

NEXT STEP REALTY MANAGEMENT

P.O. Box 140472 Boise, ID 83714

OFFICE: (208) 853-0094 FAX: (208) 445-2211 WEB: www.nextsteprm.com

NEXT STEP REALTY RENTAL MANAGEMENT AGREEMENT

1. AGREEMENT

THIS PROPERTY RENTAL MANAGEMENT AGREEMENT (hereinafter "Agreement" or "AGREEMENT") is made and entered the (**Day, Month, Year**), by and between (**Owner Name**) (hereinafter called "OWNER") and NEXT STEP REALTY MANAGEMENT (hereinafter called "AGENT"). OWNER and AGENT shall be referred to collectively as "Parties" or "parties". The property to be managed by AGENT under this agreement is located at (**Street, City, State**) situated in Ada County (hereinafter "PREMISES"). Legal description of PREMISES (**Lot and Block, County**)

2. APPOINTMENT OF AGENT

- 2.1 OWNER hereby appoints AGENT as sole and exclusive agent of OWNER to manage the PREMISES described in paragraph 1 upon the terms and conditions provided herein. AGENT accepts the appointment and agrees to furnish services for the management of the PREMISES.
- 2.2 This AGREEMENT is for one year, commencing on the (**Day, Month, Year**). Either party may terminate this AGREEMENT upon 30 days written notice delivered to the other party, subject to the provisions of paragraph 18.1 herein after 12 months.
- 2.3 OWNER represents and warrants that OWNER is the sole owner of the PREMISES, or has unconditional authority to execute this AGREEMENT on behalf of any CO-OWNER and that the PREMISES are not subject to current legal action or foreclosure. Any individual OWNER shall have authority to hereafter take action and enter into further agreements with AGENT on behalf of all CO-OWNERS.
- 2.4 OWNER authorizes AGENT to contract for services to include but not limited to, water, sewer, garbage, gas, electric, irrigation, yard care, maintenance agreements, repairs and coin operated washer and dryers. OWNER to assume the obligation of any contracts entered.
- 2.5 OWNER agrees to reimburse AGENT each month during the term hereof for expenses directly attributable to OWNER'S property. These expenses include, but are not limited to, utilities, maintenance and legal fees.

3. BANKING

AGENT shall utilize its Operating Account for the deposit of receipts and collections as described herein. Funds in the account shall remain the property of the OWNER subject to disbursement of expenses by AGENT as described in this AGREEMENT. AGENT'S Operating Account is a common account used for Owners represented by AGENT.

- 3.1 AGENT shall collect all rents, charges and other amounts receivable on OWNER'S account in connection with the management of the PREMISES. Such receipts shall be deposited in the account maintained by the AGENT for the PREMISES. OWNER authorizes AGENT to endorse any and all checks drawn to the order of OWNER for deposit to such operating account.

- 3.2 If OWNER chooses, AGENT can electronically transfer monthly proceeds directly to OWNER'S account free of charge. Otherwise all Cash Distributions will be sent via check post marked by the 20th of the month or the following business day if the 20th falls on the weekend.
- 3.3 OWNER acknowledges that all interest amounts received by AGENT on any lease income, operating funds, security and other deposits, or any other amounts held in the Operating Account shall be retained by AGENT or as directed by the State of Idaho.
- 3.4 AGENT shall comply with all applicable state or local laws concerning the responsibility for security deposits. Security deposits will be deposited in a separate account for the sole purpose of holding security deposits and maintained by the AGENT for the PREMISES. AGENT shall collect and maintain all tenant deposits, such as security deposits, cleaning and damage deposits, pet deposits, cable/satellite deposits, and any other deposits in which AGENT deems necessary to collect from TENANT. OWNERS of new accounts agree to provide an accounting of all security deposits and to supply AGENT with matching funds prior to the execution of this AGREEMENT. Should the PREMISES sell or upon termination of this AGREEMENT, OWNER authorizes AGENT to deduct any outstanding fees owed by TENANT to AGENT from the security deposits prior to releasing these funds.
- 3.5 OWNER shall be responsible for the payment of all mortgage/notes, property taxes, special assessments, Homeowner Association fees, all consensual and non-consensual liens, all utilities as listed in paragraph 7.1 of this AGREEMENT, and premiums for casualty and liability insurance relating to the PREMISES unless otherwise modified in writing with AGENT. Any fines, late fees, all consensual and non-consensual liens, special assessments or any other mishaps will remain the responsibility of the OWNER. It is the responsibility of the OWNER to set up direct communications with the Lender(s) and Insurance Carriers.
- 3.6 OWNER shall maintain a minimum balance of **Two hundred fifty (\$250.00)** dollars per property at all times.
- 3.7 Upon acceptance of the request to make payments for those items listed in Section 3.5 of this AGREEMENT, AGENT will disperse funds accordingly, provided that OWNER'S account has sufficient funds. OWNER agrees to provide all necessary information and funds to AGENT to ensure proper and timely payments and hold AGENT harmless for any costs or responsibilities due to late payments. If AGENT is to make payments to any of the aforementioned entities, OWNER agrees to notify each entity and to authorize AGENT to call and access account information. Furthermore OWNER will be required to have at all times 2 months worth of reserves to cover expenses listed in Section 3.5 if AGENT is asked to make payment on behalf of OWNER. OWNER bears sole responsibility for payments, late fees, lost payments, and/or any damages.
- 3.8 From the Operating Account, AGENT is hereby authorized to pay or reimburse itself for all expenses and costs of operating the PREMISES, including AGENT'S compensation, TENANT fines, TENANT penalties and expense reimbursements.
- 3.9 At the discretion of AGENT, any balance of the OWNER'S account due and owing AGENT and not paid within 10 days of constructive notice will accrue interest at Eighteen percent (18%) per annum however not less than Twenty-Five (\$25.00) Dollars per month, until paid in full. Emailing of monthly statement of income and expenses indicating a deficient OWNER balance shall be sufficient notice to OWNER of balance due. OWNER understands that any balance due can be sent via check, cashiers check, money order or paid online at www.nextsteprm.com using e-check, debit card or credit card. Some additional fees may apply.
- 3.10 OWNER agrees to keep all mortgages, property taxes, association fees, or any other obligations which could lead to a foreclosure action against the property current and paid

in full. Should AGENT be notified that a foreclosure action has been initiated against the PREMISES, OWNER authorizes AGENT to freeze all OWNER related funds to that property and AGENT will not make any further disbursements to OWNER. OWNER will have 30 days to correct and make all obligations current. Should OWNER fail to stop the foreclosure process, OWNER authorizes AGENT 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 AGENT 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. Furthermore, a breach of contract fee of \$500 will be charged by AGENT in addition to regular management fees if no notice is given to AGENT by owner of pending foreclosure.

- 3.11** If OWNER chooses to have their own separate bank account and not participate in the AGENT'S operating account, OWNER agrees to pay AGENT an account maintenance fee of \$120 per year or \$10 month.

4. FINANCIAL AND OTHER REPORTS

AGENT shall issue to OWNER itemized statements on or before the 10th day of each following month which will include an accounting of all income and expenses related to previous months' rental activity for the PREMISES.

5. LEASING AND RENTING

- 5.1** AGENT shall use all reasonable effort to keep the PREMISES rented by procuring tenants for the PREMISES. AGENT is authorized to negotiate, prepare and execute all leases, including renewals and extensions of leases and to cancel and modify existing leases, utilizing AGENT forms and agreements exclusively.
- 5.2** During the term of this AGREEMENT, OWNER shall not authorize any other person, to negotiate or act as rental agent with respect to any leases for the PREMISES.
- 5.3** AGENT will make all decisions as to the rental amount. OWNER understands that the AGENT determines rental amounts in a competitive manner and consistent with other similar properties managed by AGENT or in the vicinity of the OWNER'S property.
- 5.4** OWNER and AGENT agree to follow all Federal and Local Fair Housing Laws. If OWNER should at any time request AGENT 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 Five Hundred (\$500.00) Dollars, whichever is greater, will be due immediately.
- 5.5** AGENT shall have authority on behalf of the OWNER to terminate any lease or rental agreements covering the PREMISES that are in default, to execute and serve such legal or other notices as AGENT deems appropriate, to institute legal actions for the benefit of, and the expense of, OWNER for the purpose of evicting tenants in default and to recover possession of the PREMISES, to recover unpaid rents and other sums due from any tenant to settle, compromise and release claims by or against any tenant, and to employ attorneys for payment of rent more than five days in arrears. OWNER agrees that AGENT is not responsible for the collection of delinquent accounts. Delinquent accounts will be submitted to a professional collection company for collection on behalf of AGENT. AGENT assumes no liability for monies that are uncollectible or for any damages or costs related to the tenancy and the PREMISES. AGENT shall retain all TENANT contractual fines and penalties levied against the TENANT for contract enforcement.

5.6 Owner will automatically be enrolled in our **eviction protection program** for a monthly fee of \$5 per unit to be taken out annually or monthly as program permits. Eviction protection guarantees that in the case of an eviction for non-payment of rent, Next Step Realty Management will pay the entire attorney fee bill up to \$800 for the writ of restitution only. This does not include sheriff fees, counter claims or jury trials. Owner has the option to decline the eviction protection program in writing and providing written statement to the management company below. All other legal fees outlined in this agreement are in affect and applicable.

5.7 AGENT assumes no responsibility or management of personal property left by OWNER at PREMISES.

6. ADVERTISING

Advertising Fee = \$0

AGENT shall arrange to advertise the PREMISES on the AGENT’S website and obtain and post rental signs on the PREMISES, a video walk thru of the PREMISES will be posted on AGENT’S website, Craig’s list and other online advertising will be used (rentals.com, Zillow.com, trulia.com, hotpads.com, apartments.com, etc..) at no additional cost to OWNER.

7. UTILITIES

7.1 OWNER is responsible for the payment of all utilities. OWNER must contact each utility, such as electric, gas, water, sewer, trash, and irrigation companies and provide AGENT with billing information to include account and contact numbers. If AGENT is to pay utilities on behalf of OWNER, OWNER is to set billing up as follows with appropriate utility companies:

Owner Name
C/O NEXT STEP REALTY MANAGEMENT
P.O. Box 140472
Boise, ID 83714
(208) 853-0094

7.2 OWNER agrees to set up Landlord Service Agreements in the OWNER’S name but in care of AGENT using AGENT’S mailing address.

8. PROPERTY SURVEYS

- 8.1** AGENT agrees to perform exterior surveys (drive-bys). Such survey will be performed on a random basis to ensure Tenant compliance on a regular basis.
- 8.2** AGENT shall perform interior inspections at its discretion or when deemed prudent by AGENT for a fee of \$70. Usually no more than once per year is necessary.
- 8.3** OWNER can request an interior survey at anytime for a fee of \$70 per inspection.

9. MAINTENANCE AND REPAIRS

- 9.1** AGENT is authorized, at its absolute discretion, to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to reserve and maintain the PREMISES in an attractive condition and in good state of repair for the operating efficiency of the PREMISES, and all alterations required to comply with lease requirements, governmental regulations, or insurance requirements. AGENT is also authorized to decorate the PREMISES and to purchase or rent, on OWNER'S behalf, all equipment, tools, appliances, materials, supplies, and other items necessary for the management, maintenance, or operation of the PREMISES. Such maintenance and decorating expenses will be paid by the OWNER and through the OPERATING ACCOUNT. AGENT shall not be liable to OWNER for any act, omission, or breach of duty of such independent contractors or suppliers.
- 9.2** From time to time AGENT will be available for repairs to PREMISES, OWNER agrees that AGENT will charge \$50 per hour for labor.
- 9.3** Due to the volume of business and AGENT'S business relationships with vendors, certain benefits in the form of rebates, gratuities and discounts are sometimes made available to AGENT and its employees. AGENT retains all available discounts, gratuities, and rebates.
- 9.4** The expense incurred for any one transaction shall not exceed \$ _____, except monthly or recurring operating charges and emergency repairs, unless otherwise authorized by the OWNER, typically done via e-mail.

10. 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 their guests. For the purpose of this Agreement, NEXT STEP REALTY MANAGEMENT will consider the following items as normal wear and tear: (nail holes used to hang pictures, minor spot painting between tenants, traffic wear in carpet, carpet replacement after 5-7 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).

- 10.1 Lock Change:** Due to the inherent risk of owning a rental property and the possibility of lawsuits, Owner authorizes Agent to change the locks for every new lease initiated on the property at the owners expense. This cost is miniscule in the long run and provides safety and peace of mind for our residents, while limiting the liability for our owners and our management team. Anyone can make a key and we want the assurance that we are not the focus of a lawsuit due to burglary, break-ins or worse.

11. YARD CARE

AGENT 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, or the removal of garbage, debris, and animal feces. OWNER must indicate in writing who is to care for the yard:

- TENANT
- OWNER
- AGENT (independent contractor).

AGENT 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 AGENT responsible for the care of the yard for the PREMISES. If OWNER indicates that the yard care is to be performed by TENANTS, either the OWNER or independent contractor assumes responsibility for yard care between tenancies.

12. LEAD 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, landlords and owners must disclose the presence of known lead based paint. Owner is responsible for all costs associated with obtaining and distributing Lead Paint Information Brochures to TENANT(s).

Check One:

- Built After 1978
- Built Before 1978

Owner's Acknowledgement relating to the Property (**Initial if Built Before 1978**)

- 12.1 Known lead based paint/hazards are present _____
- 12.2 Has no knowledge of lead based paint/hazards _____
- 12.3 Has provided lead based/hazard records _____
- 12.4 Has no records pertaining to lead based paint/hazards _____

13. MANAGEMENT SERVICES DO NOT INCLUDE

- 13.1 Normal property management does not include monthly inspections, representation at court hearings, depositions, homeowner meetings, providing on-site management, property sales, refinancing, preparing PREMISES 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 and counseling. If OWNER desires AGENT to perform services not included in normal property management or specified above, a fee shall be agreed upon in writing for these services before work begins.
- 13.2 Normal property management services do not include showing property to real estate agents, inspectors, appraisers, or prospective buyers while property is for sale. Should OWNER request AGENT to perform services not included in normal property management, a fee based at Fifty (\$50.00) Dollars per hour may be assessed at AGENTS discretion.

14. LEGAL FEES

- 14.1 OWNER agrees to pay all expenses incurred by AGENT including, without limitation, attorney's fees for counsel employed to represent AGENT or OWNER in any proceeding or suit involving an alleged violation by the AGENT or OWNER, or both, of any

constitutional provision, statute, ordinance, law or regulation of any governmental body pertaining to fair employment, Federal Fair Housing, including, without limitation, those prohibiting or making illegal discrimination on the basis of race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18) and handicap (disability) in the sale, rental or other disposition or housing or any services rendered in connection therewith, but nothing herein contained shall require the AGENT to employ counsel to represent the OWNER or himself in any such proceeding or suit.

- 14.2** OWNER shall hold AGENT harmless and not liable for any error of judgment or mistake of law except in cases of willful misconduct or gross negligence.
- 14.3** If any legal action or proceeding be brought by either party to enforce any part of this AGREEMENT, the prevailing party shall recover in addition to all other relief, reasonable attorney's fees and costs but not to exceed \$750.00 (seven hundred and fifty dollars).
- 14.4** Any time AGENT or AGENT'S employee(s) expended in preparation for and attendance to court on OWNER'S behalf will be billed at Seventy Five (\$75.00) dollars per occurrence. This is to include but not limited to: small claims, evictions (unless enrolled in the eviction protection program) and/or other litigation. OWNER and AGENT agree such charges will be paid by the OWNER but charged to the TENANT. This is separate and in addition to the attorney's fees and costs paid to the actual attorney(s) handling said legal matter/action.

15. INSURANCE: HOLD HARMLESS AND LIABILITY

Nothing in this AGREEMENT contained shall be construed as rendering AGENT liable for any act, omission, or occurrence resulting from or in any manner arising out of the performance of AGENT'S duties and obligations hereunder, or the exercise by AGENT of any of the powers or authority herein or hereafter granted to AGENT by OWNER, or the use of any lease or rental agreement required by OWNER. At all times this AGREEMENT is in effect, OWNER, at OWNER'S expense, must maintain in full force and effect:

- 15.1** Fire and extended coverage for all casualties and hazards customarily covered by casualty insurance in the State of Idaho for the full insurable value of the PREMISES, containing endorsements that contemplate the leasing of the property by OWNER and vacancies between lease terms: and
- 15.2** Public liability insurance naming AGENT, NEXT STEP REALTY MANAGEMENT as additional insured.
- 15.3** Within fifteen (15) days from the effective date hereof, OWNER must provide to AGENT a copy of a certificate of insurance evidencing the required coverage. If the insurance coverage changes in the manner or degree at any time this agreement is in effect, OWNER must provide AGENT a copy of the insurance certificate evidencing any change within ten (10) days of change.
- 15.4** OWNER agrees to indemnify, defend and hold AGENT harmless from all claims, investigation, and lawsuits by third parties related to the PREMISES, and the management and leasing, whether occurring during the term of this AGREEMENT or after its termination, and from any claim or liability for damage to property, or injuries or death of any person.
- 15.5** AGENT shall not be liable for any willful neglect, abuse or damage to the PREMISES by tenants, vandals, or others not loss or damage to any personal property of OWNER.

- 15.6** If at any time during or after the term of this AGREEMENT, the PREMISES are found to be contaminated with hazardous waste or mold, OWNER agrees to indemnify and hold AGENT harmless from all claims, demands, actions, liabilities, costs 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.
- 15.7** OWNER is responsible for all payments. The AGENT is not responsible for late payments, insurance policy cancellations for lack of payment or any other mishaps. It is the responsibility of the OWNER to set up all communications directly with the Insurance Company Provider(s).

16. AGENT'S COMPENSATION

- 16.1** AGENT'S fee shall be **8%** Percent of the total monthly gross receipts from PREMISES.
- 16.2** AGENT shall charge a lease renewal fee equal to **\$50** for every lease that is renewed for six months or longer.
- 16.3** AGENT shall charge **\$70** for each interior inspection. Usually once per year is sufficient.
- 16.4** AGENT shall receive and retain all TENANT application fees, administration fees, non-sufficient fund bank fees, move-in/out inspection fees, non-payment delivery notice fees, breach of lease fees, lock-out fees, termination fees, late fees and other charges/fines charged to tenant and enforced by the lease agreement.

17. BINDING EFFECT

- 17.1** This AGREEMENT shall be binding upon the parties hereto and their respective Personal Representatives, heirs, administrators, executors, successors and assigns. OWNER acknowledges receipt of a legible copy of this fully executed AGREEMENT.
- 17.2** 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.
- 17.3** AGENT with written approval from OWNER, may change the terms under which AGENT is willing to provide service in the future under the AGREEMENT, but only by giving at least thirty (30)-days advanced written notice to OWNER.
- 17.4** The drafting, execution and delivery of this Agreement by the parties have been induced by no representations, statements, warranties or agreements other than those expressed in this AGREEMENT. This AGREEMENT embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof unless expressly referred to in this AGREEMENT.

18. TERMINATION OF AGREEMENT

- 18.1** The OWNER shall be obligated hereunder for an initial term of ONE YEAR from the commencement date set forth in paragraph 2.2 above. In the event the OWNER terminates this AGREEMENT within the initial term, the OWNER agrees to pay to the AGENT an administrative fee equal to the percentage set forth in paragraph 16.1 herein applied to the actual or projected rent for the PREMISES for the remainder of the initial term, whether or not the PREMISES is leased or vacant. After one year (twelve months)

the contract will automatically renew for one year unless terminated with a thirty (30) day written notice.

- 18.2** All provisions of this AGREEMENT that require the OWNER to have insured or to defend, reimburse, or indemnify the AGENT shall survive any termination and, if AGENT is or becomes involved in any proceeding or litigation by reason of having been the OWNER'S AGENT, such provision shall apply as if this AGREEMENT were still in effect.
- 18.3** AGENT may withhold funds for thirty (30) days after the end of the month in which this AGREEMENT is terminated to pay bills previously incurred but not yet invoiced and to close accounts.

19. SPECIAL POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS; that the OWNER has made, constituted, and appointed and by these presents do make, constitute and appoint NEXT STEP REALTY MANAGEMENT and its agents, true and lawful attorney for and in their name, place and stead, and for their use and benefit as follows:

- 19.1** To let, rent and lease on such terms and conditions as said attorney in fact may deem proper and to extend or renew any lease or minimum term tenancy now or hereafter in effect, for such term or terms and at such rents and subject to such covenants, provisions and constitutions as they may deem best for the above described PREMISES.
- 19.2** To ask, demand, collect and receive all rents and moneys, and to file receipts therefore; to order, direct, superintend, and manage all repairs, alterations, and improvements, and to make disbursements for the same; to make all purchases; in general, to do and perform all acts and things incident to management of the PREMISES and make all proper and necessary disbursements in connection therewith. AGENT shall also have full power to lease said PREMISES as provided herein and to do all acts necessary for the carrying out and execution of such leases or minimum term tenancies. AGENT shall have full power to initiate, set up, terminate, or modify any and all utilities or landlord service agreements for all utilities related to the PREMISES, such as but not limited to: electric, gas, water, sewer, trash, and irrigation.
- 19.3** Giving and granting unto said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the above stated PREMISES, as fully to all intents and purposes as the OWNER might or could do if personally present, and hereby ratifying and conforming all that said attorney shall lawfully do or cause to be done by virtue of these presents.

20. REFERRING AGENT

It is Next Step Realty Management business policy to support and respect the representations of Realtors® who refer us business. If at anytime OWNER requests that AGENT sell the PREMISES, AGENT will contact the referring Realtor® below and not represent OWNER unless the referring Realtor® is no longer in business. **(Fill in only if referred by Realtor®)**

Referring Realtor®: _____ Name

_____ Phone

_____ Brokerage

IN WITNESS WHEREOF, the parties hereby have affixed or caused to be affixed their respective signatures this **(Day Month Year)**.

OWNER (FULL NAME)

OWNER (FULL NAME)

Signature

Signature

OWNER (FULL NAME)

OWNER (FULL NAME)

Signature

Signature

AGENT

Signature
Agent Name: Daniel Riley
Next Step Realty Management