

The Transition Group Management Agreement

In consideration of this covenant I/we _____ the owner(s) (listed below), employs as my exclusive agent The Transition Group (“agent” and “broker”) to rent, lease, operate and manage the property listed below upon the following terms and conditions, commencing on _____ of, 200__ and terminating on _____ in 2017. This contract is cancelable by either party with a written thirty (30) day notice.

A. AGENT’S AUTHORITIES AND OBLIGATIONS

Owner(s) hereby confers upon agent the following authorities and obligations:

1. LEASING:

- a. To advertise the availability of the premises using multiple streams of advertising.
- b. To negotiate, execute and officiate any and all leases for and on behalf of the owner(s). Lease terms are not to exceed or to be less than one year unless approved by the owner(s).
- c. To screen and use diligence in the selection of prospective tenants and to abide by all Federal Fair Housing Laws and the State of Arizona Landlord-Tenant Act.
- d. To place a lockbox on the property for the use of the agent, the agent’s employees, vendors, and prospective tenants to gain access to the interior of the property when deemed necessary.

2. MANAGEMENT SERVICES:

- a. To collect rents, security deposits, and all other receipts and to deposit such monies into a trust account with a qualified banking institution. Any interest earned shall be retained by the agent.
- b. To serve notice of termination of tenancies, notices to quit or pay rent, and such other notices as agent may deem appropriate.
- c. To provide all services reasonably necessary for the proper management of the property including periodic inspections, supervision of maintenance and arranging for such improvements, alterations and repairs as may be required by the owner(s).
- d. To hire, supervise and discharge any employees and independent contractors required for the operation and maintenance of the property.

3. MAINTENANCE SERVICES:

- a. To execute contracts for maintenance and safety of the property, as agent deems necessary or advisable and in compliance with applicable municipal codes at the owner(s)’ expense. The owner(s) agrees to assume the obligation of any contract so entered into should that contract extend beyond the termination of the management agreement.
- b. To authorize repairs and/or maintenance up to \$200 for any event without prior approval. Any forfeited deposit by a tenant shall not be included in the limitation. This limitation will not apply to monthly recurring operating expenses or for emergency repairs. In the event the owner(s) is not reasonably available for approval of an expenditure deemed an emergency, repairs will be accomplished and the owner(s) will be promptly notified.
- c. As a general rule, independent outside contractors and vendors provide for repairs and maintenance of the property. Employees of the agent may provide some limited services and some minor maintenance items unless requested otherwise by the owner(s).

4. ACCOUNTING AND DISBURSEMENTS:

- a. The agent will maintain records of monies received and disbursed and shall mail monthly statements to the owner(s). These records will be open for inspection by the owner(s) during regular business hours. Records will be maintained for three years only.
- b. The agent shall pay from gross receipts the operating expenses listed in the following priority:
 1. Leasing, management and renewal fees to the agent.
 2. Maintenance and other bills, including rental sales tax.
 3. All funds in excess of required reserves to the owner(s).

5. COLLECTION SERVICES: Agent may earn additional compensation by charging the tenant:

- a. A late fee for rents received after the due date.
- b. A fee for preparation and processing of a five-day notice.
- c. A penalty charge for any non-negotiable checks.
- d. An administration fee at the signing of lease.
- e. An application fee for approving tenants.
- f. Agent will not be responsible for collecting back payments after an eviction. Collection of funds is the owner(s)’ responsibility.

B. OWNER'S OBLIGATIONS, COMPENSATION TO AGENT

1. FEES

- a. Leasing Fee: a charge for lease negotiations and the processing and placing of a new tenant in the property. This is applicable for homes, condominiums, townhouses and multi-unit properties and is broken down as such:
 \$500 for a signed lease within the first 31 calendar days of the unit coming vacant.
 \$400 for a signed lease within the first 62 calendar days of the unit coming vacant.
 \$300 for a signed lease at any point after 62 calendar days.
 The cooperation of the owner in getting the unit in "rent ready" or "move-in" condition is assumed.
- b. Advertising fee: The owner(s) will be charged a flat rate for advertising of \$250 for each single-family home, condominium, townhouse or multi-unit property. This fee will become due 30 days prior to a tenant moving out after providing notice or the day the unit becomes vacant if notice is not given by the tenant. Additionally, the fee is due at inception of the contract if the unit to be managed is vacant.
- c. Monthly management fees: **Eight percent (8%)** of the monthly rent billed for each single-family home, condominium, townhouse or multi-unit property. Fees for multi-unit properties are charged per unit. The monthly management fee will be billed on the 1st of every occupied month.
- d. Lease renewal fee: a charge of \$200 for the renewal of a lease agreement will be charged when secured.

2. FINANCIAL OPERATIONS:

- a. The owner(s) assumes full responsibility for the payment of any expenses and obligations incurred in connection with the property and reasonable exercise of agent's duties set forth in this agreement, including legal and court expenses. Any amounts collected from tenants shall be credited to the owner(s).
- b. In the event of the inability or refusal of owner(s) to pay costs incurred and expended by the agent in connection with any authority given in this agreement, the agent is authorized to make such payments on the owner(s)' behalf from any and all funds held by the agent.

3. INSURANCE AND HOLD HARMLESS:

- a. The owner(s) shall retain insurance of at least \$300,000 liability and \$1,000 medical payments. The insurance must remain in force throughout the contract period. This policy shall name the agent as Additional Named Insured and shall provide that the agent will receive 30 days written notice prior to cancellation. In the event agent receives notice that said coverage is cancelled, agent may contract for a new insurance policy on behalf of owner(s).
- b. The owner(s) shall indemnify and hold agent harmless from any and all cost, expenses, attorney's fees, suits, liabilities, or damages from or connected with any property managed by the agent in the performance of the duties, obligations, powers or authorities herein or hereafter granted to agent. Agent shall not be held liable for any error of judgment of for and mistake of fact or law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.

By signing below I acknowledge that I have read and I agree to the provision stated in the contract and I have retained or received a copy of the contract for my records.

Owner #1: _____ Social Security or Tax ID#: _____

Owner #2: _____ Contact Phone #: _____

Owner's Mailing Address: _____

City: _____ State: _____ Zip: _____ Date: _____

E-mail Address: _____

Property Address (to be managed): _____

City: _____ State: _____ Zip: _____

FOR AGENT USE ONLY

Received on Month _____ Day _____, 200__ by Agent _____

For Broker _____

File # _____ Monthly Management Fee is 8% of the monthly rent collected.