

SMCF, LLC

Property Management Agreement

This agreement dated _____ is made by and between _____,

whose address is _____

("Owner"), and SMCF LLC, whose address is PO BOX 1438, Owings Mills, MD 21117("Agent.")

1. Agency. The Owner hereby employs the Agent to lease and manage the Owner's single family residence ("Property") located and described as follows:

See attached Addendum A made a part hereof by reference.

2. Duties of Agent. In order to properly manage and lease the property, the Agent shall have the following duties and responsibilities:

A. Best Efforts. The Agent shall use its best efforts to attract and retain tenants for the property. All efforts which includes: visible placement of a professional for rent sign on the premise of the property to attract prospective tenants, full use of SMCF tenant Prospect Database, including tenants that have been pre-approved, newspaper ad placement if necessary, full access to the MLS system.

B. Lease Negotiations. The Agent shall handle all negotiations with tenants with respect to leases. All such agreements are subject to the approval of the Owner. However, the Owner may provide the Agent with authorization to lease under certain specified terms and conditions.

C. Employees. The Agent shall employ, supervise, discharge, and pay all employees or independent contractors who are reasonably required in the proper management and operation of the property. The Agent shall pay all employees and independent contractors and fully complete all necessary federal tax returns and payments of related taxes on behalf of the Owner.

D. Supplies. The Agent shall purchase all necessary supplies for the proper management of the

property. This includes heating fuel where applicable.

E. Repairs and Maintenance. The Agent shall contract for or undertake the making of all necessary repairs and the performance of all other necessary work for the benefit of the property including all required alterations to properly carry out this contract. However, no expenses shall be incurred for such matters in excess of Fifty Dollars (\$50. 00) for any single item without the express consent of the Owner, except where required during an emergency.

F. Mortgages and Other Expenses. From the rents received the Agent shall pay all operating expenses and such other expenses as requested by the Owner. This may include the payment of mortgages or taxes.

G. Collections. Unless otherwise expressed, Owner agrees to utilize our collection services if a tenant is evicted, moves, or abandons the property with a balance. In cases where rent is seriously delinquent, the Agent shall initiate action to pursue lost rents and/or recover possession of the Property for the Owner at Owner's expense. Agent is hereby authorized to act on Owner's behalf to settle, compromise and release any action or suit as would be advisable and in the Owner's best interests, subject to Agent's sole discretion. Agent is hereby authorized to employ legal counsel at Owner's expense to pursue Owner's interests as they pertain to defaults by the tenant.

H. Miscellaneous. The Agent shall also perform all other necessary tasks and do all other things as required for the proper management, upkeep and operation of the property as customarily be performed by a Managing Agent of this type of property. See attached

Addendum B made a part hereof by reference.

I. Collection of Rents. The Agent shall collect the rents and other income from the property promptly when such amounts come due taking all necessary steps to collect same and performing all reasonable acts on behalf of the Owner for the protection of the Owner in collection of such amounts. This includes collection of the security deposit and first month's rent for new tenant, totaling 2 months rent.

J. Financial Records. All monies collected by the Agent shall be deposited into a special bank account or accounts as required by the Owner. Such monies of the Owner shall not become mingled with funds of the Agent. However, the Agent may withdraw monies from such accounts as necessary to properly perform this contract and in payment of compensation as required by this contract. The Agent shall provide the Owner with periodic statements accounting for all expenses and will open its records to the Owner upon demand.

K. Payments to Owner. The Agent will make payments to the Owner between the 5th and the 10th of every month from the collection of rents, unless rent is late from said tenant(s).

3. Compensation of Agent. The Owner shall pay the Agent as full compensation for the services of the Agent the sum of 10% of all gross rents or \$75.00 per month which ever if greater. Owner further agrees to pay a fee of \$50 per month when the property is vacant for services rendered by Agent. These amounts shall be payable to the Agent when such funds become available from the amounts collected by the Agent according to this contract. Leasing fees are as follows: 100% of the full first month's rent to secure a new tenants for the property. (See Addendum C for full Fee Schedule).

* Court fees (such as late rent and warrant of restitution, tenant holding over, etc), as well as eviction fees, are not included in the monthly management fee. Those costs are additional. See **Addendum C for fee schedule.**

4. Duties of the Owner. The Owner will provide all necessary documents and records and fully cooperate with the Agent in all matters with respect to this contract. The Owner will provide the Agent with evidence of insurance which evidence the Agent shall examine to determine the adequacy of coverage. If necessary, additional insurance of changes in insurance coverage may be made upon the approval of the Owner.

5. Indemnity. The Owner shall indemnify and hold the Agent completely harmless with respect to liability and damages, costs and expenses in connection with any damage or injury whatsoever

to persons or property arising out of the use, management, operation, occupation, ownership, maintenance or control of the property or out of any matter or thing with respect to which it is elsewhere in this contract provided or agreed that the Agent shall not be under responsibility. However, the Owner will not indemnify the Agent against the willful misconduct of the Agent, its employees, contractors, etc. Agent will not reveal to anyone, unless mandated by federal, state or municipal law, the name, address or any other information concerning the Owner.

6. Term of Contract. This contract shall continue for a period of one year from the date hereof, and shall be automatically renewed from year to year unless terminated by either party upon written notice sent to the other party not less than fifteen (15) days before any expiration date.

7. Termination of Contract. This contract may be terminated at any time by the Owner upon giving the Agent thirty (30) days written notice for any reason or in the event of a bona fide sale of the property, and without notice and immediately in the event the Agent fails to discharge the duties of the Agent faithfully in the manner herein provided.

8. Notices. All written notices to the Owner or to the Agent may be addressed and mailed, by United States registered mail, to the address above written.

9. Modification. This contract may not be modified, altered, or amended in any manner except by an agreement in writing executed by the parties hereto.

10. Who is Bound. This contract is binding upon the parties hereto, their representatives, successors and assigns.

11. Disputes. This Agreement is governed by the laws of the State of Maryland, and any dispute arising hereunder must be brought in a court of competent jurisdiction in Maryland. In the event of litigation, the parties agree to reimburse the prevailing party's reasonable legal services fees, court costs, and all other expenses, in addition to any other relief to which the prevailing party may be entitled.

12. Insurance. Owner will provide public liability, fire, extended coverage, vandalism and malicious

mischief insurance coverage for the Property with minimum limits for each occurrence of \$500,000.00, such insurance to include broad form property coverage endorsements specifically covering tenant-occupied property and meeting the requirements of Standard DP-300 as issued by the Insurance Service Office. Owner will have Agent named as an additional insured on such insurance policies. All policies will contain an endorsement requiring that the Agent be given 30 days prior written notice of any insurance premium statement, forward to Agent a copy of such statement together with evidence that such statement has been paid. Unless paid by the mortgage servicer, Owner must have policy renewal information sent directly to Agent. Owner has been advised that most such insurance policies contain provisions which automatically exclude from coverage certain perils (e.g., water damage from frozen pipes) whenever a property has become vacant for more than a certain number of days, and Owner assumes sole responsibility for determining such automatic exclusions and for taking all action necessary to continue, during the term of this Agreement, the level of insurance coverage required to be maintained by Owner in accordance with this section.

13. Owners Personal Possessions. Owner hereby indemnifies Agent, its employees, agents and assigns, for any liability resulting from damage done to personal possessions left at the Property by the Owner.

14. Compliance of Leases. Owner agrees to comply with the terms of each lease for the Property. In addition, if Owner is notified by any governmental agency of an alleged violation pertaining to the Property, Owner shall promptly notify Agent of such alleged violation and hereby authorizes Agent to take immediate action on Owner's behalf and at Owner's expense to cure the alleged violation.

15. Compliance of Laws. Owner acknowledges that the Property will be shown and made available by Agent to all persons without regard to race, religion, national origin, age, sex, marital status, familial status or handicap. Owner agrees to abide by and to cooperate with Agent in complying with all applicable federal, state and local laws, including those prohibiting housing discrimination and governing fair housing practices.

16. Reserve. Owner shall deposit with Agent the sum of , to serve as a reserve to cover expenses

relating to the Property. In the event the reserve balance is drawn down to cover expenses, Agent shall withhold from the next rent a sum sufficient to replenish the reserve fund.

17. Provision of additional funds. Owner agrees that the application of funds in the Account Reserve shall be made in the order of priority which the Agent, in the Agent's sole discretion, deems appropriate. If, at any time during the term of this Agreement, the funds on deposit in the Account Reserve are insufficient to make an expenditure in accordance with the terms of this Agreement, the expenditure or payment will not be made by Agent until Owner forwards sufficient funds to Agent for such expenditure or payment. Agent agrees to notify Owner promptly of any shortage or anticipated shortage in the Account Reserve, and Owner agrees to forward to Agent immediately funds sufficient to cover such shortage. If the Agent manages more than one property for Owner, a shortage in the Account Reserve maintained for the Property shall automatically permit the Agent to utilize funds in the account reserve maintained in connection with Owner's other properties.

Agent

Owner

Date

Date

Addendum A

Respective address(s) of properties that the agent will be managing:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Addendum B

Services Provided

- Identify and evaluate investment property opportunities
- Property management services available for all types of property, including single- and multi-family residences, commercial office buildings, warehouse/industrial/retail space, and more
- Advertise through local media
- Not sure whether to rent or sell your investment property? SMCF Property Management professionals can evaluate market conditions and property values to help you decide, as well as arrange the sale or lease.
- Collect rents
- Collect first month's rent and adequate security deposit
- Bill and collect monthly rents during the entire term of the lease
- Process evictions, as needed, at cost of legal services
- Computer-based billing and recordkeeping system that ensures timely rent notification and collection
- Prepare comprehensive reports
- Provide monthly itemized statements (includes all rent collected plus costs/receipts for maintenance)
- Develop annual statement for tax purposes, owner shall receive 1099 statement
- Preparation of all documents for legal and binding leases as prepared by landlord/tenant law attorney
- Keep track of tenant occupancy through move in/move out reports
- Provide access to or copies of all documentation related to tenants as requested by Owner
- Rehab, repair and maintain property
- Licensed general contractor on staff for on-site repairs and general maintenance
- 24/7 availability to keep property landscaped, clean and well maintained
- Facilitate all insurance claims
- Handle all inquiries and requests from tenants
- Screen and acquire tenants
- Solicit, acquire and stringently screen all prospective renters and tenants via:
 - credit reports
 - rental history
 - references
 - employment records
 - criminal background checks

Addendum C

Fee Schedule

- 1-4 units : 10% gross monthly rent
- 5-7 units : 9.5% gross monthly rent
- 8-10 units : 9% gross monthly rent
- Tenant Placement fee 100% of the full first months' rent
- Monthly Management fee 10% or \$70 which ever price is greatest
- New Tenant Section 8 Paperwork \$135
- Consultation fee \$150-350 (this is not a management fee (initial setup for new clients, meetings, cma's etc)
- Credit Reports \$35 (paid by tenant)
- Late rent court (city) \$21
- Late rent court (county) \$19-22
- Eviction filing (city and county) \$40
- Certified letters for evictions \$5.41
- Certificate of mailing for evictions \$1.15
- Existing tenant lease up fee \$125
- Eviction expenses \$125-1,500 depending on what is left behind, method of trash removal, lock change, securing property
- Personal Baltimore Sun Ad Placement \$165 - \$200
- Inspections \$75+ (depending on type of inspection (Pest, Lead, Home))
- U/O (Use and Occupancy) - \$75
- Property Registration for Baltimore City properties - \$30 per unit
- Travel cost to property per visit - \$25
- Travel cost to court to stand for failure to pay rent, civil cases and evictions - \$25
- *** If your property is currently on MLS or For Sale while we are trying to place a tenant, there will be a deposit of \$200 to be put down, which will be non-refundable if the property is sold before we place a tenant. If we place a tenant, the \$200 will be applied towards the tenant placement fee.
- Vacancy Fee: If, at the time Owner and Agent execute this Agreement, the Property is already occupied by a tenant, Owner shall, in lieu of a leasing fee, pay to Agent an administrative fee of \$100.00 for Agent's initial inspection of the Property and related services.