

# GENUINE

—PROPERTY MANAGEMENT—



## RESIDENTIAL PROPERTY MANAGEMENT AGREEMENT (1 TO 15 UNITS)

This Property Management Agreement is between \_\_\_\_\_ ("Owners") and Genuine Property Management ("Manager"). For reference purposes it is dated \_\_\_\_\_.

Owner(s) owns \_\_\_ a single family residence \_\_\_ a condo/townhouse \_\_\_ a multi-unit apartment complex \_\_\_ Other described as \_\_\_\_\_, located at \_\_\_\_\_, County of Orange, California (the "Property").

Manager is a licensed California real estate broker engaged in the business of property management, DRE License No. 01526159 with Old Newport Realty, Inc. DBA: Genuine Property Management.

The parties agree as follows:

### 1. MANAGEMENT SERVICES

Owner appoints Manager and Manager accepts the appointment as Owner's exclusive Property manager, with the authority to direct, supervise, and manage the Property's operation.

### 2. PROPERTY LEASING

2.01. Leasing to Tenants. Manager will be Owner's exclusive agent to lease the Property. Manager will use reasonable efforts to keep the Property leased. Manager is authorized to approve, execute, deliver and renew leases on behalf of Owner. Manager will use Manager's then current standard lease form or if a specific lease form is required for a regulatory agency having authority over the Property, the required lease form. Manager may set rental terms (including term of rental, rental rate, security deposit amounts and rental concessions) in accordance with Manager's reasonable business judgment, prevailing market conditions, and any governmental regulations, unless otherwise directed by Owner. Manager may advertise Property availability using appropriate media such as internet, displaying signs on the Property and by any other methods customarily used by Manager.

2.02. Security Deposits. Upon renting, the law recognizes the property as a business and requires the owner to expect some expenses for cleaning and maintenance as 'normal wear & tear' while operating the rental property. The Owner understands that some 'wear & tear' expenses will occur and that these costs cannot be charged to a Tenant and realizes Owner will incur these expenses. The disposition of the security deposit of tenants, whether the deposit is held by the Owner or MANAGER, shall be at the sole discretion of Manager. Manager may elect at Manager's option to forward tenants security deposit funds to Owner, and Owner shall have the full legal obligation and responsibility for tenant's security deposit disbursement and any resulting legal action.

2.03. Keysafe/Lockbox. Owner authorizes use of a keysafe/lockbox to allow entry into the Property and agrees to sign a keysafe/lockbox addendum (CAR Form KLA) upon request by Manager.

2.04. MLS. Manager may not list the Property on the MLS without Owner approval. If the Property is listed on the MLS, all terms of the transaction will be provided to the MLS for publication, dissemination and use by persons and entities pursuant to the terms of the MLS, and Owner authorizes Broker to comply with the MLS rules. MLS rules allow MLS data to be made available to the MLS to additional internet sites unless Manager gives the MLS instructions to the contrary.

2.05. Qualification of Tenants. Before executing new leases, Manager will investigate the financial ability and criminal, eviction, credit, and rental history of the applicant and perform necessary credit checks (either directly or through a tenant screening company). Investigation expenditures will be considered Manager's operating expenses. While Manager will investigate tenant qualifications, Manager does not guaranty any tenant performances. Manager will not obtain Owner approval of prospective tenant applicants before entering into leases or rental agreements. Owner nor Manager will not decline to lease to a prospective tenant on the basis of any Federal protected class including race, color, religion, sex, national origin, familial status and handicap, nor on the basis of any class protected by California law such as marital status, gender, gender identity, gender expression, genetic information, sexual orientation, age, ancestry, source of income, medical condition, citizenship, primary language, immigration status, service animals or emotional support animals, or any other arbitrary basis.

2.06. Authority and Duty to Enforce Leases. Manager is authorized to serve notices on tenants and to institute any action or proceeding it deems necessary to recover possession of the Property, or to recover rent, charges, or other sums payable to Owner. Manager may compromise and settle or otherwise discontinue any such action or proceeding at Manager's discretion. In exercising the authority granted by this Paragraph, any collection fees, costs, and legal fees incurred by Manager or Owner will be considered operating expenses of the Property.

2.07. Authority to Receive Service of Process, Notices and Demands. Manager is authorized to act on behalf of Owner to receive service of process, notices, and demands.

2.08. Service Animals and Emotional Support Animals. Owner understands that State and Federal laws govern "Service Animals" and "Emotional Support Animals" are not considered pets, and therefore pet policies do not apply. Manager shall have full authority to review and approve all animal/pet requests following ADA, Fair Housing, and HUD rules and regulations. We use a third-party pet screening service to assist in validating certifications and pet medical records.

### **3. OPERATION AND MAINTENANCE**

3.01. Maintenance. Manager will assist in the cause of the Property to be maintained in a good, clean, and sanitary condition and to be repaired, as necessary. Any single maintenance or single repair expense more than \$500 will require Owner's prior approval, unless it is within the limits of the operating budget, or unless it is an emergency repair involving imminent danger to persons or property, or to expenditures required to avoid suspension of any necessary service to the Property. For those items for which the owner requests additional bids that in Agent's sole discretion are likely to cost less than \$1,500.00, they will not be let out for additional bids, and Agent shall be under no duty to solicit bids for those items but will provide a qualified vendor for the same. Common maintenance services should be performed annually to protect against deferred maintenance and for the health, welfare, and safety of the tenants. The following are recommended maintenance services that may be performed upon Manager obtaining knowledge of such problems at Managers sole discretion:

1. Gutter Cleaning (Dry Rot Prevention)
2. Downspout Clearing (Dry Rot Prevention)
3. Tree Branch Removal from Roofs and Gutters (security deposit & Tear, Rodent, Dry Rot Prevention)
4. Water Heater Service and Flush (Energy Savings, Appliance Longevity)
5. HVAC Service and Filter Change (Energy Savings, Appliance Longevity)
6. Dryer Vent Cleaning (Safety Fire Prevention)
7. Smoke Alarm Test and Battery Replacement Semiannually (Safety Fire Prevention)
8. Carbon Monoxide Test and Battery Replacement Semiannually (Safety Personal)
9. Lube Garage Door, Door Return Safety Test, Light Bulb Replacement (Safety Personal)
10. Refrigerator Coil Service & Clean (Energy Savings/Appliance Longevity)
11. Range Hood Filter Service & Clean (Energy Savings/Appliance Longevity)

3.02. Services and Utilities. Manager will contract on Owner's behalf for all services and utilities necessary for the efficient operation and maintenance of the Property. Manager will not enter any service or utility contract on behalf of Owner that has a term more than one year or requires an annual expenditure in excess of \$1,500 without first obtaining the prior written consent of Owner.

3.03. Legal and Accounting Services. Manager will refer any matter requiring legal or accounting expertise to the appropriate professional designated by Owner, and the fees for these professionals will be a Property expense to be paid from Owner's funds.

3.04. Taxes. Owner alone will determine whether to contest any taxes or assessments levied against the Property, and the contest will be at Owner's sole cost and expense. All tax assessment notices received by Manager will be promptly forwarded to Owner. If Owner requests Manager's assistance in contesting any tax or assessment, the Manager's fee for the service will be determined by a separate agreement between the parties.

3.05. Owner Performed Repairs. If Owner performs any repairs to the property themselves or hire their own service providers, Owner must notify Manager of their intent to do repairs themselves prior to Manager providing estimates for repairs. Owner agrees to sign Manager's Owner/Landlord Repair Addendum (Repairs Made by Landlord/Owner, Directly or through Person/Company Hired by Landlord/Owner) and Owner's service providers must sign Manager's Subcontractor Release and Waiver of Liability Form. If owner performs any repairs fails to notify Manager, then Owner and their subcontractors assume all risk and liability and release and indemnify Manager of all liability that may result from their actions before, during and after the repairs have been completed. Owner performed repairs after receipt of Manager's estimate will be charged an estimate preparation fee of \$350 for Manager and vendor's time.

#### **4. COLLECTION AND DISBURSEMENT OF INCOME**

4.01. Rent Collection. Manager will use reasonable efforts to collect all rents and income from the Property.

4.02. Deposits. Owner's funds will be deposited in a broker trust account.

The broker trust account may be an analyzed trust account. The analyzed trust account accrues earnings credits that are used to offset the cost of normal bank and accounting services assessed to Manager. Any excess earnings credits or funds earned from the analyzed trust account may be paid to Manager or vendors used by the Manager. The analyzed trust account provides Manager with a financial benefit.

The broker trust account will be designated for the benefit of Owner. California law prohibits Owner from being a signatory on Manager's broker trust accounts.

Owner's funds will be deposited in one or more accounts opened by Owner, in Owner's name, in which no Manager employee will be a signatory. To have operating funds, Owner will deposit funds into one or more Manager broker trust accounts opened for the benefit of Owner, as mutually agreed by Owner and Manager, to provide.

4.03. Initial Deposit/Repair Reserve. Upon execution of this Agreement, Owner will deliver to Manager \$500, which will be kept as a repair reserve to enable Manager to pay Property expenses as they come due. Owner authorizes Manager to maintain a reserve of \$500 per unit unless otherwise agreed by the parties to be \$\_\_\_\_\_ per \_\_ unit \_\_ property.

#### 4.04. INCOME DISBURSEMENT

(a) From the funds held in the broker trust account, Manager will disburse regularly and punctually all operating expenses of the Property (if Manager receives invoices), and Manager's compensation. Owner will retain responsibility for direct payment of the following Property expenses: any expenses for which Manager does not receive an invoice (excluding Manager's compensation).

Owner's funds will be disbursed in the following order:

- (1) Compensation due to Manager.
- (2) All other operating expenses, costs, and disbursements payable from Owner's funds held by Manager.
- (3) Reserves and security deposits held by Manager.
- (4) Balance to Owner.

(b) California law requires Manager to remit to the California Franchise Tax Board 7% of taxable income for out of state Owners collected by Manager for Owner unless an exemption applies. Owner authorizes Manager to remit these funds to the California Franchise Tax Board unless Owner provides proof to Manager that Owner is not subject to the withholding requirements. Proof may consist of an accurate, complete, and signed FTB Form 590, a waiver letter issued by the FTB, or a reduced withholding letter issued by the FTB.

(c) If Owner is a foreign investor (non-U.S. person), Manager is required to withhold and remit to the IRS 30% of gross rents, unless Owner completes a W-8ECI, in which case Owner is responsible for making any necessary estimated tax payments.

(d) If the balance in the Operating Account is insufficient to pay disbursements due and payable, Manager will promptly inform Owner of that fact and Owner will then remit to Manager sufficient funds to cover the deficiency. Manager will not be required to use Manager's funds to pay these disbursements.

(e) On the 10<sup>th</sup> of each month Owner will receive the monthly statement by check or ACH funds transfer request on the 10<sup>th</sup> of each month requiring one to three days to appear as a deposit. If the 10<sup>th</sup> falls on a weekend or holiday funds will be dispersed the next business day. Any excess of funds received over disbursements and operating reserve that are received after the 10<sup>th</sup> shall be forwarded to Owner in the following month unless requested by the Owner via email to pay before.

(f) Tenants can make their rental payments via credit card, personal check, cashier's check, money order and/or online ACH bank transfer. Please note that all payments are held for three business days to ensure funds have cleared. Monthly accounting for each property is processed in the order payment is received.

Owner chooses to receive distributions by \_\_\_ ACH bank transfer \_\_\_ Mail check to US address

Owner 1 routing number \_\_\_\_\_ checking \_\_\_ savings \_\_\_ account number \_\_\_\_\_

Owner 2 routing number \_\_\_\_\_ checking \_\_\_ savings \_\_\_ account number \_\_\_\_\_

Owner 3 routing number \_\_\_\_\_ checking \_\_\_ savings \_\_\_ account number \_\_\_\_\_

(g) Owner consents to receiving year end documents such as Profit & Loss, IRS Form 1099 and other forms that will be submitted electronically via email.

**5. ACCOUNTING RECORDS AND REPORTS**

5.01. Books and Records. Manager agrees to keep accurate, complete, and separate Property records showing all Property income and expenditures, accounts payable, accounts receivable, available cash, and other assets and liabilities.

5.02. Income and Expense Reports and Other Reports. Each month Manager will prepare and submit to Owner a statement that shows a summary of all rents and other income collected and all operating expenses for the Property. Manager will additionally prepare and submit to Owner any other reports mutually agreed upon by Owner and Manager, including (but not limited to) a rent roll and cash disbursements journal.

**6. MANAGER'S COMPENSATION**

6.01. Basic Compensation. In consideration of the services to be rendered to Owner by Manager under this Agreement, Owner will pay Manager as follows:

(a) For Management Services:

\_\_\_% percent of the monthly rent amount charged, to be computed and payable monthly or a flat fee of \$\_\_\_\_\_ per month. If the Property is occupied, but rent is waived or credited to the tenant for any reason, the fee is based on a normal month's rent.

Minimum management fee per unit is \$125 and no fee during vacancy period.

(b) For Leasing Services:

For each new lease (non-renewal) a tenant placement fee of 35% percent of one month's rent. Landlord is not permitted to hire friends, relatives, Realtors, etc. to market the property during the management period. Only Manager has the right to market property.

Upon the annual anniversary or expiration of a lease or month-to-month agreement, a fee of \$250 will be charged for renewals or extensions to place the resident on the current version of the Manager's lease or month-to-month agreement.

Payment for any renewal or extension is due upon renewal or extension.

(c) For Evictions or Non-Payment of Rent: Cost of the eviction service is paid by Owner. If a tenant was placed by Owner or prior management company, a \$150 monthly non-rent payment management fee or eviction

supervisory fee applies during period of no rent collection. If tenant was placed by Manager, then monthly administrative fee is waived.

(d) Application Fees and Non-Sufficient Funds (NSF) Fees: Manager will be entitled to 100% of application fees (to be applied toward hard and soft application processing costs), NSF, late fees, and Hold Deposits.

(e) **Other:**

For any partial months of management, the management fee due to Manager for the month will be prorated daily, based upon the gross income for the entire month. Manager may disburse the management fee without further authorization from Owner. However, if the Property funds held by Manager are insufficient to pay the management fee, Owner will promptly pay the management fee to Manager upon demand. All management fees not paid within five (5) days after they become due will bear interest until paid at the rate of ten percent (10%) per year. "Gross income" is all rent, parking fees, laundry income, and other income from the Property. Gross income will not include (unless applied to unpaid rent and other amounts due from residents), proceeds of financing or insurance policies (except proceeds payable from rental interruption insurance).

6.02. Compensation for Special Services. The compensation payable by Owner to Manager under this Agreement covers general management services specifically described in this agreement and does not cover any special services Owner may from time to time request Manager to perform or out of office time required to accomplish tasks that cannot be performed in-office, including but not limited to Property buying and selling, Broker price opinions, preparing the Property for sale, modernization, fire or mold or major damage restoration, rehabilitation, obtaining tax, representing Owner before public agencies, court appearances, or homeowner's association meetings, advising on proposed new construction, counseling, onsite inspections, repairs and maintenance, donation or junk pickups, and other tasks that may arise from time to time. If Owner requests Manager or if Manager must perform any special services requiring additional administrative or out-of-office time is required above the scope of general management services, it will be at a cost of \$125 per hour. To coordinate, obtain estimates, renovate, remodel, repair, or to purchase materials that exceed \$5,000 per entirety of project a coordination fee of 5% will be charged and is capped at \$5,000. Any basic repairs, renovations, projects, or maintenance fees under \$5,000 the coordination fee does not apply.

6.03. Periodic Visual Property Inspections. Manager may perform, at managers discretion, a general property inspection shortly after the management start for occupied properties to help ensure property is suitable for habitability, to document condition, and help determine if any safety and functionality items require attention; subsequent periodic visual inspections may be performed at manager discretion every nine months thereafter following California Civil Codes [Civil Code Secs. 1941, 1941.2, 1941.3] to help ensure proper care of the property. Upon residents move in a visual property inspection may be performed, at managers discretion, approximately ninety (90) days after move in to help ensure property is generally clean, cared for and for lease compliance; then every nine (9) months thereafter per the same California Civil Codes [Civil Code Secs. 1941, 1941.2, 1941.3] to help ensure proper care and maintenance at managers discretion. The cost per general property inspection is \$200 for each unit or residence. The report includes photographs of rooms, bathrooms, appliances, garage, property exterior and may note areas or items of concern. Installing smoke/CO alarms may be able to be done while onsite by Manager's periodic inspector and charged to Owner and/or tenant.

6.04. Affiliates. Property Manager may perform any of Property Manager's duties, and obtain necessary products and services, through affiliated companies or organizations in which Property Manager may own an interest. Property Manager may receive fees, commissions, and/or profits from these affiliated companies or

organizations. Property Manager does not have any ownership interest in affiliated companies or organizations.

6.05. Collections. The owner agrees to allow Property Manager to act as a Collection Agency to act in the collection capacity to collect funds due from ex-tenants. Property Manager will, at Broker's expense, pay all legal fees associated with the collection of such accounts and the Broker will retain 35% of all funds collected for this service in addition to the management fee as listed in Section 6.01(a). Ex-tenant's credit file will be reported to credit reporting bureaus naming Genuine Property Management as the collection company. Property Manager will disclose to Owner any other affiliate relationships as they occur. Property Manager will not receive any fees, commissions or profits from unaffiliated companies or organizations in performing this Agreement, without prior disclosure to Owner.

6.06. Compensation for Property Sale to Tenant. Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each broker individually and may be negotiable between the seller and broker. If the Property is purchased by a tenant placed by Manager (or that tenant's family, affiliate, or agent), Manager will be entitled to 2.5% of the gross sales price, as compensation for services rendered (i.e., as the procuring cause of the sale). Manager's right to this compensation will apply (i) irrespective of agency relationships, and (ii) whether the sale occurs either during the Agreement term or within one year after termination of the Agreement. Manager will not act as the listing agent (i.e., will not list the property, will not act as the listing agent (Seller's agent), will not act as the Selling agent (buyer's agent), nor have any obligation to assist with the sales transaction in any way), unless the parties otherwise agree, and this agreement is confirmed by a separate written agreement. This obligation will remain binding, even if Owner enters into a listing agreement with any other broker to sell the Property within one year after termination of the agreement. Owner irrevocably assigns the compensation to Manager from Owner's funds and proceeds in escrow.

6.07. No Partners. Nothing contained in this Agreement is intended to create a joint venture, partnership, or similar relationship between the parties. Neither Manager nor any employee, servant, contractor, or subcontractor of Manager is to be the employee, servant, contractor, or subcontractor of Owner. Vendors may provide Manager gifts, certificates, meals, event tickets, or an invoice credit or discount in exchange for coordinating the services provided by vendor and Owner allows Manager to receive said gifts or discounts. Manager and its employees will have the authority to contract, on behalf of Owner in Owner's name, with the various suppliers, subcontractors, insurance companies, utility companies and service companies necessary for the operation and maintenance of the Property, subject to the terms and conditions of this Agreement.

## **7. TERMINATION**

7.01. Term. Manager will begin providing management services on \_\_\_\_\_ and will continue until \_\_\_\_\_ (the "original term"). After the original term, this Agreement will be automatically renewed, on the same terms and conditions on a month-to-month basis until terminated by either party with at least 30 days' notice is given before expiration of a term, except as may be amended by Manager with 30 days' notice by Manager, with the change to become effective 30 days after expiration of the notice (if the Agreement term is month to month).

7.02. Termination Upon Default. Either party may terminate this Agreement if the other breaches this Agreement and fails to cure within 30 days after being requested to do so by the other party. Manager may

terminate agreement immediately with written or verbal notice if in the opinion of Manager, the Owner's actions or inactions are illegal, improper, or jeopardize the reputation, safety, or welfare of any tenants, vendors, Manager's employees, officers, shareholders, directors, agents, personal representatives, successors and/or assigns.

7.03. Sixty Day Money Back Guarantee. If Owner is not satisfied for any reason during the first sixty (60) days of management services, Owner may cancel agreement by notifying Manager in writing within forty-five (45) days of date of the agreement allowing fifteen (15) days to close out accounting, marketing, tenant notification, etc. All lease placement fees, and management fees paid to Manager will be refunded to Owner within the 60-day period following the date of termination.

7.04. Termination on Sale. Owner will notify Manager at least 30 days before an anticipated transfer of title to the Property. Manager shall have the right to terminate Agreement immediately due to liability of third party representation. On transfer of title to the Property, this Agreement will automatically terminate.

7.05. Right to Terminate on Bankruptcy. If either Owner or Manager is adjudicated a bankrupt, voluntarily files for bankruptcy, or makes any assignment for the benefit of creditors, either party may terminate this Agreement by giving the other written notice of termination. The Agreement will terminate on the date specified in the notice of termination.

7.06. Effect of Termination. On termination of this Agreement, Owner and Manager agree as follows:

(a) Manager will deliver to Owner all Property funds, after deducting all outstanding checks which have not yet been paid, including any sums due to Manager. Manager will additionally have the right to withhold funds for up to 90 days after termination, in an amount deemed prudent by Manager, to allow Manager to pay bills previously incurred but not yet invoiced. Within 90 days after the end of the month in which the Agreement is terminated, the balance not applied toward amounts due, will be paid to Owner.

(b) Manager will promptly deliver to Owner all the leases and other records in Manager's possession pertaining to the operation of the Property, together with all keys, supplies, equipment, or other items of Property owned by Owner and in Manager's possession.

(c) Manager's right to compensation will cease, except that Manager is entitled to compensation for services rendered before the termination date, or if Owner terminates in breach of the Agreement, Owner will be responsible to Manager for Manager's damages resulting from the breach.

(d) The agency relationship created under this Agreement will immediately cease, and Manager will have no further right or authority to act for or on behalf of Owner.

(e) Manager and Owner will each execute any other documents as may be reasonably required to effectuate the termination and transfer of management to Owner or to any other manager selected by Owner.

(f) The party's representations and warranties, and all Agreement provisions requiring payment of attorney's fees, indemnification, defense, reimbursement, or pre-termination insurance, will survive termination of this Agreement.

## 8. OWNER OBLIGATIONS AND REPRESENTATIONS

8.01. Owner Representations. Owner represents and warrants the following to Manager:

(a) Owner is the legal owner of the Property, no other persons or entities have title to the Property, and Owner has the authority to sign this Agreement and lease or rent the Property. Any exceptions to ownership, title and authority are listed here: \_\_\_\_\_

(b) The Property is not in foreclosure (i.e., no Notice of Default or Notice of Sale has been recorded against the Property), and Owner is current on all mortgage and tax payments;

(c) Owner has not received any written notices alleging that the Property violates applicable law;

(d) To the best of Owner's knowledge, except as disclosed to Manager in writing, the Property does not contain hazardous or toxic materials (including, but not limited to, asbestos, lead, methamphetamine contamination, radon gas, mold, bed bugs or other pests) in violation of applicable laws;

(e) Owner is not aware of any unsafe or uninhabitable conditions on the Property; and

(f) Owner is unaware of any bankruptcy, litigation, arbitration, administrative action, government investigation, pending or threatened action affecting the Property or this Agreement.

Manager is relying on these representations and warranties in entering into this Agreement and would not have entered into this Agreement in the absence of these representations and warranties. Owner will promptly notify Manager in writing of Owner if any of these representations is no longer accurate.

(g) Owner Will Provide to Manager upon execution of the agreement:

- 1) a copy of their driver's license
- 2) corporation signing authority, Power of Attorney, or Trustee authority, if applicable
- 3) landlord insurance policy listing Manager specifically as Additional Insured
- 4) HOA Rules & Regulations, if applicable

8.02. Owner Obligations. In addition to paying Manager's compensation, Owner has the following obligations to Manager:

(a) Copies of Documents. To promptly provide Manager with copies of all documents and records affecting the Property's management, including, (but not limited to), all leases, lease amendments, correspondence, rental payments records, insurance policies, service contracts, disclosures, and upon request from Manager other documents such as mortgage loan information and payment instructions, construction plans, blueprints, drawings, surveys, and related materials. Owner will notify Manager if Owner becomes aware of any change in the documentation, records or disclosures.

(b) Full Disclosure. To promptly make a full disclosure to Manager of any material facts relating to the Property and its management, including making disclosures relating to environmental hazards in the Property (including, but not limited to, asbestos, lead, methamphetamine contamination, radon gas, mold, bed bugs or other pests).

(c) Providing Funds. To maintain sufficient funds in the Operating Account to enable Manager to pay in a timely manner all liabilities and obligations incurred pursuant to this Agreement; and provide Manager with necessary funds, in advance, upon notification by Manager that collections are projected to be insufficient, or will not be received in time, to make timely payments. Manager will not be required to use Manager's own funds for any purposes, but if Manager elects to advance Manager's funds for Owner's benefit, Manager will notify Owner of the advance and the advance will be considered a loan from Manager to Owner, and Owner will pay Manager the amount of the advance, on demand, with interest at a rate of 10% per year. Owner will be responsible for paying any late charges, penalties and/or interest imposed by lenders or others for failure to make payment to those parties, if the failure is due to insufficient funds in Manager's trust account available for payment.

(d) Maintaining Property. To maintain the Property in a habitable condition as required by Civil Code §§1941 and 1941.1 and Health and Safety Code §§17920.3 and 17920.10 and other applicable law. If owner will not or cannot maintain the property in habitable condition, Manager has the option to cancel this agreement effective immediately with written notice to Owner.

(e) Notifying Manager. To notify Manager of any Property mortgage or tax payment that becomes more than 30 days late, and to notify Manager before marketing or listing the Property for sale.

## **9. INSURANCE AND INDEMNITY**

9.01. Insurance. Within five (5) days of commencement date Owner must provide Manager and maintain insurance to protect the Property and Owner's interest in the Property, including liability insurance listing Manager as Additional Insured with at least \$1,000,000 in coverage, and Property damage and fire insurance with extended coverage that includes workers' compensation insurance.

If the Owner fails to provide the required coverage documents within five (5) days, the Owner will automatically be enrolled in the Manager's \$1,000,000 Master General Liability Insurance from SureVestor listing Manager as Additional Insured.

The Master General Liability Insurance is \$18.83 with a \$3.75 administration fee for a monthly cost of \$22.58. Owner understands that insurance rates change, and Owner will be given at least 30 days' notice of any changes.

The owner shall indemnify and hold the Manager harmless from any occurrence, liability, action, damage or litigation that arises during any period where no insurance exists or the policies lapse. Furthermore, if the Owner's insurance is inadequate or fails to defend Owner and Manager as Additional Insured from any occurrence, liability, action, damage or litigation, Owner shall be solely responsible.

The Owner understands that a vacant dwelling may not have proper insurance coverage. The owner should consult with their insurance agent to determine if additional coverage is needed.

9.02. Owner Protection Plus Plan. As additional Owner protection, we offer an Owner Protection Plus coverage from SureVestor, a third-party insurance provider, that includes:

1. Loss of rent from four to twenty-five weeks depending on circumstances.
2. Eviction coverage of \$5,000 and \$600 for sheriff fees.
3. Tenant malicious damage with \$35,000 coverage.
4. \$1,000,000 coverage for 3rd party claims that happened on your property.
5. \$15,000 in theft or damage due to theft coverage.
6. \$5,000 lockbox damages coverage.
7. Rekeying of locks if a tenant skips or must be evicted.

Loss of rent Insurance covers properties with rents between \$1,000 to \$3,000 per month. For properties with higher rents, you will be protected by the \$3,000 maximum rent loss limit. Tenant occupied properties where the tenant is not current on rent and had not paid rent on time for the previous two months, will not be eligible for the loss of rent, eviction, and tenant malicious damage guarantees until the lease conditions are met.

The monthly fee for Owner Protection Plus is \$42.00 per month with an \$8.40 administration fee for a monthly cost of \$50.40. This cost is per property or unit for multi-family properties. The Owner Protection Plan may provide up to twice as much liability coverage than your current landlord insurance policy.

Owner accepts the Owner Protection Plus.

Owner declines Owner Protection Plus.

The owner consents to electronic delivery of insurance documentation upon request. Owner understands that insurance rates change, and Owner will be given at least 30 days' notice of any changes.

9.03. Manager will promptly investigate and within ten (10) days report in detail to Owner all accidents, claims for damage relating to the ownership, operation or maintenance of the Property, and any damage or destruction to the Property and the estimated costs of repair, and will prepare for approval by Owner all reports required by any insurance company in connection with any accident, claim, damage, or destruction. Manager and Owner will cooperate with one another with respect to any claim which may arise under any insurance policy.

9.04. Owner Indemnity Obligations. Owner will indemnify, defend and hold harmless Manager, its officers, shareholders, directors, agents, employees and their respective heirs, personal representatives, successors and assigns, regardless of responsibility, from all loss, liability, cost, damage, claim, attorneys' fees or other expense arising in whole or in part out of (i) leases between Owner and Owner's tenants, (ii) any accident or occurrence causing damage, injury or death to any person or persons or Property relating to the occupancy, use of, or presence upon the Property, (iii) defects of the Property, (iv) any violation or noncompliance of the Property with any law or governmental regulation, (v) breach by Owner of any of its obligations under this Agreement, or (vi) management, leasing, rental, security deposits, or operation of the Property, or the performance or exercise of any of the duties, powers, or authorities granted to Manager. This obligation to indemnify, defend and hold harmless will survive termination of this Agreement.

9.05. Manager Obligations. Manager will indemnify, defend, and hold harmless Owner, its officers, shareholders, directors, agents, employees, and their respective heirs, personal representatives, successors and assigns from

all claims suffered by Owner, its officers, shareholders, directors, agents and employees, and their respective heirs, personal representatives, successors and assigns from and against any claim arising out of Manager's gross sole negligence or intentional wrongful action. This obligation to indemnify will survive termination of this Agreement.

## **10. MISCELLANEOUS**

10.01. Attorneys' Fees. If any litigation is commenced between the parties to this Agreement concerning the Property, this Agreement, or the rights and duties of either party with respect to this Agreement, the party prevailing in the litigation will be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for its attorneys' fees in the litigation that will be determined by the court in the litigation or in a separate action brought for that purpose.

10.02. Partial Invalidity. In the event any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the Agreement will remain in full force and effect.

10.03. Amendment. This Agreement contains the entire agreement between the parties hereto with respect to the matters herein contained. Any waiver, modification or amendment to this Agreement must be in a writing signed by all parties. This Agreement may not be waived, modified, or amended orally or by conduct.

10.04. Time is of the Essence. Time is of the essence of this Agreement.

10.05. Third Party Beneficiaries. This Agreement is for the benefit of Owner and Manager, their successors and assigns, and in no event will there be any third-party beneficiaries to this Agreement, and in no event, will any Tenant or creditor of the Property be deemed to be a third-party beneficiary of any of the duties, covenants or agreements contained herein.

10.06. Drafting Party. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

10.07. Mediation. The parties 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. Mediation fees, if any, will be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then that party will not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such action.

The parties will not have the obligation to mediate the following matters:

- (a) 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;
- (b) An unlawful detainer action;
- (c) Action to file or enforce a mechanic's lien;
- (d) Any matter which is within the jurisdiction of probate, small claims, or bankruptcy court; and

(e) An action for bodily injury or wrongful death, or any right of action to which Code of Civil Procedure §337.1 or 337.15 applies.

Filing a court action to record a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, will not constitute a violation of this provision.

10.08. Waiver. The waiver by any party of a breach of any provision of this Agreement will not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or another provision of this Agreement.

10.09. Approval. Notwithstanding anything herein to the contrary, whenever in this Agreement the consent, approval, authorization, certification, or any other similar action (collectively, "Approval") of any party to this Agreement is required, Approval will not be unreasonably withheld, delayed, or conditioned.

10.10. Agency Relationships. If Property Manager represents Owner in a sale of the Property, or for a lease of more than one year, Owner acknowledged receiving a "Disclosure Regarding Agency Relationships" form (CAR Form AD for residential properties, or a similar form, or the statutory form specified by Civil Code §2079.16 for commercial property).

10.11. Other Manager Activities. Manager will have the right to manage, own, develop, or invest in any other real estate or business, even if competitive with the Property. Owner understands that Manager may have or may obtain Property management agreements on other properties, and potential tenants may consider, make offers on, or lease through Manager, on other properties that are similar to Owner's Property. Owner consents to Manager's representation of other owners' properties, before, during and after the expiration of this Agreement.

10.12. Guarantees and Inspections. Manager does not guarantee the inspections, services, products, or repairs provided by Manager, Manager's agents, or others to the Property, even if recommended, referred, or employed by Manager. Any inspections by Manager and Manager's agents will not include testing of systems or components and will be only of reasonably and normally visible accessible areas, and not all defects will be observable and/or recognized by Manager. Inspections by Manager and Manager's agents are provided as a courtesy only, without guaranty by or liability to Manager, and are not meant to replace professional property inspections. Owner should obtain advice about and inspections of the Property from appropriate professionals. If Owner has Home Warranty coverage, we will always attempt to use the Home Warranty first unless it is an emergency, or the Home Warranty repair period is not acceptable to Manager.

10.13. Force Majeure. Any delays in the performance of any obligation under this Agreement will be excused to the extent the delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of the parties, and any time periods required for performance will be extended accordingly.

10.14. Notices and Demands. Any notices or demands provided under this Agreement will be in writing, addressed to the parties as specified below their signature lines. Notice may be sent by personal delivery, overnight delivery, first class mail, by certified or registered mail, or by email. Notices sent by personal delivery, overnight delivery or certified or registered mail will be deemed delivered when received. Notices sent by first class mail will be deemed delivered on the second day (after deposit in the US Mail) that USPS offers first class mail delivery service. Notices sent by email will be deemed delivered when sent.

10.15. Successors and Assigns. This Agreement will be binding on Owner's successors and assigns.

10.16. Owner Instructions and Authority (If Multiple Owners or if Owner is an Entity). While Manager may communicate with any Owner (if there is more than one) or representative of Owner (if Owner is an entity), the parties agree that Manager will be communicating with and receiving instructions from primarily

\_\_\_\_\_ and Owner authorizes the communication and instructions without first confirming instructions with any other Owner or representative.

10.17. Assignment. Agent shall have the right to assign or transfer this Agreement with all its rights, title and interest therein, to any person, firm or corporation at any time during the term of this Agreement, and any such assignee shall acquire all the rights and assume all of the obligations of Agent under this Agreement.

10.18. Manager reserves the right to change any part of this agreement in accordance to State and Federal law with 30 days' written notice to Owner. Owner may cancel this agreement if Owner does not agree with change of terms with 30 days' notice to Manager.

10.19. Partial Invalidity: In the event any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the Agreement will remain in full force and effect.

Agreed and executed on;

Date \_\_\_\_\_

Marcel Ford, Broker  
Genuine Property Management  
1922 Placentia Avenue, Unit 1, Costa Mesa, CA 92627  
Phone: 949-209-9494

Date \_\_\_\_\_, Owner Name

Mailing Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email \_\_\_\_\_

Date \_\_\_\_\_, Owner Name

Mailing Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email \_\_\_\_\_

Date \_\_\_\_\_, Owner Name

Mailing Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email \_\_\_\_\_