



Property Management Contract
Hawaii Association of REALTORS Standard Form
Revised For Release includes revisions from subcommittee
4/30/16



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Licensee in Brokerage Firm is [] is not [] a REALTOR and member of the National Association of REALTORS. Owner is aware that the National Association of REALTORS holds its members accountable for their actions through a strict Professional Code of Ethics, which includes a grievance system to address complaints.

Property Reference or Address: _____

Tax Map Key: Div. ____/Zone ____/Sec. ____/Plat ____/Parcel ____/CPR ____ (if applicable).

Brokerage Firm _____

State License No. _____ Phone _____

Address _____

Real Estate Licensee _____ Phone _____

Owner's Name _____

Percentage of Income Distribution _____%

Owner SSN or FEIN _____

Owner is [] is not [] a non-resident alien individual, fiduciary, foreign partnership, or foreign corporation

Owner's Name _____

Percentage of Income Distribution _____%

Owner SSN or FEIN _____

Owner is [] is not [] a non-resident alien individual, fiduciary, foreign partnership, or foreign corporation

Owner's Name _____

Percentage of Income Distribution _____%

Owner SSN or FEIN _____

Owner is [] is not [] a non-resident alien individual, fiduciary, foreign partnership, or foreign corporation

GE Tax ID Number(s): _____

Form 1099 to be issued to _____

Authorized Representative _____

Title _____

Authorized Representative hereby represents and warrants that he/she is fully authorized (1) to execute this Property Management Contract on behalf of Owner(s) and (2) to bind Owner(s) on all actions of Brokerage Firm hereinafter referred to as "Agent" as approved, in writing or verbally, by Authorized Representative.

"Hawaii General Excise Tax must be paid on the gross rents collected by any person renting real property in the State of Hawaii. A copy of the first page of this Contract or of the Federal Internal Revenue Service Form 1099 stating the amount of the rents collected shall be filed with the Hawaii Department of Taxation."

Hawaii Revised Statutes Section 237

BROKER'S INITIALS & DATE

OWNER'S INITIALS & DATE



The Owner and Agent named above mutually agree as follows:

SECTION A: AUTHORITY AND APPOINTMENT

- A-1 **Authority.** Owners listed above hereinafter referred to as "Owner" warrant and certify that (i) Owner is the owner of the Property, (ii) only those named above have title to the Property, (iii) Owner has the authority to execute this Property Management Contract hereinafter referred to as "Contract". Property is not subject to current legal action or foreclosure.
A-2 **Appointment.** Owner listed above exclusively appoints Agent to manage the Property referenced above on the Owner's behalf. Agent accepts this exclusive agency appointment subject to the terms and conditions set forth in this Property Management Contract.
A-3 **Power of Attorney.** Owner hereby appoints Agent his true and lawful attorney in fact, with full power of substitution, with authority to sign and acknowledge on Owner's behalf any lease of the premises and to take any action necessary to enforce compliance with such lease, including eviction of any tenant. This is a special power of attorney coupled with an interest, is irrevocable during the term of this Contract, and shall survive the incapacity or death of Owner.

SECTION B: RENTAL CONSIDERATION

Agent shall determine the lease terms and rent schedule and will attempt to obtain the maximum rent available in the current rental market. The Owner acknowledges that actual rents and lease periods will vary depending on the current rental market. Agent will notify the Owner if desired rents or lease periods do not reflect current rental market conditions.

Desired Monthly Rental Range: \$ _____ to \$ _____

Minimum Desired Lease Term: _____

Maximum Desired Lease Term: _____

Are you willing to allow pets: ____ Yes ____ No ____ Negotiable

If yes, specify type allowed, indoor/outdoor, association weight limit, etc. _____

Note: Leases are subject to the provisions of Owner Association By-Laws and House Rules, City Ordinances, and State and Federal Laws.

SECTION C: TERM

The term of this Contract is for a period of _____ months/year [one (1) year if left blank] commencing on _____ and thereafter shall automatically continue unless terminated by owner or by agent with _____ days [sixty (60) days if left blank] prior written notice. Termination of this Contract does NOT invalidate any existing rental agreements made by Agent on the owner's behalf. All legal provisions of the Landlord Tenant Code must be met if the Owner decides to sell, exchange, or occupy the property. If either party to this Contract takes actions or fails to take action resulting in a violation of any State or Federal Law, then the other party may immediately terminate this contract by providing written notice. In the event this Contract is terminated by Owner prior to the expiration of the initial term, Owner agrees to pay Agent a termination fee of _____. After the expiration of the initial term, should owner terminate this Contract for any reason other than to sell, trade, or to occupy the property on a permanent basis, it is mutually agreed that the Owner shall pay the agent _____.

Examples: Balance of commissions due for remaining lease term or flat fee.

SECTION D: AGENT DUTIES

- D-1 **Rentals and Collections.** Agent shall use its best efforts to obtain renters for the property and to collect all rents and deposits as documented in the Lease. Agent is authorized to advertise the unit for rent by any means it deems proper and advisable. Agent shall investigate each prospective tenant carefully. Agent may accept payment by money order, personal checks, or electronic fund transfer, but shall not be held liable to the Owner for any payment returned for insufficient funds, or other reasons. Agent shall not be held responsible for any loss sustained by the Owner due to unpaid rent, repairs, and utilities if the tenant is evicted, abandons the property, breaks the lease, or moves from the property and fails to pay the remaining balance due.
D-2 **Deposit of Funds.** Agent shall deposit all funds collected for the Owner into Agent's client trust account in a federally insured financial institution in Hawaii; Agent shall not be responsible for any loss resulting from the insolvency of such depository. The client trust account funds will not be comingled with any funds associated with Agent's business operations.
D-3 **Distribution of Income to Owner.** On a _____ (monthly if left blank) basis, net proceeds of rent collected will be transmitted to Owner via _____. Agent shall deduct from gross rental income, Agent's fees and reimbursements for authorized expenditures.
[] Interim Utility Payments [] Other _____ [] Other _____
[] Pool Service [] Other _____ [] Other _____
[] Yard Service [] Other _____ [] Other _____
D-4 **Financial Reporting to Owner.** On a _____ (monthly if left blank) basis Agent will make available to Owner an itemized statement of income and expenses. An annual (calendar or fiscal) statement and Form 1099 shall be issued.
D-5 **Maintenance and Repairs.**
(a) Agent is authorized to make all ordinary repairs and replacements reasonably necessary to preserve and maintain the Property, through contracted services or otherwise. Such maintenance and repairs are the financial responsibility of the owner.

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(b) Should Agent have reasonable expectation that any single expenditure for replacement and/or repair shall exceed \$ _____, Agent shall contact Owner for Owner's authorization. Owner agrees that an exception to the above would be in the case of an emergency or repair/replacement considered a matter of habitability and/or pertaining to law.

(c) Owner agrees that the following list of improvements are to be cleaned or maintained professionally at a time which is designated by Agent and charged to Owner. Examples: Garage door rails, gutters, air conditioner systems _____

(d) Agent shall not be required to perform any act or duty involving the expenditure of money unless the Owner has sufficient funds available to cover costs. Agent shall not be responsible for loss sustained by the Owner for non-payment or late payment of any expenses when sufficient funds are not available. Agent shall hold/maintain a reserve of \$ _____.

(e) Additional Services: Any additional services not listed herein, which Owner may request Agent to perform shall be by mutual agreement pursuant to Section E-1 (d).

(f) Other Services: _____

D-6 **Security Deposits.** Agent shall collect and hold security deposits on the tenant's behalf. The Security Deposit will be applied towards any balance due from the tenants as allowed in the Landlord Tenant Code. Agent will retain interest, if any, generated by the Security Deposit Account.

D-7 **Residential Landlord Tenant Code.** Agent shall comply with the provisions of Hawaii's Residential Landlord Tenant Code concerning the rights, obligations, and remedies of landlords and tenants.

D-8 **Fair Housing Laws.** Agent shall comply with State and Federal Anti-Discrimination Laws.

D-9 **Fees.** Agent agrees not to collect or charge any undisclosed fees, rebates, or discounts. All fees charged to the Owner must be specified in this Contract. Late fees shall be retained by Agent or _____

D-10 **Mail.** Agent may open and accept mail which is addressed to Owner in Agent care or at the Property address.

SECTION E: AGENT FEES AND EXPENSES

E-1 **Agent Fees.** The Owner shall Pay Agent as compensation:

- (a) _____% of the monthly gross income collected or \$ _____ per month.
- (b) _____% of the monthly gross income for finding a new tenant (leasing fee/re-renting fee) or \$ _____ per new lease.
- (c) _____% of the monthly gross income for Lease Renewal or \$ _____ each renewal.
- (d) _____% of total job cost or minimum of _____ per hour for additional services as agreed.
- (e) _____.
- (f) _____.

E-2 **Insufficient Funds.** Agent may bill the Owner directly or collect money from future rental proceeds if the funds in the account are insufficient to pay all fees and expenses for any given month. Agent shall not be obligated to make any advance payments or incur any liability for Owner's account. Agent shall not be liable for loss sustained by Owner by reason of insufficient funds in Owner's account. In the event Agent shall advance its own funds for Owner's obligations, Owner shall promptly reimburse Agent such advances within _____ () calendar days of receipt of billing for such advances by Agent. Additionally, Owner shall pay interest at the rate of _____% per month for such funds advanced by Agent from the _____ day advances remain unpaid.

Section F: OWNER DUTIES

F-1 **Current Information.** Owner shall at all times update Agent, with any and all contact information including emails, phone numbers, physical addresses and any emergency information.

F-2 **Minimum Balance in Owner Account.** Owner shall maintain on deposit with Agent the sum of _____ dollars (\$ _____), which Agent may apply against authorized expenditures. If the balance in the Owner's Account is less than the Minimum Balance, the owner shall replace the funds or restore the deposit from future rental proceeds.

F-3 **Change of Status.** Owner is informed that once the property is rented, Owner must file the change form with their county to remove the real property exemption.

F-4 **Inventory List.** The Owner shall provide to Agent a complete inventory of furnishings and fixtures in the property.

F-5 **House Rules/Manuals.** The Owner shall provide one current copy of all Association Rules/House Rules and service contracts. Owner agrees to forward any future changes or updates to Agent. Owner shall also provide any manuals, if available.

F-6 **Keys.** The Owner shall furnish _____ (three (3) if left blank) complete sets of keys to the property. If the property has additional security measures (i.e. key fobs, remote controls, etc.), then the Owner shall furnish _____ complete sets.

F-7 **Insurance.** Nothing in this Contract shall be construed as rendering Agent liable for any act, omission, or occurrence resulting from or in any manner arising out of the performance of Agent's duties and obligations hereunder, or the exercise by Agent of any of the powers or authority herein or hereafter granted to Agent by Owner, or the use of any lease or rental agreement. Owner, at Owner's expense, shall maintain, in full force and effect:

(a) Fire and extended coverage for all casualties and hazards customarily covered by casualty insurance in the State of Hawaii for the full insurable value of the Property, containing endorsements that contemplate the leasing of the Property by Owner and vacancies between lease terms.

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(b) Liability insurance with a minimum coverage of \$ _____ naming Agent, as additional insured/additional interest. Note: Owner's Insurance agent should be consulted to determine this coverage.

(c) If the property is in a condominium association, it is the owner's responsibility to confirm minimum insurance requirements. Example: loss assessment, condominium insurance deductible, etc.

(d) Within _____ () days from the effective date, Owner must provide Agent a copy of a certificate of insurance evidencing the required coverage. If the insurance coverage changes at any time this Contract is in effect, Owner must provide Agent a copy of the insurance certificate evidencing any changes within _____ () days. Agent will not be held liable should Owner fail to secure insurance or have an inadequate amount of coverage.

F-8 **Indemnification.** Owner agrees to indemnify, defend and hold Agent harmless from all claims, investigation, and lawsuits by third parties related to Unit, and the management and leasing, whether occurring during the term of this Contract or after its termination, and from any claim or liability for damage to property, or injuries or death of any person.

(a) Agent shall not be liable for any willful neglect, abuse or damage to Unit by tenants, vandals, or others nor loss or damage to any personal property of Owner.

(b) If at any time during or after the term of this Contract, Unit is found to be contaminated with hazardous waste, Owner agrees to indemnify and hold Agent harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligation of any nature arising from or as a result of said hazardous waste. The foregoing indemnification shall survive the termination or expiration of this Contract.

(c) Owner shall save and hold Agent harmless on account of any damage to the Property or from loss of or damage to any furniture, fixtures and other articles therein and from any and all injury to any person or persons whomsoever, from any cause whatsoever, in or about said property.

F-9 **Enforcement of Lease.** Agent is authorized to enforce the terms and conditions of the Rental Agreement. The fees and costs incurred in the enforcement of the Rental Agreement shall be paid by the Owner.

F-10 **Sex Offender.** Hawaii has enacted a law (Megan's Law) requiring sex offenders to register with the State Attorney General's office. If Owner has knowledge that a sex offender resides in the immediate area of the Property, Owner is required to disclose such information to Agent and authorizes Agent to disclose to potential tenant.

SECTION G: PROPERTY INFORMATION

G-1 Property Description.

(a) Type of Dwelling: _____ Condo _____ Townhouse _____ House _____ Apartment Building _____ Co-op

(b) Number of Rooms/units:

_____ Bedrooms _____ Garage/Carport (circle one)

_____ Baths _____ Open parking (stall(s) # _____)

If apartment building:

_____ Number of studios _____ Number of one bedrooms

_____ Number of two bedrooms _____ Number of three bedrooms

_____ Other: _____

_____ Number of parking stalls for tenants

_____ Guest parking

(c) Location of:

Water Heater _____ Circuit Breaker _____

Main Water Turnoff _____ Other _____

Storage _____ Other _____

G-2 Security Items. Keys - List Number and Description:

_____ Door _____ Example: Front, Security Screen, Storage, etc.

_____ Mail _____ Other _____

_____ Security _____ Other _____

_____ Garage Door Openers _____ Other _____

_____ Key Pad Code _____ Other _____

G-3 Appliance and Warranties. (Supply all manuals and warranties)

1. _____ Model # _____ Serial # _____

2. _____ Model # _____ Serial # _____

3. _____ Model # _____ Serial # _____

4. _____ Model # _____ Serial # _____

5. _____ Model # _____ Serial # _____

G-4 Tenant or Owner to pay for the following services. Mark "T" for tenant & "O" for owner

A/C _____ Gas _____ Refuse _____ Water _____

Cable _____ Internet _____ Sewer _____ Yard Service _____

Electricity _____ Pool Service _____ Solar/PV _____ Other: _____

Note: If Owner receives statement of charges, Owner must submit to Agent within _____ days of receipt.

BROKER'S INITIALS & DATE

OWNER'S INITIALS & DATE

G-5 Insurance.

Fire Insurance Company _____ Agent _____
Phone # _____ Policy # _____ Exp. Date _____
Liability Insurance Company _____ Agent _____
Phone # _____ Policy # _____ Exp. Date _____

G-6 Alternate contact in case of emergency.

Name: _____ Telephone: _____
Email: _____ Relationship: _____

G-7 Estimated date of re-occupancy or intent of Owner to sell. _____

G-8 Property Contacts.

Association Manager: _____ Telephone: _____
Resident Manager: _____ Telephone: _____
Security: _____ Telephone: _____

G-9 Other Services.

Termite/pest control service: _____ Phone # _____
Pool service: _____ Phone # _____
Yard Service: _____ Phone # _____
Other: _____ Phone # _____
Other: _____ Phone # _____
Other: _____ Phone # _____

G-10 Misc. Existing issues or comments

SECTION H: ADDENDA

H-1 Addenda. The following addenda (forms), if checked, are attached to and made a part of this Property Management Contract. Fill in all blanks. Write "NA" if not applicable. Each attached addendum must be properly signed and initialed (as applicable).

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> W-9 Federal Form | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Lead Based Paint – required by law for pre 1978 housing | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Association Transfer of Privileges Authorization | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> ACH Bank Authorization | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Association Authorization to receive notices/fines | <input type="checkbox"/> Other _____ |

SECTION I: OTHER TERMS

I-1 Special Terms.

I-2 Notices. Any notice, demands, consents, and reports necessary or provided for under this Contract shall be in writing and addressed as provided below. Such notices shall be mailed, emailed or delivered in person. Notices shall be effective as of the date the notice is emailed, mailed or delivered.

I-3 Binding Effect. This Contract shall be binding upon the parties hereto and their respective personal representatives, heirs, trustees, administrators, executors, successors and assigns. Should any Section of any part of this Contract be rendered void, invalid, or unenforceable by any reason by any court of law, such a determination shall not render void, invalid, or unenforceable any other Section or any part of this Contract. This Contract embodies the entire understanding of the parties, and there are no further or other agreements or understanding, written or oral, in effect.

I-4 Entire Contract. This Contract contains the entire agreement between the Agent and the Owner and may be modified only in writing and signed by the parties. This Contract shall be binding upon and inure to the benefit of the successors and assigns of Agent and the heirs, trustees, administrators, executors, successors and assigns of the Owner.

I-5 Applicable Law and Venue. The interpretation and enforcement of this Contract shall be governed by the laws of the State of Hawaii. Any action brought under this Contract shall be brought within the State of Hawaii.

Signed this _____ day of _____, 20____. Each party acknowledges receipt of a copy of this Contract.

BROKER'S INITIALS & DATE

OWNER'S INITIALS & DATE

The complete Property Management Contract has been Reviewed and Accepted by:

OWNER:

Owner Signature _____ Owner Print _____
Owner Phone # _____
Owner Address _____
Owner Email Address _____

Owner Signature _____ Owner Print _____
Owner Phone # _____
Owner Address _____
Owner Email Address _____

Owner Signature _____ Owner Print _____
Owner Phone # _____
Owner Address _____
Owner Email Address _____

AGENT:

Agent's Signature (Principal Broker or Broker In Charge) _____
Company Name _____
Company Address _____
Company Phone Number (s) _____
Company Website _____
Company Email _____

Owner acknowledges receipt of an executed copy of this Property Management Contract.

OWNER'S INITIALS

NOTE: THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language, but there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Seller, or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).

BROKER'S INITIALS & DATE

OWNER'S INITIALS & DATE