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### MANAGEMENT AGREEMENT

In consideration of the covenants herein (hereinafter called Owner), and A CUT ABOVE PROPERTY MANAGEMENT INC. (hereinafter called Agent) agrees as follows:

1. The Owner hereby employs the Agent to exclusively rent, lease, operate, and manage the property known as \_\_\_\_\_ upon the terms hereinafter set forth for the period of \_\_\_\_\_ beginning on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and thereafter for annual periods unless on or before ninety (90) days prior to the last date above mentioned or on or before ninety (90) days prior to the expiration of any such renewal period, Owner shall notify the Agent in writing of an intention to terminate this agreement in which case this agreement may be terminated. Owner may terminate this agreement upon sixty (60) days' written notice after the expiration of twelve (12) months of the original term or upon termination of the present tenant's lease, whichever date is later. Agent shall have the right to terminate this Agreement at any time by giving Owner fifteen (15) days' prior written notification.

2. The Agent accepts the employment and agrees:

a. To use due diligence in the management of the premises for the period and upon the terms herein provided and agrees to furnish the services of its organization for the renting, leasing, operating and managing of the herein described premises.

b. To render monthly statements of receipts, expenses and charges and to remit to Owner receipts for disbursements and maintenance reserve as set out herein below. Rent disbursements and monthly statements are disbursed on or about the 15th day of the month, providing rent has been received: monthly statements are rendered monthly, regardless. In the event the property is not rented, and the monthly statement provided to Owner every month indicates a negative cash flow, Owner agrees to remit said amount due, plus **\$250.00** maintenance reserve upon receipt. In event the disbursements shall be in excess of the rents collected by the Agent, the Owner hereby agrees to pay such excess within five (5) days after demand of the Agent. In the event Owner does not promptly remit said amounts, they shall bear interest at the rate of eighteen (18) percent per annum beginning ten days after said demand by Agent.

c. Owner acknowledges that Agent will maintain a maintenance reserve on the property which amount will not be remitted to Owner until this Agreement is terminated. The amount of such reserve may be adjusted by Agent, as he deems appropriate.

d. To deposit all receipts collected for Owner (less any sums deducted or otherwise provided herein) in an account in a national or state Institution qualified to engage in the banking business, separate from the Agent's personal account. However, the Agent will not be held liable in event of bankruptcy or failure of depository.

e. The Agent will deposit in a separate account and become custodian of the Security Deposit paid by the tenant and will retain control of disbursement of such deposits. The same shall not be paid to Owner until such time as the tenant vacates and he shall legally be entitled to keep the same, based on the Security Deposit Accounting furnished to the tenant.

3. The Owner hereby gives the Agent the following authority and powers and agrees to assume the expenses in connection with:

a. To advertise the availability for rental of the herein described premises or any part thereof and to display "For Rent" signs thereon; to sign, renew and/or cancel leases for the premises or any part thereof; to collect rents due or to become due and give receipts therefore; to terminate tenancies and to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute actions; to evict tenants and to recover rent and other sums due; and when expedient, to settle, compromise release such actions or suits or reinstate such tenancies. Owner shall be responsible for all necessary costs of evictions and collections including attorney fees, court costs, service fees and collections costs. Any lease executed for the Owner by the Agent shall be for a minimum of 6 months unless a shorter time is approved by Owner, either as specified below or which is approved in writing by Owner, \_\_\_\_\_

b. To process insurance claims on behalf of Owner and to deal with insurance companies, Agents or adjusters on the Owner's behalf.

c. To make or cause to be made and supervise repairs and alterations and to do decorating on said premises; to purchase supplies and pay all bills therefore. The Agent agrees to secure the prior approval of the Owner on all expenditure in excess of \$250.00 for anyone item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain service to the tenants as called for in their leases.

d. To make contracts for electricity, gas, fuel, water and other services or such of them as the Agent shall deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement.

e. To place fire, liability, steam boiler, pressure vessel or other insurance on the property so as to protect Agent from liability.

4. The Owner further agrees:

a. To save the Agent harmless from all damage suits in connection with the management of the herein described property and from injury suffered by any employee or their person whomsoever. The Agent also shall not be liable for any error of judgment or for any mistake of fact of law or for anything, which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.

b. During the time this agreement is in effect as set forth in paragraph 1 hereof: Owner shall recognize Agent as Broker in any pending negotiations for the sale or transfer of part or all of the property. **Owner shall pay Agent a commission therefor of SIX (6) percent of the selling price.** Should owner choose not to honor this agreement and hire another Real Estate Company to sell the home, this agreement will terminate immediately, and the security deposit will be transferred to Owner. This agreement shall not prevent Owner and Agent from entering into such other mutually agreeable sales/commission agreement.

c. For Management: **10%** of the gross monthly rental rate or \$25.00, whichever is greater, plus a leasing fee of **30%** of one (1) full month's rent. This is a one-time charge per new tenant per lease There shall be no management fee charged during any full month within which the property is vacant. There shall be a monthly **\$10.00** per property per month statement fee. A leasing renewal fee of **5%** for a tenant lease renewal.

5. For Repairs: All costs plus any applicable taxes.

6. For Fire Restoration, Rehabilitation, Major Repairs, Remodeling, Insurance Claims or Additions: The full cost of such repairs or remodeling plus all applicable taxes and fees and a handling charge of **ten (10)** percent of such repair or remodeling up to a maximum of **\$350.00** unless otherwise agreed in writing. Agent has the sole right and discretion to refuse to undertake supervision of major repairs, rehabilitation and remodeling as described herein.

7. Attorney fees and costs: Attorney fees, legal fees and court costs, incurred by Agent to protect the property, enforce leases or collect or preserve rights under leases, shall be the Owner's responsibility and shall be reimbursed to Agent by Owner, Owners shall also be responsible for Agent's reasonable attorney fees and costs to enforce, interpret, and/or defend any dispute or controversy concerning Agents management of the property.

a. Owner acknowledges that Owner is not aware of any environmental hazard existing on the property. This includes but is not limited to hazards of radon gas, hazardous materials, asbestos, lead base paint or any other environmental hazard of any kind. Owner acknowledges that upon receipt of notice of any such environment hazard, that they will immediately notify Agent of the same and hereby authorize Agent to immediately notify any tenants on the property and to take such corrective action with said tenants, which may include immediate termination of any existing lease, to prevent or protect tenants from any exposure to such environmental hazards.

b. Owner has been advised that (s)he is required to carry personal injury and bodily injury liability protection which specifically covers not only Owner but Agent for any loss or claim made by the tenant or tenant's guest or invitees. Owner is required to provide Agent with a copy of said policy, upon request and at the time of any renewal, extension, or cancellation of the existing policy. Owner authorizes Agent to secure a policy, which protects Agent only, in addition to the Insurance carried by Owner. Owner hereby waives and releases Agent from and agrees to indemnify Agent for any loss incurred, due to or arising from any claim for bodily or personal injury from or on the subject property.

8.

a. Owner is advised that although Agent routinely requires that tenants be responsible for all miscellaneous minor repairs, this is a requirement that is made to provide Agent leverage with tenants. Owner acknowledges that Owner will be responsible for these repairs and that Agent's judgment in not assessing these repairs against the tenant shall be final and binding upon Owner. Owner understands and agrees (s)he is responsible for the maintenance and upkeep on all appliances, water heater, furnace, water systems, sprinkler systems and other systems of that

nature unless specifically stated otherwise in Additional Provisions attached hereto.

b. Owner understands that if a call comes in on a weekend or holiday on appliances under service warranty that Agent will respond, and Owner will pay charges assessed for such calls.

c. Owner shall furnish evidence of all such appliance contracts, lawn contracts, Home Owner's Warranty (HOW) contracts or other applicable warranty information to Agent; also, to supply complete instructions and diagrams for the correct use of appliances, water systems, sprinkler systems, etc. A copy pertaining to each item is to be left at the property and copies provided for the office file. Owner shall also furnish to Agent a copy of the current hazard insurance policy on the property with the name, address and phone number of the insurance Agent servicing said policy. **OWNER IS ADVISED TO CONVERT THE CURRENT HOMEOWNERS INSURANCE POLICY TO A TENANT-OCCUPIED INSURANCE POLICY WITH A CUT ABOVE PROPERTY MANAGEMENT INC. AS CO-INSURED.**

d. Owner understands that Agent will not be held responsible for water systems, solar systems, sprinkler systems, etc., regarding the malfunction, freezing or breakage of these types of units; we are in no position to operate these items through a complete cycle at the time a tenant vacates.

e. Owner shall provide Agent with a current mailing address as well as current work, home, and cell phone numbers, and a current email address. Owner shall be responsible for notifying Agent within five (5) days of any change in any of the information.

f. Owner agrees to immediately notify Agent if the property is going into or has gone into foreclosure. Notice served on the property shall constitute such notice. Owner agrees that they shall be responsible for and shall indemnify Agent for all costs, damages, claims, and or expenses which Tenant may make or incur in moving from the property due to a foreclosure and that Agent shall have blanket authority to terminate leases, relocate Tenants, and to take all steps Agent deems appropriate to work with Tenants who may be adversely affected by a foreclosure, and that Owner agrees that they will not make any claim against Agent for any actions taken by Agent to assist or work with Tenants due to a foreclosure. Agent shall have the right to withhold all further disbursements to Owner until the foreclosure is completed.

9.

a. If property is still vacant after sixty (60) days after starting date of this agreement, the Owner may notify Agent in writing his intention to terminate this agreement, thirty (30) days from the date of notice. Agent shall retain right to obtain tenant prior to expiration date. In the event Agent does obtain tenant, the original term of agreement shall continue and notice to terminate shall be void.

b. In the event Owner terminates this agreement in violation of paragraph 1, the Agent shall be entitled to compensation at the rate of fifteen (15) percent of the gross rentals or leases put into effect during the term of this agreement less any charge for such service or management fee theretofore collected by Agent applying to said leases. Said Fees to be paid to Agent before termination becomes effective.

c. Agent to retain any late/bad check charges, convenience fees, interest earned on security Deposit, application fees and penalties, lease breaking fees any other charges levied on tenants which are collected from tenant for time and effort in rent collection process.

d. Agent shall not be responsible and or liable for costs of damage, in excess of Security Deposit and Agent shall not be responsible for trees, shrubs and lawns lost through "winter kill", fungi, drought, vacancy periods or tenant neglect. At no time shall Agent be considered a guarantor of any lease. Agent cannot guarantee that Tenants will not do damage to the property nor that Tenants will pay rent and other monies due as is required by leases.

e. Agent shall not be responsible for nor be required to replace or pay for items of personal property or fixtures which are taken from the premises or damaged or destroyed by tenants. Owner is advised NOT to leave personal property (except appliances) at the property.

10. The "In Processing Check List" forms, which are attached hereto and incorporated into this management agreement by reference, are used by Agent to manage the property and the same have been approved by Owner, pursuant to acceptance of this agreement.

11. Agent cannot guarantee that tenants will vacate the property as agreed or at lease termination. In the event Owner intends to move into the property, upon termination of management. Owner is advised that should the tenant default and not move out as agreed, that Agent shall not be liable for Owners moving, living, storage or other expenses.

12. Owner understands and agrees that A CUT ABOVE PROPERTY MANAGEMENT INC. cannot provide management services until the following conditions have been met:

a. Proof of insurance, to include a copy of the policy, listing A CUT ABOVE PROPERTY MANAGEMENT INC. as co-insured, provided to Agent.

b. \$250.00 per unit, to be placed in Owner's account for maintenance reserve.

c. Three (3) full sets of keys to the property.

13. This agreement shall be binding on the heirs, personal representative, successors and assigns of the parties hereto. This agreement shall constitute the entire agreement of the parties. No oral or other representation shall be binding nor enforceable unless set out in this agreement.

14. No clause or provision of this agreement shall be construed against either party as the drafter of the same. In the event any clause or portion of this agreement is found to be invalid or not enforceable, the remainder of the agreement shall remain fully valid and enforceable.

15. In the event the property is coming into management from another manager or if Owner has a tenant in place, Owner shall transfer to Agent the entire security deposit, to be held by Agent. Owner shall be liable for the entire security deposit, regardless of whether Owner actually received those funds from the tenant or the prior manager.

16. In the event that it shall become necessary for Agent to employ an attorney to enforce any of this agreement or to defend a claim by Owner arising from this agreement, Agent shall be entitled to recover from Owner all court costs incurred in maintaining or defending such action plus Agent's reasonable attorney fees for the same. Landlord shall be entitled to recover its reasonable attorney fees whether or not court action is initiated.

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

17. This Agreement shall be construed in accordance with the laws of the state of Colorado, and venue for any dispute or action shall be with the courts of El Paso County, Colorado.

If OWNER shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any Federal, State, Municipal or governmental authority, AGENT upon giving 24 hours written notice mailed to OWNER at the address to which OWNER'S remittances are sent, may terminate this agreement.

18. Agent accepts payments from Tenants via its electronic portal. These payments are usually made by credit or debit card but may also be made by electronic check and other electronic transfers. Agent has no way to verify who is making these payments and in the event a payment or payments are reversed by the credit card company, bank or other financial processor, those monies will be reimbursed to Agent by Owner. Owner will repay these funds to Agent within 5 days of demand by Agent.

19. The attached A CUT ABOVE PROPERTY MANAGEMENT AGREEMENT, INC. ADDITIONAL PROVISIONS is an integral part of this contract and is hereby incorporated by reference.

20. Address where Owner shall receive notices, statements and emergency calls:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, & Zip: \_\_\_\_\_  
Home phone number: (\_\_\_\_)\_\_\_\_\_ Work phone: (\_\_\_\_)\_\_\_\_\_  
E-mail address(es): \_\_\_\_\_

21. Insurance Company: \_\_\_\_\_  
Policy Number: \_\_\_\_\_ Phone number: (\_\_\_\_)\_\_\_\_\_

22. Social Security # \_\_\_\_\_

23. Nearest Living Relative/emergency contact:  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Home phone number: (\_\_\_\_)\_\_\_\_\_

In witness whereof, the parties have hereto affixed their hands and seals this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Owner:  
\_\_\_\_\_  
\_\_\_\_\_

Agent:  
A Cut Above Property Management, Inc.  
3520 Galley Road, Ste 200  
Colorado Springs, CO 80909

By: \_\_\_\_\_



## ADDITIONAL PROVISIONS

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### A CUT ABOVE PROPERTY MANAGEMENT, INC. IN-PROCESSING CHECK LIST

1. Has the Owner been informed of the necessity of having his insurance converted to a Fire and Extended Coverage policy with A CUT ABOVE PROPERTY MANAGEMENT, INC. listed as co-insured?
2. Has the Owner been asked to leave as few items of personal property as possible? Please do not leave hoses, sprinklers, lawn mowers, etc., washer, dryer or any furniture.
3. Has the Owner been advised that A CUT ABOVE PROPERTY MANAGEMENT, INC needs to have at least \$250.00 of his/her money at all times? This is a maintenance reserve and this amount will be retained in Owner's account at all times.
4. Has the Owner been advised of the possibilities of having to re-seed, repaint and re-carpet the property if he/she is gone an extended length of time? (For example: more than 2 years.)
5. Has the Owner been given business cards to give to neighbors in the event of problems and told to call us as soon as possible if problems arise?
6. Has the Owner been advised of our minimum 6-month lease requirement on all rental property unless the Owner desires otherwise?
7. Has the Owner been advised of eviction proceedings and attorney fees incurred when the necessity arises?
8. Has the Owner been advised that A CUT ABOVE PROPERTY MANAGEMENT, INC. needs three full sets of keys to the property?
9. Has the Owner been advised to leave the utilities on?
10. Has the Owner been advised that (s)he will be required to maintain the appliances, the furnace, air conditioner and the water heater?
11. Has the Owner pointed out which fence(s), if any, belong to the Owner, which belong to the neighboring property(ies), and which are jointly maintained with the neighbor(s)? Annotate the property checklist or include in additional provisions above.
12. FEES: Management Fees - **10%** of rent collected and a **\$10.00** monthly statement fee regardless of being mailed or e-mailed.
  - a. Insurance Claim - Administrative charge of ten percent (**10%**) of total claim up to **\$350.00**.
  - b. Leasing fee **30%** per new tenant, **5%** for tenant renewal.

13. Has the Owner been advised that rents are disbursed on the 15th of the month unless rent is not paid?

14. Owner is aware that the lease contains a clause holding the tenant responsible for all miscellaneous minor repairs. Agent's normal procedure is to charge all repairs to Owner regardless of this clause in an effort to prevent minor repairs from becoming major repairs. The clause is enforced at manager's discretion, usually when the tenant caused the damage or if tenant becomes unreasonable with requests for repairs.

15. If you have never rented this property before, you will be required to change the type of insurance you now have, which is homeowners, to the following:

- a. Fire and extended coverage (broad form).
- b. Liability - please furnish us with proof that A CUT ABOVE PROPERTY MANAGEMENT, INC. is named as an "additional named insured" on your policy. We will need a copy of the policy reflecting company, Agent, phone number in the event of a claim.
- c. Personal Property - Recommend \$1,000.00 coverage (minimum).
- d. Loss of rents - due to act of God.
- e. Vandalism - normal coverage is good for thirty days after the incident. If the property is vacant after thirty days, insurance will not cover.
- f. Recommend \$100.00 deductible if available.

16. Tax Deductions:

- a. Property Tax
- b. Interest on the mortgage
- c. Insurance premiums
- d. Management fees
- e. Utilities paid by Owner
- f. Repairs and maintenance
- g. See your accountant for specifics and for further information

Please make sure you understand all the above before signing. If you have any questions or concerns, please contact your property manager for clarification. These Additional Provisions are an integral part of the A CUT ABOVE PROPERTY MANAGEMENT, INC. Management Agreement and are incorporated by reference.

This management agreement and the additional provisions are not a Colorado Real Estate Commission approved form. These were drafted by Kenneth E. Davidson, Attorney for A Cut Above Property Management, Inc.

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent Date  
for A CUT ABOVE PROPERTY MANAGEMENT, INC.

Property Address: