

1. Appointment of Broker

1.1 OWNER'S REPRESENTATIONS:

<<Owner Name(s)>>, and Drake Properties & Management, Inc., agree as follows: Owner hereby appoints and grants Broker (hereafter "Property Manager") the exclusive right to rent, lease, operate and manage the property(ies) known as <<Property Address>> and any additional property that may later be added to the Agreement upon the terms below, for the period beginning <<Management Start Date>> and ending <<Agreement Termination Date>>, at 11:59 PM. The agreement will then continue to renew at 1-year increments thereafter. Owner may cancel this agreement by giving notice to Wally Drake, Drake Properties & Management, Inc. in writing 30 days prior to the anniversary date of <<Agreement Termination Date>>.

1.2 AUTHORITY AND POWERS:

Owner grants Drake Properties the authority and power, at Owner's expense, to:

A. **ADVERTISING:** Display FOR RENT/LEASE signs on the property. Advertise the availability of the property, or any part thereof, for rental or lease in the Multiple Listing Service and other online media.

B. **RENTAL LEASING:** Initiate, sign, renew, modify or cancel rental agreements and leases for the property, or any part thereof: collect and give receipts for rents, other fees, charges and security deposits.

C. **TENANCY TERMINATION:** Sign and serve on behalf of owner notices that are required or appropriate; commence and prosecute actions to evict tenants; recover possession of the property owner's name; recover rents and other sums due; and, when expedient, settle, compromise and release claims, actions, and suits and/or reinstate tenancies.

D. **REPAIR; MAINTENANCE:** Make, cause to be made, and/or supervise repairs, improvements, alterations and decorations to the property, purchase, and pay bills for, services and supplies. Owner agrees that state and local water use restrictions supersede any obligation by Property Manager or any tenant to water/maintain gardens, landscaping trees or shrubs. Property Manager shall obtain prior approval of owner for all expenditures over \$300.00 for any one item. Prior approval shall not be required for monthly or recurring operating charges or if in the property manager's opinion, emergency expenditures over the maximum are needed to protect the property or other properties from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties or fines, or suspension of service to tenants required by a lease; included by not limited to human habitation as required by Civil Code 1941 and 1941.1 and Health and Safety Code 17920.30 and 17920.10.

E. **REPORTS, NOTICES AND SIGNS:** Comply with federal, state or local law requiring delivery of reports or notices and/or posting of signs or notices.

F. **CONTACTS; SERVICES:** Contract, hire, supervise and/or discharge firms and persons, including utilities, required for the operation and maintenance of the property.

G. **EXPENSE PAYMENTS:** Pay expenses and costs for the property from owner's funds held by the property manager, unless otherwise directed by the owner. Expenses and costs may include, but are not limited to, property manager compensation, fees and charges, and expenses for goods and services. Property manager will not pay property taxes, property insurance, mortgage payments, and or HOA dues on behalf of the owner.

H. **SECURITY DEPOSITS:** Drake Properties, dba will receive security deposits from tenants, which will be placed in a trust account located at Bank of America, Canyon Crest branch office in the city of Riverside. Funds will be held separate from Drake Properties & Management funds. Property manager will not be held liable in the event of bankruptcy or failure of a financial institution.

I. **TRUST FUNDS:** 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 the Broker's personal accounts. Broker shall not be liable in the event of a bankruptcy or failure of a financial institution.

J. **DISBURSEMENTS:** Disburse owner's funds held in property manager's trust account in the following order:

- (1) Compensation due Property Manager.
- (2) All other operating expenses, costs and disbursements are payable from Owner's funds.
- (3) Reserves and security deposits held by Property Manager.
- (4) Balance to Owner.

K. **OWNER DISTRIBUTION:** Remit funds, if any are available, monthly to owner.

L. **OWNER STATEMENTS:** Render monthly online, and year-end statements of receipts, expenses and charges for each Property.

M. **PROPERTY MANAGER FUNDS:** Property Manager shall not advance Property Manager's own funds in connection with the Property or this Agreement.

By initialing below, you acknowledge and agree to the terms in Section 1.

X _____
Initial Here

2. Owner Responsibility

2.1 AUTHORITY AND POWERS (CONT.)

N. **KEYSAFE/LOCKBOX:** Owner authorizes the use of a keysafe/lockbox to allow entry into the Property by Drake Properties and contractors authorized by management company.

2.2 OWNER RESPONSIBILITIES:

Owner shall:

A. Provide all documentation, records and disclosures as required by law or required by Property Manager to manage and operate the Property, and immediately notify Property Manager if Owner becomes aware of any change in such documentation, records or disclosures, or any matter affecting the habitability of the Property.

B. Indemnify, defend and hold harmless Property Manager, and all persons in Property Manager's firm, as permitted by law 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 or personal property of any person, including Owner, for: (i) any repairs performed by Owner or by others hired directly by Property Manager's firm, or the performance or exercise of any of the duties, powers or authorities granted to Property Manager.

C. 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.

D. Pay all interest on tenants' security deposits if required by local law or ordinance.

E. carry and pay for: (i) public and premises liability insurance in an amount of no less than \$1,000,000; and (ii) property damage and worker's compensation insurance adequate to protect the interests of Owner and Property Manager. Property manager shall be, and Owner authorizes Property Manager to be, named as an additional insured party on Owner's policies.

F. 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 Property Manager's trust account available for such payment.

G. Immediately replace any funds required if there are insufficient funds in Property Manager's trust account to cover Owner's responsibilities.

2.3 OWNER REPRESENTATION

Owner represents that unless otherwise specified in writing Owner is unaware of (i) any Notices of Defaulting 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 Owners ability to transfer it; and (v) any current, pending or proposed special assessments affecting the Property. Owner shall promptly notify Broker in writing if Owner becomes aware of any of these items during the term of this Agreement.

2.4 TAX WITHHOLDING

A. If Owner is not a California Resident or a corporation or LLC qualified to conduct business in California, Owner authorizes Broker to withhold and transmit to California Franchise Tax Board ("FTB") 7% of the GROSS payments to Owner that exceed \$1,500 received by Broker, unless Owner completes and transmits to Broker FTB form 589, nonresident reduced withholding request, FTB form 588, nonresident withholding waiver, or FTB form 590, withholding exemption certificate.

B. If Owner is a nonresident alien individual, a foreign entity, or other non-U.S. person, (Foreign Investor) Owner authorizes Broker to withhold and transmit to the Internal Revenue Service (IRS) 30% of the GROSS rental receipts unless Owner elects to treat rental income as "effectively connected income" by submitting to Broker 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. taxpayer identification number and file a declaration with the IRS regarding effectively connected income in order to complete the form given to Broker. Further, the Foreign Investor Owner will be responsible for making any necessary estimated tax payments.

2.5 LEAD-BASED PAINT

(1) The property was constructed on or after 1978. «Age of dwelling»

or (2) The property was constructed prior to 1978. «Age of dwelling»

Owner has no knowledge of lead-based paint or lead-based paint hazards in the housing except: _____
«Lead is known to be in the property in this location»

Owner is required to provide Broker with any and all records pertaining to lead-based paint or lead-based paint hazards in the housing.

2.6 POOL OR SPA

Does any pool or spa on the property have an approved anti-entrapment drain cover, device or system
«pool or spa anti-entrapment drain cover (answer yes or no)»

By initialing below, you acknowledge and agree to the terms in Section 2.

X _____
Initial Here

3. Compensation

3.1 OWNER AGREES TO PAY TO BROKER:

Management Fee: «management fee»

Tenant Placement Fee: \$599

Sign-up Fee for existing tenant: \$199 only if applicable

Inspection/Renewal Fee: \$99

Fee to oversee work done to property over \$1,000 per occurrence: 10% of receipts

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.

If Owner asks Broker to perform services not included in this Agreement, a fee shall be agreed upon before these services are performed.

D. Owner further agrees that:

(1) Broker 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; (iii) any returned checks and/or (if checked) late payments; and (iv) any other services that are not in conflict with this Agreement.

(2) Broker may perform any of Broker's duties, and obtain necessary products and services, through affiliated companies or organizations in which Broker may own an interest. Broker may receive fees, commissions and/or profits from these services, through affiliated companies or organizations in which Broker may own an interest.

3.2 AGENCY

AGENCY RELATIONSHIPS: Broker may act, and Owner hereby consents to Broker acting, as dual agent 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 in

excess of one year, Owner acknowledges receipt of the "Disclosure Regarding Agency Relationships" (C.A.R. Form AD). Owner understands that Broker may have or obtain property management agreements on other property and that potential tenants may consider, make offers on, or lease through Broker, property the same as or similar to Owner's Property. Owner consents to Broker's representation of other owners' properties before, during and after the expiration of this Agreement.

NOTICES: Any written notice to Owner or Broker 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 the United States mail ORD _____

DISPUTE RESOLUTION:

A. **MEDIATION:** Owner and Broker 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, refuses 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 any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. ARBITRATION OF DISPUTES:

Owner and Broker 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 Part 3 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.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION 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 A 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 THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO 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."

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

3.3 EQUAL HOUSING OPPORTUNITY

The property is offered in compliance with local, state, and federal housing laws.

3.4 ATTORNEYS FEES

In any action, proceeding or arbitration between Owner and Broker regarding the obligation to pay compensation under this agreement, the prevailing owner or broker shall be entitled to reasonable attorney fees and costs from the non-prevailing owner or broker.

3.5 TIME IS OF THE ESSENCE

All understandings between the parties are incorporated in this Agreement

By initialing below, you acknowledge and agree to the terms in Section 3.

X _____
Initial Here

4. Sign and Accept

4.1 CONTACT INFORMATION:

Owner's Mailing Address

Phone No.

Email

Social Security/Tax ID #

HOA Rules and Regulations and any and all addendums, amendments, and changes

X

Owner

Date Signed

X

Agent/Broker

Date Signed