

PROPERTY MANAGEMENT CONTRACT

CHICO SIERRA REAL ESTATE MANAGEMENT INC.

_____ (“Owner”), and
CHICO SIERRA REAL ESTATE MANAGEMENT INC. _____ (“Broker”), agree as follows:

1. **APPOINTMENT OF BROKER:** Owner hereby appoints and grants Broker the exclusive right to rent, lease, operate, and manage the property (ies) known as: _____, and any additional property which may later be added to this Agreement, (“Property”), upon the terms below, for the period beginning on (date) _____ and ending on (date) MONTH TO MONTH at 11:59 p.m. (If checked: Either party may terminate the Agreement on at least 30 days written notice 3 months after the original commencement date of this Agreement. After the exclusive term expires, this Agreement shall continue as a Non-Exclusive Agreement which either party may terminate by giving at least 30 days written notice to the other.
2. **BROKER ACCEPTANCE:** Broker accepts the appointment and grant, and agrees to:
 - A. Use due diligence in the performance of this Agreement.
 - B. Furnish the services of its organization for the rental, leasing, operating, and management of the Property.
3. **AUTHORITY AND POWERS:** Owner grants Broker the authority and power, at Owner’s expense, to:
 - A. **ADVERTISING:** Display FOR RENT, FOR LEASE, and similar signs on the Property; advertise the availability for rental or lease of the Property, or any part of it.
 - B. **RENTAL/LEASING:** Initiate, sign, renew, or cancel rental agreements and leases for the Property, or any part of it; collect and give receipts for rents, other charges, and security deposits. Any lease executed by Broker for Owner shall not exceed 1 year (s). Unless Owner authorizes a lower amount, rent shall: be a minimum of \$ _____ per _____; OR see attachment.
 - C. **TENANCY TERMINATION:** Sign and serve in Owner’s name notices which are required or appropriate; commence and prosecute actions to evict tenants; recover possession of the Property in Owner’s name; recover rents and other sums due; and when expedient, settle, compromise, and release claims, actions and suits, and/or reinstate tenancies.
 - D. **REPAIR/MAINTENANCE:** Make, cause to be made, and/or supervise repairs, improvements, alterations, and decorations to the Property; purchase and pay bills for services and supplies. Broker shall obtain prior approval of Owner on all expenditures over \$150 (one hundred fifty for any one item. Prior approval shall not be required for monthly or recurring operating charges, or, if in Broker’s opinion, emergency expenditures over the maximum are needed to protect the Property or other property (ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines, or suspension of services to tenants required by a lease or rental agreement or by law. Broker shall not advance Broker’s own funds in connection with the Property or this Agreement.
 - E. **CONTRACTS/SERVICES:** Contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Broker may perform any of Broker’s duties through attorneys, agents, employees, or independent contractors, and, except for persons working in Broker’s firm, shall not be responsible for their acts, omissions, defaults, negligence, and/or costs of same.
 - F. **EXPENSE PAYMENTS:** Pay expenses and costs for the Property from Owner’s funds held by Broker, unless otherwise directed by Owner. Expenses and costs may include, but are not limited to, property management fees and charges, expenses for goods and services, property taxes and other taxes, Owner’s Association dues, assessments, loan payments, and insurance premiums. Owners to pay Advertising in the Enterprise record. Owners to pay credit report fees on applicants.
 - G. **SECURITY DEPOSITS:** Receive security deposits from tenants, which deposits shall be given to Owner, Owner shall be responsible to tenants for return of security deposits held by Owner.
 - H. **TRUST FUNDS:** Deposit all receipts collected for Owner, less any sums properly deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The funds shall be held in a trust account separate from Broker’s personal accounts. Broker shall not be liable in event of bankruptcy or failure of a financial institution.
 - I. **RESERVES:** Maintain a reserve in Broker’s trust account of: \$0 Owner to receive all funds each month.

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J. **DISBURSEMENTS:** Disburse Owner's funds, held in Broker's trust account, in the following order:

1. Compensation due Broker under paragraph 6.
2. All other operating expenses, costs, and disbursements payable from Owner's funds held by Broker.
3. Reserves and security deposits held by Broker.
4. Balance to Owner.

K. **OWNER DISTRIBUTION:** Remit funds monthly, (approx 15th-20th of the month), to Owner.

L. **OWNER STATEMENTS:** Render monthly, (Approx 15th to 20th of the month), statements of receipts, expenses and charges for each property.

Owner and Broker acknowledge receipt of copy of this page, which constitutes Page 1 of _____ Pages.

Owner's Initials (_____) (_____) Broker's Initials (_____) (_____)

Owner Name: _____ Date _____

4. **OWNER RESPONSIBILITIES:** Owner shall:

- A. Provide all documentation and records required by Broker to manage and operate the Property.
- B. Indemnify, defend and hold harmless Broker, and all persons in Broker's firm, regardless of responsibility, from all costs, expenses, suits, liabilities, damages, attorney's fees, and claims of every type, including but not limited to those arising out of injury or death of any person, or damage to any real or personal property of any person, including Owner, in any way relating to the management, rental, security deposits, or operation of the Property by Broker, or any person in Broker's firm, or the performance or exercise of any of the duties, powers, or authorities granted to Broker.
- C. Carry and pay for: (i) public and premises liability insurance in an amount of no less than \$1,000,000; and (ii) property damage and worker's compensation insurance adequate to protect the interests of Owner and Broker. Broker shall be named as an additional insured party on Owner's policies.
- D. Pay any late charges, penalties, and/or interest imposed by lenders or other parties for failure to make payments to those parties, if the failure is due to the fact that there are insufficient funds in Broker's trust account available for such payment.

5. **LEAD-BASED PAINT DISCLOSURE:**

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

or B. The Property was constructed prior to 1978

(1) Owner has no knowledge of lead-based paint or lead-based paint hazards in the housing except: _____

(2) Owner has no reports or records pertaining to lead-based paint of lead-based paint hazards in the housing, except the following, which Owner shall provide to Broker: _____

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6. COMPENSATION:

A. Owner agrees to pay Broker fees in the amounts indicated below for:

- (1) Management: _____ % MANAGEMENT FEE
- (2) Renting or Leasing: _____
- (3) Evictions: _____
- (4) Preparing Property for rental, lease, or sale: _____
- (5) Managing Property during extended periods of vacancy: _____
- (6) An overhead and service fee added to the cost of all work performed by, or at the direction of, Broker: _____
- (7) Other: _____

B. This Property Management Agreement ("Agreement") does not include providing on-site management services, property sales, re-financing, preparing Property for sale or re-financing, 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 Owner's Association meetings, or _____.

If Owner requests Broker to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.

C. Broker may divide compensation, fees and charges due under this Agreement in any manner acceptable to Broker.

D. Owner further agrees that:

- (1) Broker may receive fees and charges from tenants for (i) requesting an assignment of lease or sublease of the Property, (ii) processing credit applications, and (iii) any returned checks, and (iv) late fees, any other services that are not in conflict with this Agreement.
- (2) Broker may perform any of Broker's duties, and obtain necessary products and services, through affiliated companies or organizations in which Broker may own an interest. Broker may receive fees, commissions, and/or profits from these affiliated companies or organizations. Broker has an ownership interest in the following affiliated companies or organizations: _____
_____. Broker shall disclose to Owner any other such relationships as they occur. Broker shall not receive any fees, commissions, or profits from unaffiliated companies in the performance of this Agreement, without prior disclosure to Owner.
- (3) Other: _____

Owner and Broker acknowledge receipt of copy of this page, which constitutes Page 2 of _____ Pages.

Owner's Initials (_____) (_____) Broker's Initials (_____) (_____)

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Owner Name: _____ Date _____

7. **AGENCY RELATIONSHIPS:** Broker shall act as the agent for Owner in any resulting transaction. Depending upon the circumstances, it may be necessary or appropriate for Broker to act as agent for both Owner and tenant. Broker shall, as soon as practical, disclose to Owner any election to act as a dual agent representing both Owner and tenant. If tenant is procured directly by Broker or an associate licensee in Broker's firm, Owner hereby consents to Broker acting as dual agent for Owner and such tenant. Owner understands that Broker may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of other owners' properties before, during, and after the expiration of this Agreement. Contracts have Transferred from the business name Sierra Property Management to Chico Sierra Real Estate Management Inc.

8. **NOTICES:** Any written notice to Owner or Broker required under this Agreement shall be served by sending such notice by first class mail to that party at the address below, or at any different address which the parties may later designate for this purpose. Notice shall be deemed received three calendar days after deposit into the United States Mail.

9. DISPUTE RESOLUTION

A. MEDIATION: Owner and Broker agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action, subject to paragraph 9C below. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an action based on a dispute or claim to which this paragraph applies, without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. ARBITRATION OF DISPUTES: Owner and Broker agree that any dispute or claim arising between them out of the obligation to pay compensation under this Agreement, which is not settled through mediation, shall be decided by neutral, binding arbitration, subject to paragraph 9C below. The arbitrator shall be a retired judge or justice, or an attorney with at least five years of residential income real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.

“NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARBITRATION OF DISPUTES’ PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE ‘ARBITRATION OF DISPUTES’ PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF VICIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.”

“WE HAVE READ AND UNDER THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARBITRATION OF DISPUTES’ PROVISION TO NEUTRAL ARBITRATION.”

Owner's Initials _____ / _____

Broker's Initials _____ / _____

C. EXCLUSIONS FROM MEDIATION AND ARBITRATION: The following matters are excluded from Mediation and Arbitration hereunder: (a) A judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (b) An unlawful detainer action; (c) The filing or enforcement of a mechanic's lien; (d) Any matter which is within the jurisdiction of a probate, small claims, or bankruptcy court; and (e) An action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for

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order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.

10. **EQUAL HOUSING OPPORTUNITY:** The Property is offered in compliance with federal, state, and local anti-discrimination laws.

Owner and Broker acknowledge receipt of copy of this page, which constitutes Page 3 of _____ Pages.

Owner's Initials (_____) (_____) Broker's Initials (_____) (_____) \

Owner Name: _____ Date _____

11. **ATTORNEY'S FEES:** In any action, proceeding, or arbitration between Owner and Broker regarding the obligation to pay compensation under this Agreement, the prevailing Owner or Broker shall be entitled to reasonable attorney's fees and costs, except as provided in paragraph 9A.

12. **ADDITIONAL TERMS:** _____

13. **ENTIRE CONTRACT:** All prior discussions, negotiations, and agreements between the parties concerning the subject matter of this Agreement are superseded by this Agreement, which constitutes the entire contract and a complete and exclusive expression of their agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. This Agreement and any supplement, addendum, or modification, including any photocopy or facsimile, may be executed in counterparts.

Owner warrants that Owner is the owner of the Property or has the authority to execute this contract. Owner acknowledges that Owner has read and understands this Agreement, and has received a copy.

Owner _____ Date _____

Owner _____ Date _____

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Owner Signature _____

Owner (Print Name) _____

Address _____

Address _____

City _____ State _____ Zip _____

City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

Phone _____ Fax _____ E-mail _____

social security/tax ID # (for tax reporting purposes)

social security/tax ID # (for tax reporting purposes)

Real Estate Broker Chico Sierra Real Estate Management Inc.

Address 546 Hickory St, Chico Ca 95928

By _____

Phone 530-899-2296

Fax 530-345-2249