



## 1. Property Management Agreement

### 1.1 INTRODUCTION

This "Agreement", made this «Day of Month» day of «Month» and «Year», between TJC Real Estate & Management Services Inc., a Colorado Corporation, hereinafter called the "Manager" and <<Owner Name(s)>> hereinafter called the "Owner".

### 1.2 PROPERTY TERMS

Owner is employing Manager to manage, operate, control, collect rents, arrange for maintenance and pay for same from Owner's funds, locate and service tenants for the property known as <<Property Address>>. Property includes: stove, dishwasher, refrigerator, and microwave. Utilities are paid by Owner while vacant and paid by tenant when occupied. HOA fees and the annual wastewater bill are always the Owner's responsibility. Minimum acceptable rent for this property is \$1500 (Actual rental rate will be determined based on current market conditions at time of listing property on the rental market); minimum acceptable security deposit is equal to one month's rent. Rents below this amount cannot be accepted without Owner approval. Twelve month leases are almost always preferred but, with Owner approval, leases as short as 6 months can be allowed.

### 1.3 MANAGEMENT AGREEMENT TERMS

This Agreement shall begin on <<Management Start Date>> and shall be in effect for a period of just over 2 years, and shall expire at midnight on <<Agreement Termination Date>>. Owner may terminate this Agreement at any time upon giving thirty (30) days advance written notice to Manager. Manager may terminate this Agreement at any time by giving 48 hour written notice to the Owner. Should Owner terminate the Agreement, Owner agrees all Management and other fees owed to Manager shall be paid in full. In addition, should the Owner cancel this Agreement during the initial lease term signed by a tenant, then the Owner agrees to pay Manager the sum of one-half of one month's rent per unit as a cancellation fee. Upon expiration of the above initial term, this Agreement shall automatically be renewed and extended for a like period of time unless terminated in writing by either party 30 days prior to the date for such renewal. In addition, all terms and conditions of this Agreement are subject to change by Manager, with a 30 day written notice (email is acceptable) issued by Manager.

### 1.4 PROPERTY MANAGER AS LAWFUL AGENT

The Owner hereby appoints Manager as his/her lawful agent and attorney-in-fact with full authority to do any and all lawful things necessary for the fulfillment of this Agreement, including but not limited to the following:

1. To advertise the property and display signs thereon.
2. To show the property to potential tenants - please note that the manager uses both licensed showing agents and non licensed showing agents to show properties to potential tenants.
3. To have potential tenants fill out a rental application form and to acquire credit reports from potential renters.
4. To collect an application fee for each rental application form from the prospective tenant.
5. To conduct due diligence in reviewing credible tenants against the terms agreed upon within this agreement.
6. To have a potential tenant sign a lease.
7. To collect and return (at Managers sole discretion) security deposits.
8. To collect all rents due and as they become due.
9. To render to the Owner a monthly accounting of rents received and expenses paid out; and to remit to the Owner all income, less any sums paid out.
10. To sign, renew and cancel rental agreements and leases for the property or any part thereof.
11. To sue and recover for rent and for loss of or damage to any part of the property and/or furnishings thereof; and, when expedient, to compromise, settle and release any such legal proceedings or lawsuits.
12. Manager to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate as prescribed by Colorado Law, and prosecute action, to evict tenants to recover possession of said premises and recover rents or release such actions or suits or reinstate such tenancies. Manager agrees to follow all procedures possible to secure responsible tenants. If said tenants fail to live up to the terms of the lease, Owner shall not hold Manager responsible.

### 1.5 MAINTENANCE OBLIGATIONS

Manager to make or cause to be made and supervise repairs and maintenance and to do routine work necessary when vacated to prepare the unit for re-rental: to purchase supplies and pay all bills thereof. The Manager agrees to secure prior approval of the Owner on expenditures in excess of \$500.00 for any one item, except monthly, or recurring operating charges and emergency repairs in excess of maximum if, in the

opinion of Manager, such repairs are necessary to protect the property from damage, prevent damage to life or to the property of others, to avoid suspension of necessary services, to avoid penalties and to maintain services to the tenants as called for in their lease, with the exception of the HVAC system, which will be repaired as needed regardless of the maximum threshold amount. Should Owner not respond within 48 hours of Manager notifying them of repair request, Manager will proceed with repair at its best discretion. Manager may use Manager's credit card for handling repair costs and any benefits received by Manager for such use will be retained by the Manager.

The Manager has extensive experience in dealing with appliance/equipment repairs and replacements, and the most cost effective way to handle appliance/equipment repairs and replacements is as follows:

We will not send a technician out to repair these items after their useful life has expired. We will simply replace, with new, like kind, upon receiving the first service request after the time frame listed:

- Refrigerator/Microwave/Dishwasher/Washer/Dryer/Hot Water Heater - 10 years
- Stove/HVAC - 15 years
- Furnace - 17 years

## 1.6 IN-HOUSE CONTRACTOR

Manager reserves the right to use an in-house employee or contractor for any and all maintenance issues. The billing rate will be \$55 per hour for routine handyman items and \$75 per hour for appliance repair, HVAC, and advanced plumbing issues.

## 1.7 OWNER EXPENSE OBLIGATIONS

All reasonable expenses incurred by Manager in the operation of the property, including but not limited to those expenses in Paragraph 4, shall be paid for by Owner. Such expenses shall be deducted from rents paid on the property, or as otherwise agreed upon by Owner and Manager in advance of expenditure. A monthly statement shall be available to the Owner no later than the 15th of the month.

## 1.8 MANAGEMENT FEES

Manager's fee for the above services shall be \$100 per month or previously agreed upon percentage,

«Management Fee Percent» % of the monthly rents, whichever is greater. The Manager is hereby authorized to deduct this fee and other applicable expenses from said rents each month for the term of this agreement. All late fees collected by Manager are considered compensation for extra management expenses and belong to the Manager. Additionally, there is a leasing fee to be paid by Owner each time a new lease is signed by a tenant on said property, in the amount of one-half of a full month's rent. Should an existing tenant extend or renegotiate their lease (month-to-month extensions do not apply), or should the Manager take over management of the property in the middle of a lease, then the Manager's fee will be reduced to \$200 for 1 year or less, and \$300 for more than 1 year. This fee shall be collected from the first month's payment on said lease, in addition to the monthly management fee.

## 1.9 MOVE IN/OUT INSPECTION

1) Manager performs basic and preventative maintenance during each move-in/move-out of the property, including the final month (when owner takes repossession). Our maintenance person charges \$60 for labor for this service.

## 1.10 PETS AND SERVICE ANIMALS

Pets are not allowed without Owner approval. Should pets be allowed, then the tenant will be charged \$500, half of which shall be refundable and half of which shall be a non-refundable pet fee. Manager reserves the right to use a third party service to screen pets and may charge additional fees to the tenant based on their recommendation.

\*\* Please note that service animals and qualifying emotional support animals (ESA) are not deemed to be pets for leasing purposes and Manager may not charge pet fees or additional deposits for such service or ESA. In addition, the fact that a prospective tenant has a service animal or ESA may not be used as a disqualifying factor in leasing the Property to such tenant (even if Owner has requested that no pets are to be allowed on the Property).\*\*

## 1.11 TENANT FEES

Tenant Fees: The Manager reserves the right to charge administrative fees to tenants. These fees are collected and retained by and for by the Manager and not disbursed to the Owner. Currently, such fees include, but are not limited to, the following, and are subject to change:

- Pet Administrative fee (if applicable) – \$125
- Roommate change fee - \$125
- Application fee - \$35
- Trash Removal Fee - \$100
- Cleaning coordination fee - \$50
- Various fees for replacement of keys/garage remotes/CO detectors/Fire extinguishers.

## 1.12 CARBON MONOXIDE DETECTORS

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Carbon Monoxide (CO) detectors are required by State of Colorado to be installed within 15 feet of each bedroom (or other room lawfully used for sleeping purposes), with at least one CO detector per floor, or in any location otherwise specified by a state or local building code. Fire extinguishers are required by the City of Denver to be located on the premises. Manager purchases these in bulk and will install the necessary CO detectors and one fire extinguisher in premises, at the unit cost of \$55 for a detector and \$55 for a fire extinguisher, which includes cost of unit, installation, batteries, and testing.

## 1.13 TENANT LEASE BREAK

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From time to time, tenants request to break their lease, for various reasons. The Lease Break Policy between the Manager and the tenant is as follows:

- Tenant provides a 60 day notice. Manager will begin re-marketing the home soon thereafter. Their lease will end 60 days from the date of this notice, or, the day before a new, replacement tenant moves into the home, whichever comes first. Outgoing tenant is also responsible for utilities, landscaping, and maintaining the home until their new lease end date.
- Tenant will be charged a Lease Break Fee of 1 month's rent if their lease has more than 60 days remaining. If tenant's lease has less than 60 days remaining, then this fee, at the Manager's sole discretion, will be reduced down to as little as \$125.
- In instances where the Tenant provides a Lease Break Notice to the Manager between September 15 and December 31, the tenant will be responsible for rent thru February 28 or until a replacement tenant moves into the home, whichever comes first.

## 1.14 MAJOR REPAIRS AND PROJECTS

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Should it become necessary to oversee major repairs and/or projects to the property, especially those involving the management of insurance claims, during the duration of this Agreement, a supervisory fee of \$250 shall be charged to the Owner to cover administrative costs. This fee shall be waived should the Owner choose to manage the insurance company and claims without Manager involvement.

## 1.15 ANNUAL COORDINATION FEE

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To cover the cost of general supplies provided to the property (keys, light bulbs, furnace filters, batteries, printing flyers, etc.), tenant screening costs, the time involved of marketing the property to non-TJC Real Estate websites (such as Craig's List), and the cost of providing to and coordinating with the Owner the IRS mandated 1099 form, the Manager charges an annual coordination fee of \$100, to be charged on July 1 of each year.

## 1.16 1099 FORMS

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Owner agrees to receive 1099 forms each year electronically as posted to their Owner's Portal, and waives the need to receive a paper copy.

## 1.17 INJURY LIABILITY

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Owner agrees to indemnify and hold harmless the Manager from any and all claims, demands, charges, debts, or lawsuits, including but not limited to necessary attorney's fees, from any liability for injury (to person or property) suffered on or about the premises by any person, and in connection to management unless they arise from the intentional misconduct of Manager.

Both Owner and Manager hereby agree that should litigation occur between the parties, that any Attorney fees requested by, or awarded to, either party shall be capped at \$600 total.

## 1.18 SECURITY DEPOSITS

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Manager will retain all security deposits received from tenants per term of the lease, or until such time as a tenant defaults on the lease and the deposit is forfeited for the benefit of the Owner. Manager reserves the right to allow the tenant to break up security deposit into two payments, payable no later than 2nd month of lease term. The Owner understands and agrees that funds will be deposited in an interest bearing account (which may be a timed deposit with penalty account, commonly referred to as a "CD") that the Manager reserves distinctly for security deposits and will not be co-mingled with any of the Manager's personal funds. Owner further understands that interest from security deposits will be used to offset banking fees and accounting costs. The interest will not be credited to Owner. Owner also understands that the Owner will not participate in the tenant security deposit return process and that the Manager's decision on what to withhold and not withhold from the deposit are at the sole discretion of the Manager and are final.

Should this Agreement terminate before the expiration of a tenant lease agreement, the Owner shall have full legal obligation and responsibility over the tenant's security deposit, including but not limited to the proper accounting and disposition process to the tenant, and any resulting legal actions.

## 1.19 HOME OWNERS' INSURANCE

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Owner will maintain homeowners insurance on the property at all times. The policy must include the Manager as an additional insured and it is recommended, for townhomes and condominiums, that the policy include HOA gap coverage.

Manager requires tenants, as part of the Lease Agreement, to acquire Renters Insurance. This insurance must include both the Manager and the Owner as additional insured. Please note that tenants routinely change and cancel their insurance policies, and because of this the Manager does not track or keep a log of these insurance policies. However, the Lease Agreement does enable the Manager to request a copy of the tenant's Renters Insurance policy at any time.

## 1.20 FAIR HOUSING

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Owner must comply with all local, State, and Federal laws, including but not limited to Fair Housing requirements.

## 1.21 FORECLOSURE

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Owner hereby certifies that any mortgages and/or debts on the property are current and that the property is not in any stage of foreclosure. Manager reserves right to terminate this Agreement immediately and without any notice should all debts on the property not be current and/or the Owner begins bankruptcy proceedings.

## 1.22 PREPARING HOME FOR TENANTS

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Manager will, at Owner's expense, bring the home to the Manager's 'move-in ready' standards. This includes, but is not limited to, arranging to have the property professionally cleaned, including carpets, and any other maintenance required, after current occupants (including the Owner) vacate the property, and pay for service out of first month's rent proceeds due to the Owner.

## 1.23 TENANT CONTACT

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Owner agrees to have no contact with the tenant(s). Furthermore, Owner agrees and understands that if Owner has any contact with the tenant(s) in person, via mail, phone, email or otherwise, should a legal dispute result in litigation, the Owner may have to testify in person at any legal proceeding.

## 1.24 WINDOW WELLS

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If applicable, window well covers must be provided by the Owner, at the Owner's expense, prior to any tenant moving in. If necessary, Manager will coordinate quote, purchase, and installation.

## 1.25 NON-PERMANENT OWNER ITEMS

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The Manager will not be responsible for any non-permanent attached Owner items (such as grills, furniture, lawn equipment, iron boards, etc.) that the Owner leaves on the premises.

## 1.26 MARKETING ALL PROPERTIES

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When marketing the property, the Manager reserves the right to include information about other properties that the Manager has available in all marketing materials and advertisements.

## 1.27 REAL ESTATE AGENTS

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Manager is a full services real estate brokerage with over 15 active real estate agents. They provide various real estate services, including but not limited to purchase and sale of residential properties, as well as the purchase, sale and leasing of commercial properties. Manager's agents may actively market and represent buyers, sellers, landlords and tenants in all the markets they serve. As a result, Manager's agents may on occasion work with and represent a tenant in the purchase of a home.

## 1.28 SELLING RENTAL HOME WITH TJC REAL ESTATE

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If Owner elects to use one of Manager's agents as their listing agent, Manager will agree to list the Owners home for sale at a listing fee of 2.7%, which is a 0.5% discount to the Manager's standard listing fee of 3.2%.

## 1.29 SELLING RENTAL - TIMING PARAMETER

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Should Owner decide to sell the Property during a tenant's lease term, any showings, open houses, inspections, walk-through's, photography sessions, etc. cannot occur until the final 60 days of the lease term.

1.30 PM AGREEMENT TERMINATION

Upon notification of the termination of this Agreement, in order to process any outstanding invoices and expenses, as well as to properly process the security deposit return to the tenant, the Manager will withhold, as a reserve line, one month's rent proceeds (up to a maximum of 90 days after the end of the tenant's lease). Owner shall assume the obligations of all contracts and outstanding expenses executed by the Manager under this agreement for and on behalf of the Owner as well as assume the responsibility of all unpaid expenses. Owner shall reimburse Manager for any overpayments made by Manager to Owner within 15 business days of Manager providing Owner their final owner statement.

1.31 FINAL STATEMENT

This writing contains the entire Agreement of the parties. No representations were made or relied upon by either party, other than those that are expressly set forth. Extensions and modifications of this original agreement are addressed in paragraph 2 above.

By initialing below, you acknowledge and agree to the terms in Section 1.

X \_\_\_\_\_  
Initial Here

2. Sign and Accept

2.1 ACCEPTANCE OF AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates above and below:

<<Owner Name(s)>>  
<<Owner Address(es)>>  
«Owners Phone»

TJC Real Estate & Management  
Thomas Cummings, President  
7476 E 29th Avenue  
Denver, CO 80238  
303-324-8785

X \_\_\_\_\_  
Owner

\_\_\_\_\_  
Date Signed

X \_\_\_\_\_  
Agent/Broker

\_\_\_\_\_  
Date Signed