

PROPERTY MANAGEMENT AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT - READ IT CAREFULLY

_____ (hereinafter "Owner") and
HomeRiver Group (hereinafter "HRG or Agent")

AGREE AS FOLLOWS:

1. The Owner hereby appoints and grants Agent the right to rent, lease, operate and manage the property(ies) known as:

upon the terms hereinafter set forth, commencing _____, _____ and terminating _____, 20____. At the expiration of the initial term, the agreement shall automatically convert to a month to month contract and may be terminated as of the last day of any month by either party giving to the other party not less than 30 days prior written notice of intention to so terminate.

2. Agent shall:

- (a) Use diligence in the performance of this contract;
- (b) Render MONTHLY statements of receipts, expenses and charges and to remit to Owner receipts less disbursements monthly.
- (c) Maintain a minimum \$300.00 reserve in the Owner's operating account and hold tenant security deposits in trust account. Owner accepts responsibility for penalties imposed if Owner does not return tenant security deposit upon demand by Agent.
- (d) Deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in a trust account in a national or state institution qualified to engage in the banking or trust business, separate from Agent's personal account. However, Agent will not be held liable in event of bankruptcy or failure of a depository.

3. The Owner grants Agent the following authority and powers and Owner shall pay the expenses in connection herewith:

- (a) To advertise the availability for rental of the herein described premises or any part thereof, and to display "for rent" signs thereof. Agent may charge an administrative advertising fee to cover Agent cost to administer advertising program which may include: internet advertising, newspaper advertising, vacancy list distribution and their delivery. To sign, renew or cancel leases for the premises or any part thereof; to collect rents or other charges and expenses due or to become due and give receipts therefore; to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute actions to evict tenants and to recover possession of said premises in the name of the Owner and recover rents and other sums due; and when expedient, to settle, compromise, and release such actions or suits or reinstate such tenancies.
- (b) To make or cause to be made and supervise repairs and alterations, and to do decorating on said premises; to purchase supplies and pay all bills therefore. The Agent agrees to secure the prior approval of the Owner on all expenditures in excess of \$300.00 for any one item, except monthly or recurring operating charges and emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or prevent damage to life or to the property of others or to avoid suspension of necessary services or to avoid penalties or fines or to maintain services to the tenants as called for in their leases. Agent's decision will be without liability except for willful misconduct or recklessness.
- (c) To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises. Agent may perform any of its' duties through Owner's or Agents attorneys, Agents, or employees and shall not be responsible for their acts, defaults or negligence if reasonable care has been exercised in their appointment and retention. To represent owner in court at an hourly rate equal the current monthly management fee for single family dwellings.
- (d) To make contracts for electricity, gas, fuel, water, telephone, sewer, garbage, and other services or such of them as the Agent shall deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement. **Owner to notify utility companies of change of billing address. Tenants cannot be sub billed without bills being received by HRG.**
- (e) To pay loan indebtedness, property and employee taxes, special assessments and insurance as designated by Owner.
- (f) Owner hereby notifies Agent that if they know of any lead-based paint or lead-based paint hazards at the property that Owner will immediately notify Agent so that Agent can disclose any known information to Lessee(s) and provide to Lessee(s) any records available. Agent may sign on behalf of Lessor all required disclosures and inform Lessee(s) of any known hazards or records pertaining to lead-based paint and lead-based hazards.
- (g) Owner agrees to notify Agent immediately if they go into default on any mortgage loan associated with this property.

4. The Owner agrees to:

(a) Indemnify and save the Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities, damages or claims for damages, including but not limited to those arising out of any injury or death to any person or persons or damage to any property of any kind whatsoever and to whomsoever belonging, including Owner, in any way relating to the management of the premises by the Agent or the performance or exercise of any of the duties, obligations, powers or authorities herein or hereafter granted to the Agent; to carry, at the Owner's sole cost and expense, such public liability, property damage and worker's compensation insurance as shall be adequate to protect the interests of the Agent and Owner, the policies for which shall name the Agent as well as the Owner as the party insured. OWNER TO PROVIDE AGENT WITH A CERTIFICATE OF INSURANCE SHOWING A MINIMUM OF \$300,000.00 LIABILITY COVERAGE within 14 days of execution of this contract.

(b) Remit funds as requested by Agent immediately if current rental income is insufficient to pay all expenses. If Owner is unable or unwilling to send funds as requested by Agent the following priority will be followed in disbursing funds: Management fees, advertising, maintenance over 30 days old, utilities subject to cut off, mortgages, other utilities, other misc. bills. Owner agrees to pay late charges, interest charges, and other penalties caused by lack of sufficient funds.

(c) To pay the Agent for the following services if used:

(1) a. \$ _____/mo Management: for paperless online access.

+ b. \$ _____/mo Utility Billing Service (\$15.00 mo) HRG pays bills out of Owner funds and sub bills tenant.

+ c. \$ _____/mo Mailed statements and/or checks: (\$10/mo) No charge for electronic payments and statements.

+ d. \$ _____/mo Mortgage payment (\$15/mo)

TOTAL A-D \$ _____/mo A-D is divided by initial rent rate = mgt %, whichever is greater.

Or (2) Management: _____% with minimum management fee of \$_____.

(3) For Leasing: _____
CHARGED NO MORE THAN ONCE PER 12 MONTHS PER UNIT.

Lease renewals: 15% of one month's rent with a minimum fee of \$175.00.

(4) Charges for late payments collected and returned check fees which Agent retains. Residents are billed to reimburse Owner for NSF charges. Owners are billed an administrative fee in cases where Agent loans money to Owner.

(5) In the event that the Owners requests the Agent to undertake work exceeding normal management then an hourly fee shall be charged equal to the then current monthly management fee for single family homes or 10% of gross maintenance work billed, whichever is greater or a flat fee. Normal management does not include modernization, refinancing, fire restoration, rehabilitations, inspections, vacancy preparations, process serving, repairs, cleaning, hauling, advising on proposed new construction, assisting sales agents or appraisers, paying deductibles or up front payments, or other counseling. Section 8 tenant contracts shall incur an additional fee.

(6) Provide a copy of any CC&R's that impact any tenancy at the property. Agent will provide a copy to Tenants.

5. If it shall become necessary for Agent or Owner to give notice of any kind, the same shall be written and served by sending such notice by regular mail to the address shown under their signature.

6. This Agreement shall be binding upon the successors of the Agent, and the heirs, administrators, executors, successors and assignees of the Owner.

7. Agent may use own staff or companies to perform maintenance functions at managed premises. Owner will be billed at bid prices or hourly rates. Agent may charge an administrative fee on vendor invoices in cases where agent performs additional work or services to deliver the service.

8. Advance fees collected by Agent from prospective renters will be expensed for services rendered in determining suitability of prospective renter as a tenant at the discretion of Agent.

Parties acknowledge having read the foregoing prior to execution and receipt of a duplicate original dated _____.

Owner

Address

P.O. Box 221660, Sacramento, CA 95822

HomeRiver Group Cal BRE Lic 02055284

Address

Home Page:<http://www.HomeRiver.com>

(916)429-1205 or (916) 920-0561 FAX (916)429-0389

NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OF ANY PROVISION OR THE ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. IF YOU DESIRE LEGAL ADVICE CONSULT YOUR ATTORNEY.



Addendum to Property Management Agreement

The business of Property Management covers many issues and HomeRiver Group (HRG) wants to make it as clear as possible to our clients the level of service we provide and the types of charges that you may incur. In many cases, your resident is billed to pay you back when HRG has to expend extra resources to enforce your rental agreement. In this way, we are able to keep your costs to a minimum. We are here to help make your investment as pleasant and profitable as possible. Please feel free to ask any question at any time.

Leasing

I understand that HRG may advertise my vacancy in one or more publications at its discretion. The cost of advertising is an owner expense and will be billed through my account with HRG in accordance with the Property Management Agreement. HRG will use professional judgment in selecting ad size, placement, days run, and publications. HRG's vacancy list via text, www.HomeRiver.com, 24-Hour Voice Hotline, lockbox service, and signage are included in the advertising plan at its discretion.

I understand that rent rates are determined by market conditions (location, property features, condition, price, and terms) and that I will be best served by taking the advice of my property manager. HRG's goal is rent my properly prepared and properly priced property within about 30 days of becoming vacant. HRG does not guarantee that a property will rent at any particular rent level or in any time frame. For more information on pricing strategies I can ask for HRG's report on the subject.

I understand that HRG will be selecting my residents using its professional judgment. Applicants will complete a rental application that allows HRG to run a credit check and verify income and rental history. HRG will allow up to two persons per bedroom in accordance with current fair housing guidelines (to avoid a discrimination lawsuit). I will be informed by mail soon after a deposit is collected.

I understand that HRG will provide a Lead Based Paint booklet and Proposition 65 brochure to all residents at a minimal cost at the time of management takeover or when a new lease is signed. The booklet is required by the EPA for properties built prior to 1978 but is a good idea for all properties since it covers such things as soil contamination. In keeping with HRG's philosophy of taking the safest approach, HRG provides the booklet to all residents.

I understand that HRG may take digital photographs of my rental for marketing purposes at no cost to me. Digital photographs will also be taken to document the Move-In condition of my property and the Move-Out condition (if needed) at a minimal cost per set. I further understand that these photographs will be filed at HRG's office and will be available to me upon request. These photographs provide evidence in the event HRG has to defend me in Small Claims Court after the deposit refund determination is completed. HRG will represent owner in court at an hourly rate equal the current monthly management fee for single family dwellings.

Accounting & Reporting

I understand that HRG sends or makes available at www.HomeRiver.com one accounting statement per month along with any proceeds if available. The report indicates both paid and unpaid bills and I agree to send funds to cover any unpaid bills immediately. Distributions are scheduled for the 10th, 20th, or 30th of each month unless a holiday or weekend falls on that day. If the rent is paid late, one cleanup distribution may be issued on the 20th or 30th of the month. At the end of each month a report will show the current month to the date of the report. In January of each year HRG will provide a summary statement for the entire previous year and a 1099 as required by the IRS.

Agent has advised Owner that California laws and/or policies of the California Franchise Tax Board (FTB) require property managers as withholding agents to withhold a percentage of rents collected on behalf of **landlords who are not California residents** and transmit same directly to the FTB. Owner hereby explicitly authorizes Agent, where appropriate in Agent's good faith judgment, to withhold sums, which may exceed the maximum otherwise authorized, from rents collected on Owner's behalf, and Owner further authorizes Agent to transfer the same to the FTB, calculated according to Agent's estimation. Agent is authorized by Owner to comply in any way Agent believes reasonable or necessary with the rules and regulations of the FTB, California statutes, and other applicable law, without limitation. Agent shall not be liable for any miscalculation or erroneous withholding, provided the actions of Agent have been in good faith. In case of overpayment to the FTB due to error by Agent, Agent's sole liability and obligation to Owner shall be to make reasonable attempts to obtain a refund of such overpayment, or alternatively a credit against Owner's future liability to the FTB. In any dispute between Agent and Owner concerning money transmitted by Agent to the FTB, it shall be the burden of Owner to prove that Agent did not act in good faith.



Agent may divide compensation, fees and charges due under this agreement in any manner acceptable to Agent. Owner further agrees that Agent may receive and keep fees and charges from tenants for: requesting an assignment of lease or sublease of the Property, and any other charges not in conflict with this agreement.

Maintenance

I understand that tenants will be billed by HRG to reimburse my account for maintenance bills that I have paid when the resident is responsible as indicated in the lease. The decision to bill the resident for maintenance they are responsible for will be made by HRG using its professional judgment. If the resident does not pay the bill prior to vacating HRG will make the appropriate deduction from the resident's security deposit after they vacate the property.

I understand that HRG is affiliated with a handyperson/contracting service (HomerRiver Property Services). I understand that HRG work is completed based on a variety of factors including but not limited to quality of service, response time, materials, licensing, insurance, and price. If in the judgment of HRG a second opinion is not needed for a particular job I agree to either approve the provided bid or arrange to obtain my own bids. In no case is HRG obligated to furnish multiple bids for maintenance work. HRG is constantly evaluating the vendors it uses, and always uses its best efforts to obtain the best overall deal for all of its clients.

I understand that some outside vendors used on my property have signed an agreement with HRG/HomeRiver Property Services to have their approved invoices paid by HRG at the end of each month whether or not there are sufficient funds in my account. The vendors agree to charge their regular rates to my account. The vendor pays HRG/HomeRiver Property Services 10% of the invoice total for this service. The payee on your owner statement will read: HRG/ref (the vendor) for those invoices.

I understand that HRG orders an annual property survey on the anniversary of the tenants move in date. I will receive a report of the inspection. The cost of the inspection is billed on a per hour basis. I may decline this inspection in advance if I do not want my property inspected. I further understand that this inspection is not a termite (pest) inspection and that HRG recommends I have a termite (pest) inspection at least every two years.

I understand that HRG may provide tenants services and charge administrative fees to encourage positive tenant behavior. For example, if I have a central heater/air system that requires a filter, HRG may charge the tenant a monthly fee for filters to be mailed to the tenant by a 3rd party vendor . The fee covers both the costs of the 3rd party vendor and HRG's administrative costs.

Fair Credit Reporting & Communication

I understand HRG must, pursuant to its Master Agreement with its credit reporting provider, hold all services information in confidence and shall not disclose the services information to any third-party, except as required by law. This means HRG is not allowed to share credit report information verbally or in writing on applicants or renters with clients of HRG.

I understand that HRG will provide a voice mail extension and email address for my property manager. I realize that my manager spends a portion of their day out of the office and that they will make every effort to take my calls live or return calls and emails as quickly as possible. Calls of a non-emergency nature will be returned as soon as possible and that is normally within one business day. In an emergency or for questions my property manager cannot answer I can ask to speak to HRG's Branch, Regional, and/or General Manager.

Owner

Agent

Date

Date



Thank you for choosing the **HomeRiver Group**. In order to begin management we will need the following: A check for \$300.00 to be placed in your trust fund, keys, entry remotes (leave in kitchen drawer), rental agreement(s).

Owner Information: Phone(w) _____
(h) _____
Email: _____ Cell Phone: _____
Name of owner: Last: _____ First: _____
Street address: _____

TIN / Social Security #: _____ - _____ - _____ **Payee Name/dba** _____

Under penalties of perjury the above payee's TIN is correct, the payee is not subject to backup withholding due to failure to report interest and dividend income, the payee is a U.S. person, and the payee is exempt from FATCA reporting. Payee/Owner/Signature _____ Date _____

Does anyone else get a monthly report? If so, list equity % of each owner:

Owner #1 _____%, Owner #2 _____%, Owner #3 _____%,

Amount on hold \$300.00 or \$_____. Security deposits are held in trust by HomeRiver Group.

Property Address: _____

Recurring expenses **HRG** is to pay:: Mortgages ___ Yes ___ No

Home Owners Association Dues ___ Yes ___ No, Gardener ___ Yes ___ No, Pool Service ___ Yes ___ No

We will need vendor name(s), coupons, addresses, account numbers, amounts for any we are to pay.

If vacant, rent desired? \$ _____ **Deposit desired** \$ _____

How is maintenance handled? Call if over \$300.00 or _____

Home protection plan? ___ Yes ___ No New Home Warranty? ___ Yes ___ No If yes Company: _____

Plan No: _____ Claims Phone Number: _____

Insurance Co. : _____ Policy# _____

Agent name: _____ Phone # _____

Have you notified your insurance agent that your property is a rental? ___ Yes ___ No

Home Owners Association (if applicable) _____

Address of HOA: _____

Phone of HOA: _____ Email of HOA _____

We will need any common area keys and remote controls. Access Code for gated roads: _____

Owner signature

Date 10.8.3



Existing Tenant information: (Use spaces below if additional tenants)

Tenant Name: _____ (include all adults)

Address: _____

Current rent rate: \$ _____ Deposit \$ _____ Amount owing: \$ _____ Pd to date: _____

Grace period: _____ Late fee: _____ Amount rent to be raised: \$ _____ Effective: _____

Phone numbers:(w) _____ (h) _____

We will need the rental agreement for occupied property. If none do you want one? ___ Yes ___ No

Existing Tenant information: (Use spaces below if additional tenants)

Tenant Name: _____ (include all adults)

Address: _____

Current rent rate: \$ _____ Deposit \$ _____ Amount owing: \$ _____ Pd to date: _____

Grace period: _____ Late fee: _____ Amount rent to be raised: \$ _____ Effective: _____

Phone numbers:(w) _____ (h) _____

We will need the rental agreement for occupied property. If none do you want one? ___ Yes ___ No

Existing Tenant information: (Use spaces below if additional tenants)

Tenant Name: _____ (include all adults)

Address: _____

Current rent rate: \$ _____ Deposit \$ _____ Amount owing: \$ _____ Pd to date: _____

Grace period: _____ Late fee: _____ Amount rent to be raised: \$ _____ Effective: _____

Phone numbers:(w) _____ (h) _____

We will need the rental agreement for occupied property. If none do you want one? ___ Yes ___ No

Owner signature

Date

Owner Questionnaire

A) Property address: _____ . Date built: _____

Are there any components not in normal operating condition at the above address? Yes No

If yes, then describe: _____

B) Are you aware of any of the following at the above address?

1. Substances, materials, or products which may be an environmental hazard such as but not limited to mold, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks and contaminated soil or water on the property. Yes No
2. Room additions, structural modifications, stairs, other alterations or repairs made without necessary permits, or not in compliance with building codes. Yes No
3. Prior repairs or issues that might impact a current or future tenant? Yes No
4. Flooding, drainage, or grading problems. Yes No
5. Neighborhood noise problems or other nuisances. Yes No
6. Homeowners Association with authority over property. Yes No
7. Notices of abatement/citations against property. Yes No
8. Has anyone died on the property in the last three years? Yes No
9. Would you like the property inspected for repairs, hazards, or damages? Yes No
10. Are you storing anything inside, outside, or in a store room or shed? Yes No
(we strongly suggest you not store anything at your rental)
11. **Is this property in default/foreclosure on any mortgage loan?** Yes No
12. Is this property registered with the local government agency as a rental? Yes No

Marketing Information

Cross Streets: _____

Type of Property: Single family , duplex, condominium, 3, 4, 5-15, 16+ _____

Alarm: _____ If Yes: Key/Code : #'s _____ Location: _____

Instructions: _____

Garage Door Opener: Yes No If yes: # of controllers _____

Pool Service? who pays? _____ Name: _____ Amt: _____

Tenant pays gas, electricity and phone bills, but in Sacramento Valley most owners pay water/sewer/garbage.

Who is to pay water/sewer/garbage? _____. Owner must call utility companies to make changes.

Pets allowed? Yes No (No=Can limit the market, over half of the population has a pet.)

Sprinklers Yes No If yes, Type: _____

Type lease: _____(12 months/6 month/or month to month)

Bed/ baths	Heater	A/C	Floor	Stove	Gar	Levels	Laundry	Pet	Patio	Yard	Dish washer	Fam Rm	Frig	Fireplace	Sec. 8?	Sq ft

Microwave? Yes No ** Gardener provided? Yes No *Other: _____

Owner certifies that the information herein is true and correct to the best of owner's knowledge as of the date signed by owner.

Owner Signature

Date

For Agent Use: Digital photograph taken? Yes No

Sign installed? Yes No

Lockbox installed? Yes No



Lead Paint Disclosure: Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards

Address: _____

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based hazards in the dwelling. Tenants must also receive a Federally approved pamphlet on lead poisoning prevention.

Owner's Disclosure:

(a) Presence of lead-based paint or lead-based paint hazards (**initial one**):

___ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

___ Owner has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the Owner (**initial those that apply**):

___ Owner has provided the Resident with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

___ Owner has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

___ Owner hereby notifies Agent that if they know of any lead-based paint or lead-based paint hazards at the property that Owner will immediately notify Agent so that Agent can disclose any known information to Lessee(s) and provide to Lessee(s) any records available. Agent may sign on behalf of Lessor all required disclosures and inform Lessee(s) of any known hazards or records pertaining to lead-based paint and lead-based hazards.

Agents Acknowledgment (initial)

(c)

___ Agent has informed the Owner of the Owner's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy (initial)

(d)

___ The parties have reviewed the information above and certify, to the best of their knowledge, that the information provided is true and accurate.

Owner _____

Authorized Agent _____



PROPERTY MANAGEMENT ADDENDUM

Secure Lock box

This addendum is attached to and part of the existing Property Management Agreement.

AGREEMENT DATED: _____

Address of rental property: _____

Name of property owner: _____

HomeRiver has added a new way to show your home that is more convenient for rental prospects, including evenings and on weekends and holidays. This new lock box system allows authenticated rental prospects to view your home on their schedule. This self-serve system speed up the showing process and has proven to be a low risk way to get your property rented more quickly.

There will never be any cost or charge to homeowners. HomeRiver pays the cost of these lock boxes, and implementation, as a benefit to our owners.

This is a secure lock box system, which requires the viewing tenant to have a good and valid credit card along with their name and phone number. Your home is safeguarded when a valid credit card is required before the visitor is issued a ""Limited one time code"" to enter.

Any time a code is issued, HomeRiver's Agent is instantly notified on our cell phones or by email.

Property owner agrees to use of above system, which can be canceled at any time by owner with a 3-Day written notice by email, regular mail or fax, subject to HomeRiver receipt confirmation.

HomeRiver and the Owner both agree that the rental property owner will keep a homeowners insurance policy in effect as agreed in the management agreement, which will cover damages by rental prospects. Visitors will be responsible for any damages caused as a result of visiting vacancies, including but not limited to violation of any local, state, provincial, national, or other laws or regulations including, without limitation subsequent damages and/or vandalism that may occur after a visitor viewing the property via the HomeRiver Lockbox system.

Owner approval: Initial _____ Dated: _____

or

Owner declined: Initial _____ Dated: _____

HomeRiver confirmation: Initial: _____ Dated _____