

Property Management Agreement

THIS PROPERTY MANAGEMENT AGREEMENT (“Agreement”) is made this _____ day of _____, 20____ between _____ (“Owner”) and Property Management IL, LLC d/b/a Cruise Property Management (“Manager”). Pursuant to this Agreement, Owner contracts the services of Manager to manage, operate, control, rent and lease the following described entire property: _____ (“Property”) located in the City or Village of _____ in the County of _____ and State of Illinois, consisting of _____ residential rental unit(s) and any parking spaces, garages, sheds, coach houses and interior and exterior storage areas associated with the Property.

1. COMMENCEMENT AND TERM: The term of this Agreement shall commence on _____ (“Commencement Date”). This Agreement shall continue and automatically renew on a month-to-month basis thereafter unless terminated in writing by either party by providing a written minimum of thirty 30-day notice of termination to the other party and as specifically set forth in Section 6 of this Agreement. Agreement may also be terminated by mutual agreement of the parties at any time and pursuant to the terms set forth in Section 6 of this Agreement.

2. RELATIONSHIP: Owner gives Manager full power and authority to perform all and every lawful act for eviction and or collection of rents and monies due to said Property. Manager may act in the name of the Owner, Manager alone, or in both names. In taking any action under this Agreement, Manager shall be acting only as an agent for Owner, and not individually, and nothing in this Agreement shall be construed as creating a partnership, joint venture, joint enterprise, or any other relationship between the parties or as requiring Manager to bear any portion of the losses arising out of or connected with the ownership or operation of the Property. Manager shall not at any time during the period of this Agreement or thereafter be considered a direct employee of Owner. Neither party shall have the power to bind or obligate the other except as expressly outlined in this Agreement, except that Manager is authorized to act with such additional power as may be necessary to carry out the spirit and intent of this Agreement.

3. RESPONSIBILITIES OF MANAGER: Owner hereby appoints Manager as his lawful agent and attorney-in-fact with full authority to do any and all lawful things necessary for the fulfillment of this Agreement including the following:

A. *Leasing, Collection and Disbursement:* Manager agrees to collect rents as they become due and shall disburse all collected funds to Owner by the last day of each month and in a manner instructed by Owner, less any deductions required under the Agreement. Owner shall receive such funds, together with a monthly accounting of rents received and disbursements made, no later than the 15 days after the rent due date. Prepaid rent may not be disbursed till 15 days after the rent due date. Manager shall collect the first month’s rent and any required security deposit before a tenant gains occupancy. Manager will collect and hold all move-in fees, application fees, late fees, renewal fees, and tenant benefit package fees. If the Owner (i) does not want to renew; (ii) does not want to be involved with rental amount negotiations; (iii) or wants to sell the property, Owner must to expressly notify the Manager no later than sixty (60) days prior to the existing lease expiration date (“Existing Lease Notice”). If Owner fails to provide the Existing Lease Notice, the Manager reserves the right to decide whether to renew existing leases and the rental amount of renewed leases.

B. *Maintenance of the Property and Labor:* Manager agrees to maintain and repair the property and to hire and supervise all employees or contractors and other needed labor. Owner shall provide Manager with an initial maintenance retainer of \$400 at the execution of this Agreement, which shall be held by Manager as a Property maintenance reserve to cover the cost of routine repairs. Manager shall provide access to a monthly reporting to Owner of any disbursements made from the reserve and shall replace funds disbursed from the reserve with collected rents to maintain the repair reserve at \$400. Manager is authorized, without approval from Owner, to make any repair to the Property which costs \$400 or under.

Should a repair exceed \$400, Manager may submit a minimum of two quotes for Owner's approval, if necessary and possible. Owner will pay Manager directly for maintenance and/or repair before work is commenced if the amount of the maintenance and/or repair is expected to exceed the reserve and rent available at the time of such repair. If Owner fails to respond to Manager in a reasonable time for any non-emergency repair requests that may exceed \$400, Manager may make the unilateral decision to approve the repair if Manager deems it to be in the best interest of the Owner at that time.

In the case of any emergency repair which affects the habitability of the Property, cause immediate damage to the Property or welfare of the occupants (e.g., lack of heat in winter, major leaks, etc.), Owner authorizes Manager to make such emergency repair without receiving a quote and without approval from the Owner, even if the cost exceeds \$400, and Manager shall inform Owner as soon as possible regarding the emergency repair. Manager retains the right to make payment in excess of \$400 for penalties, fees permits, and other fees that are ordinary and necessary without the Owner's prior approval.

Emergency repair costs that exceed the amount available from gross rents and the maintenance reserve shall be disbursed by Manager from Manager's funds and Owner shall reimburse Manager for such disbursement within five (5) business days. All costs for the decorating, repair, and maintenance of the Property shall be the Owner's responsibility and obligation and, where possible, shall be deducted from the gross rents received by Manager. Any balance due, not able to be paid from rents on time shall be the financial responsibility of the Owner. Manager will not be responsible for exterior yard maintenance of single-family homes unless the property is vacant. All repairs to the Property shall be done by competent workmen and, where necessary, licensed professionals. Manager will maintain the Property following prevailing building codes and laws, which include the statutory requirement to change all unit locks, at Owner's cost, initially and at the termination of each occupancy, for safety and security reasons.

C. *Marketing and Legal Proceedings:* Manager shall be responsible for the preparation, marketing, and advertisement of the Property rentals and for the screening of all suitable applicants, which screening shall comply with all prevailing Fair Housing Laws and include a credit history report, a criminal history report and an eviction history report. Pictures and videos may be used in the future for marketing purposes without identifying the address. Owner shall provide his written criteria to Manager (e.g. pet, smoking, barbecue policies) and, unless directed otherwise by Owner in writing, the approval of the applicants shall be made by Manager following the Owner's rental criteria, insofar as such criteria shall comply with Fair Housing laws. Unless directed otherwise by Owner in writing, Manager shall establish rental rates and annual increases of residential units and parking spaces based on current market conditions for the area and comparable properties. Additionally, Manager may allow potential tenant self-showings of the Property when vacant with access provided through a lockbox and after any potential tenant has been pre-screened by Manager. Self-showings may occur without Manager accompanying the potential tenant. Manager agrees to rent and to draft and execute leases for Property which comply with prevailing municipal, state, and federal laws; to renew and to cancel lease agreements for Property, to retain legal counsel to evict and/or recover for rent and for loss or damage to Property as set forth in Section 9 of this Agreement and, when expedient, to compromise, settle and release any such legal proceedings or lawsuits. All legal costs shall be prepaid by Owner and Owner shall hold Manager harmless for legal costs, unpaid rents, or other expenses.

D. *Additional Services:* Manager's property management services do not include representation at court hearings, depositions, HOA meetings, rehabilitation, fire or major damage restoration projects, accounting or legal advice, debt collection, legal proceedings, or insurance related paperwork and estimates ("Additional Services"). If Manager performs Additional Services not included in normal property management or as specified herein, Owner will pay Manager an Additional Services fee of \$75 per hour.

4. COMPENSATION OF MANAGER: Owner agrees to pay Manager 90% of the rent with \$1,000 minimum for executing a lease contract with an approved applicant(s). Owner also agrees to pay 9% of the collected rent, including but not limited to all fees such as animal rent fees, late fees, etc., with \$100 minimum per month per rental

unit as the management fee including when the unit is vacant. All the services included in Section 3, "Responsibilities of Manager" are included in the fee.

- 5. OWNER REPRESENTATIONS & DISCLOSURES:** Owner represents and attests to all the following:
- A. Owner has fee simple title to and the legal capacity to lease the Property;
 - B. Owner is not bound by another Agreement with another broker or manager for the leasing, management, or sale of this Property that will affect the timing of this Agreement. Should Owner enter into an Agreement with another manager, this Agreement can be terminated without notice and be subject to all cancellation fees;
 - C. No person or entity has any current rights to purchase, lease, or acquire the Property by an option, right of first refusal, or any other Agreement;
 - D. Owner is not delinquent in the payment of any property taxes, association fees, property hazard insurance, or mortgage payments; and
 - E. Owner is in compliance with all local rental requirements to include licensing, fees, association permissions, or local taxes.
 - F. In the event there is more than one Owner for the Property ("Owners"), Owners acknowledge and authorize Manager to act under the terms of this Agreement under the authorization of one of the Owners and it is to stand as the authority on behalf of all the Owners of the Property.

6. EARLY TERMINATION OF THE AGREEMENT: Either of the Parties will have the right to terminate this Agreement, for any reason or for no reason whatsoever, by delivering written notice of such party's election to terminate to the other party pursuant to the Notice provisions of this Agreement. Such termination shall be effective thirty (30) days after the other party's receipt of such notice. All mutual agreed upon terminations must terminate on the last day of a month unless agreed otherwise.

- A. Termination for Cause. Notwithstanding anything to the contrary herein, Owner shall have the right to immediately terminate this Agreement if Owner determines, in its reasonable discretion, that (i) Manager defaulted in its obligations under this Agreement; (ii) Manager files a petition for relief in bankruptcy, reorganization or arrangement is filed by or against Manager or any affiliate of Manager; (iii) Manager causes or suffers to be caused waste to the Property; or (iv) Manager or its employees, contractors or representatives have acted with negligence, neglect or misconduct. Such termination by Owner shall be without prejudice to any other right or remedy that Owner may have pursuant to this Agreement, at law or in equity. Manager will be afforded a period of ten (10) days after written notice from Owner or Owner's lender to cure any default under subsection (i) or (iii) above. If Owner defaults in its obligations under this Agreement, Manager may terminate this Agreement by delivering a written termination notice to Owner, which termination shall be effective as of the date upon which Owner receives such written notice from Manager.
- B. Effect of Termination. The termination of this Agreement for any reason will not affect any right, obligation, or liability that has accrued under this Agreement on or before the effective date of the termination, including any Management Fees prorated to the date of termination. Upon termination of this Agreement for any reason, Manager shall cooperate with Owner in an effort to achieve an efficient transition and shall, before receiving final payment of any fees, deliver to Owner, or to such person as Owner may direct, all Property Documents, books, records and accounts, rent rolls, insurance policies, files, and other materials relating to the Property, including without limitation any bank account signature cards or other documentation required to transfer sole control over the property accounts to Owner or its designee. Within forty-five (45) days after the termination of this Agreement, Manager shall deliver a final accounting to Owner reflecting all income and expenses of the Property as of the date of termination.

Upon termination by Manager, the original locks that came with the Property will not be returned. It is the Owner's responsibility to change the locks. The Owner must expressly notify the Manager if Owner wants original locks back. If the Owner wants the original locks, Manager can send them to Owner with the shipping cost + \$30 handling fee.

- C. If Owner violates any terms of service contained in this Agreement or Manager determines that effective management services can no longer be provided due to the non-cooperation of the Owner that is an immediate health and safety issue related to the Property, Manager may terminate this Agreement immediately without notice.

7. SECURITY DEPOSITS: Manager recommends to Owner that no deposit be accepted when the governing law requires that the deposit to be escrowed and accrue interest. Should Owner require or authorize security deposits to be paid by tenants, Owner agrees to the following:

- A. During this Agreement, Manager will maintain security deposits received from tenants in a trust account and will account to tenants for the security deposits in accordance with the lease agreement and local and state laws.
- B. After this Agreement terminates, Manager will deliver to Owner the status of the security deposit, less any deductions owed to Manager. In addition, Manager will send written notice to the tenant the Agreement has ended, the exact dollar amount of deposits, any Owner contact information, and notice that Owner is solely responsible for accounting and returning the tenant's security deposit from the date of termination.
- C. If Manager complies with Paragraph 7 of this Agreement, Owner will waive any liability claims against Manager and will fully indemnify the Manager from any claim or loss from a tenant for the return of a security deposit. Owner will be responsible to defend and indemnify Manager for any lawsuits related to the security deposit return. Owner will be responsible for any legal fees incurred by Manager in lawsuits over a security deposit return. This paragraph survives the termination of this Agreement. If at the time this agreement is signed there is a security deposit in place with an existing tenant for the Property, the Owner will transfer the security deposit in its possession to the Manager's account within fifteen (15) days of any lease being transferred to Manager for management. Owner will expressly notify tenant of the transfer of the Security Deposit to the Manager and all necessary account information of the security deposit as required under applicable laws and ordinances, including but not limited to those laws and ordinances identified in this section 7(D). Owner agrees to fully indemnify, defend and hold harmless the Manager for any and all claims and potential claims that may arise as a result of security deposit claims under the Chicago Residential Landlord Tenant Ordinance ("CRLTO"), the Cook County Residential Tenant Landlord Ordinance ("CCRTLO") and Illinois Security Deposit Return Act ("ISDRA") and any other applicable law that governs security deposits as a result of Owner's acts. Owner will be responsible for any suits, claims, and costs that Manager and/or Broker may incur as a result of any CRLTO; CCRTLO; ISDRA, or any other applicable law that governs security deposit claims.

8. FAIR HOUSING NOTICE: In accordance with the Federal Fair Housing laws, the National Association of Residential Property Managers (NARPM), the National Association of Realtors Code of Ethics, and all applicable state, county, and city laws, Manager's services must be provided and the Property must be shown and made available to all persons without regard to race, color, religion, national origin, sex, disability, familial status, sexual orientation, or gender identity.

9. EVICTIONS: Manager will attempt to collect all outstanding payments when and if a tenant is in arrears. Manager shall utilize its own discretion as to when to initiate an eviction proceeding against any tenant who has failed to pay rent. Manager has the unilateral right to hire attorneys on behalf of the Owner for the purposes of assisting in collecting rent or initiating eviction proceedings. Owner agrees to assign all rights it may have to pursue an eviction

to Manager on Owner's behalf. Any costs incurred by Manager in collecting rents or in connection with any eviction proceeding, including but not limited to attorney fees/costs, court costs, process server fees, and sheriff fees shall be paid in full by Owner upon presentation of an invoice by Manager. Should Owner elect to handle evictions his or herself, Owner may do so by giving written notice to Manager, however, this does not relieve Owner of payment for previous outstanding invoices and expenses owed to Manager. In addition, eviction actions performed by Owner shall relieve Manager of all responsibility of eviction other than to render all pertinent documentation of Property that was collected by Manager during the management period.

10. OWNER'S RESPONSIBILITY FOR LITIGATION EXPENSES: Owner will pay all fines, penalties, or other expenses as allowed under the law in connection with any claim, proceeding, or lawsuit involving an alleged violation of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, or fair housing, including illegal discrimination on the basis of race, sex, color, religion, national origin, physical handicap, familial status, elderliness or all other protected classes; provided, however, that Owner shall not be responsible to Manager for any such expenses if Manager is finally adjudged in a court of law to have personally, and not in a representative capacity, violated any such law. Nothing contained in this Agreement will obligate Manager to employ legal counsel to represent Owner in any such proceeding or lawsuit. Any and all special legal counseling fees will be Owner's responsibility.

11. INDEMNIFICATION:

A. Manager is not responsible or liable in any manner for personal injury to any person or for loss or damage to any person's real or personal property resulting from any act or omission not caused by Manager's negligence, including but not limited to injuries or damages caused by: Other Managers, their associates, inspectors, appraisers, and contractors who are authorized to access Property on behalf of Owner; Acts of third parties (vandalism, theft, or other criminal acts); Freezing or leaking water pipes; A dangerous condition or environmental condition of the property; acts of God or Flooding; or the Property's non-compliance with any law or ordinance.

B. Manager is not responsible or liable in any manner for any late fees or other charges Owner incurs to any creditor caused by late or insufficient payments by any tenant in Property or damages to Owner caused by a tenant's breach of a lease agreement.

C. Owner agrees to protect, defend, indemnify, and hold Manager harmless for any damage, costs, attorney's fees, and expenses that: (1) Are caused by Owner, negligently or otherwise; (2) Arise from Owner's failure to disclose material or relevant information about the Property; (3) Are caused by Owner giving incorrect information to any person; (4) related to the management of the Property and are not caused by Manager, negligently or otherwise, or (5) are as a result of Owner's failure to maintain wa for the Property properly covering the Manager.

D. Owner is responsible for and liable for all contracts and obligations related to the Property for maintenance, service, repairs, and utility arrangements made before or during this Agreement. Owner agrees to hold Manager harmless from all claims related to such contracts.

E. The provisions of this Section shall survive the termination or expiration of this Agreement.

12. INSURANCE:

A. At all times during this Agreement while this Property is under management, Owner must maintain in effect a public liability insurance policy (homeowner's insurance) that covers losses to the Property. This will include an amount equal to the reasonable replacement cost of the Property's improvements and containing endorsements showing the insuring party is aware that the Property will be leased to prospective tenants. **It is required that the Owner name the Manager and/or its assigns as an "Additional Insured" on their Owner's Insurance Policy.** Owner will furnish Manager with Certificate of Insurance evidencing liability insurance naming the Manager as an additional insured within 15 days after the date of this Agreement and before any managed property is offered

for rent or other occupancy; In the event of an assignment of this Agreement by the Manager, Owner agrees to maintain insurance consistent with the terms of this paragraph and will amend its insurance policy naming the assignee as an additional insured on Owner's Insurance Policy. In the event Owner fails to provide evidence of insurance as required under this Agreement, Owner will be charged a monthly penalty fee of \$_____, until Owner provides insurance information to the Manager.

B. This Agreement will also serve as Owner's authorization to obtain and discuss any claim regarding this Property with the Owner's insurance company; and

C. Owner is responsible for notifying the insurance company if Property remains vacant for more than 60 consecutive days or as is required under the applicable insurance policy, whichever is shorter.

D. Owner's failure to maintain proper insurance may result in immediate termination of this Agreement by the Manager.

13. OWNER'S PERSONAL PROPERTY/EXISTING WARRANTIES:

- a. All Owner's personal property left at the Property will be thrown out at the Owner's expense;
- b. The Owner is responsible for transfer of address of Owner from the Property and Manager will not be responsible for letters/packages delivered for Owner to the Property after Commence Date. All packages/letters directed to the Owner that are sent to the property will be forwarded to the Owner at Owner's expense in addition to a \$30 handling fee.
- c. Owner will not extend any existing home warranties without Manager's express approval. In the event Owner chooses to extend existings home warranties, Manager is not bound to utilize the home warranty company or trigger the home warranty claim.

14. EXECUTION OF AGREEMENT/ELECTRONIC SIGNATURES: This Agreement may be executed in any number of counterparts, each of which shall have the same force and effect as if all signatures were appended to one document, each of which shall be deemed an original. Any signature by any party to this Lease sent by facsimile or other electronic means shall be deemed to be an original signature with the same effect as an original signature. The lack of a witness signature or completed notary acknowledgment shall not affect or impair either parties' rights or obligations hereunder, nor the effectiveness of this Agreement. The parties agree to accept a digital image of this document, as executed, as a true and correct original and admissible as the best evidence for purposes of State law, Federal Rule of Evidence 1002, and like statutes and regulations.

15. SEVERABILITY: If any term, covenant, or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant, or condition to a person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and every other term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. GOVERNING LAW: This Agreement, and all transactions contemplated hereby, shall be governed by, construed, and enforced following the laws of the State of Illinois. **The parties herein waive trial by jury and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in the State of Illinois.** In the event litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not determined by the court as costs, in addition to any other relief to which the prevailing party may be entitled.

17. MODIFICATION OF AGREEMENT: This Agreement shall be binding upon parties, and each of their respective heirs, executors, administrators, successors, and assigns. No amendment to this Agreement is valid unless in writing and signed by the parties. There are no warranties or representations not herein contained. Manager may change the terms of this Agreement by providing the Owner with a thirty 30-day written notice by e-mail, with proof

of transmission, which notices shall commence the date of the e-mail. If Owner does not respond within the 30 days, it is agreed that Owner accepts the amendments made to the Agreement.

18. RESTRICTED POWER OF ATTORNEY: Owner grants and assigns a limited Power of Attorney to Manager and authorizes Manager to act as its Attorney in Fact in relation to the Property to sign invoices, negotiate contractor pricing, contact and make payment to all utility companies, and other payments or duties that are the responsibility of the Owner. This limited power of attorney shall also include lease agreement signings, letters to residents, contact with Owner's contacts, and anything else required for the management of the Property. Owner agrees and acknowledges that Owner is bound by the signature of Manager or Manager's agents and agrees it is as if Owner signed the leases or other documents about the management of Property. Owner's execution of this Agreement authorizes Manager to assume such restricted power of attorney effective the commencement date of this Agreement.

19. SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Manager and the heirs, administrators, successors, and assigns of the Owner. Manager reserves the right to assign its rights and delegate its duties under this Agreement without Owner's consent, provided that the assignee agrees to assume and perform each and every covenant and term of this Agreement applicable to Manager. All Owners executing this Agreement are jointly and severally liable for the performance of all its terms. Any act or notice to, refund to, or signature of, any one or more of the Owners regarding any term of this agreement, its extension, its renewal, or its termination is binding on all Owners executing this agreement.

20. REVIEW OF DOCUMENTATION BY OWNER: If requested, Manager shall provide all blank management and rental documentation, including but not limited to this Agreement, applications, and leases, and Owner may review and propose amendments to all documentation. Any and all proposed amendments must be expressly approved by Manager.

21. NOTICES: Any notice given pursuant to this Agreement must be in writing and will be effective only if delivered personally, by overnight courier service, by certified mail, postage paid, return receipt requested, or by fax or email, to the recipient at its address set forth on the signature page of this Agreement. Notices sent by personal delivery, overnight courier service, or certified mail are effective upon receipt. Notices sent by fax or email are effective upon transmission, provided that the sender does not receive any indication that the fax or email has not been successfully transmitted.

OWNER

Owner Name: _____
Mailing Address: _____
City, State, Zip: _____
Cell Phone: _____ Home Phone: _____
Email: _____

If Owner is not an individual, Owner is a:

corporation limited liability company (LLC) trust
 partnership estate limited liability partnership (LLP) other _____, which was chartered and created in _____ (State). The individual signing this Agreement for the Owner represents to Manager that he/she has the authority to bind Owner to this Agreement, to act for Owner, and is acting under his capacity as _____ (title) for the Owner.

MANAGER

Manager Name: Soh Tanaka
Mailing Address: 2566 Heron Dr
City, State, Zip: Lindenhurst, IL 60046

Business Phone: 630.841.9469
Fax: N/A
Email: info@cruisepm.com

22. ENTIRE AGREEMENT: This Agreement sets forth all the covenants, promises, agreements, conditions, and understandings between Owner and Manager concerning the management of the Property and there are no covenants, promises, agreements, conditions, or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon Manager or Owner unless reduced to writing and signed by them.

[REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURE PAGE FOLLOWS]

SAMPLE

By signing below, acknowledgment is made by Owner and Manager that they have read all of the pages of this Agreement, fully understand the provisions herein, and have received a copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto hereby execute this Agreement on the _____ day of _____, 20__.

OWNER

OWNER

MANAGER (AGENT FOR OWNER)

MANAGING BROKER

SAMPLE