

Management Agreement

For Property located at _____

Beginning _____ 20 _____ Ending _____ 20 _____

OWNER

AGENT _____

This Agreement is made this _____ day of _____, 20____
by and between _____ (the "Owner")
and _____ (the "Agent").

Section 1 APPOINTMENT OF MANAGING AGENT

1.1 APPOINTMENT AND ACCEPTANCE

Owner hereby appoints Agent as sole and exclusive Agent of Owner to lease and manage the property described in paragraph 1.2 upon the terms and conditions provided herein. Agent accepts the appointment and agrees to furnish the services of its organization for the leasing and management of the Premises; and Owner agrees to pay all expenses in connection with those services.

1.2 DESCRIPTION OF PREMISES

The property to be managed by Agent under this Agreement (the "Premises") is known as _____ located at _____ consisting of the land, buildings, and other improvements described as _____

_____ in the State of _____.

1.3 TERM

The term of this Agreement shall be for an initial period of _____ years (the "initial term") from the _____ day of _____, 20____, to and including the _____ day of _____, 20____, and thereafter shall be automatically renewed from year to year unless terminated as provided in sections 21 or 27 herein. Each of said one-year renewal periods is referred to as a "term year."

1.4 MANAGEMENT OFFICE

Owner shall provide adequate space on the Premises for a management office. Owner shall pay all expenses related to such office, including, but not limited to furnishings, equipment, postage and office supplies, electricity and other utilities, and telephone.

1.5 APARTMENT FOR ON-SITE STAFF

Owner shall provide a suitable apartment(s) on the Premises for the use of an on-site manager and/or a resident janitor and their families, rent-free, except that such resident staff shall pay for heat and utilities in the same manner as other tenants. The specific apartment(s) shall be the Owner's choice.

Section 2 BANK ACCOUNTS

The various bank accounts established under this Agreement shall at all times be established in Owner's name but under Agent's control. Agent's designees shall be the only parties authorized to draw upon such accounts. No amounts deposited in any accounts established under this Agreement shall in any event be commingled with any other funds of Agent.

2.1 OPERATING (AND/OR) RESERVE ACCOUNT(S)

Agent shall establish a separate account(s) known as the _____
_____ Operating (and/or) Reserve
Account(s), separate and apart from Agent's corporate accounts, for the deposit
of receipts collected as described herein, in a bank or other institution whose
deposits are insured by the federal government. Such depository shall be
selected by the Agent. However, Agent shall not be held liable in the event of
bankruptcy or failure of a depository. Funds in the Operating (and/or) Reserve
Account(s) remain the property of Owner subject to disbursement of expenses
by Agent as described in this Agreement.

2.1.1 INITIAL DEPOSIT AND CONTINGENCY RESERVE

Immediately upon commencement of this Agreement, Owner shall
remit to Agent the sum of \$ _____ to be deposited in the Operating
(and/or) Reserve Account(s) as an initial deposit representing the estimated
disbursements to be made in the first month following the commencement of
this Agreement, plus an additional sum of \$ _____ as a contingency
reserve. Owner agrees to maintain the contingency reserve stated above at all
times in the Operating (and/or) Reserve Account(s) to enable Agent to pay the
obligations of Owner under this Agreement as they become due. Owner and
Agent shall review the amount of the contingency reserve from time to time and
shall agree in writing on a new contingency reserve amount when such is
required.

2.2 SECURITY DEPOSIT ACCOUNT

Agent shall, if required by law, maintain a separate interest-bearing
account for tenant security deposits and advance rentals. Such account shall be
maintained in accordance with applicable state or local laws, if any.

2.3 FIDELITY BOND

Agent shall cause all personnel who handle or are responsible for the
safekeeping of any monies of Owner to be covered by a fidelity bond in the
amount of \$ _____ with a company determined by Agent. Such bond
shall be secured at Owner's expense. If a fidelity bond cannot be obtained, an
arrest and conviction bond shall be obtained at Owner's expense. Owner shall
save Agent harmless from any loss or damages caused by such personnel if no
bond can be obtained.

Section 3 COLLECTION OF RENTS AND OTHER RECEIPTS

3.1 AGENT'S AUTHORITY

Agent shall collect (and give receipts for, if necessary) all rents,
charges and other amounts receivable on Owner's account in connection with the
management and operation of the Premises. Such receipts (except tenants'
security deposits and advance rentals, which shall be handled as specified in
paragraphs 2.2 and 3.3 hereof; and special charges, which shall be handled as
specified in paragraph 3.2 hereof) shall be deposited in the Operating (and/or)
Reserve Account(s) maintained by Agent for the Premises.

3.2 SPECIAL CHARGES

If permitted by applicable law, Agent may collect from tenants any or
all of the following: an administrative charge for late payment of rent, a charge
for returned or non-negotiable checks, a credit report fee, an administrative
charge and/or broker's commission for subleasing. Agent need not account to
Owner for such charges and/or commission.

3.3 SECURITY DEPOSITS

Agent shall collect, deposit, and disburse tenants' security deposits in accordance with the terms of each tenant's lease. Agent shall pay tenants interest upon such security deposits only if required by law to do so; otherwise, any interest earned on tenant security deposits is to be retained by Agent as compensation for administering these funds. Agent shall comply with all applicable state or local laws concerning the responsibility for security deposits and interest, if any.

Section 4 DISBURSEMENTS FROM OPERATING (AND/OR) RESERVE ACCOUNT(S)

4.1 OPERATING EXPENSES

From the Operating (and/or) Reserve Account(s), Agent is hereby authorized to pay or reimburse itself for all expenses and costs of operating the Premises and for all other sums due Agent under this Agreement, including Agent's compensation under section 17.

4.2 DEBT SERVICE

Owner shall give Agent advance written notice of at least _____ days if Owner desires Agent to make any additional monthly or recurring payments (such as mortgage indebtedness, general taxes, or special assessments, or fire, steam boiler, or other insurance premiums) out of the proceeds from the Premises. If Owner notifies Agent to make such payments after the beginning of the term of this Agreement, Agent shall have the authority to name a new contingency reserve amount pursuant to paragraph 2.1.1 of this Agreement, and Owner shall maintain this new contingency reserve amount at all times in the Operating (and/or) Reserve Account(s).

4.3 NET PROCEEDS

To the extent that funds are available, and after maintaining the cash contingency reserve amount as specified in paragraph 2.1.1, Agent shall transmit cash balances to Owner periodically, as follows:
_____. Such periodic cash balances shall be remitted to the following person(s), in the percentage(s) specified, and at the address(es) shown:

Name	Percentage	Address
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 5 AGENT NOT REQUIRED TO ADVANCE FUNDS

In the event that the balance in the Operating (and/or) Reserve Account(s) is at any time insufficient to pay disbursements due and payable under paragraphs 4.1 and 4.2 above, Owner shall, immediately upon notice, remit to Agent sufficient funds to cover the deficiency and replenish the contingency reserve. In no event shall Agent be required to use its own funds to pay such disbursements. Nor shall Agent be required to advance any monies to Owner, to the Security Deposit Account, or to the Operating (and/or) Reserve Account(s).

If Agent elects to advance any money in connection with the Premises to pay any expenses for Owner, such advance shall be considered a

loan subject to repayment with interest, and Owner hereby agrees to reimburse Agent, including interest as provided in paragraph 17.7, and hereby authorizes Agent to deduct such amounts from any monies due Owner.

Section 6 FINANCIAL AND OTHER REPORTS

By the _____ day of each month, Agent shall furnish Owner with a statement of cash receipts and disbursements from the operation of the Premises during the previous month. In addition, Agent shall, on a mutually acceptable schedule, prepare and submit to Owner such other reports as are agreed on by both parties.

6.1 OWNER'S RIGHT TO AUDIT

Owner shall have the right to request periodic audits of all applicable accounts managed by Agent, and the cost of such audit(s) shall be paid by Owner.

Section 7 ADVERTISING

Agent is authorized to advertise the Premises or portions thereof for rent, using periodicals, signs, plans, brochures, or displays, or such other means as Agent may deem proper and advisable. Agent is authorized to place signs on the Premises advertising the Premises for rent, provided such signs comply with applicable laws. The cost of such advertising shall be paid out of the Operating (and/or) Reserve Account(s). All advertising shall make clear that Agent is the manager and NOT the Owner of the Premises. Newspaper ads that share space with other properties managed by the Agent shall be prorated based on:

Section 8 LEASING AND RENTING

8.1 AGENT'S AUTHORITY TO LEASE PREMISES

Agent shall use all reasonable efforts to keep the Premises rented by procuring tenants for the Premises. Agent is authorized to negotiate, prepare, and execute all leases, including all renewals and extensions of leases (and expansions of space in the Premises, if applicable) and to cancel and modify existing leases. Agent shall execute all leases as agent for the Owner. All costs of leasing shall be paid out of the Operating (and/or) Reserve Account(s). No lease shall be in excess of _____ year(s) without written approval by Owner. The form of the lease shall be agreed upon by Owner and Agent.

8.2 NO OTHER RENTAL AGENT

During the term of this Agreement, Owner shall not authorize any other person, firm, or corporation to negotiate or act as leasing or rental agent with respect to any leases for space in the Premises. Owner agrees to promptly forward all inquiries about leases to Agent.

8.3 RENTAL RATES

Agent is authorized to establish and change or revise all rents, fees, or deposits, and any other charges chargeable with respect to the Premises.

8.4 ENFORCEMENT OF LEASES

Agent 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 Premises, or for the evicting or dispossessing of tenants or other persons from the Premises. Agent is authorized to sign and serve such notices as Agent deems necessary for lease enforcement, including the collection of rent or other income. Agent is authorized, when expedient, to settle, compromise, and release such legal actions or suits or reinstate such tenancies. Any monies for such settlements paid out by Agent shall not exceed \$ _____ without prior approval by Owner. Attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with such actions and not recovered from tenants shall be paid out of the Operating (and/or) Reserve Account(s) or reimbursed directly to Agent by Owner. Agent may select the attorney of its choice to handle such litigation.

Section 9 EMPLOYEES

9.1 AGENT'S AUTHORITY TO HIRE

Agent is authorized to hire, supervise, discharge, and pay all servants, employees, contractors, or other personnel necessary to be employed in the management, maintenance, and operation of the Premises. All employees shall be deemed employees of the **Owner/Agent**, and Agent shall not be liable to Owner or others for any act or omission on the part of such employees.

9.2 OWNER PAYS EMPLOYEE EXPENSES

All wages and fringe benefits payable to such employees hired per paragraph 9.1 above, and all local, state, and federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance, and workers' compensation insurance) incident to the employment of such personnel, shall be paid by Agent out of the Operating (and/or) Reserve Account(s) and shall be treated as operating expenses. Agent shall not be liable to such employees for their wages or compensation.

9.3 AGENT'S AUTHORITY TO FILE RETURNS

Agent shall do and perform all acts required of an employer with respect to the Premises and shall execute and file all tax and other returns required under the applicable federal, state, and local laws, regulations, and/or ordinances governing employment, and all other statements and reports pertaining to labor employed in connection with the Premises and under any similar federal or state law now or hereafter in force. In connection with such filings, Owner shall upon request promptly execute and deliver to Agent all necessary powers of attorney, notices of appointment, and the like. Owner shall be responsible for all amounts required to be paid under the foregoing laws, and Agent shall pay the same from the Operating (and/or) Reserve Account(s).

9.4 WORKERS' COMPENSATION INSURANCE

Agent shall, at Owner's expense, maintain workers' compensation insurance covering all liability of the employer under established workers' compensation laws.

9.5 HOLD HARMLESS, LABOR LAWS

Agent shall be responsible for compliance with all applicable state or federal labor laws. Owner shall indemnify, defend, and save Agent harmless from all claims, investigations, and suits, or from Owner's actions or failures to act, with respect to any alleged or actual violation of state or federal labor laws.

Owner's obligation with respect to such violation(s) shall include payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expenses, and attorneys' fees.

Section 10 MAINTENANCE AND REPAIR

Agent is authorized to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve the Premises in its present condition and for the operating efficiency of the Premises, and all alterations required to comply with lease requirements, governmental regulations, or insurance requirements. Agent is also authorized to decorate the Premises and to purchase or rent, on Owner's behalf, all equipment, tools, appliances, materials, supplies, uniforms, and other items necessary for the management, maintenance, or operation of the Premises. Such maintenance and decorating expenses shall be paid out of the Operating (and/or) Reserve Account(s). This section applies except where decorating and/or maintenance are at tenants' expense as stipulated in a lease.

10.1 APPROVAL FOR EXCEPTIONAL MAINTENANCE EXPENSE

The expense to be incurred for any one item of maintenance, alteration, refurbishing, or repair shall not exceed the sum of \$ _____, unless such expense is specifically authorized by Owner, or is incurred under such circumstances as Agent shall reasonably deem to be an emergency. In an emergency where repairs are *immediately* necessary for the preservation and safety of the Premises, or to avoid the suspension of any essential service to the Premises, or to avoid danger to life or property, or to comply with federal, state, or local law, such emergency repairs shall be made by Agent at Owner's expense without prior approval.

Section 11 CONTRACTS, UTILITIES AND SERVICES

Agent is authorized to negotiate contracts for nonrecurring items of expense, not to exceed \$ _____ unless approved by Owner, and to enter into agreements in Owner's name for all necessary repairs, maintenance, minor alterations, and utility services. Agent shall, in Owner's name and at Owner's expense, make contracts on Owner's behalf for electricity, gas, telephone, fuel, or water, and such other services as Agent shall deem necessary or prudent for the operation of the Premises. All utility deposits shall be the Owner's responsibility, except that Agent may pay same from the Operating (and/or) Reserve Account(s) at Owner's request.

Section 12 RELATIONSHIP OF AGENT TO OWNER

The relationship of the parties to this Agreement shall be that of Principal and Agent, and all duties to be performed by Agent under this Agreement shall be for and on behalf of Owner, in Owner's name, and for Owner's account. In taking any action under this Agreement, Agent shall be acting only as Agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of Principal and Agent, or as requiring Agent to bear any portion of losses arising out of or connected with the ownership or operation of the Premises. Nor shall Agent at any time during the period of this Agreement be considered a direct employee of Owner. Neither

party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

Section 13 SAVE HARMLESS

Owner shall indemnify, defend, and save Agent harmless from all loss, damage, cost, expense (including attorneys' fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Premises.

Section 14 LIABILITY INSURANCE

Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage, or injury to property or persons which might arise out of the occupancy, management, operation, or maintenance of the Premises. The amounts and types of insurance shall be acceptable to both Owner and Agent, and any deductible required under such insurance policies shall be Owner's expense. Agent shall be covered as an additional insured on all liability insurance maintained with respect to the Premises. Liability insurance shall be adequate to protect the interests of both Owner and Agent and in form, substance, and amounts reasonably satisfactory to Agent. Owner agrees to furnish Agent with certificates evidencing such insurance or with duplicate copies of such policies within _____ days of the execution of this Agreement. If Owner fails to do so, Agent may, but shall not be obligated to, place said insurance and charge the cost thereof to the Operating (and/or) Reserve Account(s). Said policies shall provide that notice of default or cancellation shall be sent to Agent as well as Owner and shall require a minimum of _____ days' written notice to Agent before any cancellation of or changes to said policies.

Section 15 AGENT ASSUMES NO LIABILITY

Agent assumes no liability whatsoever for any acts or omissions of Owner, or any previous owners of the Premises, or any previous management or other agent of either. Agent assumes no liability for any failure of or default by any tenant in the payment of any rent or other charges due Owner or in the performance of any obligations owed by any tenant to Owner pursuant to any lease or otherwise. Nor does Agent assume any liability for previously unknown violations of environmental or other regulations which may become known during the period this Agreement is in effect. Any such regulatory violations or hazards discovered by Agent shall be brought to the attention of Owner in writing, and Owner shall promptly cure them.

Section 16 OWNER RESPONSIBLE FOR ALL EXPENSES OF LITIGATION

Owner shall pay all expenses incurred by Agent, including, but not limited to, reasonable attorneys' fees and Agent's costs and time, and any liability, fines, penalties or the like, in connection with any claim, proceeding, or suit involving an alleged violation by Agent or Owner, or both, of any law

pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, or fair housing, including, but not limited to, any law prohibiting or making illegal discrimination on the basis of race, sex, creed, color, religion, national origin, or mental or physical handicap, provided, however, that Owner shall not be responsible to Agent for any such expenses in the event Agent is finally adjudged to have personally, and not in a representative capacity, violated any such law. Nothing contained in this Agreement shall obligate Agent to employ legal counsel to represent Owner in any such proceeding or suit.

16.1 FEES FOR LEGAL ADVICE

Owner shall pay reasonable expenses incurred by Agent in obtaining legal advice regarding compliance with any law affecting the Premises or activities related to them. If such expenditure also benefits others for whom Agent in this Agreement acts in a similar capacity, Owner agrees to pay an apportioned amount of such expense.

Section 17 AGENT'S COMPENSATION AND EXPENSES

As compensation for the services provided by Agent under this Agreement (and exclusive of reimbursement of expenses to which Agent is entitled hereunder), Owner shall pay Agent as follows:

17.1 FOR MANAGEMENT SERVICES

The greater of (i) \$ _____ per month or (ii) _____ % of the total monthly gross receipts from the Premises, payable by the _____ day of the _____ month for the duration of this Agreement. Payments due Agent for periods of less than a calendar month shall be prorated over the number of days for which compensation is due. The percentage amount set forth in (ii) above shall be based upon the total gross receipts from the Premises during the preceding month.

The term "gross receipts" shall be deemed to include all rents and other income and charges from the normal operation of the Premises, including, but not limited to, rents, parking fees, laundry income, forfeited security deposits, pet deposits, other fees and deposits, and other miscellaneous income. Gross receipts shall NOT be deemed to include the special charges listed in paragraph 3.2, or excess interest on security deposits (from paragraph 3.3), or income arising out of the sale of real property or the settlement of fire or other casualty losses and items of a similar nature.

17.2 FOR APARTMENT LEASING

17.3 FOR COMMERCIAL LEASING

17.4 FOR MODERNIZATION (REHABILITATION/CONSTRUCTION)

17.5 FOR FIRE RESTORATION

17.6 FOR OTHER ITEMS OF MUTUAL AGREEMENT

17.7 INTEREST ON UNPAID SUMS

Any sums due Agent under any provision of this Agreement, and not paid within _____ days after such sums have become due, shall bear interest at the rate of _____% per annum.

Section 18 REPRESENTATIONS

Owner represents and warrants: That Owner has full power and authority to enter this Agreement; that there are no written or oral agreements affecting the Premises other than tenant leases, copies of which have been furnished to Agent; that there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Premises for the purposes intended under this Agreement; that to the best of Owner's knowledge, the property is zoned for the intended use; that all leasing and other permits for the operation of the Premises have been secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, but not limited to, those pertaining to hazardous or toxic substances); that the building does not contain any asbestos, urea, formaldehyde, radon, or other toxic or hazardous substance; and that no unsafe condition exists.

Section 19 STRUCTURAL CHANGES

Owner expressly withholds from Agent any power or authority to make any structural changes in any building, or to make any other major alterations or additions in or to any such building or to any equipment in any such building, or to incur any expense chargeable to Owner other than expenses related to exercising the express powers vested in Agent through this Agreement, without the prior *written* consent of the following person:

Name

Address

However, such emergency repairs as may be required because of danger to life or property, or which are immediately necessary for the preservation and safety of the Premises or the safety of the tenants and occupants thereof, or required to avoid the suspension of any necessary service to the Premises, or to comply with any applicable federal, state, or local laws, regulations, or ordinances, shall be authorized pursuant to paragraph 10.1 of this Agreement, and Agent shall notify Owner appropriately.

Section 20 BUILDING COMPLIANCE

Agent does not assume and is given no responsibility for compliance of the Premises or any building thereon or any equipment therein with the requirements of any building codes or with any statute, ordinance, law, or regulation of any governmental body or of any public authority or official thereof having jurisdiction, except to notify Owner promptly or forward to Owner promptly any complaints, warnings, notices, or summonses received by Agent relating to such matters. Owner represents that to the best of Owner's knowledge the Premises and all such equipment comply with all such requirements, and Owner authorizes Agent to disclose the ownership of the Premises to any such officials and agrees to indemnify and hold Agent, its representatives, servants, and employees, harmless of and from all loss, cost, expense, and liability whatsoever which may be imposed by reason of any present or future violation or alleged violation of such laws, ordinances, statutes, or regulations.

Section 21 TERMINATION

21.1 TERMINATION BY EITHER PARTY

This Agreement may be terminated by either Owner or Agent, with or without cause, at the end of the initial term or of any following term year upon the giving of _____ days' written notice prior to the end of said initial term or following term year.

21.2 TERMINATION FOR CAUSE

Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination, or which accrue pursuant to paragraph 21.3 as a result of such termination, and obligations to insure and indemnify), upon the occurrence of any of the following events:

(a) BREACH OF AGREEMENT--Thirty (30) days after the receipt of notice by either party to the other specifying in detail a material breach of this Agreement, if such breach has not been cured within said thirty (30) day period; or if such breach is of a nature that it cannot be cured within said thirty (30) day period but can be cured within a reasonable time thereafter, if efforts to cure such breach have not commenced or/and such efforts are not proceeding and being continued diligently both during and after such thirty (30) day period prior to the breach being cured. HOWEVER, the breach of any obligation of either party hereunder to pay any monies to the other party under the terms of this Agreement shall be deemed to be curable within thirty (30) days.

(b) FAILURE TO ACT, ETC.--In the event that any insurance required of Owner is not maintained without any lapse, or it is alleged or charged that the Premises, or any portion thereof, or any act or failure to act by Owner, its agent and employees with respect to the Premises, fails to comply with any law or regulation, or any order or ruling of any public authority, and Agent, in its sole discretion, considers that the action or position of Owner or its representatives with respect thereto may result in damage or liability to Agent, or disciplinary proceeding with respect to Agent's license, Agent shall have the right to terminate this Agreement at any time by written notice to Owner of its election to do so, which termination shall be effective upon the service of such notice. Such termination shall not release the indemnities of Owner set forth herein.

(c) EXCESSIVE DAMAGE--Upon the destruction of or substantial damage to the Premises by any cause, or the taking of all or a substantial portion of the Premises by eminent domain, in either case making it impossible or impracticable to continue operation of the Premises.

(d) INADEQUATE INSURANCE--If Agent deems that the liability insurance obtained by Owner per section 14 is not reasonably satisfactory to protect its interest under this Agreement, and if Owner and Agent cannot agree as to adequate insurance, Agent shall have the right to cancel this Agreement upon the service of notice to Owner.

21.3 TERMINATION COMPENSATION

If (i) Owner terminates this Agreement before the end of the initial term or any subsequent term year as provided in paragraph 21.1 above for any reason other than for a breach by Agent under paragraph 21.2(a) above, or if (ii) Agent terminates this Agreement for a breach by Owner under paragraph 21.2(a) above or pursuant to the provisions of paragraphs 21.2(b) or 21.2(d) above, then in any such event, Owner shall be obligated to pay Agent as liquidated damages an amount equal to the management fee earned by Agent, as determined under paragraph 17.1 above, for the calendar month immediately preceding the month in which the notice is given to Agent or to Owner, multiplied by the number of months and/or portions thereof remaining from the termination date until the end of the initial term or term year in which the termination occurred. Such damages, plus any amounts accruing to Agent prior to such termination, shall be due and payable upon termination of this Agreement. To the extent that funds are available, such sums shall be payable from the Operating (and/or) Reserve Account(s). Any amount due in excess of the funds available from the Operating (and/or) Reserve Account(s) shall be paid by Owner to Agent upon demand.

21.4 OWNER RESPONSIBLE FOR PAYMENTS

Upon termination of or withdrawal from this Agreement, Owner shall assume the obligations of any contract or outstanding bill executed by Agent under this Agreement for and on behalf of Owner and responsibility for payment of all unpaid bills. In addition, Owner shall furnish Agent security, in an amount satisfactory to Agent, against any obligations or liabilities which Agent may have properly incurred on Owner's behalf under this Agreement.

Agent may withhold funds for ninety (90) 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. Agent shall deliver to Owner, within ninety (90) days after the end of the month in which this Agreement is terminated, any balance of monies due Owner or of tenant security deposits, or both, which were held by Agent with respect to the Premises, as well as a final accounting reflecting the balance of income and expenses with respect to the Premises as of the date of termination or withdrawal, and all records, contracts, leases, receipts for deposits, and other papers or documents which pertain to the Premises.

21.5 SALE OF PREMISES

In the event that the Premises are sold by Owner during the period of this Agreement, Agent shall have exclusive rights of representation in the sale as stated in a specific sales agreement to be negotiated separately. Upon transfer of ownership, this Agreement shall terminate by mutual consent of Owner and Agent under the terms and conditions set forth below.

Section 22 INDEMNIFICATION SURVIVES TERMINATION

All representations and warranties of the parties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require Owner to have insured or to defend, reimburse, or indemnify Agent (including, but not limited to, paragraphs 2.1, 2.3, 5, 8.4, 9.2, 9.5, 13, 14, 15, 16, 17.7, 20, 21.3, and 21.4) shall survive any termination; and if Agent is or becomes involved in any proceeding or litigation by reason of having been Owner's Agent, such provisions shall apply as if this Agreement were still in effect.

Section 23 HEADINGS

All headings and subheadings employed within this Agreement and in the accompanying List of Provisions are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Section 24 FORCE MAJEURE

Any delays in the performance of any obligation of Agent under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of Agent, and any time periods required for performance shall be extended accordingly.

Section 25 COMPLETE AGREEMENT

This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Premises and supersedes and replaces any and all previous management agreements entered into or/and negotiated between Owner and Agent relating to the Premises covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Agent. Except as otherwise provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Agent in writing. Each party to this Agreement hereby acknowledges and agrees that the other party has made no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein, and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein.

Section 26 RIGHTS CUMULATIVE; NO WAIVER

No right or remedy herein conferred upon or reserved to either of the parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now or

hereafter legally existing upon the occurrence of an event of default under this Agreement. The failure of either party to this Agreement to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy as provided in this Agreement, shall not impair any such right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent defaults. Every right and remedy given by this Agreement to the parties to it may be exercised from time to time and as often as may be deemed expedient by those parties.

Section 27 APPLICABLE LAW AND PARTIAL INVALIDITY

The execution, interpretation, and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of _____ . If any part of this Agreement shall be declared invalid or unenforceable, Agent shall have the option to terminate this Agreement by notice to Owner.

Section 28 NOTICES

Any notices, demands, consents, and reports necessary or provided for under this Agreement shall be in writing and shall be addressed as follows, or at such other address as Owner and Agent individually may specify hereafter in writing:

Agent:

Owner:

Such notice or other communication may be mailed by United States registered or certified mail, return receipt requested, postage prepaid, and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the post office. Such notices, demands, consents, and reports may also be delivered by hand or by any other receipted method or means permitted by law. For purposes of this Agreement, notices shall be deemed to have been "given" or "delivered" upon personal delivery thereof or forty-eight (48) hours after having been deposited in the United States mails as provided herein.

Section 29 AGREEMENT BINDING UPON SUCCESSORS AND ASSIGNS

This agreement shall be binding upon the parties hereto and their respective personal representatives, heirs, administrators, executors, successors and assigns.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this _____ day of _____, 20____.

Witnesses:

(Owner Name)

(Company)

(Address)

(City/State/Zip)

Agent:

Firm _____

By _____

Submitted by _____

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT

(Name)

(State whether individual, partnership, corporation, etc.)

located at _____
has made, constituted, and appointed, and, by these presents does hereby make,
constitute, and appoint,

_____ a resident of the United States, whose address is _____
_____ (its) true and lawful
attorney for (it)(me) in (its)(my) name, place, and stead to execute and to
file any Tax Returns due on or after _____

_____ under the provisions of the Social Security Act, now in force or future
amendments thereto.

Dated at _____ this _____ day of _____, 20____.

Signature of Taxpayer

Title

Executed in the presence of:

Signature of Taxpayer

Title

Witness Signature of Taxpayer

Witness Title

Acknowledged before me this _____ day of _____, 20____.

NOTARIAL
SEAL

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This is a Standard Form of the Institute of Real Estate Management of the NATIONAL ASSOCIATION OF REALTORS®, 430 North Michigan Avenue, Chicago, Illinois 60611. When placing orders specify General Management Agreement Form No. 980.

DISCLAIMER: This Management Agreement form is published as a service to property managers, and an explanation of its various provisions is available separately. The publisher is not engaged in rendering legal, accounting, or other professional service. Because of varying state and local laws, competent legal or other advice should be secured before using this form.

1995 ADDENDUM TO
IREM Management Agreement Explanation (© 1988)

NEW LAWS

In the years since IREM revised this general management agreement form, the federal government has passed a number of new laws that affect the management of investment real estate either directly or indirectly. While the agreement form is silent as regards particulars of the types of issues addressed by these and other specific laws, the user may wish to assure that all parties to the agreement understand the implications of the following laws as they relate to the larger issues of rental policies, accounting practices, structural (and environmental) compliance, management fees, and the agent's liability, as well as attendant litigation.

The *Fair Housing Amendments Act* of 1988 expanded the definitions of "protected classes" under Title VIII of the Civil Rights Act of 1968, adding people with disabilities and familial status (children under age 18 living with parents or legal guardians, pregnant women, or people seeking custody of children under age 18) to the list that already included race, color, sex, religion, and national origin. Discrimination on any of these bases is expressly forbidden. The Act also defines discriminatory practices in the **marketing** of housing for sale or rental, as well as in the transactions themselves. (This Act impacts *sections 7 and 8* of the Management Agreement.)

In multifamily housing, handicapped persons must be permitted to modify their leased premises (apartment interiors) to accommodate their disabilities (and subsequently restore the facilities to original condition) -- at their own expense. The 1988 Act also severely restricts housing intended for seniors only: For residency to be limited to older persons, such housing must be intended for and solely occupied by (1) persons age 62 years or older or (2) at least one person in a household age 55 years or older. In addition, there must be significant facilities and services specifically designed to meet the physical and social needs of older people -- e.g., congregate dining.

State statutes or local ordinances may prohibit discrimination against other groups as well -- people who are unmarried, people who receive public assistance, and people who have certain lifestyle or sexual preferences may also be considered protected classes.

The *Americans with Disabilities Act* of 1990 prohibits discrimination in employment based on an array of physical and mental disabilities. It also sets requirements for accessibility of so-called public accommodations -- in particular, leasing offices, model apartments, parking facilities, and public businesses established in residential properties would be affected under this law. However, areas of the property used in common (e.g., swimming pools, laundry facilities, etc.) may have to be made accessible as well. (This Act relates to compliance requirements in *sections 9 and 20* of the Management Agreement.)

The *Clean Air Act* of 1990 requires phaseout of the use of chlorofluorocarbon compounds (CFCs) as refrigerants in air-conditioning equipment. This has implications for the maintenance of HVAC equipment (under *section 10* of the Management Agreement) and regulatory compliance (under *section 20*).

The *Residential Lead-Based Paint Hazard Reduction Act* of 1992 requires owners of properties built before 1978 to notify new renters about the presence of lead-based paint. This law, known as *Title X*, goes into effect in October 1995 and relates to *section 20*.

Title XIII of the *Omnibus Budget Reconciliation Act* of 1993 -- called the Revenue Reconciliation Act -- has changed some of the defining characteristics of passive losses and restored part of the deduction against active income, which the Tax Reform Act of 1986 had severely limited (e.g, rental income losses may again be deducted from ordinary income such as salary). It also changed some of the rules regarding Real Estate Investment Trusts (REITS) and extended the low income housing credit permanently. These portions of the law have greater impact on investor-owners of real estate. Changes to individual income tax rates and business deductions for trade organization dues (e.g., membership in IREM) and depreciation of tangible personal property affect both owners and managers. There is no specific impact on the management of investment real estate or on the management agreement language. However, the parties to the contract should understand how the 1993 Act affects the accounting of income and expenses. [NOTE: Many states require payment of taxes on income and personal property, some of which may affect the duties of the agent.]

Another federal law that affects real estate management practices is the *Fair Debt Collection Practices Act*, which became law in 1978. By definition, it impacts the collection of residential rent, especially delinquent rent (which has implications under *subsections 3.1 and 8.4* of the Management Agreement). Of particular importance are the notification provisions of the 1978 Act. Legal counsel should review and approve policies and procedures for collecting rents and other monies as well as the handling of delinquencies and nonpayment.

Many states have enacted laws that mandate recycling of certain categories of wastes. This may require separate arrangements with waste haulers or others who do not handle household garbage; it may also mean separation of materials by category before removal from the property.

OTHER CONSIDERATIONS

Some states have enacted laws that mandate (or affect) the contents of a management agreement. Users should consult their state real estate departments regarding such requirements. The following additional information is provided to enhance the usefulness of the IREM Management Agreement form as it is currently configured.

The *cover page* provides no specific blank for the name of the property, which may be an important item to include as part of the identification.

Use of this agreement for management of a commercial property (office building, strip shopping center) would require consideration of the necessity of and availability of space for an on-site management office. In most commercial arrangements, both *subsections 1.4 and 1.5* would be deleted.

Subsection 2.1 is silent regarding extraordinary collection efforts; it may be necessary or appropriate to include specific authorization of the agent to turn over past due accounts to a collection agency and include delinquency period or dollar amount parameters for this option.

The agreement authorizes the agent to execute (sign) leases on behalf of the owner (*section 8*); if leases are to be signed by the owner, the agreement should be modified to reflect this. Although the agreement is generally silent regarding specific expenses of leasing, the agent may wish to add a list of representative items that would be considered operating expenses of leasing. A rental application processing fee (collected from prospective residents to cover credit checks) might best be considered a "special charge" under *subsection 3.2*.

Rather than simply marking out "owner" or "agent" in *subsection 9.1* to identify the employer, it may be appropriate in some situations to modify the agreement to state specifically that the property owner (or the managing agent/management company) is to be the "employer of record." An employer identification number is required for filing payroll taxes, and the user may wish to incorporate this information into the Management Agreement.

The agreement does not identify specific services the agent might contract for a property (*sections 10 and 11*). If the agent is to administer contracts for elevator or HVAC maintenance, or similar recurring services, such may be specified in the respective sections or in an addendum (rider) attached to and incorporated into the agreement.

The agent's compensation is addressed in *subsection 17.1*, but the agreement is silent as to the method of payment. Language may be added stipulating that the agent's compensation is payable in advance from the operating and/or reserve account as an operating expense (under *subsection 4.1*). To assure full reimbursement of related expenses, it is appropriate to list separate charges or fees for administrative or other items that are **not** specifically compensated by the management fee (e.g., preparation of additional reports). Such a list would be attached to and incorporated into the management agreement as an addendum or rider. Additional services that may be provided on an occasional basis (e.g., preparation of a management plan, protesting real estate taxes, court appearances) may be listed in *subsection 17.6* or itemized in an addendum or rider.

Sections 18, 19 and 20 address governmental regulations and compliance with them in general terms. It is incumbent on all parties to a management agreement to be knowledgeable about the laws and regulations passed at various levels of government and, in particular, their impact on the operation of the managed property. Although the agreement calls for the owner to be responsible for building compliance and the agent to be responsible for forwarding relevant notices to the owner, users are cautioned to seek advice of legal counsel regarding specifics.

The provisions for termination (*section 21*) should be scrutinized by legal counsel for both parties to assure that the

specific language will hold up in a court of law. Many states require inclusion of a mutual **30-day** cancellation clause, which may be incorporated into *subsection 21.1*. Note that the issue of termination compensation (*subsection 21.3*) should be addressed during negotiation of the agreement. If the agent will be paid a "start-up fee" at the beginning of the term, such termination compensation may not be appropriate. (Usually the two are considered a trade-off.)

If additional copies of notices (*section 28*) are to be provided to anyone other than the agent and the owner, the user may wish to indicate the name(s) and address(es) of the person(s) to receive them.

The *power of attorney* form is intended solely to authorize the agent to file required payroll tax returns (e.g., amounts withheld from employees wages for income taxes and social security/medicare taxes as well as the social security/medicare and unemployment taxes paid by the employer on behalf of employees).

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