

## PROPERTY MANAGEMENT AGREEMENT

In consideration of the covenants herein, \_\_\_\_\_ (hereinafter referred to as "Owner(s)"), and Bay Management Group Austin LLC, (hereinafter referred to as "Manager"), agree to this Property Management Agreement (hereinafter referred to as the "Agreement") as follows:

### 1. Exclusive Agency:

The Owner(s) hereby employs the Manager exclusively to rent, lease, operate and manage all units identified and designated in Exhibit A attached hereto (hereinafter referred to as the "Property") upon the terms and conditions provided herein for the period of One (1) Year beginning \_\_\_\_\_ and ending \_\_\_\_\_ and shall automatically renew thereafter for annual periods. Manager accepts the employment and shall furnish the services of the organization for the management of the property. Owner shall pay all of the expenses in connection with this service described herein.

- A. Relationship of Manager to Owner: The relationship of the parties to this agreement shall be that of principal and agent, with Manager serving as the agent of Owner and an independent contractor of Owner. Nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship other than agency. Manager shall not be considered an employee of Owner.
- B. Description of Property: "Property," as used throughout this Agreement shall be limited to the Property in Exhibit A or Properties described in Exhibit A. The Exhibit may be amended or modified to add or reduce the number of properties at any time, provided Owner and Manager agree to the changes in writing.

### 2. Manager Responsibilities:

To assist Owner with the ongoing management of the Property, Manager shall perform the following:

- A. Collection and Disbursement: Manager shall collect all rent due and owing and provide to Owner all Owner Income. Manager shall remit to Owner all income, less any properly deducted fees/charges, by U.S. Mail, wire, automatic payment, or other arrangement as established by Manager and Owner. Before payment is remitted to Owner, Manager reserves the right to hold rent checks from Tenant with previous NSF or other payment issues until check has officially cleared Managers bank. Should payment made by Tenant be refused or returned for any reason, Owner shall refund to Manager any such payment made to Owner within 5 days from written or verbal request.

- B. Late Payments from Tenants: Any lease with Tenant shall include a late rent fee in the event Tenant rent is not received by the 3rd day of each month. All late fees shall be paid to and retained by manager.

- C. Lease Negotiations: Manager will set rents that in the opinion of the manager at the time of the rent negotiations with the Tenant reflect the market conditions of that time and approximate rents of comparable rental properties.

Owner designates manager as its agent to negotiate and sign any and all lease agreements or related addenda on its behalf. Manager is not, nor shall it be expected to be legal counsel or a legal advisor to Owner. Owner is advised to seek, at its sole cost and expense, its own legal counsel for legal issues or legal questions related to the Property.

- D. Property Reports/ Walk-throughs: Manager shall complete move-out reports. There will be a charge associated with the photo-documented move-out report. The charge will vary depending on

the size of the home. Owner agrees that Manager will not be responsible for items left on, in, or about the Property, and Owner is strongly urged to remove all personal possessions from the Property prior to any move-in.

**E. City Requested Inspections:** Manager is not responsible or liable for any fees or costs associated with the maintenance, repair or replacement of Property to meet any inspection items noted by the city or municipality. Manager is not responsible for any fines, fees or costs assessed by any city or municipality associated with an inspection or re-inspection of the Property, unless said fines, fees or costs are the result of the gross negligence of Manager, which shall not be presumed, but shall be determined by a court of law or Property tribunal.

**F. Management Fees and Expenses:** As compensation for the services rendered by Manager under this agreement, Owner shall pay Manager as follows:

**I. Monthly Management Fee.** Manager shall be paid the greater of \$100.00 per month per unit or 7% of the gross rent per month for managing the Property.

**II. Leasing Fee (Vacant Properties).** For leasing vacant residential units: a leasing fee of 70% of one (1) month's rent with a minimum of \$1,100.00 will be charged, due to Manager at the time the lease is executed. Manager agrees to cooperate with all Realtors. Leasing fees are waived if the owner has an on-site staff on payroll that performs leasing functions.

**III. Lease Renewal Fee.** Manager shall be paid 25% of the gross monthly rent amount for each individual lease renewal, due to Manager at execution of lease renewal.

**IV. Owner will pay all employee salaries and any other employee related costs associated with the management of properties in Exhibit A**

**G. Negotiation and Vendor/Contractor:** Manager is authorized to retain the services of companies, independent contractors, and Manager's own maintenance employees and to order service contracts required for the operation and maintenance of the Property. Owner shall be responsible for the payment of the services rendered.

Manager maintains business relationships with vendors and /or contractors who may be regularly retained by Manager for maintenance and other services. Sometimes these services are contracted for and paid in bulk or on a time – spent basis, where Manager is charged for the work performed on several properties, rather than on a per – Property basis. Due to the ongoing nature of these relationships and the volume or bulk nature in which these services are contracted, Manager may receive such services at a price that is discounted from the same vendor or contractor's established rates or a comparable market rate for such services. Therefore, if Manager negotiates, hires, and manages such a vendor or contractor to perform work on the Property, Manager shall charge the published or market rates for such service, even in circumstances in which the fee ultimately paid by Manager (on a per service, per unit basis) are more or less than the market rate. Any difference between the market rate being charged to Owner and the rate paid by Manager (which may be more or less than such market rate) shall be paid by or retained by Manager. This shall serve as Manager's disclosure that it may receive compensation from vendors contracted by Manager, and Manager shall retain any discounts or compensation received.

The management services provided by Manager hereunder do not include services related to Property sales, refinancing, preparing Property for sale or refinancing, 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, attending Owners Association meetings, or insurance claims ("Supplemental Services"). At Owner's request, Manager shall perform such supplemental services, subject to Manager's availability, at Owner's cost and expense. Manager shall be entitled to an additional administrative fee of \$100/hour for any Supplemental Service provided by Manager under this Agreement.

**H. Security Deposits:** Manager is to hold tenant's security deposits in a FDIC insured bank. At the end of the tenant's lease, the owner is responsible for the interest due on the security deposit.

If Owner wishes to hold the security deposit, Bay Management Group Austin will require a \$500 retainer. If the owner does not pay the \$500 retainer upfront, the \$500 retainer will be taken from the rent proceeds. Again this is ONLY if the owner requests to hold the security deposit.

### **3. Disbursements of Rent and other Receipts**

- A. Net Proceeds:** To the extent that funds are available Manager shall remit the balances due to owner monthly.
- B. Direct Deposit:** Owners who wish to avoid a paper check may choose to sign up for Direct Deposit. This program is the electronic transfer of rental income via ACH. This service is at no additional charge.
- C. Manager is not required to advance funds:** If the balance of funds held on behalf of Owner for disbursement is at any time insufficient to pay disbursements due and payable, Owner shall, not later than 10 days after written notice, remit to Manager sufficient funds to cover the deficiency.

### **4. Financial and Other reports**

- A. Owner's Reporting to Internal Revenue Service (IRS):** Owner is required to file all required IRS forms and meet all IRS requirements. Owner agrees to furnish Manager with a proper TIN (Taxpayer Identification Number) via an IRS W9 form, or other applicable IRS approved documents.
- B. Reports:** Manager shall furnish Owner with a statement of cash receipts and disbursements from the operation of the Property, on a monthly basis. In addition, manager shall, on a mutually acceptable schedule, prepare and submit to Owner such other reports as are agreed on in writing by both parties. Manager shall submit as required by the IRS at the conclusion of each calendar year a Form 1099 indicating the total income received from the Property.

### **5. Leasing and Renting**

- A. Manager's Authority:** Manager is authorized to negotiate, prepare and sign all leases, including all renewals and extensions of leases and to cancel and modify existing leases of Owners. Manager will consult with owner for approval of any lease terms outside the standard twelve-month lease term. Leases are to be written on Manager's standard lease form. To advertise for rent said Property or any part thereof, manager may display signs, to rent same, to sign leases for a period

not to exceed 24 months and to renew or cancel leases, to institute and prosecute action to evict tenants and to recover possession of property(s). Manager is under no obligation to pursue evicted or past tenants for judgment, or collections, of expenses or damages that exceed tenant's security deposit.

**B. Enforcement of the Leases:** Manager is authorized to renew or cancel leases and to institute, in Owner's name, all legal actions or proceedings for the enforcement of any lease term, for the collection of rent or other income from the Property, or for the eviction or dispossession of the tenants or other persons from the Property. Manager is authorized to sign and serve such notices, as Manager deems necessary for lease enforcement, including the collection of rent and other income. If Manager deems it necessary, Manager may retain an attorney of Manager's choice (unless Owner supplies Manager with the name of Owner's attorney). Owner shall pay all attorney fees and court cost.

**6. Reasonable Maintenance and Repair**

**A. Ordinary Maintenance and Repair:** Manager is authorized to make or cause to be made, through contracted services, employees or otherwise, and at Owner's sole cost and expense, repairs and replacements necessary to preserve the Property in a habitable condition and for the operating efficiency of the Property, and all alterations required to comply with lease requirements, governmental regulations or insurance requirements. Manager reserves the right to inspect Property randomly at the discretion of Manager. Owners with Home Warranty or Service plans shall provide account information to Manager and must list Manager as an additional member on the account. Tenants shall be responsible for maintaining Property as addressed in their lease. Fines assessed by the city, municipality or state for violations such as snow removal, lawn/tree/landscaping/issues, trash, or the like shall be paid first by Tenant (if consistent with terms of the lease).

**B. Smoke and CO Detectors:** At Owner's expense, smoke detectors and carbon monoxide detectors will be installed on the Property in accordance with the law, prior to the tenant's occupancy. During the occupancy, it shall be the tenant's responsibility to maintain all smoke detectors and carbon monoxide detectors.

**C. Property Move in Condition:** Both tenant and owner agree that the property will be delivered in "As Is" condition with the expectation that the following items will be addressed by Manager, at Owner's sole cost and expense, on or before each move-in hereunder: professional cleaning, steam cleaned carpets where necessary, touch-up paint, working appliances and HVAC system, anything that poses a health or safety risk to tenants as well as all compliance items needed for city, state and federal housing regulations. Any additional items must be negotiated in writing prior to entering into a lease agreement.

**D. Turnover/"Make Ready" Repairs:** At Owner's expense, repairs and maintenance will be performed on the Property between leases. Manager has the authorization to perform repairs up to two thousand (\$2000) dollars without the prior consent of Owner.

**E. Properties with Home Warranties:** If a Property has a home warranty in place, Manager shall be paid an additional fee equal to 1% of the gross rent collected per month, with a minimum of \$25.00 monthly. Owner acknowledges that the additional fee is due to the significant amount of additional time incurred by Manager for service requests for the Property when a home warranty is in place. In the event of an emergency repair described in paragraph B above, Owner authorizes Manager to use

vendors selected by Manager other than the home warranty company if the home warranty company does not promptly respond to and address the emergency repair.

**RESERVES:** Upon execution of this agreement, Owner will deposit the following amount with Broker to be held in a trust account as a reserve for Owner: \$500 for each unit within the Property or Properties managed by Broker under this agreement. Broker may, at Broker's discretion, use the reserve to pay any expense related to the leasing and management of the Property(ies) (including but not limited to Broker's fees). If the balance of the reserve becomes less than the amount stated, at any time, Broker may: (a) deduct an amount that will bring the balance to the amount stated from any subsequent rent received on behalf of Owner and deposit the amount into the reserve; or (b) notify Owner that Owner must promptly deposit additional funds with Broker to bring the balance to the amount stated

## **7. Insurance**

- A. Owners Insurance:** Owner shall obtain and maintain, at its sole cost and expense, adequate insurance against liability for loss, damage or injury to Property or persons which might arise out of the occupancy, management, use, operation, or maintenance of the Property. If for any reason, the Property remains vacant for thirty (30) days or more, Owner shall obtain and keep in effect for said period, at his own expense, adequate vacant property insurance. Manager shall be under no obligation to obtain, maintain, or renew any policies of insurance required to be carried by Owner hereunder.
- B. Manager additional Insured:** Owner shall always have Bay Management Group Austin, LLC listed as additional insured during the management term. Owner must submit Manager with a COI (Certificate of Insurance) at contract start. COI should read as follows: "Bay Management Group Austin, LLC is added as an additional insured on this policy." Any updates or changes to Owners Insurance must be sent to Manager within 2 business days of policy change.

## **8. Manager Assumes No Liability:**

Manager assumes no liability for any damages, losses, or acts of omission by the tenant. Manager assumes no liability for any acts or omissions of Owner, previous Owners or previous brokers. Manager assumes no liability for default by any Tenant. Manager assumes no liability for violations of environmental or other regulations which may become known during the term of this agreement. Any such regulatory violations or hazards discovered by Manager shall be brought to the attention of Owner, and Owner shall promptly cure them. Manager shall not be liable in the event of bankruptcy or failure of the depository bank where Owner's funds are deposited.

## **9. Indemnification and Owner's Responsibilities to Defend:**

- A. Generally: OWNER SHALL INDEMNIFY, DEFEND, AND HOLD MANAGER HARMLESS FROM ALL LOSS, INVESTIGATION, SUITS, DAMAGE, COST, EXPENSE (INCLUDING ATTORNEYS' FEES) LIABILITY OR CLAIMS FOR PERSONAL INJURY OR PROPERTY DAMAGE, INCLUDING VANDALISM, INCURRED OR OCCURRING IN, ON OR ABOUT THE PROPERTY.**
- B. Indemnification survives termination:** All representations and warranties of the parties contained herein, including any provisions of this agreement that require owner to have insured or to defend, reimburse or indemnify Manager shall survive the termination of this agreement. If Manager becomes involved in any proceeding or litigation by reason of having been Owner's Manager, such provisions shall apply as if this agreement were still in effect.

C. Litigation and Compliance Expenses: Owner shall pay and indemnify, defend, and hold Manager harmless from, all fines, penalties, or other expenses in connection with any claim proceeding, or suit involving an alleged violation of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control taxes or fair housing, including illegal discrimination on the basis of race, sex, color, religion, national origin, physical handicap, familial status, public assistance, age or all other classes protected by state, or federal law: provided, however, that owner shall not be responsible to Manager for any such expenses if Manager is found in a court of law or tribunal of property authority to have personally, and not in a representative capacity, violated any such law. Should Owner sue Manager, Owner shall pay the full costs of Manager's attorney's fees and costs expended in defending itself, in the event Manager prevails in such suit. Nothing contained in this Agreement shall obligate Manager to employ legal counsel to represent Owner in any such proceeding or suit.

**10. Owner Representations:**

Owner represents and warrants: that Owner has full power and authority to enter into this Agreement; that there are no written or oral agreements affecting the Property other than disclosed tenant leases, copies of which have been furnished to Manager; that there are no recorded easements, restrictions, reservations or rights of way which adversely affect the use of the Property for the purposes intended under this Agreement; that the Property is zoned for the intended use; that all permits for the operation of the Property have been secured and are current; that any underlying mortgages or related liens permit rental of the Property or Property steps have been taken to ensure the Property being used in a manner consistent with how it has been represented to third parties, that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders or the like; that the information supplied by Owner is dependable and accurate; and that any loans, notes, mortgages, dues or trust deeds are fully paid or are current without defaults.

**11. Termination:**

A. Termination: Either party may terminate this Agreement with 30 days' notice of the contract end date and subsequent renewals. Upon any termination of this Agreement by Owner, Owner shall pay to Manager a sum equal to the monthly management fee percentage times the number of months remaining in the term of the Agreement as of the termination date based on the rent in effect under leases as of the termination date without regard to the actual remaining term of the lease or collection of rent under such Lease. If the property is vacant as of the date of termination of this Agreement by Owner, Owner shall pay to Manager a sum equal to the monthly management fee percentage times the number of months remaining in the term of the Agreement as of the termination date (i) based on the rent last in effect under any leases that have terminated during the term of this Agreement or, (ii) if no such leases, based on the monthly market rent in the area of the property as reasonably determined by Manager. If any property sells during this term, Manager may terminate this Agreement as of the date of the sale and Owner shall pay to Manager the sum calculated pursuant to the immediately preceding sentence with the date of the sale being the applicable termination date for calculation of such sum.

B. Early Termination: This agreement may be terminated by either party at any time with 30 days' notice. Owner shall immediately pay Manager \$1,500.00 if an approved applicant has been secured and Owner terminates this agreement prior to a move in taking place. Manager is authorized to withhold funds from the property to cover this amount if the funds are available. If owner

terminates prior to a tenant being placed the early termination fee is \$500

- C. Termination for Violation of Agreement or Law: Manager reserves the right to terminate this Agreement with 30 days written notice if Owner is found to have violated the agreement. Manager reserves the right to terminate this Agreement immediately if Owner acts in a manner which, at the discretion of Manager, creates a hostile or otherwise harmful relationship with Manager, or Owner is found in violation of any federal, state, or local law that may create a liability to Owner, impact the goodwill or public reputation of Manager, or otherwise endanger Manager in any way.
- D. Owner Responsible for Payments: Upon termination, Owner shall pay Manager any fees, commissions, and expenses due to Manager for services already rendered or payments due through the month of termination. Owner shall assume and satisfy the obligations of any contract or outstanding bill incurred by Manager under this Agreement. Manager may withhold funds for up to 60 days after the end of the month in which this Agreement is terminated in order to pay bills previously incurred but not yet invoiced and to close accounts. Manager shall deliver to Owner, within 60 days after the end of the month in which this Agreement is terminated, any balance of monies due Owner, which were held by the manager with respect to the Property, as well as a final accounting reflecting the balance of income and expenses with respect to the Property as of the date of termination or withdraw.

## 12. First Right to Sell

- A. During the term of this Agreement, if the Owner decides to sell the property managed by the Manager, the Manager shall have the first right to act as the exclusive agent to list, market, and represent the Owner in the sale transaction. Prior to listing the property for sale, the Owner shall provide written notice to the Manager expressing the Owner's intention to sell the property and the Manager shall have days 14 from the receipt of the notice to exercise its right. If the Manager waives its right in writing or fails to respond within such 14-day period, the Owner shall have the right sell the property independently without the involvement of the Manager.
- B. If the Manager exercises its right above, the Manager shall assist the Owner in determining the fair market value for the sale of the property and shall act in good faith to obtain the best possible sale terms for the Owner based on prevailing market conditions and comparable sales. In furtherance of such efforts, the Manager shall market the property through various channels, which may include online listings, real estate agents' networks, social media platforms, and other appropriate advertising mediums as reasonably determined by the Manager.
- C. Manager shall be paid a commission equal to 3% of the sale price for the property, which commission shall be due and payable at closing of the sale of the property, unless Manager has waived or is deemed to have waived its right to act as exclusive agent to sell the property. Such commission shall be payable even if Owner fails to provide notice to Manager as required above. If the Manager is unable to find a qualified buyer that makes an offer to purchase the property within 6 months following Manager's exercise of the right to sell, which time period may be extended by mutual agreement of Owner and Manager, the Owner may engage a different real estate agent to sell the property. Sale Coordination Fees: If at any time during this agreement Owner agrees to sell the Property and Broker is not paid a fee under Paragraph 12 C Owner will pay Broker \$1,000 for Broker's time and services to coordinate showings, inspections, appraisals, repairs, and other related matters.

## 13. Lead Based Paint Disclosure

Housing built before 1978 may contain lead – based paint. Before renting pre-1978 housing, Owner

must disclose the presence of known lead-based and /or lead- based paint hazards in the Property. Owner represents that:

( ) The Property was constructed on or after January 1, 1978.

( ) The Property was constructed prior to 1978. Check (i) or (ii) or (iii) below.

- I. Owner has no knowledge of lead based paint and /or lead based paint hazards in the Property
- II. Owner has knowledge of Lead based paint and /or lead based paint hazards in the Property. Owner has had Property inspected and can show proof of such inspection with test results.
- III. The Property was constructed prior to 1950 (Owner must show proof of lead inspection)

**14. Rental Flood Disclosure.**

Texas law requires a landlord to disclose in writing whether the dwelling is located in a 100-year floodplain and whether the landlord is aware of any flooding that has occurred on the property within the previous five (5) years. Simultaneously with the execution of this Agreement, Owner shall complete execute the attached Addendum Regarding Rental Flood Disclosure (the "Flood Disclosure"). Owner represents that all information provided in the Flood Disclosure concerning floodplain status and prior flooding is true and correct to the best of Owner's knowledge. Owner agrees to promptly notify Manager in writing if Owner becomes aware of any flooding event or change in FEMA floodplain designation affecting the Property. Manager is authorized to rely on Owner's statements when delivering the Flood Disclosure to tenants.

**15. Information About Brokerage Services.**

Owner acknowledges that Manager has provided the Information About Brokerage Services (IABS) notice required by Texas law.

**16. Complete Agreement.**

This Agreement shall be binding upon the parties, and each of their respective heirs, executors, administrators, successors and assigns. No amendment is valid unless in writing and signed by the parties. There are no warranties or representations not herein contained.

The undersigned parties acknowledge that they have thoroughly read and understand each provision of this Agreement and have received a copy.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Owner (1)Signature:

Printed Name:

Owner (2) Signature: \_\_\_\_\_

Printed Name:

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

Bay Management Group Austin Representative

Bay Management Group Austin, LLC

14050 Summit Drive #113B

Austin, Texas 78728

Phone: 512-617-6766

**Complete RENTAL Property Address:**

**Will you allow pets? :**

Yes  No

Legal Owner: (1) First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Legal Owner: (2) First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_ Company \_\_\_\_\_

Name (If applicable): \_\_\_\_\_

**MAILING address:** \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Numbers:

**Owner (1):** Mobile \_\_\_\_\_

**Owner (2):** Mobile \_\_\_\_\_

Work \_\_\_\_\_

Work: \_\_\_\_\_

Home \_\_\_\_\_

Home: \_\_\_\_\_

Email: Owner (1): \_\_\_\_\_ @ \_\_\_\_\_

Owner (2): \_\_\_\_\_ @ \_\_\_\_\_

Emergency contact in the event Manager is unable to get in touch with owner:

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

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

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

**EXHIBIT A**

**Property(s):**

**Address:**

**Legal Address:**

**County:**

**Non-real property items:**

**SAMPLE**