

RESIDENTIAL MANAGEMENT AGREEMENT

This **Residential Management Agreement** ("Agreement") is made between **SageCrest Realty and Investments, LLC** (Agent), a New Mexico limited liability corporation, and Owner or Owners Per Deed ("Owners").

I. Recitals

- A. Owner holds legal title to the premises located at _____ (the "Property")
- B. Agent is in the business of managing, operating, and providing leasing services within Bernalillo and Sandoval Counties, New Mexico
- C. Owner desires to secure the services of Agent for the purpose of leasing the Property to qualified tenants.
- D. Agent desires to manage, operate, and lease the Property to qualified tenants on behalf of Owners.

II. Terms of Agreement

- A. The term of this Agreement shall be for a period of one (1) year.
- B. The term of this Agreement shall commence on _____.
- C. Upon expiration of the initial term, this Agreement will automatically renew for a period of one (1) year and such renewals shall be ongoing upon the expiration of each term, unless terminated as described below.

III. Designation of Agent

Owner hereby appoints Agent as the sole and exclusive agent to lease, operate, and manage the Property.

IV. Financial Obligations

Owner hereby covenants that at the time of the execution of Agreement, the following financial obligations, including but not limited to mortgage, property taxes, insurance, and homeowner's association dues, for Property are current or there is a zero balance on the account.

V. Agent Obligations

Agent agrees to:

- A. Use due diligence in the management of the Property and to provide services for the leasing, operating, and management of the Property.
- B. Qualify all prospective tenants within established guidelines.
- C. Deposit all collections into Agent's Property Management Trust Account, which shall be separate from Agent's personal and corporate account and which account shall be maintained in a federally insured banking institution, but Agent shall not incur any liability for loss of trust funds due to bankruptcy or failure of the depository.

- D. Render monthly statements of receipts, charges, and expenses to Owner. In the event the disbursements and charges are in excess of receipts, Owner agrees to pay such excess promptly. Nothing herein shall obligate Agent to advance funds on behalf of Owner.
- E. To issue one (1) 1099 to Owner in accordance with IRS regulations on or before January 31 of each year. Agent will not assign more than one Social Security Number or Federal Tax ID number to a Property.
- F. Agent shall comply with the requirements of the Uniform Owner-Resident Relations Act in the management of the Property.

VI. Owner Covenants

Owner hereby gives Agent the authority to contract in the Owner's name and at the Owner's expense, and to:

- A. Advertise the Property for lease; to post signs on the Property; to screen prospective residents and to place a qualified resident into occupancy.
- B. Collect rents and security deposits and to appropriate security deposits in accordance with New Mexico statutes.
- C. Make or cause to be made all ordinary repairs and replacements necessary to preserve the Property in a rentable condition and for the operating efficiency thereof and as required to comply with any current lease agreement, applicable housing code, or any other applicable code or law.
- D. Execute contracts for utilities and services, which includes but is not limited to gas, electric, water, sewer, and trash, for the operation, maintenance and safety of the property as Agent deems advisable and/or necessary. Contracts entered into on behalf of Owner shall not exceed the term of twelve months.
 - a. Properties with grass or elaborate landscaping must have yard service contracts which shall be administered by the Agent.
 - b. Properties with pools and hot tubs or spas must have pool service contracts which shall be administered by the Agent.
- E. Negotiate contracts for non-recurring items not exceeding TWO HUNDRED FIFTY and 00/100 DOLLARS (\$250.00) per item and to enter into agreements for all necessary repairs, maintenance, and utility service to the Property.
- F. Hire and discharge other employees to perform services or improvements to the property.
- G. Reimburse Agent for all work completed and advances made relating to the Property within five days of the date of any invoice tendered to the Owner by the Agent.
- H. Institute and prosecute actions to remove tenants and to recover possession of the Property and to sue for and recover rent, and when expedient, to settle, compromise, and release such actions or suits or to reinstate such tenancies.

VII. Deposits

- A. All deposits tendered by tenant to Agent shall be retained by Agent in a trust account. Owner understands that any balance of a deposit placed with Agent by a tenant will be refunded, less expenses, to that tenant upon termination of the tenancy with that tenant.
- B. Owner shall have no interest in nor any right to possession of any deposit placed with Agent by tenant.

VIII. Compensation

In return for managing the Property, Owner agrees to pay Agent the following:

- A. Commission will be **TWELVE PERCENT (12%)** if SageCrest Realty did not assist in purchase of property. A commission of TEN PERCENT (10%^{*}) of rent collected provided SageCrest Realty will represent seller at time of sale or, if agent represented the property owner in the purchase of the property, rate will drop to NINE PERCENT (9%^{*}) and if more than one property is purchased at one time we'll negotiate at that time.
- B. A yearly administrative set-up fee of FOUR HUNDRED SIXTY FIVE AND 00/100 DOLLARS (\$465.00 + GRT of 6.6875% \$31.10) payable upon execution of this agreement. FOUR HUNDRED (\$400.00) dollars for emergency reserve, repairs etc. will also be payable upon execution of the agreement.
- C. Three percent (3%) of the selling price, should the Property be sold to an individual or individuals named in a lease of the Property, or an extension thereof, during, or within one hundred eighty (180) days following the termination of, such lease.
- D. A vacancy management fee of FIVE PERCENT (5%) of advertised rent amount during periods which Owner instructs Agent to hold the property vacant or during periods where extensive repairs are required and the Property cannot be marketed.
- E. Gross receipts tax of 6.6875% shall be added to all fees charged to the Owner.

*** A Seller Agreement Will Be Signed and Keep on File.**

IX. Authorized Maintenance

Owner specifically authorizes the following maintenance and repair work at Owner's expense where applicable:

1. Twice yearly conversion of the heating and cooling system for properties equipped with evaporative air cooling.
2. Re-keying of all exterior and interior doors into house prior to the first resident taking possession and between each resident thereafter, when necessary.

3. Installation of smoke detectors so as to comply with applicable building codes and city ordinances.
4. Installation of carbon monoxide detectors near furnaces.
5. Installation of fire extinguishers on each floor of the property.
6. Inspection and refilling of fire extinguishers as necessary.

The above listed items do not represent all work that will be performed at the property and does not limit the authority granted in Article V of this Agreement.

X. Homeowner's Association

In the case that Property is located in a neighborhood governed by a HOA, Owner gives Agent authority to disburse all HOA payments associated with the Property. Agent will act as liaison between HOA and tenant.

XI. Property Insurance

- A. Owner agrees to initiate and keep current an insurance policy ("Insurance") on the Property.
- B. Insurance shall be a policy appropriate for rental dwellings, "Neither Owner nor Owner's Agent shall be liable for personal injury for damage to or loss of Resident's personal property (furniture, jewelry, clothing, etc.) from flood, fire, water leaks, rain, hail, ice, snow, explosions, interruption of utilities, acts of God or any other reason unless due to the deliberate or negligent acts of Owner. OWNER'S INSURANCE PROVIDES NO COVERAGE FOR LOSSES OF RESIDENT'S PERSONAL PROPERTY. Resident(s) are required to procure renter's insurance within ten days of occupancy. Resident(s) shall indemnify and defend Owner and Owner's Agent and hold Owner and Owner's Agent harmless from any expenses, including reasonable attorney fees, resulting from claims by others arising from the conduct or the use of the premises by Resident(s) or Resident's family members or Resident's guests."
- C. Owner agrees to list SageCrest Realty & Investments, LLC as "additional insured" on Owner's policy.

XII. Authorized Financial Payments

Owner hereby authorizes Agent to pay the financial obligations as directed by the Owner on a separate financial data and payment information schedule. Obligations are to be disbursed from the rents collected on any property managed by Agent on behalf of Owner. In the event that the disbursements required to pay these obligations are in excess of receipts, Owner agrees to pay such excess promptly.

XIII. Termination

This agreement may be terminated upon thirty (30) days written notice by either party.

1. In the event of termination of the Agreement, within the first year of Agent's management of the Property by Owner for any reason, Owner agrees to immediately compensate Agent in an amount equal to all

- commissions remaining due and owing to Agent under this Agreement as if the Agreement had not been terminated prior to its expiration.
2. Should Agent terminate this Agreement, Agent shall be entitled to no commission following the effective date of termination.
 3. This Agreement shall terminate immediately upon the listing of the Property for sale with any broker, realtor, sales associate, entity, and/or person that is not associated with SageCrest Realty & Investments. Upon the listing of the Property for sale with any broker, realtor, sales associate, entity, and/or person that is not associated with SageCrest Realty & Investments, Owner shall compensate Agent in an amount equal to all commissions remaining due and owing to Agent under this Agreement as if the Agreement had not been terminated prior to its expiration.
 4. Termination of this agreement shall simultaneously release both Owner and SageCrest Realty & Investments from their future responsibilities hereunder as of the effective date of such termination. Termination of this Agreement shall not be deemed a waiver of any pre-existing right of either party nor of pre-existing breach, and shall not terminate or release any liability of Owner for any indemnity, based upon any facts existing prior to termination, whether or not asserted by agent prior to termination.

XIV. Hold Harmless Clause

Owner shall save Agent harmless from all damage suits and costs, including attorney fees, incurred wherefrom in connection with the management of the Property and from liability from injuries suffered by an employee or other person whomsoever and to carry at Owner's expense necessary liability insurance adequate to protect the interest of the parties hereto, which policies shall be so written as to protect Agent to the same extent as Owner and will name Agent as an additional insured on the policy. **A copy of this insurance must be provided to Agent.** The Agent also shall not be liable for any error of judgment or for any mistake of fact or law, or for anything that it may do or refrain from doing hereinafter, except in the case of willful misconduct or gross negligence.

XV. Assignment

Owner agrees and covenants that he/she/they will not assign any obligation or delegate any duty owed to Agent under this Agreement without the written consent of Agent.

XVI. Waivers

Owner agrees that any delay or omission in the enforcement of any of the agreements and covenants contained in this Agreement by Agent shall not affect the duty of Owner to hereinafter faithfully fulfill and perform all of the agreements contained herein, and that the failure, neglect, or omission of Agent to terminate this Agreement for any one (1) or more breaches of any agreements and covenants hereof, shall not be deemed a consent by Agent or such breach and shall not impede, impair, estop, bar, or prevent Agent from thereafter terminating

this Agreement, either for such violation, or for prior or subsequent violations of any covenant or agreement hereof.

XVII. Binding Effect

The agreements, covenants, terms, conditions, provisions, and undertakings in this Agreement, or any extension or renewal thereof, shall extend to and be binding upon the heirs, personal representatives, assigns, and successors in interest of the respective parties hereto, as if they were in every case named and expressed, and shall be construed as covenants running with the land; and where reference is made to either of the parties hereto, it shall be held to and include and apply also to the heirs, personal representatives, successors, and assigns of such party, as if each and every case so expressed.

XVIII. Severability

If any provision in this agreement shall be declared invalid or unenforceable by any court of competent jurisdiction, the remainder of this Agreement shall continue in full force and effect.

XIX. Governing Law and Construction

- A. This Agreement shall be governed by the laws of the State of New Mexico.
- B. Owner understands that New Mexico and Federal Housing laws prohibit discrimination in the sale, rental, appraisal, financing, or advertising of housing on the basis of race, color, religion, sex, familial status, handicap, national origin or ancestry.

XX. Multiple Properties Managed

If Owner has placed multiple properties with Agent, permission is granted to co-mingle funds among Owner's properties as long as separate accounting is maintained.

XXI. Fees and Charges to Tenant

Owner acknowledges that Agent is charging tenant late charges on past due rent and resident accounts, transaction fees for the use of credit cards, utility bill processing fees, and application fees. These receipts are administrative charges to Agent and not receipts to Owner.

XXII. Privacy Statement

- A. Owner acknowledges that Agent collects information from various sources and maintains files containing the information collected by Agent.

Agent does not rent, sell, or share personal information about you with other people or nonaffiliated companies except to provide products or services you have requested when we have your permission.

- B. Owner acknowledges that Agent may disclose and all information contained in Agent's files and will respond to subpoenas, court orders, or legal process, or to establish or exercise Agent's legal rights, including but not limited to the collection of amounts owed to Agent by Owner, or defend against legal claims.
- C. Owner acknowledges that Agent may share market data information with other real estate professionals.

XXIII. Executions

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

To Start This Contract, the Following is Required;

\$465.00 Set Up Fee

31.10 GRT

\$400.00 Maintenance Fund

Total \$896.10

&

The Last Page of This Contract Sign and Returned with Fees.

In Accordance Section VIII Your Rent Commission Is 10% Per Property

Owner Signature **Date**

Owner Signature **Date**

By: _____
Agent **Mike Haspert** **Date**

QUALIFYING BROKER:

Coleen Haspert, NM Qualifying Broker (License # 38270)

PROPERTY MANAGER

Mike Haspert, NM Associate Broker (License #39883)

SAGECREST REALTY AND INVESTMENTS, LLC

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