

PROPERTY MANAGEMENT AGREEMENT

This is an AGREEMENT dated **September 1, 2022** between **OWNER'S NAME**, hereinafter referred to as OWNER, and Five Star Property Management, LLC, hereinafter referred to as MANAGER.



The parties agree as follows:

1. EXCLUSIVE RIGHT TO RENT, LEASE, AND MANAGE:

OWNER hereby contracts with MANAGER, giving MANAGER the sole and exclusive right to rent, lease, operate, control, and manage OWNER's property, hereinafter called the "Premises", known as **158 S Main St, Pocatello, ID 83204** under the terms and conditions herein set forth. Any additional properties that OWNER shall transfer possession to MANAGER in the future shall be included in and managed under the terms and conditions of this AGREEMENT, even if this AGREEMENT is not updated to list the new property address.

2. TERM:

The initial term of this AGREEMENT shall commence on **00/00/0000** and end on **00/00/0000**. This AGREEMENT will automatically renew at the end of the initial term and at the end of future renewal terms for an additional twelve (12) month period. Either OWNER or MANAGER may terminate this AGREEMENT according to the terms stipulated in section eight (8) of this AGREEMENT.

3. MANAGEMENT COMPENSATION:

In consideration of the services to be rendered by MANAGER, OWNER shall pay MANAGER a management fee of **ten percent (10%)** of all rents, utility fees, month to month fees, and forfeited security deposits. Additionally, there will be an early termination fee of \$125 per unit.

4. MANAGEMENT AUTHORITY:

OWNER hereby makes, constitutes, and appoints MANAGER his true and lawful agent and attorney in fact, with power of appointment, and with authority to do and perform any and all lawful things necessary for the accomplishment of the purposes of this AGREEMENT. OWNER expressly grants to MANAGER the following authority, powers and rights, any or all of which may be exercised in the name of OWNER, in MANAGER's name alone, or in the names of both, and OWNER shall assume all responsibilities for expenses in connection herewith, and shall reimburse or pay in advance all expenses incurred or to be incurred by MANAGER pursuant to this AGREEMENT.

OWNER grants MANAGER or authorizes MANAGER:

- A. To assist the OWNER in complying with all Federal, State and Local laws, codes and regulations affecting the Premises.
- B. To inspect, identify, and complete necessary items to bring the Premises into rentable condition. It is understood that these items will traditionally be paid from the security deposit of the vacating tenant, but in the event that this is not the case, OWNER authorizes these items to be done at OWNER's expense. OWNER agrees that all units are required to be in rentable condition prior to marketing and leasing the property. This includes but is not limited to the completion of all carpets being professionally cleaned, all cleaning, and necessary maintenance.
- C. To advertise in MANAGER's own name, the Premises or any part thereof for rent, and to display signs thereon and to submit all available properties for rent, including those of other clients of MANAGER, to all interested parties.
- D. To raise and lower rents as conditions may warrant and to require security and damage deposits; provided, however, units within the Premises are to rent for no less than **\$0.00** unless written permission is obtained from the OWNER.
- E. The sole and exclusive right to accept applications from prospects, to perform credit checks and other screening services on applicants, and to approve or decline such applicants according to MANAGER's policies. OWNER shall not be provided with the tenant's credit report and or application unless specifically authorized in writing by the tenant and the provider of the credit report.
- F. To prepare and negotiate new leases, renewals, and terminations of existing leases as deemed appropriate by MANAGER. MANAGER is authorized, for and in behalf of OWNER, to execute leases and lease renewals in MANAGER's name for a term not to exceed a lease period of 18 months and month-to-month thereafter. MANAGER is given the authority to sign all leases. OWNER

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has reviewed a copy of the lease form entitled Residential Rental Agreement, to be used by MANAGER and hereby approves such lease form. MANAGER may, from time to time, change the lease as may be reasonably necessary. A lease shall not be terminated at the insistence of the OWNER unless satisfactory arrangements, in writing, have been completed with MANAGER.

G. Full management and control of the Premises with authority to waive charges or fees when necessary and to make every legal effort to collect all rents and other monies due or to become due from tenants in the Premises.

H. To collect from applicants or tenants any or all of the following: application fees, returned payment fees, lease modification fees, late fees, legal notice service fees, utility service fees, and any other fees that may now or in the future become a tenant obligation. All such fees shall belong to MANAGER to offset MANAGER's extra time and expense for handling additional work and responsibilities related to such fees, and MANAGER need not account for such fees to OWNER. First funds collected from tenant each month shall be applied to tenant's obligations chronologically beginning with the earliest obligation incurred. Any outstanding tenant obligations at end of tenancy may be deducted from tenant's security deposit.

I. To accept or decline monies for rental or other payments due from tenants according to MANAGER's policies, and issue receipts for same. MANAGER may also negotiate and enter into payment arrangements with tenants according to MANAGER's policies. MANAGER shall not be held liable for returned payments or money not collected. OWNER will receive all late fees for payments from dishonored payment arrangements or other nonpayment of rents that reduce the monthly disbursement to the OWNER when finally collected. OWNER shall reimburse MANAGER for any sums disbursed on the faith of such payment arrangements or payments should they be dishonored or uncollectable for any reason. OWNER agrees to hold MANAGER harmless for any failure to secure tenants for the OWNER, any cancellation by the tenants, and/or to collect any rents or monies due from the tenants for any reason.

J. To serve any and all applicable legal notices upon tenants and to institute and prosecute legal action in MANAGER's name for enforcement of the terms of any lease, including collection of rent or other tenant obligations and to terminate tenancies, evict or dispossess tenants or other persons from the Premises, and recover rents and any other sums due. MANAGER shall also defend against any claims of the tenants in such actions. In connection with any such legal action, or when necessary, MANAGER may engage or employ counsel at OWNER's expense.

K. To resolve disputes over security deposits and any other sums due. MANAGER may use any lawful means to resolve such disputes. MANAGER is authorized to compromise and settle claims on OWNER's behalf as may be necessary or prudent in MANAGER's judgment.

L. To supervise and/or make or cause to be made all maintenance, repairs, alterations, cleaning, decoration, and landscaping of the Premises as deemed necessary by the OWNER or the MANAGER. To purchase necessary supplies and equipment and to provide for all negotiation and contractual arrangements for all maintenance or repair services deemed necessary. To engage, supervise, and discharge all vendors, suppliers or independent contractors necessary for the operation and maintenance of the Property, it being specifically agreed and understood that all independent contractors shall be deemed to be contractors for the OWNER and not employees of MANAGER. To pay said vendors, suppliers, and independent contractors for services, repairs, and improvements at the OWNER's expense.

M. To arrange for authorized individuals to inspect, survey, or view the Premises.

N. To change or rekey locks on the Premise when necessary. OWNER shall provide or bear cost of providing sufficient number of keys to the Premises.

O. To allow MANAGER to place a lock box on the property and to allow access to the property for vendors or others that need to access the property. OWNER acknowledges that a lock box does not ensure guaranteed security of the Premises. OWNER agrees that the lockbox is for the OWNER's benefit and releases MANAGER, and persons working through the MANAGER, from all liability and responsibility in connection with any loss and/or damage that occurs.

P. To deduct all expenditures and indemnified monetary amounts hereunder from rents or monies collected by MANAGER.

Q. To receive interest on any of MANAGER'S accounts. Interest received shall belong to MANAGER to offset MANAGER's time and expenses of maintaining such accounts and MANAGER need not account for such interest received to OWNER.

R. To execute contracts for utilities and services for the operation, maintenance, repair, and safety of the Premises as the MANAGER shall deem advisable.


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S. MANAGER shall have other general authority and power as may be necessary or expedient to carry out the spirit and intent of this AGREEMENT.

5. MANAGER RESPONSIBILITIES:

The MANAGER agrees to accept the following responsibilities:

- A. To accept the authority granted MANAGER by OWNER in section four (4) of this AGREEMENT and make all reasonable efforts to accomplish the authorized duties.
- B. To use diligence in the renting, leasing, operating, and managing of the herein described Premises for the period and upon the terms herein provided. MANAGER will utilize the following approaches and resources to provide the services authorized and expected in this AGREEMENT: organizational legacy, company policies, best practices, industry norms, regulatory knowledge, common sense, systematized knowledge, and technology.
- C. To make every reasonable effort to collect rents and other monies from tenant when and as they become due, however, MANAGER does not guarantee the payment of tenant obligations. MANAGER may employ collection agencies, attorneys, or any other reasonable and lawful means to assist in the collection of any outstanding tenant obligation.
- D. To obtain OWNER's prior authorization for any expense item in excess of five hundred dollars (\$500.00), except the following: i) previously approved monthly or recurring operating expenses, ii) in cases where immediate action is necessary to protect the Premises from damage or to maintain service to the tenant as called for by their lease, or (iii) necessary expenses to maintain Premises in a rentable condition if the OWNER is not reasonably available for consultation.
- E. To deposit all receipts collected for OWNER or held on behalf of tenant in MANAGER's bank accounts. However, MANAGER shall not be held liable in the event of bankruptcy or failure of depository (such as a bank, credit union, or banking institution).
- F. To render monthly statements to OWNER of revenues and expenses and to disburse to OWNER the net proceeds of such accounting. Statements and financial disbursements will be made customarily between the tenth (10th) day and the fifteenth (15th) day of each month. In the event expenses should be in excess of revenues collected, OWNER shall pay such deficit promptly to MANAGER. MANAGER may reserve OWNER's funds to meet obligations that are or may become due thereafter and for which current income may be adequate. MANAGER may require releases from all parties in the event of a controversy before disbursing funds.

6. OWNER PROVIDES THE FOLLOWING ASSURANCES:

- A. OWNER owns or will own, prior to management services beginning, the Premises in fee simple interest and has full authority to enter into this AGREEMENT. OWNER will provide a copy of the deed to MANAGER.
- B. OWNER constitutes all of the owners of the Premises.
- C. OWNER has full power and authority to hire MANAGER and has the right to receive income proceeds from the Premises and that this power, authority, and right has not been assigned, or transferred to others.
- D. That all mortgages, taxes, insurance, and association dues or other like expenses are currently paid and are not in default, that the Premises is not now the subject of a foreclosure or pending foreclosure action. OWNER agrees to maintain all property taxes and any debt that utilizes the Premises as collateral in good standing with taxing authorities and lenders. In the event that legal action, foreclosure action, or forced sale is filed or initiated against OWNER, MANAGER shall be authorized to accelerate the payment of all future management fees due under this PROPERTY MANAGEMENT AGREEMENT and immediately pay them to MANAGER. OWNER shall immediately notify and communicate the status of legal actions, foreclosures, or forced sales to MANAGER in writing, and if not resolved with proof from plaintiff, taxing authority, or lender within thirty (30) days of MANAGER becoming aware of any such actions, OWNER authorizes MANAGER to give notice to tenants, allow tenants to terminate leases prematurely, return tenant's security deposits, stop advertising vacant units, and withhold monthly OWNER disbursements until the situation is resolved or all expenses for maintaining the Premises have been paid as indicated in this AGREEMENT. In the event of foreclosure, forced sale, or other legal action against the OWNER, MANAGER may unilaterally terminate this AGREEMENT at will. OWNER shall indemnify, defend and hold MANAGER harmless in any foreclosure action.
- E. No litigation has been served upon OWNER, nor to the best of the OWNER's knowledge has been filed, or threatened in writing, affecting the Property.


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- F. OWNER is not a party to any contract, lease, or other agreement that is in conflict with this AGREEMENT.
- G. OWNER represents that the Premises, as of the inception of this contract and continuing forward, complies with all applicable building codes, laws and regulations. Any exception to this representation will be provided to MANAGER in writing prior to the start of AGREEMENT. OWNER indemnifies MANAGER for the existence of any exceptions to this representation noticed or unnoticed to MANAGER.
- H. OWNER has no knowledge of any violation of environmental laws related to the Premises or the presence or release (other than as permitted by law) of hazardous materials on or from the Premises except as disclosed in the environmental reports delivered by OWNER to MANAGER. "hazardous materials" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous materials, hazardous waste, pollutant or contaminant under any environmental law, as currently in effect as of the date of his Contract, (ii) petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) friable asbestos, (vi) flammable explosives, (vii) infectious materials, or (viii) radioactive materials. Any violations to this representation will be provided to MANAGER in writing prior to the start of AGREEMENT. OWNER indemnifies MANAGER for the existence of any exceptions to this representation noticed or unnoticed to MANAGER.
- I. MANAGER is not responsible for damage to the Premises or items missing, switched out, lost or damaged under any circumstances, including but not limited to, theft, vandalism, or negligence of tenants, their guests, or others. In the event tenants damage the Premises or owe any monies to the OWNER, MANAGER is given the exclusive authority to determine in its professional judgment the amount due, charge the tenants accordingly and or settle with the tenants. MANAGER is given the power to make claims upon the security deposit on behalf of OWNER and MANAGER shall not be held liable for any failure to make claims on any damages which were not readily apparent to MANAGER.
- J. MANAGER shall not be liable for vandalism, lawn/vegetation, maintenance, or deterioration of the Premises during a vacancy period.
- K. MANAGER shall not be liable for any loss, damage, delay, or failure to perform in whole or in part, which results from causes beyond MANAGER's control including, but not limited to, fire, strikes, riots, embargo, shortages in supplies, delays in transportations or requirements of any governmental authority.
- L. MANAGER, except as to its own conduct, is not responsible for compliance with any statute, ordinance, law, or regulation of any governmental body or public authority respecting the Premises, except to promptly inform OWNER of any complaints, notices, or summons received by MANAGER.
- M. MANAGER shall not be liable or responsible for any additional services not specified in this AGREEMENT.
- N. OWNER represents that they have not edited or altered AGREEMENT from the form provided by MANAGER and agrees that any changes made by other than MANAGER will not be recognized or enforceable. OWNER agrees that if AGREEMENT is altered, the original terms will supersede any alterations and original terms will be enforced.

7. OWNER ACCEPTS THE FOLLOWING RESPONSIBILITIES:

- A. To keep the MANAGER informed in writing of any changes of ownership interest in the Premises or changes of OWNER's mailing address, phone numbers, email address, or bank account.
- B. To be responsible for payment of the following recurring expenses: mortgage payments, taxes, insurance premiums, and any other recurring expenses unless that responsibility has been accepted by MANAGER in writing. In the event that MANAGER shall advance any of MANAGER's money to pay any OWNER obligations, OWNER shall promptly reimburse MANAGER. If balance of the OWNER'S account is not paid within fifteen (15) days, MANAGER is authorized to deduct funds from OWNER's bank account. Unpaid balances will accrue interest at the rate of eighteen percent (18%) per annum until paid in full. Monthly income collected, if any, shall be applied chronologically beginning with the earliest obligation, including MANAGER's compensation, and the remaining balance, if any, shall be available for remaining obligations and recurring expenses. Electronic notification via email shall be sufficient notice to OWNER of balance on hand and the need for additional funds. OWNER assumes full responsibility for any consequences resulting from late payment or non-payment of any obligation or recurring expenses should MANAGER be unable to make said payments due to insufficient funds on hand, lack of income from the Premises, non-delivery or delay of mail, or for any other reason beyond MANAGER's control.



- C. To provide MANAGER with current and up-to-date copies of any applicable Condominium or Homeowner Association rules and regulations. In the event tenants fail to comply with the rules and regulations and the association or board levies fines, fees, or assessments against OWNER, MANAGER shall not be liable for the payment of such obligations.
- D. To keep the Premises adequately insured and to carry liability insurance in sufficient amounts to protect the interest of the parties hereto. OWNER, at OWNER'S expense, shall maintain property insurance on the Premises for the full replacement value thereof and liability insurance with a per occurrence amount not less than twice the property value or \$1,000,000.00, which ever is less. OWNER shall name MANAGER as an additional insured, party of interest, and/or certificate holder on such liability policy. OWNER shall never cancel or reduce the insurance coverage and insurer shall not cancel or reduce the insurance coverage without first giving MANAGER thirty (30) days prior written notice. OWNER shall furnish or cause to be furnished to MANAGER, a certificate of such insurances upon the execution hereof and upon each renewal thereof. In the event that a current certificate of insurance is not furnished to MANAGER, OWNER agrees that MANAGER may withhold monthly disbursements until such certificate is furnished. OWNER agrees to indemnify MANAGER for any damages suffered as a result of any lapse in or failure by OWNER to maintain insurance coverage.
- E. To place in reserve with MANAGER \$0.00 per unit or such other amount as may be jointly agreed to by OWNER and MANAGER, for the purpose of maintenance repairs, or other expenses that may arise, and authorize MANAGER to replenish this reserve from rents collected.
- F. To cooperate fully with MANAGER in complying with applicable building, housing, and health codes, as well as applicable Fair Housing Regulations. The Premises shall be rented without regard to race, creed, color, religion, sex, national origin, age, disability, marital status, familial status, or sexual preference. This includes but is not limited to service/companion animals or other reasonable accommodations.
- G. To indemnify, defend, and hold MANAGER harmless to all cost, expenses, suits, claims, liabilities, debts, demands, judgments, awards, damages, proceedings, or attorney's fees. Also included, but not limited to, are those arising out of any injury or death to any person or persons or damage to any property of any kind whatsoever. In addition to the above stated would be whomsoever belonging, including OWNER, in any way relating to the rental, leasing, and management of the Premises or the performance or exercise of any of the duties, obligations, powers, rights, or authority granted to MANAGER. OWNER agrees to and does hereby indemnify and hold harmless the MANAGER, it's employees, agents and assigns, from any and all claims, suits, damages, losses and expenses arising from the management of the property and from any injury to persons and/or property occurring on or about the Premises, except in the case of gross negligence or illegal act by the MANAGER.
- H. To provide MANAGER with specific directions in writing as MANAGER may reasonably require from time to time to guide MANAGER in the operation of the property.
- I. To make available to MANAGER all data, records, and documents pertaining to the property which the MANAGER may require to properly exercise its duties.
- J. To cooperate with MANAGER, to the extent required, to enable MANAGER to perform expeditiously, efficiently, and economically the management services required under this contract.

8. TERMINATION:

- A. This AGREEMENT may be terminated at any time by the mutual agreement of the parties and payment by OWNER to MANAGER of all projected management fees through the initial term, or all projected management fees through the end dates of all current leases as of the date of mutual agreement in subsequent terms. In the event of a large remodel not considered a normal turn, OWNER shall pay MANAGER a remodel coordination fee of 10% of all invoices during the remodeling period.
- B. Either OWNER or MANAGER may terminate this AGREEMENT by giving the other party written notice at least thirty (30) days prior to the end date of a term. Upon notice of non-renewal, this AGREEMENT shall terminate upon the end date of such term. OWNER will pay to MANAGER all projected management fees through the end dates of all current leases renewed in the past six (6) months as of the date of notice of non-renewal.
- C. MANAGER may terminate this AGREEMENT immediately with written or verbal notice if OWNER's actions or inactions appear to be illegal, improper, or jeopardize the safety or welfare of tenants or others. OWNER will pay to MANAGER all projected management fees through the end dates of all current leases as of the date of notice of immediate termination.
- D. In instances of termination, Manager will withhold disbursement of funds approximate to any and all amounts due or expected to


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be due through the end date of AGREEMENT. If the final month's withholding is not adequate to meet these estimates, OWNER will be notified and will supplement the withheld funds immediately. Once withheld funds meet the expected threshold, MANAGER agrees to execute an assignment of all leases, release tenant information, and facilitate transition efforts as instructed by OWNER, provided OWNER accepts all obligations thereunder and indemnifies MANAGER for any and all liability or claims related to such transition, including attorney fees.

E. MANAGER may withhold funds for thirty (30) days after the end of the month in which this AGREEMENT is terminated to pay any obligations. OWNER shall reimburse MANAGER for any deficits within fifteen (15) days of the final statement being sent or MANAGER will be authorized to deduct amount due from OWNER's bank account and if necessary to take additional collection efforts including but not limited to use of a collection company to legal action.

F. In the event this AGREEMENT is terminated by either OWNER or MANAGER, regardless of cause, the parties agree that MANAGER shall have no further obligation to rent, lease, or manage the Premises after the end date of this AGREEMENT.

G. All provisions of this AGREEMENT that indemnify, defend, and save MANAGER harmless to any and all matters shall survive any termination of this AGREEMENT.

9. MODIFICATION OF THIS AGREEMENT:

MANAGER may change the terms of this AGREEMENT by giving ninety (90) days written notice to OWNER. The ninety (90) days shall be counted from the date notice was mailed. Should no written objection be forthcoming from OWNER within the ninety (90) days period, OWNER's acceptance of said changes shall be presumed. Exception will be made for terms required by applicable statute or regulation and will become effective according to the time period required by such statute or regulation.

10. OWNER AND MANAGER MUTUALLY AGREE:

A. The section headings contained in this contract are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections hereof.

B. Should one or more of the provisions contained in this AGREEMENT be held to be invalid, illegal, or unenforceable, the remainder of this AGREEMENT shall still remain in effect.

C. That this AGREEMENT shall be governed by and construed in accordance with the laws of the state of Idaho.

D. In the event legal procedures are necessary to enforce any provision of this AGREEMENT the venue will be properly considered Bannock County, Idaho. The prevailing party shall be entitled to recover or receive an award for their reasonable legal fees.

11. NOTICES:

For purposes of this AGREEMENT, all notices required herein shall be deemed to have been served upon the other party when personally delivered or mailed by United States certified mail, return receipt requested to the following addresses or to such other address as shall be changed in writing, properly notifying the other party:

MANAGER

Name: Five Star Property Management, LLC
Address: 158 S Main St, Pocatello, ID 83204
Phone: 208-234-4447
Email: contactus@rentfivestar.com

OWNER

Name: Owner's Name
Address: Mailing Address
Phone: Telephone Number
Email: Email Address

Said notice shall be deemed effective the date such notice is personally delivered, or if mailed, the date which is three (3) business days after the date of mailing. OWNER and MANAGER shall each have the right from time to time to change their address upon written notice thereof to the other party.



12. ENTIRE AGREEMENT, SUCCESSORS AND ASSIGNS:

Time is of the essence. This AGREEMENT embodies the entire understanding of the parties. All prior or contemporaneous agreements, understandings, representations, warranties, or statements, oral or written, are merged into this AGREEMENT. This AGREEMENT shall become binding upon the successors and assigns of the MANAGER and upon the heirs, executors, administrators, successors, and assigns of the OWNER, and may be sold or assigned by MANAGER to any person or entity legally qualified to fulfill its terms.

13. AGREED:

BY SIGNING THIS AGREEMENT, THE UNDERSIGNED OWNER OR THE INDIVIDUAL REPRESENTATIVES OF OWNER REPRESENT AND STATE THAT:

- A. The undersigned have read and understand every term of this AGREEMENT.
- B. The undersigned are hereby advised to and have had the opportunity to seek advice and counsel, legal or otherwise.
- C. The undersigned each individually represent and warrant that they have full authority to enter into this AGREEMENT. If the undersigned is a representative of the OWNER, the undersigned represents and warrants that they are authorized to enter into this AGREEMENT on behalf of OWNER and that the representations of OWNER herein are true and correct.

THIS IS A LEGALLY BINDING CONTRACT – READ CAREFULLY BEFORE SIGNING.

SIGNED AND EXECUTED on the _____ day of _____, 20____.

OWNER:

X

MANAGER:

FIVE STAR PROPERTY MANAGEMENT, LLC

X

Company Representative

Dannis Adamson, Member