges to be retained by agent.
- 5. In the event the subject property is listed for sale by another real estate agent all activities relating to such sale will be the responsibility of the Owner or the listing agent and not Property Management & Realty Company. These activities include but are not limited to a) notification of listing for sale to all residents, b) supervision of redecorating, cleaning & preparation for sale, and c) arrangements for entry or appointments with tenants for showings of the property.

Termination.

- 6. Termination:
 - a) Notwithstanding anything in this Agreement to the contrary, the Owner shall have the right to terminate this Agreement upon of any of the following events:
 - (1) gross negligence by the Agent in the carrying out of the duties assigned to it hereunder,
 - (2) the filing of a petition in bankruptcy by or against the Agent or an assignment by the Agent for the benefit of its creditors,
 - (3) the condemnation or destruction of the property.
 - (4) Owner may cancel the agreement at any time by giving 30 days written notice and paying 1/2 the normal commission for the remaining term of the contract.

7. Additional terms and agreements:

Standard Pet Policy is: ACCEPTABLE or NO PETS

Owner acknowledges receipt of a copy of this Management Agreement and a lease form to be used for the subject property.

This Agreement shall be binding upon the successors and assigns of the Agent and their heirs, administrators, executors, and assigns of the Owner.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures.

Date Signed

Owner

Date Signed

Owner

Home#: Cell Phone#

Email Address:

Mailing Address:

SS# or ID#

Date Signed

By Property Management & Realty Co., Agent