



PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT, is made this ___ day of _____,
by and between _____ ("Owner") and **John C. Formant Real Estate, Inc.** ("Agent").

WHEREAS Owner represents that he has the legal right to lease the property located at _____, Washington, DC ("Premises") and

WHEREAS it is understood that the Agent and Owner will abide by federal, state and local laws, ordinances and regulations governing fair housing rules and practices regarding discrimination, as well as all other pertinent laws. The property listed herein shall be shown and made available to all persons without regard to race, color, religion, national origin, age, sex, handicap or marital status; and

WHEREAS Owner desires to retain Agent as the property management agent for certain property located in the District of Columbia;

NOW, THEREFORE, in consideration of the covenants herein contained, Owner and Agent hereby agree as follows:

1. 1. TERM OF AGREEMENT. Owner hereby employs Agent as his exclusive agent to manage the Premises for the term beginning on the ___ day of _____, and ending on the ___ day of _____, _____. This agreement shall thereafter automatically be renewed for successive yearly periods except as otherwise provided herein.

2. MANAGEMENT. Agent hereby agrees:

(A) To accept management of Premises for the period and upon the terms set forth herein and to provide the services of its organization to rent, operate, and manage the Premises;

(B) To render monthly statements of receipts and disbursements and to remit receipts less adjustments (including, without limitation, disbursements and prior advances);

(C) To notify Owner of needed repairs promptly; and

(D) To inspect the Premises periodically as to condition and maintenance.

3. AUTHORITY. Owner hereby grants to Agent the following authority:

(A) To advertise any part of the Premises, to display signs thereon, to rent the Premises, and (when appropriate) to execute leases as agent for Owner;

(B) To collect rents and other charges due or to become due and give receipts therefore; said moneys to be deposited in a bank or disbursed as Owner may specify in writing.;

(C) When possible, to institute and prosecute at the Owner's expense actions in the Landlord - Tenant branch of the D.C. Superior Court to recover possession of the premises and to recover rent and other sums due; and,

when expedient, to settle, compromise, and release any such action or suit, and to employ counsel at Owner's expense when necessary to effect same;

(D) To cause mechanics and vendors to maintain and repair the Premises; all repairs above an estimated cost of \$250.00 per repair shall be done upon oral or written authority of the Owner, excepting emergencies -- i.e., repairs to correct conditions dangerous to life, destructive to property, or violative of law, or any other emergency or other circumstances requiring immediate action in the reasonable judgement of Agent -- which may be made irrespective of cost; and

(E) To pay out of rents collected the following: annual taxes and any special assessments which may be levied against the Premises; insurance premiums covering the Premises against fire, extended coverage and other risks; installments of principle and/or interest on any mortgage, deed of trust, or other encumbrance on the Premises; and any other charge against the Premises. In no case shall John C. Formant Real Estate, Inc. be liable for damages from any payment not paid due to the Owner's not having provided Agent with sufficient funds in the event that the rent collected does not cover such expense.

4. INFORMATION AND EXPENSES. Owner hereby agrees:

(A) To deliver to Agent a completed checklist of information necessary for managing the Premises ("Management information Sheet") as soon as practical after the execution of this Agreement;

(B) To promptly respond to Agent's inquiries and notify Agent of his desires with regard to requested repairs;

(C) To deal with and communicate with all tenants and prospective tenants only through Agent;

(D) To assume responsibility for all expenses incurred in connection with the management of the Premises (including, without limitation, in connection with the activities described in section 3 above);

(E) At the request of Agent, at any time and from time to time, to give Agent a provision of funds sufficient to cover mortgage payments, taxes, repairs and other expenses in connection with the operation and management of the Premises;

(F) To reimburse Agent for any advances made within thirty (30) days from the date of Agent's statement and to pay a service fee of 1-1/2% per month on any balance not paid within thirty (30) days, and;

5. COMPENSATION. The Owner agrees to pay the Agent, during the term of this Agreement and any extension thereof:

(A) LEASING FEE. Owner agrees to pay agent a leasing fee when a tenant has been obtained and a lease agreement executed. This leasing fee is separate and apart from the property management fee specified in paragraph 6 below. The leasing fee shall be equal to three-fourths (3/4) of one-month's rent. Agent may retain said fees or portion thereof from the first full month's rent paid by tenant. Agent is granted authority by Owner to hire the real estate services of other companies to locate and place tenants in any vacant units if Agent deems it necessary to do so. Owner hereby agrees to pay the resulting expenses.

(B) MANAGEMENT FEE. Owner covenants and agrees to pay as compensation for the property management services of Agent (in addition the leasing fee) a fee of eight percent (8%) of all gross rentals charged to tenant per month or a minimum of \$100 per month, whichever is greater. Owner further agrees to pay as compensation for property management services, a fee of \$50 per month when the Premises are vacant, and, in addition, any late fees collected from the tenant;

(C) ADDITIONAL FEES.

Additional fees may be charged for certain activities such as:

- (1) Obtaining Certificate of Occupancy
- (2) Obtaining Business Housing License

- (3) Registration/Exemption under the Rental Housing Act of 1985 and/or its successor(s)
- (4) Completing and filing Income and Expense Reports
- (5) Obtaining Tax Identification number

Fees for the services listed above shall be negotiated with Owner at the time of service;

(6) Additional reasonable fees may be charged for time and expenses made necessary in order to comply with government laws or regulations and/or requirements of government agencies or utilities included in paragraph 5(B) above, or excessive time spent in protecting Owner's interests in any way, such as legal actions, rehabilitations, preparing hardship petitions etc. Additional reasonable fees may be charged for time and expenses for Agent's services which may be considered beyond the normal scope of property management. Such services may include meeting inspectors, appraisers or other people on behalf of the owners, and/or the modernization or renovation of the property.

(8) Interest as per statement to the Owner on any deficit amount which is outstanding for more than thirty (30) days.

6. TERMINATION. This agreement may be terminated upon thirty (30) days' prior written notice by either party to the other and, in the case of termination by Owner, upon payment in full of any unpaid balance due Agent; provided, however, that Agent's right to reimbursement (including, without limitation, reimbursement for any leasing fees or finder's fees or management fees incurred by Agent) in all circumstances shall survive termination.

7. SALE. It is further understood and agreed that if the Premises are put on the market for sale during the term of this Agreement or any extension thereof or within ninety (90) days thereafter, the firm of John C. Formant Real Estate, Inc. will be appointed exclusive agent and a sales commission in the amount of six percent (6%) shall be paid to said Agent. Further, should Tenant, directly or indirectly, purchase the demised premises during the term of any lease entered into while under the management of John C. Formant Real Estate, Inc., or any renewal or extension of such lease, or within one year after the termination of his tenancy of the demised premises on any terms, John C. Formant Real Estate, Inc. shall be deemed the procuring agent in this transaction and will be paid by Landlord at settlement from the proceeds of sale a commission of six percent (6%).

8. MINISTERIAL ACTS. Owner agrees that Agent may perform ministerial acts for Owner and tenant(s). A ministerial act is an act that Agent performs on behalf of Owner or tenant after the execution of a lease or rental application; an act that assists the tenant(s) to complete or fulfill a lease agreement; or an act that does not involve discretion or the exercise of Agent's own judgment.

9. AGENT REPRESENTATION. Owner acknowledges that Agent may represent other owners who have similar properties for rent. Owner also acknowledges that Agent may represent tenants who are looking for similar properties to rent. Owner acknowledges that Agent may show other available properties to prospective tenants.

10. INSURANCE.

a. Owner shall obtain and keep in effect during the term of this agreement, at his own expense, public/premise liabilities insurance, known as Owners, Landlords, and Tenants Insurance or Extended Premise Liability Insurance, with minimum liability coverage of \$1,000,000. Owner shall make his best efforts to name Agent as an additional insured or as their interest may appear (ATIMA). Condo owners shall secure separate liability protection as the Condominium Master Policy does not give liability protection to the interior of the unit. Owner shall furnish to Agent a cop of the front page of said policy or certificate(s) (declarations page) evidencing the existence of such public/premise liability insurance in form and substance satisfactory to Agent. Owner shall provide said insurance and furnish said policy/certificate within ten (10) days from the date of this agreement. Agent shall not be obligated to place said insurance nor keep said insurance in effect or keep said insurance in effect, however should owner fail to provide said policy/ certificate, Agent is authorized to procure said insurance, and charge to Owner the expense therefore. Nothing contained herein, however, shall obligate Agent to procure said insurance, and in the event no insurance naming the Agent as insured is in effect, Owner indemnities of Agent set forth in section (C) herein shall apply and be in full force and effect.

b. If for any reason, the Premises remain vacant for thirty (30) days or more, Owner shall obtain and keep in effect for said period, at his own expense, adequate vacant property insurance.

c. Owner agrees to indemnify, defend and save agent harmless from all law suits in connection with the leasing and management of the Premises and from liability for damage to any other property and for injuries to or death of any person or persons. Further, Owner agrees to defend promptly and diligently, at Owner's expense, any claims, losses, costs and liabilities, civil or criminal action, proceeding, charge or prosecution made, instituted, or maintained against Agent or Owner, jointly or severally, arising out of the condition, management or use of the premises, or acts or omissions of employees of Owner in connection therewith, or otherwise, and to hold harmless and fully indemnify agent from any judgment, loss or settlement on account thereof.

9. LIMITATIONS. The Agent will not be responsible for:

(A) any loss of money through the failure of, or other action by, any bank or other financial institution in which the funds of the Owner are deposited;

(B) advancing any of its funds in order to meet obligations of the Owner;

(C) any loss resulting from the failure of a tenant to pay sums due under a lease or other agreement.

10. MISCELLANEOUS. This Agreement shall be binding upon the heirs, administrators, executors, successors, and assigns of the parties hereto and shall be governed by the District of Columbia law. Headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. This Agreement contains the entire agreement of the parties hereto and no representations, promises or agreements, oral or otherwise, between parties not contained in this Agreement shall be of any force and effect. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated except in a writing executed by Owner and Agent.

WITNESS the following signatures as of the date written above.

OWNER:

date



date

AGENT:

John C. Formant Real Estate, Inc.

by: _____

date

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