



# PROPERTY MANAGEMENT AGREEMENT

(C.A.R. Form PMA, Revised 12/15)

\_\_\_\_\_, ("Owner"), and \_\_\_\_\_ ("Broker"), agree as follows:  
1. **APPOINTMENT OF BROKER:** Owner hereby appoints and grants Broker (hereinafter "Property Manager") the exclusive right to rent, lease, operate, and manage the property(ies) known as \_\_\_\_\_,

\_\_\_\_\_ and any additional property that may later be added to this Agreement ("Property"), upon the terms below, for the period beginning (date) \_\_\_\_\_ and ending (date) \_\_\_\_\_, at 11:59 PM. (If checked:) ☐ Either party may terminate this Property Management Agreement ("Agreement") on at least 30 days written notice \_\_\_\_\_ months after the original commencement date of this Agreement. After the exclusive term expires, this Agreement shall continue as a non-exclusive agreement that either party may terminate by giving at least 30 days written notice to the other.

2. **PROPERTY MANAGER ACCEPTANCE:** Property Manager accepts the appointment and grant, and agrees to:

- A. Use due diligence in the performance of this Agreement.
- B. Furnish the services of its firm for the rental, leasing, operation and management of the Property.

3. **AUTHORITY AND POWERS:** Owner grants Property Manager the authority and power, at Owner's expense, to:

- A. **ADVERTISING:** Display FOR RENT/LEASE and similar signs on the Property. Advertise the availability of the Property, or any part thereof, for rental or lease in the Multiple Listing Service and other online media.
- B. **RENTAL; LEASING:** Initiate, sign, renew, modify or cancel rental agreements and leases for the Property, or any part thereof; collect and give receipts for rents, other fees, charges and security deposits. Any lease or rental agreement executed by Property Manager for Owner shall not exceed \_\_\_\_\_ year(s) or ☐ shall be month-to-month. Unless Owner authorizes a lower amount, rent shall be: ☐ at market rate; OR ☐ a minimum of \$ \_\_\_\_\_ per \_\_\_\_\_; OR ☐ see attachment.
- C. **TENANCY TERMINATION:** Sign and serve in Owner's name notices that 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. Owner agrees that state and local water use restrictions will supersede any obligation by Property Manager or any Tenant to water/maintain gardens, landscaping trees or shrubs. Property Manager shall obtain prior approval of Owner for all expenditures over \$ \_\_\_\_\_ for any one item. Prior approval shall not be required for monthly or recurring operating charges or, if in Property Manager'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, including, but not limited to, maintaining the Property in a condition fit for human habitation as required by Civil Code §§ 1941 and 1941.1 and Health and Safety Code §§ 17920.3 and 17920.10.
- E. **REPORTS, NOTICES AND SIGNS:** Comply with federal, state or local law requiring delivery of reports or notices and/or posting of signs or notices.
- F. **CONTRACTS; SERVICES:** Contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Property Manager may perform any of Property Manager's duties through attorneys, agents, employees, or independent contractors and, except for persons working in Property Manager's firm, shall not be responsible for their acts, omissions, defaults, negligence and/or costs of same.
- G. **EXPENSE PAYMENTS:** Pay expenses and costs for the Property from Owner's funds held by Property Manager, unless otherwise directed by Owner. Expenses and costs may include, but are not limited to, property management compensation, fees and charges, expenses for goods and services, property taxes and other taxes, Owner's Association dues, assessments, loan payments and insurance premiums.
- H. **SECURITY DEPOSITS:** Receive security deposits from tenants, which deposits shall be ☐ given to Owner, or ☐ placed in Property Manager's trust account and, if held in Property Manager's trust account, pay from Owner's funds all interest on tenants' security deposits if required by local law or ordinance. Owner shall be responsible to tenants for return of security deposits and all interest due on security deposits held by Owner.
- I. **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 Property Manager's personal accounts. Property Manager shall not be liable in event of bankruptcy or failure of a financial institution.
- J. **RESERVES:** Maintain a reserve in Property Manager's trust account of \$ \_\_\_\_\_.
- K. **DISBURSEMENTS:** Disburse Owner's funds held in Property Manager's trust account in the following order:
  - (1) Compensation due Property Manager under paragraph 8.
  - (2) All other operating expenses, costs and disbursements payable from Owner's funds held by Property Manager.
  - (3) Reserves and security deposits held by Property Manager.
  - (4) Balance to Owner.
- L. **OWNER DISTRIBUTION:** Remit funds, if any are available, monthly (or ☐ \_\_\_\_\_), to Owner.

Owner's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Property Manager's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

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Owner Name: \_\_\_\_\_ Date: \_\_\_\_\_

- M. OWNER STATEMENTS:** Render monthly, (or ☐ Quarterly or ☐ \_\_\_\_\_), and year end statements of receipts, expenses and charges for each Property.
- N. PROPERTY MANAGER FUNDS:** Property Manager shall not advance Property Manager's own funds in connection with the Property or this Agreement.
- O. KEYSAFE/LOCKBOX:** ☐ (If checked) Owner authorizes the use of a keysafe/lockbox to allow entry into the Property and agrees to sign a keysafe/ lockbox addendum (C.A.R., Form KLA).
- 4. OWNER RESPONSIBILITIES:** Owner shall:
- A.** Provide all documentation, records and disclosures as required by law or required by Property Manager to manage and operate the Property, and immediately notify Property Manager if Owner becomes aware of any change in such documentation, records or disclosures, or any matter affecting the habitability of the Property.
  - B.** Indemnify, defend and hold harmless Property Manager, and all persons in Property Manager's firm, as permitted by law, from all costs, expenses, suits, liabilities, damages, attorney 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, for: **(i)** any repairs performed by Owner or by others hired directly by Owner; or **(ii)** those relating to the management, leasing, rental, security deposits, or operation of the Property by Property Manager, or any person in Property Manager's firm, or the performance or exercise of any of the duties, powers or authorities granted to Property Manager.
  - C.** Maintain the Property in a condition fit for human habitation as required by Civil Code §§ 1941 and 1941.1 and Health and Safety Code §§ 17920.3 and 17920.10 and other applicable law.
  - D.** Pay all interest on tenants' security deposits if required by local law or ordinance.
  - E.** 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 Property Manager. Property Manager shall be, and Owner authorizes Property Manager to be, named as an additional insured party on Owner's policies.
  - F.** Pay any late charges, penalties and/or interest imposed by lenders or other parties for failure to make payment to those parties, if the failure is due to insufficient funds in Property Manager's trust account available for such payment.
  - G.** Immediately replace any funds required if there are insufficient funds in Property Manager's trust account to cover Owner's responsibilities.
- 5. OWNER REPRESENTATIONS:** Owner represents that, unless otherwise specified in writing, Owner is unaware of: **(i)** any recorded Notice of Default affecting the Property; **(ii)** any delinquent amounts due under any loan secured by, or other obligation affecting, the Property; **(iii)** any bankruptcy, insolvency or similar proceeding affecting the Property; **(iv)** any litigation, arbitration, administrative action, government investigation, or other pending or threatened action that does or may affect the Property or Owners ability to transfer it; and **(v)** any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Property Manager in writing if Owner becomes aware of any of these items during the term of this Agreement.
- 6. TAX WITHHOLDING:**
- A.** If Owner is not a California Resident or a corporation or LLC qualified to conduct business in California, Owner authorizes Property Manager to withhold and transmit to California Franchise Tax Board ("FTB") 7% of the GROSS payments to Owner that exceed \$1,500 received by Property Manager, unless Owner completes and transmits to Property Manager FTB form 589, nonresident reduced withholding request, FTB form 588, nonresident withholding waiver, or FTB form 590, withholding exemption certificate.
  - B.** If Owner is a nonresident alien individual, a foreign entity, or other non-U.S. person, (Foreign Investor) Owner authorizes Property Manager to withhold and transmit to the Internal Revenue Service (IRS) 30% of the GROSS rental receipts unless Owner elects to treat rental income as "effectively connected income" by submitting to Property Manager a fully completed IRS form W-8ECI, Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States. A Foreign investor Owner will need to obtain a U.S. tax payer identification number and file a declaration with the IRS regarding effectively connected income in order to complete the form given to Property Manager. Further, the Foreign Investor Owner will be responsible for making any necessary estimated tax payments.
- 7. DISCLOSURE:**
- A. LEAD-BASED PAINT**
- (1) ☐ The Property was constructed on or after January 1, 1978.
- OR (2)** ☐ The Property was constructed prior to 1978.
- (i) Owner has no knowledge of lead-based paint or lead-based paint hazards in the housing except: \_\_\_\_\_.
- (ii) Owner has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing, except the following, which Owner shall provide to Property Manager: \_\_\_\_\_.
- B. POOL/SPA DRAIN**
- Any pool or spa on the property does (or, ☐ does not) have an approved anti-entrapment drain cover, device or system.
- COMPENSATION:**
- 8. A.** Owner agrees to pay Property Manager fees in the amounts indicated below for:
- (1) Management: \_\_\_\_\_.
  - (2) Renting or Leasing: \_\_\_\_\_.
  - (3) Evictions: \_\_\_\_\_.
  - (4) Preparing Property for rental or lease: \_\_\_\_\_.
  - (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, Property Manager: \_\_\_\_\_.
  - (7) Other: \_\_\_\_\_.

Owner's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Property Manager's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )



Owner Name: \_\_\_\_\_ Date: \_\_\_\_\_

- B. This Agreement does not include providing on-site management services, property sales, refinancing, preparing Property for sale or refinancing, 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 Property Manager to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.

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

- D. Owner further agrees that:

- (1) Property Manager may receive and keep fees and charges from tenants for: (i) requesting an assignment of lease or sublease of the Property; (ii) processing credit applications; (iii) any returned checks and/or ( ☐ if checked) late payments; and (iv) any other services that are not in conflict with this Agreement.
- (2) Property Manager may perform any of Property Manager's duties, and obtain necessary products and services, through affiliated companies or organizations in which Property Manager may own an interest. Property Manager may receive fees, commissions and/or profits from these affiliated companies or organizations. Property Manager has an ownership interest in the following affiliated companies or organizations:

Property Manager shall disclose to Owner any other such relationships as they occur. Property Manager shall not receive any fees, commissions or profits from unaffiliated companies or organizations in the performance of this Agreement, without prior disclosure to Owner.

- (3) Other: \_\_\_\_\_

9. **AGENCY RELATIONSHIPS:** Property Manager may act, and Owner hereby consents to Property Manager acting, as dual agent for Owner and tenant(s) in any resulting transaction. If the Property includes residential property with one-to-four dwelling units and this Agreement permits a tenancy in excess of one year, Owner acknowledges receipt of the "Disclosure Regarding Agency Relationships" (C.A.R. Form AD). Owner understands that Property Manager may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Property Manager, property the same as or similar to Owner's Property. Owner consents to Property Manager's representation of other owners' properties before, during and after the expiration of this Agreement.

10. **NOTICES:** Any written notice to Owner or Property Manager required under this Agreement shall be served by sending such notice by first class mail or other agreed-to delivery method to that party at the address below, or at any different address the parties may later designate for this purpose. Notice shall be deemed received three (3) calendar days after deposit into the United States mail OR ☐

11. **DISPUTE RESOLUTION:**

- A. **MEDIATION:** Owner and Property Manager 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. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney 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. **Exclusions from this mediation agreement are specified in paragraph 11C.**

B. **ARBITRATION OF DISPUTES:**

Owner and Property Manager agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 11C.

**"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 CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**

**"WE HAVE READ AND UNDERSTAND 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 \_\_\_\_\_ / \_\_\_\_\_ Property Manager's Initials \_\_\_\_\_ / \_\_\_\_\_

Owner's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Property Manager's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )



Owner Name: \_\_\_\_\_ Date: \_\_\_\_\_

**C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:** The following matters shall be excluded from mediation and arbitration: (i) 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; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

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

**13. ATTORNEY FEES:** In any action, proceeding or arbitration between Owner and Property Manager regarding the obligation to pay compensation under this Agreement, the prevailing Owner or Property Manager shall be entitled to reasonable attorney fees and costs from the non-prevailing Owner or Property Manager, except as provided in paragraph 11A.

**14. ADDITIONAL TERMS:** ☐ Keysafe/Lockbox Addendum (C.A.R. Form KLA); ☐ Lead-Based Paint and Lead-Based Paint Hazards Disclosure (C.A.R. Form FLD)

**15. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed except in writing. This Agreement and any supplement, addendum or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

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

Owner \_\_\_\_\_ Date \_\_\_\_\_  
Owner \_\_\_\_\_  
Print Name \_\_\_\_\_ Social Security/Tax ID # (for tax reporting purposes) \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Owner \_\_\_\_\_ Date \_\_\_\_\_  
Owner \_\_\_\_\_  
Print Name \_\_\_\_\_ Social Security/Tax ID # (for tax reporting purposes) \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Real Estate Broker (Firm) \_\_\_\_\_ Cal BRE Lic. #: \_\_\_\_\_  
By (Agent) \_\_\_\_\_ Cal BRE Lic. #: \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

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