

THIS IS A BINDING CONTRACT. THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING. THIS FORM HAS NOT BEEN APPROVED BY THE COLORADO REAL ESTATE COMMISSION. IT HAS BEEN DEVELOPED BY FRASCONA, JOINER, GOODMAN AND GREENSTEIN, P.C. FOR LONGMONT PROPERTY GROUP, LLC.



**LONGMONT PROPERTY GROUP, LLC
PROPERTY MANAGEMENT AGREEMENT**

OWNER AS LANDLORD

LANDLORD AGENCY **TRANSACTION-BROKERAGE**

THIS PROPERTY MANAGEMENT AGREEMENT (“Agreement”) is entered into this date of _____ by and between _____, (“Landlord”) and Longmont Property Group, LLC, having an address at 752 17th Ave., Ste 200, Longmont, CO 80501 (“Brokerage Firm”).

The individual designated by Brokerage Firm to perform services hereunder for Landlord is called “Broker.” Broker’s working relationships with Landlord and tenants are described in the Brokerage Duties Addendum to Property Management Agreement (CREC form BDA55-5-09) hereto as Exhibit A attached to this Agreement.

IN CONSIDERATION of the covenants herein contained, the parties hereby agree as follows:

Landlord hereby employs Broker, as an independent contractor, to exclusively manage and/or lease that real estate located in the County of _____, Colorado known as: _____ (the “Property”) upon the terms set forth herein.

1. The Term: The Term of this Agreement shall begin on _____ (the “Commencement Date”) and shall end on one year from this date above. Thereafter, the Term shall automatically renew for yearly periods, unless on or before thirty (30) days prior to the expiration of the initial Term or any renewal period, either Landlord or Broker notifies the other in writing that it elects to terminate this Agreement, in which case this Agreement shall terminate on such expiration date.

2. Authorization to Rent: The Landlord hereby authorize Broker to rent the premises at an initial monthly rent of \$ _____ by unit. In the event the Agent is unable to rent the premises at the above rental amount, Broker is hereby authorized to reduce, or increase said rent to the local market price per month.

3. Fees and Compensation Due to Broker: Any fees and compensation due to Brokerage Firm shall be due and payable within fifteen (15) days of the time they are earned. If monthly lease payments are made to Broker, Broker shall be permitted to deduct any compensation earned prior to remitting the balance to Landlord. Broker shall be entitled to the following Commissions and Fees during the Term of this Agreement, as well as for any period following the Expiration Date during which a valid lease agreement exists that was entered into during the Term of this Agreement:

A. Placement Fees. Landlord agrees to pay Brokerage Firm a Placement Fee in the amount of \$ _____, for each new tenant with whom a new lease is entered into for the Property, in addition to any Management Fee set forth below. Furthermore, Landlord agrees to pay Brokerage Firm a Leasing Commission in the amount of N/A for

each lease renewal which is entered into with an existing tenant of the Property, in addition to the Management Fee set forth below. The Leasing Commission shall be earned upon entering into a lease agreement with a tenant.

B. Management Fee. Landlord agrees to pay to Brokerage Firm a Management Fee in the amount of _____ of the monthly gross rent from the operation of the Property. Gross rent shall be defined as the amount of rent received (determined on a cash accounting basis) from the operation of the Property for each calendar month. The Management Fee shall be earned when gross rental income from the operation of the Property has been received.

4. Accounting for Operation and Maintenance of Property: Broker agrees to perform all of Broker's duties with diligence and in accordance with the standards of professional property management in the State of Colorado. On or before the fifteenth (15th) day of each month, Broker shall send Landlord an operating report of all receipts and disbursements of the previous month and shall remit any net funds to which Landlord is entitled. Broker shall maintain adequate books and records concerning the operation and maintenance of the Property. Broker shall, from the Custodial Account described in Section 7, issue payment for all expenditures incurred in connection with the operation and maintenance of the Property as such expenditures become due and payable, including, without limitation, payment for compensation due and payable to Broker as specified in this Agreement. Landlord agrees to assume ultimate responsibility for payment of all expenditures incurred in the operation and maintenance of the Property. Broker shall not at any time be obligated to advance Broker's funds to Landlord's account or to the Custodial Account for the purpose of paying for or satisfying any expenditure incurred in the operation or maintenance of the Property.

5. Powers and Duties of Broker: Landlord hereby gives to Broker the following authority and powers (all or any of which may be exercised in the name of Landlord) and Landlord further agrees to assume ultimate responsibility for payment of all expenses incurred by Broker in connection therewith.

A. Leasing Services

(1) To use Broker's best efforts to market and advertise the Property on Landlord's behalf. Landlord represents that all marketing materials (including all photographs, renderings, images or other creative items) supplied to Broker by or on behalf of Landlord are owned by Landlord, except as Landlord has disclosed in writing to Broker. Landlord is authorized to and grants to Broker and Brokerage Firm a nonexclusive irrevocable, royalty-free license to use such material for marketing of the Property. This license shall survive the termination of this Agreement.

(2) To evaluate prospective tenants, secure tenants, and negotiate leases on Landlord's behalf with one or more tenants for the Property. If Landlord engages Broker to enter into leases, as specified in Section 4(B), Broker shall have the authority to enter into and execute all leases on behalf of Landlord. Broker shall not be responsible or liable for tenants' performance or non-performance under any lease.

B. Entering into Leases

Broker shall have the authority to enter into and execute all leases on behalf of the Landlord. In the event that Broker executes a lease on behalf of Landlord, Broker does so as Landlord's disclosed agent. **Broker is authorized to enter into leases on Landlord's behalf, and Landlord shall be liable under the lease.**

C. Tenant Relationships

(1) To collect rents, assessments, and all other items which are due, or are to become due, from tenants or any other parties, to give receipts for the same, and to deposit all funds collected into the Custodial Account. Broker shall be authorized to retain any late and/or bad check charges, application fees and penalties, charges, lease breaking fees, management fees for collecting rent from any tenant deposit(s), interest earned on security and/or pet deposit(s), and any other charges levied on a tenant which are collected from tenant, in consideration for Broker's time and effort in the collection process.

(2) To maintain business-like relationships with tenants, Broker shall receive, consider and record all service requests submitted by tenants in systematic fashion, and Broker shall respond to such service requests promptly and efficiently. Requests or complaints which are deemed extraordinary by Broker shall be reported to the Landlord with appropriate recommendations.

(3) To make demand upon tenants for non-payment of rents or other monies due pursuant to tenant's lease agreements. If demand is not sufficient and eviction proceedings must be commenced, the costs of implementing such proceedings shall be the responsibility of the Broker (**NO COST EVICTION**) all attorney, court costs, and serving costs, and those steps required by Broker and Landlord commensurate with such proceedings shall be the responsibility of Broker up to **\$1500.00**. The cost of repairs, damage, loss of rent, will be the responsibility of Landlord, as disclosed in Section 18 of this agreement.

D. Management Services

(1) To hire, contract for, discharge, and supervise all independent contract labor required for the operation and maintenance of the Property.

(2) To make, or cause to be made, all repairs, alterations, replacements and improvements; to purchase supplies for such repairs, alterations, replacements and improvements; and to purchase operating supplies. Broker shall secure the prior approval of Landlord for any expenditure in excess of **\$300.00** in any single instance. Landlord's prior written approval shall not be required for expenditures of monthly or recurring operating expenses, nor for expenditures for any emergency repairs if, in the sole discretion of Broker, such repairs are necessary to protect the Property or to maintain services to the tenants as called for by tenants' lease.

(3) To contract for electricity, gas, water, fuel, window cleaning, waste or trash hauling, equipment, and such other services as Broker may deem necessary in furtherance of Broker's duties.

(4) To create and maintain a Reserve Fund with a balance of not less than **\$300.00**, and to make payments from such Reserve Fund for any expenditures which are related to Broker's duties. In the event that the balance of the Reserve Fund falls below such amount and the shortfall cannot be replenished out of ordinary income from the Property, Landlord agrees, upon written request of Broker, to immediately advance the funds necessary to replenish the requisite minimum balance in the Reserve Fund.

E. Payment of Expenses

(1) Landlord directs Broker to pay the following Property-related expenses from rental proceeds, as such expenses become due (add additional lines as may be necessary):

- | | | |
|--|--|--|
| <input type="checkbox"/> Homeowner Association | <input type="checkbox"/> Fees/Property Taxes | <input type="checkbox"/> Insurance Payments |
| <input type="checkbox"/> Utility Bills/Trash | <input checked="" type="checkbox"/> Interim Utilities Only | <input type="checkbox"/> Special Assessments |

(2) Landlord shall provide Broker with all required payment remittance information. If rental proceeds do not provide sufficient funds to pay all expenses specified above in full on any given month, Broker shall immediately notify Landlord that sufficient proceeds are not available to make the required payments and Landlord shall be responsible for making such payments in full.

(3) Broker is authorized to pay the above expenses in full as they become due, even if the monthly amounts due adjust from the monthly amount initially due upon signing of this Agreement.

6. Landlord Disclosure Obligations: Landlord is not required by law to provide any particular disclosure form. However, disclosure of known material latent (not obvious) defects is required by law.

A. Adverse Matters. Landlord **Agrees** **Does Not Agree** to provide a written disclosure of adverse matters regarding the Property completed to the best of Landlord's current, actual knowledge.

B. Representations. As a condition of Broker's ability to fulfill its obligations hereunder, Landlord shall make certain representations related to the Property, which Broker can then forward to prospective tenants. These representations are designed to protect the Landlord and Broker from potential liability from tenants.

C. Carbon Monoxide Alarms. Landlord acknowledges that, unless exempt, if the Property includes one or more rooms lawfully used for sleeping purposes (Bedroom), an operational carbon monoxide alarm must be installed within fifteen feet of the entrance to each Bedroom or in a location as required by the applicable building code prior to offering the Property for sale or lease.

D. Lead-Based Paint. Unless exempt, if the improvements on the Property include one or more residential dwellings for which a building permit was issued prior to January 1, 1978, a completed Lead-Based Paint Disclosure (Rental) form, attached hereto as Exhibit B, must be signed by Landlord and Broker, and given to any potential tenant in a timely manner.

Landlord hereby represents and warrants that all disclosures and representations made pursuant to this paragraph are true and accurate. Landlord consents to the disclosure of all disclosures and representations to all prospective tenants of the Property. Broker has no duty to independently investigate the statements made by Landlord. Landlord further represents that Landlord IS NOT currently a party to any leasing or management agreement with any other real estate broker to lease or manage the Property.

7. Property Insurance: Landlord shall be solely responsible for ensuring that the Property is properly insured against any loss or damage, including but not limited to ensuring that the Property has sufficient coverage to protect against loss or damage while the Property is rented to tenants. **Such insurance coverage shall remain in full force and effect during the Term of this Agreement and shall name Brokerage Firm as an additionally insured party.** A standard Homeowner's Insurance Policy may not provide complete coverage if the Property is rented. Landlord is advised to consult with their insurance agent to confirm appropriate coverage types and amounts and to determine whether a Rental Dwelling Policy or other similar coverage is necessary.

Company _____ **Agent** _____ **Phone** _____

8. Establishment of Custodial Account: Broker shall establish and maintain a separate Custodial Account in a bank or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation. Broker shall at all times maintain the Custodial Account in a manner which reflects the custodial nature of the account. Broker shall deposit into the Custodial Account all monies received from or on behalf of Landlord. Normal operating expenses of the Property shall be paid from the Custodial Account. Landlord authorizes Broker to withdraw funds from the Custodial Account for any payments to be made by the Broker in order to discharge any liabilities or obligations incurred pursuant to this Agreement. Broker shall be entitled to retain any interest earned on funds held in the Custodial Account.

9. Reimbursement of Custodial Account: Within twenty-four (24) hour notice from Broker (regardless if such notice is written or oral), Landlord agrees to promptly supply to Broker or deposit into the Custodial Account any and all funds required for the payment of operating expenses incurred in the performance of this Agreement. If the Custodial Account does not contain sufficient funds for one or more disbursements, Broker may, after notifying Landlord (either orally or in writing) of such insufficiency, defer making any disbursement until Landlord has furnished all funds necessary for such disbursement. Broker is hereby authorized to disburse funds for payment of those Commissions and Fees earned by Broker under this Agreement (or for any other expenditures incurred in the operation of the Property if such other expenditures were paid out of Broker's own funds) ahead of, and in preference to, any other disbursements.

10. Security Deposits: Broker shall hold the Security Deposit for the benefit of the Landlord and shall be obligated to return any portion of the Security Deposit that must properly be returned to tenant.

A. Pursuant to C.R.S. § 12-61-113(1) (g.5), all Security Deposits received by Broker will be placed in an escrow or trust account. Broker may not deliver a Security Deposit to Landlord unless notice is given to the tenant that the Security Deposit will be held by Landlord. If the Security Deposit is to be transferred to Landlord or used for Landlord's benefit, Landlord shall provide written notice to Broker of Landlord's consent to assume full financial responsibility for the return of any Security Deposit that may be refundable to the tenant. Broker shall not be required to transfer any Security Deposit to Landlord if such a transfer would be in violation of federal, state, or local law.

11. Documents Pertaining to the Property: Upon commencement of this Agreement, Landlord agrees to provide to Broker all necessary and appropriate documents which will assist Broker in managing the Property. Such documents shall include, but not be limited to Landlord's tax identification number, prior period accounting records, copies of leases and lease correspondence, copies of building plans, copies of any contracts, and any other relevant documents pertaining to the operation of the Property.

12. Inventory of Personal Property:

A. Upon commencement of this Agreement, Landlord shall provide to Broker an inventory of all furniture, fixtures, equipment, and other items of personal property (collectively, the "Inventory of Personal Property"), whether attached to the Property or not, which are to be included as part of the Property subject to this Agreement.

13. Compliance with Statutes and Regulations: Broker shall not be liable or responsible for the Property's compliance with the requirements of any statute, ordinance, law or regulation of any governmental body or public authority having jurisdiction over the Property. Upon receipt of any complaint, warning, notice, or summons received by Broker regarding the Property, Broker shall immediately notify Landlord of the receipt of the same. Landlord represents and warrants, to the best of Landlord's knowledge, that the Property complies with all applicable statutes, ordinances, laws, and regulations. Landlord agrees to indemnify and hold Broker, Broker's representatives, and Broker's employees harmless from and against any and all demands, claims, fines, penalties, damages (including consequential damages), liabilities, judgments, and expenses (including without limitation reasonable attorneys' fees) whatsoever that may be incurred or imposed on Broker or any of Broker's officers, representatives, and employees by reason of any present, future, or alleged violation(s) of any law, ordinance, statute or regulation. Landlord authorizes Broker to disclose the ownership of the Property to any governmental official.

14. Cancellation of Agreement Due to Landlord's Failure to Comply with Statutes and Regulations: In the event that allegations are made or charges are filed that the Property or Landlord fails to comply with or is in violation of any federal, state, or local law, or is in violation of any order or ruling of any public authority or official having jurisdiction over the Property, and Broker, in Broker's sole and absolute discretion, considers that the action or position of Landlord with respect to such allegations or charges may result in damage or liability to Broker, Broker shall have the right to cancel this Agreement at any time by written notice to Landlord. Any cancellation served by Broker to Landlord pursuant to this section shall be effective upon the service of such notice. Any cancellation by Broker pursuant to the terms of this section shall not release Landlord from any duty or obligation to indemnify Broker as set forth in Section 18 below and shall not terminate any liability or obligation of Landlord to Broker for any payment, reimbursement or other sums of money due and payable to Broker pursuant to Broker's performance under this Agreement.

15. Termination Upon Default: Either party to this Agreement may terminate this Agreement at any time if the other party is in default. The following events are referred to collectively as an "Event of Default":

A. A party's failure to keep, preserve, or perform any material covenant, agreement, term, or provision of this Agreement; or

B. The Property or any part of the Property is taken upon execution or by other process of law directed against Landlord or taken upon or subject to any attachment by any creditor of Landlord or claimant against Landlord, and said attachment is not discharged or disposed of within fifteen (15) days after its levy; or

C. A party files a petition in bankruptcy, files a petition for reorganization under the bankruptcy laws of the United States or under any insolvency act of any state admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors; or

D. Involuntary proceedings under any bankruptcy law proceedings for dissolution are instituted against a party, or a receiver or trustee is appointed for all or substantially all of the Property, and such proceeding is not dismissed, or such receivership or trusteeship is not vacated within thirty (30) days after such institution or appointment; or

E. Broker discovers that any of the disclosures or representations made by Landlord was untrue when made or becomes untrue during the term of this Agreement.

Upon an Event of Default by a party, the non-defaulting party shall provide written notice of such default to the defaulting party. If, after written notice of default has been served to the defaulting party, the defaulting party has not cured such default within either: (a) five (5) days after written notice in the case of a monetary default, or (b) within thirty (30) days after written notice in the case of any other default, the non-defaulting party may immediately cancel this Agreement without further notice. In the event Broker terminates this Agreement due to default by Landlord, Landlord shall be obligated to pay to Broker a Cancellation Fee as set forth in Section 14, in addition to any sums payable to Broker prior to such termination.

16. Cancellation Without Cause and Cancellation Fee: This Agreement may be cancelled by Landlord without cause before the Expiration Date specified in Section 1. Written notice of such cancellation shall be provided by Landlord to Broker not less than thirty (30) days prior to the effective cancellation date. Any such notice of cancellation must be accompanied by payment to Broker of a Cancellation Fee in an amount equal to 6 months Management Fees of the Agreement, as well as any other amounts due under the Agreement. Any failure by Landlord to pay the Cancellation Fee and additional amounts to Broker shall render Landlord's notice of cancellation void and ineffective, and this Agreement shall continue in full force and effect. All sums due and payable to Broker upon the termination or cancellation of this Agreement may be paid out of the Custodial Account to the extent such funds are available. In the event of irreconcilable differences between Landlord and Broker, Broker may terminate this Agreement by providing thirty (30) days' written notice of such termination to Landlord.

17. Duties of Broker Upon Termination/Cancellation: Upon termination or cancellation of this Agreement, Broker shall promptly surrender the Property to Landlord. Upon termination or cancellation of this Agreement, Landlord shall remain bound by all leases and contracts which Broker has entered into with third parties pertaining to the Property and the management thereof. Termination or cancellation of this Agreement shall not release the indemnities of Landlord set forth herein, or release Landlord from any prior obligation to Broker. Within a reasonable period of time after termination or cancellation of this Agreement, Broker shall render a final accounting to Landlord and shall forward to Landlord all necessary documents, including all lease agreements held by Broker.

18. Indemnification and Waiver: Except for any injury or damage to persons or Property on the Property that is proximately caused by or proximately results from the gross negligence, fraudulent conduct, or deliberate, wanton and willful misconduct of Broker, Broker's representatives or Broker's employees, Broker shall not be liable or responsible for any damages (including consequential damages), claims, causes of action, fines, penalties, liabilities, judgments, or expenses imposed upon or incurred by Landlord as a result of the performance of this agreement. Landlord agrees to indemnify, defend, and hold harmless Broker and Broker's officers, directors, employees and representatives from and against all demands, damages (including consequential damages), claims, causes of action, fines, penalties, liabilities, judgments, and expenses (including reasonable attorney's fees) of whatever nature arising from or related to:

A. The Property,

B. The performance of Broker's duties under this Agreement (except for acts of gross negligence, fraudulent

conduct, or deliberate, and willful misconduct by Broker, Broker's representatives or Broker's employees)

C. The acts of vendors or suppliers engaged by Broker under this Agreement (except for acts of gross negligence, fraudulent conduct, or deliberate, wanton and willful misconduct by Broker, Broker's representatives or Broker's employees);

D. Any activity, work, negligence, or thing done or permitted by Landlord in or about the Property; and

E. Any act of omission of Landlord in, about, related to, or arising out of the Property.

Such indemnification shall include, but not be limited to, claims for personal injury, death, Property damage, damages due to the condition or maintenance of the Property, claims under any federal, state or municipal law, statute, ordinance or resolution, claims arising from or based upon environmental hazards existing on the Property, or claims arising from Landlord's failure or refusal to comply with or abide by any rule, order, determination, ordinance or law of any federal, state, or municipal authority. Without limiting the generality of the foregoing, Landlord agrees to pay all of Broker's expenses incurred in the defense or settlement of any such damages, claims, causes of action, fines, penalties, liabilities, judgments, or expenses, or incurred by Broker in the enforcement of this provision, including reasonable attorney's fees. Broker agrees to promptly notify Landlord in writing of any such actual or pending claim or action.

19. Listing of Property: Landlord is not required to use Broker to list the Property for sale if Landlord decides to sell the Property either during or after the term of this Agreement. However, if Landlord does use Broker to list the Property within 15 days after the termination of this Agreement, Broker agrees to offer the Landlord a discounted listing commission of **5% (five percent)** of the selling price.

20. Attorney's Fees: Should either party to this Agreement employ attorneys to enforce any provisions of the Agreement to protect such party's interests, or to recover damages for breach of this Agreement, the non-prevailing party in any action agrees to pay to the prevailing party all reasonable costs, damages, and expenses (including attorney's fees) expended or incurred by the prevailing party in connection therewith.

21. Authority: Broker and Landlord each represent that they are authorized to enter this Agreement on behalf of the party to be bound.

22. Waiver: The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Agreement.

23. Governing Law: This Agreement shall be governed pursuant to the laws of the State of Colorado.

24. Assignment: This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors or assigns, provided however, that no assignment by Broker shall be made without the prior written consent of Landlord.

25. Electronic Delivery: As an alternative to physical delivery, any signed document and written notice may be delivered in electronic form by facsimile, e-mail or electronic signature. Documents with original signatures shall be provided upon request of any party.

26. Notice: Any notice, request, demand, consent, approval, or other communication required or permitted under this Agreement must, unless otherwise stated, be in writing and will be deemed to have been given when personally or electronically delivered, sent by facsimile with receipt acknowledged, e-mailed, deposited with any nationally

recognized overnight carrier that routinely issues receipts, or sent via certified mail through the United States Postal Service. Either party may add additional addresses or change its address for purposes of receipt of any such

