

CONTRACT FOR MANAGEMENT

In consideration of the covenants and conditions contained herein _____
(hereinafter called "Owner") and Pierce Asset Management, Inc. DBA Pierce Property Management
(hereinafter called "Agent") agree as follows:

- A. The *Owner* hereby employs the *Agent* exclusively to rent, lease, operate and manage the Property known as: _____
_____, Arizona upon the terms contained herein for the period of one (1) year beginning on the ___ day of _____, 20___, and ending the _____ day of _____, 20 __. ("Expiration Date")
- B. This Contract for Management ("Contract") shall continue in full force and effect until the Expiration Date. The Contract may be renewed for a term of one year following the Expiration Date upon written notice of the intent to renew given by the Agent to the Owner at least thirty (30) days prior to the Expiration Date.

Either of the parties may cancel and terminate the Contract by complying with the terms set forth below in this Paragraph B. To cancel this Contract, either party must notify the other party and provide a written "Notice of Cancellation". The Notice of Cancellation shall be sent 30 days prior to the first day of the month on which cancellation is to be effective. If the *Owner* cancels within the first three (3) months of entering into this Contract, then the *Owner* shall pay a one-time early-cancellation fee of \$250.00.

If *Agent* provides written notice of its intent to renew the Contract and *Owner* has not terminated the Contract prior to the Expiration Date, then *Agent* shall be entitled, in its sole discretion, to modify/change/alter the terms and conditions of this Contract by providing written notice of such changes along with its renewal notice ("Notice of Contract Changes"); such Notice of Contract Changes shall be in writing and sent to the *Owner*. The modifications/changes/alterations of the Contract shall be effective on the first day of the renewal period.

Agent may cancel the Agreement at any time, and shall not be required to send Notice of Cancellation to *Owner*, for the following reasons: (i) *Owner's* non-payment of fees or other amounts due under this Contract, (ii) *Owner's* failure to comply with any term of the Contract, (iii) *Owner's* interference with *Agent's* performance of its duties required by this Contract, or (iv) sale of the property by the *Owner*.

Upon cancellation of this Contract according to the terms and conditions of this Paragraph B above, *Agent* will provide *Owner* with copies of leases, keys and other pertinent information, including any monies due and owing to *Owner* less any amounts due and owing to *Agent* under the terms of this Contract. *Owner* must not be outstanding on any monies owed on the account at time of close out. If monies are owed, *Owner's* account cannot be closed out. If *Owner* chooses to reactivate this Contract after the account is closed out, a new contract must be signed and a \$150.00 reactivation fee shall be due.

C. The *Agent* agrees:

1. To use diligence in the management of the premises for the period and upon the terms herein provided, and agrees to furnish the services of its organization for the renting, leasing, operating and managing of the herein described Property.
2. To aid, assist and cooperate in the *Owner's* payment of real property taxes and in the case of any insurance claims and loss adjustments; and to perform such duties in connection therewith as may be requested by the *Owner*.
3. To provide monthly statements and disbursements to the *Owner* no later than the 25th day of each month. Duplicate statements will be provided for a fee of \$25.00. Duplicate copies of leases and other paperwork provided to or for the *Owner* shall be provided for an additional fee of \$35.00 per document.
4. *Agent* may withhold a sum not to exceed \$250.00 as a reserve to meet obligations, which will or may become due and for which current income will not or may not be adequate. In the event the disbursements shall be in excess of the rents collected by the *Agent*, the *Owner* hereby agrees to pay such excess promptly upon demand to the *Agent*. When *Agent* receives notice that the property is coming vacant, reserve will be increased to \$350.00 due to increase in costs during vacancy for utility bills and other bills which may occur to be paid from *Owner's* account.
5. To deposit all receipts collected for *Owner* and all security deposits in an Arizona bank and in an account designated as a trust or fiduciary account and will be separate from *Agent's* personal account. However, *Agent* will not be held liable in event of bankruptcy or failure of depository.
6. To account to the *Owner* for all rebates and/or discounts that *Agent* may receive on account of expenditure or contracts for the account of said premises and all such rebated and/or discounts shall accrue to the benefit of the *Owner*.

- D. The *Owner* hereby gives to the *Agent* the following authority and powers and agrees to be responsible and liable for all of the expense and cost in connection herewith:
1. To advertise the availability for rental of the herein described premises or any part thereof and to display "for rent" signs thereon; to sign, renew and/or cancel leases for the premises or any part thereof; to collect rents due or to become due or monthly assessments and give receipts therefore; to terminate tenancies and to sign and serve in the name of the *Owner* such notices as are appropriate; to institute and prosecute; and evict tenants and to recover possession of said premises; to sue for and in the name of the *Owner* and recover rents and other sums due; to hire attorneys on behalf of *Owner*; and when expedient, reinstate such tenancies. *Agent* may charge a fee of \$200.00 to testify on *Owner's* behalf in matters other than forcible detainer actions. Any lease executed for the *Owner* by the *Agent* shall not exceed one (1) year unless agreed upon by *Owner*. *Agent* does not guarantee the length of time it takes to lease property.
 2. To hire contractors, handymen and other service providers, to make or cause to be made, and to coordinate any such repairs, maintenance and alterations, and decoration of *Owner's* premises; and to purchase supplies and pay bills thereof. The *Agent* agrees to secure the prior approval of the *Owner* on all expenditures in excess of \$250.00 for any one item except monthly or recurring operating charges and/or emergency repairs in excess of the maximum if in the opinion of the *Agent* such repairs are necessary to protect the property from further damage or to maintain services to the tenants required by their lease and the Arizona Landlord-Tenant Act. *Agent* is authorized to have repairs made which are deemed necessary by law or in the interests of public safety. *Agent* may attempt but is not obligated to call *Owner* or any other company/vendor during an emergency after hours call. *Agent* recommends that owners view their properties on a regular basis. *Owner* is advised that *Agent* may hire contractors, handymen or other service providers in which the principals of *Agent* may also be principals of the hired contractor, handymen or other service providers.
 3. To hire, discharge and coordinate all labor and contractors required for the operation and maintenance of the premises, it being agreed that all contractors shall be deemed contractors of the *Owner* and not the *Agent* and that the *Owner* and not the *Agent* is responsible for all obligations to the contractors. The *Agent* may perform any of its duties through *Owner's* attorneys, *Agent* or employees and shall not be responsible for their acts, defaults or negligence if reasonable care has been exercised in their appointment and retention.

4. To enter into on *Owner's* behalf any contracts for electricity, gas, fuel, water, telephone, window cleaning, rubbish hauling and other services or such of them as the *Agent* shall deem advisable. The *Owner* shall assume all responsibility for paying all amounts and obligations due under any contract entered into on *Owner's* behalf upon the termination of this agreement.

E. The *Owner* further agrees:

1. To save and hold the *Agent*, and its agents, employees, owners, principals, officers and directors, harmless for, from and against any and all liability arising out of its management of the herein described property and from liability from injury suffered by any employee or other person whomsoever, and to carry, at *Owner's* sole expense, necessary liability insurance adequate to protect the *Owner* and *Owner's* Property. The *Agent* shall also not be liable for any error of judgment or for any mistake of the fact of law, or for anything which it may do or refrain from doing hereinafter, except in the case of willful misconduct or gross negligence.
2. It is understood and agreed that any bank trust account that contains owner/tenant funds that earns interest, the interest shall be the property of *Agent*. *Agent* will not be responsible for such interest to *Owner*. Fees charged to the tenant in the process of collection of rent, such as late fees and insufficient fund check fees, will be the property of the *Agent* as compensation for services. Fees charged to the tenant in the process of a Complaint Forcible Detainer, such as certified mailing fees, filing fees, process services fees and attorney fees, will be reimbursed to the *Owner* upon collection of said fees from tenant by *Agent*, if any fees are in fact collected.
3. The *Owner* agrees to pay the *Agent* each month:
 - a. **FOR MANAGEMENT:** _____ percent (____%) of the gross amount of money received from the operation of said premises during the period herein provided and initial fee for new management to set up account \$300.00. Management commission will be collected in the event of move-in specials or rent credit is offered to the tenant by the *Owner*. Commission will be based on rental price of lease and will be collected for term of lease. Initial set-up fee for additional properties will be reduced. Reactivation fee for closed out property will be \$150.00 per property. A management contract renewal fee of \$100.00 will be assessed annually.
 - b. **FOR LEASING:** \$100.00 leasing and preparation fee on all leases to new tenants secured and N/A for renewals of leases during the period herein provided. If *Agent* collects a lease break fee from tenant, *Agent* will waive leasing fee upon releasing property.

- c. **FOR SUPERVISING OF INSURANCE REPAIRS:** Ten percent (10%) of expenditures up to \$500.00 plus five percent (5%) of expenditures above \$500.00.
- d. **INVENTORY CHECK:** *Agent* may charge a fee of \$100.00 for inventory check of a furnished unit, upon each vacancy.
- e. **LAUNDRY MONEY COLLECTION:** For collection and depositing laundry monies, there will be a monthly charge.
- f. **FOR SALE FEES:** If tenant buys Property directly from *Owner*, Pierce Property Management will receive a referral fee equal to (1) month's rent. If Property is listed by a company other than Pierce Property Management and Property is sold to tenant, Pierce Property Management will receive 20% of the selling agent's commission as a referral fee. When property is listed for sale, Pierce Property Management will charge a flat fee for work provided for potential sale (for example, letters to tenants, copies of leases, etc.).
- g. **SUPERVISION:** If a property is received under a new contract and the property is not in rentable condition, *Agent* may charge a fee of \$50.00 per hour to oversee the work done to the property necessary to bring the property up to a rentable condition.
- h. **ANNUAL PROPERTY WALKTHROUGH:** *Agent* will conduct an annual walk through of the property, which will include feedback to the *Owner*, smoke detector battery changes and a filter change for a fee of \$100.00, plus materials.
- i. **UTILITY & REPAIR BILLINGS:** Upon request by *Owner* that bills be sent to *Owner* for payment, *Owner* must send funds to *Agent* in lieu of being paid directly from the account, and *Agent* will charge \$25.00 per billing. *Agent* will bill *Owner* for funds if reserve has been depleted or bills exceed amount of money on account. *Agent* will charge \$25.00 for each multiple billing for past due balances.
- j. **FORECLOSURE/TRUSTEE SALES:** *Owner* is obligated to notify *Agent* of any pending foreclosure/trustee's sales. If *Agent* is not notified by *Owner*, *Owner* defaults on contract and *Agent* can release tenant monies as needed. *Agent*, at *Agent's* discretion, can file notice with County to be notified of any pending trustee sale at the *Owner's* expense.
- k. **CAPITAL IMPROVEMENTS:** *Agent* may charge a 5% fee for coordinating capital improvements to the property if the amount of the improvements is over \$5,000.00.

1. **LEGAL FEES:** Attorney costs and other legal fees for a Complaint Forcible Detainer or legal actions shall be costs incurred by Owner. Fees will be charged to the Tenant and Owner shall be reimbursed upon collection of said fees if any fees are collected.

4. The *Owner* hereby instructs the *Agent* to pay, out of the rents collected from the premises, the following items of expenses other than the normal expenses: _____

5. The *Owner* agrees to provide *Agent* with information requested on forms provided. *Owner* also agrees to provide *Agent* with Homeowners Associations Rules and Regulations, if applicable, and provide *Agent* with any changes and information pertinent in management of Property.

6. This Contract is entered into by and between the *Owner* and *Agent*, and shall be binding upon their heirs, executors, administrators and successors of the *Owner* and *Agent*. This agreement will not be assigned without permission of both parties.

7. This Contract may be executed in any number of counterparts and via facsimile, each of which shall be binding on all parties.

8. Time is of the essence for this Contract. The prevailing party to any dispute arising out of this Contract shall be entitled to an award of its attorney's fees and costs incurred therein, and any cause of action arising out of this Contract shall be filed in Yavapai County, Arizona and governed by the laws of the State of Arizona.

THE PARTIES HERETO have affixed or caused to be affixed their respective signatures this _____ day of _____, 20_____.

AGENT

OWNER

OWNER

HABITABILITY ADDENDUM

A dwelling shall be deemed untenantable for purposes of habitability if it substantially lacks any of the following affirmative standard characteristics or is a residential unit as described in the Health and Safety Code:

- A. Effective waterproofing and weather protection of roof and exterior walls including unbroken windows and doors.
- B. Plumbing or gas facilities that conformed to applicable law in exterior walls, in effect at the time of installation, maintained in good working order.
- C. A water supply approved under applicable law that is under the control of the tenant, capable of producing hot and cold running water, or a system that is under the control of the landlord, that produces hot and cold running water, furnished to appropriate fixtures, and connected to a sewage disposal system approved under applicable law.
- D. Heating facilities that conformed to applicable law at the time of installation, maintained in good working order.
- E. Electrical lighting, with wiring and electrical equipment that conformed to applicable law at the time of installation, maintained in good working order.
- F. Building, grounds, and appurtenances at the time of the commencement of the lease or rental agreement, and all areas under control of the landlord, kept in every part clean, sanitary, and free from all accumulations of debris, filth, rubbish, garbage, rodents, and vermin.
- G. An adequate number of appropriate receptacles for garbage and rubbish, in clean condition and good repair at the time of the commencement of the lease or rental agreement, with the landlord providing appropriate serviceable receptacles thereafter and being responsible for the clean condition and good repair of the receptacles under his or her control.
- H. Floors, stairways, and railings maintained in good repair.
- I. Owner agrees to deliver notice to Pierce Property Management of any work done by vendors or contractors to the property under management. Said work shall be done in accordance with local codes. Pierce Property Management shall not be liable for work done by owner or owner's vendors/contractors that are not to code.

Owner's Signature: _____ Date: _____

Property Address: _____