

PROPERTY MANAGEMENT AGREEMENT

In consideration of the covenants herein contained, _____, hereinafter designated as Owner, agrees to employ, as the sole and exclusive Agent, **Great Smoky Investments, Corp., 1829 Bertie Street, Sevierville, TN 37862**, hereinafter designated as Agent, in order to rent, lease, operate, and manage the said property situated in the City of _____, County of _____, State of Tennessee, known as _____ for the period of _____ **Months**, commencing this _____ day of _____, 20 ____.

Section I

A. Agent's Authorities and Obligations

Owner hereby confers upon Agent the following authorities and obligations:

1. To provide thoughtful, learned, and researched advice on a likely Market Rental Rate for the property or properties described above.
2. To advertise the availability of the premises and to display "for rent" or "for lease" sign/s. The sign or signs will be placed as dictated at an appropriate time, based on the availability of vacant units and the mutual understanding of any and all parties.
3. To screen and use due diligence in the selection of prospective tenants and to abide by all fair housing laws.
4. To see to it that all inquiries of the rental of this or these properties and showings of the property will be performed by the Agent, or an employee of the Agent, or an Agent for a prospective tenant. In any case, all showings will be coordinated with and by the Agent. All parties acknowledge that showings of the property will not begin until the property is in showable condition as agreed to by both Owner and Agent.
5. To negotiate leases and rental agreements on behalf of the Owner. Lease terms *not to exceed* the period of _____ **months**. Leases should *not be less than (fill in applicable)* _____ **months OR (check if applicable)** _____ **month to month**.
6. To execute leases and rental agreements on behalf of the Owner. The Agent will provide the Owner with a digital copy of any lease or a paper copy upon request.
7. To collect rents, security deposits, and all other receipts and to deposit such moneys in a trust account with a qualified banking institution. Any interest earned will be retained by Great Smoky Investments, Corp.
8. To handle any and all tenant issues or inquiries, and/or relay said significant issues or inquiries to Owner, as deemed necessary. All tenants will receive a listing of appropriate company phone numbers to contact as needed.
9. To comply with all terms and conditions of any lease, mortgage, or other agreement on behalf of the Owner which shall relate to any matters in connection with the rental, operation, or management of the property, unless prevented or delayed by strikes, riot, civil commotion, war, inability to obtain materials because of governmental restrictions or acts of God or the public enemy, distractive or statutory rules or judicial decision, or any other cause beyond the Agent's reasonable control.
10. Any Late fees collected by Great Smoky Investments, Corp., will **be split 90% to owner and 10% to Great Smoky Investments, Corp.**
11. To serve notice of termination, notices to quit or pay rent, and such other notices as Agent may deem appropriate.
12. To employ attorneys for the purposes of enforcing Owner's right under leases and rental agreements and institute actions on behalf of Owner, payable by the Owner.
13. To provide all services reasonably necessary for the proper management of the property including periodic inspections, supervision of maintenance and arranging for such improvements, alterations and repairs as may be required.
14. To advise the Owner of capital improvements, construction, and additions to the Property that the Agent deems advisable, provided no capital improvements, construction, or additions to the Property shall be made without the prior written approval of the Owner.
15. To hire, supervise, and discharge all employees and independent contractors required in the operation and maintenance of the property. **Compensation shall be in the amounts as approved by the Owner and the employment of any employee shall be terminable at will. It is agreed that such employees are employees of the Owner and not that of the Agent.**
16. To contract for repairs, at a cost to the Owner, not to exceed what is reasonable for this area. In the event the Owner is not available for consultation, to contract for such repairs and expenditures as are necessary for the protection of the

property from damage or to perform services for the tenants as provided for in their leases or required by state or local officials.

17. To execute service contracts for utilities and services for the operation, maintenance and safety of the property as the Agent deems necessary and needed without the approval of the Owner.
18. To keep accurate records of all moneys received and disbursed by Agent for the management of the property. Said records shall be open for inspection by the Owner during regular business hours and upon reasonable notice of *twenty-four (24) hours*.
19. To submit a monthly statement of all receipts and disbursements, no later than the **20th of the following month**.

Section II

A. Owner's Obligations

1. The Owner agrees to provide, in writing, to the Agent, an agreed Rental Rate for advertising and leasing the property or properties. Any subsequent changes to the Rental Rate, either increases or decreases, or any incentives to be offered, will be provided, *in writing*, to the Agent.
2. The Owner shall deposit and maintain with the Agent **\$500 per property** to be used as an operating reserve and will be used to pay any expenses of the property.
3. The Owner will pay all Advertising charges. The Owner understands and agrees advertising is not always specific to Owner's property. Great Smoky Investments, Corp. utilizes cross advertising in an effort to control advertising cost and maximize exposure of the property.
 - i. Advertising Charge: **\$150.00** per Vacancy. This charge is to photograph, describe, and input the property into all available media. Plus **\$2.50** per day, for every day the property is advertised. This charge is subject to change without notice. In the event of property specific advertising, the Owner will be charged at cost + 10% + hourly rates for any needed expert. This type of advertising may include but is not limited to additional design, photography, web based applications, etc...
 - ii. For certain properties, Great Smoky Investments, Corp. may purchase or use a 'For Rent' or similar banner. The use of banners is at the discretion and written consent of the Owner. Rental charges for banners are \$50.00, per month, along with installation labor which will be billed at standard "make ready" rates. Custom banners for a property can be used (in some instances, banners are not approved by City Ordinances) and will be purchased at the written consent of the Owner, payable by the Owner, at cost + 10% along with installation labor which will be billed at standard "make ready" rates. Any and all application fees, permits etc will be at the Owners expense plus standard "make ready" rates.
4. The Owner agrees to purchase a keyless locking system for each managed property, at cost + 10% along with the installation labor which will be billed at standard "make ready" rates.
5. The Owner agrees to make a timely decision as to which prospective tenant will occupy their property and will so notify the Agent, in writing and by phone, as soon as a decision is made.
6. The Owner shall indemnify and save Agent harmless from any and all costs, expenses, attorney's bills, suits, liabilities, damages from or connected with the management of the property by Agent, or the performance or exercise of any of the duties, obligations, powers, or authorities herein or hereinafter granted to Agent.
7. The Owner will add Judy L. Jones, Broker and Great Smoky Investments, Corp. as additional insured on all insurance policies for all properties managed by Great Smoky Investments, Corp. The Owner will provide proof of the additional insured at the signing of this agreement. Additionally, at the renewing of insurance, the Owner will provide proof of continued coverage to Great Smoky Investments, Corp.
8. The Owner shall not hold Agent liable for any error in judgment or for any mistake or act of law, or for anything Agent may do or refrain from doing hereinafter, except in the case of willful misconduct or gross negligence.
9. The Owner assumes full financial responsibility for the payment of any expenses and obligations incurred in connection with the exercise of Agent's duties set forth in the agreement.
10. The Owner agrees to pay any request for funds by Agent within *10 days* of request.
11. The Owner agrees to bear all financial responsibility for any and all litigation that may arise during the course of management through any cause whatsoever in regards to the property. This shall include but not be limited to damage or injury to a tenant or their possessions, maintenance issues that may arise at no fault of the Agent, and/or criminal activities that may occur on the property.
12. Agent may terminate this agreement and immediately file a lien against the property if the request for additional funds is not paid in a timely manner. Owner understands that it is not Agent's obligation to advance his own funds for payment of Owners operating expenses. Agent will file in the county register of deeds office a notice of commissions due on all properties managed by Great Smoky Investments, Corp.

13. The Owner agrees to inform the Agent of placement of property for sale or any change in the property's status (e.g. Foreclosure). Should the Owner place the property on the market for sale, Great Smoky Investments, Corp. shall be informed upon the listing of the property for sale.
14. The Owner agrees to compensate Great Smoky Investments, Corp. at the rate of \$30.00 per hour for any staff member assisting in the sale of the property. This shall include but not be limited to time for showings of vacant units to a buyer or buyer's agent, meeting a sales agent who is not licensed with Great Smoky Investments, Corp., meeting inspectors or appraisers, or any individuals deemed necessary in the sale of the property. The Owner will not be charged for any time spent preparing computer generated financial schedules from the company computer system, but the Owner will be charged for any time spent preparing specially requested forms and financial statements. The fee for preparing special financial statements or similar will be billed at standard "make ready" rates.
15. The Owner agrees to compensate Great Smoky Investments, Corp. if the tenant or the tenant's assignee enters into a purchase and sale agreement on the property. Great Smoky Investments, Corp. will be paid a commission in the amount of three and one-half percent (3.5%) of the gross sales price. Whether Great Smoky Investments, Corp. actually negotiated the sale or not, a commission will be due and payable at the time of the property transfer.

Section III

A. Management Fees

1. Owner agrees to pay Agent for all services rendered at the rates hereinafter set forth. Such compensation is due and payable on demand and may be deducted by Agent from receipts.

i. Compensation for Management Services:

The greater of:

- \$ 50.00** per month for each single family residence or
7% of monthly collected rents
- \$ 45.00** per month per unit multi-family 2 or more units at the same location.
- \$ 40.00** per month per unit 4 or more units at same location
- \$ 35.00** per month per unit 5 – 20 units at same location
- \$** 21 units and more call for special pricing.

ii. Compensation for Leasing:

- New Leases: **50% of one month's contract rent to be paid at time of lease signing (10 months or more) Leases less than 10 months minimum charge \$250.00.**
- Renewal Leases: **25.00 per month for each month of the lease.**
On month to month leases, a minimum renewal fee of **\$150.00** will be charged
- Overnight rentals: **15% of gross collected rent.**
*all cost (credit card fees, cleaning, etc), fees etc are charged to the Owner at **cost + 15%.**
- Commercial Leases: **1 month's rent at lease signing + 5% of monthly rents.**
If vacant, \$100.00 per month, per unit.

B. Repair and Maintenance to the Property

1. The Agent agrees to repair and maintain the property in good, sound, and clean condition.
2. The Agent agrees to secure the written approval of the Owner of each individual instance of repairs and/or maintenance that cost **\$500.00** or more.
3. The Agent will enter into contracts for the furnishing to the property of all services and utilities, including electricity, gas, water, telephone, cleaning, security, pest extermination, HVAC maintenance, landscaping, and any other utility or services as the Agent deems advisable to assure that the property shall remain in a clean, operating condition.
4. The Agent will purchase all materials and supplies which the Agent deems necessary to repair, maintain, and operate the property properly at Owner's expense. All material costs incurred by the Agent shall be charged to the Owner.
5. The Agent shall perform during the year one safety inspection of the property to check for and install, if needed, smoke detectors and fire extinguishers. Fees for this service will be \$25.00 per unit and materials installed at cost +10%.

6. Pest control will be performed on multi-unit buildings at a minimum of once per calendar quarter based on specific property.
7. The Agent is responsible for hiring and coordinating appropriate personnel for the above services. Such personnel may be the employee of the Agent or third party contractors. All third party labor expense incurred by the Agent shall be charged to the Owner.
8. The Agent shall have control over all repair, maintenance, and renovation projects via written and continued approval by the Owner. The Owner waives the right to have subcontractors perform work on the building that are not employees or contractors of Great Smoky Investments, Corp.. Great Smoky Investments, Corp. will be responsible for supervising and coordinating all renovation, repair, and maintenance projects, unless otherwise agreed by both parties.

C. Service Charges and Maintenance Fees

1. Service Charges:

Service Call: \$45.00 first hour
Each Additional Hour: \$30.00 per hour
Electrical/Plumbing Service Call: \$50.00 per hour
Jobs Requiring Two Technicians: \$60.00 per hour
HVAC: \$65.00 first hour
HVAC Additional Hour: \$45.00 per hour
Oversee Third Party Work: \$20.00 per hour
Make –Ready Labor: \$30.00 per hour
Emergency Service Call (7:00pm-7:00am & Sundays): \$60.00 per hour
Holiday Emergency Call: \$75.00 per hour
Lawn Care: Flat Rate per review of property
Interior Painting: Flat Rate per review of property
Pest Control: Flat Rate per review of property
Annual Safety Inspections: **see Sec III C-3**

2. Maintenance Fees

Modernization and/or Capital Improvements: Cost plus 10%
All other services: *Cost plus 10%*

3. Property Inspections

\$50.00 per Inspection Annual Safety Inspections are a part of Rent Ready, so in the event of a rent ready, this fee is waived. In the case of a lease renewal, the safety inspection is performed during the Lease Inspection, so the fee is waived. In other cases, the Owner is required to contact Great Smoky Investments, Corp. when an inspection of their home is desired. In cases of severe weather and/or as deemed necessary by the Agent (high utility bills, neighbor complaint, etc...), inspections may be performed *without* prior notice to the Owner, but the Owner will be notified as soon as possible. This type of inspection also includes but is not limited to insurance adjusters, appraisers, special contractors, etc...

Section IV

A. Financial Considerations

Upon the start of management of a new property the Owner shall place on deposit with Great Smoky Investments, Corp., the sum of _____. This amount shall serve as escrow holdings to allow Great Smoky Investments, Corp. to perform any work deemed necessary prior to leasing.

Upon the rental of the property and collection of the first month's rent, Great Smoky Investments, Corp. shall withhold the total amount due for repair and maintenance, advertising, leasing commissions, utilities, and any other charges incurred. Any remaining funds will be distributed back to the owner after all charges have been paid.

Great Smoky Investments, Corp. reserves the right to request a larger escrow holding based on the specific property after an evaluation of work required to rent the home.

Should the rental dwelling require significant capital improvements, including but not limited to roof repairs, HVAC unit installation, exterior painting of buildings, or any other extraordinary items required to maintain or improve the property, Great Smoky Investments, Corp. will inform the owner of the estimated cost to complete repairs and improvements.

Owner agrees to compensate Great Smoky Investments, Corp. for said work prior to work beginning. Great Smoky Investments, Corp. reserves the right not to start any capital project or renovation agreed to by all parties until compensation has been received. Great Smoky Investments, Corp. will not be responsible for temporary financing of any renovation or improvement.

Section V

A. Other Items

Time is of the essence of this Agreement and of all provisions herein contained.

In the event of any legal action by the parties arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's bills and costs to be determined by the court in which such action is brought.

The Agent accepts the employment under the terms hereof and agrees to use diligence in the exercise of the obligations, duties, authorities, and powers contained herein upon Agent.

Section VI

A. Term

This agreement will automatically renew for successive one year periods, provided however, that either Owner or Agent may terminate this Agreement without cause effective on the last day of any calendar month during the term period by giving written notice to the other party not less than thirty (30) days prior to the proposed termination date.

In the event there is an active lease on the property and the Owner wishes to terminate this contract; the Agent will be paid and is due management fees until the end of the lease. These management fees will be paid, in full, at the termination date set by the Owner, if that date is prior to the end of the current lease. If termination is prior to the end of the current lease, any Security Deposits paid by the Lessee will be placed in the hands of the local court until the lease ends at which time the court, Owner, and Lessee can come to an agreement on disbursement of funds. The cost involved in placing Security Deposits in the courts via Interpleader action will be paid by the Owner through the Owner's escrow reserve. These costs include but are not limited to court costs and Agent's fees.

A termination fee in the amount of \$250.00 shall be payable to Agent upon the termination of this Agreement. Agent shall have no right, title, or interest in or under this Agreement other than the right to receive all monthly and annual Management Fees and the right to be reimbursed for all costs and expenses incurred by the Agent with respect to which Agent is entitled to reimbursement pursuant to the terms of the Agreement.

Section VII

A. Notices

Any and all notices, consents, or directives by either party intended for the other shall be sent by email from the Owner to the Agent or vice versa, unless such notice must be sent via USPO. *In any instances using email: a clear, concise email describing the full property address, the Owner's name and ID, and specific instructions, will suffice.

All notices required to be given in writing and mailed via USPO to the parties at the addresses set forth below must be mailed, registered or certified mail, return receipt requested. To such addresses as the parties may, from time to time, hereinafter furnish to each other in writing.

To Owner:

<i>Owner(s) Name:</i>	
<i>Mailing Address:</i>	
<i>City, State, Zip:</i>	
<i>Email Address:</i>	
<i>Main Phone Number:</i>	
<i>Alternate Phone Number:</i>	
<i>Fax Number:</i>	
<i>Birthday(s) and Name:</i>	

To Agent:

Judy L. Jones, Broker, CCIM, CIPS
1829 Bertie Street
Sevierville, TN 37862

Email: judy@greatsmokyinvestments.com
Office: 865-774-0006
Cell: 865-621-0006
Fax: 865-774-0060

This Agreement shall be construed and governed by the laws of the state of Tennessee.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date set forth below.

Owner/s:

Signature _____ Date _____

Signature _____ Date _____

Signature _____ Date _____

Property Manager:

Signature _____ Date _____

Judy L. Jones, Broker, CCIM, CIPS
President
Great Smoky Investments, Corp.

LEGAL NOTICE

This document is protected by copyright laws, and may not be reproduced, republished, distributed, transmitted, displayed, broadcast, or otherwise exploited in any manner without the express written permission of Great Smoky Investments, Corp. v. 010910