

M2M PROPERTIES

COMMERCIAL PROPERTY MANAGEMENT AGREEMENT

8084 Old Auburn Road, Suite A Citrus Heights, CA 95610
Phone (916) 721-9525 Fax (916) 721-9549 www.m2mproperties.net

1. PARTIES:

A. The parties to this agreement are:

Owner: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Mobile: _____

E-Mail: _____ Fax: _____

Broker/Property Manager: M2M PROPERTIES

Address: 8084 OLD AUBURN ROAD, SUITE A

City: CITRUS HEIGHTS State: CA Zip: 95610

Phone: 916-721-9525 Mobile: _____ Fax: 916-721-9549

E-Mail: INFO@M2MPROPERTIES.NET

B. If Owner is not an individual, Owner is an: ☐ estate ☐ corporation ☐ limited liability company (LLC) ☐ trust ☐ partnership ☐ limited liability partnership (LLP), which entity was chartered or created in _____ (State). The individual signing this agreement for the owner represents to Broker that he or she has the authority to bind Owner to this agreement, to act for Owner, and is acting under his or her capacity as _____ (title) for the Owner.

C. Owner appoints Broker as Owner's sole and exclusive agent of the real property described in Paragraph 2 to:

☐ (1) manage the Property, but not lease the Property.

☐ (2) manage and lease the Property.

D. Federal Identification Number Needed for Bank Trust Account is:

☐ (1) Individual (SS#) _____

☐ (2) Corporation (TIN#) _____

☐ (3) Partnership (TIN#) _____

☐ (4) LLC (TIN#) _____

2. PROPERTY: "Property" means:

Address: _____

legally described as: _____

in _____ County, State of California, together with the following non-real-property items: _____.

"Property" also includes any other Property described in any attached Multiple Property Addendum.

3. TERM:

- A. Primary Term: The primary term of this agreement begins and ends as follows:
Commencement Date: _____ Expiration Date: _____
- B. Automatic Extension: Unless either party provides written notice of termination to the other party at least 30 days before the Expiration Date, this agreement will automatically extend on a monthly basis until either party terminates by providing at least 30 days written notice to the other party.

4. AUTHORITY OF BROKER:

- A. Management Authority: Owner grants to Broker the following authority which Broker may exercise when and to the extent Broker determines to be in Owner's interest:
- (1) collect and deposit for Owner rents and other charges (for example, NNN charges and late charges) from tenants in the Property in a trust account;
 - (2) collect and deposit security deposits from tenants in:
 - ☐ (a) a trust account separate from the account described under Paragraph 4A (1);
 - ☐ (b) the same trust account described under Paragraph 4A (1);
 - (3) pay from the account described under Paragraph 4A (1) expenses to operate the Property, including but not limited to, maintenance, taxes, insurance, utilities, repairs, security, management fees, leasing fees, and expenses authorized under this agreement;
 - (4) hire contractors to renovate, remodel, or redecorate the Property provided that Broker does not expend more than \$ _____ for any single renovation, remodel, or redecoration without Owner's consent;
 - (5) terminate leases for the Property, negotiate lease terminations, and serve notices of termination;
 - (6) institute and prosecute, at Owner's expense, actions to: (a) evict tenants in the Property; or (b) recover possession of the Property;
 - (7) settle, compromise, or withdraw any action described in Paragraph 4A (6);
 - (8) negotiate and make reasonable concessions to tenants or former tenants in the Property;
 - (9) report payment histories of tenants in the Property to consumer reporting agencies;
 - (10) obtain information from any holder of a note secured by a lien on the Property and any Insurance company insuring all or part of the Property;
 - (11) authorize inspectors, appraisers, contractors, and other brokers and their associates to access the Property at reasonable times for purposes contemplated by this agreement and to lend keys and disclose security codes to such persons to enter the Property;
 - (12) display or remove signs, as Broker determines appropriate, on the Property in accordance with applicable laws, ordinances, and restrictions; and
 - (13) perform other necessary services related to the management of the Property.
- B. Leasing Authority: This Paragraph 4B applies only if Broker has the authority to lease the Property under Paragraph 1C. Owner grants to Broker the following authority which Broker may exercise when and to the extent Broker determines to be in Owner's interest:
- (1) advertise the Property for lease by means and methods that Broker determines are reasonably competitive, including but not limited to creating and placing advertisements with interior and exterior photographic and audio-visual images of the Property and related information in any media and the Internet;
 - (2) place "For Lease" signs or other signs on the Property in accordance with applicable laws,

- regulations, ordinances, restrictions, and owners' association rules;
- (3) remove all other signs offering the Property for sale or lease;
- (4) submit the Property as a listing with one or more listing services at any time the Property is marketed for lease and to change or terminate such listings;
- (5) authorize other brokers, their associates, and their clients to access the Property at reasonable times and to lend keys and disclose security codes to such persons to enter the Property;
- (6) duplicate keys and access devices to facilitate convenient and efficient showings of the Property and to lease the Property;
- (7) verify information and references in rental applications from prospective tenants;
- (8) offer to pay another broker from the compensation Broker receives under this agreement _____% of all rents to be paid under a lease if the other broker procures a tenant who leases the Property; provided that Broker may, at Broker's discretion from time to time, change the amount offered to another broker as long as the amount is competitively reasonable;
- (9) negotiate and execute leases on Owner's behalf for the Property at market rates and on competitively reasonable terms for initial terms of not less than _____ months and not more than _____ months and in accordance with any instructions in Paragraph 20;
- (10) negotiate and execute any amendments, extensions, or renewals to any leases for the Property on Owner's behalf;
- (11) collect application fees from prospective tenants; and
- (12) perform other necessary services related to the leasing of the Property.

C. Record Keeping: Broker will:

- (1) maintain accurate records related to the Property and retain such records for not less than 4 years;
- (2) file reports with the Internal Revenue Service which Broker may be required to file concerning funds received on behalf of Owner under this agreement (for example, Form 1099);
- (3) send to Owner each ☐ quarter ☐ month a statement of receipts, disbursements, and charges; and
- (4) remit to Owner the funds collected by Broker for Owner under this agreement, less authorized deductions:
 - ☐ (a) on a ☐ quarterly ☐ monthly basis;
 - ☐ (b) as Owner may instruct from time to time.

D. Security Deposits:

- (1) Broker will:
 - (a) maintain security deposits received from tenants in the trust account described under Paragraph 4A (2); and
 - (b) in accordance with applicable law and the leases for the Property, account to the tenants for the security deposits, make lawful deductions from the security deposits, and return the security deposit balances to the tenants from the trust account.
- (2) After this agreement ends, Broker will deliver to Owner or the Owner's designee the security deposits held by Broker under leases of the Property, less deductions authorized by this agreement, and will send written notices to the tenants that state:
 - (a) that this agreement has ended;
 - (b) the contact information for the Owner or the Owner's designee; and
 - (c) that Owner is responsible for accounting for and returning the tenant's security deposit.
- (3) If Broker complies with this Paragraph 4D, Owner will indemnify Broker from any claim or loss from a tenant for the return of a security deposit. This Paragraph 4D survives termination of this agreement.

E. Performance Standard: Broker will:

- (1) use reasonable care when exercising Broker's authority and performing under this agreement;
- (2) exercise discretion when performing under this agreement in a manner that Broker believes to be in Owner's interest, provided that Broker will treat any tenant honestly and fairly.

F. Deductions and Offset: Broker may disburse from any funds Broker holds in trust for Owner:

- (1) any compensation due Broker under this agreement;
- (2) any funds Broker is authorized to expend under this agreement; and
- (3) any reimbursement Broker is entitled to receive under this agreement.

G. Insurance and Attorneys:

- (1) Broker may not file a claim for a casualty loss with the carrier insuring the Property. Broker may communicate with the carrier to facilitate the processing of any claim Owner may file or other matters that Owner instructs Broker to communicate to the carrier.
- (2) Broker may not directly or indirectly employ or pay a lawyer to represent Owner. Broker may communicate with Owner's attorney in accordance with Owner's instructions.

5. RELATIONSHIP OF THE PARTIES: This agreement does not create a partnership or joint venture between the parties. Broker is an independent contractor.

6. LEGAL COMPLIANCE: The parties will comply with all obligations, duties, and responsibilities under the California Property Code, fair housing laws, and any other statute, administrative rule, ordinance, or restrictive covenant applicable to the use, leasing, management, or care of the Property.

7. RESERVES: Upon execution of this agreement, Owner will deposit the following amount with Broker to be held in a trust account as a reserve for Owner: \$ _____. Broker may, at Broker's discretion, use the reserve to pay any expense related to the management of the Property (including but not limited to Broker's fees). If the balance of the reserve becomes less than the amount stated, Broker may: (a) deduct an amount that will bring the balance to the amount stated from any subsequent rent received on behalf of Owner and deposit the amount into the reserve; or (b) notify Owner that Owner must promptly deposit additional funds with Broker to bring the balance to the amount stated.

8. ADVANCES: Owner will, in advance, provide Broker all funds necessary for the leasing and management of the Property. Broker is not obligated to advance any money to Owner or to any other person.

9. OWNER'S REPRESENTATIONS:

A. General: Except as disclosed in Paragraph 18, Owner represents that:

- (1) Owner has fee simple title to and peaceable possession of the Property and all its improvements and fixtures, unless rented, and the legal capacity to lease the Property;
- (2) Owner is not bound by another agreement for the management of the Property that is or will be in effect during this agreement;
- (3) if Broker has the authority to lease the Property under Paragraph 1C, Owner is not bound by: (a) another agreement with another broker for the lease of the Property that will be in effect during this agreement; or (b) any agreement or covenant that prohibits owner from leasing the Property;
- (4) Owner is not delinquent in the payment of any property taxes, owners' association fees, property insurance, mortgage, or any encumbrance on or affecting the Property;
- (5) the Property is not subject to the jurisdiction of any court; and
- (6) all information related to the Property that Owner provides to Broker is true and

correct to the best of Owner's knowledge.

B. Property Condition: Except as stated below, in this agreement, or in any addendum, Owner is not aware of: (1) any condition affecting the Property that materially affects the health or safety of an ordinary tenant; (2) any environmental hazard on the Property; or (3) any violation of any ordinance, statute, restriction, or law related to the Property. _____

10. OWNER'S COOPERATION:

A. Owner agrees to:

- (1) cooperate with Broker to facilitate the management of the Property;
- (2) not deal with or negotiate with any tenant in the Property concerning any matter related to the management of the Property but refer all such dealings to Broker;
- (3) not enter into a management agreement with another broker for the management of the Property to become effective during this agreement;
- (4) provide Broker with copies of any existing leases or rental agreements related to the Property;
- (5) provide Broker with keys and access devices to the Property;
- (6) provide Broker with copies of all warranties related to the Property or any item in the Property;
- (7) tender to Broker any security deposits paid by any existing tenants in the Property;
- (8) complete any disclosures or notices required by law or a lease of the Property;
- (9) amend applicable notices and disclosures if a material change occurs during this agreement; and
- (10) notify Broker if Owner becomes delinquent in the payment of: (a) any mortgage or other encumbrance secured by the Property; (b) property taxes; (c) property insurance; or (d) owners' association fees.

B. If Broker has the authority to lease the Property under Paragraph 1C, Owner further agrees to

- (1) cooperate with Broker to facilitate the showing, marketing, and lease of the Property;
- (2) not rent or lease the Property to anyone without Broker's prior written approval;
- (3) not negotiate with any prospective tenant who might contact Owner directly, but refer all prospective tenants to Broker;
- (4) not deal with or negotiate with any tenant in the Property concerning any matter related to the leasing of the Property but refer all such dealings to Broker; and
- (5) not enter into a listing agreement with another broker for the rental or leasing of the Property to become effective during this agreement.

11. INSURANCE:

A. At all times during this agreement, Owner must maintain in effect:

- (1) a public liability insurance policy that names Broker as a co-insured or additional insured and covers losses related to the Property in an amount of not less than \$_____ on an occurrence basis; and
- (2) an insurance policy for the Property in an amount equal to the reasonable replacement cost of the Property's improvements and that contains endorsements which contemplate the leasing of the Property with vacancies between lease terms.

B. Not later than the 15th day after the Commencement Date, Owner must deliver to Broker copies of certificates of insurance evidencing the coverage required under Paragraph 11A. If the coverage changes at any time during this agreement, Owner must deliver to Broker a copy of the insurance certificate evidencing the change not later than 10 days after the change.

- C. If Owner fails to comply with Paragraphs 11A or 11B, Broker may:
- (1) purchase insurance that will provide Broker the same coverage as the required insurance under Paragraph 11A (1) and Owner must promptly reimburse Broker for such expense; or
 - (2) exercise Broker's remedies under Paragraph 15.

12. BROKER'S FEES: All fees to Broker under this agreement are payable in _____ County, State of California. This Paragraph 12 survives termination of this agreement with regard to fees earned during this agreement which are not payable until after its termination. Broker may deduct any fees under this Paragraph 12 from any funds Broker holds in trust for Owner. If more than one property or unit is made part of and subject to this agreement, each of the provisions below will apply to each property or unit separately.

- ☐ A. Management Fees: Each month Owner will pay Broker the greater of \$ _____ (minimum management fee) or: *(Check one box only.)*
- ☐ (1) _____ % of the gross money collected for that month.
 - ☐ (2) _____.
- A vacancy in the Property or failure by a tenant to pay rent does not excuse payment of the minimum management fee. Management fees under this Paragraph 12A are earned daily and are payable not later than the last day of each month.
- ☐ B. Leasing Fees for New Tenancies: Each time the Property is leased to a new tenant, Owner will pay Broker a leasing fee equal to: *(Check one box only.)*
- ☐ (1) _____ % of the gross rents to be paid under the lease.
 - ☐ (2) _____.
- The leasing fees under this Paragraph 12B are earned and payable at the time the lease is executed.
- ☐ C. Renewal or Extension Fees: Each time a tenant in the Property renews or extends a lease, Owner will pay Broker a renewal or extension fee equal to: *(Check one box only.)*
- ☐ (1) _____ % of the gross rents to be paid under the renewal or extension.
 - ☐ (2) _____.
- The renewal or extension fees under this Paragraph 12C are earned at the time the renewal or lease is executed by the parties to the lease and are payable at the time the renewal or extension is effective. For the purposes of this paragraph, a new lease for the same Property with the same tenant then occupying the Property is an extension or renewal. This Paragraph 12C does not apply to month-to-month renewals or month-to-month extensions.
- ☐ D. Construction Management Fees: Each time Broker arranges for the Property to be repaired, maintained, redecorated, or altered as permitted by this agreement, Owner will pay Broker a service fee equal to the total cost based on the following schedule.
- (1) 0% of the total cost if total cost are under \$2,500.00
 - (2) 10% of the total cost if total cost are between \$2,500.00 and \$5,000.00
 - (3) 7.5% of the total cost for the next \$5,000.00
 - (4) 5% of the total cost over \$10,000.00
- The service fees under this Paragraph 12D are earned at the time the repair, maintenance, redecoration, or alteration is made and are payable upon Owner's receipt of Broker's invoice.
- ☐ E. Interest on Trust Accounts: Any trust account Broker maintains under this agreement may be an interest-bearing or income producing account. Landlord will retain any interest or

income from such account as compensation under this agreement.

☐ F. Administrative Fees: If Broker collects administrative charges from tenants or prospective tenants, including but not limited to, application fees, returned check fees, but not late fees (as authorized under Paragraph 4A), Broker will retain such fees as compensation under this agreement. The administrative fees under this Paragraph 12F are earned and payable at the time Broker collects such fees.

☐ G. Fees Related to Legal Administration Work: If Owner requests or instructs Broker to appear in any legal proceeding or deposition related to the Property (including, but not limited to, evictions, tenant disputes, security deposit disputes, and suits for damages), Owner will pay Broker \$_____ per _____ for Broker's time expended in the such matters and in preparation of such matters. Fees under this Paragraph 12G are earned at the time the services are rendered and payable upon Owner's receipt of Broker's invoice.

☐ H. Fees in the Event of a Sale:

(1) Fee if a Tenant Purchases Property: If at any time during this agreement or within days after it ends, Owner sells the Property to a tenant who occupied the Property during the term of this agreement, Owner will pay Broker a fee equal to: *(Check one box only.)*

☐ (a) _____ % of the sales price.

☐ (b) _____.
Fees under this Paragraph 12H (1) are earned at the time Owner agrees to sell the Property and are payable at the time the sale closes.

(2) Fee if Buyer is Procured through Broker: If during this agreement, Owner agrees to sell the Property to a person other than a tenant who occupied the Property and Broker procures the buyer, directly or through another broker, Owner will pay Broker a fee equal to: *(Check one box only.)*

☐ (a) _____ % of the sales price.

☐ (b) _____.
Fees under this Paragraph 12H (2) are earned at the time Owner agrees to sell the Property and are payable at the time the sale closes.

(3) Sale Coordination Fees: If at any time during this agreement Owner agrees to sell the Property and Broker is not paid a fee under Paragraph 12H (1) or (2), Owner will pay Broker _____ for Broker's time and services to coordinate showings, inspections, appraisals, repairs, and other related matters. Fees under this Paragraph 12H (3) are earned at the time such services are rendered and payable upon Owner's receipt of Broker's invoice.

(4) Definition: "Sell" means to agree to sell, convey, transfer or exchange any interest in the Property whether by oral or written agreement or option.

(5) Separate Listing Agreement Controls: If Owner sells the Property and pays Broker the fee under a separate written listing agreement between Owner and Broker this Paragraph 12H will not apply.

☐ I. Construction Administration/Coordination Fees: If Owner hires outside vendors or contractors to repair, maintain or improve the property in anyway Owner will pay Broker a service fee equal to: *(Check one box only.)*

☐ (1) 1% of the total cost if over \$5,000.00.

☐ (2) _____

- ☐ J. **Maintenance Repairs Fees:** M2M Properties employs its own maintenance personnel for handyman type work and repairs. The labor rate for maintenance or repairs will be charged out at \$65.00 per hour.

13. RESERVED: _____

14. LIABILITY AND INDEMNIFICATION:

A. Broker is not responsible or liable in any manner for personal injury to any person or for loss or damage to any person's real or personal property resulting from any act or omission not caused by Broker's negligence, including but not limited to injuries or damages caused by:

- (1) other brokers, their associates, inspectors, appraisers, and contractors who are authorized to access the Property;**
- (2) acts of third parties (for example, vandalism, theft, or other criminal acts);**
- (3) freezing or leaking water pipes;**
- (4) a dangerous condition or environmental condition on the Property; or**
- (5) the Property's non-compliance with any law or ordinance.**

B. Broker is not responsible or liable in any manner for:

- (1) any late fees or other charges Owner incurs to any creditor caused by late or insufficient payments by any tenant in the Property; or**
- (2) damages to Owner caused by a tenant's breach of a lease.**

C. Owner agrees to protect, defend, indemnify, and hold Broker harmless from any damage, costs, attorney's fees, and expenses that:

- (1) are caused by Owner, negligently or otherwise;**
- (2) arise from Owner's failure to disclose any material or relevant information about the Property;**
- (3) are caused by Owner giving incorrect information to any person; or**
- (4) are related to the management of the Property and are not caused by Broker, negligently or otherwise.**

D. Owner is responsible and liable for all contracts and obligations related to the Property (for example, maintenance, service, repair and utility agreements) entered into before or during this agreement by Owner or by Broker under Broker's authority under this agreement. Owner agrees to hold Broker harmless from all claims related to any such contracts.

15. DEFAULT: A party is in default of this agreement if the party fails to cure a breach or any violation of this agreement within 10 days after receipt of written demand to cure the breach from the other party. If either party is in default, the non-defaulting party may: (a) terminate this agreement by providing at least 10 days written notice; (b) recover all amounts due to the non-defaulting party under this agreement; (c) recover reasonable collection costs and attorney's fees; and (d) exercise any other remedy available at law. Broker is also entitled to recover any compensation Broker would have been entitled to receive if Owner did not breach this agreement.

16. MEDIATION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this agreement that may arise between the parties. If the dispute cannot be resolved by negotiation, the

Management Agreement concerning: _____

dispute will be submitted to mediation. The parties to the dispute will choose a mutually acceptable mediator and will share the cost of mediation equally.

17. ATTORNEY'S FEES: If Owner or Broker is a prevailing party in any legal proceeding brought as a result of a dispute under this agreement or any transaction related to or contemplated by this agreement, such party will be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees.

18. SPECIAL PROVISIONS: _____

19. ADDENDA: Incorporated into this agreement are the following addenda, exhibits, and other information:

- ☐ A. Information About Brokerage Services
- ☐ B. Multiple Property Addendum
- ☐ C. Addendum for Authorization to Act for Owner before Owners' Association
- ☐ D. Copy of Rules and Regulations of an Owners' Association
- ☐ E. Copy of the Owners' Association Bylaws and Deed Restrictions affecting the Property
- ☐ F. _____

Note: Complete and deliver to Broker IRS W-9 Form or similar form.

20. AGREEMENT OF PARTIES:

- A. Entire Agreement: This document contains the entire agreement of the parties and may not be changed except by written agreement.
- B. Assignments: Neither party may assign this agreement without the written consent of the other party.
- C. Binding Effect: Owner's obligation to pay Broker an earned fee is binding upon Owner and Owner's heirs, administrators, executors, successors, and permitted assignees.
- D. Joint and Several: All Owners executing this agreement are jointly and severally liable for the performance of all its terms. Any act or notice to, refund to, or signature of, any one or more of the Owners regarding any term of this agreement, its extension, its renewal, or its termination is binding on all Owners executing this agreement.
- E. Governing Law: California law governs the interpretation, validity, performance, and enforcement of this agreement.
- F. Severability: If a court finds any clause in this agreement invalid or unenforceable, the remainder of this agreement will not be affected and all other provisions of this agreement will remain valid and enforceable.
- G. Context: When the context requires, singular nouns and pronouns include the plural.
- H. Notices: Notices between the parties must be in writing and are effective when sent to the receiving party's address, fax, or e-mail address specified in Paragraph 1.

21. INFORMATION:

- A. Broker's fees or the sharing of fees between brokers are not fixed, controlled, recommended, suggested, or maintained.**
- B. Federal and state law requires the Property to be shown and made available to all**

Management Agreement concerning: _____

persons without regard to race, color, religion, national origin, sex, disability, or familial status. Local ordinances may provide for additional protected classes (for example, creed, status as a student, marital status, sexual orientation, or age).

C. Broker cannot give legal advice. READ THIS AGREEMENT CAREFULLY. If you do not understand the effect of this agreement, consult an attorney BEFORE signing.

AGREED AND ACKNOWLEDGED:

BROKER

OWNER

BY: _____

BY: _____

NAME PRINTED: _____

NAME PRINTED: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

BROKER

OWNER

BY: _____

BY: _____

NAME PRINTED: _____

NAME PRINTED: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____