



WINDSOR PACIFIC PROPERTY MANAGEMENT

Property Management Agreement

THIS AGREEMENT is hereby entered into between [redacted] (hereinafter "Owner") and **Rescom, Inc. Dba Windsor Pacific Property Management Company**, (hereinafter "Agent").

Owner hereby agrees to employ Agent as Owner's exclusive agent to rent, lease, operate and manage the real property located in the City of [redacted] County of [redacted] State of California,

Commonly known as: [redacted], (hereinafter "Premises") for a period of one (1) year, commencing on [redacted], and ending on midnight [redacted];

provided, however, that the term hereof shall automatically renew for additional one (1) year periods on the same terms and conditions as set forth herein, unless on or before sixty (60) days prior to the expiration of each said period, either party notifies the other in writing that it elects to change or terminate this Agreement; provided further, however, that either party may terminate this Agreement for good cause during the term hereof or any extension by giving to the other party not less than thirty (30) days prior written notice.

Authority and Obligations of Agent

1. To advertise the availability of the Premises for rent or for lease by advertising in media sources, including but not limited to Agent's website and other internet real estate rental search sites and soliciting real estate brokers and salespersons. To place a lock box on the Premises;
2. To negotiate, sign, renew or cancel rental agreements, including leases, for the Premises or any part thereof. To negotiate leases for terms not to exceed 12 months;
3. To collect rents and security deposits or other charges and expenses due or to become due and to give receipts there-for. To deposit any receipts in a trust account in Agent's name;
4. To serve such notices as are necessary and appropriate on tenants including, but not limited to, termination notices, notices to pay rent or quit and notices to comply with covenants or quit;
5. To employ attorneys for the purpose of enforcing Owner's rights under rental agreements and leases and to institute and prosecute legal actions on behalf of Owner, to evict tenants to recover possession of the Premises and to recover rents and other sums due and to settle, compromise and release such claims, actions or suits and to reinstate such tenancies as Agent believes is appropriate for the benefit of Owner;
6. To provide all services reasonably necessary for the proper management of the Premises including periodic drive-by inspections, supervision of maintenance, arrangement for improvements, alterations, pest control repairs and decorations as may be required by Owner or deemed necessary by Agent for proper upkeep and rental of the Premises;
7. To purchase such supplies and enter into such contracts for repair, maintenance, alteration and decorations of the Premises as may be necessary in the discretion of Agent to provide proper upkeep for the Premises; provided, however, that Agent agrees not to expend in excess of \$250.00 for any one item of repair, alteration or redecorating except for monthly or recurring operating charges and emergency repairs if, in the opinion of Agent, such repairs are necessary to protect the Premises from damage or to prevent to life or the property of others or

to avoid suspension of necessary services or to avoid penalties or fines or to maintain services to tenants as may be called for in their rental agreements;

8. To hire, supervise and discharge all qualified, insured independent contractors required in the operation, maintenance and upkeep of the property at rates of compensation to be determined and agreed upon by Owner and Agent when such total potential costs exceed \$250.00. Agent shall not be responsible for the misfeasance or malfeasance of said independent contractors if reasonable care has been exercised by the Agent in their appointment and retention;
9. To execute service contracts for electricity, gas, water, cable, telephone, window cleaning, rubbish hauling and other services or utilities for the operation, maintenance and safety of the Premises as Agent and Owner may deem necessary; provided, however, that the items of such contract shall not exceed 12 months and the amount payable each month shall not exceed \$250.00 without written approval of Owner;
10. To pay from receipts all operating expenses and such other expenses as may be authorized by Owner, including but not limited to, loan indebtedness, property taxes, special assessments and insurance premiums;
11. To maintain accurate and complete accounting records of all moneys received and disbursed in connection with the management of the Premises which said record shall be opened for inspection by Owner during regular business hours and upon reasonable advance notice to Agent; provided, however, Agent shall submit on a monthly basis a written statement to Owner indicating cash receipts and disbursements during the previous month period along with copies of all paid bills.

Obligations of Owner

In consideration of the foregoing undertaking by Agent, Owner shall:

1. Indemnify and hold Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities, damages from or connected with the management of the Premises by Agent or the performance or exercise of any of the duties, obligations, powers and authorities herein or hereinafter granted to Agent;
2. Not hold Agent liable for any error of judgment or for any mistake of fact or law, or for anything which Agent may do or refrain from doing hereinafter except where such act or omission is a result of willful misconduct or gross negligence;
3. Carry, at Owner's expense, workers compensation insurance for Owner's employees and to carry at Owner's expense bodily injury, property damage and personal injury, public liability insurance in an amount of not less than \$500,000 combined single limit for bodily injury and property damage which such policy shall name Agent as an additional insured;
4. Upon demand, furnish forthwith Agent with a certificate of insurance evidencing that the above insurance coverage is in force and effect with a carrier acceptable to Agent and in the event Agent receives notice that said insurance coverage is canceled or for any reason void or ineffective, Agent shall have the option to immediately cancel this Agreement; Property insurance must name Rescom, Inc. DBA Windsor Pacific Property Management Company as "additionally insured".
5. Owner agrees to accept the following forms through "electronic" correspondence: Owner Statements, Rental Agreements, property related correspondence and Tax forms including 1099's, 1042's, 592's.
6. Assume full responsibility for the payment of any expenses and obligations incurred in connection with the exercise of Agent's duties set forth in this Agreement;
7. Accept full responsibility for any and all tenant deposits, including interest due tenants on any such deposit, in the event said deposits and interest cannot be refunded from the operating account for the Premises while still maintaining an appropriate cash level in said operating account; Security Deposit shall remain in owner's operating account held by Windsor Pacific Property Management.

8. Deposit with Agent \$250.00 (per unit) as an initial operating reserve and will cover any excess of expenses over income within 20 calendar days of any request by Agent. Failure to honor such request authorized Agent to immediately terminate this Agreement. Owner acknowledges that it is not Agent's obligation to advance Agent's own funds for the payment of Owner's operating expenses;
9. Pay to Agent a management fee equal to 6% percent of all rent and other income from the Premises received or authorized to be received by Agent, including any and all sums collected under any rental agreements; provided, however, that the minimum fee for management shall be \$100.00 per month, per unit, and the maximum fee shall be \$400.00 per month, per unit. If the property is under a home warranty policy, the monthly management fee shall be 7% percent.
10. Pay to Agent for each rental agreement or lease entered into the sum of 50% of the first month's rent.
11. Pay to Agent for each rental agreement or lease renegotiated the sum of \$150.00.
12. Pay to Agent all late charges, bad check charges, application fees and other service charges paid by or on behalf of rental applicants and tenants in connection with the management of the Premises so as to offset the reasonable expenses incurred by Agent in managing and enforcing the respective provisions of the rental agreement and lease;
13. Pay to Agent an additional fee to be negotiated in advance by Owner and Agent in the event Owner requests Agent to undertake work exceeding that usually and customarily performed by an agent and exceeding the requirements of this Agreement. It is contemplated that such additional fee shall be required in the event of modernization, refinancing, fire/water restoration, major rehabilitation and/or obtaining income tax advice together with appearing before planning, zoning, other public commissions or bodies and in advising Owner with regards to proposed new construction. In addition, Out of State Owners pay a \$100 Fee to Agent for each CA FTB Form filed annually on behalf of Owner (588 and/or 589) filed annually on behalf of Owner.
14. Reimburse to Agent any funds advanced personally by Agent in connection with the payment of any expenditures incurred on behalf of Owner and to pay on said sums interest at the rate of ten percent per annum on any such reimbursed amount unpaid after thirty days after written request from Agent to Owner of said amount due.
15. OWNER REPRESENTATIONS: Owner represents that, unless otherwise specified in writing, Owner is unaware of: (i) any recorded Notice of Default affecting the Property; (ii) any delinquent amounts due under any loan secured by, or other obligation affecting, the Property; (iii) any bankruptcy, insolvency or similar proceeding affecting the Property; (iv) any litigation, arbitration, administrative action, government investigation, or other pending or threatened action that does or may affect the Property or Owners ability to transfer it; and (v) any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Agent in writing if Owner becomes aware of any of these items during the term of this Agreement.
16. TAX WITHHOLDING:
 - A. If Owner is not a California Resident or a corporation or LLC qualified to conduct business in California, Owner authorizes Agent to withhold and transmit to California Franchise Tax Board ("FTB") 7% of the GROSS payments to Owner that exceed \$1500 received by Agent, unless Owner completes and transmits to Agent FTB form 589, nonresident reduced withholding request, FTB from 588, nonresident withholding waiver, or FTB from 590, withholding exemption certificate.
 - B. If Owner is a nonresident alien individual, a foreign entity, or other non-U.S. person, (Foreign Investor) Owner authorizes Agent to withhold and transmit to the Internal Revenue Service (IRS) 30% of the GROSS rental receipts unless Owner elects to treat rental income as "effectively connected income" by submitting to Agent a fully completed IRS form W-8ECI, Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected With the Conduct of a trade of Business in the United States. A Foreign investor Owner will need to obtain a U.S. tax payer identification number and file a declaration with the IRS regarding effectively connected income in order to complete the form given to Agent. Further, the Foreign Investor Owner will be responsible for making any necessary estimated tax payment.

17. DISCLOSURE:

A. LEAD-BASED PAINT DISCLOSURE: Owner represents that: (check one box)

- The property was constructed on or after January 1, 1978.
- The property was constructed prior to 1978 (Owner to complete items i and ii below):

i. Owner has no knowledge of lead-based paint or lead-based paint hazards in the housing except:

ii. Owner has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing, except the following, which Owner shall provide to WPPM

B. FLOOD HAZARD DISCLOSURE: Owner represents that: (check one box)

- The property **IS** located in a special flood hazard area or an area of potential flooding.
To verify, go to: <http://myhazards.caloes.ca.gov>
- The property is **NOT** located in a special flood hazard area or an area of potential flooding

C. POOL/SPA DRAIN:

Any Pool or spa on the Property does (or does not) have an approved anti-entrapment drain cover, device or system.

Equal Housing Opportunity

The Property is offered in compliance with Federal, State and Local anti-discrimination laws.

Occupancy Standards

Although HUD has avoided assigning a definitive list of occupancy criteria or standards, in California, it is not unusual to follow the "2 persons per bedroom + 1" rule. For example, in a 2 bedroom dwelling, the occupants can total 2 times 2 bedrooms = 4 + 1 = 5 (total allowed occupants).

Disclosure

"The CA Bureau of Real Estate requires that Real Estate Brokers disclose benefits that Broker may receive in addition to management fees. 1) Credit Card: Some vendors request that Broker pay for services by credit card. Broker uses a credit card that offers one airline point per dollar charged. 2) Sears, Home Depot and Lowes rebate 2% of purchases. 3) Bank Earnings Credits: Broker uses an "Analysis" Checking Account; the bank offers earnings credits based on the account balance."

Addenda and other forms

1. Addendum 1: Fair Housing Practices
2. Addendum 2: Preparing Your Property
3. Property Profile
4. Letter to Owner's Insurance Company
5. Tax Forms: W9 or W-8ECI and 590 or 588 or 589

Assignment

This Agreement may not be assigned by Agent or Owner without the prior written consent of the other. In the event, however, such consent is granted and the Agreement is assigned, each of the covenants, conditions and obligations contained herein shall be binding upon and inure to the benefit of respective successors and assigns of Owner and Agent.

Addendum 1

FAIR HOUSING PRACTICES

Windsor Pacific Property Management prides itself in offering Equal Housing Opportunity and in abiding by all Fair Housing Laws.

As a new Property Owner with WPPM, following are the Resident Approval Criteria used by WPPM.

- 1. The resident(s)' household gross income must be at least 3 times the monthly rent.
- 2. Resident(s) must have verifiable rental history of at least one year in good standing. Prior eviction(s) or unlawful detainer(s) automatically disqualifies any applicant.
- 3. Verifiable work history of at least one year.
- 4. Credit history in good standing.

WPPM uses AppFolio to run the credit reports and eviction searches. The credit report is provided by Experian. The eviction report searches for unlawful detainers/evictions on the applicants. This report is extremely important to the screening process since unlawful detainers may not necessarily be reported on regular credit reports, unless a Money Judgment has been filed with the courts.

FAIR HOUSING:

As amended in 1974 and 1988, the Fair Housing Act protects all persons (citizens and non citizens) from discrimination on the basis of:

- Race
- Color
- Religion
- National Origin
- Sex
- Handicap
- Familial Status

Occupancy Standards:

Although HUD has avoided assigning a definitive list of occupancy criteria or standards, in California, it is not unusual to follow the "2 persons per bedroom + 1" rule. For example, in a 2 bedroom dwelling, the occupants can total 2 times 2 bedrooms = 4 + 1 = 5 (total allowed occupants).

Property Owner Signature Date

Property Owner Signature Date

Addendum 2

PREPARING YOUR PROPERTY

If this is your first rental property or your 100th one, you can use the following checklist to help you achieve “market ready” status for your property:

1. Fresh paint throughout or make sure the walls, ceilings and woodwork are clean and free of marks, scuffs, stains, cobwebs, etc.
2. Carpet should be professionally shampooed. No large and dark stains. No tears or frayed areas (trip hazard).
3. Make sure all smoke detectors have been tested and have fresh batteries
4. Install Carbon Monoxide Detector(s) on each level of your property
5. Make sure all appliances are safe & in good working order. If the appliance is in the property, it must be safe and operable.
6. All doors and windows close, roll & **lock** properly. No cracked windows. All main entry doors (front door and back door) must be fitted with one dead bolt lock. All deadbolts must be single sided (keyed only one side). All windows must lock. All interior doors must NOT have locking knobs (except bathroom doors).
7. Make sure all plumbing is in good working order. Check for leaky faucets, running toilets, etc.
8. Update the caulking and/or grout in your bathroom(s) and kitchen as needed.
9. Leave the property completely empty, including garage, shed, attic, etc. Please do not leave any gardening tools, ladders, lawn mowers, etc.
10. Install door stoppers in all doors.
11. Check all light fixtures, light switches, electrical outlets etc. Make sure all light bulbs are working.
12. It is recommended to leave the cleaning to the professionals. Hiring a professional cleaning company assures that all cleaning is done and saves time. They clean the stove, oven, refrigerator, microwave, dishwasher, vinyl & tile floors, windows, shower, tub, light fixtures, sinks, shower doors, toilets, drawers, cabinets, baseboards, blinds, etc.
13. Exterior: irrigation system, fences, gates, roof, gutters, patio covers, etc. should be in good condition. Walkways, hard escape, etc. should be free of trip hazards.

(The above may not be all inclusive. It has been prepared to help you put your rental property in “market ready” condition)

If you have any questions about the above, please contact our office at your earliest convenience at 925-248-5030.

Property Owner(s) have read the above, agree and understand WPPM requirements for renting your investment property.

Property Owner Signature

Date

Property Owner Signature

Date