

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

Parties: Owner(s):

Agent:

Agency: The Owner employs Four Elements Property Management, LLC as Owner's exclusive agent to manage, rent or lease the Owner's property known as:

Property Name:

Street Address(s):

City / State / Zip:

Number of Units:

Record of Title:

The Owner acknowledges that all persons having an ownership interest in this property or persons legally authorized to do so have executed this Agreement. If the Owner is executing this Agreement on behalf of a trust or other ownership entity, Owner shall include appropriate documentation as a part of Exhibit "A" of this Agreement. The Owner shall inform Agent promptly of any change in ownership or Owner's authorization to act on behalf of the ownership entity.

2. **Term of Agreement:**

The term of this Agreement commences on the ___ day of _____, 20___, and ends on the ____ day of ___, 200_. Thereafter, this Agreement shall continue on a month-to-month basis until either party terminates by delivering written notice to the other party at least thirty (30) days prior to the date specified in the notice for termination. Termination shall occur only on the last day of the original Agreement term or on the last day of any succeeding calendar month. Agent shall have ninety (90) days after termination to deliver to the Owner or a new managing agent designated by Owner all unobligated funds held by Agent. Agent will have ninety (90) days after termination to deliver to Owner the final accounting statements and the balance of Owner's unobligated funds. If the Owner terminates this Agreement prior to the end of the original term (first year), the Owner shall pay the Agent a fee of three month's average management fee as liquidated damages for harm to the Agent caused by early termination. Agent may terminate this Agreement prior to the end of the original term, in accordance with the terms of this paragraph, with no liquidated damages due the Owner.

3. **Agent Agrees:**

A. To use reasonable skill and efforts to serve present tenants; to obtain suitable new tenants as vacancies occur; to furnish all services and to supervise all labor reasonably required for the management, operation and maintenance of the Owner's property subject to the limitations and definitions of this Agreement and subject to the pending authorizations stated in Section 4B of this Agreement.

B. To advise the Owner promptly of circumstances that Agent may encounter which require attention, but which in the Agent's opinion are beyond the regular operating scope of this Agreement. Such circumstances might include, but are not limited to: Unusual or large maintenance, repair or property damage issues; unusual or serious issues involving tenants; Issues involving local, state or federal regulatory authority; unusual, serious issues involving vendors providing services to the property and serious issues involving on-site employees.

C. All funds received on behalf of the Owner will be deposited to and disbursed from a non-interest bearing a 4 ELEMENTS PROPERTY MANAGEMENT, LLC Client's Trust Account/ Property Name in accordance with Washington Statutes and Rules. Accounting is performed on a calendar month, cash basis. Agent may derive direct banking benefits (not including interest) which are hereby deemed permissible compensation to Agent in addition to that provided elsewhere in this Agreement. Bank where Agent shall hold Owner Funds in Trust:

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

US BANK, Fisher's Landing Branch
16415 SE McGillvray Blvd
Vancouver, WA 98683
Account Name:
Account Number:

D. To deposit, hold and disburse all tenant security deposit funds from a 4 ELEMENTS PROPERTY MANAGEMENT, LLC Client's Trust Account/ Security Deposits in accordance with Washington Landlord Tenant Law and Washington Statutes and Rules. Non-refundable tenant fees shall be deposited in the Cleint Trust Account as property income. Security Deposit Funds shall be held at:

US BANK, Fisher's Landing Branch
16415 SE McGillvray Blvd
Vancouver, WA 98683
Account Name: *Client Trust Account – Security Deposit (WA)*
Account Number:

E. To disburse funds from the PM Trust Account for the payment of general expenses, debt service, fixed amount Owner withdrawal, property taxes and insurance in a reasonable fashion as funds are available. General expenses are defined in Section 4B of this Agreement. Debt service payments, fixed amount Owner withdrawals, property tax payments, insurance premium payments and other regular payments authorized by the Owner are defined in Exhibit "B" of this Agreement. Fixed amount Owner withdrawals (as defined in Exhibit B) shall be disbursed only if funds are available after all other disbursements. The Agent by agreeing to disburse such regular payments does not assume liability or penalty if such payments are not made in a timely fashion.

F. To disburse to the Owner in the Owner's account after Agent's payment of expenses and other payments authorized by this Agreement as follows:

- Account Minimum Balance:
- Fixed Monthly Distribution (minimum balance allowing):
- or Percentage of Remaining Balance
- or Other (specify):

DISTRIBUTION METHOD: Check ACH

- For ACH, specify:
- Bank:
- Routing #:
- Account #:

Owner funds will be disbursed after closure of month end books on or before the 15th working day of the following month, unless otherwise agreed, or unless there are insufficient funds available in the Owner's account. The Owner may, at any reasonable time, request funds or present to the Agent invoices for payment, provided such requests do not conflict with other material requirements of this Agreement and provided the Owner gives written authorization to the Agent.

In the event that the Owner does not wish to receive a regular monthly Owner withdrawal as stated above, and in order to accumulate an indeterminate amount of funds in the Client's Trust Account, this agreement should be clearly stated below. Indicate the length of time, purpose and maximum amount that Agent is authorized to accumulate in the Client's Trust Account.

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

G. To keep current and accurate records and accounts of all receipts and disbursements, and to permit the Owner or the Owner's representative to examine those records at any reasonable time. All records relating to the Property that are required to be maintained by Agent under Washington's Real Estate Law will be maintained by Agent for a period of five years, after the transaction is terminated. Unless directed otherwise by Owner at the time of termination, Agent will dispose of such records at the end of the retention period in any manner allowed by law. Owner may request copies of any or all records relating to the Property at any time. The costs of copies, and if the request is made after termination of this Agreement, the costs of Agent's staff time, will be paid by Owner. Agent assumes no liability for loss of records due to fire, flood or other causes beyond Agent's reasonable control.

H. To provide the Owner with a monthly accounting statement of all property receipts and disbursements. Statements shall include reasonable detail of all transactions, as well as, copies of invoices if requested by Owner in advance. The statement will be:

- mailed
- e-mailed
- and/or published to the owner's web portal

on or before the 15th working day of the month following the reported monthly period. Example: The May operating statement will be mailed by the 15th working day of June. The Owner agrees to review the monthly accounting statements in a timely fashion and to promptly notify the Agent of any questions or concerns.

I. To maintain in force such business insurance policies on behalf of 4 ELEMENTS PROMPERTY MANAGEMENT, LLC. as Agent deems appropriate and reasonable

4. The Owner Agrees and Grants To The Agent The Following Power And Authority:

A. To take exclusive property management responsibility and control of the Owner's property. The Owner or others representing the Owner may not enter a unit without prior authorization from the Agent or on-site Resident Manager. The Owner and Owner representatives agree to conform with and accept liability for all matters pertaining to Washington Landlord Tenant Law should they go on the premises for any reason.

B. To commit the Owner to the expenditure of funds for the operation, repair, maintenance, cleaning and grounds care of the Owner's property in an amount not to exceed \$ _____ per occurrence without the Owner's prior consent (which consent includes any approved budget), except in situations which the Agent deems emergency expenditures to be necessary. The Owner shall give consent to the Agent for expenditures in excess of the amount stated above. Operating expenses include, but are not limited to: advertising, court costs and attorney fees related to eviction and collection actions, utilities, pest control, unit turn-over costs in excess of tenant security funds, rental and other forms used on-site, special tenant mailings, housing association dues, copying and postage charges (both on-site and home office), and professional fees for services related to the Property, including those provided by the management company outside the scope of section 3 of this agreement. Other operating expenses associated with on-site employees may include, but are not limited to: employee compensation, payroll and human resource expenses, benefits, resident manager petty cash not to exceed \$ _____, office equipment, supplies, travel expenses and educational/training costs.

C. To offer the residential property and parts thereof for lease for a term not to exceed one year. In the absence of a fixed term agreement, a month-to-month agreement will be used.

D. To advertise, display signs and market the property to prospective tenants. To obtain credit reports and use prudent business practices to screen prospective tenants. The Owner agrees that the Agent shall comply at all times with federal, state and local Fair Housing laws and regulations.

E. To collect all income from the property in accordance with all Washington Statutes and Rules. The Agent may reimburse funds to the Owner by depositing funds directly into the Owner's Client's Trust Account

F. To contract and/or employ in the Owner's name marketing services, utilities, vendor services, and other services. The Owner will assume the obligation of any such contract that remains executor at the end of the contract term. The Agent is not authorized to execute any agreement that may affect the title to the property other than activities that may result in a construction contractor's lien. Owner acknowledges Agent may operate their business in such a way they may profit from these activities (e.g., priority vendor agreements, etc.).

G. To disburse from the PM Trust Account all funds authorized pursuant to this Management Agreement. Funds due for management fees, operational and maintenance expenses shall have payment priority over funds payable to the Owner, debt service, property taxes or Insurance. The Owner and Agent agree to not commit to the expenditure of funds, which cannot be paid in a timely fashion, either through rent receipts or Owner contribution.

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

H. In the event Agent reasonably anticipates disbursements will exceed receipts, Owner shall, upon demand, remit such excess to the Agent for deposit in the PM Trust account. In the event Owner fails to provide the requested funds within three (3) business days of the demand, Agent shall have the sole and exclusive right to determine what expenses and disbursements shall be made from the available funds. Owner recognizes that Agent may choose to pay expenses other than debt service, which may result in default by Owner on its loan. Owner assumes full responsibility for the payment of any expenses and obligations incurred in connection with the exercise of the Agent's duties set forth herein. In no event shall the Agent be required to use its own funds to pay any of the Owner's obligations.

I. Owner authorizes Agent to: a) transfer funds between two or more Owner's Trust Accounts maintained for the Owner, either by check or electronically via the Internet or ACH software; b) make payments electronically to Owner's lender for contractual mortgage payments on the Property; c) make the regular disbursements identified in section 3F, either by check or electronically via the Internet or ACH software; d) make payments electronically to a vendor's account for expenses relating to the Property. If deemed appropriate by Managing Agent, Owner authorizes Managing Agent to have the Property use a bank lockbox process or tenant payment provider in which the bank or software provider collects payments from tenants, creates an electronic record of the transaction and deposits the payments into the appropriate Owner's Trust Account following the instructions of Managing Agent.

J. To disburse security deposit funds at the sole discretion of the agent. The Owner will at no time have the use of security deposit funds collected by the Agent in accordance with Washington Statutes and rules. At the inception of this Management Agreement the Owner will turnover to the agent all security deposit funds collected by the Owner prior to this agreement. The Owner authorizes the Agent to attempt to collect tenant obligations and to negotiate payment plans and accept promissory notes. Owner also authorizes Agent to assign uncollected tenant obligations to a collection agency. The Owner agrees to pay all fees charged by the collection agency. Upon termination of this agreement, any outstanding collections shall be transferred to the Owner's name and the Agent is relieved from further collection responsibility.

K. To issue such notices to tenants as Agent may deem necessary; to commence litigation using attorneys chosen by Agent to recover possession of the property or portions thereof and to recover delinquent, unpaid rent; to pursue other appropriate remedies ancillary to such litigation; and to settle, compromise and adjust such litigation at all stages of the proceedings. The Owner shall pay legal expenses, other expenses and settlements.

L. To employ, pay, direct and discharge all employees or subcontractors deemed necessary by the Agent for the operation and maintenance of the property. The Agent will engage in reasonable business practices to insure that sub-contractors will not be judged to be employees of the Agent or of the Owner. The Owner is responsible and liable for any sub-contractors or persons that the Owner may direct to perform work on the property. Persons employed by the Agent to perform work on the property, including on-site employees, are considered employees of the Agent and not of the Owner. The Agent will exercise prudent business practices to comply with all federal and state employment law and worker's compensation insurance requirements. Notwithstanding that all such personnel are employees of Agent, Agent will not be liable for or responsible for any of their acts, defaults or negligence or for any error of judgment or mistake of law or fact in connection with their employment, conduct, or discharge, unless caused by the gross negligence or intentional misconduct of Agent's home office personnel, and Owner accepts the financial risk on account thereof as part of the consideration to Agent under this Agreement and shall indemnify, defend and hold Agent harmless on account thereof, including any deductible amounts on Agent's employer's liability insurance.

The Owner agrees to fund all costs associated with the employment of site personnel. Funding shall include direct and prorated portions of all payroll taxes, payroll expenses, liability insurance, worker's compensation insurance premiums and items included in Section 4B. Should the Agent, in order to secure lower insurance premiums for the benefit of the Owner, elect to purchase insurance policies that are performance rated or subject to retroactive audit, the Owner shall assume liability for the payment of retroactive premiums that may accrue. Should performance rating or audit result in a premium refund to the Agent, such premium refund shall accrue to the benefit of the Agent.

The Owner shall approve the compensation and benefit packages for all site-related employees of the Agent. The Agent may, without further authorization from the Owner, increase on-site employee compensation by an amount not to exceed \$ _____ or _____ % per calendar year. On-site employee bonuses or holiday gifts shall not exceed \$ _____ per employee, per occasion. The Owner does , does not agree to include health insurance as a part of employee compensation. An increase in scheduled rent for a unit occupied by an on-site employee shall not be considered as an increase in compensation.

M. To retain attorneys to defend Agent from any claim, suit, action, or other demand for which the Owner has assumed defense responsibilities under Sections 4L and 5.

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

5. **Liabilities and Indemnification. Owner Covenants:**

A. To indemnify and hold harmless Agent and Agent's employees from all damage, injury and costs by reason of the conditions of and occurrences upon the property or elsewhere while Agent is performing Agent's duties under this Agreement or otherwise effecting the Owner's directions.

B. To promptly and diligently defend Agent at Owner's expense from any claim, suit, action, demand or proceeding brought against Agent or Agent's employees and to indemnify and hold harmless Agent from all loss and damage on account of Agent's performance of this Agreement. The Owner's obligations to indemnify and hold Agent harmless shall survive termination of this agreement, but no provision of this Agreement purports to protect the Agent from Agent's gross negligence or willful misconduct. If the foregoing indemnity is determined by a court of competent jurisdiction to be too broad to be fully enforceable under applicable law, the parties agree that the indemnity's breadth shall automatically be narrowed to the extent, but only to the extent, required to make it enforceable under applicable law.

C. To obtain and maintain public liability insurance with contractual liability endorsement with no less than \$1,000,000 combined single limit. The Owner shall name the Agent as an Additional Named Insured on such policy and promptly provide the Agent current certificates of such insurance. The Owner agrees to regularly review and accept full responsibility for all terms, conditions and limits of insurance coverage. Any insurance maintained by Owner shall be deemed to be primary to and not participating with any insurance Agent may maintain for Agent's protection.

6. **Agent's Compensation:**

A. As compensation for the Agent's services, the Owner shall pay the Agent a minimum fee of \$ _____ per month or _____ % per month of the gross income collected, whichever amount is greater. Gross income shall include rent receipts from apartment units (including on-site employee), parking, garages, storage, tenant fees (excluding tenant application fees), security deposit forfeitures and vending income. Fees based on a percentage of gross income collected shall be due and payable upon receipt of the funds from the tenant. Pursuant to Washington Statutes and Rules, all fees due to the Agent for services will be paid no later than the last business day of the month in which they were earned or during the month immediately following. In addition, the Owner agrees to pay \$ _____ as an initial account set-up fee. In the event that the Agent is required by the Owner to solicit bids, contract, oversee or arrange for alterations, remodeling, replacements, energy conservation renovation, fire restoration or property rehabilitation in excess of \$ _____, the Agent will be compensated at the rate of ten percent (10%) of the cost of the work performed on the property.

B. 4 ELEMENTS PROPERTY MANAGEMENT, LLC's Maintenance Department may provide maintenance, repairs, construction, painting, ground care and turnover services to the property. 4 ELEMENTS PROPERTY MANAGEMENT, LLC's Maintenance Department is an auxiliary of 4 ELEMENTS PROPERTY MANAGEMENT. 4 ELEMENTS PROPERTY MANAGEMENT, LLC's Maintenance Department shall be subject to the same competitive market pricing and business standards as other vendors who may perform work on the property. Owner authorizes Agent to use the services of 4 ELEMENTS PROPERTY MANAGEMENT, LLC's Maintenance Department. Owner acknowledges 4 ELEMENTS PROPERTY MANAGEMENT, LLC's may profit from these services

C. The Agent shall be compensated for hourly time and for expenses related to work performed outside the scope of property management services included in this Management Agreement. Activities considered to be outside the scope of general property management services may include special or sales-related inspections, special sales-related reporting, assistance with financing, energy audits, maintenance of ownership entity records/licenses, mailings, and long distance phone charges. The hourly rates of compensation shall be \$65.00 per hour for Accounting and Clerical personnel and \$125.00 per hour for Washington Real Estate Licensees. The Agent acknowledges these services will only be initiated by request of Owner. In the event of the sale of subject property, Owner agrees to give the Agent the opportunity to participate in sale as Owner's Agent, or if Owner chooses other another Broker for purposes of disposition, Owner agrees to pay Agent 25% of the total commission paid.

7. **Tenant Fees:** The Agent may charge tenants and prospective tenants; late and NSF check fees. All fees accrue to the Agent unless the property employs a full-time resident manager.

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

8. Advances By Agent: The Agent, at its discretion, may elect to advance funds into the Client Trust Account to pay expenses incurred on behalf of the Owner, provided such expenses are within the scope of this Agreement. The Owner shall reimburse any such advances made by the Agent, within five (5) days of written or verbal notification by the Agent. If an advance by the Agent is not reimbursed within thirty (30) days after Agent's request, the advance shall bear interest at the rate of eighteen percent (18%) per annum from the date of the advance until the advance, principal and interest, is paid in full. In addition, a service fee of \$50.00 per month will be charged to the Owner's account until the advance and interest are paid in full.

9. Owner Approval and Written Notices:

A. Whenever this Agreement requires Owner's approval, unless written approval is specifically required, that approval can be verbal or in writing. Written approval includes e-mails and fax.

B. All written notices shall be mailed to the Owner at:

Street Address:

City, State, Zip:

Phone number :

and to the Agent at 3510 NE 3rd Ave, #139, Camas, WA - Phone number 360-356-5600. Notice shall be deemed given when deposited in United States Mail, properly addressed with postage.

10. Owner's Representations: Owner represents and warrants that: a) Owner is the owner of the Property and has full power and authority to enter into this Agreement; b) Owner's name on this Agreement is the same as shown on the real property records as the owner of the Property; c) there are no written or oral agreements affecting the Property other than tenant leases, copies of which have been furnished to Agent; d) 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); and e) the building does not contain any asbestos, lead, urea, formaldehyde, radon, or other toxic or hazardous substance and that no unsafe condition exists. Owner has provided Agent a true and complete copy of the instrument under which Owner took title to the Property.

11. Limitation of Liability: Agent agrees to shall use its best efforts to perform the services requested of it by Owner in accordance with this Agreement, but makes no warranties of any kind, express or implied, with respect to the services to be provided hereunder. In no event shall Agent be liable to Owner for incidental or consequential damages of any kind whatsoever. Agent's liability with respect to its performance or nonperformance of its obligations under this Agreement shall in no event exceed the sums paid to Agent pursuant to this Agreement.

12. Assignment: This Agreement shall be binding upon the successors and assigns of the Agent or upon the successors and assigns of the Owner.

13. Attorney's Fees: If suit or action is instituted concerning this Agreement, the prevailing party in the trial court and the prevailing party on any appeal shall recover reasonable attorney's fees awarded by the trial and appellate courts.

14. Liability of Co-Owners: In the event that more than one (1) person or entity owns the property covered by this Agreement, each shall be jointly and severally liable for all obligations imposed by this Agreement.

15. Compliance with Laws:

A. Agent shall use prudent effort to operate and maintain the property in full compliance with the requirements of all applicable laws, ordinances and regulations; provided, however, that Owner shall be liable for any costs, expenses and attorney fees incurred in effecting such compliance unless caused solely by the gross negligence or intentional misconduct of Agent's home office personnel. Agent shall not be held liable for actions relating to regulations under the Americans with Disabilities Act or relating to hazardous materials (including but not limited to mold) provided such action does not result from the gross negligence or intentional misconduct of Agent's home office personnel.

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

B. In order to comply with federally mandated lead-based paint disclosure requirements, Owner represents that the property was built on or before 19 . If built prior to December 31, 1978, Owner :

- does know
- does not know

about the presence of any lead-based paint. If known, Owner must provide Agent with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the property.

16. Amendment: This Agreement may only be amended in writing signed by Agent and Owner.

17. Taxpayer Identification Number(s):

Name: _____ Tax I.D. Number: _____ % of Ownership _____ %

Name: _____ Tax I. D. Number: _____ % of Ownership _____

The Owner understands that the Agent for tax reporting to the IRS will use the above taxpayer identification numbers. The Owner agrees to provide a current copy of IRS Form W-9 to the Agent.

Signatures:

Owner

Owner

Agent

Date: _____

Date: _____

4 Elements Property Management, LLC

Multi-Family Property Management Agreements

For:

EXHIBIT A:

Attach to the Property Management Agreement the Record of Title as provided by the County or title company.

When the title to the property is recorded in the name of a legal entity other than the name of the person(s) executing this Agreement, attach appropriate documentation indicating that the person(s) are authorized to act on behalf of this legal entity.

Initial:

Owner: _____ Agent: _____