

## PROPERTY MANAGEMENT AGREEMENT

In consideration of the covenants herein, \_\_\_\_\_ (hereinafter referred to as "Owner(s)"), and Bay Management Group, LLC, (hereinafter referred to as "Manager"), agree to this **Property** Management Agreement (hereinafter referred to as the "Agreement") as follows:

**1. Exclusive Agency:** The Owner(s) hereby employs the Manager exclusively to rent, lease, operate and manage all units in Exhibit A \_\_\_\_\_ (hereinafter referred to as the "Property") upon the terms and conditions provided herein for the period of One (1) Year beginning \_\_\_\_\_ and ending \_\_\_\_\_ and shall automatically renew thereafter for annual periods. Manager accepts the employment and shall furnish the services of the organization for the management of the property. Owner shall pay all of the expenses in connection with this service described herein.

**A. Relationship of Manager to Owner:** The relationship of the parties to this agreement shall be that of principal and agent, with Manager serving as the agent of Owner and an independent contractor of Owner. Nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship other than agency. Manager shall not be considered an employee of Owner.

**B. Description of Property:** "Property," as used throughout this Agreement shall be limited to the Property in Exhibit A or Properties described on Exhibit C attached. The Exhibit may be amended or modified to add or reduce the number of properties at any time, provided Owner and Manager agree to the changes in writing.

**2. Manager Responsibilities:** To assist Owner with the ongoing management of the Property, Manager shall perform the following:

**A. Collection and Disbursement:** Manager shall collect all rent due and owing and provide to Owner all Owner Income. Manager shall remit to Owner all income, less any properly deducted fees/charges, by U.S. Mail, wire, automatic payment, or other arrangement as established by Manager and Owner. Before payment is remitted to Owner, Manager reserves the right to hold rent checks from Tenant with previous NSF or other payment issues until check has officially cleared Managers bank. Should payment made by Tenant be refused or returned for any reason, Owner shall refund to Manager any such payment made to Owner within 5 days from written or verbal request.

**B. Late Payments from Tenants:** Any lease with Tenant shall include a 5% late rent fee in the event Tenant rent is not received by the 5<sup>th</sup> day of each month. All late fees shall be paid to Manager.

**C. Lease Negotiations:** Manager will set rents that in the opinion of the manager at the time of the rent negotiations with the Tenant reflect the market conditions of that time and approximate rents of comparable rental properties.

Owner designates manager as its agent to negotiate and sign any and all lease agreements or related addenda on its behalf. Manager is not, nor shall it be expected to be legal counsel or a legal advisor to Owner. Owner is advised to seek its own legal counsel for legal issues or legal questions related to the Property.

**D. Property Inspections:** Manager shall complete move in and move out inspections.

**E. City Requested Inspections:** Manager is not responsible or liable for any fees or costs associated with the maintenance, repair or replacement of Property to meet any inspection items noted by the city or municipality. Manager is not responsible for any fines, fees or costs assessed by any city or municipality associated with an inspection or re-inspection of the Property, unless said fines, fees or costs are the result of the negligence of Manager, which shall not be presumed, but shall be determined by a court of law or Property tribunal.

**F. Management Fees and Expenses:** As compensation for the services rendered by Manager under this agreement, Owner shall pay Manager as follows:

I. Manager shall be paid the greater of \$100.00 per month per unit or 8% of the gross rent per month for managing the property.

II. For leasing vacant residential units: a leasing fee of one (1) month's rent with a minimum of \$1,000.00 will be charged. Manager agrees to cooperate with all Realtors. Leasing fees are waived if the owner has an on-site staff on payroll that performs leasing functions.

III. To advertise for rent said Property or any part thereof, to display signs, to rent same, to sign leases for a period not to exceed 24 months and to renew or cancel leases, to institute and prosecute action to evict tenants and to recover possession of property(s). Manager is under no obligation to pursue evicted or past tenants for judgment, or collections, of expenses or damages that exceed tenant's security deposit.

IV. Manager shall be paid \$299.00 for each individual lease renewal, due to Manager at execution of lease renewal.

**G. Negotiation and Vendor/Contractor:** Manager is authorized to retain the services of companies, independent contractors, and Manager's own maintenance employees and to order service contracts required for the operation and maintenance of the Property. Owner shall be responsible for the payment of the services rendered.

Manager maintains business relationships with vendors and /or contractors who may be regularly retained by Manager for maintenance and other services. Sometimes these services are contracted for and paid in bulk or on a time – spent basis, where Manager is charged for the work performed on several Properties, rather than on a per – Property basis. Due to the ongoing nature of these

relationships and the volume or bulk nature in which these services are contracted, Manager may receive such services at a price that is discounted from the same vendor or contractor's established rates or a comparable market rate for such services. Therefore, if Manager negotiates, hires, and manages such a vendor or contractor to perform work on the Property, Manager shall charge the published or market rates for such service, even in circumstances in which the fee ultimately paid by Manager (on a per service, per unit basis) are more or less than the market rate. Any difference between the market rate being charged to Owner and the rate paid by Manager (which may be more or less than such market rate) shall be paid by or retained by Manager. This shall serve as Manager's disclosure that it may receive compensation from vendors contracted by Manager, and Manager shall retain any discounts or compensation received.

Normal Property management does not include services for 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 Owners Association meetings, or insurance claims.

**H. Security Deposits:** Manager is to hold tenant's security deposits in a FDIC insured bank. At the end of the tenant's lease, the owner is responsible for the interest due on the security deposit in accordance with Maryland Real Property Code.

If Owner wishes to hold the security deposit, Bay Management Group will require a \$500 retainer. If the owner does not pay the \$500 retainer upfront, the \$500 retainer will be taken from the rent proceeds. Again this is ONLY if the owner requests to hold the security deposit.

### **3. Disbursements of Rent and other Receipts**

**A. Net Proceeds:** To the extent that funds are available Manager shall remit the balances due to owner monthly.

**B. Direct Deposit:** Owners who wish to avoid a paper check may choose to sign up for Direct Deposit. This program is the electronic transfer of rental income via ACH. This service is at no additional charge.

**C. Manager is not required to advance funds:** If the balance of funds held on behalf of Owner for disbursement is at any time insufficient to pay disbursements due and payable, Owner shall, not later than 10 days after written notice, remit to Manager sufficient funds to cover the deficiency.

### **4. Financial and Other reports**

**A. Owner's Reporting to Internal Revenue Service (IRS):** Owner is required to file all required IRS forms and meet all IRS requirements. Owner agrees to furnish Manager with a proper TIN (Taxpayer Identification Number) via an IRS W9 form, or other applicable IRS approved documents.

**B. Reports:** Manager shall furnish Owner with a statement of cash receipts and disbursements from the operation of the Property, on a monthly basis. In addition, manager shall, on a mutually acceptable schedule, prepare and submit to Owner such other reports as are agreed on in writing by both parties. Manager shall submit as required by the IRS at the conclusion of each calendar year a Form 1099 indicating the total income received from the Property.

## 5. Leasing and Renting

A. Manager's Authority: Manager is authorized to negotiate, prepare and sign all leases, including all renewals and extensions of leases and to cancel and modify existing leases of Owners. Manager will consult with owner for approval of any lease terms outside the standard twelve-month lease term. Leases are to be written on Manager's standard lease form.

B. Enforcement of the Leases: Manager is authorized to institute, in Owner's name, all legal actions or proceedings for the enforcement of any lease term, for the collection of rent or other income from the Property, or for the eviction or dispossession of the tenants or other persons from the Property. Manager is authorized to sign and serve such notices, as Manager deems necessary for lease enforcement, including the collection of rent and other income. If Manager deems it necessary, Manager may retain an attorney of Manager's choice (unless Owner supplies Manager with the name of Owner's attorney). Owner shall pay all attorney fees and court cost.

## 6. Reasonable Maintenance and Repair

A. Ordinary Maintenance and Repair: Manager is authorized to make or cause to be made, through contracted services, employees or otherwise, all repairs and replacements necessary to preserve the Property in a habitable condition and for the operating efficiency of the Property, and all alterations required to comply with lease requirements, governmental regulations or insurance requirements. Manager reserves the right to inspect Property randomly at the discretion of manager. Owners with Home Warranty or Service plans shall provide account information to manager and must list manager as an additional member on the account. Tenants shall be responsible for maintaining Property as addressed in their lease. Fines assessed by the city, municipality or state for violations such as snow removal, lawn/tree/landscaping/issues, trash, or the like shall be paid first by Tenant (if consistent with terms of the lease).

B. Smoke and CO Detectors: At Owner's expense, smoke detectors and carbon monoxide detectors will be installed on the Property in accordance with the law, prior to the tenant's occupancy. During the occupancy, it shall be the tenant's responsibility to maintain all smoke detectors and carbon monoxide detectors.

C. Property Move in Condition: Both tenant and owner agree that the property will be delivered in "As Is" condition with the expectation that the following items will be addressed: professional cleaning, steam cleaned carpets where necessary, touch-up paint, working appliances and HVAC system, anything that poses a health or safety risk to tenants as well as all compliance items needed for city, state and federal housing regulations. Any additional items must be negotiated in writing prior to entering into a lease agreement.

## 7. Insurance

A. Owners Insurance: Owner shall obtain and maintain adequate insurance against liability for loss, damage or injury to Property or persons which might arise out of the occupancy, management, use, operation, or maintenance of the Property

A. Tenants Insurance: All tenants procured by Manager required to obtain renters insurance and are told that Owner's insurance does not cover tenant's personal items or affects.

**8. Manager Assumes No Liability:** Manager assumes no liability for any damages, losses, or acts of omission by the tenant. Manager assumes no liability for any acts or omissions of Owner, previous Owners or previous brokers. Manager assumes no liability for default by any Tenant. Manager assumes no liability for violations of environmental or other regulations which may become known during the term of this agreement. Any such regulatory violations or hazards discovered by Manager shall be brought to the attention of Owner, and Owner shall promptly cure them. Manager shall not be liable in the event of bankruptcy or failure of the depository bank where Owner's funds are deposited.

**9. Indemnification and Owner's Responsibilities to Defend:**

**A. Generally:** Owner shall indemnify, defend, and hold Manager harmless from all loss, investigation, suits, damage, cost, expense (including attorneys' fees) liability or claims for personal injury or property damage, including vandalism, incurred or occurring in, on or about the Property.

**B. Indemnification survives termination:** All representations and warranties of the parties contained herein, including any provisions of this agreement that require owner to have insured or to defend, reimburse or indemnify Manager shall survive the termination of this agreement. If Manager becomes involved in any proceeding or litigation by reason of having been Owner's Manager, such provisions shall apply as if this agreement were still in effect.

**C. Litigation and Compliance Expenses:** Owner shall pay all fines, penalties, or other expenses in connection with any claim proceeding, or suit involving an alleged violation of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control taxes or fair housing, including illegal discrimination on the basis of race, sex, color, religion, national origin, physical handicap, familial status, public assistance, age or all other classes protected by state, or federal law: provided, however, that owner shall not be responsible to Manager for any such expenses if Manager is found in a court of law or tribunal of property authority to have personally, and not in a representative capacity, violated any such law. Should Owner sue Manager, Owner shall pay the full costs of Manager's attorney's fees and costs expended in defending itself, in the event Manager prevails in such suit. Nothing contained in this Agreement shall obligate Manager to employ legal counsel to represent Owner in any such proceeding or suit.

**10. Owner Representations:** Owner represents and warrants: that Owner has full power and authority to enter into this Agreement; that there are no written or oral agreements affecting the Property other than disclosed tenant leases, copies of which have been furnished to Manager; that there are no recorded easements, restrictions, reservations or rights of way which adversely affect the use of the Property for the purposes intended under this Agreement; that the Property is zoned for the intended use; that all permits for the operation of the Property have been secured and are current; that any underlying mortgages or related liens permit rental of the Property or Property steps have been taken to ensure the Property being used in a manner consistent with how it has been represented to third parties, that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders or the like; that the information supplied by Owner is dependable and accurate; and that any loans, notes, mortgages, dues or trust deeds are fully paid or are current without defaults.

## 11. Termination

A. Early Termination: This agreement may be terminated by either party at any time with 30 days' notice. Owner shall immediately pay Manager \$1,500.00 if an approved applicant has been secured and Owner terminates this agreement prior to a move in taking place. Manager is authorized to withhold funds from the property to cover this amount if the funds are available.

B. Termination for Violation of Agreement or Law: Manager reserves the right to terminate this Agreement with 30 days written notice if Owner is found to have violated the agreement. Manager reserves the right to terminate this Agreement immediately if Owner acts in a manner which, at the discretion of Manager, creates a hostile or otherwise harmful relationship with Manager, or Owner is found in violation of any federal, state, or local law that may create a liability to Owner, impact the goodwill or public reputation of Manager, or otherwise endanger Manager in any way.

C. Owner Responsible for Payments: Upon termination, Owner shall pay Manager any fees, commissions, and expenses due to Manager for services already rendered or payments due through the month of termination. Owner shall assume and satisfy the obligations of any contract or outstanding bill incurred by Manager under this Agreement. Manager may withhold funds for up to 60 days after the end of the month in which this Agreement is terminated in order to pay bills previously incurred but not yet invoiced and to close accounts. Manager shall deliver to Owner, within 60 days after the end of the month in which this Agreement is terminated, any balance of monies due Owner, which were held by the manager with respect to the Property, as well as a final accounting reflecting the balance of income and expenses with respect to the Property as of the date of termination or withdraw.

**12. Lead Based Paint Disclosure**

Housing built before 1978 may contain lead – based paint. Before renting pre-1978 housing, Owner must disclose the presence of known lead-based and /or lead- based paint hazards in the Property. Owner represents that:

( ) The Property was **constructed on or after January 1, 1978.**

( ) The Property was **constructed prior to 1978.** Check (i) or (ii) or (iii) below.

I. \_\_\_\_\_ Owner has no knowledge of lead based paint and /or lead based paint hazards in the Property

II. \_\_\_\_\_ Owner has knowledge of Lead based paint and /or lead based paint hazards in the Property. Owner has had Property inspected and can show proof of such inspection with test results.

III. \_\_\_\_\_ The Property was **constructed prior to 1950 (Owner must show proof of lead inspection)**

**13. Complete Agreement.** This Agreement shall be binding upon the parties, and each of their respective heirs, executors, administrators, successors and assigns. No amendment is valid unless in writing and signed by the parties. There are no warranties or representations not herein contained.

The undersigned parties acknowledge that they have thoroughly read and understand each provision of this Agreement and have received a copy.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Owner (1) Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Owner (2) Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

By: \_\_\_\_\_

Bay Management Group Representative

Bay Management Group, LLC  
1114 St. Paul Street Baltimore MD 21202  
Phone 443-708-4698 Fax 443-869-3275

**Complete RENTAL Property Address:** \_\_\_\_\_

**Will you allow pets with a \$500.00 pet deposit? :** Yes \_\_\_\_\_ No \_\_\_\_\_ If allowed, do you have any restrictions on the type or size of pet. Please list any restrictions below:

\_\_\_\_\_  
\_\_\_\_\_

Legal Owner: (1) First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Legal Owner: (2) First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Company Name (If applicable): \_\_\_\_\_

**MAILING address:** \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Numbers: **Owner (1):** Mobile: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ **Owner (2):** Mobile: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Work: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Work: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Home: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Home: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Email: Owner (1): \_\_\_\_\_ @ \_\_\_\_\_

Owner (2): \_\_\_\_\_ @ \_\_\_\_\_

Emergency contact in the event Manager is unable to get in touch with owner:

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

W-9 Completed and attached

**Payment Method:**

Yes, I want to be paid by ACH (***Attached copy of cancelled check or bank document must be attached or payment defaults to a check mailed to you***)