

**PROPERTY MANAGEMENT AGREEMENT**

THIS PROPERTY MANAGEMENT AGREEMENT (the "Agreement") is made and entered in this \_\_\_\_\_ day of \_\_\_\_\_, 2011, between \_\_\_\_\_ (the "Owner"), and Krenzer Property Management, Inc. ("KPM").

**WITNESSETH:**

WHEREAS, KPM is a licensed Real Estate Broker in the state of Tennessee engaged in the business of managing and operating commercial and residential real estate; and

WHEREAS, Owner desires to retain the services of KPM, and KPM desires to render management services to Owner, upon the terms and conditions as contained herein.

NOW, THEREFORE, for and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

**1. Agreement.** Owner hereby agrees to employ the services of KPM to manage, operate, control, rent, and lease the following property/properties: \_\_\_\_\_ (the "Properties")

**2. Duties of KPM.** Owner hereby appoints KPM as his lawful agent and attorney-in-fact with full authority to do any and all lawful things necessary for the fulfillment of this Agreement, including the following, and KPM will use due diligence in the performance of this Agreement:

A) Display FOR RENT/LEASE and similar signs on the Properties and advertise the availability of the Properties, or any part thereof, for rental or lease. All advertisements are at the expense of KPM.

B) Initiate, sign, renew, modify, or cancel rental agreements and leases for the Properties, or any part thereof; collect and give receipts for rents, fees, charges, and security deposits. Any lease or rental agreement executed by KPM for Owner shall not exceed \_\_\_\_\_ and shall be a minimum of \_\_\_\_\_. KPM will set rents that in the opinion of KPM at the time of the rent negotiations with the tenant, reflect the market conditions of that time and approximate rents of comparable rental properties, unless expressly instructed in writing by the Owner to KPM to the contrary, as to the amount of the initial rent and any subsequent increases as may from time to time be appropriate. Owner agrees to permit KPM to screen potential tenants on the basis of credit history, employment status, previous rental history, availability of funds and other criterions KPM deems necessary.

- Suggested rent: \_\_\_\_\_

C) Sign and serve in Owner's name notices that are required or appropriate; commence and prosecute actions to evict tenants; recover possession of the Properties in

Owner's name; to sue and recover for rent, for other sums due, and for loss or damage to any part of the property and/or furnishings thereof and, when expedient, settle, compromise, and release claims, actions, and suits/or reinstate tenancies.

D) Make, cause to be made, and/or supervise repairs, improvements, alterations, and decorations to the Properties; purchase, and pay bills for, services and supplies. KPM shall obtain prior approval of Owner for all expenditures over **\$200.00** for any one item. Prior approval shall not be required for monthly or recurring operating charges or, if in KPM's opinion, emergency expenditures over the maximum are needed to protect the Properties or adjacent property(ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines, or suspension of services to tenants required by a lease or rental agreement or by law, including, but not limited to, maintaining the Properties in a condition fit for human habitation as required by the applicable statutes and regulations.

E) Contact, hire, supervise, and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Properties. KPM may perform any of KPM's duties through attorneys, agents, employees, or independent contractors.

F) Comply with federal, state, or local law requiring delivery of reports or notices and/or posting signs or notices.

G) Pay expenses and costs for the Properties from monthly rental payments received from tenants. If the Properties are vacant at the time the expenses occur, Owner is required to pay said expenses immediately at the time expenses are incurred by KPM and/or at the time of the monthly invoice from KPM. Expenses and costs may include, but are not limited to, property management compensation, fees and charges, utilities or fuel, expenses for good and services, and Home Owner's Association dues. Except as otherwise stated in this Agreement, KPM shall not advance KPM's own funds in connection with the management or maintenance of the Properties or this Agreement.

H) Receive security deposits from tenants, which deposits shall be held by KPM. KPM shall be responsible to tenants for the return of the security deposits after a final walk-through of property, all rents and late fees are paid in full, and/or any other miscellaneous expenses associated with the property are paid in full.

I) Disburse Owner's funds, held in KPM's account, in this order: (a) payment of compensation due to KPM under paragraph 4 hereunder, and (b) reimbursement of expenses and costs incurred by KPM under paragraph 3(e) hereunder, and (c) all other operating expenses, costs, and disbursements payable from Owner's funds held by KPM, and (d) balance to Owner on a monthly basis, if any funds are available.

J) KPM will render monthly statements detailing the disbursed funds, and itemized receipts, expenses, and charges for each of the Properties.

**3. Duties and Representations of Owner:** In the execution of this Agreement, Owner shall:

A) For each individual property, Owner will provide KPM with a master key that will operate all exterior doors and deadbolts of said property. In the event different keys are required to access different exterior doors or deadbolts on any one property, Owner will then have all exterior doors and deadbolts of said property re-keyed at his cost so that KPM will only require one key per property. Owner authorizes KPM to make as many copies of said keys as are necessary to efficiently operate and manage the Properties. If applicable, Owner will provide KPM with at least two (2) garage door openers for each individual property.

B) Owner will provide KPM with all documentation and records as required by law or required by KPM to manage and operate the Properties. Owner will immediately notify KPM if Owner becomes aware of any change in such documentation or records that may affect the habitability of the Properties.

C) Owner hereby agrees to hold KPM harmless from, and to defend KPM against, any and all claims, charges, debts, demands and lawsuits. Owner agrees to pay KPM's attorney's fees related to KPM's management of the herein-described Properties and any liability for injury on or about the Properties which may be suffered by any employee, tenant or guest upon the said Properties. Owner agrees to maintain sufficient and prudent all risks property insurance and that KPM shall be an additional named insured. Owner shall provide a copy of such insurance policy to KPM for the KPM's records.

D) Owner represents that all property taxes assessed against the Properties are fully paid and current. Owner will pay or cause to be paid all property taxes assessed against the Property by local, county, state and other taxing authorities on or before they are due.

E) Maintain the Properties in a condition fit for human habitation and in accordance with all applicable statutes and regulations.

F) Immediately pay KPM for the cost of any services, repairs, and/or utilities incurred by KPM if Properties are vacant and/or the monthly rental payment and/or repair/utility escrow is not sufficient to cover said costs. Repair/Utility escrow of \$250.00 shall be paid to KPM upon signing of this agreement.

G) Owner warrants and represents to KPM that Owner is the lawful owner of the Properties, or that Owner has the authority to execute this Agreement.

**4. Compensation:**

A) Owner agrees to pay KPM fees in the amounts indicated below for the following services (Check box for required services):

- |                          |             |   |
|--------------------------|-------------|---|
| <input type="checkbox"/> | Management: | <u>Fee</u><br>15% of gross rent collected |
|--------------------------|-------------|---|

<input type="checkbox"/>	Renting or Leasing:	Included
<input type="checkbox"/>	Evictions:	Attorneys fees plus costs
<input type="checkbox"/>	Preparing Property for rental or lease:	Cost of preparation
<input type="checkbox"/>	Lease Renewals:	Included
<input type="checkbox"/>	Late Fees/Fines:	15% of fees/fines collected
<input type="checkbox"/>	Repair/Utility Escrow:	\$250.00

B) This agreement does NOT include providing on-site management services, property sales, refinancing, preparing the Properties for sale, modernization, fire or major damage restoration, rehabilitation, obtaining income tax, accounting or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Home Owner's Association meetings. If Owner requests KPM to perform services not included in this Agreement, a fees shall be agreed upon before these services are performed.

C) KPM may divide compensation, fees, and charges due under this Agreement in any manner acceptable to KPM.

D) Owner further agrees that KPM may receive and keep fees and charges received from tenants for (i) requesting an assignment of lease or sublease of the Properties, or any part thereof; (ii) processing credit applications; (iii) any returned checks; and (iv) any other services that are not in conflict with this Agreement.

E) KPM may perform any of KPM's duties, and obtain necessary products and services, through affiliated companies or organizations in which KPM may own an interest. KPM may receive fees, commissions, and/or profits from these affiliated companies or organizations. KPM shall disclose to Owner any other such relationships as they occur. KPM 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) KPM is equipped to accept rent payment and other payments from tenants by credit/debit card. KPM may, at its sole discretion, charge credit / debit card and/or convenience fees to Owner.

5. **Term of Agreement:** The term of this Agreement shall commence on \_\_\_\_\_, 2011 and end on \_\_\_\_\_ or until the lease on the Properties, or any renewal thereof, expires. Upon expiration of the above initial term, this Agreement shall automatically be renewed and extended for a like period of time unless terminated in writing by either party sixty (60) days prior to the date for such renewal. This Agreement may also be terminated by mutual agreement of the parties at any time upon payment to KPM of all fees, commissions, and expenses due to KPM under terms of this Agreement.

6. **Equal Housing Opportunity:** The Properties are offered in compliance with federal, state, and local anti-discrimination laws. Owner agrees that KPM cannot

discriminate and screen potential tenants on the basis of race, sexual preferences, ethnicity, family status, religion, age or disability.

7. **Default.** The occurrence of any of the following shall constitute a default by Owner under this Agreement:

A) If Owner shall fail to pay any payment due to KPM under this Agreement and such failure shall continue for a period of ten (10) days after written notice thereof;

B) If Owner shall violate or fail to perform any other term, condition, covenant or agreement to be performed or observed by Owner under this Agreement, and such failure shall continue for a period of thirty (30) days after written notice thereof; If there shall be any default by Owner under this Agreement, KPM shall have the right, at its sole option, to terminate this Agreement, and KPM shall have the right to set off or deduct the amount owed to KPM from any rent payment or other sums collected by KPM under this Agreement and payable to Owner. All rights and remedies of KPM set forth in this Agreement are in addition to all other rights and remedies available to KPM at law or in equity. All rights and remedies available to KPM pursuant to this Agreement or at law or in equity are expressly declared to be cumulative.

8. **Attorneys' Fees.** Owner shall pay any reasonable attorneys' fees, costs and expenses, including, without limitation, court costs and experts' fees, which KPM may incur in exercising or protecting any of its rights or remedies hereunder or which it may otherwise incur because of Owner's default under this Agreement.

9. **Miscellaneous:** Time is of the essence. This Agreement shall be governed, construed and interpreted by, through and under the laws of the state of Tennessee. If any provision of this Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law. The parties hereby agree that this document contains the entire agreement between the parties and this Agreement shall not be modified, changed, altered or amended in any way except through a written amendment signed by all of the parties hereto. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of KPM and the heirs, administrators, successors, and assigns of the Owner. In the event KPM assigns this Agreement, then KPM shall be released from all liability under this Agreement upon the express assumption of such liability by its assignee.

**OWNER ACKNOWLEDGES THAT OWNER HAS READ, UNDERSTANDS, AND ACCEPTS THE TERMS AND CONDITIONS OF THIS AGREEMENT. OWNER ACKNOWLEDGES THAT IT HAS RECEIVED A COPY OF THIS AGREEMENT.**

**IN WITNESS WHEREOF**, the parties hereto hereby execute this Agreement on the date first above written.

Owner's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Owner's Printed name: \_\_\_\_\_

Address: \_\_\_\_\_

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

E-mail: \_\_\_\_\_

**KRENZER PROPERTY MANAGEMENT, INC.**

By \_\_\_\_\_ Date: \_\_\_\_\_

Christian Lamoureux, Property Manager  
525 W. Morris Blvd, Suite F  
Morristown, TN 37813  
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SAMPLE AGREEMENT