



PROPERTY MANAGEMENT AGREEMENT

This Management Agreement (Agreement) is between Purpose Properties, LLC (Manager), of 5787 Stadium Drive, Suite C, Kalamazoo, MI 49009, and _____ (Owner), of _____, and is effective on _____.

1. APPOINTMENT AND ACCEPTANCE: Owner appoints Manager as exclusive agent of Owner to lease and manage the property described in paragraph 2 (Property) in strict conformity with this Agreement. Manager accepts the appointment and will manage the Property in accordance with all applicable laws and regulations (including all licensure requirements of manager), and Owner will pay all expenses in connection with that management (except for fees related to licensure requirements for Manager). While this Agreement is in effect, Owner will not manage the Property, will not employ any outside rental agent to manage the Property, and will not hire any contractor to work on the Property without Manager’s prior written consent.

The relationship of Owner and Manager is principal and agent; and all duties to be performed by Manager under this Agreement shall be for and in behalf of Owner, in Owner’s name, and for Owner’s account. In taking any action under this Agreement, Manager acts only as agent for Owner. Nothing in this Agreement shall be construed to create a partnership, joint venture, or any other relationship between the parties except that of principal and agent or to require Manager to bear any losses arising out of or connected with the ownership or operation of the Property. At no time during this Agreement shall Manager be regarded as an employee of Owner. Neither party may bind nor obligate the other except as expressly set forth in this Agreement, although Manager may act with such additional authority as may be reasonably necessary to carry out the spirit and intent of this Agreement.

Owner shall indemnify, defend, and hold Manager harmless from all loss, damage, cost, expense (including actual attorney fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Property, unless such loss or expense results from Manager’s negligence or breach of this Agreement. Manager assumes no liability whatsoever for any acts or omissions of Owner, any previous owners of the Property, or any previous management or other agent of either. Unless caused by Manager’s failing to perform properly under this Agreement, Manager assumes no liability for any failure of, or default by, any tenant in the payment of rent or any other charges due Owner or in the performance of any obligations owed by any tenant to Owner pursuant to any lease or otherwise. Manager does not assume any liability for previously unknown violations of environmental or other regulations that may become known during the term of this Agreement. Any such regulatory violations or hazards discovered by Manager, and any new regulatory violations or hazards discovered by Manager, shall be brought to Owner’s attention in writing, immediately on discovery, and Owner shall cure them promptly.





2. **DESCRIPTION OF PROPERTY:** The property to be managed by Manager under this Agreement (Property) is described as

(Property Address)

3. **AUTHORITY OF MANAGER:** Manager shall operate and manage the Property pursuant to the Schedule of Fees, attached to this Agreement as Exhibit 1 (the “Schedule”), and as follows:

A. **Collection of Rents and Fees.** Manager shall use its best efforts to collect all rents and other amounts receivable on Owner’s account from tenants on a timely basis. This includes instituting legal proceedings in the name of, and as an expense to, Owner for the collection of rent and/or for the dispossession of tenants and other persons from the Property in this Agreement. Owner shall be consulted on any pending legal actions that are expected to exceed \$500.00 in legal expenses.

B. **Maintenance, Repairs, and Contracting.** Manager shall maintain Property to standards mutually acceptable to Owner and Manager that shall not be lower than compliance with standards required by applicable governmental laws and regulations. Obtaining competitive bids, performing all project management duties, and communicating with tenants concerning execution of capital improvements are billable time.

C. **Lease Enforcement and Litigation.** Manager shall make all reasonable efforts to enforce the terms and conditions of all leases, including, but not limited to, collection of, claims against, and all administration of security deposits under all leases. All leases shall be prepared on a standard lease form prepared by Manager. Unless otherwise agreed in writing by Owner and Manager, Manager may select the attorney of its choice for purposes of consulting, lease drafting, conducting litigation, and assisting with other forms of enforcement. Owner shall pay reasonable expenses incurred by Manager in obtaining legal advice regarding compliance with any law affecting the Property or activities related to it. Owner shall pay all expenses incurred by Manager, including but not limited to (1) actual attorney fees; (2) Manager’s costs and time; and (3) any liability, fines, penalties, or the like in connection with any claim, proceeding, or suit alleging violation by Manager, Owner, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, taxes, or fair housing, including but not limited to any law prohibiting discrimination on the basis of race, sex, creed, color, religion, national origin, familial status, mental or physical handicap; but Owner shall not be responsible to Manager for any such expenses where Manager is finally adjudged to have personally, and not in a representative capacity, violated any such law. Nothing in this Agreement obligates Manager to employ legal counsel to represent Owner in any such proceeding or suit, but Manager shall notify Owner of any such suit immediately on being served with the summons and complaint, and Owner may retain counsel to represent Owner in defending any such suit.





D. Advertising and Leasing. Manager shall be responsible for and shall use its best efforts in leasing the Property, including but not limited to placement of advertising and promotion, showing of available units, generating renewals, and preparation and execution of leases. Manager shall provide (monthly/quarterly) updates of leasing activity and recommend adjustments (if any) to rent schedules. The cost of advertising, promotion, and any concessions (if required) shall be considered an operating expense of the Property.

E. Contracts, Utilities, and Services. Manager is authorized to negotiate contracts for nonrecurring items of expense, not to exceed \$500.00, unless approved in writing by Owner and to enter into agreements in Owner's name for all necessary repairs, maintenance, minor alterations, and utility services. Manager shall, in Owner's name and at Owner's expense, make contracts in Owner's behalf for electricity, gas, telephone, fuel, or water and such other services as Manager deems necessary for reasonable operation of the Property. All utility deposits shall be the Owner's responsibility, except that Manager may pay such deposits from the Operating Account at Owner's request. Manager shall be liable for payment of all charges of utility providers because of late payment or other default, unless Owner has assumed responsibility for paying utility charges for the Property.

4. TERM OF AGREEMENT: This Agreement commences on _____ (the Commencement Date) and shall continue for a period of one year, unless sooner terminated by Owner or Manager, as specified below. This Agreement shall renew automatically on a year-to-year basis, on the same terms, on the yearly anniversary of the Commencement Date.

5. LIABILITY INSURANCE: Unless otherwise agreed in writing, Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage, or injury to property or persons that might arise out of the occupancy, management, operation, or maintenance of the Property. Amounts and types of insurance shall be acceptable to both Owner and Manager, and any deductible required under such insurance policies shall be Owner's expense. Manager shall be covered as an additional insured on all liability insurance maintained with respect to the Property. Liability insurance shall be adequate to protect the interests of both Owner and Manager and shall be in form, substance, and amounts reasonably satisfactory to Manager. Owner will furnish Manager with certificates evidencing such insurance or with duplicate copies of such policies within one month of the execution of this Agreement. If Owner fails to do so, Manager may, but is not obligated to, place such insurance and charge the cost to the Operating Account. The policies shall provide that notice of default or cancellation shall be sent to Manager as well as Owner and shall require a minimum of 30 days' written notice to Manager before cancellation or any amendment.

6. BANK ACCOUNTS: Bank accounts used under this Agreement shall be established in Manager's name and shall be under its exclusive control. Only Manager's designees shall be authorized to draw on such accounts.

A. Operating Account. Manager shall use an account known as the Operating Account, separate from Manager's corporate accounts, for the deposit of receipts collected as





described in this Agreement, in a bank or other institution whose deposits are insured by the federal government. Such depository shall be selected by the Manager, but Manager shall not be held liable in the event of bankruptcy or failure of a depository. Property funds in the Operating Account belong to Owner, subject to disbursement of expenses by Manager as described in this Agreement.

B. Initial Deposit and Contingency Reserve. Immediately on commencement of this Agreement, Owner shall remit to Manager the sum of \$ -0- to be deposited in the Operating Account as an initial deposit representing the estimated disbursements to be made in the first month following commencement of this Agreement, plus an additional sum equal to twelve and one-half (12½%) percent of rent collected per month or \$500.00 upfront as a maintenance contingency reserve. Manager shall maintain the contingency reserve at all times in the Operating Account to enable Manager to pay the obligations of Owner under this Agreement as they become due. Owner and Manager shall review the amount of the contingency reserve from time to time and shall agree in writing on a new contingency reserve amount when required. The contingency reserve shall be refundable to Owner at such time as this Agreement is terminated.

7. SECURITY DEPOSITS: Owner shall provide Manager a complete and accurate accounting for all security deposits as of the commencement of this Agreement, and the total amount of these deposits shall be provided to Manager at the commencement of this Agreement. Interest earned on balances for the Property in interest-bearing accounts will be disbursed to the Property and credited to the Operating Account, as with other gross receipts, except that it only shall be disbursed and credited annually. If Manager is not bonded, as described by the Michigan Security Deposit Act, all security deposit funds shall be maintained in a separate account (Security Deposit Account) and not commingled with other accounts of the Property.

8. FINANCIAL REPORTING: Once each month, beginning in the second calendar month after the Commencement Date, Manager shall furnish Owner with a statement of cash receipts and disbursements from the operation of the Property during the previous month. In addition, Manager shall, on a mutually acceptable schedule, prepare and submit to Owner such other reports as are agreed on by both parties. Manager shall simultaneously pay over to Owner an amount equal to the ending cash balance of the Property resulting from receipts, less all expenses incurred minus the security deposit balance for that month and any additional agreed-on sum to be reserved for future expenses. Once per quarter, Owner may request and receive a current rent roll from Manager for the Property. Once in any 12-consecutive-month period, Owner may request an audit for the preceding year of all accounts managed by Manager. Owner's desire to have an audit performed shall be communicated in writing to Manager at least one month before the audit, and all costs of the audit shall be paid by Owner.

9. MANAGER NOT REQUIRED TO ADVANCE FUNDS: If the balance in the Operating Account ever is insufficient to pay disbursements due and payable under this Agreement, Owner shall, immediately on notice, remit to Manager sufficient funds to cover the deficiency and replenish the contingency reserve. Manager shall not be required to use its own funds to pay such disbursements, nor shall Manager be required to advance any money to Owner, to





the Security Deposit Account, or to the Operating Account. Unless otherwise agreed in writing, any advance by Manager of money in connection with the Property to pay any expenses for Owner shall be considered a loan, subject to repayment by Owner with interest at the prime rate applicable at the time of the loan, plus 2 percent. Manager may repay such amounts from any money due Owner. Except in the case of an emergency, Manager will not advance its funds in Owner's behalf without having first given Owner at least seven days' written notice of the reason for the advance and of its intention to do so. If Manager advances its own funds to cover a deficiency in the Operating Account to pay disbursements due and payable under this Agreement and/or to replenish the contingency reserve, or if Manager ever advances its own funds to pay such disbursements, or if Manager advances any money to Owner, to the Security Deposit Account, or to the Operating Account, for any reason, Owner shall reimburse Manager, as just described, no later than 7 days following the advance.

10. MANAGER COMPENSATION: Throughout this Agreement, Owner shall pay Manager an amount (computed and payable monthly) as more fully set forth on the Schedule. For the purpose of computing the compensation, the payment amounts shall be based on the gross receipts collected by Manager. Gross receipts shall mean all rents and other income and charges from the normal operation of a property, including but not limited to rents; parking fees; laundry income; late rent payment fees; dishonored check fees; credit report fees; nonrefundable pet charges; other nonrefundable fees, such as _____; and other miscellaneous income. Sums received by Manager as reimbursement or recovery of items of expense charged to Owner will not be considered gross receipts and will be applied as offsets against the items of expense. Such other sundry fees set forth on the Schedule, and administrative fees, such as charges for early move-in, paying in multiple checks, key replacement, parking tag replacement, and lease modification are not part of gross receipts of the property and shall be collected and retained by Manager. Amount paid to Manager by Owner(s) is \$150.00 one-time onboarding fee for this property and 10% of set monthly rental amount per month per rental, due on the 1st day of each month for the duration of this Agreement.

11. TERMINATION: This Agreement shall terminate on expiration of any term, as long as Owner or Manager provides at least sixty (60) days' written notice to the other party. This Agreement also may be terminated for cause on occurrence of any of the following events, before expiration of a term:

A. **Breach of Agreement.** This Agreement shall terminate one month after the receipt of notice by either party from the other specifying in detail a material breach of this Agreement if such breach has not been cured within the one-month period. If the breach is of a nature that it cannot be cured within the one-month period but can be cured within a reasonable time thereafter, this Agreement shall terminate if efforts to cure such breach have not commenced or such efforts are not being continued diligently both during and after the one-month notice period of the breach. The breach of any obligation of either party to pay any money to the other party is deemed to be curable within one month following notice of the breach, but if a different time is specified in paragraph 9 for reimbursement of Manager advances, the paragraph 9 time shall govern as to such reimbursements.





B. Failure to Act, etc. Manager may terminate this Agreement at any time by seven days' written notice to Owner for the following lapses, actions, inactions, failures, or noncompliance unless it is cured within the seven-day period: (1) any insurance required of Owner is not maintained without a lapse or (2) it is alleged or charged that the Property, or any portion of the Property, or any act or failure to act by Owner, its agent, and employees with respect to the Property, fails to comply with any law or regulation or any order or ruling of any public authority, such act or failure to act was not the responsibility of Manager or been caused by Manager's failing to properly conduct itself under this Agreement, and Manager, in its sole discretion, considers that the action or position of Owner or its representatives may result in damage or liability to Manager or disciplinary proceeding with respect to Manager's license. Such termination shall not release the indemnities of Owner set forth in this Agreement.

C. Excessive Damage. This Agreement shall terminate on seven (7) days' notice from either party to the other that there has been destruction of, or substantial damage to, the Property from any cause, or from the taking of all or a substantial portion of the Property by eminent domain, in either case making it impossible or impracticable to continue operation of the Property.

D. Inadequate Insurance. If Manager deems that the liability insurance obtained by Owner under paragraph 5 is not reasonably satisfactory to protect Manager's interest under this Agreement, and Owner and Manager cannot agree on adequate insurance, Manager may terminate this Agreement immediately on the service of written notice to Owner.

On termination of this Agreement, Owner shall assume the obligations of prosecuting any litigation in progress, of any contract executed by Manager in behalf of Owner, and shall assume responsibility for payment of all unpaid bills.

Manager may withhold funds for 60 days after the end of the calendar month in which this Agreement is terminated, to pay bills incurred (but not yet invoiced) and to close accounts. Manager shall deliver to Owner, within 60 days after the end of the calendar month in which this Agreement is terminated, any balance of money due Owner or of tenant security deposits, or both, that were held by Manager with respect to the Property, as well as a final accounting reflecting the balance of income and expenses with respect to the Property as of the date of termination, and all records, contracts, leases, receipts for deposits, and other papers or documents that pertain to the Property. If security deposit funds are retained by Manager, Manager shall continue to be liable for full administration (including all post occupancy administration of returns and claims) of all security deposits throughout the time of retention. Notwithstanding any of the foregoing, Manager may withhold funds for unpaid invoices and delay delivery of balances due to Owner for up to 90 days after the end of the calendar month in which this Agreement is terminated, relative to water and sewer accounting.





12. MISCELLANEOUS:

A. **Indemnification Survives Termination.** All representations and warranties of the parties in this Agreement shall survive the termination. All provisions of this Agreement that require Owner to have insured or to defend, reimburse, or indemnify Manager shall survive any termination, and if Manager is or becomes involved in any proceeding or litigation by reason of having been Owner’s manager, such provisions shall apply as if this Agreement were still in effect.

B. **Force Majeure.** Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, acts of terrorism, adverse weather, and other similar causes not within the control of Manager, including any delays occasioned as a result of the Covid-19 pandemic, and any time periods required for performance shall be extended accordingly.

C. **Rights Cumulative; No Waiver.** No right or remedy conferred on either party to this Agreement is exclusive of any other right or remedy. Each right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or that now or later legally exists on the occurrence of an event of default under this Agreement. Failure of either party to insist at any time on strict performance of any of the provisions of this Agreement or to exercise any right or remedy it has under this Agreement shall not impair or be construed to waive such provision, right, or remedy with respect to subsequent enforcement or exercise. Every right and remedy given by this Agreement may be exercised as often as the parties deem appropriate.

D. **Applicable Law and Partial Invalidity.** Execution, interpretation, and performance of this Agreement shall be governed entirely by the laws of Michigan. If any material part of this Agreement is declared invalid or unenforceable, either party may terminate this Agreement by written notice to the other. A court ruling that a clause of this Agreement is invalid or the parties’ written agreement that they no longer shall observe one or more of this Agreement’s provisions shall not invalidate any other clauses of this Agreement, except that either party’s right to terminate the Agreement, pursuant to the preceding sentence, remains in full force and effect.

E. **Time of the Essence.** Time is of the essence in this Agreement. All time requirements shall be strictly observed.

F. **Notices.** All notices, demands, consents, and reports required by this Agreement shall be in writing and addressed as follows (or to such other address as Owner and Manager may specify hereafter in writing):

Manager: _____

Owner: _____





Notices or other communication may be mailed by United States regular mail, postage prepaid. Notices and other communication also may be delivered by hand or by any receipted method permitted by law. For purposes of this Agreement, notices are deemed to have been given on personal delivery or on the next day for regular mail delivery after having been deposited in the United States mail as provided in this Agreement.

The parties to this Agreement also may elect that all notices, demands, consents, and reports required by this Agreement be provided to one another electronically but only by having all parties to this Agreement signify such election in writing and providing their e-mail addresses in this Agreement.

If the parties elect to use electronic communication, communications from Owner to Manager and from Manager to Owner shall be by e-mail sent to the e-mail addresses specified in this Agreement. E-mail communications shall be addressed as follows (or to such other address as Owner and Manager may specify hereafter in writing):

Manager: _____

Owner: _____

E-mailed communications are deemed received on the day they are sent. E-mailed communications must be signed (typed signature of sender) by the sender to be valid. Owner has “white listed” or will “white list” Manager’s e-mail address to ensure that messages from Manager will not be caught by a spam filter or similar electronic filtering. Owner is solely responsible for maintaining a viable e-mail address, for regularly checking its e-mail account(s), and for managing all spam filters applied to the account(s). E-mails from Manager are deemed received by Owner if sent to the e-mail address provided by Owner, even if not actually received by Owner because of a spam filter or a technological problem beyond Manager’s control. Manager has “white listed” or will “white list” Owner’s e-mail address to ensure that messages to it from Owner will not be caught by a spam filter or similar electronic filtering. Manager is solely responsible for maintaining a viable e-mail address, for regularly checking its e-mail account(s), and for managing all spam filters applied to the account(s). E-mails from Owner are deemed received if sent to the e-mail address provided by Manager, even if not actually received by Manager because of a spam filter or a technological problem beyond Owner’s control.

G. Headings. All headings and subheadings in this Agreement are for ease of reference and shall not be considered in interpreting this agreement.

H. Agreement Binding on Successors and Assigns. This Agreement shall be binding on the parties and their respective personal representatives, heirs, administrators, executors, successors, partners, and assigns.

I. Owner Representations. Owner represents and warrants that (1) Owner has full power and authority to enter into this Agreement; (2) there are no written or oral agreements affecting the Property other than tenant leases, copies of which have been furnished to





Manager; (3) there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Property for the purposes intended under this Agreement; (4) to the best of Owner's knowledge, the Property is zoned for the intended use; (5) all leasing and other permits for the operation of the Property have been secured and are current; and (6) the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like.

J. Manager Representations. Manager represents and warrants that (1) Manager is at least 18 years of age, a citizen of the United States, and has full power and authority to enter into this Agreement; (2) all requirements of Manager (including licenses) of any governmental entity (including all regulatory bodies) are in good standing and that it never has had any license it is required to carry revoked or suspended or been the subject of any licensure proceedings; (3) Manager is not operating under any civil or criminal suspensions, constraints, orders, or directives that in any way relate to Manager's ability to reasonably and faithfully manage the Property; (4) Manager has never been convicted of a criminal offense; (5) Manager has never filed for or been discharged in bankruptcy; and (6) Manager is not currently obliged to pay any civil judgments or restitution on any criminal sentences.

K. Complete Agreement. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management of the Property and supersedes all previous management agreements entered into between Owner and Manager relating to the Property. No change to this Agreement shall be valid unless made by written agreement, executed and approved by Owner and Manager. Each party to this Agreement acknowledges that the other party has made no warranties, representations, covenants, or agreements, express or implied, other than those expressly set forth in this Agreement, and that it has not relied on any other warranties, representations, covenants, or agreements, express or implied.

The parties execute this Agreement effective on the date first written on page one of this Agreement.

OWNER



PURPOSE PROPERTIES, LLC

By Marissa Harrington
Its Member

