**PROPERTY MANAGEMENT AGREEMENT**

This agreement made on  between Residential Property Management, Inc., a corporation organized under the laws of the State of Minnesota, having its principle office at 1714 E. Hennepin Avenue, City of Minneapolis, County of Hennepin, State of Minnesota, herein referred to as agent and the owner.

**RECITALS**

1. Owner holds title to or will hold title to the following described real property:

Herein referred to as the property.

2. Agent is experienced in the business of operating and managing real estate similar to the above described property.

3. Owner desires to engage the services of agent to operate the property, and agent desires to provide such services on the following terms and conditions.

In consideration of the mutual covenants contained herein, the parties agree:

**SECTION ONE  
EMPLOYMENT OF AGENT**

Agent shall act as the exclusive agent of owner to rent, operate, manage and maintain the property. If owner indicates on the attached New Account Questionnaire the desire to lease with option to buy, Agent shall act as the exclusive agent to Lease Option and subsequently sell the property to the lease option buyer.

**SECTION TWO  
BEST EFFORTS OF AGENT**

On assuming the management of the property, agent shall survey the property and discuss with owner.  Agent will give opinion of agent concerning the present efficiency under which the property is being operated, and recommended changes.  After talking with owner and obtaining approval, agent shall undertake completion of the improvements.

**SECTION THREE  
LEASING OF PROPERTY**

Agent shall lease available space of the property, shall screen applicants and shall be responsible for all negotiations with prospective tenants.  Agent shall have the right to make concessions, including rental concessions, as inducements to prospective tenants to occupy the property including concessions if owner handles turnover maintenance and does not turn over property in move-in ready condition.  Agent may negotiate all extensions and renewal of leases.  Agent shall advertise the property and designate where and how to advertise.  Advertising is included in the leasing fee, however, specific advertising requested by Owner is at the Owner's expense. Owner authorizes Agent to allow prospective tenants to access the Agent's lock box to gain access to view the property when vacant.

**SECTION FOUR  
MAINTENANCE, REPAIRS AND OPERATION**

 Agent is authorized to make all repairs, maintenance and alterations of the property; to purchase supplies and pay bills.  Maintenance and repairs will be charged against the owners account at cost plus 10%. Expenditures for repairs, maintenance and alterations in excess of Five hundred dollars ($500.00) shall not be made without prior consent of owner, except in the case of emergency, or if agent in good faith determines that such expenditures are necessary to protect the property from damage, to prevent injury to persons or loss of life, or to maintain services to tenants.  Routine turnover expenses of painting, cleaning and carpet cleaning are exempt from this limitation.

Agent will evaluate the property on move-in and move-out of tenants and estimate and assess appropriate maintenance and repair cost against the tenants.  Repairs will be charged to owner, and billed to tenants (if tenant caused). Agent will also conduct an annual evaluation of the property and provide report to Owner.  Owner authorizes Agent to re-key the locks before every new tenant moves into the property. If Owner wants to conduct an evaluation of the property after the tenant moves out, Agent will forward the security deposit to the Owner and Owner will be responsible for disposition of said deposit with interest to the tenant along with an itemized list of withholdings according to State Statue; Owner thereby releases Agent from any and all claims made by tenant regarding disposition of the security deposit.

Agent is authorized to clean, service and test carbon monoxide levels of the heating systems on an annual basis at the expense of the Owner.  If heating system has not been serviced during the current heating season, and/or if the fireplace chimney has not been cleaned within the past two years, Owner authorizes Agent to service them at the expense of the Owner.  If Owner has any maintenance plans for furnace, A/C, and/or appliances, Owner must provide Management a copy of the maintenance contract otherwise, Management is authorized to repair or maintain these items at the expense of the Owner and use any vendor deemed necessary. In addition, Management will not use the service plan provider during after-hours emergency calls.

**SECTION FIVE   
EMPLOYEES**

Agent shall employ, discharge and supervise all employees or contractors required for the efficient operation and maintenance of the property.   Agent shall pay from owner's funds all charges for services rendered by independent contractors and the employees of independent contractors. On multi-family properties, any workers compensation, or employment related tax charged to a caretaker, will be paid from the owner's funds.

Employees shall include all resident personnel, managers and maintenance personnel, and all other individuals located, rendering services, or performing activities on the property in connection with its operation. Agent shall not be responsible for the acts, defaults, or negligence of employees if reasonable care has been exercised in their appointment and retention.

Agent guarantees all monies collected on behalf of the owner which are handled by employees of the agent.  Any loss of funds shall be insured by agent and refunded to owner immediately upon discovery.

**SECTION SIX  
GOVERNMENT REGULATIONS**

Agent does not assume responsibility for compliance of any building or equipment on the premises with the requirements of any statute, ordinance, law of any kind, except to notify the owner of any complaints, warnings, notices or summonses received by agent relating to such matters.  Agent does reserve the right to correct these requirements at the expense of the Owner.

In the event that any act or failure to act by the owner to comply with, or is in violation of any of the above requirements. Agent shall have the right to cancel this agreement at any time by written notice to the owner.

The owner represents that to the best of his/her knowledge the premises and such equipment comply with all such requirements and authorizes the agent to disclose the ownership of the premises to any such officials and agrees to indemnify and hold harmless the agent, its representatives, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

Such cancellation shall not release the indemnities of the owner set forth hereunder and shall not terminate any liability or obligation of the owner to the agent for any payment, reimbursement, or other sum of money then due and payable to the agent.

**SECTION SEVEN  
INSURANCE**

At the time of the execution of this agreement, owner shall have the following insurance, and such insurance shall be maintained in force during the full term of this agreement:

1. Comprehensive public liability property insurance.

2. Fire and extended coverage hazard insurance in an amount equal to the full replacement cost of the structure and other improvements.

3. Any other insurance required.

Owner shall have 30 days from the execution to present proof of insurance to agent in the form of certificates of insurance.  Owner shall indemnify and hold agent harmless from any occurrence, liability, action, damage or litigation that arises during any period where no insurance exists or the policies lapse.  All policies shall provide that agent is provided 30 days notice of cancellation and said policies shall name agent as additional insured on the liability portion. If owner does not provide proof in insurance within the above mentioned time, agent may purchase said insurance with the owner's funds.

Owner understands that a vacant dwelling may not have proper insurance coverage.  Owner shall consult with insurance agent to determine if additional coverage is needed.

**SECTION EIGHT  
COLLECTION OF RENT; INSTITUTION OF LEGAL ACTION**

Agent shall collect all rents and other income.   It is understood that agent does not guarantee the collection of rents, but upon receipt will deposit them in the bank account designated in Section 9.  Management will not disburse to Owner any tenant prepayments. Owner agrees that Agent is not responsible for guaranteed collection of delinquent accounts.  If tenant vacates and owes money over and above the amount withheld by the deposit, at the written request of the Owner, we will file for collections on the tenant.  Owner will be charged a $50 administrative fee to Agent.  Owner also understands that the collection company will keep as their fee, up to 50% of all funds collected from tenant.

Agent shall, in the name of owner, execute and serve such notices and demands on delinquent tenants as agent may deem necessary or proper.  Agent, in the name of owners, shall institute, settle, or compromise any legal action and make use of such counsel and methods of legal process against a delinquent tenant of the property as may be necessary to enforce the collection of rent or other sums due from the tenant, to enforce any covenants or conditions of any lease or month-to-month rental agreement and to recover possession of any part of the property.  No other form of legal action will be instituted and no settlement, compromise, or adjustment of any matters involved therein shall be made without the prior written consent of owner, except when agent determines that immediate action is necessary.

Owner is responsible for any filing, administrative and serving fees. Such fees will be deducted as expenses from the Owner's funds.

**SECTION NINE  
BANK ACCOUNTS**

Agent shall deposit all monies into the real estate trust account of agent. Such monies of the owner shall not be mingled with the funds of the agent. From the funds deposited in the account, agent shall pay all items with respect to the property for which payment is provided in this agreement, including the compensation of agent.

Owner shall directly reimburse agent within seven (7) days after notification by agent for reimbursement, but agent shall not be obligated to advance its own funds on behalf of the owner.  If agent deems it necessary to advance its own funds to the owner to cover the account due to insufficient owner funds, agent shall charge owner a service fee of twenty-five dollars ($25.00)  or eighteen percent (18%)  whichever is greater per month until the owner provides total reimbursement to agent. Agent shall not be liable for any late fees, penalties and other additional charges resulting from insufficient owner funds.

Agent shall place resident's security deposits, into agent's escrow account for security deposits. Agent agrees to operate said escrow account in such a manner as to provide for the return of security. Agent shall pay out of Owner's account the required interest due tenants as stated in State Statute.  Agent is entitled to any interest generated from the security deposit account as compensation for management and for payment of charges for the account. Agent shall not be liable for any failure or bankruptcy of any bank used as a depository of any funds in the account.

Security deposit funds may only be used by Owner in the event a tenant breaches a lease or causes damage.  Management shall have sole reasonable discretion to apply security deposit funds under any lease and to refund security deposit funds to any tenant and Owner shall be bound by any decision.  Management shall have the right to retain, for a reasonable time, the last calendar month of rent under any lease to be applied by Management to the payment of Owner's obligations under this agreement or any lease or to bring the property back into rentable condition.

**SECTION TEN  
ACCOUNTING, RECORDS AND REPORTS**

Agent shall keep books, accounts and records that reflect all revenues and expenditures incurred in connection with the management and operation of the property. The books, accounts and records shall be maintained at the principal place of business of agent and shall be open to the owner for inspection at all times and for audit by appointment on no less than 10 days' notice.  All such audits to be at the expense of owner. Owner will be responsible for completing tenants Certificate of Rent Paid forms (CRP'S) for the time period up until agent assumes management.

The agent shall provide the owner with a monthly statement of receipts and disbursements incurred in the management of the property. After agent has collected rents and deducted all authorized expenses and payments relating to the operation and management of the property from the funds, agent shall make payments to owner around the l5th of each month, with the exception of leaving a reserve balance of $500 in the account.  Bills will be paid in the following order:  (1) Management fees and late fees  (2) Maintenance bills   (3) Owner paid utilities and insurance.  Agent shall not send copies of invoices and other such bill unless specifically requested by the owner on a case-by-case basis, however, all bills will be published to Owner's on-line portal.  Annually, agent is required to provide owner and IRS a form 1099 for rents and other income received on behalf of owner.  Owner agrees to accept the form 1099 electronically.

**SECTION ELEVEN  
COMPENSATION OF AGENT**

Agent shall receive a management fee of Ninety-Nine dollars ($99) for a single family unit; add $40 each additional unit in the same property. There is a Seventy-Five dollar ($75) minimum monthly management fee for vacant single family homes, which includes one monthly visit to the property.  Additional visits can be arranged for a nominal fee. Agent shall retain any late fees collected due to the added time involved in collecting late rent.

Agent shall receive a leasing fee of One Hundred percent (100%) of one month's rent for each vacant unit rented. There is a 25% discount if Owner shows the property to prospective tenants who end up signing a lease.  No unit will incur more than one leasing fee in a given lease term.  Agent will conduct a final move-in evaluation prior to tenant moving in to the property; the evaluation is included in the leasing, however, any repairs that are necessary will be charged to the Owner. There is, however, a charge for the move-in and move-out condition documentation report and will also conduct an annual evaluation of the property and provide report to Owner; these evaluations will be billed at our normal maintenance rate noted below.  Agent shall receive a renewal fee of Twenty-Five percent (25%) of one month's rent for each lease renewed.  Owner agrees to paying $50 annually for Agent to provide new tenant or renewing tenant a gift card as a thank you for the tenant's business; the Agent will retain $10 for administration, shipping and handling.

Agent agrees to act as general contractor for the owner in arranging of repairs and/or maintenance as deemed necessary.  Agent will coordinate all subcontractors and suppliers providing maintenance/repairs and materials and will charge a 10% coordination override fee on actual costs.   Phone calls made to outside of the United States will be billed to Owner.  Owner understands that maintenance, Move-in/Move-out Annual or any periodic evaluations, City and building inspections, representation at court hearings, insurance claim-related paperwork and estimates are not covered by the monthly management fee.  If Agent renders these services through Agent's in-house maintenance Division. Owner will be billed at the current rate of $55.50 per hour general maintenance/evaluation, $69.50 per hour plumbing maintenance with a $54.50 trip charge and one hour minimum. Rates are subject to change with 30 day written notice to owner.

If the Owner decides to have Agent lease with option to buy the property with the tenant, Agent shall receive a commission of SIX percent (6%) of the sales price.  The option consideration paid by the tenant/buyer will be split between Owner and Agent; it is for your time and effort in negotiating, preparing, and entering into Option Agreement with a potential tenant/buyer that the owner gets to approve at the time of negotiation. The amount paid to Agent will be applied towards the eventual 6% total commission with the balance of the commission due Agent at time of closing with buyer.

**SECTION TWELVE  
INDEMNIFICATION OF AGENT**

Owner shall indemnify and hold harmless with respect to liability and damages, costs and expenses (including litigation) in connection with any damage or injury whatsoever to persons or property arising out of the use, management, operation, occupation, ownership, maintenance or control of the property or out of any matter or thing with respect to which it is elsewhere in this contract provided or agreed that the agent shall not be under responsibility. However, the owner shall not indemnify the agent against the willful misconduct of the agent.

**SECTION THIRTEEN  
ADDITIONAL DUTIES AND RIGHTS OF AGENT**

Agent may, from time to time upon Owner's request, refer a Realtor to the owner to sell the property; as a result, Agent might be paid a referral fee from the listing Realtor. Agent has initiated a furnace filter replacement, tenant liability insurance programs that are paid by the tenant, whereby the Agent is collecting an administration fee from the tenant. Agent may also, from time to time upon Owner's consent, initial other types of programs; as a result, Agent may be collecting an administration fee from the vendors of these programs. Additional Management and administrative services that are not included in the general management services under the Management Agreement include, but are not limited to, filing, defending, pursuing and attending lease enforcement proceedings, responding to tenant initiated legal or other proceedings, such as eviction court, Conciliation Court, any tenant remedies action, or handling any insurance claim matters on behalf of the Owner.  Further, responding to any claims by Residents, guests, or visitors to the property in connection with any insurance matter or demand, responding to any notice or inquiry from any local licensing authority, code enforcement, fire, police, or similar authority, owner refinancing or any other service performed by agent that is not a standard, monthly, reoccurring, service shall be separately charged to Owner at Management's then applicable standard rate for the person performing the work or service that is necessary.  Such rates will depend on the Management staff or employee performing the work needed.

In addition to the foregoing, agent shall perform all services that are necessary and proper for the operation and management of the property, and shall report to owner promptly any conditions concerning the property that, in the opinion of agent, require the attention of owner.

In order to properly perform the services required by this agreement, Agent is authorized to engage, on behalf of Owner, any entity that is an affiliate of Agent, provided that the compensation paid for the services shall be competitive with nonaffiliated entities providing the same or similar services.

Owner agrees that Agent shall have the exclusive right to negotiate with any current tenant obtained by Agent for the purchase of the property and Agent will be paid a 3% sales commission if property is sold to such tenant.

Owner understands that if Management receives any correspondence from an attorney regarding the Owners property or tenant  occupying Owner's property, Management has the right to hire an attorney at the Owner's expense.

**SECTION FOURTEEN  
TERMINATION AND RENEWAL**

This agreement shall be for an initial term commencing on  through , then continuing month to month thereafter until terminated by either party.

Owner or Agent may terminate this agreement at any time with thirty (30) days notice. If owner is not satisfied with the service and terminates within the first three months of this agreement, owner will be entitled to a refund of the management commission paid. This refund does not apply if the property was sold and does not apply to leasing fees.

If owner breaches any of the terms of this agreement, agent shall give written notice of such breach.   If owner fails to remedy the breach within 30 days after receiving the above-described notice, agent may terminate this agreement upon 14 days written notice. The terms of the notice of termination contained in this paragraph shall in no way affect the right of cancellation contained in SECTION SIX above.

If owner terminates this agreement and there is an approved applicant to rent the property, Owner will still be obligated for the leasing fee.

**SECTION FIFTEEN  
NOTICE OF DEFAULT, FORECLOSURE, OR CONTRACT CANCELLATION**

Owner shall have a duty to provide copies of notices to Agent of any notice received from a mortgage lender or Contract for Deed holder on the subject property of default, foreclosure, or cancellation of Contract for Deed.  Owner acknowledges that such notice to Agent is necessary to preserve and protect Agent's reputation, licenses and good standing as a professional property management firm, and to enable Agent to comply with Minnesota laws and statutes including, but not limited to, Minn. Stat. § 504B.151 entitled Restriction on Residential Lease Terms for Buildings in Financial Distress; Required Notice of Pending Foreclosure.

In the event that Agent receives notice from Owner, or Agent has knowledge or notice that a default, foreclosure, or cancellation is pending and Owner failed to give notice to Agent, Agent shall have the right, in Agent's sole discretion to do any or all of the following:

1. To enter into agreements with new tenants, or modify leases and agreements with existing tenants at the subject property, to terminate the lease at any time upon two months' written notice. Agent may negotiate with existing tenants an earlier or mutual termination date that does not require two months' written notice. Agent shall be free to use its best business judgment and discretion in negotiating a modification in the tenant's agreement to allow a two-month termination notice, or fixed termination date, depending upon the facts and circumstances of the financial distress, foreclosure, or cancellation at the property.  Agent shall provide Owner with a copy of any modification or addendum to any existing lease or rental agreements.

2. Agent shall be entitled to give any notice, or make any lease modification, required by Minnesota law or local ordinance.

If Owner has failed to give the notice required under this section, and Agent learns of a pending default, foreclosure, or cancellation from the residential tenant or other source, Agent shall be entitled to immediately terminate this Agreement by written notice to the Owner without the 30 day notice, or notice and opportunity to cure provided in Section 14.

**SECTION SIXTEEN  
MISCELLANEOUS**

Nothing contained in this agreement shall be deemed to create or shall be construed as creating in agent a property interest in or to the property.  Agent is an independent contractor and not an employee of owner for any purpose.  This agreement has been made and entered into in the State of Minnesota, and the laws of such state shall govern the validity and interpretation of this agreement and the performance due hereunder.  This agreement embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof unless expressly referred to herein.  This agreement may not be modified unless such modification is in writing and signed by both parties to the agreement.  Should either party bring suit to enforce any of the terms of the agreement, the prevailing party shall be entitled to recover court costs and reasonable attorney's fees.

If Owner is renting their primary residence, Agent strongly advises Owner to consult with an accountant regarding section 121 of the Internal Revenue Service code which explains the qualifications and exclusions of capital gains on their primary residence.

**SECTION SEVENTEEN   
NOTICE**

All notices, requests, demands, or other communications hereunder required to be in writing, shall be deemed to have been duly given if delivered in person, email or within three days after deposited in the United States mail, postage prepaid to owner at:

Owner Mailing Address:

and to agent at 1714 E Hennepin Avenue, Minneapolis, MN 55414  612-379-7890

Either party may change the address at which it receives written notices by so notifying the other party hereto in writing.

**IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT DATED   .**

**OWNER SIGNATURE(S):**   
           
         

**AGENT SIGNATURE: R.P. MANAGEMENT, INC.**         