

# Sample Multifamily Property Management Agreement

By

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Brought To You By



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# Sample Multifamily Property Management Agreement

## Apartment Management Agreement

This Apartment Management Agreement (the "Agreement") is made this \_\_\_\_ Day of September 2009 by and between \_\_\_\_\_ ("Agent"), and ABC Apartment Investors, LLC ("Owner").

- 1) PROPERTY - That certain property consisting of the multi-family apartment complex known as \_\_\_\_\_ located at \_\_\_\_\_ in the city of \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_ together with all personal property of Owner attached thereto, located thereon or used in connection therewith (The "Property").
- 2) AGENCY - In consideration of the property management services to be rendered by Agent pursuant to this Agreement, Owner hereby designates Agent as the exclusive Agent and representative of Owner for the purposes of management and operation for Owner's account of The Property.
- 3) TERM - This Agreement shall become effective as of the \_\_\_ day of \_\_\_\_\_ 20\_\_\_. (the "Effective Date") and, shall continue in full force for 36 months. This Agreement shall automatically renew for a term of twelve (12) months unless written notice is received by Agent, from Owner, a minimum of thirty (30) days prior to the expiration of the term. Either party shall have the right to terminate this agreement by delivering written notice thirty (30) days prior to termination.
- 4) MANAGEMENT FEE – (a) The agent will be paid a fee of \_\_\_\_% of the monthly collected revenues from the Property. Revenues include rent, pass through costs to tenants, vending income, and forfeited security deposits applied to rent (excluding damages). Revenues do not include insurance proceeds or other revenue sources not listed above. Agent will be reimbursed for all expenses directly related to the management and leasing of the Property. The Agent will not be reimbursed for Agent's general office overhead and expenses. Projects including, but not limited to, property renovation, reconstruction, or damage recovery are outside the scope of the normal management fees and will require additional compensation to be agreed upon by all parties prior to initiation of work. (b). Upon signing a new tenant into a new term lease, the Agent will be paid a one-time fee of \_\_\_\_% of monthly rent per unit. (c). Upon signing a current tenant into a new term lease of 6 months or greater, the Agent will be paid a one-time fee of \_\_\_\_% of monthly rent per unit. (d). Agent will be paid \$\_\_\_\_/hour for maintenance performed at the property.
- 5) POWERS AND DUTIES OF AGENT - The Agent shall (a) use its best efforts to keep the Property rented by procuring tenants for the Property, (b) collect the rents and other income due the Owner on a timely basis, (c) deposit all income, including security deposits, in a separate Broker Account on behalf of

Owner, (d) pay normal reoccurring operating expenses on a timely basis from the trust account, provided funds are available, (e) hire employees, vendors, contractors, and suppliers to provide services, materials, equipment, and supplies for the benefit of the Tenants and Property, (f) secure Owner's approval on any expense, other than normal reoccurring operating expenses, that exceed One Thousand Dollars (\$1,000.00) except for emergencies to protect property, health, or life, (g) enforce the tenants' lease obligations and rules and regulations, (h) provide monthly operating statements, (i) keep the Owner informed of any potential problems, hazards, and code violations existing at the property, and (j) perform other reasonable duties or tasks requested by the Owner.

6) DUTIES OF OWNER – Owner shall be responsible for providing funds, or causing funds to be provided, for the Operating Account to meet on a timely basis, the cash requirements of Agent for the proper operation of the Property. Owner agrees to review monthly financial statements for any errors or discrepancies within 120 days from the close of the respective month.

7) OWNER'S AGENT AND SECURITY DEPOSITS - Pursuant to \_\_\_\_\_ [state] Real Estate Commission requirements; all security deposits received from tenants are transferred to Owner and are not held by Agent, owner has full financial responsibility for return of the security deposit to tenants. Owner authorizes the Agent to return any deposit due the tenant from the Owner's operating account. Owner appoints Agent as the Owner's representative for service of legal notices affecting the property. Upon notice of any dispute from the tenant, Agent will not unreasonably withhold the Owner's true name and current mailing address.

8) INSURANCE OBLIGATIONS – (a) Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machines, etc.) and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of the Property. Manager shall be covered as an additional insured on all liability insurance maintained with respect to the Property. Said policies shall provide that notice of default or cancellation shall be sent to Manager as well as Owner. (b) Agent will procure and maintain insurance against the misfeasance, malfeasance, or non-feasance (errors and omissions) management of the Property, with limits of not more than One Million Dollars and with a deductible of not less than Five Thousand dollars.

9) OWNER'S INDEMNIFICATION - Owner hereby warrants and represents to Agent that it has the lawful and proper authority to employ Agent as provided herein. Except in the event of the negligence or willful misconduct of Agent, its officers, directors, employees, successors, assigns or other persons acting on behalf of Agent, Owner shall indemnify, defend, and hold Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities and damages from or connected with the operation or management of the Property by Agent or the performance or exercise of any obligation, power or authority herein or hereafter granted to Agent. Owner also agrees to hold harmless and defend Agent from any and all claims arising by reason of Agent's employment of any Property employee, including all costs of Agent's employment of any

Property employee, including all costs of defense. Owner shall further indemnify Agent against, and hold it harmless from, all damages, claims, loss, cost or expense, including, without limitation, attorney's fees and costs arising out of defects in design or construction of the improvements in the Property or any breach of any legal duty or obligation which is by law or under this Agreement the responsibility of Owner.

10) ARBITRATION - Any controversy or claim arising out of or relating to the interpretation or application of any provision of this Agreement shall be settled by mediation and/or binding arbitration in accordance with the Commercial Rules of the American Arbitration Association then in effect. Judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The arbitration shall be held in Denver, Colorado. The expenses of the arbitration shall be borne by each party to this Agreement as determined by the arbitrators, provided that each party to this Agreement shall pay for and bear the cost of its own experts, evidence, and legal counsel.

IN WITNESS WHEREOF, the parties have executed this Agreement the \_\_\_ day of \_\_\_\_\_, 20\_\_.

Owner: ABC Apartment Investors, LLC      Agent: \_\_\_\_\_

By: \_\_\_\_\_      By: \_\_\_\_\_  
ABC Apartment Investors, LLC

For a **free 30-minute** strategy session on this, or any other element of multifamily investing, contact me at [connect@bigfishtopdogs.com](mailto:connect@bigfishtopdogs.com).

To your investing success!

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