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MANAGEMENT AGREEMENT

In consideration of the covenants herein (hereinafter called Owner), and A CUT ABOVE PROPERTY MANAGEMENT (hereinafter called Agent) agree as follows:

1. The Owner hereby employs the Agent to exclusively rent, lease, operate, and manage the property known as _____ upon the terms hereinafter set forth for the period of _____ beginning on the _____ day of _____, 20____, and thereafter for annual periods unless on or before ninety (90) days prior to the last date above mentioned or on or before ninety (90) days prior to the expiration of any such renewal period, Owner shall notify the Agent in writing of an intention to terminate this agreement in which case this agreement may be terminated. Owner may terminate this agreement upon ninety (60) days' written notice after the expiration of twelve (12) months of the original term or upon termination of the present tenant's lease, whichever date is later. Agent shall have the right to terminate this Agreement at any time by giving Owner thirty (60) days' prior written notification.
2. The Agent accepts the employment and agrees:
 - a) To use due diligence in the management of the premises for the period and upon the terms herein provided and agrees to furnish the services of its organization for the renting, leasing, operating and managing of the herein described premises.
 - b) To render monthly statements of receipts, expenses and charges and to remit to Owner receipts for disbursements and maintenance reserve as set out herein below. Rent disbursements and monthly statements are disbursed on or about the 15th day of the month, providing rent has been received: monthly statements are rendered monthly, regardless. In the event the property is not rented and the monthly statement provided to Owner every month indicates a negative cash flow, Owner agrees to remit said amount due, plus **\$250.00** maintenance reserve upon receipt. In event the disbursements shall be in excess of the rents collected by the Agent, the Owner hereby agrees to pay such excess within five (5) days after demand of the Agent. In the event Owner does not promptly remit said amounts, they shall bear interest at the rate of eighteen (18) percent per annum beginning ten days after said demand by Agent.

- c) Owner acknowledges that Agent will maintain a maintenance reserve on the property which amount will not be remitted to Owner until this Agreement is terminated. The amount of such reserve may be adjusted by Agent, as he deems appropriate.
 - d) To deposit all receipts collected for Owner (less any sums deducted or otherwise provided herein) in an account in a national or state Institution qualified to engage in the banking business, separate from the Agent's personal account. However, the Agent will not be held liable in event of bankruptcy or failure of depository.
 - e) The Agent will deposit in a separate account and become custodian of the Security Deposit paid by the tenant and will retain control of disbursement of such deposits. The same shall not be paid to Owner until such time as the tenant vacates and he shall legally be entitled to keep the same, based on the Security Deposit Accounting furnished to the tenant.
3. The Owner hereby gives the Agent the following authority and powers and agrees to assume the expenses in connection with:
- a) T
 o advertise the availability for rental of the herein described premises or any part thereof and to display "For Rent" signs thereon; to sign, renew and/or cancel leases for the premises or any part thereof; to collect rents due or to become due and give receipts therefore; to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute actions; to evict tenants and to recover rent and other sums due; and when expedient, to settle, compromise release such actions or suits or reinstate such tenancies. Owner shall be responsible for all necessary costs of evictions and collections including attorney fees, court costs, service fees and collections costs. Any lease executed for the Owner by the Agent shall be for a minimum of 6 months unless a longer time is approved by Owner, either as specified below or which is approved in writing by Owner,

 - b) To process insurance claims on behalf of Owner and to deal with insurance companies, Agents or adjusters on the Owner's behalf.
 - c) To make or cause to be made and supervise repairs and alterations and to do decorating on said premises; to purchase supplies and pay all bills therefore. The Agent agrees to secure the prior approval of the Owner on all expenditure in excess of \$250.00 for anyone item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain service to the tenants as called for in their leases.
 - d) To make contracts for electricity, gas, fuel, water and other services or such of them as the Agent shall deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement.
 - e) To place fire, liability, steam boiler, pressure vessel or other insurance on the property so as to protect Agent from liability.

4. The Owner further agrees:
 - a) To save the Agent harmless from all damage suits in connection with the management of the herein described property and from injury suffered by any employee or their person whomsoever. The Agent also shall not be liable for any error of judgment or for any mistake of fact of law or for anything, which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.
 - b) This agreement shall not prevent Owner and Agent from entering into such other mutually agreeable sales/commission agreement.
 - c) For Management: % of the gross monthly rental rate or \$25.00, whichever is greater, plus a leasing fee of % of one (1) full month's rent. This is a one-time charge per new tenant per lease There shall be no management fee charged during any full month within which the property is vacant. There shall be a monthly \$ per property per month statement fee.
5. For Repairs: All costs plus any applicable taxes.
6. For Fire Restoration, Rehabilitation, Major Repairs, Remodeling, Insurance Claims or Additions: The full cost of such repairs or remodeling plus all applicable taxes and fees and a handling charge of ten (1) percent of such repair or remodeling up to a maximum of \$250.00 unless otherwise agreed in writing. Agent has the sole right and discretion to refuse to undertake supervision of major repairs, rehabilitation and remodeling as described herein.
7. Attorney fees and costs: Attorney fees, legal fees and court costs, incurred by Agent to protect the property, enforce leases or collect or preserve right under leases, shall be the Owner's responsibility and shall be reimbursed to Agent by Owner, Owners shall also be responsible for Agent's reasonable attorney fees and costs to enforce, interpret, and/or defend any dispute or controversy concerning Agents management of the property.
 - a) Owner acknowledges that Owner is not aware of any environmental hazard existing on the property. This includes but is not limited to hazards of radon gas, hazardous materials, asbestos, lead base paint or any other environmental hazard of any kind. Owner acknowledges that upon receipt of notice of any such environment hazard, that they will immediately notify Agent of the same and hereby authorize Agent to immediately notify any tenants on the property and to take such corrective action with said tenants, which may include immediate termination of any existing lease, to prevent or protect tenants from any exposure to such environmental hazards.
 - b) Owner has been advised that (s)he is required to carry personal injury and bodily injury liability protection which specifically covers not only Owner but Agent for any loss or claim made by the tenant or tenant's guest or invitees. Owner is required to provide Agent with a copy of said policy, upon request and at the time of any renewal, extension, or cancellation of the existing policy. Owner authorizes Agent to secure a policy, which protects Agent only, in addition to the Insurance carried by Owner.

Owner hereby waives and releases Agent from and agrees to indemnify Agent for any loss incurred, due to or arising from any claim for bodily or personal injury from the subject property.

- c) Owner is advised that although Agent routinely requires that tenants be responsible for all miscellaneous minor repairs, that this is a requirement that is made to provide Agent leverage with tenants. In the event that Agent determines that is not appropriate to charge tenants for repairs

8.

- a) Owner acknowledges that Owner will be responsible for these repairs and that Agent's judgment in not assessing these repairs against the tenant shall be final and binding upon Owner. Owner understands and agrees (s)he is responsible for the maintenance and upkeep on all appliances, water heater, furnace, water systems, sprinkler systems and other systems of that nature unless specifically stated otherwise in Additional Provisions attached hereto.
- b) Owner understands that if a call comes in on a weekend or holiday on appliances under service warranty that Agent will respond and Owner will pay charges assessed for such calls.
- c) Owner shall furnish evidence of all such appliance contracts, lawn contracts, Home Owner's Warranty (HOW) contracts or other applicable warranty information to Agent; also to supply complete instructions and diagrams for the correct use of appliances, water systems, sprinkler systems, etc. A copy pertaining to each item is to be left at the property and copies provided for the office file. Owner shall also furnish to Agent a copy of the current hazard insurance policy on the property with the name, address and phone number of the insurance Agent servicing said policy. OWNER IS ADVISED TO CONVERT THE CURRENT HOMEOWNERS INSURANCE POLICY TO A TENANT-OCCUPIED INSURANCE POLICY WITH A CUT ABOVE PROPERTY MANAGEMENT AS CO-INSURED.
- d) Owner understands that Agent will not be held responsible for water systems, solar systems, sprinkler systems, etc. - regarding the malfunction, freezing or breakage of these types of units - we are in no position to operate these items through a complete cycle at the time a tenant vacates.
- e) Owner shall provide Agent with a current mailing address as well as current work and home telephone number. Owner shall be responsible for notifying Agent within five (5) days of any change in any of the information.

9.

- a) If property is still vacant after sixty (60) days after starting date of this agreement, the Owner may notify in writing his intention to terminate this agreement, thirty (30) days from the date of notice. Agent shall retain right to obtain tenant prior to expiration date. In the event Agent does obtain tenant, the original term of agreement shall continue and notice to terminate shall be void.
- b) In the event Owner terminates this agreement for whatever cause, the Agent shall be entitled to compensation at the rate of fifteen (15) percent of the gross rentals or leases put into effect during the term of this agreement less any charge for such

service or management fee theretofore collected by Agent applying to said leases. Said Fees to be paid to Agent before termination becomes effective.

- c) Agent to retain any late/bad check charges, interest earned on security Deposit, application fees and penalties, lease breaking fees any other charges levied on tenants which are collected from tenant for time and effort in rent collection process.
 - d) Agent shall not be responsible and or liable for costs of damage, in excess of Security Deposit and Agent shall not be responsible for trees, shrubs and lawns lost through "winter kill", fungi, drought, vacancy periods or tenant neglect.
 - e) Agent shall not be responsible for nor be required to replace or pay for items of personal property or fixtures which are taken from the premises or damaged or destroyed by tenants.
10. The "In Processing Check List" forms, which are attached hereto and incorporated into this management agreement by reference, are used by Agent to manage the property and the same have been approved by Owner, pursuant to acceptance of this agreement.
11. This agreement shall be binding on the heirs, personal representative, successors and assigns of the parties hereto.
12. Owner understands and agrees that A CUT ABOVE PROPERTY MANAGEMENT cannot provide management services until the following conditions have been met:
- 1) Proof of insurance, to include a copy of the policy, listing A CUT ABOVE PROPERTY MANAGEMENT as co-insured, provided to Agent.
 - 2) \$250.00 per unit - to be placed in Owner's account for maintenance reserve.
 - 3) Two (2) full sets of keys to the property.
13. The attached A CUT ABOVE PROPERTY MANAGEMENT AGREEMENT ADDITIONAL PROVISIONS is an integral part of this contract and is hereby incorporated by reference.
14. Address where Owner shall receive notices, statements and emergency calls:
Name: _____
Address: _____
City, State, & Zip: _____
Home phone number: (____) _____ Work phone: (____) _____
E-mail address(es): _____
15. Insurance Company: _____
Agent's Name: _____
Policy Number: _____ Phone number: (____) _____
16. Social Security # _____
17. Nearest Living Relative:
Name: _____
Address: _____
City, State, & Zip: _____
Home phone number: (____) _____

In witness whereof the parties have hereto affixed their hands and seals this _____ day of _____, 20____.

Owner:

Agent:

A Cut Above Property Management
3510 Galley Road, Ste 106
Colorado Springs, CO 80909

By: _____

SAMPLE

ADDITIONAL PROVISIONS

A CUT ABOVE PROPERTY MANAGEMENT IN-PROCESSING CHECK LIST

1. Has the Owner been informed of the necessity of having his insurance converted to a Fire and Extended Coverage policy with A CUT ABOVE PROPERTY MANAGEMENT listed as co-insured?
2. Has the Owner been asked to leave as few items of personal property as possible? Please do not leave hoses, sprinklers, lawn mowers, etc., washer, dryer or any furniture.
3. Has the Owner been advised that A CUT ABOVE PROPERTY MANAGEMENT would like to have at least \$250.00 of his/her money at all times? This is a maintenance reserve and this amount will be retained in Owner's account at all times.
4. Has the Owner been advised of the possibilities of having to re-seed, repaint and re-carpet the property if he/she is gone an extended length of time? (For example: more than 2 years.)
5. Has the Owner been given business cards to give to neighbors in the event of problems and told to call us as soon as possible if problems arise?
6. Has the Owner been advised of our minimum 6-month lease requirement on all rental property unless the Owner desires otherwise?
7. Has the Owner been advised of eviction proceedings and attorney fees incurred when the necessity arises?
8. Has the Owner been advised that A CUT ABOVE PROPERTY MANAGEMENT needs two full sets of keys to the property?
9. Has the Owner been advised to leave the utilities on?
10. Has the Owner been advised that (s)he will be required to maintain the appliances, the furnace and the water heater?
11. Has the Owner pointed out which fence(s), if any, belong to the Owner, which belong to the neighboring property(ies), and which are jointly maintained with the neighbor(s)? Annotate the property checklist or include in additional provisions above.
12. FEES:
 - a. Management Fees - % of rent collected and a \$5.00 monthly statement fee regardless of being mailed or e-mailed.
 - b. Insurance Claim - Administrative charge of one percent (1%) of total claim up to \$250.00.

