

CARINO PROPERTIES, LLC
PROPERTY MANAGEMENT AGREEMENT
3519 E. Shea Blvd., Suite 138, Phoenix, AZ 85028
Office (602) 374-3372 Fax (602) 374-3373

1. PARTIES:

(A) Carino Properties, LLC (Hereinafter called "Broker") and

(B) _____
(Hereinafter called "Owner")

2. EMPLOYMENT: The Owner employs and appoints the Broker as Owner's and exclusive agent to lease, operate, and manage, the Property(ies) located at:

PROPERTY ADDRESS:

(1) _____ (2) _____

(3) _____ (4) _____

TERM: This Agreement shall commence on the _____ day of _____, _____ ("Commencement Date") and shall end on the _____ day of _____, _____ ("Termination Date"). This Agreement shall renew automatically for a period of _____ months unless otherwise cancelled or terminated as provided herein. Broker shall send Owner a reminder notice of least thirty (30) days prior to the renewal date. This Agreement shall be immediately and automatically terminated by: (i) the sale, transfer or other disposition of legal and beneficial title to the Property, except for a transfer of the Property to a trust or other legal entity controlled solely by Owner; (ii) condemnation of the Property; or (iii) complete destruction of the Property.

CANCELLATION: Either party may cancel this Agreement upon thirty (30) days notice or _____. If Owner cancels this Agreement prior to the Termination Date or any extension thereof, Owner shall pay Broker an early cancellation fee of \$50.00. Broker may cancel this Agreement immediately by notice to Owner in the event that: (i) a notice of trustee's sale or judicial foreclosure is recorded against the Property; (ii) Owner fails or refuses to comply with any rule, order, determination, code, ordinance or law of any governmental authority; (iii) Owner refuses to correct a hazardous condition on the Property. Either party may cancel this Agreement immediately by notice to the other party in the event a petition in bankruptcy is filed by or against either Owner or Broker, or in the event that either makes an assignment for the benefit of creditors or takes advantage of any insolvency act. Upon cancellation of this Agreement, Owner shall assume all contractual obligations and payment of all outstanding amounts due pertaining to the Property or arising from this Agreement. Broker may withhold funds as permitted by law to pay for any amounts due, expenses previously incurred but not yet invoiced, and to close accounts. Broker shall deliver to Owner the balance of any monies due Owner, held by Broker, as well as a final accounting reflecting the balance of income and expenses as required by law.

TENANT DEPOSITS UPON TERMINATION/CANCELLATION: If this Agreement is terminated or cancelled for any reason other than trustee's sale, judicial foreclosure or other forfeiture by Owner, any refundable tenant deposits will be forwarded to the Owner after notice has been given to the tenant as required by law. If this Agreement is terminated due to trustee's sale, judicial foreclosure or other forfeiture by Owner, any refundable tenant deposits due tenant shall be released to the tenant.

3. BROKER RESPONSIBILITIES

MANAGEMENT AND LEASING: Broker shall use its best efforts to: (i) Manage, supervise the maintenance of, and operate the Property; (ii) lease or rent the property, including negotiating for and entering into leases on behalf of Owner, for terms not in excess of 12 months or as otherwise agreed upon or accepted by Owner; (iii) collect rents, deposits and other fee.

MARKETING: Broker may advertise the Property for lease and place signs on the Property if permitted by the applicable rules and regulations or governing homeowners' association. Owner ___ does, ___ does not authorize Broker to install and use a lockbox on the Property containing the key to the Property. Owner acknowledges that a lockbox will permit access to the Property by other brokers, with or without potential tenants. Owner further acknowledges that, from time to time, unauthorized persons may have gained access to properties using lockboxes, and Broker is not insuring Owner or any occupant against theft, loss or vandalism resulting from any access.

(OWNER'S INITIALS REQUIRED) _____
Owner Owner

TENANT PERFORMANCE: Broker shall make reasonable efforts to screen potential tenant(s) and to collect rents, but does not guarantee future performance of tenant(s) and is not obligated to refund to Owner any compensation or commissions in the event of tenant breach.

_____ Owner Initials

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RESPONSIBILITY TO TENANT: Owner shall fulfill all Owner's obligations to tenant pursuant to the lease/rental agreement and as required by law.

AUTHORIZED ACCESS: Owner shall not visit Property or contact tenant without five (5) business days prior notice to Broker to allow Broker sufficient time to provide tenant with any legally required notice. Owner shall not enter the property unless accompanied by the Broker.

INQUIRIES/NEGOTIATIONS: Owner shall refer all inquiries regarding the Property, including inquiries regarding lease or lease renewals, to Broker and all negotiations regarding the Property shall be conducted solely by or under the direction of Broker.

SALE OR TRANSFER OF PROPERTY: In the event Owner decides to sell, exchange or transfer the Property, Owner shall notify Broker immediately.

FORECLOSURE: Owner shall pay all loan obligations, property taxes, association fees and any other obligations which could lead up to a foreclosure action. Owner shall notify Broker and tenant within ten (10) days after receipt of notice of any trustee's sale or judicial foreclosure related to the Property, or as otherwise prescribed by law.

BROKER'S EMPLOYEES: Owner shall not hire or contract with any employee of Broker to do any work or perform any service related to the Property without Broker's written consent.

REGISTRATION, LICENSURE AND TAX: Owner, at Owner's expense, shall register the Property with the County Assessor and, if residing out-of-state, designate a statutory agent who lives in Arizona to accept legal service on behalf of Owner. Owner agrees to purchase any business license or other license required by the applicable governmental authority and pay any fees or taxes when due.

OPERATING RESERVE ACCOUNT: Owner shall maintain a reserve account operating balance of \$500.00 in the PMTA to meet obligations in the event of a shortage of current rental income or emergencies. Broker, in Broker's sole discretion, may, but shall not be obligated to, advance Broker funds on behalf of Owner to keep Owner's account open or to avoid charges for an insufficient minimum balance. Owner shall reimburse Broker for all advanced funds, interest or fees upon demand and remit any funds to Broker necessary to maintain reserve account at the agreed upon amount. In the event that the Owner has a deficit (expenses exceed the reserve funds or receipts collected), the outstanding balance due from the Owner shall accrue at 18% per annum if not paid within 30 days from the date of the outstanding account statement.

INSURANCE: Owner, at Owner's sole expense, shall maintain adequate Property insurance, public liability insurance and any other necessary insurance on the Property, in an adequate amount to protect the interests of Owner and Broker. Owner shall name Broker as co-insured on all insurance policies covering the Property and provide Broker with Certificates of Insurance or copies of the policies. Such insurance shall remain in full force and effect during the term of this Agreement and any renewals thereof.

LEGAL AND TAX ADVICE: Owner recognizes, acknowledges, and agrees that Broker is not qualified or licensed to provide legal or tax advice. Only an attorney is qualified to represent the Owner in court. Owner shall consult with an attorney, professional tax consultant, or other qualified licensed professional to advise Owner with respect to legal or tax issues.

RELEASE OF CLAIMS: Owner hereby expressly releases, holds harmless and indemnifies Broker from any and all claims liability, damages or legal actions arising from the management of the Property, including liability from any injury suffered by an employee or other person on the Property, liability in connection with any trustee's sale or judicial foreclosure of the Property or in connection with prior management of the Property and/or any deposits not released to the Broker. Owner agrees to promptly and diligently defend, at Owner's sole expense, any claim, legal action or other proceeding brought against the Broker arising from the management of the Property, except in the case of Broker's willful misconduct and/or gross negligence. Owner agrees to reimburse Broker for any monies which the Broker expends in connection with, or in defense of, any claim, civil or criminal action proceeding, charge or prosecution made, instituted, or maintained against Broker, or Owner and Broker jointly or severally.

OWNER'S INITIALS REQUIRED) _____
Owner Owner

5. COMPENSATION: Owner agrees to compensate Broker for services rendered as set forth below:

- A. **Monthly Management Fee** of 8% of monthly rent or \$85, whichever is greater, will be charged each month during the term of this Agreement regardless of whether or not the Property is occupied by a tenant.
- B. **Rental Fee** of \$350.00 of the first month rent as a one time charge for obtaining the new tenants.
- C. **An MLS Fee** of \$ _____ or 3% of gross lease payable at time of procuring tenant.
- D. **Renewal Fee** of \$ 150.00 of the first month rent for a new rental agreement negotiated with any existing tenant, including a month-to-month tenancy. The renewal fee and the rental fee will not be charged simultaneously.
- E. **Administrative Preparation Fee** of \$ 50.00 as a one time charge to include the initial inspection and all functions necessary to have the property in a rentable condition and perform the computer entries.

_____ Owner Initials

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- F. If the Owner requests the Broker to monitor the rehabilitation or restoration of damages caused by tenants, fire, wind, lightning, water, or preparing the property for rental or sale, a fee of 10 % will be charged for expenditures to \$1,000.00, and an additional fee of 5% of expenditures in excess of that amount.
- G. An annual fee of \$ 60.00 will be charged each property for processing the rental registration forms, the rental tax license applications and the monthly payment of the rental taxes.
- H. **Miscellaneous Tenant/Third Party Fee:** Owner agrees that Broker may charge the tenant the following fees, which broker shall retain as additional compensation for services: Application fee; Non-Sufficient Funds (returned check) fee; Service of Notice Fee; Late Fees; and other service fees. Broker shall retain all fees, deposits, and forfeited funds from prospective tenants that do not actually move in and lease a property as compensation for time spent.

6. REMEDIES

ALTERNATIVE DISPUTE RESOLUTION: Owner and Broker agree to mediate any dispute or claim arising out of or relating to this Agreement. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association (“AAA”) in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and non-appealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the right to resort to court action.

ATTORNEY FEES AND COSTS: The prevailing party in any dispute or claim arising out of or relating to this Agreement shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation: attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

7. ADDITIONAL TERMS AND CONDITIONS

EQUAL HOUSING OPPORTUNITY: Broker and Owner shall comply with federal, state and local fair housing laws and regulations.

ASSIGNMENT: Neither Broker nor Owner may assign any rights obligations pursuant to this Agreement without the prior consent of the other, and any attempted assignment without consent shall be void and of no effect.

OTHER OWNERS: Owner acknowledges and agrees that Broker may now or in the future represent other owners and tenants of other similar properties.

ARIZONA LAW: This Agreement shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

NOTICES/STATEMENTS/REPORTS: Unless otherwise provided, delivery of all notices, statements, reports, and disbursements (“Notice”) required or permitted hereunder shall be in writing addressed to Owner or Broker as indicated in Sections 8 and 9 and deemed delivered and received when: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if email addresses are provided herein; (iv) sent by recognized overnight courier service, or (v) sent by U.S. mail, in which case the Notice shall be deemed received when actually received or five (5) days after the Notice is mailed, whichever occurs first.

DAYS: All references to days shall be deemed to be calendar days unless otherwise provided.

ENTIRE AGREEMENT: This Agreement and any addenda and attachments shall constitute the entire Property Management Agreement between Owner and Broker, shall supersede any other written or oral agreements, and can be modified only by a writing signed by Owner and Broker. Invalidity or unenforceability of one or more provisions of this Agreement shall not affect any other provisions of this Agreement. The failure of initial any page of this Agreement shall not affect its validity or terms.

The undersigned agree to the terms and conditions set forth herein.

8. OWNER

OWNER’S/AUTHORIZED REPRESENTATIVE’S SIGNATURE MO/DA/YR FED. ID Number or Social Security Number

ADDRESS

Owner Initials

CITY STATE ZIP CODE

TELEPHONE FAX EMAIL

HOME WARRANTY COMPANY: _____

INSURANCE COMPANY: _____

HOME WARRANTY POLICY #: _____

INSURANCE AGENT: _____

INSURANCE POLICY # _____

HOA NAME: _____

HOA MANAGER AND PHONE #: _____

9. BROKER

BROKER SIGNATURE MO/DA/YR

Owner Initials