



## Property Management Agreement

1. **Effective Date:** Sept 15 , 2018

2. **Owner:** Name: \_\_\_\_\_

Address:

Phone Number: \_\_\_\_\_

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

3. **Property(ies) To Be Managed:**

Subject to the terms and conditions set out herein, the parties agree that The Garcia Group (Manager) shall manage for the Owner(s) the real property described as follows and hereafter referred to as the "property":

2050 NE Couch St Portland, OR 97232

I.D. Code \_\_\_\_\_

4. **Term:**

4.1 **Initial Term:**

The initial term of this agreement shall be for a period of twelve (12) months, commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 2018, and ending midnight on the 31 day of \_\_\_\_\_, 2018. This Agreement is for an initial term of twelve months. Either party may terminate this Agreement upon 30 days written notice delivered to the other party after the initial twelve months has expired.

Notwithstanding anything to the contrary, this Agreement may be terminated by Agent upon 24 hours' notice to Owner if, in Agent's sole judgment, Owner fails to keep the Property habitable as required under any law or governmental rule, Owner attempts to unlawfully discriminate or the Property condition or use violates any applicable law. Agent may terminate this Agreement upon five days written notice if Owner fails to pay any amounts owed that become past due under this Agreement.

5. **Authority:**

The Owner(s) hereby grants to Manager full and exclusive authority to take the following actions, and agrees to reimburse all reasonable expenses related thereto:

- (a) To advertise the availability for rental of the property in print and/or online and to display "For Rent" signs thereon, and provide access to tenants remotely with the use of a lockbox
- (b) To accept completed applications and perform tenant screenings
- (c) To sign, renew and/or cancel rental and/or lease agreements for the property or any part thereof
- (d) To collect rents due or to become due and give receipts therefore
- (e) To collect all deposits and fees, including but not limited to, security deposits, late fees, NSF (returned check) fees, pet fees and tenant application fees; as provided in Section 6.6 below. All tenant application fees, late fees, NSF fees, non-compliance fees, processing fees, penalties, rebates, and discounts shall be retained by, and be the sole property of, Manager.
- (f) To terminate tenancies and to sign and serve in the name of Owner such notices as are appropriate
- (g) To institute and prosecute actions; to evict tenants and to recover possession of the property; 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 to reinstate tenancies

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- (h) To make or cause to be made and supervise repairs and alterations, and to do decorating on the property; to purchase supplies and pay bills therefore
- (i) To hire, contract for, discharge and supervise all labor and/or employees required for the operation and maintenance of the property
- (j) To make contracts for all utilities including electricity, gas, fuel, water, telephone, and garbage hauling as the Manager shall deem advisable; at the termination of this agreement the Owner agrees to assume the obligations of any contract so entered
- (k) Be appointed as the "person in charge" as defined in ORS 164.205(5) for the purpose of retaining control over any common areas and enforcing state trespassing laws.
- (l) To disburse from Owner's funds payments for: ( X ) Management Fees, ( X ) Advertising Expenses, ( X ) Maintenance, Repairs, Alterations, and Decorations, ( X ) Utility Services, ( ) Property Taxes, ( ) Mortgage Loan Payments, ( ) Insurance Premium Payments, ( ) Other Payments\_\_\_\_\_
- (m) To maintain a cash reserve of Owner's funds, for use in payment of various expenses, in the amount of \$500.00.
- (n) To take all other actions Manager deems necessary or appropriate to perform Manager's obligations hereunder

## 6. Owner's Representations and Covenants

- 6.1) The Owner(s) represents that Owner holds title or is purchasing the property described herein above and has the sole right to engage the services of the Manager to operate the property.
- 6.2) The Owner(s) shall obtain and maintain full control of renewal of property and liability insurance coverage, including fire and a minimum of \$1,000,000 liability coverage; the Manager has no duty or responsibility with respect to any insurance coverage. Owner(s) shall cause Manager to be named on Owner's policy as an additional insured party.
- 6.3) Owner agrees to make available to Manager all data, records, and documents pertaining to the property which the Manager may require to properly perform its duties hereunder.
- 6.4) At the commencement of the term hereof, the Owner(s) shall pay an Initial Set-Up Fee of \_\_\_\$N/A\_. Owner to have the property clean and move-in ready with all smoke alarms, carbon monoxide alarms, lights, and appliances in working order. During the term hereof, the foregoing shall be Manager's responsibility, before the property is to be shown to prospective tenants. If the property is not move-in ready at the commencement of the term, the Manager will facilitate any clean up / maintenance necessary to make the property move-in ready at the Owner's expense. Manager shall have the right to maintain the property in "like" condition while maintaining all amenities provided or perceived by any tenant or prospective tenant.
- 6.5) The Owner(s) shall hold the Manager and Owner's broker harmless from any and all damage, suits, liability, and/or loss in connection with the Manager's management of the property, except to the extent caused by the gross negligence or willful misconduct of Manager. Owner acknowledges it is impossible for the Manager to know the use that a tenant may put the property to, and the Owner assumes the risk of the rental of the property to a tenant who fails to pay rent or otherwise breaches the rental agreement, or misuses the property, or impairs its use or value by an improper use such as, but not limited to, housing of animals, drug manufacturing, drug dealings, or other improper or illegal activities. Any and all expenses associated with the termination or eviction of an occupant or tenant shall be the responsibility of the Owner. Manager shall not be required to represent Owner in any eviction or court action. Owner shall be responsible for the collection of all outstanding debt, unpaid rents, unpaid fees and monies owed by the tenant after the vacancy by any and all tenants or occupants beyond the final accounting and security deposit disposition created by Manager.
- 6.6) Management Commission: The Owner(s) shall pay the Manager, a monthly sum of 6% of the gross monthly rent(s) and pet rent(s) scheduled for the property. Owner shall pay manager this commission for any period of time tenant occupies the property regardless of credits given by the Owner or non-payment by tenants. In addition, Owner shall pay all extraordinary advertising expenses (upon prior approval of non-standard marketing program). Returned check fees, late fees, application fees, penalties, non-compliance fees, rebates, discounts, and processing fees paid by tenants will be retained by the Manager.

Tenant Placement and Term Modification: Owner shall pay a commission equal to 50% of one month's rental amount for the placement of each new tenant and signing of the lease for which the Manager is the procuring cause, which commission shall be based on the rental amount for the highest month within the tenancy. Such commission shall be paid out of the first rents received by the Tenant and shall in no case be less than \$350 regardless of the rental amount. Owner shall pay Manager a Modification of Terms commission in the amount of \$175 upon each term review/renewal or rent increase with any and all existing or added tenants. In the event that the property is occupied upon commencement of this agreement, Owner agrees to pay a commission in the amount of \$200 per unit to Manager out of the first rents collected by Manager.

- 6.7) Maintenance and Reserves: Owner shall pay \$50 out of the first month's rent to be applied to the installation of a lockbox at the property. Manager shall retain \$500, for each unit under management, out of the first rents collected to be held in reserve for use by the Manager for payment of bills specific to the property. Manager shall be entitled to replenish the funds in such account from rent received, in order to maintain a balance of \$500. Any remaining amount at the end of the contract term shall

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be refunded to the Owner in full within thirty (30) days of termination. Owner assumes full responsibility for the payment of any expenses and obligations incurred in connection with the exercise of the Manager's duties set forth herein. In no event shall the Manager be required to use its own funds to pay any of the Owner's obligations. Manager shall retain a commission of 10% of the full invoice amount for any and all maintenance coordinated with outside vendors for all maintenance and turnovers.

- 6.8) Employee Training and Eviction Fund (ETEF):** Manager shall retain a monthly amount equal to \$10.00 per unit. ETEF funds may be used in whatever manner so chosen by The Garcia Group, including but not limited toward the education of staff, vendors, employees and independent contractors associated with The Garcia Group, in an effort to minimize liability associated with changes in local, state and national rules, regulations and laws. These funds shall also be used towards eviction costs of a tenant placed by the Manager, including filing for FED, first appearance, restitution and sheriff's lock out. However, any additional expenses that may arise form eviction proceedings, including but not limited to attorney fees for consultation, appearance filing or testimony are to be the responsibility of the Owner.
- 6.9) Reimbursement and Expenses:** The Owner(s), upon request of the Manager, shall promptly reimburse the Manager for any disbursements in excess of the rents collected. The Manager shall provide to the Owner proof of excess expenditures when requested before reimbursement is made. Any work contracted in excess of the amount held by Manager shall be funded by owner PRIOR TO commencement of the work.
- 6.10) Listed For Sale:** In the event the Owner enters into an agreement for sale of the property, or an agreement to list the property for sale, and the property is not listed for sale with The Garcia Group, Owner agrees Manager may terminate this agreement immediately, without any advance notice to the Owner. Manager strives to work with all Realtors and will put forth all reasonable efforts in good faith to support Owner's goals. Owner shall pay Manager a trip charge of seventy-five dollars (\$75) for each scheduled visit to the property granting access to any third party in relation to analysis, sale, refinance, appraisal, inspection, insurance evaluation or any other third party access required.
- 6.11) Lead Paint Disclosure:** Owner(s) acknowledges that Manager has advised Owner of the laws regarding disclosure of Lead-Based Paint Hazards in residential dwellings built prior to 1978 and agrees to furnish Manager with a completed signed and dated "Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards" form if the property was built prior to 1978. If additional information becomes known to Owner as to the presence of Lead-Based Paint and/or Lead-Based Paint Hazards, Owner agrees to inform Manager and supply an updated disclosure form to Manager.
- 6.12) Construction and Repair Oversight:** In the event Owner requests Manager to oversee, supervise, or in any way manage any maintenance or construction project at the property for which the total estimated or actual expense for labor and materials exceeds \$1,500 AND involves more than one vendor, Owner shall pay Manager a project management commission upon completion of Manager's services regarding such project, and such commission shall be equal to ten (10) percent of the total project cost. In the event Manager supervises any repair using a Home Warranty Company as a third party, Owner shall pay a \$45 fee to Manager for each repair coordinated.
- 6.13) Unit Inspections:** Manager shall conduct a Quality Unit Survey of each unit one time per year at a rate of \$95 per report. Any additional inspection report may be completed upon Owner request.
- 6.14) Tenant / Owner Correspondence:** Under no circumstance shall Owner contact or communicate directly with any Tenant occupying the property at any time without prior notice and consent from Manager. In the event Owner communicates with any tenant under management, Manager reserves the right to terminate the contract immediately and Owner shall pay Manager the remainder of the contract obligation within 14 calendar days.
- 6.15) Termination:** Owner shall pay \$200 per unit upon termination of the contract in association with the off-boarding and transfer of documents, records, financial data and associated records of any and all units under management. Additionally, in the event Owner terminates this Agreement within the first six months of the Agreement, a charge of fifty percent (50%) of one month's rent that is owed by any lessee or tenant of the Property or, in the absence of any rental or lease agreement, fifty percent (50%) of one month's advertised rental or lease amount.
- 6.16) Actions of Termination:** Not later than 60 days after the effective date of the termination of this Agreement, Agent will: (a) Disburse all obligated funds to the party or parties entitled to the funds; and (b) Provide the Owner with the following: (A) A final accounting of the Owner's ledger account; (B) All funds belonging to the Owner as shown on the Owner's ledger, unless the Owner directs the Agent, in writing, to transfer the funds to another property manager, escrow agent or person; (C) An accounting of all security deposits and fees held for tenants; (D) All tenant security deposits and fees held for tenants; (E) Copies of all current tenant rental or lease agreements, unless the Owner waives such requirement in writing or directs the Agent, in writing, to provide such documents to another property manager, escrow agent or person; and (F) A notice that the Agent may destroy the required records of the property management activity performed after six years. Upon the written

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request of Owner, Agent will transmit to Owner along with the final accounting, all records, contracts, leases, receipts for deposits, and other papers or documents which pertain to the Property, which Agent is not obligated to retain under applicable law. Owner will pay all copying charges for any records transmitted to Owner upon termination of this Agreement.

No later than the next calendar day after the effective date of the termination of this Agreement, Agent must notify each tenant for whom the Agent holds a security deposit that: (a) The security deposit and all fees held for the tenant will be transferred to the Owner or, if applicable, to another property manager, escrow agent or person; and (b) The name and address of the Owner, other property manager, escrow agent or person to whom these deposits will be transferred.

If a tenant's termination of tenancy occurs prior to the effective date of termination of this Agreement, Agent must complete any final accounting, inspection or other procedures within the time required by: (a) The tenant rental or lease agreement; (b) The Residential Landlord Tenant Act; and (c) this Agreement, unless otherwise disclosed and/or directed in writing.

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## 7. Manager's Representations and Covenants

- 7.1) Manager represents that it is a Licensed Real Estate Broker in the State of Oregon and Washington and shall have the right to communicate with any and all tenants concerning the renting, leasing, buying and/or selling of real estate in any form or fashion.
- 7.2) Manager shall manage the property in full compliance with all the laws and regulations of any Federal, State, County, or Municipal authority having jurisdiction over the property.
- 7.3) Manager agrees to use due diligence in the management of the property for the terms, conditions and provisions contained herein, and agrees to furnish the services of Manager's organization for, and only for, the selling, renting, leasing, operating, and management of the property. Manager agrees to hold records of the management of the property for a minimum of one (1) year from the termination of the agreement.
- 7.4) Manager shall provide to the Owner(s) both monthly and annual statements of receipts, expenses, management commissions and charges. Manager shall remit to the Owner(s) proceeds less disbursements and reserves on a monthly basis. If proceeds are to be remitted to more than one owner, such remittance shall be made as instructed by Owner(s).
- 7.5) Manager shall deposit all receipts collected for the Owner(s) in a federally insured clients' trust account, separate from the Manager's accounts. Such trust account may be an interest bearing account, and Owner agrees that all such interest earned shall be paid to the Manager. Manager may set off against any Owner funds in such trust account any amounts which are due to Manager under this agreement. Owner agrees to receive 1099 documentation via electronic delivery method.
- 7.6) Manager agrees to secure the prior approval of the Owner(s) on all expenditures in excess of \$ 750.00 (\$750.00 if not filled in) for any one item, except monthly or recurring charges and expenses, and/or emergency repairs, if in the opinion of the Manager such repairs are necessary to protect the property from damage or to maintain all required services to the tenant(s). This limit excludes turnover and "make-ready" expenses to prepare the property for rent. Any expense in excess of \$750.00 but less than \$2,500 shall require the approval of the Owner. Any expense in excess of \$2,500 shall require multiple bids and approval from Owner, unless the repair is associated with safety and habitability.
- 7.7) Manager reserves the right to utilize any qualified maintenance staff, contractors, or other service providers as may be selected by Manager, regardless of their affiliation with Manager, and Owner acknowledges Manager may use its personnel or other business in which Manager has a pecuniary interest to perform maintenance or services, including the following businesses in which Manager has a pecuniary interest: Garcia Group Maintenance. Manager may receive a direct or indirect benefit from such maintenance staff, contractors, or other service providers. This may include rebates, discounts and/or any other benefit. Manager shall bill Owner(s) at market rates for work completed specific to the scope of needed repairs. All maintenance shall be performed by vendors approved by and at the direction of the Manager at Manager's sole discretion. At no time shall Owner contact the tenant directly without written approval by Manager. Any and all vendors outside of the Manager's company shall be licensed, bonded and insured per state or local requirements prior to being allowed on the property.
- 7.8) Owner shall promptly fund any required fee, penalty, concession, subsidy or other required fee by city ordinance, state or federal law prior to serving any notice or initiating any act which would or could result in any expense related to any property or tenant under management by Manager.
- 7.9) Due to the Portland Renter Protection Ordinance, the Company will not give Tenant Notices for rent increases of 10% or more per year (as defined by the start date of the current tenant rental agreement) or give a Tenant's Notice for Termination without Cause, or provide any renewal other than at "substantially the same terms" as defined by the Ordinance - unless the

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Owner first deposits the appropriate relocation fee (as defined by the Ordinance) with the Company's Clients' Trust Account to pay out to the tenant(s) as required by law. These Relocation fees (may be subject to change) are currently:

- \$2,900 for a Studio unit
- \$3,200 for a 1 Bedroom unit
- \$4,200 for a 2 Bedroom unit
- \$4,500 for a 3+ Bedroom unit

This company policy shall expand to properties in other municipalities at any time in the future if/when any substantially similar ordinance is enacted by other Local or State governments. An Owner's non-compliance of this policy shall be considered a breach of the Owner's duties and the Management Agreement can be immediately terminated by the Company.

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#### 8. Notices:

Any notices required or permitted under the terms of this agreement shall be deemed given at the earlier of (i) when actually delivered by professional courier, (ii) two (2) days after such notice is deposited in the United States mail first class or certified mail with postage prepaid, addressed to the Owner or Manager at the addresses noted in Section 2 above, or (iii) when sent by email, provided the recipient acknowledges receipt. Manager reserves the right to modify this agreement in writing for any reason with a minimum 30-day notice.

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#### 9. Heirs and Assigns:

All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall inure to the benefit of and bind the heirs, executors, administrators, successors and, so far as this agreement is assignable by the terms hereof, to the assigns of such parties.

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#### 10. Total Agreement:

This agreement contains the entire agreement between the parties pertaining to the property and cannot be changed or terminated except by a written addendum, signed by both parties.

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#### 11. Applicable Law & Venue:

This agreement shall be governed by and construed in accordance with the laws of the state in which the property is located, and in the event of any litigation arising out of this agreement, the parties hereto stipulate and agree that the venue for any such action shall be the county in which the property is located.

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#### 12. Attorney Fees & Court Costs:

In case suit or action is instituted to enforce compliance with any of the terms of this agreement, the losing party agrees to pay the prevailing party a reasonable attorney's fee, together with all costs and expenses incurred in connection with such actions, including the reasonable cost of searching records to determine the condition of title at the time suit is commenced.

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#### 13. Special Provisions:

Owner to allow "lock box" showings of vacant units. Owner to be "first call" on maintenance requests, and will provide contact information for local preferred vendors.

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#### 14. Equitable Remedies:

In addition to all other legal rights and remedies, either party shall be entitled to obtain from any court of competent jurisdiction all appropriate equitable remedies, including preliminary and permanent injunctive relief, against any actual or threatened violation of any term hereof, as well as an equitable accounting of all profits or benefits arising out of such violation, without requirement of bond, and without a showing of actual damages.

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#### 15. Cooperation:

The parties agree to fully cooperate in carrying out this agreement, including the execution of all documents reasonably necessary to effectuate the intention of the parties.

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#### 16. Time of Essence:

Time is of the essence of this agreement with respect to each and every provision of this agreement in which time is a factor.

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**17. Waiver:**

No delay or failure by any party to exercise any right, power or remedy with regard to any breach or default by any party to this agreement, or to insist upon strict performance of any of the provisions hereof, shall impair any right, power or remedy of such party, and shall not be construed to be a waiver of any breach or default of the same or any other provisions of this agreement. No action or conduct of any of the parties hereto shall be deemed or construed as a waiver or modification of the non-waiver provisions contained in this section.

**18. Relationship of the Parties:**

The relationship of the parties to this Agreement shall be that of Principal and Agent, and all duties to be performed by Manager under this Agreement shall be for and on behalf of the Owner, in Owner’s name, and for Owner’s account. In taking any action under this Agreement, Manager shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties or as requiring Agent to bear any portion of the losses, or share in any portion of the profits, arising out of or connected with the ownership or operation of the property. Nor shall Manager, at any time during the period of this Agreement, be considered a direct employee of Owner. Neither party shall have the power to bind nor obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

**19. Survival of Representations and Warranties:**

All representations and warranties made in this agreement and liability of the parties for the breach, inaccuracy, or other failure of such representations and warranties shall survive the expiration or termination of this agreement, and shall remain in full force and effect thereafter.

**20. Construction:**

The captions used in this agreement are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this agreement. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement shall specifically not be applicable to the interpretation of this agreement.

**21. Third Party Beneficiaries:**

The provisions of this agreement are intended solely for the benefit of the parties hereto, and shall create no rights or obligations enforceable by any third party, or any other person or entity not expressly made a party hereto, including but not limited to creditors, partners, agents, employees, owners, officers, directors, or other parties affiliated with any of the parties hereto.

**22. E-mail as Written Consent:**

A party’s consent given by e-mail shall constitute a written consent wherever a written consent is required hereunder.

**23. Reliance:**

In the event a party hereto receives a notice or instruction which such party reasonably believes in good faith to be from another party hereto, the receiving party may rely thereon, and shall have no duty to inquire into the authority of the person giving such notice or instruction. In the event a party receives conflicting notices or instructions, such party may refuse to act in response thereto, until such conflict is resolved.

**24. Hold Harmless and Liability:**

Except for willful misconduct or gross negligence of Agent, the Owner shall indemnify and save Manager harmless from liability for any and all costs, expenses, attorney fees, suits, liabilities, claims damages, from or arising in connection with the management of the property or the performance or exercise of any duties, obligations, powers or authorities herein or hereafter granted to Manage.

**25. Other:**

- (a) Owner recognizes that Manager manages properties for others as well as properties owned by principals or employees of Manager and agrees that Manager may offer all such properties, including Owners, to all prospective lessees/tenants.
- (b) Owner agrees that neither Manager nor Owner will discriminate in the leasing or rental of the Property based on race, color, religion, sex, national origin, familial status, marital status, sexual preference, disability, or source of income.
- (c) After termination of this Agreement, Manager’s records relating to the Property will be retained onsite or at a contracted offsite storage location. Records may be destroyed six (6) years after the date of termination of the Agreement.

**26. Authority:**

The parties signing below personally represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

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In Witness Whereof the respective parties (if community property both husband and wife must sign) have executed this agreement on the date first set forth above.

**Owner(s):**

Name: \_\_\_\_\_

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

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

**Manager:**

Great Rental Properties, LLC  
dba The Garcia Group

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

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