

## PROPERTY MANAGEMENT AGREEMENT

**THIS AGREEMENT** is made as of this date \_\_\_\_\_ (the "**Effective Date**") between \_\_\_\_\_ (hereinafter known as "**Owner**"), and **Fleetham Advantage, Inc.**, under the assumed name of Ideal Property Investments, (hereinafter known as "**Broker**"). Owner hereby designates Broker as the exclusive managing Agent for Owner's real estate property (hereinafter known as "**Property**"), described and known as:

**Property Street:** \_\_\_\_\_

**Property City, State, Zip Code:** \_\_\_\_\_

### 1. RESPONSIBILITIES OF BROKER:

Whereas Ideal Property Investments is the managing Brokerage, owned and operated by Kelli Johanson, licensed Minnesota Real Estate Broker, who shall manage the Property as described hereinafter, and as summarized in Exhibit B.

A. Broker shall collect and enforce the collection of rents and other charges due Owner from tenants of Property (hereinafter known as "**Property Funds**") in accordance with the terms of Tenant's Lease Agreement. From Property Funds, Broker is authorized to pay these operating expenses as they relate to the direct management of the Property, by Owner electing "Yes", to each item hereinafter:

- Mortgage, Line of Credit, and/or Loan Assigned to Property.
- Association Dues.
- Common Area Utilities (Including Trash, Gas, Electric, and/or Water).
- Property Taxes (Including Liens and/or Assessments).
- Property Management Fees (Including Finders, Management, Lease Renewal Fees).
- Other As Indicated Hereinafter: \_\_\_\_\_

By Owner electing No to any of these aforementioned items, Broker shall have no responsibility to pay on Owner's behalf. For those elected "Yes" Broker shall pay said amounts from Property funds upon Broker receiving rent.

B. Broker shall have authority to hire and terminate, on behalf of Owner, any subcontractors necessary for the operation and/or maintenance of the Property. See 2.J. for further details.

C. Broker shall monitor subcontractors, hired by Broker, for the routine repair and maintenance of the Property. No single improvement, alteration, or repair costing more than FIVE HUNDRED FIFTY and NO/100THS DOLLARS (\$500.00) per property unit, per month, shall be made by Broker without Owner's prior authorization. However, in the case of an emergency, which is by decision of the Broker, requires immediate repairs or alterations costing in excess of the above amount, Broker may exceed said amount in its discretion.



**D.** Broker shall submit all leases, modifications, and extensions thereof to Owner for review and execution, and Owner agrees to furnish Broker with a fully-executed copy of said documents.

For month-to-month residential tenancies, Brokers shall be authorized to sign for the Owner.

**E.** Broker shall receive tenant communications on behalf of the Owner and shall use reasonable efforts to monitor tenant compliance with lease provisions.

**F.** Broker is not authorized to practice law. If Broker deems legal assistance to be necessary for any reasons including, but not limited to, rent collection or tenant eviction, Broker shall obtain such assistance from counsel approved by Owner. Any legal action undertaken shall be in the Owner's name only. All legal fees, costs, and expenses shall be the responsibility of the Owner and paid from the Property's Funds as an expense of the Property.

**G.** Broker shall maintain accurate records of all funds received and disbursed in connection with Broker's management of the Property and said records shall be available for Owner's inspection during business hours upon at least one week's notice. Broker's accounting records and reports will be provided in Broker's standard report format (as is outlined on Page 14) and may be revised from time to time, at the Broker's discretion. In the event Owner requests Broker to provide alternative reporting methods, reports outside of Broker's standard format, and/or process additional reports, Broker reserves the right to charge Owner an additional fee, of which will be discussed prior to generating said report.

**H.** Owner agrees for Broker to transfer Owner's funds, as needed for disbursements to centralized disbursement accounts maintained in Broker's name. Broker will derive direct benefits from such accounts which are hereby deemed permissible compensation to Broker in addition to that provided elsewhere in this Agreement. After deducting all respective expenses, as referenced in section 1.A., on Page 4, from gross monthly rent collections, Broker will initiate a direct deposit to Owner's bank account, as directed by Owner completing the Direct Deposit Agreement on Page 15. Simultaneously, Broker shall render to the Owner a Financial Statement, as similar to that as referenced on Page 14, of all amounts received and disbursed for the period reported, supplemented with supporting invoices.

**I.** Tenant deposits (damage, pet, and/or security) will be held by Broker in a Minnesota Trust Bank Account in Broker's name, bearing interest for State withdrawal on the last day of each month. Interest earned on Tenant's deposit will be at the expense of the Owner. Broker shall return to Tenant, Tenant's deposits, less damages, plus interest (per Minnesota's Statutory Rate), twenty-one (21) days post Tenant's Lease expiration date, or vacate date, whichever comes later, provided Tenant provides Broker notice of Tenant's new address for mailing. However, Owner does retain the legal right to elect to hold Tenant's security deposit, independently. If Owner makes this election, Owner agrees to the following, as indicated by Owner stating "Yes":

- i.** Owner shall be responsible for holding said deposit funds and the Broker will notify tenant of such holding.
- ii.** Broker shall have no responsibility for returning said funds to Tenant.
- iii.** Invoices received for expenses incurred as a result of Tenant related damages to the Property will be the responsibility of Owner to pay from said funds.
- iv.** Owner shall return said funds to Tenant, less damages, plus respective interest, twenty-one (21) days post Tenant's lease expiration date.



J. Broker shall cooperate with appraisers and counsel retained by the Owner to evaluate the Property or to appeal assessed values but shall not be responsible for such undertakings.

K. Broker shall manage any residential property under this Agreement in full compliance with the requirements of the Fair Housing Act, in addition to any other applicable federal, state, or local anti-discrimination laws, regulations, and ordinances. Broker shall take any action it considers appropriate to carry out their purposes.

L. Broker shall manage the Property in compliance with the requirement of all applicable state laws, governmental orders and federal and state guidelines regarding COVID. Such requirements include, but are not limited to, mandatory facial coverings and mandatory social distancing.

**2. OWNER RESPONSIBILITIES AND AGREEMENT:**

**Whereas Owner hereby confirms ownership of Property and in consideration engages Broker to render Property Management services under this Agreement, as described hereinafter:**

A. Owner shall promptly furnish Broker with all documents and information required for Broker's management of Property including, but not limited to, lease agreements, lease amendments, association files, bills, insurance policies, and/ or any/all correspondence related thereto. In the event Owner neglects providing Broker with said documents, Broker reserves right to withhold from Owner's Property Funds, until Broker receives each document.

B. For purposes of this Agreement, the term "Hazards" includes, but is not limited to: Asbestos, PCB transformers, Mold, Radon, Underground Storage Tanks, Lead and/or any other toxic substances with the potential liability to compromise public health and safety. Owner shall determine what laws, regulations, licenses, and/or ordinances apply to the Property (hereinafter known as "Such Laws"). Owner shall take all reasonable and necessary steps including, but not limited to: Inspections, Tests, or Studies to determine if Property complies with Such Laws and to ensure proper compliance therewith. To the best of Owner's

knowledge, Owner represents that Property complies with all Such Laws and that no inspections are warranted at this time. In the event such tests are warranted, Owner immediately authorizes Broker to arrange for remediation (hereinafter known as "Hazard Obligations"). These Hazard Obligations shall continue during the term of this Agreement. Broker shall not be held responsible for Hazard Obligations. Any expenses related to Hazard Obligations shall be an expense of the Property. Such Hazard Obligations shall be performed by a date and in a manner satisfactory to Broker. Owner acknowledges that Broker does not have the expertise or qualifications technically to supervise subcontractors for work regarding Hazards, and Broker shall not be required to do so. If Owner has previously obtained any inspection reports regarding Hazards on the Property, such reports shall be listed on Exhibit A to this Agreement and made part hereof. In addition, Owner shall state on Exhibit A, Page 8, any other information Owner has regarding Hazards of the Property. If Owner has no such reports and information, **Owner shall initial here: \_\_\_\_\_**. Owner further agrees to notify Broker, Tenants (current and prospective), and Buyers at any time Hazards are discovered, or reports are obtained addressing Hazards in or about the Property. This disclosure must be made prior to the execution of a Lease Agreement, or Purchase Agreement, between Owner and respective Tenant and/or Buyer. Owner agrees either



to: (i) permit Broker to disclose to existing tenants Owner's information regarding Hazards and the results of any inspections, tests, or studies of the Property; or (ii) provide evidence satisfactory to Broker that such information and results have previously been disclosed to all existing tenants.

C. Owner shall, at all times, maintain sufficient funds in the Property account to enable Broker to pay all obligations of the Property in a timely manner. If collections are projected to be insufficient or will not be received in time to satisfy this requirement, Owner shall promptly provide the Broker with the necessary funds in advance. If Owner has not provided said funds within seven (7) days after Broker's request for them, Broker may, at Broker's sole option, immediately terminate this Agreement. Should Broker make a payment for the Property and should a deficit occur therein, upon notification by Broker, Owner shall immediately remit to Broker sufficient funds to remove deficit. Broker shall not be required to advance funds for the Property.

D. Although Broker is not responsible for filing rental licenses, permits, or obtaining certificates to comply with any provisions of state, city, village, township, and municipality laws, Broker will apply and comply on Owner's behalf, if Owner neglects to abide by such laws.

E. Broker may transfer funds amongst Owner's individual properties when more than one unit, or property, is managed for Owner. Said transfer will only apply if net proceeds of one Property fall short of its deposit, given that Property's expenses exceed its rental income. Such accounting will be identified on the Owner's Financial Statement.

F. Owner shall pay Broker, as the fee for securing a Tenant (hereinafter known as "Finders Fee"), ONE HUNDRED PERCENT (100%) of First Months Rent, to be collected upon Broker's receipt of Tenant's first (1st) month's rent. The Broker, at the Broker's discretion, may require the Owner to remit a portion of the Finder's Fee upon the signing of this contract, and collect the remaining balance due upon Broker's receipt of Tenant's first month's rent. The Finders Fee is charged per property unit and per each time the Broker secures a new Tenant for the Owner.

G. As the fee for Broker providing monthly property management services (hereinafter known as "Management Fee"), Owner shall pay Broker ONE HUNDRED TWENTY AND NO/100THS DOLLARS (\$120.00) per property unit, per month, throughout the duration of lease term between Owner and Tenant.

H. As the fee for Tenant renewing their lease agreement, Owner shall pay Broker a renewal fee (hereinafter known as "Lease Renewal Fee") of THREE HUNDRED AND NO/100THS DOLLARS (\$300.00), per property unit.

I. Broker reserves right to retain Tenant assessed late fees, when applicable, to offset fees incurred by Tenant's delinquent actions.

J. If, during the term of this Agreement, Owner decides to sell the Property or any portion thereof, Broker will cooperate with the broker Owner selects to list the Property (the "Listing Broker"), on terms reasonably acceptable to Broker provided the Listing Broker agrees to not interfere with Broker's performance of its obligations hereunder. Within twenty-four (24) hours following signing a listing contract, Owner will provide the Broker with the Listing Broker's name and contact information, as well as a timeline of events. As a result, Owner hereby authorizes the Broker to provide the Listing Broker with any Property information they request. If Owner elects to have Broker act as Listing Broker, Owner and Broker will enter into an Exclusive Right to Sell Listing Contract containing all pertinent terms and conditions, separate of this Agreement.



**K.** Broker may require use of employees, subcontractors and/or other vendor companies for property management services that are not specifically covered under this agreement. This includes, but is not limited to, projects and/or renovations by third parties, projects/and or renovations by the preferred maintenance vendor, and any and all services reasonably requested by Broker to be performed at the Property Owner's property at the price terms customarily charged. Bright Choice Maintenance (hereinafter known as "**Bright Choice**"), a DBA of Fleetham Advantage, Inc., is the preferred maintenance vendor for Ideal Property Investments, which is also a DBA of Fleetham Advantage, Inc.. Broker provides maintenance services under the Bright Choice and holds a license to act as a general contractor to perform and subcontract maintenance services on the Owner's property. Pursuant to the Property Maintenance Agreement, Bright Choice shall provide any and all services reasonably requested to be performed at Property Owner's property at the price terms customarily charged by the Contractor to other third parties. Given the liability assumed and insurance required to be carried by Bright Choice in order to hire subcontractor services conducted at Owner's Property, Broker will charge ONE HUNDRED AND NO/100THS DOLLARS (\$100.00) per hour and assess a TEN PERCENT (10%) mark-up on supplies and/or invoices received for subcontractor services rendered; services including, but not limited to: General Maintenance Construction, Cleaning (including Carpet), Electrical, Painting, Plumbing, Pest Control, Landscaping, and/or Other Services necessary to repair and/or maintain Property; Invoices will be prepared by Broker and issued under Bright Choice. Mark-up's will not be assessed on Utilities (Trash, Gas, Electric, Water), Association Dues, Insurance Premiums, and/ or Warranty Plans; Invoices will be forwarded as received by Broker from respective vendor. Owner retains the right to elect the contractor of their choice and is not required to utilize Bright Choice for their Property's maintenance services. If Owner elects to utilize a contractor other than Bright Choice, Broker is not responsible for monitoring Owner's contractor, nor will be required to pay any respective bill incurred as a result of work conducted by Owner's contractor.

### **3. INSURANCE AND INDEMNIFICATION:**

**A.** Owner hereby agrees to defend, indemnify, and hold Broker harmless from and against all actions, claims, allegations, liabilities, demands, damages, loss, attorneys' fees, costs, or expenses of any nature whatsoever (the "**Loss**") including, in any way arising out of, based upon, or related to the management of the Property by Broker or the performance of any of the duties, obligations, or authorities by Broker hereunder, except to the extent said Loss is based on Broker's gross negligence or willful misconduct. Broker represents that it maintains an adequate commercial general liability insurance policy to fulfill its obligation under this Agreement.

**B.** Owner agrees to insure the Property with liability insurance including coverage for bodily injury, property damage, and personal injury losses, and said insurance shall cover claims on an occurrence basis and have a broad form contractual liability endorsement: **(i)** in amounts of not less than ONE MILLION AND NO/100THS DOLLARS (\$1,000,000.00) combined single limit coverage along with an excess liability policy of an additional ONE MILLION AND NO/100THS DOLLARS (\$1,000,000.00); or **(ii)** in the form and coverage amounts commonly carried by reasonable owners of properties similar in type, location and value, whichever is the greater. Owner agrees that it will not make any claim against or seek to recover from the Broker any Loss to the Property or to the Owner which is coverable by such insurance.

**C.** Owner agrees that at all times during the continuance of this Agreement all bodily injury, property damage, and personal injury insurance carried by Owner on the Property shall list the Broker as an additional

insured. Upon executing this Agreement, Owner will instruct its liability insurer to issue an endorsement of such insurance coverage specifically naming Broker as an additional insured for the full limits available to the named insured.

**D.** A certificate of insurance shall be furnished to Broker showing the required coverages set forth above and, in addition, naming Owner as an additional insured under the insurance referred to in Section 3(c) above. If Owner neglects to provide such documentation, Broker may, at Broker's sole option, immediately terminate this Agreement.

#### **4. TERMS OF AGREEMENT:**

This Agreement commences on the Effective Date and will expire in one (1) year on \_\_\_\_\_ (the "**Expiration Date**"). The effectiveness of this Agreement shall automatically be extended for an additional one-year term on the Expiration Date (each, a "Renewal Term") and on each successive anniversary of the Expiration Date (each, a "Renewal Date"), unless and until (i) either party gives written notice of non-renewal at least ninety (90) days before the Expiration Date or any Renewal Date; or (ii) the Agreement is terminated earlier. If Owner terminates this Agreement prior to the Renewal Date such termination shall be deemed a "termination without Cause" for purposes of this Agreement and a THREE HUNDRED AND NO/100THS DOLLARS (\$300.00) cancellation fee will be assessed per property unit.

#### **5. TERMINATION ACCOUNTING:**

Following the expiration, or early termination of this Agreement, if Broker receives any invoices for Property thereafter, Broker shall first attempt to satisfy such expense by applying any credit balance due Owner by Broker; however, in the event and to the extent there are not sufficient funds in the Property's account, Owner authorizes Broker to withdraw, via bank draft from the account information supplied on the Direct Deposit Form (P.15) the amount of any unpaid invoice, and remit payment directly.

#### **6. OWNERSHIP OF RECORDS:**

Except for those documents and records furnished to Broker by Owner, Broker's documents and records are the property of Broker and shall remain in its custody on termination of this Agreement. If Owner so requests, Broker will provide Owner with photocopies of pertinent documents in Broker's files and records provided Owner reimburses Broker for Broker's expenses related thereto. Broker will provide Owner with monthly electronic financial statements, e-mailed to Owner, at Owner's preferred email address, as stated at the bottom of this page, Owner's Notice Address.

#### **7. GENERAL PROVISIONS:**

**A.** If a petition in bankruptcy is filed by or against either Owner or Broker, or if either makes an assignment for the benefit of creditors or takes advantage of any insolvency act or proceeding, the other party hereto may cancel this Agreement upon ten (10) day's notice in writing.

**B.** If Owner requests that Broker perform any services which are not ordinarily involved with the ordinary management of the Property (such as coordinating non-routine repairs or attending any court related proceedings, with the exception of evictions), Owner will compensate Broker at the rate of ONE HUNDRED

FIFTY AND NO/100THS DOLLARS (\$150.00) per hour for each hour any employee or representative of Broker devotes to such activities.

C. If either party hereto brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to reasonable attorneys' fees, in an amount fixed by the court, and costs.

D. This Agreement represents the entire agreement between the parties and supersedes all prior oral and written proposals and communications. This Agreement shall be for the benefit of and binding upon the heirs, successors, and assigns of the parties hereto. This Agreement cannot be assigned without the written consent of the other party, except that Broker may assign this Agreement pursuant to a merger or reorganization of its parent company, any subsidiary of the parent, or Broker or any affiliate of either, provided that Broker shall not be discharged of its obligations herein.

E. This Agreement shall be governed by the laws of the state, city, village, township, and municipality in which the Property is located.

F. The person or entity executing this Agreement on behalf of Owner hereby represents and warrants that it is either the Owner of the Property, has legal authorization from the Owner of the Property, or has the power of attorney from Owner of the Property and has the authority to legally bind Owner to this Agreement.

G. The compensation for the sale, lease, rental, or management of real property shall be determined between each individual broker and the broker's client.

**For all purposes of this Agreement, unless changed by written notice, the contact information of the parties shall be:**

**OWNER'S CONTACT INFORMATION:**

Please do not list your investment property address.

**BROKER'S CONTACT INFORMATION:**

FLEETHAM ADVANTAGE, INC.  
dba IDEAL PROPERTY INVESTMENTS  
dba BRIGHT CHOICE MAINTENANCE  
% Kelli Johanson , Broker | General Contractor  
323 N Washington Avenue, Suite 200  
Minneapolis, MN 55401  
612.290.6107  
[kelli@idealpropertiesmn.com](mailto:kelli@idealpropertiesmn.com)  
[www.idealpropertiesmn.com](http://www.idealpropertiesmn.com)

By signature, below, Owner hereby acknowledges receipt of this Agreement and its Exhibits and/or attachments.