

Progressive Property Management, Inc.
Manager Agreement

_____ (“Owner”), and **PROGRESSIVE PROPERTY MANAGEMENT, INC. (DRE# 01958885)** (“Manager”), Agree as follows:

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- 1. APPOINTMENT OF MANAGER:** Owner hereby appoints and grants Manager the exclusive right to rent, lease, operate, and manage the property(ies) known as _____ and any additional property that may later be added to this Agreement (“Property”), Upon the terms below, for the period beginning (date) _____ and ending (date) _____ at 11:59 PM. (If checked:)

✓ Either party may terminate this Property Management Agreement (“Agreement”) with at least 60-day written notice no earlier than 6 months after the original commencement date of this Agreement if Manager has secured a Tenant for Owner. After the exclusive term expires, this agreement shall continue as a non-exclusive agreement that either party may terminate by giving at least 30-days written notice to the other. If Owner prematurely terminates agreement for any reason, all monies due Owner, if any, will be returned within 60 days.

- 2. MANAGER ACCEPTANCE:** Manager accepts the appointment and grant, and agrees to:
- I. Use due diligence in the performance of this Agreement.
 - II. Furnish the services of its firm for the rental, leasing, operation and management of the Property.
- 3. AUTHORITY AND POWERS:** Owner grants Manager the authority and power, at Owner’s expense, to:
- I. **ADVERTISING:** Display FOR RENT/LEASE and similar signs on the Property and advertise the availability of the Property, or any part thereof, for rental or lease. Also, use standard marketing procedures to attract, qualify and secure a new tenant (if no tenant in property). This may include Craigslist, Rent.com and the Southern California Multiple Listing Service (CRMLS).
 - i. Owner agrees that such expenses incurred for advertising, out of country phone calls, collection costs, legal notices are the responsibility of the Owner and shall be reimbursed to Manager if requested by Owner and considered more than the standard marketing procedures. Manager will work diligently to procure qualified tenants at fair market rents. Manger will use due diligence in the screening and selection of tenants and abide by all fair housing laws.
 - ii. Zillow Marketing Fee: Effective January 12, 2021, Zillow, which also owns HotPads and Trulia, will be billing our company **\$1.52** per day for every day a lease listing is active on the MLS. Since Zillow commands a large marketing presence, Manager will pay this fee and bill Owner for this expense. If Owner chooses not to use the MLS, this fee will not be charged.
 - II. **RENTAL; LEASING:** Manager will act on behalf of the Owner. Manager will retain **40%** of the first month’s rent as a tenant acquisition fee. **10%** of this fee shall be offered to the Agent who represents the tenant.
 - i. In the event Manager secures the tenant, this fee will be retained by Manager who would be representing both parties. This fee is calculated on one month’s rent and not the actual funds collected the month the tenant takes possession of the property (e.g., the tenant moves in on the 15th and Manager collects ½ of the first month’s rent, the tenant acquisition fee will be charged for a full month). Manager is authorized to negotiate and sign leases on behalf of Owner and in the name of Owner or Manager.
 - ii. It is understood that all such tenants are tenants of the Owner and not the Manager. Listing Manager may also initiate, sign, renew, modify or cancel rental agreements and leases for the Property, of any part thereof; collect and give receipts for rents, other fees, charges and security deposits. It is understood and agreed that this property will be rented in accordance with Fair Housing Laws without regard to race, creed, religion, sex, age, physical or mental handicap, disability, height or weight, marital status or familial status, color or national origin, or any other class protected by law.

Owner Initial

Owner Initial

Manager shall use all reasonable efforts to keep the Premises rented by procuring tenants for the Premises. However, Manager does not guarantee the payment of rent by the tenant, but will make every reasonable effort to collect when and as they become due.

Any lease of rental agreement executed by Manager for Owner shall not exceed 1 year or shall be month-to-month. Unless Owner authorized a lower amount, initial asking rent shall be market rent; OR See attachment.

- iii. Manager will collect rent payments from tenant which will be due the 1st of each month and late by the 5th. Manager is authorized to sign and serve for the Owner notices to terminate the tenancies and other such notices as the Manager deems appropriate; to institute the legal actions in the name of Owner or Manager to evict tenants and recover possession of the premises; to recover rents and other sums due; and when expedient to settle, compromise and release such actions or suits or reinstate such tenancies.
 - iv. Furthermore, since Manager is not authorized to practice law, where legal assistance is needed for such matters as enforcing the collection of rent or eviction of a tenant, such action shall be through legal counsel. If rent is not collected by the 5th, Manager will email or mail and post an "Eviction Letter" by the 6th of the month. Manager will Deliver "3 Day Notice to Quit" if payment not received by the 10th of the month.
 - v. If the lease or rental agreement contains a "Late Fee" charge, Manager shall be entitled to **50%** of such fee as additional compensation for the additional time and expenses of collecting the delinquent rental payment. Late fee will be levied at the Manager's discretion.
- III. **TENANCY TERMINATION:** Manager may sign and serve in Owner's name notices that are required or appropriate; commence and prosecute actions to evict tenants, hire and manage attorney to proceed with eviction in the event of non-payment; recover possession of the Property in Owner's name; recover rents and other sums due and, when expedient, settle, compromise and release claims, actions and suits and/or reinstate tenancies.
- IV. **FINANCIAL AUTHORITY:** Collect all administrative charges without accounting to Owner any additional tenant fees, administration fees, processing fees, animal fees, posting fees, application fees or any other tenant related charges associated with management.
- V. **CREDIT CARD/PURCHASE POINTS:** If Manager makes a purchase on behalf of Owner with a personal or company credit card/account that accrues points, Manager shall be entitled to all points or bonuses as a result of the purchase.
- VI. **REPAIR; MAINTENANCE:** No repairs, decorations, alterations or supplies costing more than **\$350** shall be made without prior approval from Owner, except for monthly or recurring operating charges, emergency repairs, or in the event the Owner is not reasonably available for consultation.
- i. Sierra Maintenance Services (a fictitious business name of Lagani, Inc.) is used by Manager to perform repair, maintenance and other services for Owner. Sierra Maintenance Services is wholly owned by Scott P. Brady, the Owner of Progressive Property Management, Inc. Owner authorizes Manager to use the services of Sierra Maintenance Services at Manager's sole discretion when anticipated cost savings can be rendered as compared to using other vendors. Sierra Maintenance Services bills at a rate of \$50 to \$75 an hour depending on the type of services provided.
 - ii. If the Manager deems such expenditures in excess of this amount are necessary for the protection of the property from damage or persons from injury or to perform services to the tenants provided in their leases or rental agreements make, cause to be made, and/or supervise repairs, improvements alterations and decorations to the Property; Owner authorizes the purchase, and to pay bills for such services and supplies.
 - iii. Manager shall obtain prior approval of Owner for all expenditures over **\$350** for any one item. Prior approval shall not be required for monthly or recurring operating charges or, in Manager's opinion, emergency expenditures over the maximum are needed to protect the Property or other

property(ies) from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines or suspension of services to tenants required by lease of real agreement or by law, including, but not limited to, maintaining the Property in a condition fit for human habitation and required by the Civil Code §§1941 and 1941.1 and Health and Safety Code §§17920.3 and 17920.10. Manager shall inspect and take any action necessary to comply with federal, state, county or municipal safety and building codes affecting the property.

- VII. **REPORTS, NOTICES AND SIGNS:** Manager will comply with federal, state or local law requiring delivery of reports or notices and/or posting of signs or notices.
- VIII. **VENDOR REQUIREMENTS AND PROGRAMS:** All vendors contracted by Manager must be approved by Manager.
- i. Every vendor will be screened and required to provide the following in order to be considered an Approved Vendor: 1) provide a Federal Tax ID Number with a completed W-9 Form; 2) provide a copy of their business license, if applicable; 3) provide copies of at least \$100,000 in General Liability Insurance showing Progressive Property Management, Inc., as additionally insured; 4) and if required by law, provide a copy of their Workers Compensation Insurance or other specialty policies required by that industry.
 - ii. If Owner would like to contract with a Vendor that is not approved, Owner must pay that Vendor since only Approved Vendors can receive payment from Manager. Manager shall be held harmless and for work authorized by, and paid for, by Owner.
- IX. **CONTRACTS; SERVICES:** Manager will contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the Property. Manager may perform any of Manager's duties through attorneys, Brokers, employees, of independent contractors and, except for persons working in the Manager's firm, shall not be responsible for their acts, omissions, defaults, negligence and/or costs of same. Manager's services do not include any work related to the sale of the property. This includes, but is not limited to, securing signed estoppel certificates or settling appointments for warranty inspections or inspections by buyers, Brokers, and appraisers.
- X. **EXPENSE PAYMENTS:** Manager will pay expenses and costs for the Property from Manager's funds held by Manager, unless otherwise directed by Owner. Expenses and costs may include but are not limited to, property management compensation, fees and charges, expenses for goods and services, property taxes and other taxes, Owner's Association dues, assessments, loan payments and insurance premiums.
- XI. **SECURITY DEPOSITS:** Manager will receive security deposits from tenants, which deposits shall be placed in Manager's trust account or, if checked, given to Owner.
- XII. **TRUST FUNDS:** Manager will collect rents, security deposits and all other receipts and deposit monies into Manager's general trust account for the Owner with a qualified banking institution, but Manager shall not be responsible for the failure of such depository.
- i. The general trust account shall not be an interest-bearing account. Manager will deposit all receipts collected for Owner, less any sums properly deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The funds shall be held in a trust account separate from Manager's personal accounts. Manager shall not be liable in event of bankruptcy of failure of a financial institution.
 - ii. Manager may, at Manager's discretion, hold security deposits in a separate account in trust for the tenants. Upon termination of the tenancy by the tenant, if applicable, Manager shall disburse the security deposit appropriate at the termination of the tenancy. Manager is not liable for tenant damages, including unpaid rent, which exceeds the security deposit.
 - iii. Owner authorizes Manager to deposit all trust funds received about this property management service into an analyzed trust account. The analyzed trust account accrues earnings credits that are used to offset bank services charges assessed to Manager. Any excess earnings credits or funds earned from the analyzed trust account may be paid to Manager or vendors used by the Manager. The analyzed trust account provides Manager with a financial benefit.

Owner Initial

Owner Initial

- XIII. **RESERVES:** Manager shall collect from Owner, or deduct from first month's proceeds, an operating reserve equal to **\$350**. Should Owner or Manager terminate this agreement, this reserve will be refunded to the Owner. This operating reserve shall be used to pay for any monthly expenses that may occur during the management of the property. Maintain a reserve in Manager's trust account of **\$350**.
- XIV. **DISBURSEMENTS:**
 (i) Manager agrees to pay from gross receipts all operating expenses and such other expenses as may be authorized by Owner including:
- Maintenance, Repairs Utilities Mortgage Payments HOA Property Taxes
 Insurance Payroll Taxes Pool Service Landscaping Other: _____
- (ii) Owner assumes full responsibility for the payment of any expenses and obligations incurred in connection with the proper and reasonable exercise of the Manager's duties set forth in this Agreement.
- (iii) Any excess of receipts over disbursements and operating reserve of **\$350** shall be forwarded by the 15th of the current month.
- (iv) Disburse Owner's funds held in Manager's trust account in the following order:
 (1) Compensation due Manager under paragraph 10
 (2) All other operating expenses, costs and disbursements payable from Owner's funds held by Manager
 (3) Reserves and security deposits held by Manager
 (4) Balance to Owner
- XV. **OWNER DISTRIBUTION:** Manager will remit funds, if any are available, monthly to Owner. One distribution per month is included in the base management fee, as soon as funds are available or on the 15th of each month, whichever Owner prefers.
- XVI. **OWNER STATEMENTS:** Manager shall maintain accurate records of all monies received and disbursed in connection with its Management of the property and said records shall be open for inspection by Owner during regular business hours upon reasonable notice. Manager shall submit a monthly report, forward copies of any paid bills and disburse proceeds within 5 days from the receipt of good funds and render monthly statements of receipts, expenses and charges for each Property. Manager agrees to submit monthly statements of all receipts and disbursements by not later than the 15th of the current month. Manager shall also deliver to Owner an annual statement that will be accompanied by a 1099 and a reporting of expenses paid in that calendar year on or before January 31. Owner agrees to receive 1099 form electronically, via the secure Appfolio owner portal.
- XVII. **MANAGER FUNDS:** Manager shall not advance Manager's own funds in connection with the Property or this Agreement.
- XVIII. **KEYSAFE/LOCKBOX:** (If checked) Owner authorizes the use of a keysafe/lockbox to allow entry into the Property and agrees to sign a keysafe/lockbox addendum (C.A.R., Form KLA) if requested by Manager.
- XIX. **ADDITIONAL WORK:** If Owner requests additional work of Manager beyond the scope of work agreed to in this agreement. Manager, may, at its discretion, perform that work at a fee of **\$30** per hour. The minimum fee will be **\$50** for any work performed. Owner shall agree to this additional fee before work is performed.
- XX. **SALE OF PROPERTY:** Should Owner decide to sell the subject property, Manager shall not be responsible for meeting Agents, Appraisers, Inspectors or coordinating with Tenants for showings or appointments with third party vendors. If Owner chooses to use the services of the Manager as the Listing Agent through Partners Real Estate Group, Manager will credit Owner for all base management fees paid to date of close of escrow, up to a maximum of 1% of the sales price. Owner is not required to use the services of the Manager to sell the property, but recognizes the cost savings and ease of coordinating third parties by doing so.

 Owner Initial

 Owner Initial

- XXI. **INCLUDED INSPECTION:** Manager agrees to perform an annual inspection of the property under management at least once per year, typically 75 days prior to the expiration of the lease, and this inspection is included in the base fee charged by the Manager.
- i. **Home Condition Assessment (HCA)** – To help ensure Owner’s investment property is properly maintained, an annual inspection by the Property Manager, but Manager may also schedule a Home Condition Assessment (HCA) with a licensed contractor to provide an itemized list that need to be addressed as preventative maintenance. Manager provides the HCA to Owner with recommended items to be addressed, but Owner will provide final approval on specific repairs. All issues that present a health and safety issues will be addressed promptly. Note: one annual Home Condition Assessment included with Premium Pricing Plan.

Choose Frequency of the Home Condition Assessment to be Conducted:

- () One Assessment Per Year Conducted Prior to Renewal - **\$95**
- () Owner Does Not Request an Annual Home Condition Assessment

- XXII. **ADDITIONAL FEES:** Manager will charge Owner for the following services:
- i. **Tenant Transfer** – Manager will charge **\$100** to transfer an existing tenant to Manager’s system. Manager shall review the lease, inspect the property, on-board the tenant.
 - ii. **Contract Close Out** – If Owner provides written notice to terminate services with Manager, Manager shall charge Owner a **\$100** close out fee. Manager will provide Owner with all lease documentation and store all applicable information for three years per Department of Real Estate regulations.
 - iii. **Home Warranty Coordination** – If Owner has a home warranty policy in effect, Manager shall charge **\$75** annually to coordinate every home warranty service call. If Owner chooses Manager’s “Premium Pricing Plan” this fee will be waived.
 - iv. **Annual Tax Preparation** – Every January, each Owner will be charged a **\$35** to tax preparation fee to generate the 1099, report taxable revenue to the IRS, obtain vendor insurance and licensing, and audit the Owner’s file for compliance.

- 4. PERFORMANCE GUARANTEES:** This is a disclosure regarding the limitations and responsibilities of Manager with regards to the Performance Guarantees. All the guarantees are included with the base management fee agreed to by the Owner.
- I. **Payment Guarantee:** When your property is vacant, and you are not collecting rent, we do not charge a management fee for that month. the tenant fails to pay the monthly rent as agreed, Manager will not collect a management fee for that month. If a tenant does not pay as agreed, we only charge a minimum fee to manage your property.
 - II. **Service Guarantee:** Manager will forward the Owner’s monthly proceeds within 5 business days of receipt of “good” funds from the tenant. Good funds are defined as a rent payment that clears with the bank (this can take as much as 3 business days). If Manager does not wire, mail or transfer said funds within 5 business days, Manager will waive that month’s property management fee for that property.
 - III. **Fee Guarantee:** If an Owner can find a lower fee to manage their property in writing, Manager will match that fee. The competing property management cannot charge any miscellaneous fees and the quote must be only a percentage of rents collected. The only fee the competing firm may quote is 50% of any late fees collected.
 - IV. **Response Guarantee:** If an Owner or tenant calls, texts or emails us about any matter, Manager will respond within 24 hours of receipt of the message. If there is no response within 24 hours, Manager will waive the property management fee for that month. Tenants and Owner must use the emergency number of Manager **(714) 394-3335** for weekend calls in order for the Response Guarantee to be valid.
 - V. **Satisfaction Guarantee:** If you the property Owner are not satisfied with the services of Manager; you may cancel this contract at any time with a 60-day notice. If Manager places a tenant in the property, this cancellation will be valid after 6 months after placing that tenant.

 Owner Initial

 Owner Initial

- VI. **Tenant Guarantee:** If a tenant the Manager places into the property and for whom a tenant acquisition fee has been charged to the Owner, must be evicted by Manager within 12 months of the execution of the contract, Manager will waive the next tenant acquisition fee to secure the next tenant.
- VII. **Happiness Guarantee:** If Manager takes over management of a property from an Owner which the Owner has been self-managing and which currently has a tenant paying as agreed, Manager agrees to rebate 50% of the property management fees paid to the date that the Owner notifies Manager of the cancellation of the contract. Owner must notify Manager in writing no sooner than 6 months and no later than 12 months after the execution of this agreement. After 12 months, Owner may still cancel this agreement, but Manager will not be obligated to refund any management fees collected to that date.
- VIII. **Rental Guarantee:** If Manager takes longer than 21 days from the commencement of property marketing (placement on the MLS) to receive an acceptable tenant, Manager will credit Owner 1 month's management fee. Manager and Owner must agree upon the asking lease price and prospective tenant must meet minimum Manager tenant standards (minimum credit score of 600, minimum gross income greater than three times the monthly rent and no late mortgage or rental payment in the previous 12 months). If Owner rejects a qualified applicant, guarantee shall not be in effect.

5. OWNER RESPONSIBILITIES: Owner shall:

- I. Provide all documentation, records and disclosures as required by law or required by Manager to manage and operate the Property, and immediately notify Manager if Owner becomes aware of any change in such documentation, records or disclosures, or any matter affecting the habitability of the Property.
- II. Indemnify and save the Manager harmless from all costs, expenses, attorneys' fees, suits liabilities, or damages from or connected with the management of the property by Manager or the proper performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to Manager. The Manager shall not be liable for any error of judgment or for any mistake of fact or law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence. Indemnify, defend and hold harmless Manager, and all persons in Manager's firm, regardless of responsibility, from all costs, expenses, suits, liabilities, damages, attorney fees and claims of every type, including but not limited to those arising out of injury or death of any person, or damage to any real personal property of any person, including Owner, for: **(i)** any repairs performed by Owner or by others hired directly by Owner; or **(ii)** those relating to the management, leasing, rental, security deposits, or operation of the Property by Manager or any person in Manager's firm, or the performance of exercise of any of the duties, powers or authorities granted to Manager.
- III. Maintain the Property in a condition fit for human habitation as required by Civil Code §§ 1941 and 1941.1 and Health and Safety Code §§ 17920.3 and 17920.10 and other applicable law, or other statute.
- IV. Pay all interest on tenants' security deposits if required by local law or ordinance.
- V. Agrees to carry, at Owner's expense, a comprehensive general liability policy with a minimum limit of \$500,000 for bodily injury and property damage. If allowed by Owner's insurance and if there is no additional cost to Owner, Manager is to be named as additional insured. Owner shall immediately furnish Manager with a certificate of insurance evidencing the above coverage is in force with a carrier acceptable to the Manager. In the event Manager receives notice that said insurance coverage is to be canceled, Manager may at its option cancel this Agreement. Carry and pay for (i) public and premises liability insurance in an amount of no less than \$1,000,000; and (ii) property damage adequate to protect the interests of Owner and Manager. Manager shall be, and Owner authorizes Manager to be, named as an additional insured party on Owner's policies.
- VI. Pay any late charges, penalties and/or interest imposed by lenders or other parties for failure to make payment to those parties, if the failure is due to insufficient funds in Manager's trust account available for such payment.
- VII. Immediately replace any funds required if there are insufficient funds in Manager's trust account to cover Owner's responsibilities.

Owner Initial

Owner Initial

- 6. OWNER REPRESENTATIONS:** Owner represents that unless otherwise specified in writing, Owner is unaware of: **(i)** any recorded Notice of Default affecting the Property; **(ii)** any delinquent amounts due under any loan secured by, or other obligation affecting, the Property; **(iii)** any bankruptcy, insolvency or similar proceeding affecting the Property; **(iv)** any litigation, arbitration, administrative action, government investigation, or other pending or threatened action that does or may affect the Property or Owner’s ability to transfer it; and **(v)** any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Manager in writing if Owner becomes aware of any of these items during the term of this Agreement.
- 7. HOLD HARMLESS:** Except for the willful misconduct of Manager, Owner shall indemnify, defend and hold Manager (including its shareholders, officers and directors) harmless from all loss, damage, cost expense (including attorneys’ fees), liability, claims, investigations and lawsuits by third parties for personal injury or property damage incurred or occurring in, on or about the Premises that are connected with the management of the property, during the term of this agreement or after its termination, including any liability for error of judgment, a mistake of fact of law, or for anything which Manager may do or refrain from doing hereinafter.
- I. Manager, under this agreement, shall not be responsible for delays in the performance of any obligation unless there is an intentional delay caused by Manager or its employees.
 - II. Owner shall pay, except as provided elsewhere in this agreement, all expenses incurred by the Manager, including, but not limited to, reasonable attorneys’ fees and Manager’s costs and time in connection with any claim, proceeding, or suit involving an alleged violation by the Manager or Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, fair housing, including, but not limited to, any law prohibiting, or making illegal, discrimination on the basis of race, sex, creed, color, religion, national origin, age, marital status, or mental or physical handicap, provided, however, that the Owner shall not be responsible to the Manager for any expenses in the event that Manager is finally adjudicated to have personally, and not in a representative capacity, violated any such law, unless such acts and or omissions are outside the course and scope of Manager’s duties hereunder.
 - III. Nothing contained herein shall obligate the Manager to employ counsel to represent the Owner in any such proceeding or suit. The Owner also agrees to pay reasonable expenses (or an apportioned amount of such expenses where other employers of Manager also benefit) incurred by the Manager in obtaining legal advice regarding compliance with any law affecting the premises or activities related thereto. Manager assumes no responsibility or management of personal property left by Owner at premises.
 - IV. Owner shall not hold the Manager liable for any willful neglect, abuse or damage to the premises by tenants or vandals or other nor for loss of or damage to any personal property of the Owner or any tenant including loss due to exchange or theft by tenants or any third party. Further, the Owner shall not hold the Manager liable for any error of judgment or mistake of law except in cases of willful misconduct or gross negligence.
- 8. TAX WITHHOLDING:**
- I. The Owner authorizes Manager to remit trust funds of the Owner (which funds may consist in whole or part of rent or rents and other taxable income collected for Owner by Manager) to the California Franchise Tax Board as and for withholding taxes, when the Owner is subject to the Non-Resident Withholding Requirement under the California Revenue and Taxation Code.
 - II. If Owner is not a California Resident or a corporation or LLC qualified to conduct business in California, Owner authorizes Manager to withhold and transmit to California Franchise Tax Board (“FTB”) 7% of the gross payments to Owner that exceed \$1,500 received by Manager, unless Owner completes and transmits to Manager FTB form 589, nonresident reduce withholding request, FTB form 588, nonresident withholding waiver, or FTB form 590, withholding exemption certificate. If Owner does not obtain the waiver and Manager must withhold 7% of the gross payments, Owner will pay a **\$50** quarterly withholding fee to Manager if quarterly withholding is necessary.

Owner Initial

Owner Initial

- III. If Owner is a nonresident alien individual, a foreign entity, or other non-U.S. person, (Foreign Investor) Owner authorizes Manager to withhold and transmit to the Internal Revenue Service (IRS) 30% of gross rental receipts unless Owner elects to treat rental income as “effectively connected income” by submitting to Manager a fully completed IRS form W-8ECI, Certificate of Foreign Person’s Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade of Business in the United States. A Foreign Investor Owner will need to obtain a U.S. tax payer identification number and file a declaration with the IRS regarding effectively connected income in order to complete the form given to Manager. Further, the Foreign Investor Owner will be responsible for making any necessary estimated tax payments.

9. DISCLOSURE:

I. LEAD-BASED PAINT:

(1) The Property was constructed on or after January 1, 1978

(2) The property was constructed prior to 1978

(i) Owner has no knowledge of lead-based paint or lead based paint hazards in the housing except _____

(ii) Owner has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing, except the following, which Owner shall provide to Manager: _____

- II. **POOL/SPA DRAIN:** Any pool or spa on the property does (or, does not) have an anti-entrapment drain cover, device or system.

10. COMPENSATION:

Monthly Fee to be collected by Manager:

- A. **\$75** flat fee per month plus **2%** of the monthly rent collected for management services, but not to include security deposits or the tenant acquisition fee.
- B. Manager shall retain **50%** of late fees collected. Balance is forwarded to Owner.
- C. Manager shall retain **40%** of first month’s rent as a “tenant acquisition fee” to be paid to the Manager to represents the tenant when a property is marketed on the MLS, Craigslist or any other marketing medium, or services rendered by Progressive Property Management, Inc., to secure a tenant for the Owner.
- D. Manager shall charge Owner **\$0** as an annual renewal fee.
- E. Manager shall charge Owner **\$0** as an annual inspection fee.
- F. Manager shall not charge to prepare the property for lease. If property is occupied but Tenant is not paying rent as agreed, Manager will charge a minimum management fee of **\$75** for management services. Should tenant pay for past due rent, this fee shall be applied to the total management fee collected. Manager shall not receive compensation for managing the property during periods of vacancy.
- G. Compensation is deducted from monthly proceeds.
- H. Other:
- (1) This Agreement does not include providing on-site management services, property sales, refinancing, preparing Property for sale or refinancing, modernization, fire, or major damage restoration, rehabilitation, obtaining income tax, accounting or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, attending Owner’s Association meetings or any service not explicitly related to the ongoing management of the property. If Owner requests Manager to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.
- (2) If Owner requests additional work of Manager beyond the scope of work agreed to in this agreement. Broker, may, at its discretion, perform that work at a fee of **\$30** per hour. The minimum fee will be **\$50** for any work performed. Owner shall agree to this additional fee before work is

Owner Initial

Owner Initial

performed.

- I. Manager may divide compensation, fees and charges due under this Agreement in any manner acceptable to Manager.
 - J. Owner further agrees that Manager may receive and keep fees and charges from tenants for (i) requesting an assignment of lease or sublease of the Property; (ii) processing credit applications (\$42.50 per applicant); (iii) any returned checks and/or late payments; (iv) lost key (\$100) (v) annual renewal fee (\$100), posting fee (\$40), (vi) initial lease onboarding fee (\$95) (vii) Basic Resident Benefits Package (\$20), (viii) Limited Resident Benefits Package (\$50/month), (ix) Pet Protection (\$30 per month per pet), (x) security deposit processing (\$100) (xi) lease change (\$250) non-replacement of HVAC filter (\$25) and (xii) any other services that are not in conflict with this Agreement.
 - K. Manager may perform any of Manager's duties, and obtain necessary products and services, through affiliated companies or organizations in which Manager may own an interest. Manager may receive fees, commissions and/or profits from these affiliated companies or organizations. Manager has an Ownership interest in the following affiliated companies or organizations: Scott P. Brady is 100% Owner of Progressive Property Management, Inc., and Lagani, Inc. and co-owns or owns a material interest in the following companies:
 - i. Progressive Property Management, Inc., dba Progressive Association Management, Partners Real Estate Group and Progressive Realty Group
 - ii. Lagani, Inc., dba Sierra Maintenance Services, Lagani Insurance Services, Tenant Boost, and NHD Partners
 - iii. Allly Escrow, Inc.
 - J. Progressive Property Management, Inc. has a "Services Agreement" with Dilbeck Real Estate and Modha Realty, Inc. These companies, its affiliates or owners may receive a financial benefit because of this business relationship.
- 11. AGENCY RELATIONSHIPS:** Manger may act, and Owner hereby consents to Manager acting, as a dual Broker for Owner and tenant(s) in any resulting transaction. If the Property includes residential property with one-to-four dwelling units and this Agreement permits a tenancy more than one year, Owner acknowledges receipt of the "Disclosure Regarding Agency Relationships" (C.A.R Form AD). Owner understands that Manager may have or obtain property management agreements on other property, and that potential tenants may consider, make offers on, or lease through Manager, property the same as or similar to Owner's Property. Owner consents to Manager's representation of other Owners' properties before, during and after the expiration of this Agreement. This Agreement shall be binding upon the successors and assigns of Manager and the heirs, administrators, executors, successors and assigns of the Owner.
- 12. RENT STABILIZATION/SECTION 8 ADJUSTMENT:** If Owner's Property is subject to local rent stabilization ordinances or Owner participates in the Section 8 Program, Manager may increase base management fee **1%** to compensate for additional work required and/or loss of potential income which may not be charged to the tenant.
- 13. CITY/COUNTY REQUIRED INSPECTIONS:** If Owner's Property is subject to local inspections as required by local ordinance or law, Owner to pay Broker \$75 for each required inspection.
- 14. MANDATORY REKEY AT TENANT TURNOVER:** California law does not specifically require an owner to rekey the property, but there are a few reasons we believe this should be done automatically going forward: (1) unless rekeyed, former tenants, or almost anyone familiar with the premises can access the property and create a risk to the property, current tenant and by extension, the landlord or management company and (2) in every residential lease In California, there is an implied covenant of quiet enjoyment (California Civil Code

Owner Initial

Owner Initial

and tear. Owner shall be responsible for any loss of rent, eviction costs if necessary, and repair costs more than one month's rent. As an Owner, you have a few options with regards to a tenant's security deposit:

- I. **Require 2 Month's Security Deposit with These Funds Deposited into Manager's Trust Account or Held by Owner:** Instruct Manager to collect 2 month's rent as the security deposit with no exceptions. If tenant is unable to deposit 2 months' rent, we may consider them unqualified to rent your premises.

Owner Initial for 2 Month's Required Security Deposit:

_____ _____
 Yes No

- B. **Require 1 Month's Security Deposit with These Funds Deposited into Manager's Trust Account or Held by Owner and Do Not Allow Participation in the "Preferred Tenant Program":** Instruct Manager to collect a minimum of 1 month's rent as the security deposit with no exceptions. If tenant is unable to deposit 1 months' rent, we may consider them unqualified to rent your premises. Owner is advised that financial damage due to loss of rent or physical damage to the premises may exceed 1 month's rent.

Owner Initial for 1 Month's Required Security Deposit:

_____ _____
 Yes No

- C. **Require 1 Month's Security Deposit with These Funds Deposited into Manager's Trust Account or Held by Owner and Allow Tenant (if Qualified) to Participate in Manager's "Preferred Tenant Program" with 1 Month's Security Deposit Guaranteed by Manager:** Instruct Manager to collect 1 month's rent as one part of the security deposit, and allow qualified tenants to participate in Manager's "Preferred Tenant Program".

- i. For tenants with a TransUnion ("credit") score of **700+** (if there are multiple applicants the lowest TransUnion score of the applicants shall establish the credit score to be used for this program), the security deposit for the first month shall be due, but the second month's security deposit shall be waived for the Tenant. In lieu of paying a Security Deposit, Tenant shall pay **1%** of the monthly lease as a "Security Deposit Waiver Fee" (for example, on a monthly lease of **\$2,000**, the Security Deposit Waiver Fee would be **\$20** a month.
- ii. For tenants with a credit score of **650 to 699**, all the conditions set forth above shall apply except the Security Deposit Waiver Fee shall be increased to **1½%** of the monthly rent.
- iii. For tenants with a credit score of **600 to 649**, the Security Deposit Waiver Fee shall be increased to **2%** of the monthly rent.
- iv. At lease expiration, if Tenant leaves the property damage free and no deductions from the Security Deposit must be made for any damage to the property beyond normal wear and tear, Manager will refund **25%** of all Security Deposit Waiver Fees collected within 30 days of move out.

Owner Initial for 1 Month's Required Security Deposit & Participation in "Preferred Tenant Program":

_____ _____
 Yes No

- 18. **OWNER PROTECTION PLAN:** If a tenant must be evicted, Owner shall pay eviction fees directly to the attorney used to affect the eviction. Manager will assist with any evictions and shall coordinate with the assigned attorney, appear in court on behalf of the owner, negotiate with attorney any settlements or stipulations and coordinate any lockouts.

- i. Manager shall charge Owner an Eviction Oversight Fee of **\$150** if the eviction is not contested (Manager not required to make a court appearance) and a fee of **\$300** for a contested eviction (Manager required to appear in court on behalf of Owner). At Owner's discretion, Owner may require the Tenant to participate in the Owner Eviction Protection Program.
- ii. Tenant shall pay a monthly fee of **\$15** to Manager. In the event an eviction is necessary and tenant has paid the Owner Protection Fee as agreed, Manager shall pay for court filing fees (to file an eviction), processing fees, process server fees, attorney fees, and the representation by

Broker at an eviction proceeding on Owner’s behalf. Manager shall also waive the Eviction Oversight Fee. The total fees paid by Manager shall not exceed **\$1,000.00** in any twelve (12) month period. In the event Owner is a corporation, LLC, or similar entity, Owner may be required to have their own attorney present to represent them at such an eviction hearing. In such an event, Owner will not be represented by Manager in the eviction process, and Owner shall be responsible for hiring its own attorney, however, Manager will pay court filing fees, processing fees, process server fees as prescribed above.

- iii. The Owner Protection Plan does not afford coverage for or insure Owner against past due rent, and does not provide any form of warranty or protection against additional costs or damages created, caused, accrued or permitted by Tenant. To obtain coverage under this plan, Owner must give permission to Manager to require Tenant participation in the plan prior to move in date by Tenant. This service is only available on Tenants placed using Manager Tenant Placement program where a Tenant Acquisition or Tenant Placement fee was earned. This program is subject to the approval by Manager for each property, as some properties may not be eligible, at the sole discretion of the Manager.

iv. **Owner Initial for Tenant Paid Owner Eviction Protection Program:** _____
Yes No

19. PROPERTY MAINTENANCE PROGRAM – For **\$35** a month, we will provide maintenance services for your rental to better protect this asset and make the rental experience for the tenant more enjoyable. This program is voluntary. For this fee, you receive the following:

- I. **Re-Key at Move-out** - We will pay for your property be to re-key once a tenant has vacated. (\$100 to \$200 value)
- II. **4 Pest Control Visits** - At the request of your tenant, we will send out a pest control company at our cost to eradicate ants, cockroaches, rodents, termites, bed bugs, mosquitoes and fleas. (\$250 to \$350 value)
- III. **Quarterly Air Filter Replacement** – An air filter sized for your air conditioner will be sent directly to your rental for installation by your tenant. (\$200 value)

Owner Initial for Owner Paid Property Maintenance Program: _____
Yes No

20. DISTRIBUTION AUTHORIZATION: The Department of Real Estate requires that we receive instructions as to how you wish to receive your proceeds on a monthly basis. Unless stated differently in the tenant’s lease contract, all rent is due on the 1st of each month and considered late if not received by the 5th of the month. If the 5th falls on a holiday or Sunday, then payment is considered late on the next business day. Tenants can make their rental payments via cash, personal check, Cashier’s Check, Money Order or Electronic Funds Transfer (EFT). Please note that any payment made via EFT is held for three days until funds have cleared. These payments are NOT considered late if the funds clear after the 5th of the month. Monthly accounting for each property is processed in the order payment is received. As the owner, you have the option of receiving your proceeds by check or ACH Transfer.

Manager will make every effort to have Owner’s accounting processed in a timely fashion and distribute funds to Owner no later than the 15th of the month. Please understand that occasionally circumstances arise where proceeds may be delayed. If Owner chooses to have funds electronically transferred, Manager requires a copy of a voided check in file. If Owner does not select an option listed above, Progressive Property Management, Inc. will mail the Owner proceeds.

 Owner Initial Owner Initial

NOTICES: All notices required to be given hereunder shall be in writing and mailed to the parties hereto at the addresses set forth below. Any written notice to Owner or Manager required under this Agreement shall be served by sending such notice by first class mail or other agreed-to delivery method to that party at the address below, or at any different address the parties may later designate for this purpose. Notice shall be deemed received three (3) calendar days after deposit into United States mail OR _____

21. DISPUTE RESOLUTION:

A. MEDIATION: Owner and Manager agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party **(i)** commences an action without first attempting to resolve the matter through mediation, or **(ii)** before commencement of an action, refused to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. **Exclusions from this mediation agreement are specific in paragraph 24C.**

B. ARBITRATION OF DISPUTES:

Owner and Manager agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 23C. Both parties agree to use. Judicial Arbitration and Mediation Services (“JAMS”), 500 N State College Blvd., 14th Floor, Orange, CA 92868, (714) 939-1300 or ADR Service, Inc., 19000 MacArthur Blvd., #550, Irvine, CA 92612, (949) 863-9800.

“NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARIBTRATION OF DISPUTES’ PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.”

“WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.”

Owner’s initials _____ / _____ Broker’s initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic’s lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to

Owner Initial

Owner Initial

enable the recording of a notice of pending action, for order of attachment, receivership, injunction or other provisional remedied, shall not constitute a waiver or violation or violation of the mediation and arbitration provisions.

- 22. EQUAL HOUSING OPPORTUNITY:** The Property is offered in compliance with federal, state and local anti-discrimination laws.
- 23. ATTORNEY FEES:** In the event of any legal action (including arbitration) by the parties arising out of this Agreement, the losing party shall pay prevailing party reasonable attorney’s fees and costs in addition to all other relief. In any action, proceeding or arbitration between Owner and Manager regarding the obligation to pay compensation under this Agreement, the prevailing Owner or Manager shall be entitled to a reasonable attorney fees and cost from the non-prevailing Owner or Manager, except as provided in paragraph 24A.
- 24. ADDITIONAL TERMS:** Keysafe/Lockbox Addendum (C.A.R Form KLA); Lead-Based Paint and Lead-Based Paint Hazards Disclosure (C.A.R Form FLD); Water Heater & Smoke Detector Statement of Compliance; Carbon Monoxide Detector Notice; Lease/Rental Mold and Ventilation Addendum; Authorization to Act on Behalf of Owner; Bed Bug Disclosure; PPM Base Lease Addendum; Fair Housing Addendum, Rent Cap and Just Cause Addendum.
- 25. MODIFICATION:** This Agreement shall include any exhibits, addendums, schedules, and amendments along with any disclosures that may occur from time to time. Notwithstanding anything contained herein both Owner and Manager acknowledge that laws relating to the leasing and management of real estate in the State of California change from time to time. Owner and Manager agree that Manager may change the terms of this Agreement upon thirty (30) days’ notice which may be made via electronic means to the email address provided by the Owner. If Owner objects to the modified terms, Owner shall give notice to Manager of said objection and Manager may either opt the Owner out of the change(s) previously communicated or allow Owner to terminate this Agreement without penalty within the thirty (30) day notice period.
- 26. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed except in writing. This Agreement and any supplement, addendum or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

Owner warrants that Owner is the Owner of the Property or has the authority to execute this Agreement. Owner acknowledges Owner has read, understands, accepts and has received a copy of the Agreement.

If any of the provisions of this agreement, or its application, is held invalid, it will not affect other provisions or application herein which can be given effect without the invalid provision or application. To this end all provisions of this agreement are severable.

Owner _____ Date _____

Owner (print) _____ Social Security or Tax ID _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Cell _____ Email _____

Owner _____ Date _____

Owner Initial

Owner Initial

Owner (print) _____ Social Security or Tax ID _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ Email _____

Real Estate Broker (Broker): **Progressive Property Management, Inc.** BRE# **01958885** Date _____
By (Designated Broker): **Bri Sawyer** BRE# **01938520**
Address **1251 Yorba Linda Blvd.** City **Placentia** State **CA** Zip **92870**
Telephone **(714) 528-3100** Fax **(714) 528-5522** Email bri@propropinc.com

Local Property Manager: **Progressive Property Management, Inc.** BRE# **01958885** Date _____
By (Agent): **Scott P. Brady** BRE# **01202061**
Address **1251 Yorba Linda Blvd.** City **Placentia** State **CA** Zip **92870**
Telephone **(714) 528-3100** Fax **(714) 528-5522** Email scott@propropinc.com

Owner Initial Owner Initial