



1st Choice Real Estate, PLLC
 901 S. Bridge Street - #39 - DeWitt, MI 48820-0039
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 E-mail: 1stChoiceRE@gmail.com

CONTRACT FOR MANAGEMENT OF INCOME PROPERTY

This agreement dated ____ / ____ / _____, is made By and Between:

_____, (“Owner”)

Whose address is _____,

AND **1st Choice Real Estate, PLLC** (“Agent”),

Whose address is 901 S. Bridge Street - #39, DeWitt, MI 48820-0039.

Property Management services to start on ____ / ____ / _____.

AGENCY The Owner hereby employs the Agent to lease and manage the Owner’s [] single family residence, [] duplex residence, [] condominium, [] Multi-Unit (“Property”) located and described as follows:

1. _____

Licensed Rental [] No [] Yes: Taxing Authority _____

2. _____

Licensed Rental [] No [] Yes: Taxing Authority _____

3. _____

Licensed Rental [] No [] Yes: Taxing Authority _____

4. _____

Licensed Rental [] No [] Yes: Taxing Authority _____

5. _____

Licensed Rental [] No [] Yes: Taxing Authority _____

NEW PROPERTIES ACQUIRED BY AN OWNER WILL NOT AUTOMATICALLY BE ADDED TO ANY EXISTING PROPERTY MANAGEMENT CONTRACT. ALL NEWLY ACQUIRED PROPERTIES WILL BE REVIEWED BY MANAGEMENT, AND SUBJECT TO APPROVAL FOR ADDING TO OWNER PORTFOLIOS.

DUTIES OF AGENT In order to properly manage and lease the property, the Agent shall have the following duties and responsibilities:

Best Efforts The Agent shall use its best efforts to attract and retain tenants for the property.

1. Compensation of Agent The owner shall pay the Agent as full compensation for the services of the Agent the sum equal to the greater of \$60 per unit, or 11.00 % of all rents collected per month, with no pro-rations, should the contract end mid-month. If the rental unit is rented with all utilities included, compensation for the services of the Agent shall be the greater of \$60 per unit, or 12.00 % of all rents collected per month. These amounts shall be payable to the Agent when such funds become available from the amounts collected by the Agent according to this contract. As we are working to become a 100% eco-friendly office, we will not send paper checks and statements to owners. We require a working email address, and valid bank account information.

___ Paper Check (For properties owned by IRA only) * Additional \$25 monthly mailing fee.

___ ACH Deposit

Bank Name _____

Name on Bank Account _____

Account Type (please circle) Checking Savings

Account Type (please circle) Personal Business

Account Number _____

Routing Number _____

2. Lease Negotiations The Agent shall handle all negotiations with tenants with respect to the initial leases, determining lease renewal increases and length of lease. Owner shall pay the Agent 40.00 % or a minimum of \$250 of the first full month's rent as a leasing fee to negotiate and place tenants. Tenants are sent lease renewal notices 90-days prior to their lease expiration. Should an owner decide to list their property for sale, Agent is to be contacted as early as possible.

3. Advertising The Agent shall advertise the properties by way of "For Rent" signage, and Internet advertising at no expense to the Owner. If the Owner requests print advertising, the cost will be passed onto the Owner. The Agent shall lower the advertised rental amount \$25 bi-weekly until the vacancy has been filled. **"This contract will automatically cancel if a property has been advertised at the owner's minimum rent rate for 30-days, with no potential applicants."**

If you accept subsidized housing payments, such as Section 8, owners should note, it can take up to 90-days to start receiving subsidized housing payments.

Month-to-month lease option after expiration of initial 12-month lease will not be offered. This alleviates owner from having vacant properties in winter months (hardest months to fill). Tenants will have the opportunity to negotiate less than a 12-month lease with property manager approval.

4. Make Show Ready The Agent shall contract for or undertake the cleaning of a vacant property in order to "Make Show Ready" at current contracted cleaning rates. Should the cost of cleaning a property exceed \$100, or the amount of the cleaning fee collected from the previous tenant, the

cost will be passed on to the Owner. Agent shall not be responsible for any personal items left at the property by the property owner. Owner shall be responsible for any costs associated with removal of personal items left at the property. An interior repaint and/or carpet cleaning may be required and billed to Owner on any unit turns if the unit has not been painted or had carpets cleaned within the two years prior.

Lawn care when property is vacant to be handled by: [] Owner [] Agent

5. Supplies The Agent shall purchase all necessary supplies for the property management of the property.

6. Security Deposits The Agent shall collect the security deposit from tenant upon initial move-in. If Owner is signing a property management contract for properties where tenants have paid security deposits, Owner must write a check to Agent (payable to 1st Choice Real Estate) for the full amount of the security deposit(s), for deposit in the Agent's security deposit escrow account. Per Michigan Law, the security deposit will be deposited into an account at a "regulated financial institution". Security deposit remains the tenant's property, but is held by the Agent for the term of the lease to ensure that the tenant pays the rent due, pays the utility bills, and returns the rented property in proper condition, as required by the lease. It is held as security as the name implies. As required by Michigan law (MCLA 554.609), the Agent will provide the Tenant with a Security Deposit Reconciliation Notice within 30 days after the Tenant vacates the premises. The Owner does not have the option to review or revise the SDR.

7. 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.

- a. Should expenses be incurred for such matters in excess of Two Hundred Dollars (\$200.00) for any single item agent will request express consent of the Owner -- **except where required during an emergency, appliance repair (not due to tenant neglect) or for licensing code required repairs, which are mandatory to keep a valid rental license.**
- b. Agent will always do our best to get quality quotes at the best price. All repairs coordinated by the Agent shall incur a 5.0% coordination fee, which will be in addition to contractor repair costs.
- c. Owners will be provided rent ready turn quotes for review. Should individual items be quoted at more than \$200.00, owner will be given a specific time to respond to the quote. A non-response will be deemed to be approval to complete all quoted work.
- d. Due to the nature and expedient requirements of this industry, owners will be advised via emailed letter when a tenant vacates the unit. Owners will not be allowed to make repairs to properties under contract with 1st Choice Real Estate, unless owner is set up in our system as a contractor. In this case owner will be required to meet our strict contractor due dates.

e. Property Turns A property turn is required when the current tenant moves out of a unit. Owners should anticipate up to 14 days to turn a property. If a tenant moves out on the 31st of a month, 1st Choice will need up to 14-days to make rent ready repairs. We will not guarantee a new tenant may be moved in sooner. However, we will do our best to turn the property as quickly as possible. Owners will be notified each time a tenant gives notice to vacate the unit. Rental rates will be reviewed and adjusted as the market allows. Owners will be provided rent ready turn quotes for review. Should individual items be quoted at more than \$200.00, owner will be given a specific time to respond to the quote. A non-response will be deemed to be approval to complete all quoted work.

8. Rental Property Licensing The Agent will be compensated \$50 (flat fee) for scheduling, attending, and coordinating all required repairs resulting from code compliance inspections, and subsidized housing inspections, as required by the rental taxing authority or subsidized housing entity. Owners who are registered with 1st Choice Real Estate as a contractor, may still handle these repairs. However, the 1st Choice Real Estate pre-code inspection, code inspection attendance, and \$50 fee will not be waived.

9. Vacant Properties Properties which are undergoing rehab shall not be a part of this contract. Any cost incurred with coordinating payment of bills or work on property owned by this owner but not directly under a property management contract will be charged a 15% administrative fee per occurrence.

10. 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. All late fees collected will be earned by the property manager for multiple attempts and costs involved with collecting the late rent.

11. Spring/Fall Maintenance The owner will be responsible for the cost of the following preventative maintenance items. All checked boxes will be handled as noted below. Services will be billed at our current maintenance rate.

- a. Gutter cleaning** -- if property has gutters, it is mandatory that this service be performed. Water infiltration in basements is often due to lack of clean gutters.
- b. Furnace filter changes** -- if property has forced air heat, it is mandatory under our contract that this service be performed. It will be part of a seasonal inspection, so as to keep the cost to a minimum.
- c. Leaf clean up Yes No..... Spring & Fall
- d. Exterior power washing Yes No.....Yearly
- e. Exterior A/C unit cleaning Yes No.....Yearly
- f. Interior laundry area cleaning Yes No.....Yearly
(wash tub drain check/clean, dryer vent check/clean)

- g. Interior kitchen appliances [] Yes [] No.....Yearly
(move away from wall, clean coils & back)
- h. Auger main sewer line [] Yes [] No.....Yearly
(emergency service may runs \$250-450 due to need to clean up backed up sewage)
- i. Due to mandatory furnace inspection requirements by code compliance divisions, furnace cleaning & inspections will be done based on the following guidelines as required by each taxing authority (or every 3 years, if no taxing authority requirement). Inspections and cleaning will not necessarily occur during the same month as the property inspection.

- | | |
|-----------------------------------|---------------------------------------|
| • Alaiedon Township -- 3 years | • Delhi Charter Township -- 2 years |
| • Bennington Township -- 3 years | • Delta Charter Township -- 2 years |
| • City of DeWitt -- 3 years | • DeWitt Township -- 3 years |
| • City of East Lansing -- 2 years | • Ingham Township -- 3 years |
| • City of Laingsburg -- 3 years | • Lansing Charter Township -- 2 years |
| • City of Lansing -- 3 years | • Meridian Charter Township --2 years |
| • City of Mason -- 3 years | • Wheatfield Township -- 3 years |
| • City of St Johns -- 3 years | • Windsor Charter Township -- 3 years |

j. Other: _____

12. Appliances Tenants will be held responsible for any repairs needed, due to neglect. If tenant wishes to provide their own appliances, does owner want 1st Choice to (select one):

- [] store appliances in basement,
- [] contact owner to remove appliance from property,
- [] dispose of older appliance.

Does owner have appliance service plan [] Yes [] No

13. Mortgages and Other Expenses From the rents received the Agent shall pay all operating expenses and such other expenses as requested by the Owner. At no time will the Agent pay mortgages, taxes or HOA dues.

14. Condominiums If this property is a condominium, Agent will not pay HOA dues.

Condominium bylaws provided by owner with this contract [] Yes [] No

Assigned Parking Spot # _____

Condominium Association Contact Information:

Name: _____

Address: _____

Phone: _____ **Email:** _____

15. Miscellaneous The Agent shall also perform all other necessary tasks and do all other things as required for the property management, upkeep and operation of the property as customarily to be performed by a Managing Agent of this type of property. This includes handling of all inquiries and requests from the tenants.

16. Financial Records All monies collected by the Agent shall be deposited into a special bank account or accounts. 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. Monthly reports will be sent with categorized expenses. If receipts or invoices are requested in addition to standard reports, Owner will be charged applicable hourly rates for producing such information. At year-end, Owner will receive 1099-MISC form and cash flow report from Agent.

17. Escrow Account Owner shall pay the Agent \$250.00 [] Single-Family Residence/Duplex, or [] \$50.00 per Unit Multi-Family Residence upon signing contract to establish escrow account for property repairs. If at any time escrow funds become negative, owner shall pay the balance due as indicated on their month-end statement.

- a. If payment is not received to bring negative balance current, owner will incur a 1.5% interest rate compounded monthly until account is brought current.
- b. If contract covers multiple properties, funds will be transferred from one property to cover negative balances on any others with outstanding balances.

18. Payments to Owner The Agent will make payments to the Owner on or before the last business day of the month, on a monthly basis, once the account balance per property exceeds \$250.00 from the funds being held by the Agent. If the balance of the Owner account falls below \$250, the owner will be required to mail a check for that amount to 1st Choice Real Estate. If no check is received by the end of the month following the statement date, either (1) excess funds from another property owned by the same owner, will be used to bring that specific property current, or (2) 1st Choice Real Estate will have the option to cancel the contract with no further notice. If 1st Choice Real Estate -- for any reason -- pays an "owner expense" to an entity other than a 1st Choice Real Estate contractor, the owner will be charged a \$10 coordination fee.

* Please note: Pre-paid rents are held by Agent and paid to Owner in the month the rents are due.

* Please note: If a new tenant is placed on August 27th, for example, and September rents are collected at move-in, rents are accounted for a pre-paid rent; Owner will receive first payment on or before the last day of September.

* Please note: Rents are collected from Tenant by the 4th of the month. Owner distribution payments are made on or before the last day of the month, less any expenses incurred during the month and less management fees due to Agent.

19. Court Proceedings Should a tenant get behind on rent, and not move from the premises, Agent will send 7-Day notice and order eviction, which will be handled by the legal counsel under contract with 1st Choice Real Estate, PLLC. Agent will not handle evictions, personally. Evictions will be handled by contractors hired by 1st Choice Real Estate, with all eviction costs being billed to owner. Upon recouping monies associated with the eviction from previous tenants, Owner's account will be credit amount collect from past tenant. Agent will be compensated \$50 per hour for court time. Owner is responsible for all legal fees incurred that are not paid by tenant. Should owner decide not to proceed with eviction, a \$25 monthly servicing fee will be charged for any properties where rents are not collected, while still managing the property.

Due to the escalating costs associated with collection attempts on "Money Judgments", 1st Choice Real Estate will not be responsible for collections services. Upon receipt of a "Money Judgment" from any court, owners may request the judgment (which is in their name). Owner may then contract with a collections company, or collections attorney should they wish to attempt collection of such funds. 1st Choice Real Estate may choose to attempt tax garnishments if possible and financially reasonable -- with a 40% collection fee due upon receipt of tax garnishment funds.

20. 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 or changes in insurance coverage may be made upon the approval of the Owner.

21. Indemnity The Owner shall indemnify and hold the Agent completely harmless with respect to any liability and damages, costs and expenses in connection with any damage or injury whatsoever to persons, including tenants, guests, invitees or licensees or their property arising out of the use, management, operation, occupation, ownership, maintenance or control of the property. However, the Owner will not indemnify the Agent against the willful misconduct of the Agent.

22. Term of Contract This contract shall continue for a period of one-year from the date hereof, and shall be automatically renewed on a month-to-month basis unless terminated by either party upon written notice sent to the other party not less than thirty (30) days before any expiration date. Due to the changes in the licensing laws, changes in the industry and economic conditions, management has the right to change this contract as needed. Any new terms and conditions will be in effect, upon written notice to Owners.

23. Termination of Contract This contract may be terminated at any time after the first initial 12-month period, by the Owner upon giving the Agent thirty (30) days written notice. This contract will terminate automatically:

- a. In the event of a bona fide sale of the property -- upon closing date, or upon the date the property becomes vacant.

- b. In the event a property is deemed uninhabitable by any code enforcement agency, and the owner does not agree to make repairs promptly.
- c. In the event the property has been vacant for over 90-days with no repairs done, due to non-financial contribution by the owner.
- d. An early termination fee of \$400 will apply if the owner chooses to terminate this contract prior to the end of the contract date. The \$400 early termination fee will be waived upon a bona fide sale of the property. Accounts will be closed out on the last day of the month of termination. No accounts will be closed out mid-month. If Agent needs to request final utility bills, accounts may be closed out the month following termination.

24. Notices All written notices to the Owner or the Agent must be (1) addressed and mailed, by United States registered mail, to the address above written, or (2) e-mailed to the address noted on this contract.

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

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

Referred by:

Agent Date

Owner Date

Owner Date

Phone

Phone

Email

Email

Taxpayer Name

Federal Tax ID # (EIN or Soc #)

FOR OFFICE USE ONLY

Escrow Check # _____

Amount: _____

Date: _____



1st Choice Real Estate, PLLC

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Phone: (517) 975-5200 - Fax: (866) 625-0214

E-mail: 1stChoiceREOffice@gmail.com

Post Initial Contract Signing Contact List

Following the initial set up of your account, individual team members will assure your property is handled in a quick, efficient, and business-like manner.

Please keep this page of your contract handy for reference when calling or emailing our office.

Should you have any future questions, please contact the individuals listed below.

Brian – 517-975-5200 – Extension 10 – 1stChoiceQualityControl@gmail.com

-- Code corrections questions regarding licensing, fees, inspections, etc...

-- Section 8 inspection questions

-- Maintenance questions

Bailey – 517-975-5200 – Extension 9 – 1stChoiceRE@gmail.com

-- Owner month-end statement questions

Krystal – 517-975-5200 – Extension 6 – 1stChoiceREOffice@gmail.com

-- Tenant related questions

Property Specific Questions

** Provider may require a signed letter to allow bills to be sent directly to tenant. Or, they may require a security deposit before putting utility in tenant's name.

Property 1	Starting & Minimum Rent	Unit Avail Date	Appliances Included -- Circle "W" & provide copy of warranty.	*Tenant Paid Utilities	Accept Housing Assistance	Allow Pets	**Water, Sewer, Gas & Electric Providers	Security Deposit
# of Garage remotes _____ Access code _____ Condo Parking Spot # _____ # of Bedrooms _____ # of Full Baths _____ # of ½ Baths _____	\$ _____ \$ _____		<input type="checkbox"/> Refrigerator - W <input type="checkbox"/> Stove - W <input type="checkbox"/> Dishwasher -W <input type="checkbox"/> Disposal - W <input type="checkbox"/> Wash/Dryer - W <input type="checkbox"/> Central Air - W <input type="checkbox"/> Window Air -W <input type="checkbox"/> Microwave -W <input type="checkbox"/> Water Softener -W	<input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Electric <input type="checkbox"/> Gas <input type="checkbox"/> Trash <input type="checkbox"/> None	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Dog (any) <input type="checkbox"/> Dog (under40#) <input type="checkbox"/> Cat <input type="checkbox"/> None	Water _____ Sewer _____ Electric _____ Gas _____ Furnace Filter Size: _____	<input type="checkbox"/> 1.0 X rent <input type="checkbox"/> 1.5 X rent If required by HOA Lawn/Snow <input type="checkbox"/> Tenant <input type="checkbox"/> Owner
Property 2	Starting & Minimum Rent	Unit Avail Date	Appliances Included -- Circle "W" & provide copy of warranty.	*Tenant Paid Utilities (circle)	Accept Housing Assistance	Allow Pets	**Water, Sewer, Gas & Electric Providers	Security Deposit
# of Garage remotes _____ Access code _____ Condo Parking Spot # _____ # of Bedrooms _____ # of Full Baths _____ # of ½ Baths _____	\$ _____ \$ _____		<input type="checkbox"/> Refrigerator - W <input type="checkbox"/> Stove - W <input type="checkbox"/> Dishwasher -W <input type="checkbox"/> Disposal - W <input type="checkbox"/> Wash/Dryer - W <input type="checkbox"/> Central Air - W <input type="checkbox"/> Window Air -W <input type="checkbox"/> Microwave -W <input type="checkbox"/> Water Softener -W	<input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Electric <input type="checkbox"/> Gas <input type="checkbox"/> Trash <input type="checkbox"/> None	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Dog (any) <input type="checkbox"/> Dog (under40#) <input type="checkbox"/> Cat <input type="checkbox"/> None	Water _____ Sewer _____ Electric _____ Gas _____ Furnace Filter Size: _____	<input type="checkbox"/> 1.0 X rent <input type="checkbox"/> 1.5 X rent If required by HOA Lawn/Snow <input type="checkbox"/> Tenant <input type="checkbox"/> Owner
Property 3	Starting & Minimum Rent	Unit Avail Date	Appliances Included -- Circle "W" & provide copy of warranty.	*Tenant Paid Utilities (circle)	Accept Housing Assistance	Allow Pets	**Water, Sewer, Gas & Electric Providers	Security Deposit
# of Garage remotes _____ Access code _____ Condo Parking Spot # _____ # of Bedrooms _____ # of Full Baths _____ # of ½ Baths _____	\$ _____ \$ _____		<input type="checkbox"/> Refrigerator - W <input type="checkbox"/> Stove - W <input type="checkbox"/> Dishwasher -W <input type="checkbox"/> Disposal - W <input type="checkbox"/> Wash/Dryer - W <input type="checkbox"/> Central Air - W <input type="checkbox"/> Window Air -W <input type="checkbox"/> Microwave -W <input type="checkbox"/> Water Softener -W	<input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Electric <input type="checkbox"/> Gas <input type="checkbox"/> Trash <input type="checkbox"/> None	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Dog (any) <input type="checkbox"/> Dog (under40#) <input type="checkbox"/> Cat <input type="checkbox"/> None	Water _____ Sewer _____ Electric _____ Gas _____ Furnace Filter Size: _____	<input type="checkbox"/> 1.0 X rent <input type="checkbox"/> 1.5 X rent If required by HOA Lawn/Snow <input type="checkbox"/> Tenant <input type="checkbox"/> Owner