

Customized Management Agreement

Working Document

Instructions

Welcome to this great adventure of building a customized property management agreement. Twenty years ago attorney Monica Gilroy and national property management trainer Robert Locke, RMP, MPM began to develop property management documents and share them with colleagues in the business. Over 100 managers in 17 states use this big payoff and make your operation safe, profitable and scalable.

Although we all do the same things in managing rentals, we do them a little differently. You won't manage 50 houses in CobbTown, Alabama the way we managed 1,000 in Roswell, GA. Managing 300 section 8 properties is done differently than managing 300 high-rise condos. Each manager's model is different so this working document allows each manager to **shape their agreement to match their model** as it relates to fees, charges and dates or CUSTOMIZE IT to the way YOU do property management.

You're not alone in this project. The training videos will take you through each stipulation and help you tweak the document to your specific needs and we'll talk you through your final tweaks and answer questions.

You'll need to carve out some time to complete this. It's a heavy lift and will take some time. It's called working "on" the business.

NOTE: ALTHOUGH WE GIVE EXAMPLES OF A PARTICULAR FEE OR CHARGE, WE DO SO ONLY AS AN EXAMPLE AS WE ARE NOT ATTEMPTING IN ANY WAY TO SET OR SUGGEST FEES.

Here's where to start:

1. Make a copy of this document and archive it for safekeeping.
2. Using the instructor notes that are ***underlined, in bold and italics*** in this document, fill in your name, numbers, fees and dates **as you do things today in your current model** (or as you want to do it).
3. Leave the line numbers on the left of this document until we're done with our review as it makes collaborating easier. We'll delete them later.
4. Leave the document type size 12 for easy reading until we're done reviewing. We'll address type size of your final document later.
5. Most states have a Landlord Tenant Act and real estate commission rules that will dictate some of your dates and fees. Find that law and keep it nearby as we go through this process. We'll help you tweak the management agreement to comply with your state laws. Forward us a copy of that law (and your state association of realtors PMA document) so we have the rules as dictated by the state.
6. As you go through this process, **start deleting our notes** so you end up with just your customized document. Don't delete them if you have questions or are unsure of the issue. We'll work through each issue together.
7. As you add your own language, put it in bold and italics so it stands out and we can address it together.
8. The video library that comes with these documents follow the document and will help with concepts that will keep you on track and expand your knowledge of the document. Don't skip over them. Consider completing the document as you work through the video training. Many use these videos to train their

staff. Select videos to assign and make them a topic of meetings to help train staff on ideas you think are most relevant.

- 9. We make mistakes. If you read/see something we didn't make clear or used the wrong grammar or spelling, please bring it to our attention so we can correct it and save future readers the same confusion.
- 10. There are some critical videos in the last lesson with tips and tricks for implementing this new PMA with your current owners. Don't miss those videos as we'll give you copy for your cover letter and strategies for **when and how to invite current owners to embrace your new agreement.**
- 11. We've added out copyright at the bottom of each page to give weight to the agreement but you can put yours instead. When owners and tenant see the copyright by a law firm it makes them think before they violate it. Many managers leave it there while other replace it with their company name. See the videos for training on this.

ANY SUGGESTIONS OF FEES WE MAKE IN THIS DOCUMENT ARE FOR ILLUSTRATION PURPOSES ONLY AS WE ARE NOT ATTEMPTING TO SET FEES.

I know this can seem overwhelming at first but, believe me, it's worth the effort. You'll need to carve out several hours to finish it all but, in the end, you'll be glad you did. It's heavy lift and will take some time but when you're done, you'll be **scalable, more profitable and operate safer** than you've ever operated before. Spreading this out over several days is normal. You have a company to run and that's obviously your first priority. Don't rush through this.

Now, delete these notes unless you have questions

Item 1 = Your Company's Name

Exclusive Leasing, Management and Brokerage Agreement 2021

This Exclusive Leasing, Management and Brokerage Agreement (hereinafter "Agreement") by and between **Item 2** (hereinafter "Owner") and **Item 3** (hereinafter "Manager");

Item 1 and 3 are on the top of the document. Insert your company name as it is with the real estate commissioner and Secretary of State including Corporation, Limited Liability Company, Inc., etc. at the end of your name. This should match how you are listed in public and commission records. Give your complete, legal name.

Item 2: Let this remain a blank line for now. You'll fill it in as you sign up owners. Ask them for a copy of the front page of their deed or look it up in public records. Be careful to address trusts, corporations, LLC and other entity-holding devices. See our entity documents and training +for these ownership configurations.

Now delete these notes unless you have questions.

WITNESSETH:

Owner engages Manager to lease and manage a certain property located at **Item 4**, County _____, State _____, Zip _____ (hereinafter "Property") upon the terms and conditions set forth below and Manager agrees to accept such engagement.

Item 4: Insert subject property address as you sign up new owners. If it's a duplex simply add all addresses. If there are multiple properties you might simply say "see exhibit A" and add an exhibit with all the addresses. New delete this note.

1. Exclusive Manager and Term. Manager shall have the exclusive right to lease and manage the Property for a minimum of **Item 5** days from the date of the execution of this Agreement, and Manager shall continue to have such right thereafter unless either party terminates with thirty (30) days' written notice as provided for herein. Once Property is leased, this Agreement is automatically extended until the resident procured by Manager moves out and Agreement is terminated as described herein.

Item 5: Define the minimum amount of time you require to lease the property. (Like "60 days")

Caution: The last sentence is critical to your ability to sell your company in the end. Never give the owner the opportunity to terminate any time. We hear trainers say give the owner the opportunity to terminate you at any time as it makes them feel good and you'll sign up more owners. This may be true but that language will lower the value of your company when you get ready to sell and it's a very bad idea. The value of your company is based on the residual of your revenue and letting owners out at any time will significantly devalue the residual revenue of your business and the price someone will pay for that business. There is a much better way to do this (keep reading).

Notice there are 2 EVENTS THAT OFFER THE OWNER A CHANCE TO TERMINATE: When a tenant moves out. And when one party terminates the other. Don't let an attorney persuade you THERE MUST BE AN END DATE IN YOUR PMA. They are wrong. End Dates can be (and are often) identified by events like someone's death (like in a will) or a change in someone's age (like when your grandson turns 25) so DON'T EVER STATE A SPECIFIC END DATE IN YOUR PMA. Identify the end of the agreement date by 2 events: a vacancy and a termination. This way, when you are ready to sell, the buyer will see that you truly have residual income (not month-to-month management agreements) because all owners are locked into the PMA until the current tenant moves out and one party terminates the other. Watch our videos titled "Staging Your Company to Sell" and see why letting them out is a bad idea. Also, see videos on our REWARDS page for more training on this topic.

Once you're comfortable with this training note delete it and move #2 up under #1.

After every section delete these notes unless you have questions.

2. Agency Disclosure. Manager acts as the Owner's exclusive agent under this Agreement, and will not represent any other party involving the Property covered by this Agreement without fully disclosing it, in writing, prior to the event. Manager may provide assistance to prospective residents without violating any duties to Owner by performing such ministerial acts as preparing