

# THE SUNWORLD GROUP INC.

9901 NE 7<sup>th</sup> Avenue  
Suite A203  
Vancouver, WA 98685  
T/360.574.0210  
F/360.838.4634

## PROPERTY MANAGEMENT AGREEMENT

**THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT - READ IT CAREFULLY**

\_\_\_\_\_ (hereinafter "Owner")

And **The SunWorld Group Inc.** (hereinafter "Managing Broker")

### **AGREE AS FOLLOWS:**

1. The Owner hereby appoints and grants Managing Broker the right to rent, lease, operate and manage the property (ies) known as:

\_\_\_\_\_  
Upon the terms hereinafter set forth, commencing \_\_\_\_\_, 20\_\_\_\_ and terminating \_\_\_\_\_, 20\_\_\_\_. At the expiration of the initial term, the agreement shall automatically convert to a month to month contract and may be terminated as of the last day of any month by either party giving to the other party not less than 30 days prior written notice of intention to so terminate. Managing Broker shall be entitled to an early termination fee equal to one-half of the most recent month's market rent. Termination by owner shall not be effective until all sums due managing broker are paid in full.

(\_\_\_\_ initial)

2. Managing Broker shall:

(a) Use diligence in the performance of this contract;

(b) Render MONTHLY statements of receipts, expenses and charges and to remit to Owner receipts less disbursement monthly.

(c) Accumulate as a reserve of \$500.00 in the Owner's account. Hold security deposits in a trust account.

(d) Deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in a trust account in a national or state institution qualified to engage in the banking or trust business, separate from Managing Broker's personal account. However, Managing Broker will not be held liable in event of bankruptcy or failure of a depository.

3. The Owner grants Managing Broker the following authority and powers and Owner shall pay the expenses in connection herewith:

(a) To advertise the availability for rental of the herein described premises or any part thereof, and to display "for rent" signs thereof.

Managing Broker may add an administrative fee to advertising charges to cover Agent cost to administer advertising program which includes internet advertising, vacancy lists and their delivery. To sign, renew or cancel leases for the premises or any part thereof; to collect rents or other charges and expenses 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 possession of said premises in the name of the Owner and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or suits or reinstate such tenancies. Any lease executed for the Owner by the Managing Broker shall not exceed twenty four month's unless approved by owner in writing. (E- Mail approval is acceptable\_\_ initial)

(b) 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 Managing Broker agrees to secure the prior approval of the Owner on all expenditures in excess of \$500.00 for any one item, except monthly or recurring operating charges and emergency repairs in excess of the maximum, if in the opinion of the Managing Broker such repairs are necessary to protect the property from damage or prevent damage to life or to the property of others or to avoid suspension of necessary services or to avoid penalties or fines or to maintain services to the tenants as called for in their leases. Owner acknowledges Managing Broker may receive a profit from performing maintenance or providing materials. If major rehabilitation or renovation (outside the scope of ordinary & regular turnover maintenance) of the property is approved by the owner,

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Managing Broker reserves the right to charge an additional fee of 10% of the total cost of rehabilitation or renovation costs as a maintenance coordination fee. **Authorized Expenditures.** Owner hereby authorizes Managing Broker to accrue and make disbursements from Owner's funds without specific authorization for the following: rental advertising, cleaning/sanitizing of a unit between tenancies including if Managing Broker deems it necessary, performing a maintenance check for safety, making minor repairs, window washing, drapery/blind cleaning, painting, carpet cleaning, pest extermination and/or providing other customary services to maintain high standards of the premises.

(c) To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises. Managing Broker may perform any of its' duties through Owner's or Managing Broker's attorneys, Agents, or employees and shall not be responsible for their acts, defaults or negligence if reasonable care has been exercised in their appointment and retention. Managing Broker will represent owner in court for unlawful detainer actions. Any other appearance required by Managing Broker falls under additional services.

(d) To make contracts for electricity, gas, fuel, water, telephone, sewer, garbage, 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. Owner to notify utility companies of change of billing address.

(e) To pay loan indebtedness, property and employee taxes, special assessments and insurance as designated by Owner.

(f) Owner hereby notifies Managing Broker that if they know of any lead-based paint or lead-based paint hazards at the property that Owner will immediately notify Managing Broker so that he (she) can disclose any known information to Lessee(s) and provide to Lessee(s) any records available. Managing Broker may sign on behalf of Lessor all required disclosures and inform Lessee(s) of any known hazards or records pertaining to lead-based paint and lead-based hazards.

(g) \_\_\_\_\_ (Owner initial) Owner agrees to pay attorney fees and court costs in connection with an Unlawful Detainer Action for all tenants placed in the property by The SunWorld Group Inc., other agency, prior owner and current owner. Should the tenant request and be granted a jury trial for the Unlawful Detainer Action, owner shall bear all costs to litigate from that date.

4. The Owner agrees to:

(a) Indemnify and save the Managing Broker harmless from any and all costs, expenses, attorney's fees, suits, liabilities, damages or claims for damages, including but not limited to those arising out of any injury or death to any person or persons or damage to any property of any kind whatsoever and to whomsoever belonging, including Owner, in any way relating to the management of the premises by the Managing Broker or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to the Managing Broker; to carry, at the Owner's sole cost and expense, such public liability, property damage and worker's compensation insurance as shall be adequate to protect the interests of the Agent and Owner, the policies for which shall name the Agent as well as the Owner as the party insured. OWNER TO PROVIDE AGENT WITH A CERTIFICATE OF INSURANCE SHOWING A MINIMUM OF \$300,000.00

LIABILITY COVERAGE within 14 days of execution of this contract.

(b) Remit funds as requested by Managing Broker immediately if current rental income is insufficient to pay all expenses. If Owner is unable or unwilling to send funds as requested by Managing Broker the following priority will be followed in disbursing funds:

Management fees, advertising, maintenance over 30 days old, utilities subject to cutoff, mortgages, other utilities, other misc. bills. Owner agrees to pay late charges, interest charges, and other penalties caused by lack of sufficient funds.

(c) To pay the Agent for the following services if used:

(1c) Management: \$ \_\_\_\_\_/mo. Mortgage Payment \$ \_\_\_\_\_/mo.) .

Or Management: \_\_\_\_\_% with minimum management fee of \$ \_\_\_\_\_.

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- (2c) Report Date: 10<sup>th</sup> \$ \_\_\_\_\_ (\$25 additional for early report), or 20<sup>th</sup> (included in management) (circle one) One time set up fee \$ \_\_\_\_\_  
(3c) \$4.00 ACH Funds Transfer ( \_\_\_\_\_ Initial)  
(4c) For Leasing: \_\_\_\_\_

CHARGED NO MORE THAN ONCE PER 12 MONTHS PER UNIT.

Lease renewals: 10% of one months rent

(5) 100% of late fees collected and returned check fees which Managing Broker retains. Owners are billed an administrative fee of \$75.00 in cases were Managing Broker loans money to Owner.

(6) **ADDITIONAL SERVICES.** Additional services relating to the premises, such as file retrieval, providing assistance to third parties on the Owner's behalf or any other requested services shall be performed by Managing Broker at Managing Broker's current rate of \$85.00 per hour. After notice of termination by either party any services rendered by Managing Broker such as file retrieval , providing assistance to third parties on Owner's behalf , or any other requested services shall be performed by Managing Broker at Managing Broker's hourly rate , currently \$85.00 per hour. In the event that the Owners requests the Agent to undertake work exceeding normal management then an hourly fee shall be charged. Normal management does not include taking bids, modernization, refinancing, fire restoration, rehabilitation's, inspections, vacancy preparations, process serving, repairs, cleaning, hauling, advising on proposed new construction, assisting sales broker's or appraisers, or other counseling.

5. If it shall become necessary for Managing Broker or Owner to give notice of any kind, the same shall be written and served by sending such notice by regular mail to the address shown under their signature.

6. This Agreement shall be binding upon the successors of the Managing Broker, and the heirs, administrators, executors, successors and assignees of the Owner.

7. Managing Broker may use own staff, companies to perform maintenance functions at managed premises. Owner will be billed at bid prices or at hourly rates. Owner has option to select own vendors provided they carry adequate insurance and licenses and are qualified to perform the service.

8. Advance fees collected by Agent from prospective renters will be expensed for services rendered in determining suitability of prospective renter as a tenant at the discretion of Managing Broker.

Parties acknowledge having read the foregoing prior to execution and receipt of a duplicate original dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ \_

Owner Address \_\_\_\_\_

Owner Telephone: \_\_\_\_\_ Owner E- Mail \_\_\_\_\_

OWNER TAX ID # \_\_\_\_\_

## **Addendum to Property Management Agreement**

The business of Property Management covers many issues and The SunWorld Group Inc. wants to make it as clear as possible to our clients the level of service we provide and the types of charges that you may incur. In many cases, your resident is billed to pay you back when The SunWorld group Inc. has to expend extra resources to enforce your rental agreement. In this way, we are able to keep your costs to a minimum. We are here to help make your investment as pleasant and profitable as possible. Please feel free to ask any question at any time.

### **Leasing**

I understand that The SunWorld Group Inc. may advertise my vacancy in one or more publications at its discretion. The cost of advertising is an owner expense and will be billed through my account with THE SUNWORLD GROUP INC. in accordance with the Property Management Agreement. The SunWorld

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Group Inc. will use professional judgment in selecting ad size, placement, days run, and publications. Advertising is currently expected to run approximately (currently) \$75.00-100.00 per month. This takes into account the savings provided as outlined in the Property Management Agreement. Internet advertising has become an increasingly important method for attracting prospective residents for The SunWorld Group Inc. Internet advertising, SunWorld's vacancy lists given out at all office locations, 24-Hour Voice Hotline, faxing of the vacancy list to prospects, lockbox service are provided at no charge.

I understand that rent rates are determined by market conditions (location, property features, condition, price, and terms) and that I will be best served by taking the advice of my property manager. SunWorld's goal is rent my properly prepared and properly priced property within about 30 days of becoming vacant. SunWorld does not guarantee that a property will rent at any particular rent level or in any time frame. For more information on pricing strategies I can ask for SunWorld's report on the subject.

I understand that SunWorld will be selecting my residents using its professional judgment. Applicants will complete a rental application that allows SunWorld to run a credit check and verify income and rental history. SunWorld will allow up to two persons per bedroom in accordance with current fair housing guidelines (to avoid a discrimination lawsuit). I will be informed by mail soon after a deposit is collected. I may purchase eviction insurance as outlined in the Property Management Agreement.

I understand that SunWorld will provide a Lead Based Paint booklet to all residents at a minimal cost of (currently) \$5.00 at the time of management takeover or when a new lease is signed. This booklet is required by the EPA for properties built prior to 1978 but is a good idea for all properties since it covers such things as soil contamination. In keeping with SunWorld's philosophy of taking the safest approach, SunWorld provides the booklet to all residents.

I understand that SunWorld may take digital photographs of my rental for marketing purposes at no cost to me. Digital photographs will also be taken to document the Move-In condition of my property and the Move-Out condition (if needed) at a cost of (currently) \$25.00 per set. I further understand that these photographs will be filed on SunWorld's server and will be available to me upon request. These photographs provide evidence in the event SunWorld has to defend me in Small Claims Court after the deposit refund determination is completed. SunWorld does not charge to defend current clients in Small Claims Court.

## **Accounting & Reporting**

I understand that SunWorld sends one accounting statement per month along with any proceeds if available. If the report indicates both paid and unpaid bills I agree to send funds to cover any unpaid bills immediately. Statements are scheduled for either the 10<sup>th</sup> or 20<sup>th</sup> of each month. If the rent is paid late, one cleanup report may be issued on the 15<sup>th</sup> or 25<sup>th</sup> of the month. Each month the report will show the complete past month and the current month to the date of the report. In January of each year SunWorld will provide a summary statement for the entire previous year and a 1099 as required by the IRS.

If my account has a negative balance, I agree to pay an administrative fee of (currently) \$75.00 and to immediately deliver funds to SunWorld when notified. If a Notice to Pay Rent or Quit must be served I understand that a process serving fee will be charged to my account.

Owner Initial \_\_\_\_\_ Agent Initial \_\_\_\_\_

## **Maintenance**

I understand that tenants will be billed by SunWorld to reimburse my account for maintenance bills that I have paid when the tenant is responsible as indicated in the lease. The decision to bill the resident for maintenance they are responsible for will be made by SunWorld using its professional judgment. If the resident does not pay the bill prior to vacating SunWorld will make the appropriate deduction from the tenant's security deposit after they vacate the property.

I understand that SunWorld has a maintenance and repair service (P and P Repair and Remodeling Inc.) and that I can use that service or select my own handyperson. I understand that SunWorld selects the outside vendors it uses based on a variety of factors including but not limited to quality of service, response

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time, materials, licensing, insurance, and price. If in the judgment of SunWorld a second opinion is not needed for a particular job, I agree to either approve the provided bid or arrange to obtain my own bids. In no case is SunWorld not obligated to furnish multiple bids for maintenance work. SunWorld is constantly evaluating the vendors it uses, and always uses its best efforts to obtain the best overall deal for all of its clients.

I understand that SunWorld orders an annual inspection on the anniversary of the tenants move in date. I will receive a report of the inspection. The cost of the inspection is (currently) billed at \$85.00 per hour. I may decline this inspection in advance if I do not want my property inspected. I further understand that this inspection is not a termite (pest) inspection and that SunWorld recommends I have a termite (pest) inspection at least every two years.

## **Communication**

I understand that SunWorld will provide a voice mail extension and email address for my property manager. I realize that my manager spends a portion of their day out of the office and that they will make every effort to take my calls live or return calls and emails as quickly as possible. Calls of a non-emergency nature will be returned as soon as possible and that is normally within one business day. In an emergency or for questions my property manager cannot answer I can ask to speak to SunWorld's Designated Broker.

## **Venue**

This agreement is governed by the laws of the State of Washington. You hereby consent to the exclusive jurisdiction and venue of the courts in Clark County, Washington. In all disputes arising out of or relating to the terms of this agreement. Should this agreement be referred to an attorney for enforcement of any rights or should action or suit be instituted by any party to enforce any provision of this agreement, the prevailing party shall be entitled to recover attorney's fees and other cost as the Court may deem reasonable.

## **DISCLOSURE**

A. The SunWorld Group Inc. may provide other services to owners of managed properties. We currently provide services in the form of 1) real estate sales 2) maintenance services and supplies. 3) after move out collection services. Fees for these services vary depending on the property type, specific services offered and amount owing.

B. Disclosure of Third Party Fees (fees paid others, not paid by the owner of the property)  
The SunWorld Group Inc. collects some or all of the following depending on specific contract terms and types of property managed from vendors, tenants, and contractors: bulk discounts, priority vendor administration fees, a non sufficient fund charge, a late fee charge, a lease termination fee, application fee, processing fee, settlement fee, posting notice fee and a lock out charge.

Owner \_\_\_\_\_ Date: \_\_\_\_\_

Managing Broker: \_\_\_\_\_ Date \_\_\_\_\_

PAUL VAN BAALEN

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