

PROPERTY MANAGEMENT AGREEMENT

Document updated:
August 2010



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



1. PARTIES

- Owner: _____
- Broker: SAMPLE acting through SAMPLE
FIRM NAME SALESPERSON

2. EMPLOYMENT

- Owner employs and appoints Broker as Owner's sole and exclusive agent to lease, operate and manage the Property located at:
- Property Address: _____
- City: _____ County: _____ AZ Zip: _____
- Legal description: _____ ("Property"), and any personal property
- thereon as set forth on the attached addendum or _____, upon the following terms.
- Addenda Incorporated:** The following addenda are attached hereto and incorporated herein by reference:
- _____
- _____
- Term:** This Agreement shall commence on the _____ day of _____, 20____ ("Commencement
- Date") and shall end on the _____ day of _____, 20____ ("Termination Date"). This Agreement
- shall renew automatically for a period of _____ days months years unless otherwise cancelled or terminated
- as provided for herein. Broker shall send Owner a reminder notice at least thirty (30) days prior to the renewal date.
- This Agreement shall be immediately and automatically terminated by: (i) the sale, transfer or other disposition of legal and beneficial
- title to the Property, except for a transfer of the Property to a trust or other legal entity controlled solely by Owner; (ii) condemnation
- of the Property or (iii) complete destruction of the Property.
- Cancellation:** Either party may cancel this Agreement upon thirty (30) days notice or _____.
- If Owner cancels this Agreement prior to the Termination Date or any extension thereof, Owner shall pay Broker an early
- cancellation fee of _____.
- Broker may cancel this Agreement immediately by notice to Owner in the event that: (i) a notice of trustee's sale or judicial
- foreclosure is recorded against the Property; (ii) Owner fails or refuses to comply with any rule, order, determination, code, ordinance
- or law of any governmental authority; (iii) Owner refuses to correct a hazardous condition on the Property.
- Either party may cancel this Agreement immediately by notice to the other party in the event a petition in bankruptcy is filed by or
- against either Owner or Broker, or in the event that either makes an assignment for the benefit of creditors or takes advantage of any
- insolvency act.
- Upon cancellation of this Agreement, Owner shall assume all contractual obligations and payment of all outstanding amounts due
- pertaining to the Property or arising from this Agreement. Broker may withhold funds as permitted by law to pay any amounts due,
- expenses previously incurred but not yet invoiced, and to close accounts. Broker shall deliver to Owner the balance of any monies
- due Owner, held by Broker, as well as a final accounting reflecting the balance of income and expenses as required by law.
- Tenant Deposits Upon Termination/Cancellation:** If this Agreement is terminated or cancelled for any reason other than trustee's
- sale, judicial foreclosure or other forfeiture by Owner, any refundable tenant deposits will be forwarded to the Owner after notice has
- been given to the tenant as required by law. If this Agreement is terminated due to trustee's sale, judicial foreclosure or other
- forfeiture by Owner, any refundable tenant deposits due tenant shall be released to the tenant.

>>

Initials >

SAMPLE	
OWNER	OWNER

Property Management Agreement >>

3. BROKER RESPONSIBILITIES

35. Management and Leasing: Broker shall use its best efforts to:
36. (i) Manage, supervise the maintenance of, and operate the Property.
37. (ii) Lease or rent the Property, including negotiating for and entering into leases on behalf of Owner, for terms not in excess of:
38. _____ days _____ month(s) _____ year(s) and rent in the amount of \$ _____ or as otherwise agreed
39. upon or accepted by Owner;
40. (iii) Collect rents, deposits, and other fees.

41. Marketing: Broker may advertise the Property for lease and place signs on the Property if permitted by the applicable rules and regulations or governing homeowners' association. Owner _____ does _____ does not authorize Broker to install and use a lockbox on the Property containing the key to the Property. Owner acknowledges that a lockbox will permit access to the Property by other brokers, with or without potential tenants. Owner further acknowledges that, from time to time, unauthorized persons may have gained access to properties using lockboxes, and Broker is not insuring Owner or any occupant against theft, loss or vandalism resulting from any access. Owner agrees that the Property will not be advertised through MLS unless Owner executes and delivers to Broker a separate written agreement for listing the Property in the MLS.

(OWNER'S INITIALS REQUIRED) SAMPLE OWNER OWNER

49. Tenant Performance: Broker shall make reasonable efforts to screen potential tenant(s) and to collect rents, but does not guarantee future performance of tenant(s) and is not obligated to refund to Owner any compensation or commissions in the event of tenant breach.

51. Repair and Maintenance: Broker shall assist Owner in the employment and supervision of all labor and contractors required for the repair and maintenance of the Property at Owner's expense. All labor and contractors shall be deemed sub-contractors of the Owner and not the Broker unless otherwise agreed in writing, and Broker shall not be liable or responsible for their acts, defaults or negligence. Owner shall approve all expenditures in excess of \$ _____ for any one item, including repairs to be paid by deductions from tenant's deposits, except that no Owner approval shall be required for recurring operating expenses or emergency repairs if in the sole discretion of the Broker such repairs are necessary to protect the Property from damage or to maintain services to the tenant as required by the lease(s).

58. Property Management Trust Account: Broker shall deposit all Property rents, miscellaneous income, tenant security deposits and Owner's reserve funds into Broker Property Management Trust Account(s) ("PMTA"), which shall be maintained as required by law. The PMTA may earn interest, which shall be paid to Broker as additional compensation for Broker's services.

61. Disbursements: Broker shall disburse to Owner by the _____ day of the month or the first business day thereafter, rent and other funds due and collected, after deducting all fees, bills or other amounts due, Broker compensation, commissions, and other operating expenses and funds required to maintain the reserve account. Broker shall not disburse tenant's refundable security deposits, prepaid rent or other prepaid funds to Owner until earned, unless instructed otherwise by Owner.

65. Accounting Report: Broker shall issue Owner a report with an accounting of all funds collected and/or disbursed on the Owner's behalf, including the balance of the tenant security deposits
67. _____ monthly _____ quarterly _____ annually _____ other _____ or as otherwise required by law.

68. Tax Reporting: Broker shall report Owner income as required by law and issue Owner an IRS 1099 Miscellaneous Income form for all funds received for tax purposes. Owner agrees to complete a W-9 or other applicable income reporting form with an accurate Social Security Number or Tax Identification Number and address, in addition to any other requested information or required tax reporting form, and to notify Broker if changes require the information to be updated.

72. Personal Information: Broker shall comply with all applicable laws concerning the retention and disclosure of personal and financial information obtained from both Owner and tenant.

4. OWNER REPRESENTATIONS AND RESPONSIBILITIES

74. Owner Representation: Owner represents that (i) Owner has the legal authority to lease the Property, (ii) no other real estate broker represents Owner in connection with the Property; (iii) there is no pending or anticipated sale, exchange, transfer, foreclosure, bankruptcy or other proceeding that could affect the ability to lease the Property. Owner shall immediately notify Broker of any changes in these representations.

78. Disclosure: Owner shall disclose in writing all material (important) facts regarding the Property to Broker, including all physical, environmental, and other conditions that affect the Property and any violations of applicable building, zoning, fire, health, and safety codes. Owner shall immediately notify Broker of any changes in the disclosures made herein or otherwise. Owner acknowledges that the failure to make legally required disclosures may result in civil liability.

(OWNER'S INITIALS REQUIRED) SAMPLE OWNER OWNER

>>

Initials> SAMPLE OWNER OWNER

Property Management Agreement >>

83. **Lead-Based Paint:** Owner shall comply with all lead-based paint laws. If the Property was built prior to 1978, Owner shall notify Broker of any
84. known lead-based paint ("LBP") or LBP hazards in the Property and provide Broker with any LBP risk assessments or inspections of the Property.
85. Further, Owner shall use EPA Lead-Safe certified contractors to perform renovation, repair or painting projects that disturb lead-based paint.
86. **Swimming Pool Barrier Regulations:** Owner, at Owner's expense, shall comply with all applicable state, county, and municipal
87. swimming pool barrier laws or regulations prior to the Property being occupied.
88. **Documentation:** Owner shall provide to Broker copies of all relevant documents pertaining to the Property, including but not limited
89. to, covenants, conditions, and restrictions (CC&Rs), homeowners association governing documents, service contracts, leases/rental
90. agreements, notices of pending special assessments, association fees, claims or litigation, personal property lists and any other
91. agreements, documents, studies, or reports relating to the Property.
92. **Responsibility to Tenant:** Owner shall fulfill all Owners' obligations to tenant pursuant to the lease/rental agreement and as
93. required by law.
94. **Authorized Access:** Owner shall not visit Property or contact tenant without five (5) business days or _____ business days prior
95. notice to Broker to allow Broker sufficient time to provide tenant with any legally required notice. Owner shall not enter the property
96. unless accompanied by the Broker.
97. **Inquiries/Negotiations:** Owner shall refer all inquiries regarding the Property, including inquires regarding lease or lease renewals,
98. to Broker and all negotiations regarding the Property shall be conducted solely by or under the direction of Broker.
99. **Sale or Transfer of Property:** In the event Owner decides to sell, exchange or transfer the Property, Owner shall notify Broker immediately.
100. **Foreclosure:** Owner shall pay all loan obligations, property taxes, association fees and any other obligations which could lead to a
101. foreclosure action. Owner shall notify Broker and tenant within ten (10) days after receipt of notice of any trustee's sale or judicial
102. foreclosure related to the Property, or as otherwise prescribed by law.
103. **Broker's Employees:** Owner shall not hire or contract with any employee of Broker to do any work or perform any service related to
104. the Property without Broker's written consent.
105. **Registration, Licensure and Tax:** Owner, at Owner's expense, shall register the Property with the County Assessor and, if residing
106. out-of-state, designate a statutory agent who lives in Arizona to accept legal service on behalf of Owner. Owner agrees to purchase
107. any business license or other license required by the applicable governmental authority and pay any fees or taxes when due.
108. **Operating Reserve Account:** Owner shall maintain a reserve account operating balance of \$ _____ in the PMTA to meet
109. obligations in the event of a shortage of current rental income or emergencies. Broker, in Broker's sole discretion, may, but shall not
110. be obligated to, advance Broker funds on behalf of Owner to keep Owner's account open or to avoid charges for an insufficient
111. minimum balance. Owner shall reimburse Broker for all advanced funds, interest or fees upon demand and remit any funds to Broker
112. necessary to maintain reserve account at the agreed upon amount.
113. **Insurance:** Owner, at Owner's sole expense, shall maintain adequate Property insurance, public liability insurance and any other
114. necessary insurance on the Property, in an adequate amount to protect the interests of Owner and Broker. Owner shall name Broker
115. as co-insured on all insurance policies covering the Property and provide Broker with Certificates of Insurance or copies of the
116. policies. Such insurance shall remain in full force and effect during the term of this Agreement and any renewals thereof.
117. **Legal and Tax Advice:** Owner recognizes, acknowledges, and agrees that Broker is not qualified or licensed to provide legal or tax
118. advice. Only an attorney is qualified to represent the Owner in court. Owner shall consult with an attorney, professional tax
119. consultant, or other qualified licensed professional to advise Owner with respect to legal or tax issues.
120. **Release of Claims:** Owner hereby expressly releases, holds harmless and indemnifies Broker from any and all claims liability,
121. damages or legal actions arising from the management of the Property, including liability from any injury suffered by an employee or
122. other person on the Property, liability in connection with any trustee's sale or judicial foreclosure of the Property or in connection with
123. prior management of the property and/or any deposits not released to the Broker. Owner agrees to promptly and diligently defend, at
124. Owner's sole expense, any claim, legal action or other proceeding brought against the Broker arising from the management of the
125. Property, except in the case of Broker's willful misconduct and/or gross negligence. Owner agrees to reimburse Broker for any
126. monies which the Broker expends in connection with, or in defense of, any claim, civil or criminal action proceeding, charge or
127. prosecution made, instituted, or maintained against Broker, or Owner and Broker jointly or severally.
128. **(OWNER'S INITIALS REQUIRED)** _____

SAMPLE
OWNER OWNER

>>

Property Management Agreement >>

5. COMPENSATION

- 129. Owner agrees to compensate Broker for services rendered as set forth below.
- 130. **Management Fees:** Management fee(s) will be charged each month during the term of this Agreement regardless of whether or not
- 131. the Property is occupied by a tenant, as follows:
 - 132. Owner agrees to pay Broker a management fee of _____ when the
 - 133. Property is leased to a tenant.
 - 134. Owner agrees to pay Broker a management fee of _____ when the
 - 135. Property is vacant.
 - 136. Owner agrees to pay Broker _____
 - 137. _____
 - 138. _____
 - 139. _____
 - 140. _____
 - 141. Management fees shall not be charged on sales tax.
- 142. **Leasing Commission:** Owner agrees to pay Broker a commission of _____ if Broker produces a
- 143. ready, willing and able tenant, or if a rental of the Property is made by Owner or through any other broker, or otherwise, during the
- 144. term of this Agreement for services rendered. Owner agrees to pay a commission of _____ for
- 145. any holdovers or rental renewal, regardless of whether or not this Agreement has expired.
- 146. **Sales Commission:** Owner agrees to pay Broker a commission of _____ if during the term of
- 147. any lease of the Property, including any renewals or holdovers, or within _____ days after lease termination, any tenant or
- 148. tenant's heirs, executors or assigns enter into an agreement with Owner to purchase the Property.
- 149. **Miscellaneous Owner Fees:** Owner agrees to pay Broker the following fees for additional services:
 - 150. Initial clean up /Property preparation fee: \$ _____
 - 151. Set up fee: \$ _____
 - 152. Marketing and Advertising fee: \$ _____
 - 153. Insurance coordination fee: \$ _____
 - 154. Document duplication fee: \$ _____
 - 155. Re-key fee: \$ _____
 - 156. Statutory agent fee: \$ _____
 - 157. Other: _____
 - 158. _____
 - 159. _____
- 160. Other professional service fees shall be established by separate written agreement.
- 161. Broker does does not charge for in-house services. (Explain) _____
- 162. _____
- 163. **Miscellaneous Tenant/Third Party Fees:** Owner agrees that Broker may charge the tenant the following fees, which Broker shall
- 164. retain as additional compensation for services:
 - 165. Application fee: \$ _____
 - 166. Not Sufficient Funds (returned check) fee: \$ _____
 - 167. Service of notice fee: \$ _____
 - 168. Late fee: \$ _____
 - 169. Other: _____
- 170. COMMISSIONS PAYABLE FOR THE SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR
- 171. ASSOCIATION OF REALTORS®, OR MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE
- 172. BROKER AND OWNER.

>>

Initials>

SAMPLE	
OWNER	OWNER

Property Management Agreement Form >>

6. REMEDIES

173. **Alternative Dispute Resolution:** Owner and Broker agree to mediate any dispute or claim arising out of or relating to this
174. Agreement. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or
175. claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an
176. arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute
177. shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate
178. Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator may be
179. entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within
180. thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the
181. right to resort to court action.

182. **Attorney Fees and Costs:** The prevailing party in any dispute or claim arising out of or relating to this Agreement shall be awarded
183. their reasonable attorney fees and costs. Costs shall include, without limitation: attorney fees, expert witness fees, fees paid to
184. investigators, and arbitration costs.

7. ADDITIONAL TERMS AND CONDITIONS

185. _____
186. _____
187. _____
188. _____
189. _____
190. _____
191. _____
192. _____
193. _____
194. _____
195. _____
196. _____
197. _____
198. _____
199. _____
200. _____
201. _____
202. _____
203. _____

204. **Equal Housing Opportunity:** Broker and Owner shall comply with all federal, state and local fair housing laws and regulations.

205. **Assignment:** Neither Broker nor Owner may assign any rights or obligations pursuant to this Agreement without the prior
206. consent of the other, and any attempted assignment without consent shall be void and of no effect.

207. **Other Owners:** Owner acknowledges and agrees that Broker may now or in the future represent other owners and tenants of
208. other similar properties.

209. **Arizona Law:** This Agreement shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

210. **Notices/Statements/Reports:** Unless otherwise provided, delivery of all notices, statements, reports, and disbursements ("Notice")
211. required or permitted hereunder shall be in writing addressed to Owner or Broker as indicated in Sections 8 and 9 and deemed
212. delivered and received when: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if email addresses
213. are provided herein; (iv) sent by recognized overnight courier service, or (v) sent by U.S. mail, in which case the Notice shall be
214. deemed received when actually received or five (5) days after the notice is mailed, whichever occurs first.

Property Management Agreement >>

- 215. **Days:** All references to days shall be deemed to be calendar days unless otherwise provided.
- 216. **Entire Agreement:** This Agreement and any addenda and attachments shall constitute the entire Property Management Agreement
- 217. between Owner and Broker, shall supersede any other written or oral agreements, and can be modified only by a writing signed by
- 218. Owner and Broker. Invalidation or unenforceability of one or more provisions of this Agreement shall not affect any other provisions of
- 219. this Agreement. The failure to initial any page of this Agreement shall not affect its validity or terms.

- 220. The undersigned agree to the terms and conditions set forth herein.

8. OWNER

221. _____[^] OWNER'S/AUTHORIZED REPRESENTATIVE'S SIGNATURE MO/DA/YR _____[^] OWNER'S/AUTHORIZED REPRESENTATIVE'S SIGNATURE MO/DA/YR

222. _____ OWNER'S/AUTHORIZED REPRESENTATIVE'S PRINTED NAME _____ OWNER'S/AUTHORIZED REPRESENTATIVE'S PRINTED NAME

223. _____ ADDRESS _____ ADDRESS

224. _____ CITY _____ STATE _____ ZIP CODE _____ CITY _____ STATE _____ ZIP CODE

225. _____ TELEPHONE _____ FAX _____ TELEPHONE _____ FAX

226. _____ EMAIL _____ EMAIL

227. _____ EMERGENCY CONTACT AUTHORIZED TO ACT ON OWNER'S BEHALF _____ TELEPHONE _____ EMAIL

9. BROKER

228. _____[^] BROKER SIGNATURE MO/DA/YR _____[^] SALESPERSON'S SIGNATURE MO/DA/YR

229. _____ PRINT SALESPERSON'S NAME _____ AGENT CODE _____ MO/DA/YR

230. _____ BROKER FIRM NAME _____ FIRM CODE _____

231. _____ ADDRESS _____ CITY _____ STATE _____ ZIP CODE

232. _____ TELEPHONE _____ FAX _____

233. _____ EMAIL _____

For Broker Use Only:
 Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
 MO/DA/YR