

RESIDENTIAL MANAGEMENT AGREEMENT

This Agreement is entered into between _____ whose address is _____ and shall be referred to as the "Owner" and Jefferson Valley Property Management whose physical address is 309 E. Legion, West Office and mailing address is P. O. Box 905, Whitehall, MT 59759 and shall be referred to as the "Agent".

1. **Agency:** The Owner employs the Agent to lease and manage the Owners residential property located at _____ and commonly referred to as the "Property".
2. **Duties of the Agent:** In order to manage and lease the Property, the Agent shall have the following responsibilities:
 - (a) The Agent shall use its best efforts to attract and retain Tenants for the Property.
 - (b) The Agent shall handle all negotiations with Tenants with respect to a Lease. All Lease Agreements are subject to approval by the Owner. The Agent shall not change any material terms of the Lease without the prior written consent of the Owner. The Owner may provide the Agent with authorization to lease under certain specified terms and conditions and these terms and conditions shall be in writing and signed by the Owner.
 - (c) The Agent shall employ, supervise, discharge and pay all employees or independent contractors who are required in the proper management and operation of the Property. The Agent shall pay all employees and independent contractors.
 - (d) The Agent shall purchase all necessary supplies for the proper management of the Property which may include utilities at the expense of the Owner.
 - (e) The Agent shall contract for or undertake the making of all necessary repairs and the performance of all other necessary work for the benefit of the Property including any required alterations the

Property. However, no expense shall be incurred for such matters in excess of _____ for any single items without the express consent of the Owner, except where required during an emergency. An emergency is defined as any event or occurrence that relates to the health, welfare or safety of the Tenants or the general public or is necessary to preserve the Property from material damage.

- (f) From the rents received the Agent shall pay all operating expenses and any other expenses requested by the Owner. If instructed by the Owner, the Agent shall pay any mortgage payments or real estate taxes and assessments when such payments become due.
- (g) The Agent shall perform all other necessary tasks and do all other things as required for the proper management, upkeep, and operation of the Property as customarily performed by a managing agent of residential properties.
- (h) The Agent shall collect all rents and other income from the Tenants when such amounts become due and take all necessary steps to collect the rent and perform all reasonable acts on behalf of the Owner for the protection of the Owner and the collection of rent. The Agent shall collect all additional charges other than rent associated with the Property if required by the Tenants Lease. Any late fees collected shall be retained by the management company.
- (i) The Agent shall maintain a trust account for the Property and shall deposit all income from the Property into the trust account and shall pay all expenses associated with the Property out of the checking account. The Agent shall maintain financial records which shall include, but not be limited to, invoices, purchase orders, contracts for services, leases, deposit records, income statements, balance sheets, and budgets. These financial statements shall be open to the Owner during the normal business hours of the Agent. The Owner or

Owner's agents, attorneys' or accountants shall be entitled to inspect the financial records. Upon termination of this Agreement, the financial records pertaining to the Property shall be promptly delivered to the Owner or Owner's Agent.

3. **Payment to Owner:** The Agent shall pay to the Owner the net income from the Property or a portion of the net income from the Property as directed by the Owner in the following manner: **Mail to:** _____
4. **Compensation of Agent:** The Owner shall pay the Agent as a management fee a sum equal to ten percent (10%) of the gross rentals collected excluding income received for real estate taxes and assessments, insurance premiums, and common area maintenance charges that may be required to be paid by the Tenant under its respective Lease. The management fee shall be paid by the Owner on the last day of each calendar month during the term of this Agreement.
5. **Duties of the Owner:** The Owner shall provide the Agent with all documents in possession of the Owner which shall include, but not be limited to, Tenant Leases, listing of security deposits, a list of current service providers, and any other documents or information deemed necessary by the Agent to properly manage the Property.
6. **Agent of Owner:** All acts done by the Agent under this Agreement shall be done as Agent of the Owner and all obligations or expenses incurred shall be at the expense of the Owner. However, the Owner shall not be obligated to pay for any cost and expenses of supervisory services to be rendered by the Agent's employees, other than approved on-site employees who are engaged in the performance of duties imposed under this Agreement; the salaries, wages or other compensation of any officers, directors or employees of Agents; any expenses of Agents principal or branch offices except the authorized on-site office space in the property; Agents overhead or general expenses; and capital expenses of Agent, its subsidiaries and affiliates. All payments to be made by the Agent shall be made out of such funds as are available in the properties checking account. It is agreed that the Agent shall not

be obligated to expend its own funds for any payments which Agent is authorized to make under this Agreement.

7. **Owner's Insurance:** Owner agrees to have the Agent named as an additional insured under Owner's comprehensive general liability policy insuring Agent only to the extent that it is functioning as a managing Agent of the Property.
8. **Agent's Insurance:** Agent shall maintain comprehensive general liability insurance in the minimum amount of One Million Dollars (\$1,000,000.00) per each occurrence and One Million Dollars (\$1,000,000) in the aggregate, combined single limit for bodily injury, death, and property damage. Agent shall maintain on owned, hired and non-owned automobile liability insurance in the minimum amount of Three Hundred Thousand Dollars (\$300,000.00) per occurrence for bodily injury, death and property damage. Agent shall maintain the required. Agent shall maintain the required workers compensation insurance. Agent shall provide Owner with certificates evidencing insurance coverage upon the execution of this Agreement and annually thereafter. Agent shall notify the Owner within ten (10) days from receipt by Agent of Notice of modification or cancellation of any insurance coverage required by this agreement.
9. **Assignment by Agent:** The Agent may not assign this Agreement without the prior written consent of the Owner which may be granted or denied at Owner's sole discretion.
10. **Term:** This Agreement shall continue for a period of one (1) year from the date of execution and shall be automatically renewed from year to year unless terminated by either party upon written notice to the other party not less than thirty (30) days before any expiration date.
11. **Termination by Default:** In the event the Owner fails to pay the Agent its management fee or fails to comply with any term, condition, or obligation contained in this Agreement to be performed by the Owner and the default by the Owner is not cured within twenty (20) days from receipt of a written notice by Agent detailing the default then the Agent shall have the right to terminate this Agreement at the

expiration of the twenty (20) day period and shall be entitled to receive all compensation earned to date of actual termination. Further, in the event the Owner files bankruptcy or a petition for bankruptcy is filed against the Owner of the Property is foreclosed upon or the Owner gives to a mortgage holder a deed in lieu of foreclosure or a receiver is appointed for the Owner then the Agent may terminate this Agreement by giving the Owner thirty (30) days written notice and setting forth in the notice the date this Agreement shall terminate.

12. Termination by Owner: If the Agent fails to perform any of the terms, conditions or obligations set forth in this Agreement and the Agent's default is not cured within twenty (20) days from receipt of written notice from the Owner, the Owner shall have the right to terminate this Agreement on the last day of the notice. The Agent shall deliver to the Owner all documents, papers, books, records, money, security deposits, and any other information or items associated with the Property. Further, in the event the Agent files bankruptcy or a petition for bankruptcy is filed against the Agent of the Property is foreclosed upon or a receiver is appointed for the Agent then the Owner may terminate this Agreement by giving to the Agent thirty (30) days written notice and setting forth in the notice the date this Agreement shall terminate.

13. Leasing of Property: The Agent shall use his best efforts to lease vacant Property. The Agent shall advertise and promote the vacant property and display for lease signs or similar signs upon the premises within the restrictions of the budget and pursuant to directives issued by the Owner. The advertising shall be paid in advance by Agent, with reimbursement from Owner's account.

14. Owner's Indemnity: To the full extent permitted by law, Owner shall defend, hold harmless and indemnify Agent from any and all loss, damage or expense, including litigation costs and attorney's fees arising from any liability or claim brought against the Agent when carrying out its obligations under this Agreement or acting in accordance with express directions of the Owner. However, this indemnify provision shall not apply to any cost, liability, expense, loss, damage or attorney's fees which

Agents may incur as a result of willful misconduct, bad faith, or active gross negligence. This indemnity shall not obligate Owner to defend, hold harmless or indemnify Agent from and against any liability or claim arising out of Agents use of any owned, non-owned, or leased highway vehicle.

- 15. Compliance Issues:** The Agent shall notify Owner in the event that the Agent becomes aware that the condition of the Property or any part of the Property requires any major repairs, replacements or structural alterations or fails to meet the standards of any federal, state or local law, ordinance or regulation of which Agent has actual knowledge. The Agent will take such action as may be necessary to comply properly with any and all laws, ordinances, orders or other requirements of any federal, state, county, or municipal authority having jurisdiction over the Property and affecting the Property. The Agent shall, after notification to the Owner, take such action as Owner deems to be necessary to comply with any and all laws, ordinances, regulations, or orders of any federal, state, county, or municipal authority having jurisdiction over the Property and affecting the Property.
- 16. Notices:** All notices given or required by this Agreement shall be sent by United States certified or registered mail or by receipted Federal Express delivery or other receipted overnight private carrier addressed to the Owner and Agent at the addresses set forth in this Agreement. Proof of the deposit of any such mail so addressed and with postage prepaid in the United States mail shall constitute a conclusive presumption of its receipt by the addressee as of three (3) days following its date of deposit in the mail or as of the next day if delivered by receipted overnight private carrier.
- 17. Modification:** This Contract may not be modified, altered, or amended in any manner except by an Agreement in writing executed by all parties.
- 18. Entire Agreement:** This writing constitutes the entire Agreement between the parties. All prior oral or written agreements are hereby terminated.
- 19. Who is Bound:** This Contract is binding upon the parties to the Agreement and to their representatives, heirs, successors and assigns.

The parties acknowledge that they have read this Agreement and are executing this Agreement on the date set forth below.

OWNER(S):

Dated: _____

AGENT:

Jefferson Valley Property Management

Dated: _____

Jefferson Valley Property Management