

PROPERTY MANAGEMENT AGREEMENT

Engagement of a manager to operate and lease rental property

Important: Property management is heavily regulated. In most U.S. states, managing residential rentals for others (collecting rent, negotiating leases, holding security deposits) requires an active real estate broker license. State rules also govern trust-account handling, security-deposit timing and notices, mandatory disclosures (lead paint, mold, bed bugs, flood zone, smoke/CO detectors), fair-housing compliance, and the form and length of management agreements. Rules in other countries vary. Verify licensing status and statutory requirements with a qualified attorney before signing or relying on this template.

This Property Management Agreement (the “Agreement”) is entered into as of ____ day of _____, 20____ (the “Effective Date”), by and between:

OWNER

| | |
|--|--|
| Legal Name(s) | |
| Mailing Address | |
| Tax ID / SSN (for 1099 reporting) | |
| Email | |
| Telephone | |
| Emergency Contact | |

PROPERTY MANAGER (“Manager”)

| | |
|---|--|
| Business Legal Name | |
| Business Address | |
| Real Estate Broker License No. / State | |
| Designated Broker (if applicable) | |
| General Liability Insurance Carrier / Policy No. | |
| E&O Insurance Carrier / Policy No. | |

| | |
|----------------------------------|--|
| Authorized Representative | |
| Email | |
| Telephone | |

PROPERTY UNDER MANAGEMENT

| | |
|---|--|
| Property Address(es) | |
| Type | <input type="checkbox"/> Single-Family <input type="checkbox"/> Multi-Family <input type="checkbox"/> Condo / HOA <input type="checkbox"/> Commercial <input type="checkbox"/> Mixed-Use <input type="checkbox"/> Other: _____ |
| Number of Units | |
| Year Built (lead-paint disclosure trigger if pre-1978 in U.S.) | |
| Parcel / Tax ID | |
| HOA / Condo Association Name (if any) | |
| Existing Tenancies as of Effective Date | <input type="checkbox"/> None <input type="checkbox"/> See Exhibit A |

1. Appointment and Authority

1.1 Appointment. The Owner appoints the Manager as the Owner’s exclusive agent to lease, manage, and operate the Property described above (the “Property”), and the Manager accepts the appointment, subject to the terms of this Agreement.

1.2 Authority. The Manager shall have the authority and responsibility set forth in Article 3 and shall act in the Owner’s best interests at all times, in compliance with applicable law and the standards of practice of a reasonably prudent property manager.

1.3 Independent Contractor. The Manager is an independent contractor and not an employee, partner, or joint venturer of the Owner.

2. Term and Termination

2.1 Initial Term. This Agreement begins on _____ and continues for an initial term of _____ (____) months/years.

2.2 Renewal. After the Initial Term, this Agreement shall automatically renew for successive _____ -month periods unless either Party gives written notice of non-renewal at least _____ (____) days before the end of the then-current term.

2.3 Termination for Convenience. Either Party may terminate this Agreement upon at least ____ (___) days' written notice. An early-termination fee of \$_____ may apply if the Owner terminates without cause before the end of the Initial Term.

2.4 Termination for Cause. Either Party may terminate immediately upon written notice if the other Party (a) materially breaches this Agreement and fails to cure within ____ (___) days of notice, (b) loses any required license or insurance, or (c) becomes insolvent or files for bankruptcy.

2.5 Effect of Termination. Upon termination, the Manager shall (i) deliver to the Owner all funds (less accrued fees and expenses), records, leases, tenant files, security deposits, keys, and other Property-related materials within ____ (___) days; (ii) cooperate in the transition; and (iii) be entitled to leasing or renewal fees earned for leases signed before termination.

3. Manager's Duties and Responsibilities

The Manager shall, on behalf of and at the expense of the Owner (except as expressly noted), perform the following duties:

3.1 Marketing and Leasing.

- (a) Determine fair rental rates based on market analysis (the Owner has final approval over rental rates);
- (b) Advertise vacant units through reasonable marketing channels;
- (c) Show the Property to prospective tenants;
- (d) Screen prospective tenants (credit, employment, prior landlord, criminal background) in compliance with fair-housing and credit-reporting laws;
- (e) Prepare and execute leases, addenda, and renewal documents using forms approved by the Owner;
- (f) Conduct move-in and move-out inspections.

3.2 Rent Collection and Trust Accounting.

- (g) Collect rents, late fees, application fees, pet fees, and other amounts due from tenants;
- (h) Deposit all Property funds into a trust or escrow account maintained in accordance with applicable broker-trust-account rules;
- (i) Hold security deposits in a separate trust account as required by applicable law, with notice to tenants of the location and any required interest;
- (j) Pursue late or non-paying tenants in accordance with the Property's collection policy and applicable law, including service of notices to pay or quit;
- (k) Coordinate eviction proceedings with the Owner's approval and legal counsel.

3.3 Maintenance, Repairs, and Vendors.

- (l) Inspect the Property at least ____ times per year;
- (m) Arrange routine maintenance, repairs, and emergency response;

- (n) Select and contract with licensed, insured vendors and contractors;
- (o) Obtain at least _____ competing bids for any single repair or improvement above \$_____, unless an emergency;
- (p) Approve and pay invoices for routine work up to a spending limit of \$_____ per item (the "Spending Limit") without prior Owner approval; expenses above the Spending Limit require the Owner's prior written approval, except in genuine emergencies threatening health, safety, or significant property damage.

3.4 Financial Reporting.

- (q) Maintain accurate books and records of all receipts and disbursements;
- (r) Provide the Owner with a monthly statement showing rents collected, expenses, fees, and remaining balance, by the _____ day of each month;
- (s) Provide a year-end accounting and any IRS Form 1099 or equivalent tax reporting required by law;
- (t) Remit net monthly proceeds to the Owner by the _____ day of each month, after reserving for known upcoming expenses and the operating reserve.

3.5 Compliance.

- (u) Comply with applicable federal, state, and local laws, including fair-housing, anti-discrimination, security-deposit, lead-paint, and other tenant-protection rules;
- (v) Make required disclosures to tenants;
- (w) Maintain required licenses and insurance.

4. Owner's Responsibilities

The Owner shall:

- (x) Deliver the Property in habitable condition and in compliance with applicable building, health, and safety codes;
- (y) Provide to the Manager all current leases, tenant contact information, vendor history, warranties, manuals, HOA/CC&R documents, and prior disclosures;
- (z) Maintain at all times property and liability insurance on the Property of at least \$_____ per occurrence, with the Manager named as additional insured;
- (aa) Pay all mortgage payments, property taxes, HOA dues, insurance premiums, and capital expenditures unless expressly delegated to the Manager;
- (bb) Establish and maintain an operating reserve of \$_____ in the trust/operating account, to be replenished as drawn down;
- (cc) Make timely decisions on items requiring Owner approval;
- (dd) Disclose any known material defects, environmental hazards, or pending claims affecting the Property;
- (ee) Not lease or manage the Property directly or through any other agent during the Term (exclusive appointment).

5. Manager’s Compensation

In consideration for the Manager’s services, the Owner shall pay the following fees, which the Manager may deduct directly from the trust/operating account:

| Fee Type | Amount / Rate |
|--|---|
| Monthly Management Fee | _____ % of gross monthly rents collected, OR \$ _____ flat per unit per month (minimum of \$ _____) |
| Onboarding / Setup Fee (one-time) | \$ _____ |
| Leasing / Tenant Placement Fee | _____ % of first month’s rent (or \$ _____ per new tenancy) |
| Lease Renewal Fee | \$ _____ per renewal (or _____ % of new monthly rent) |
| Vacancy Fee | \$ _____ per month while a unit is vacant (if applicable) |
| Maintenance Coordination Markup | _____ % of vendor invoices over \$ _____ |
| Eviction Coordination Fee | \$ _____ per eviction (plus court / legal costs at Owner’s expense) |
| Annual Inspection Fee | \$ _____ per inspection beyond routine |
| Other (specify) | |

5.1 Earned When. The monthly management fee is earned monthly and accrues whether or not rent is actually collected, unless otherwise agreed in writing. The leasing fee is earned upon execution of a new lease.

5.2 No Kickbacks; Disclosure. The Manager shall not receive any rebate or kickback from any vendor or contractor for work on the Property. Any volume discounts, referral fees, or rebates received by the Manager shall be disclosed to the Owner and (unless agreed otherwise) credited to the Property’s account.

6. Trust / Operating Account

6.1 The Manager shall maintain a trust or escrow account, separate from the Manager’s own funds, into which all rents, security deposits, and other Property funds shall be deposited, in accordance with applicable broker-trust-account rules.

6.2 Security Deposits shall be held in a separate trust account as required by applicable law. Any interest earned shall be handled in accordance with applicable law.

6.3 The Manager shall reconcile the trust account at least monthly and shall make trust-account records available to the Owner upon reasonable request.

7. Disbursements and Authority Limits

From funds in the trust/operating account, the Manager may pay, in the following order: (a) Property operating expenses (utilities, supplies, vendor invoices, maintenance, taxes, insurance, HOA dues, mortgage if expressly authorized); (b) the Manager's fees under Article 5; and (c) net proceeds remitted to the Owner. Disbursements above the Spending Limit require prior written Owner approval, except in emergencies threatening life, safety, or material property damage.

8. Insurance

8.1 Owner's Insurance. The Owner shall maintain (a) property insurance on the Property at full replacement cost, (b) commercial general liability or landlord liability insurance of at least \$_____ per occurrence, and (c) any insurance required by lender, HOA, or local law. The Manager (and its agents) shall be named as additional insured on the liability policy.

8.2 Manager's Insurance. The Manager shall maintain (a) commercial general liability of at least \$_____ per occurrence, (b) errors and omissions / professional liability of at least \$_____ per claim, (c) workers' compensation as required by law, and (d) crime / fidelity coverage of at least \$_____ where the Manager handles Owner funds.

8.3 Certificates of insurance shall be exchanged on the Effective Date and on each renewal.

9. Mutual Indemnification

9.1 Manager Indemnifies Owner. The Manager shall indemnify and hold harmless the Owner from any claims, damages, and expenses (including reasonable attorneys' fees) arising out of the Manager's gross negligence, willful misconduct, fraud, or material breach of this Agreement.

9.2 Owner Indemnifies Manager. To the fullest extent permitted by law, the Owner shall indemnify and hold harmless the Manager from any claims, damages, and expenses arising out of (a) the Owner's acts or omissions or breach of this Agreement; (b) the condition of the Property; (c) the Owner's instructions, including any instruction to take or refrain from action that results in liability; and (d) any claim by a tenant or third party, except to the extent caused by the Manager's gross negligence or willful misconduct.

9.3 The indemnification obligations shall survive termination of this Agreement.

10. Standard of Care and Limitation

The Manager shall exercise the care of a reasonably prudent property manager. The Manager does not guarantee any particular financial result, occupancy rate, or tenant performance. Except for gross negligence, willful misconduct, or fraud, the Manager's total aggregate liability under this Agreement shall not exceed the management fees paid by the Owner in the ____ (__) months preceding the claim. Neither Party shall be liable for indirect, incidental, or consequential damages.

11. Fair Housing

The Parties acknowledge their obligations under fair-housing and anti-discrimination laws. The Manager shall not discriminate against any prospective or current tenant on the basis of race, color, religion, sex, national origin, disability, familial status, source of income (where protected), sexual orientation, gender identity, or any other class protected by applicable federal, state, or local law. The Owner shall not direct the Manager to take any action that would violate fair-housing laws.

12. Records and Audit

The Manager shall maintain books, records, and supporting documentation for the Property for at least ____ (__) years after the Effective Date, in accordance with applicable law. The Owner may, upon at least ____ (__) days' written notice, inspect and audit those records at reasonable times, at the Owner's expense.

13. Negative Cash Position

If at any time the trust/operating account lacks sufficient funds to pay Property expenses and the Manager's fees, the Manager shall promptly notify the Owner, and the Owner shall deposit additional funds within ____ (__) days. The Manager is not obligated to advance funds on the Owner's behalf. Failure of the Owner to replenish funds may be treated as a material breach.

14. Tax and Legal Advice

The Manager is not the Owner's attorney, accountant, or tax advisor. The Owner is responsible for obtaining independent professional advice regarding tax reporting, depreciation, like-kind exchanges, capital improvements, and any legal matters concerning ownership of the Property.

15. Sale or Refinance

If the Owner sells the Property during the Term, the Owner shall give the Manager at least ____ (__) days' written notice. Existing leases procured by the Manager shall remain in effect through their stated terms. (Optional.) If the Owner wishes the Manager to assist in marketing the Property for sale, the Parties shall enter into a separate listing or referral agreement.

16. Notices

All notices under this Agreement shall be in writing and delivered to the addresses set forth above by personal delivery, recognized courier, certified mail, or email with confirmation of receipt.

17. Dispute Resolution and Governing Law

17.1 The Parties shall first attempt to resolve any dispute through good-faith negotiation. If unresolved within ____ (___) days, the dispute shall be submitted to _____ (e.g., mediation, then binding arbitration, or the courts of [jurisdiction]).

17.2 This Agreement shall be governed by the laws of _____, without regard to its conflict of laws principles.

18. General Provisions

18.1 Entire Agreement. This Agreement, together with its exhibits, constitutes the entire agreement between the Parties and supersedes all prior discussions on its subject.

18.2 Amendments. Modifications must be in writing and signed by both Parties.

18.3 Assignment. Neither Party may assign this Agreement without the other Party’s prior written consent.

18.4 Severability. If any provision is held invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect.

18.5 No Waiver. The failure of either Party to enforce any provision shall not be a waiver of future enforcement.

18.6 Counterparts and Electronic Signature. This Agreement may be signed in counterparts, including by electronic signature, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

| | | |
|--|--|---|
| <p>OWNER</p> <p>_____ Signature</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> | | <p>PROPERTY MANAGER</p> <p>_____ Signature</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> |
|--|--|---|

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