

PROPERTY MANAGEMENT AGREEMENT

PREMIER REAL ESTATE GROUP
502 E PIKES PEAK #200
COLORADO SPRINGS, CO 80903

MAILING ADDRESS
PO BOX 1150
COLORADO SPRINGS, CO 80901

PARTIES: In consideration of the covenants and agreements hereinafter contained

(hereafter called Owner), and **PREMIER REAL ESTATE GROUP**, a subsidiary of First Fruits Inc.(hereafter called Agent) agree to the following;

1. PERIOD:

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

upon the terms hereinafter set forth for the period of days, months beginning on the

and ending on

and thereafter for annual periods unless on or before ninety (90) days prior to the last date above mentioned, or on or before ninety (90) days prior to the expiration of any such renewal period, Owner shall notify Agent in writing of an intention to terminate this agreement in which case this agreement may be terminated. In any event Owner may terminate this agreement upon ninety (90) days written notice after the expiration of 12 months of the original term, annual renewal period, or upon termination of the present Tenant's lease, whichever date is later. Agent may terminate this agreement at any time upon 7 days' notice to Owner.

b. Should Owner elect to terminate this agreement prior to the above dates Agent shall be entitled to a commission of **15** % of the remaining rents due on the current leases of record. This commission plus any sums due Agent shall be paid prior to termination. In addition, the Owner agrees to pay Agent a \$200.00 termination fee for early termination.

2. AGENCY: The Agent accepts the employment and agrees:

a. To use diligence in the management of the premises for the period and upon the terms herein provided, and agrees to furnish the services of its organization for the renting, leasing, operation and managing of the herein described premises.

b. To render monthly statements of receipts, expenses, and charges on or about the 19th of the month and to remit to Owner receipts less disbursements and maintenance reserve as set out herein below. In the event the disbursement shall be in excess of the rents collected by the Agent, the Owner hereby agrees to pay such excess within five (5) days after demand of the Agent or satisfactory arrangements for payment have been made with the Agent. In the event Owner does not promptly remit said amounts, they shall bear interest at the rate of 18% per annum beginning ten days after said demand by Agent. Agent will deduct all monies owed to Agent each month from Owner funds. Agent shall also render a year end statement together with a 1099 to be sent to the Owner as specified by the IRS. All future advances by Agent may be taken from future rents.

- c. Owner acknowledges that Agent will maintain a maintenance reserve on the property which amount will be remitted to Owner upon the termination of this agreement. The present amount of such reserve is \$ 300.00 . The Colorado Real Estate Commission may from time to time; make recommendations on the amount kept in this reserve account. Should they request an increase in this reserve amount, Owner hereby approves of such increase.
- d. To deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in a Trust Account in a national or state institution qualified to engage in the banking or trust business, separate from the Agent's personal account. However, the Agent will not be held liable in event of bankruptcy or failure of a depository.
- e. Agent will deposit in a separate account and become custodian of the security deposit paid by the Tenant and will retain control of disbursements of such deposits. The same shall not be paid to Owner until such time as the Tenant vacates and he shall legally be entitled to keep the same, based on the Security Deposit Accounting furnished both Tenant and Owner. Agent shall hold all security deposits in an interest bearing account and ALL INTEREST EARNED SHALL ACCRUE TO THE BENEFIT OF THE AGENT. Agent shall be the sole judge of what monies shall be refunded to Tenant and Owner agrees to be bound by any such decision. At no time during the management shall Owner be entitled to hold or to have possession of any Security Deposit and such deposit shall be held by Agent. Should the Owner direct the Agent to account for the Security Deposit in a manner not consistent with the Agent's recommendation, Owner shall take full responsibility for said action, give written notice to Agent, and defend the Agent against any legal actions brought against the Agent as a result of the Owners directive. Agent shall not be required to do the accounting as directed by Owner and Agent shall have the authority to do accountings as Agent deems appropriate.
- f. Agent may manage, list, and show competing properties to Tenants and this shall not be a breach of this agreement.
- g. Agent shall never be responsible for damage to the property for Tenant's failure to pay, for shutting off, or improper use of the utilities.

3. AUTHORITY: The Owner hereby gives the Agent the following authority and powers and agrees to assume expenses in connection with:

- a. To advertise the availability for rental of the herein described premises or part thereof, and to display "for rent" signs thereon; to sign, renew and/or cancel leases for the premises or any part thereof; to receipt for rents due or to become due and give receipts therefore; 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 rents and other sums due; and, when expedient, to settle, compromise, release such actions or suits, or reinstate such tenancies. Any lease executed for the Owner by the Agent shall be for a maximum of 12 months unless a longer time is approved by Owner, either as specified below or in writing by Owner.
- b. To process insurance claims on behalf of Owner and deal with insurance companies, Agents, or adjusters on Owner's behalf. Agent may elect to refer all claims directly to the Owner for processing. Agent would, in that event, do any final inspections on behalf of Owner for the acceptance of repair work completed by insurance contractor.
- c. To make or cause to be made and supervise repairs and alterations; 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 \$ 300.00 for any one item, except monthly or recurring operating charges and/or 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.

- d. To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises; that the Agent may perform any of its duties through Owner's attorneys, Agents or employees and shall not be responsible for the acts, defaults or negligence if reasonable care has been exercised in their appointment and retention.
- e. To make contracts for electricity, gas, fuel, water and other services as directed by Owner and the Owner to assume the obligation of any contract so entered into at the termination of the agreement. This paragraph deals specifically with utilities charged during vacancy periods and any other contracts entered into at the request of the Owner.
- f. To place blanket liability insurance on the premises and assess the annual premium to Owner. (Typically \$45-85 per year)
- g. Owner acknowledges that Agent may hire, use or contract with vendors, contractors, repair or maintenance individuals or companies that may be owned by or related to Agent or Agents employees or Brokers and Owner authorizes Agent to hire and use said individuals or companies.
- h. Agent shall disclose to any prospective Tenant all adverse material facts actually known by Agent, including but not limited to, adverse material facts pertaining to the physical condition of the Property, any materials defects in the Property, and any environmental hazards affecting the Property which are required by law to be disclosed.

4. OWNER RESPONSIBILITIES & SAVE HARMLESS:

- a. Owner agrees: To save the Agent harmless from all damage suits in connection with the management of the herein described property and from injury suffered by an employee or other person whomsoever, to include Agent's reasonable attorney fees and costs. The Agent shall not be liable for any error of judgment or for any mistake of fact of law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.
- b. Owner agrees to immediately notify Agent if the property is going into or has gone into foreclosure. Owner agrees that they shall be responsible for and shall indemnify Agent for all costs, damages, claims, and or expenses which Tenant may make or incur in moving from the property due to a foreclosure and that Agent shall have blanket authority to terminate leases, relocate Tenants, and to take all steps Agent deems appropriate to work with Tenants who may be affected by a foreclosure, and that Owner agrees that they will not make any claim against Agent for any actions taken by Agent to assist or work with Tenant due to a foreclosure. Agent shall have the right to withhold all further disbursements to Owner until the foreclosure is completed.
- c. Owner acknowledges that Owner is not aware of any environmental hazard existing on the property. This includes but is not limited to hazards of radon gas, hazardous materials, hazardous drugs or illegal substances, asbestos, lead base paint or any other environmental hazard of any kind. Owner acknowledges that upon receipt of notice of any such environment hazard that they will immediately notify Agent of the same and hereby authorize Agent to immediately notify any Tenants on the property and to take such corrective action with said Tenants, which may include immediate termination of any existing lease, to prevent or protect Tenants from any exposure to such environmental hazards.
- d. Owner has been advised that Owner is required to carry personal injury and bodily injury liability protection which specifically covers not only Owner but Agent for any loss or claim made by Tenant or Tenant's guests or invitees. Owner is required to provide Agent with a copy of said policy, upon request and at the time of any renewal, extension, or cancellation of the existing policy. Owner authorizes Agent to secure a policy, which protects Agent only, in addition to the Insurance carried by Owner.

- e. In the event the property is coming into management from another manager or if Owner has a Tenant in place, Owner shall transfer to Agent the entire security deposit, to be held by Agent. Owner shall be liable for the entire security deposit, regardless of whether Owner actually received those funds from the Tenant or the prior manager.
- f. Owner understands and agrees Owner is responsible for the maintenance and upkeep on all appliances, water heater, furnace, water systems, sprinkler systems and other systems of that nature unless specifically stated otherwise in Additional Provisions attached hereto.
- g. Owner understands that Agent will not be held responsible for water systems, solar systems, sprinkler systems, etc., regarding the malfunction, freezing or breakage of these types of units; Agent is not in a position to operate these items through a complete cycle at the time a Tenant vacates.
- h. Owner shall supply Agent with the name and address of any home Owner's association within which the property is located. Owner shall provide Agent with all covenants and any rules or regulations of such association.
- i. Owner and Agent shall comply with all federal, state or local laws, regulations or ordinances, including Fair Housing, Fair Credit, Civil Rights, and Americans with Disability acts.
- j. Owner agrees that Agent will have furnaces cleaned and serviced once each year at Owner's expense.
- k. Owner is aware that Colorado requires that leased properties meet certain minimum requirements of habitability. Owner agrees to keep and maintain the property so as to comply with these requirements and to make the repairs or take whatever other steps may be necessary to keep the property in compliance with the law. Owner agrees that Agent will hire vendors and repair companies which, when making repairs, will comply with all building codes. Owner agrees that any vendor or repair company which is hired by Owner will also comply with all building codes.
- l. Owner is aware that Colorado law may require Owner to pay for pest and rodent infestation, and Owner agrees to be responsible for and pay for same when needed.
- m. Owner agrees not to talk to nor engage in any negotiation with the Tenant. Such action by Owner shall be a breach of this agreement.
- n. Owner hereby agrees that other Brokers may be retained and compensated to assist in the leasing of the Property.
- o. Owner agrees that each time the property is released to a new Tenant that Agent will have the property rekeyed and that that shall be an Owner expense.
- p. Owner is aware that Agent may record all telephone calls and Owner hereby consents to such recording.
- q. If Owner shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any Federal, State, Municipal or governmental authority, AGENT upon giving 24 hours written notice mailed to Owner at the address to which Owner's remittances are sent, may terminate this agreement.

5. COMPENSATION TO AGENT:

- a. For Leasing, Lease Renewal and Management:

10% of the agreed full rental amount on the property. The Agent shall deduct said fee from the rental amount per month. The first month rent may be prorated but the fee will be based on the full rental amount.

- b. Advertising Program: **\$85.00**

Multiple Listing Service MLS
Rentsprings.com
Automated Housing Referral Network, military web site
Zillow, Trulia and their Platform of sites

You will be billed by Premier Real Estate Group for each calendar month while your home is being advertised.

c. For Fire Restoration, Rehabilitation, Major Repairs, Insurance Claims: The full cost of such repairs or remodeling plus all applicable taxes and fees, and a handling charge of ten (10%) percent of such repair or remodeling up to maximum of \$500.00, unless otherwise agreed in writing. Agent has the sole right and discretion to refuse to undertake supervision of major repairs, rehabilitation, and remodeling as described herein.

d. Attorney Fees and Costs: Attorney fees, legal fees, and court costs, incurred by Agent to protect the property, enforce leases, defend deposit disputes, preserve rights under leases, or for any matter concerning this agreement or the management of the property, shall be the Owner's responsibility and shall be reimbursed to Agent, by Owner.

e. Upon and after termination of this agreement pursuant to the method described in Paragraph 1 hereof, Owner agrees to recognize Agent as Broker in any pending or future negotiations for the sale of the property to the present Tenants of the property. In that event, Owner shall pay a fee of 6% of the selling price to Agent, and Agent shall process the sales transaction.

f. Owner will be charged an administration/statement fee of \$5.00 per month for mailing of monthly statements or writing checks for Owner distributions or paying of Owner monthly HOA payments or Owner mortgage payments.

g. If property is in a utility district that will not allow Tenants to place utilities in their name, Owner agrees to pay the Agent a billing fee of \$5.00 per utility billing cycle or per month.

h. In an effort to keep Owner costs controlled, Agent may charge administrative fees to the Owner for certain tasks and receive commissions, fees and/or other compensation from other vendors, parties, brokers, Tenants and companies related to the services offered.

6. WARRANTY CONTRACTS/INSURANCE CONTRACTS/HOA CONTRACTS:

a. Owner understands that if a call comes in on a weekend or holiday on appliances under service warranty Agent will respond and Owner will pay charges assessed for such calls. That vendor holding service warranty will be notified of situation on next working day if required.

b. Owner shall furnish evidence of all such appliance contracts, lawn contracts, contracts or other applicable warranty information to Agent.

c. OWNER SHALL FURNISH TO AGENT A COPY OF THE CURRENT HAZARD INSURANCE POLICY ON THE PROPERTY WITH THE NAME, ADDRESS, AND PHONE NUMBER OF THE INSURANCE AGENT SERVICING SAID POLICY.

d. Agent will not manage a home with a home warranty contract. Purchasing a full home warranty will be a violation of this agreement.

e. If property is in an HOA governed community, Owner will furnish Agent with copies of all covenants, contracts, and regulations.

7. **TERMINATION FAILURE TO LEASE:** If property is still vacant thirty (30) days after starting date of this agreement, the Owner may give notice, in writing, of his intention to terminate this agreement thirty (30) days from date of notice. Agent shall retain the right to obtain a Tenant prior to the expiration date of the said notice. In the event, Agent does obtain a Tenant, the original term of the agreement shall continue and notice to terminate shall become void. In the event this agreement is terminated due to failure of the Agent to obtain a Tenant during the first sixty (60) days, Owner will compensate Agent \$200.00 for costs/effort.

8. **TENANT FEES:** Agent shall retain any late/bad check charges, application fees, server fees and penalties, lease breaking fees, and any other charges levied on Tenants which are collected from Tenant for time and effort in rent collection process. Late fees can be as much as \$10.00 per day after the 3rd of the month. Bad check charges can be as much as \$50.00 per check. Lease break fees can be as much as \$300.00 and application fees are presently \$40.00. These charges may change from time to time.

9. **YARD:** Agent shall not be responsible and/or liable for costs of damages, in excess of security deposits and Agent shall not be responsible for trees, shrubs, and lawns lost through "winter kill", fungi, drought, vacancy periods, or Tenant neglect. Agent shall never be responsible for damages caused by Tenants nor shall Agent be liable for rents not paid by Tenants.

10. **PERSONAL PROPERTY:** Agent shall not be responsible for nor be required to replace or pay for items of personal property or fixtures which are removed from the premises or damaged or destroyed by Tenants. Owner is advised that they should leave no personal property (except appliances) at the property.

11. **ADDITIONAL FORMS:** The "Brokerage Duties Addendum to Property Management Agreement" and the "In Processing Check List", which are attached hereto and incorporated into this management agreement by reference, are forms used by Agent to manage the property and the same have been approved by Owner, pursuant to acceptance of this agreement.

12. **ADDRESS:** Address where Owner shall receive notices, statements, and emergency calls:

Name:

Address:

Cell Phone Number:

Cell Phone Number:

Email Address:

Email Address:

Owner shall provide Agent with a current mailing address as well as current work and home telephone number and a current email address. Owner shall notify Agent within five (5) days of any change in this information.

13. INSURANCE: Insurance Information: It is the Owner's responsibility to contract for, pay for, and maintain primary fire, casualty and liability insurance on the property. Owner is advised that the insurance on the property should be converted from a Homeowners policy to a Rental Insurance policy.

Insurance Company:

Address:

Agent:

Telephone number:

Misc. Information:

14. ADDITIONAL CLAUSES:

- a. In the event of any dispute or proceeding concerning this agreement, all parties agree to waive the right to a trial by jury.
- b. Venue and jurisdiction to enforce, interpret or for any dispute concerning this agreement shall be with the courts of El Paso County, Colorado and shall be done using Colorado Law.
- c. If there is a conflict between any provision of this Brokerage Disclosure To Landlord or the Brokerage Addendum To Property Management Agreement, and the Management Agreement, the provisions of the Management Agreement shall control the rights and duties of the parties.
- d. This is a legal contract and Owner is advised to consult legal counsel or tax counsel prior to signing the same.
- e. In the event of termination of this agreement, the Security Deposit may be transferred to Owner or Owner's new Agent, and Tenant shall be given notice of such transfer which shall include Owner's name, mailing address, and phone number(s). Owner is advised that, if a deposit is transferred to Owner, Owner shall be required to comply with Colorado law as to all future accountings of said deposit to Tenant, and that failure to properly account may subject Owner to treble damages and other penalties.
- f. Colorado law requires properties to have smoke and carbon monoxide detectors. Owner shall be responsible for the maintenance of such devices, including periodic replacement of batteries, and Agent shall not be liable for, nor responsible for the reliability of such detectors.
- g. In the event Owner elects to sell the property and does not use Agent as the listing broker, then and in that event, Agent shall be compensated \$100.00 per unit for providing documentation for Owner to complete the transaction.
- h. In the event Owner places a property in management which is in need of substantial repairs or cleaning, Agent reserves the right to charge Owner a fee for the supervision and coordination of the necessary work, and Owner agrees to deposit with Agent sufficient monies to make the needed repairs, prior to Agent contracting to have the same done.
- i. Agent cannot guarantee that Tenants will vacate the property as agreed or at lease termination. In the event Owner intends to move into the property, upon termination of management, Owner is advised that should the Tenant default and not move out as agreed, that Agent shall not be liable for Owner's moving, living, storage or other expenses.
- j. No clause or provision of this agreement shall be construed against either party as the drafter of the same. In the event any clause or portion of this agreement is found to be invalid or not enforceable, the remainder of the agreement shall remain fully valid and enforceable.

15. ADDITIONAL PROVISIONS:

THIS AGREEMENT SHALL BE BINDING UPON THE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS IN INTEREST, AND ASSIGNS OF THE PARTIES HERETO.

In witness whereof the parties have hereto affixed their hands and seals this day of

OWNER: _____

OWNER: _____

**AGENT FOR OWNER:
PREMIER REAL ESTATE GROUP
P. O. BOX 1150
COLORADO SPRINGS, COLORADO 80901**

BY: _____

REV 3/19/18

This management agreement is not a Real Estate Commission approved form and was prepared by Kenneth E. Davidson, attorney for Premier Real Estate Group.