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FULL SERVICE MANAGEMENT AGREEMENT

Pursuant to this Management Agreement dated _____ (the "Agreement"), the undersigned _____ (hereinafter "Owner") hereby agrees to employ Capital Property Management, Inc (hereinafter "Management"), exclusively to rent, lease, operate and manage the real property situated at the following address: _____ (the "Property") and also such other real estate as may be added to said document from time to time by mutual agreement of the parties, in accordance with the terms and conditions hereinafter set out, for a term of 12 months, commencing on _____, 20____, and shall expire the last day of _____, 20____, at midnight. Upon expiration of the above initial term, this Agreement shall automatically be renewed on a month to month basis unless terminated in writing by either party by providing written notice thirty (30) days prior to the date for such renewal. Notwithstanding the foregoing, this Agreement may also be terminated by mutual agreement of the parties at any time. Upon termination, Owner shall pay to Management any fees, commission and expenses due under terms of this Agreement, which are then owing to Management.

MANAGEMENT'S OBLIGATION

Owner hereby confers upon Management the following duties, authority and powers:

1. LEASING. To advertise the availability for rent of the Property or any part thereof in local publications at Owner's expense, and to display "For Rent" or "For Lease" signs thereon. To negotiate, prepare and execute all leases, renewals and extensions of leases, to terminate, cancel and modify leases relating to the Property utilizing Management's forms and agreements exclusively; to sign and serve for the Owner such notices as Management deems appropriate; to institute legal actions in the name of the Owner; to evict Tenants and recover possession of the Property; to recover rents and other sums due to settle, to employ attorneys for payment of rent more than five days in arrears, compromise and release such actions. Management reserves the right to make changes to its own rental/approval policies without notice to Owner.

1.1 Owner agrees not to rent directly to anyone without approval of Management, agrees to refer any rental inquiries to Management, and agrees not to make any agreements with or promises to potential or existing Tenants without Management approval.

1.2 Management will make all decisions as to the rental amount. Owner understands that the Management determines rental amounts in a competitive manner and consistent with other similar properties managed by Management or in the vicinity of the Owner's Property.

1.3 Management shall perform the selection of Tenants in compliance with Fair Housing laws. If Owner should at any time request Management to disregard Fair Housing laws and or Landlord Tenant Laws, this contract will be terminated immediately and the management fees for the balance of this contract or **\$500**, whichever is greater, will be due immediately.

1.4 Owner agrees that Management is not responsible for the collection of delinquent accounts. Management assumes no liability for monies that are uncollectible or for any damages or costs related to the tenancy and the Property.

1.5 Owner authorizes Management to use a lockbox to permit access to the premises, to the Management, Management's agent, cooperating agent, potential residents, and maintenance personnel.

Owner acknowledges that Management is not insuring Owner against theft, loss, or vandalism resulting from such access.

2. RENTS. To collect rents and to collect and disburse security and other deposits; to deposit all receipts collected for Owner in an account with a qualified banking institution maintained by Management. Management shall not incur any liability for bankruptcy or failure of the depository. Owner acknowledges that all interest amounts received by Management on any lease income, operating funds, security and other deposits, or any other amounts held will be to the credit of Management or as directed by the State of Idaho.

2.1 Any and all prepaid rents collected from the Tenant will be maintained by Management and released to the Owner as the rents become due each month. Prepaid rents are the Tenant's funds and therefore will not be released to the Owner until the month it's posted as rent.

2.2 Should Owner desire a physical check issued, rather than receiving funds as a direct deposit, Owner agrees to a physical check/statement fee of **\$5** per check cut.

3. MAINTENANCE AND REPAIRS. To employ, supervise and discharge all labor required for the operation and maintenance of the Property, it being agreed that all parties retained by Management pursuant to this Section shall be deemed to be Owner's contractors. To take charge of repairs, decorating and alterations and to purchase supplies therefore.

3.1 Management agrees to obtain Owner's prior authorization for any and each expense item in excess of **\$200** except monthly or recurring operating charges or emergency repairs, or in the event the Owner is not reasonably (in Management's sole opinion) available for consultation, if Management deems such expenditure in excess of this amount necessary for the protection of the Property from damage or to perform services to the Tenants provided in their leases or mandated by Idaho Code.

3.2 Owner agrees to maintain a minimum balance of **\$ 200**, per unit, to cover maintenance costs as they occur. Owner certifies that there are no known hazardous substances, environmental deficiencies or defects, structural or otherwise, at the Property and that all mechanical systems are in good working condition.

3.3 Management shall contract for bi-annual interior Preventative Maintenance at a minimum **\$45** expense to the Owner. The contractor will check plumbing fixtures, caulking, doorstops, dryer vents, smoke detectors and furnace filters and make necessary repairs. Management agrees to back-charge tenant for tenant related expenses. Owner acknowledges this is **not a home inspection** and Owner agrees to hold Management and Vendor harmless and keep them exonerated from all loss, damage, liability or expense occasioned or claimed by reasons of acts or neglects of the Vendor and/or his employees for the purpose of conducting the Preventative Maintenance Walk Through.

3.4 Due to the volume of business and Management's business relationships with vendors, certain benefits in the form of rebates, gratuities and discounts are sometimes made available to Management and it's employees. Management shall retain all available discounts, gratuities, and rebates.

4. SERVICE CONTRACTS. Management has the authority to execute contracts for utilities and services for the operation, maintenance and safety of the Property, as the Management shall deem advisable and/or necessary. Owner to assume the obligation of any contracts entered into by Management.

5. PERIODIC STATEMENTS / DISBURSEMENTS. Management will render monthly-itemized statements of receipts, expenses, charges and accruals and to remit to Owner receipts less disbursements and accruals for future expenses by the 15th of each month. In the event disbursements shall exceed receipts, Owner shall promptly remit such excess to the Management but nothing herein contained shall obligate the Management to advance its own funds on behalf of the Owner. Owner assumes full responsibility for the payment of any expenses and obligations incurred in connection with the exercise of Management's duties set forth herein.

5.1 Management is hereby authorized to pay or reimburse itself for all expenses and costs of operating the Property, including but not limited to, Management's compensation and expense reimbursements from the Owner's funds.

6. SECURITY DEPOSITS. Management shall comply with all applicable state or local laws concerning the responsibility for security deposits. Security deposits will be deposited in an account maintained by Management. Management shall collect and maintain all tenant deposits, such as cleaning and damage

deposits, pet deposits, and any other deposits in which Management deems necessary to collect from Tenant. Owners of new accounts agree to provide an accounting of all security deposits and to supply Management with matching funds prior to the execution of this Agreement. Should the Property sell or upon termination of this Agreement, Owner authorizes Management to deduct any outstanding fees owed by Tenant to Management from the security deposit prior to releasing these funds. Owner will remain liable to the tenant for all security deposits and to hold harmless and defend Management from any and all claims by tenant for the return of the security deposits identified herein, should the property sell or this Agreement be terminated.

7. PROPERTY SURVEYS. Management agrees to perform regular exterior surveys. Such survey will be performed on a random basis to ensure Tenant compliance on a regular basis. Owner can request an interior survey at anytime, as keeping in line with the Tenant's right to quiet enjoyment. Management shall perform interior surveys at its discretion or when deemed prudent by Management. Management will not be liable to Owner for the performance or lack thereof in scheduling or conducting the property surveys.

OWNER'S OBLIGATION

8. MANAGEMENT COMPENSATION. Owner agrees to pay Management, on a monthly basis, a fee of **9%** of the gross monthly rental income for services rendered with a minimum of **\$50** per property, regardless of who places Tenant in Property and a onetime **\$100 initial set up fee** (non-refundable), per single family property and/or **\$175** for each multifamily property. In addition thereto, in order to offset additional costs and expenses, Management may charge prospective Tenant application fees, and collect late charges, NFS fees, early termination fees and the like, in accordance with the laws of this state. Management shall retain any such fees or charges collected.

9. ADVERTISING. Owner agrees to pay all advertising costs. Our online package is **\$19**, per month. Owner SHALL NOT place any advertising for the Property themselves. Management will be the only advertiser of the Property.

10. COLLECTION, COURT AND EVICTION FEES. Owner is responsible for all costs of collection and eviction. Management shall institute collection and eviction proceedings on the Owner's behalf when deemed necessary in Management's solo and absolute discretion. Idaho law requires generally that when an eviction is performed, a three (3) day notice be delivered to the Tenants. This usually takes several hours to accomplish; therefore, the late fees levied to the Tenant are retained by the Management as compensation to Management. Any time of Management or Management's employee(s) expended in preparation for and or attendance of court hearings on Owner's behalf, Owner will be billed at the rate of **\$75** per hour for each hearing or litigation appointment. Owner and Management agree that such charges will be paid by the Owner but charged to the Tenant.

11. LEASE RENEWALS. Owner agrees to pay Agent a **\$100.00** fee for every one year lease renewal accomplished for aforementioned property. This is a one-time charge and billed only after a new lease or existing resident signs the addendum renewal to the existing lease.

12. VACANCY PROPERTY REVIEW. Owner shall pay for a tenant move out condition report, which includes a video and photographs of the property and recommendations to preserve value. Current cost is **\$65** as published and amended at www.cpmidaho.com.

13. PROFESSIONAL CLEANING. At the expense of the Owner, Owner agrees to a professional cleaning of the Property prior to listing the property for rent.

14. OWNERSHIP. Owner warrants that Owner is the sole owner of the Property, or has unconditional authority to execute this Agreement on behalf of any Co-Owner. Any individual Owner shall have authority to hereafter take action and enter into further agreements with Management on behalf of all Co-Owners.

15. HOLD HARMLESS. Owner agrees to hold the Management harmless from all claims, lawsuits and the like made in connection with the Management of the herein described Property including any injury suffered by any employee or other person whomsoever, and to carry, at Owner's sole expense, adequate public liability insurance and to name the Management as co-insured. Owner further agrees that Management shall not be liable for any error of judgment or for any mistake of fact or law, or for anything, which the Management may do or refrain from doing hereunder, except in cases of willful misconduct or gross negligence. If suit is brought to collect the Management's compensation or if Management successfully defends any action brought against Management by Owner, relating to the Property or Management's management thereof, Owner agrees to pay all costs incurred by Management in connection with such action, including reasonable attorney's fees. Owner agrees to maintain adequate fire,

liability and casualty insurance on the Property for the duration of this Agreement as further detailed at Paragraph 13, below. Management shall not become an insurer of the Property and shall be held harmless for any loss or damage, either directly or consequential.

15.1 If at any time during or after the term of this Agreement, the Property is found to be contaminated with hazardous waste, Owner agrees to indemnify and hold Management harmless from all claims, demands, actions, liabilities, cost expenses, damages and obligation of any nature arising from or as a result of said hazardous waste. The foregoing indemnification shall survive the termination or expiration of the Agreement.

15.2 Management shall not be liable for any damage to the Property caused by Tenants, vandals or others. Management shall not be liable for any loss or damage to any personal property of Owner.

16. PERSONAL PROPERTY. Owner agrees to remove all personal property and belongings from the Property. Management assumes no responsibility or management of personal property left by Owner at Property.

17. KEYS AND CONTROLS. Owners are not authorized to have or keep keys to the Property during the life of this Agreement. Management at the expense of Owner will require all locking door knobs and dead bolts on the Property (to exclude interior bedrooms and bathroom doors) be switched over to "Smart Key" within 7 days of the start of this Agreement, whether the Property is vacant or not. Properties using Smart Locks will have the cost of re-keying between Tenants passed on to the vacating Tenant so as long as their Rental Agreement requires them to.

Should Owner choose not to convert to Smart Locks, Owner still agrees all locking door knobs and dead bolts on the Property (excluding interior bedroom and bathroom doors) be re-keyed at Owner's expense within 7 days of the start of this Agreement, whether the Property is vacant or not, and therefore Owner chooses to be responsible for all re-keying/locksmithing charges between Tenants and/or vacancies.

Owner requests to Opt-Out of using Smart Locks and agrees to be responsible for all re-keying and or locksmithing charges between Tenants and/or vacancies by initialing here: _____

18. ILLEGAL USE OF DRUGS. Owner acknowledges that state and/or federal laws may allow said governments to confiscate real or personal property, which is used in connection with the use of illegal drugs. The Management's rental lease states "It is hereby understood by the Tenant that any illegal use or dealing of drugs or controlled substances is a breach of the rental agreement and will result in your eviction from the Property". The purpose of this clause is to allow the Management to evict Tenants from the Property upon the Management being duly informed or learning of such illegal activities; however, it is understood by the Owner that the Management may not learn of such illegal activities until after the Property has been confiscated, and that the Owner hereby holds the Management harmless from all damage suits in connection with the confiscation of their property when the Property is being used for such illegal activities.

19. DATA AND RECORDS. Owner agrees to make available to Management all data, records and documents pertaining to the Property, which the Management may require to properly exercise its duties hereunder.

20. INSURANCE. Owner shall obtain the following insurance at the expense of the Owner, and such insurance shall be maintained in force during the full term of this Agreement.

20.1 Comprehensive public liability property insurance of at least \$300,000 single limit for bodily injury, death, and property damage; all insurance maintained by Owner shall name Capital Property Management, Inc as a co-insured.

20.2 Fire and extended coverage hazard insurance in an amount equal to the full replacement cost of the structure and other improvements situated on the property.

20.3 Within fourteen (14) days from the date of this agreement, Owner shall deliver certificates evidencing such insurance coverage to Management. Management shall receive thirty (30) days written notice prior to cancellation of such insurance policies. If Owner fails to obtain insurance as required by this Agreement, Management may, but shall not be obligated to, purchase said insurance. If Management purchases insurance because of Owner's failure to do so, Owner shall reimburse Management for the cost of procuring such insurance within seven days after written demand by Management for reimbursement.

21. MORTGAGE PAYMENTS. Owner agrees that the Property is not subject to current legal action or

foreclosure. Owner agrees to keep any and all accounts associated with the Mortgage, Lines of Credit to said Property, property taxes, association fees and or any other obligations which could lead to a foreclosure action against said Property current at all times during this Agreement. Owner agrees to notify Management if such payments are not current. If Management is made aware of any such default and or a foreclosure is a real possibility, in Management's sole opinion, Management may terminate this Agreement. If Management chooses to terminate the Agreement on this basis, Owner remains responsible for any outstanding balances owed and future Management fees owed to Management.

22. FORECLOSURE. Should Management be notified that a foreclosure action has been initiated against the Property, Owner authorizes management to freeze all Owner related funds and Management will not make any further disbursements to Owner. Owner will have thirty (30) days to correct and make all obligations current. Should Owner fail to stop the foreclosure process, Owner authorizes Management to release the Tenant from their Rental Agreement and all future rental payments, refund the security deposit to the Tenant, and deduct from Owner's funds on hand all amounts due to Management and or Tenant including, but not limited to, any refund to Tenant of prorated rents or expenses and all management fees and other fees as described within this Agreement.

23. LIENS. Owner agrees to keep Property free and clear of any tax or mechanic's liens. If Management is made aware of such a lien, Management reserves the right but is not obligated to negotiate and or make payments to such lien holder on behalf of Owner.

24. LEAD BASED PAINT DISCLOSURE. 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, landlord and owners must disclose the presence of know lead based paint.

Owner's Acknowledgement relating to the Property **(Initial if Applicable)**

- 20.1 Known lead based paint/hazards are present _____
- 20.2 Has provided lead based/hazard records _____
- 20.3 Has no knowledge of lead based paint/hazards _____
- 20.4 Has no records pertaining to lead based paint/hazards _____

25. SMOKE DETECTORS AND CARBON MONOXIDE DETECTORS. At the expense of the Owner, smoke detectors and carbon monoxide detectors will be installed if not already present. Smoke detectors will be installed in a minimum of each bedroom. Carbon monoxide detector(s) are to be installed between bedrooms, with at least one on each level.

OTHER TERMS

26. NORMAL WEAR AND TEAR DEFINED. Normal wear and tear means the deterioration that occurs based upon the use for which the rental unit is intended and without negligence, carelessness, accident, misuse or abuse of the premises or contents by the tenants, their family or guests.

26.1 For the purposes of this Agreement, Management will consider to include but is not limited to the following items as normal wear and tear: Nail holes (non-excessive in Management's sole opinion) used to hang pictures, minor spot painting between tenants, traffic wear in carpet, carpet replacement after 5 years, scuffed hardwood floors, sometimes minor cleaning between tenants, worn toilet seats, re-keying or replacement of worn locks, blind replacement due to sun damage or paint flaking, caulking or any other preventative maintenance.

27. YARD CARE. Management does not provide yard care services. Yard care is considered to include but is not limited to weeding of planters, trimming of grass, edging of grass and planters, pruning and trimming of all shrubs and trees, application of weed control and fertilizer on grass, setting of any automatic timers for irrigation/sprinkler system, the maintenance or repair of irrigation/sprinkler systems, or the removal of garbage, debris and animal feces. Owner must indicate below who is to care for the yard, whether it is the Tenant or the Owner themselves. Management agrees to inspect the exterior yard during its random property surveys and notify either the tenant or the independent contractor of deficiencies, however, at no time is Management responsible for the care of the yard for the Property. If Owner indicates that the yard care is performed by the Tenants, either the Owner or independent contractor assumes responsibility for yard care between tenancies.

27.1 Designation of Responsibility. Mark "O" for Owner, "T" for Tenant:
Mowing: _____ Fertilizing: _____ Trim Bushes/Shrubs: _____
Watering: _____ Weeding: _____ Irrigation: _____
Seasonal Sprinkler Turn-On & Blow-Out: O Sprinkler Repair: O

Fall Clean-up: _____ Tree Trimming (low hanging branches only) : _____
Other: _____

28. MANAGEMENT SERVICES DO NOT INCLUDE: Management under this Agreement does not include showing the property to real estate agents, inspectors, appraisers, or prospective buyers while the property is for sale, providing on-site management, property sales, refinancing, preparing Property for sale or refinancing, supervising and coordinating modernization, rehabilitation, fire or major damage restoration projects, obtaining income tax, accounting or legal advice; advising on proposed new construction, debt collection, counseling, or attending Owner's association meeting and the like. If Owner desires Management to perform services not included in normal property management or specified above, a fee shall be agreed upon for these services before work begins, subject to certain limitation imposed by law for the specialized services only authorized by licensed professionals.

29. SELLING THE PROPERTY. If the Property is sold within six (6) months after the commencement of this Agreement, unless otherwise agreed upon by both parties, Owner agrees to pay Management an administrative fee of **\$250**. Owner agrees to provide Management proof from a title company that the Property is sold in any event.

30. TERMINATION BY OWNER. If Owner cancels this contract for any reason during the initial term, except in cases of willful misconduct or gross negligence, Owner agrees to pay the Management a **\$250** fee plus an administrative fee of **10%** of the actual or projected rent for the remainder of the initial term, or **\$500**, whichever is greater, whether or not the Property is leased or rented. Minimum termination fee shall be **\$500**.

30.1 Management shall have the right to retain possession of all keys, Leases and any other documentation in its possession or that may have come into its possession as an agent for the Owner until Management receives full payment of all monies due to Management from the Owner.

31. TERMINATION BY MANAGEMENT. Management reserves the right to terminate this Agreement with thirty (30) days written notice to Owner at any time, or, immediately with written or verbal notice, if in the sole opinion of Management's or Management's legal counsel, Owner's actions or inactions are illegal, improper, or jeopardize the safety or welfare of any tenant's or other persons, interfere with this Agreement, code violations occur on the property, a foreclosure action is filed against the Owner or Owner is delinquent in the payment of any taxes, fees, assessments, bills, fines or any other financial obligations related to the property or the Management. Management may at its option continue to hold Owner liable for any commissions due, fees due, or monies owed, if the tenant remains in the property after such termination by Management, payable upon termination. If termination occurs, Owner shall immediately provide Management with a bank account for Management to transfer any deposits held on behalf of the tenant.

32. OWNER DELINQUENCY. If Owner's account is overdrawn for any reason, Owner agrees to pay the overdraft prior to the 25th day of that month or within ten (10) days after notification; otherwise Management will no longer be obligated to pay any bills on behalf of Owner until said overdraft is corrected by Owner. Delinquent accounts will be charged interest at the rate of eighteen (18) percent per annum on any unpaid balance. The monthly statement of income and expenses indicating a deficient Owner balance shall be sufficient notice to Owner of balance due. Owner agrees to pay all outstanding balances within thirty (30) days of termination of Agreement.

33. BINDING EFFECT. This Agreement shall be binding upon the successors and assigns of the respective parties hereto, including their separate and community estates, heirs, executors, administrators and representatives. This Agreement may not be changed or modified in any way unless agreed to in writing by both Owner and Management.

33.1 Should any Section or any part of any Section of this Agreement be rendered void, invalid or unenforceable by any reason by any court of law exercising competent jurisdiction, such a determination shall not render void, invalid or unenforceable any other Section or any part of any Section in this Agreement.

34. LEGAL COSTS AND ATTORNEY'S FEES. If legal proceeding are brought as a result of a dispute under this Agreement or any other transaction related to or contemplated by this Agreement, Management will be entitled to recover from Owner all costs of such proceeding and reasonable attorney's fees.

35. JOINT AND SEVERAL. All Owners executing this Agreement are jointly and severally liable for the

performance of all of its terms. Any act or notice to, or signature of, any one or more of the Owners regarding any term of this Agreement, its extension, renewal or termination is binding on all Owners.

36. SEVERABILITY. If a court finds any clause in this Agreement invalid or unenforceable, the remainder of this Agreement will not be affected and all other provisions of this Agreement will remain valid and enforceable.

37. COLLECTIONS. In the event that Owner becomes delinquent and payment is not made on amounts owing under the terms of this Agreement, and the balance is placed with a licensed collection agency, Owner agrees to pay the fees of the collection agency, which amount is theretofore agreed to be 50% of the outstanding balance at the time the account is placed for collections. The 50% collection agency fee will be calculated and added at the time the account is placed into collections.

The parties agree that this Agreement has been entered into in the State of Idaho that that the laws of such state shall govern the validity and interpretation of this Agreement and the performance due hereunder.

Other: _____

The Management accepts this exclusive employment and agrees to use due diligence in the exercise of the duties, authority and powers conferred upon him under the terms hereof.

Owner's Signature: _____ Dated: _____

Owner's Signature: _____ Dated: _____

Owner's Signature: _____ Dated: _____

Capital Property Management: _____ Dated: _____