1st Choice Real Estate, PLLC
901 S. Bridge Street - #39 – DeWitt, MI 48820-0039
Phone: (517) 975-5200 - Fax: (866) 625-0214
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 _____

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

7._____
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 $85 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 any utilities included, compensation for the services of the Agent shall be the greater of $85 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 (Properties owned by IRA only) * Additional $25 monthly mailing fee.

____ ACH Deposit

Bank Name _____

Name on Bank Account _____

Account Type [ ] Checking [ ] Savings

Account Type [ ] 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 50.00 % of the first full month's rent as a leasing fee to negotiate and place tenants. Tenants are sent lease renewal notices approximately 80-days prior to their lease expiration. Agent will be compensated a $50 flat fee for a one-year lease renewal (or a $25 flat fee for a six-month least renewal). Should an owner decide to list their property for sale, Agent must be notified at least 90-days prior to listing the property for sale, and advised if lease is to be renewed, canceled, or converted to month-to-month.

3. Advertising The Agent shall advertise the properties by way of 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."**

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. Cleaning fees paid up front by tenants will be disbursed to owners upon collection from tenant. Cleaning charges paid out to cleaning services post tenant move-out, will be billed to owners. 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 [ ] HOA

Snow care when property is vacant to be handled by:

[ ] Owner [ ] Agent [ ] HOA

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.

a. 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, once it has been sent to the past tenant.

b. If a tenant disputes a security deposit reconciliation, our office will act in the following manner. Tenants will be refunded the amount of their dispute. Tenants will be sent notice that**,** *"Due to the need to keep within the Michigan Landlord/Tenant laws, we are refunding the amount you have disputed in regard to your Security Deposit Reconciliation (SDR). This does not preclude the owner of this property from filing suit in court to seek further damages or to turn your file over to a collections attorney for the items in dispute, including any further damages discovered."* Owner will be sent a communication from 1st Choice asking if they want the file sent to the collections attorney. Owner will then be responsible for the $250 collections fee to be deducted from their account.

c. If an owner does not want to proceed with having the file sent to the collections attorney and incurring the $250 cost, the balance due will remain on the tenant's ledger indefinitely.

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 Three Hundred Dollars ($300.00) 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), mechanicals repair (furnace/water heater/central air unit/etc.) 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 $300.00, 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.

e. Property Turns A property turn is required when the current tenant moves out of a unit. Owners should anticipate up to 21 days to turn a property. If a tenant moves out on the 31st of a month, 1st Choice will need up to 21-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 $300.00, 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.

f. Agent will not be responsible for any liability ensuing from owners self-performing, or self-coordinating any work at properties.

g. Digital Keypads In an effort to streamline our process, reduce long term costs and provide the best overall security to our lessees, 1st Choice Real Estate requires digital deadbolts/doorknobs at all properties, essentially eliminating traditional keys. We will use the following models, unless otherwise instructed to use an alternate brand/model:

- Deadbolt: Kwikset SmartCode 260 (est. cost $114+install)*
- No Deadbolt: Kwikset SmartCode 917 (est. cost $121+install*)

*prices subject to change based on fluctuating equipment costs

*Doors equipped with a deadbolt will be replaced with option 1, the knob will be replaced with a traditional passthrough (non keyed) unit. Doors with only a locking knob will be replaced with option 2.

8. Rental Property Licensing The Agent will be compensated $50 (flat fee) for scheduling inspections, attending inspections, 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, re-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. Agent shall charge $85 per month for holding a property on the books while the property is vacant and listed for sale with a company other than 1st Choice Real Estate. Agent shall charge $85 per month for holding a property on the books while the property is vacant and in need of rent ready repairs, but owner is not willing/able to complete the repairs.

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 current maintenance rate. Note, services may exceed $300. Express consent from owner will not be requested for spring/fall maintenance services elected by owner.

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. Gutters will be cleaned in Apr/May.

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 (Apr) [ ] Fall (Nov) [ ] Both

d. Exterior power washing [ ] Yes [ ] No……..Yearly (Jun/Jul)

e. Exterior A/C unit cleaning [ ] Yes [ ] No……..Yearly (May/Jun)

f. Auger main sewer line [ ] Yes [ ] No……Yearly (Mar/Apr)
(emergency service may runs $250-450 due to need to clean up backed up sewage)

g. 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 Twp - 3 years	Delhi Charter Twp -2 years
Bennington Twp - 3 years	Delta Charter Twp -2 years
City of East Lansing - 2 years	Lansing Charter Township - 2 years
City of Lansing -3 years	Meridian Charter Township - 2 years

h. Other: _____

12. Appliances Tenants will be held responsible for any repairs needed, as a result of neglect.

Due to tenants leaving washer/dryer units behind upon move-out, tendencies of washer/dryer units to fail, and age of present WASHER & DRYER, these appliances will not be repaired unless owner agrees. (select one): [ ] Repair [ ] Remove.

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,

[ ] not an option due to lack of storage space for existing appliances.

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

If yes, for which appliances:

[ ] Refrigerator

[ ] Range/Oven

[ ] Microwave

[ ] Dishwasher

[ ] Furnace

[ ] Water Heater

[ ] Central Air

*The Agent shall not be responsible for coordination of repair of appliances/mechanicals that are under warranty. Should a maintenance request be submitted for an appliance/furnace/water heater/AC unit that is under warranty, the Agent will forward the maintenance request to the Owner. The Owner will be responsible for coordinating the repair under the warranty/service plan.

The Agent shall not be responsible for collection of coins from any laundry units on the premises. If a property has coin-op machines, owner is to select one of the following:

[ ] Remove coin-op equipment, and provide laundry at "no cost" to tenants.

[ ] Owner to collect coins

[ ] Install contractor provided laundry, with contract between owner and vendor of choice. Agent will provide multiple contractors to consider based on size of building and number of units.

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 Agent shall not be responsible for paying 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. Start-Up Fees Owner shall pay the Agent a one time, non-refundable start-up fee of $100, plus $50 per unit, upon signing contract.

18. 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. 1.5% interest If payment is not received to bring negative balance current, owner will incur a 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.

19. 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 remit payment for that amount to 1st Choice Real Estate. If payment is not 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 the account balance is negative on the last day of the month, owner is required to remit payment within 7 days in order to avoid incurring a 1.5% interest fee. Interest is compounded monthly until the account is brought current. Owner pay remit an electronic payment via the owner portal or via check sent by way of mail. 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 $30 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.

20. 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.

With owner's approval, and pre-payment of $250 filing fee, 1st Choice Real Estate will forward files with or without money judgments to a collection attorney. A 40% collection fee will be due upon receipt of any funds, following the deduction of actual costs (i.e., filing fees, attorney collection %, court costs, service fees, etc…)

21. Authority and Power of Agent Employees and Independent Contractors – Agent has authority to hire, supervise and discharge all employees and independent contractors necessary for the operation and maintenance of the property. It being specifically agreed and understood that all employees shall be deemed to be employees of the Agent and all independent contractors shall be deemed to be working on behalf of the Agent. Agent has authority to provide all maintenance records to any current, past, or future owners upon request.

22. 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. If requested by Agent, 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.

23. 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.

24. 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.

25. 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. Owner accounts will be closed out no later than the last business day of the month following contract cancellation. Agent will provide the Owner with copies of all tenants' leases within 14 days of contract termination. All money owed to either party will be paid within 7 days of all final bills being paid by 1st Choice Real Estate, on behalf of the owner. Such bills include but are not limited to; trash, utilities, contractor invoices, insurance, legal fees, etc. 1st Choice may hold escrow funds and/or rents in any amount needed to pay final bills associated with the property(s) being closed out. If a subsidized housing payment is received by 1st Choice Real Estate, via ACH, following the date of the contract cancellation, the contract closing for this property may be delayed by up to 30-days.

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. Post-contract repairs will not be made by 1st Choice. Owner will be responsible for coordination and payment of all repairs at that time.

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 equal to one month's rent will apply if the owner chooses to terminate this contract prior to the end of the contract date. The 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.

26. 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.

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

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

Referred by:

_____

_____
Agent Date

_____
Owner Date

_____
Phone

_____
Email

_____
Driver's License #

_____
Taxpayer Name

_____
Taxpayer Soc#/EIN#

FOR OFFICE USE ONLY

Escrow Check # _____ Amount: _____ Date: _____

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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.

Bailey – 517-975-5200 – Extension 9 – 1stChoiceRE@gmail.com
-- Owner month-end statement questions

Chelsea – 517-975-5200 – Extension 5 – 1stChoiceAds@gmail.com
-- Maintenance & Code corrections questions regarding licensing, fees, inspections, etc…

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

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Property Specific Addendum

Property Available Date: _____

Starting Rental Rate: $ _____

Min Rental Rate: $ _____

# of Bedrooms: _____

# of Full Bathrooms: _____

# of Half Bathrooms: _____

# of Garage Remotes: _____

Electronic Keypad Combo: _____

Condo Parking Spot #: _____

Appliances Included in Lease:

[x] Refrigerator
[x] Stove
[ ] Dishwasher
[ ] Microwave
[ ] Washer/Dryer (only check if you intend to repair/maintain)
[ ] Central Air
[ ] Window AC Unit
# of units _____
[ ] Wall AC Unit
# of units _____
[ ] Water Softener --- Owned [ ] or Rented [ ]
[ ] Dehumidifier

Tenant Paid Utilities:

[ ] Water
[ ] Sewer
[ ] Electric
[ ] Gas
[ ] Trash
[ ] Lawn
[ ] Snow
[ ] Cable/Internet

Utility Providers:

Water: _____
Sewer: _____
Electric: _____
Gas: _____
Propane: _____
Trash: _____
Cable/Internet: _____

Other:

Furnace Filter Size: _____
Sump Pump: [ ] Yes [ ] No
Generator: [ ] Yes [ ] No
Irrigation System: [ ] Yes [ ] No
Irrigation Co (spring turn-on / fall turn-off): _____
Septic System: [ ] Yes [ ] No
Date septic was last pumped: _____
Company used to pump septic: _____

Pet Policy:

Dogs: [ ] Yes [ ] No
Size Limit: [ ] < 40 lbs [ ] No size limit
Cats: [ ] Yes [ ] No
[ ] NONE