



VALLEY INCOME PROPERTIES

SAMPLE MANAGEMENT **BROCHURE**

📍 315 South 48th
Street #101
Tempe, AZ 85281

☎ (602) 633-1350

📠 (602) 633-1385

www.valleyincome.com



COMPANY **PHILOSOPHY**



Valley Income Properties is committed to the long term viability of the metro Phoenix real estate market place. Our staff of professionals strives to deliver superior and reliable investor returns through strict control of operating expenses, adherence to sound management principals, strategic forward planning, and open communication with clients.



(602) 633-1350



315 South 48th Street #101
Tempe, AZ 85281



(602) 633-1385

The company's roots were planted more than 24 years ago when Designated Broker Jeffery E. Hanrath recognized the need for a hands-on, no-nonsense asset management company dedicated to the medium sized property owner / investor. Since that time Valley Income Properties (previously Equity Development) has built a reputation founded in commitment to service, quality asset management, and unparalleled responsiveness to client needs.



COMPANY PROFILE

Through our strict management philosophy, unparalleled oversight, and aggressive marketing approach, Valley Income Properties has a proven track record of increased profit margins, reduced operating expenses, and overall property value gains, allowing our clients to minimize their daily involvement and maximize the income and tax benefits of owning investment real estate. Valley Income Properties is one of the most respected property management & brokerage companies in metro Phoenix (Please refer to our client testimonials,) with a track record of long-term client retention. We are proud to report that the average client of Valley Income Properties has been with us in excess of seven years.

While we do not profess to be the largest company in our field, we do however take special pride and ownership on being the innovative source for clients that require special attention for their unique property needs.

The Valley Income Properties team embodies the long-held philosophy that **hard work, discipline, creativity, communication,** and **integrity** are the keys to success.

COMPANY PRINCIPALS



Jeffery Hanrath, President, Designated Broker

Originally from Kenosha Wisconsin, Mr. Hanrath moved to Arizona in 1987 after a 4 year stint in the United States Marine Corps. A 1992 graduate of Arizona State University, Mr. Hanrath put his Bachelor of Science degree in Finance and Real Estate to good use with several local investment and development firms before finally founding Equity Development & Management Inc. in 1993. In a real estate career that began in 1988, Mr. Hanrath has extensive hands on experience in the brokerage, management, acquisition, disposition, syndication, and development of residential and commercial real estate.



Michael Calkins, Vice President, COO

A native born Arizonan, Mike is a graduate of Arizona State University with a Bachelor of Science degree in Business Marketing. Mike has been an active member of the metro Phoenix in real estate industry for over 17 years, with extensive hands on experience in the Multi Family segment including acquisitions, dispositions, syndication, rehabilitation, and management. As a multi family investor himself, Mike brings an owners perspective to his management style, paying special attention to the stabilization, marketing, and continuing cost control of all portfolio properties.



FULL SERVICE PROPERTY MANAGEMENT

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The company's roots were planted more than 18 years ago when Broker Jeffrey E. Hanrath recognized the need for a hands-on, no-nonsense asset management company dedicated to the medium sized property owner / investor.

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OUR PROGRAM:

I. Marketing & Leasing

Advertising: Available units are posted on our website, Craig's List, the local MLS, local and regional newspapers, governmental agencies, apartment locator services, as well as marketing to area banks, stores, and employment centers.



Proactive Leasing: Vacant units are posted as "available" upon tenant notice to vacate, not upon actual vacancy. This approach can literally shave weeks off the time a unit sits vacant, and save you hundreds of dollars.

Property Signage: All our properties are posted with a) a Valley Income Properties marketing billboard sign and b) a property marketing banner. This double signage approach ensures significant street exposure.

Tenant Screening: Valley Income Properties performs rigid background checks on all applicants, including credit and criminal backgrounds, as well as verification of past and current residences and current employment. Minimum scores / ratios must be met to secure an approval.

II. Accounting

Financial Plan of Action: Upon opening a new account, Valley Income Properties, along with our client will developed a financially sound direction for your property. We look at the current state of the property, recommend improvements, prepare budgets, discuss marketing and rent rate strategies, and look for areas to reduce expenses. This plan is then re-examined and modified every quarter.

Rent Collections: Rents are collected when due, or the proper notices / legal actions are taken without exception. Rents are due on the 1st and are considered late as of 5:00PM on the 5th. Five-day notices are filed on ALL delinquent rents. Any rent not paid in full by the 11th (or PPA filed) is forwarded to our attorney for eviction.



Payables: All payables are reviewed on a monthly basis. We review expenses for accuracy and unexpected increases, compare current invoice to same period previous year, and always seek avenues to reduce the expense wherever possible. Valley Income Properties also performs an annual review of Tax and Insurance invoices, and we investigate avenues for reductions. All expenses are paid when due or the owner is notified of any cash shortages.

Property Tax Appeals: Upon receipt of the annual property assessor statement, Valley Income Properties will review all property valuations and pursue tax appeals on behalf of the owner.

City Sales Tax: Collected from all tenants and reported/paid to the appropriate City on a timely basis.

Approved Vendors: Valley Income Properties maintains a list of "Approved Vendors" for all property suppliers. From carpet vendors to appliance vendors, paint vendors to electrical contractors, all our vendors are long term members of the community and always guarantee lowest cost and highest value. Our Vendor list is continually updated and we re-bid our vendor services annually.

Monthly and Yearly Financial Statements: All monthly and year-end statements are forwarded on a timely basis. All accounting is done on a monthly basis (1st to 30th.) Reports are prepped and generated between the 1st and the 7th of the month. All reports are then reviewed by management and approved for distribution. Reports are in the mail to the owners by the 10th of the month. All reports include a Cash Flow Statement, Current Rent Roll, Statement of Deposits, Check Summary, a reconciled Bank.

Statement, and copies of invoices and the check stubs. Please refer to our company brochure, on the web site, for more detail.

AS-IS vs. AS STABILIZED BUDGET ANALYSIS

Upon assuming a new apartment community, the staff at Valley Income Properties will analyze the most recent 12 month operating statements for the property, looking for discrepancies or soft spots in the expense structure.

With a strong focus on expense control, we key on those expenses that can typically get away from an owner, notably maintenance supply expenses, maintenance salary expenses, utility expenses, and administrative expenses. Similarly yet separately, an analysis of current real estate taxes and insurance is performed to ensure those expenses are within current market conditions.



Once analysis of the current expense structure is fully understood, the team at Valley Income Properties will build an "as stabilized" budget based on market standards for properties of similar size, style, and quality. This "as stabilized" budget is then used as the baseline budget, and is continually compared to actual monthly outcomes. Variances between the as-is budget and the actual expenses are analyzed, and areas of improvement are set out. From an income standpoint, budgets are formulated based on rapidly changing rent and concession data. In today's tricky rental market, asking rents and concessions can be a moving target, changing literally month by month. It is vitally important to project rents, concessions and vacancies that are competitive for your property type, in your immediate marketplace. For this reason the staff at Valley Income Properties always takes a conservative approach when assessing current asking rents and concessions, and projecting vacancies for any given period.



III. Site & Area Management

Site Management: All new properties will be assigned either an on-site manager or an area manager. Site managers are responsible for the day-to-day operations of the property, as directed by Valley Income Properties policy. All site & area managers are supervised by senior staff, who are required to perform a minimum of weekly site inspections and direct the activities of site & area managers.

Property Inspections: Property inspections are performed a minimum of once per week or as deemed necessary to insure that all company standards are met, maintenance is top notch, and vacancies are in rent ready condition.

Staff Meetings: Management meets with all site / area managers, maintenance personal, and office staff on a weekly basis to discuss current needs and conditions at each and every property.

VI. Maintenance

Full Maintenance Provider: Your property will be assigned to one of our competent maintenance staff, who will be responsible for all aspects of your properties maintenance needs. From dripping faucets to drywall repairs, from replacing fixtures to appliance repairs, our staff can handle all your property's needs. Upon vacancy we provide full apartment turnover maintenance.

NOTE: For your financial benefit, major electrical and major plumbing are vended to licensed professionals.




MONTH END FINANCIAL REPORTS

Financial Reports are based on a 1st to 30th (or the last day of the month) accounting cycle. During the course of the month, rents are collected, bills are paid and resident / vendor ledgers are addressed. On the last day of each month, the current accounting period is closed and data is gathered for reconciliation. All accounts are reconciled between the 1st and 8th day of the following month, and financial reports are generated by the 10th day of the following month. Reports are reviewed for accuracy, if required corrections are made.

Once reports have been approved they are uploaded to your private and secure web portal by the 12th day of the following month. At the same time, any cash flow disbursements are direct deposited to the bank account of your choosing via an ACH transaction.

During the course of the month, certain reports are uploaded to your secure web portal for viewing at your leisure, including Activity Reports, Rent Rolls, Summary of Deposits, Check Detail, Etc. All reports are indefinitely maintained on your secure web portal for viewing or printing at your discretion.



Financial Reports included in the monthly accounting are:

★ **Cash Flow Statement:**

Reflects both monthly and year-to-date income and expense figures. This reports shows actual income and expense figures and how those numbers compare to the budget.

★ **12 month Cash Flow Statement:**

Reflects month by month income and expense activity over the previous 12 operating periods. Provides owners a 12 month snap-shot, and the ability to easily track progress of the property over time.

★ **Income Statement:**

Provides income and expense figures grouped by category, such as Utility Expense, Salary Expense, Management Expense, Admin Expense, and so on

★ **Rent Roll:**

Provides detailed information on each resident, including name, type of unit, contract rent, security deposit, amount paid, lease expiration, Etc.

★ **Summary of Deposits:**

Provides a breakdown of each bank deposit.



★ **Check Detail:**

Check Detail gives the owner a detailed listing of the checks that were written from the Trust Account. Check detail should match up with the bank reconciliation (below.)

★ **Bank Reconciliation:**

Each report package will contain a complete bank reconciliation of the Owners Trust Account.

★ **Aged Payables Report:**

Provides a summary of open invoices that are carried forward to the next accounting period.

NOTE: Valley Income Properties can create and maintain custom reports per the individual owner's needs. Design and monthly maintenance of custom reports shall be by separate agreement and will be billed at the audit rate of \$50.00 per hour.

FULL SERVICE PROPERTY MAINTENANCE

Through our sister company, Consolidated Management Services, LLC, Valley Income Properties has the capacity to handle all your property's day-to-day maintenance needs. From simple drips to vacant apartment turnovers, from painting to plumbing, and everything in between, Valley Income Properties is staffed to tackle all your property maintenance issues.



Depending on longevity and skill set, our maintenance personnel are paid between \$9.00 and \$15.50 per hour. Valley Income Properties then adds \$2.00 per hour for the maintenance supervisor and 21% for payroll taxes. Overall rates are billed at \$13.30 to \$21.18 per hour, a very competitive rate within the marketplace.

All care is taken to keep maintenance billings to a minimum, both parts and labor. The maintenance supervisor is charged with coordinating maintenance personnel, reviewing all time sheets and product invoices, and approving the billing rates.

Maintenance

Full Maintenance Provider: Your property will be assigned to one of our competent maintenance staff, who will be responsible for all aspects of your properties maintenance needs. From dripping faucets to drywall repairs, from replacing fixtures to appliance repairs, our staff can handle all your property's needs. Upon vacancy we provide full apartment turnover maintenance.

NOTE: For your financial benefit, major electrical and major plumbing are vended to licensed professionals. Routine air conditioning is handled with company staff. Compressor and full AC change-outs are vended to one of our pre-approved air conditioning vendors.

Emergency Maintenance: Valley Income Properties provides for a 24 hour per day, 7 days per week emergency maintenance hotline. This assures that your property is always in touch with management and maintenance staff.

Strict Quality Standards: Quality control standards are maintained by having managers working closely with our maintenance staff and vendors to ensure that jobs are being completed in a timely manner and in a professional manner.

Owner Contact: Owners are always contacted for non-emergency repairs exceeding an agreed upon amount, detailed in the property management agreement.

Competitive Bids: Competitive market bids are obtained on all major improvements or repairs and always require your approval before work begins.



The Valley Income Properties team embodies the long-held philosophy that hard work, discipline, creativity, communication, and integrity are the keys to success.



WHY CHOOSE VALLEY INCOME PROPERTIES



- ✓ No Setup Fees
- ✓ No Leasing Fees
- ✓ No Minimum Fees
- ✓ Competitive Rates
- ✓ Strict Rental Policies
- ✓ Thorough Expense Reviews
- ✓ Consistent Owner Communication
- ✓ Customized Plan of Action
- ✓ Satisfied Clients Valley Wide
- ✓ References Gladly Provided

FEE STRUCTURE

Management fees are driven by property type and size, and whether a single property or part of a larger portfolio. While generally negotiable, typical fees are structured as following:

MULTI FAMILY – APARTMENTS:

- | | |
|-------------------|-------------------------|
| • 150 + units | 3.5% of collected rents |
| • 100 – 149 Units | 4.0% of collected rents |
| • 75 – 99 units | 4.5% of collected rents |
| • 50 – 74 units | 5% of collected rents |
| • 25 – 49 units | 5.5% of collected rents |
| • 10 – 14 units | 6% of collected rents |
| • 5 – 9 units | 7 % of collected rents |

RESIDENTIAL:

- | | |
|-----------------------|---------------------------------------------------------------|
| • Fourplex | 8.0% of collected rents or \$150/mo
minimum owner's option |
| • Triplex | 8.0% of collected rents or \$120/mo
minimum owner's option |
| • Duplex | 8.0% of collected rents or \$90/mo
minimum owner's option |
| • House, Condo | 8.0 % of collected rents or \$80/mo
minimum owner's option |
-



I. ACTION LIST – First 5 days

- 01. Notice of management change to residents**
- 02. Receive and review all owner ledgers**
- 03. Receive all keys and personal property of the property**
- 04. Changed all Utility Accounts to VIP:**
 - a. Electric**
 - b. Gas accounts**
 - c. Trash**
 - d. Water and Sewer**
- 05. Changed privilege tax license to VIP**
- 06. Changed Pool license to VIP**
- 07. Register property with the county**
- 08. Establish Property on Management Software**
- 09. Set up property bank Trust Account**
- 10. Set up Master file with mgt agreement:**
- 11. Notice to all vendors of billing change:**
- 12. Assign manager:**
- 13. Assign site / area maintenance:**
- 14. Setup landscape and pool schedule:**

II. ACTION LIST – First 30 Days

A. Income statement analysis and review

Review overall income statement for, accuracy and areas of potential concern

B. Real Estate Tax review

Review current real estate tax bill as compared to market value; determine if tax reduction protest is in called for.

C. Property Insurance Review

Review tax coverage and premiums; ensure property has proper liability coverage and premium in in line with market. Secure competitive bids if needed.

D. Utility Costs analysis

Review water, sewer, trash, electric, and gas billings for the previous twelve months, assess costs to occupancy and unit size. Look for excessive billings that may indicate leaks of other trouble areas.

E. Maintenance expense review

Review maintenance billings, both labor and materials, as compared to vacancy overall property quality; look for key areas to reduce costs.

F. Establish Baseline Budget

From overall analysis of property needs and operations, outline a 12 month baseline budget.

Current Client References

- 1. Bill Hinton:** 415- 339-0110
Manage 64 units, client since 1995
- 2. Dr. Ira Zunin:** 808- 535-5555
Manage 70 units in Phoenix, Mesa
- 3. Dean Park:** 310-428-1773
Manage 56 unit property
- 4. Marco Gonzalez:** 714-352-2854
Manage 73 units in Phoenix

SAMPLE MANAGEMENT AGREEMENT



Valley Income Properties

315 S. 48th Street #101

Tempe, AZ 85281

P: (602) 633-1350 F: (602) 633-1385

www.valleyincome.com

Property Management Agreement

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____ 2014,
by and between _____
(Hereinafter referred to as "Owner"), and **Valley Income Properties. Inc.,**
(Hereinafter referred to as "Agent".)

In consideration of the property management services to be rendered by Agent pursuant to this Property Management Agreement, the Owner hereby designates Agent as the "Exclusive Agent" and representative of Owner for the purpose of management and operation for Owner's account of the following described Properties:

(Hereinafter referred to as "Property").

RECITALS

- A. "Owner" is owner, managing member, or otherwise authorized in writing to direct the activities of the above referenced "property", or is commonly known as:
- B. "Agent" is duly authorized and licensed to perform all services customarily rendered by an offsite professional property management company in the State of Arizona.
- C. "Owner" wishes to retain "Agent" to provide offsite professional management of the "property", and hereby appoints manager as sole and exclusive management agent for Property.
- D. Manager hereby accepts appointment and agrees to furnish the services of its organization for the leasing and management of the Property.
- E. Exclusive Agency Agreement: "Owner" hereby appoints "Agent" and "Agent" hereby accepts appointment of the terms and conditions herein provided as sole and exclusive management agent for the "Property".
- F. Owner has made all material disclosures regarding the Property to the Manager, and to the best of his/her knowledge the property has no unsafe conditions, zoning or permitting conditions, hazardous materials, or violations of city ordinances that would adversely affect the Managers ability to safely manage the Property.
- G. Upon termination of this agreement "Agent" shall assign all open contracts (which by their terms are assignable) relating to the operation and maintenance of the "property". "Owner" shall assume all liability under said contracts and shall indemnify and hold "Agent" harmless from and against any and all claims, liabilities, and expense.

Now, therefore, Agent and Owner agree to enter into this Property Management Agreement pursuant to the following items, terms, and conditions:

DUTIES OF AGENT

- A. Agent shall use all reasonable efforts to lease available space in the above described Property to desirable residents. For this purpose, the Agent may employ the services of real estate brokers, multiple listing services, locator services, on-site managers, area managers, initiate resident referral programs, initiate 3rd Party Craig's List postings, and any other activities deemed necessary in the leasing of the property, at the Owner's expense. In order to promote such leasing, the Agent may also place newspaper advertising, post "for rent" signs and banners on the premises, prepare for rent circulars, and engage in other forms of advertising, at the Owner's expense. The Owner shall refer all inquiries for leases or renewal of leases to the Agent, and all negotiations for leases and renewals shall be conducted and supervised by the Agent.
- B. Agent shall take all reasonable and necessary action to collect rents, late fees, deposits, reimbursements, and other income when due from residents of said property in accordance with the terms of their tenancies and may execute receipts or other documents reflecting receipts of said sums on behalf of the Owner.
- C. Agent shall do everything reasonably necessary for the proper management of the Property, including, without limitation thereto, periodic inspections, addressing and curing resident maintenance requests, arrange lease negotiations, supervise Property maintenance, and arrange for such normal improvements, alterations and repairs as may be required for the proper functioning of the Property, as deemed appropriate by Agent. From Property Operating Trust Account, Agent shall purchase all materials and supplies, contract and pay independent contractors to supply services, make contracts for electricity, gas, cleaning, refuse disposal, vermin extermination and for any other utilities or services or maintenance needs which the Agent shall reasonably consider as advisable, and shall expend such sums as Agent deems necessary to accomplish the foregoing.
- D. Fidelity Bond. Manager shall cause all personnel who handle or are responsible for the safekeeping of any monies of Owner to be covered by a Fidelity Bond or comparable insurance, in the amount of \$250,000.00 with a bonding company selected by Manager.

- E. Properties of all size shall be assigned an on-site manager, as well as an area manager, to assist with the day to day site duties at the property. Compensation for site management shall be at current market standards as determined by Agent, and shall be deemed a normal operating expense of the Property. Property shall not be charged for both an on-site manager and an area manager; only one shall be expensed to the property as determined by "Agent". In the absence of a compensated live-in site manager, Area manager shall oversee site duties and be compensated at market rate, such expense to be deemed a normal operating expense of the Property. Agent may initiate performance bonuses for either site or area managers, not both, for monthly collections that are equal to or greater than 92% of the full rent roll, for any given period. Performance bonuses must be pre-approved by Company Administration, shall be considered a normal operating expense of the property, and shall not exceed \$5.00 per unit, per property.
- F. All routine maintenance, to include day-to-day repair work orders as well as vacant unit apartment turns shall be overseen by Consolidated Maintenance Services, Inc., and billed at current market standards. All maintenance payroll billings shall be inclusive of payroll taxes, workman's comp., and general liability insurance. All CAP EX contract projects shall be posted for bid, and a minimum of three (3) 3rd party bids shall be secured work in excess of \$5,000.00 for any one item.
- G. All sums received from rents, and other income from the Property, including all interest earned from Bank Account shall be deposited in a Property Operating "Trust Account", separate and apart from Managers corporate account. Said Trust Account shall be established in a bank or other institution whose deposits are insured by the FDIC, and shall be maintained by the Agent. Authorized signatories of said Trust Account are Jeffery E. Hanrath, DB of Valley Income Properties Inc.. Agent may withdraw from said Trust Account all disbursements which under this Agreement are to be made at the expense of the Owner.
- H. As permitted by A.R.S. 33-1321(G) in the management of residential rentals (as defined by A.R.S. 33-1304) Manager may commingle security deposit payments of leaseholding residents with the funds of the Property Trust Account.
- I. Unless otherwise instructed by owner, from gross revenues collected from the Property, Agent shall:

- Pay all operating expenses incurred through renting, servicing, maintaining, or repairing the Property and such other expenses in connection with the Property.
 - Establish and maintain a working reserve account equal to \$ 100.00 per unit. Reserves shall be held and used in the event of a monthly shortfall in operating funds or in the event of an immediate capital improvement requirement, as determined by Agent.
 - Pay the real estate taxes and property insurance, if applicable, and upon separate agreement with Owner. .
 - After all operating expenses have been accounted for; agent shall forward to Owner any excess funds for the operating period, less the required reserve minimum.
 - Any excess cash flow funds shall accompany the previous month's operating reports and be forwarded via ACH transfer to the bank authorized by owner on page 8 of this agreement.
 - Unless otherwise instructed by 'Mortgage Payment Agreement ', signed by both Owner and Agent, Agent shall not be responsible for monthly mortgage or other debt obligations.
- J. Financial Reports. Agent shall render to the Owner a monthly statement of receipts and disbursements, together with supporting vouchers, if requested, and reflecting the financial condition of the Property for the month immediately preceding. These financial reports shall be delivered to Owner by the 15th day of the following month, and shall be the standard Financial Reports provided by the Agent to all clientele. Creation and/or maintenance of specialty reports, custom reports, custom forms, 3rd party or internal auditing requirements and the like shall be billed at the rate of \$50.00 per hour.
- K. Agent shall maintain full and accurate books and records of the accounts of the property, which shall be open to the inspection of Owner at the office of Agent after reasonable notice to Agent. Said reports shall be placed on Owner's secure web portal by the 15th day of the following month. At such time, unless otherwise instructed, Agent shall forward to the Owner the balance of remaining funds for the operating period, after all necessary charges and reserves have been made, as provided in this Agreement. All cash flow disbursements shall be by ACH transfer, made to such account as directed by owner (see page 8).

Said monthly statement shall be deemed accurate and correct between the parties unless Owner notifies Agent within forty five (45) days after the posting date of said statement of any claimed error or inaccuracy.

- L. Supervision of any Capital Improvements in to the property, over and above those related to normal operations of Property, shall be negotiated by a separate employment agreement.
- M. Agent may contract on behalf of the owner for sale of laundry, soda, and other vending Etc. The income from such contracts shall be the property of the Owner and shall be deposited by the Agent in the Owner's account.
- N. Agent shall have the authority and exclusive right to negotiate month-to-month tenancies with the existing and prospective tenants.
- O. Agent shall obtain approval from Owner for any expenditure for repairs, improvements or work in excess of \$500.00 for any one item, except monthly or recurring operating charges, and/or work in excess of the maximum, if in the opinion of Agent such repairs are necessary to prevent additional damage, prevent a greater total expenditure, to protect the Property from damage, or to maintain services or conditions to the tenants as called for by their tenancy. The Agent shall notify the Owner promptly whenever emergency repairs have been ordered.

DUTIES OF OWNER

- A. Owner agrees to promptly furnish Agent with all documents and records to properly manage the Property, including, but not limited to a current and accurate rent roll, all leases and amendments and correspondence pertaining thereto, current resident charge and payment ledgers, previous months operating reports, copies of existing service contracts, a detailed list of utility accounts and corresponding account numbers, apartment keys, mail box keys, and storage keys, and any other data or materials determined necessary for the efficient transfer of management duties.
- B. Initial Deposit. Immediately upon commencement of this agreement, Owner shall remit to Manager the sum of \$ 0.00
The sum shall be deposited in the Property Operating Trust Account as an initial deposit representing the estimated disbursements to be made during the initial operating month of this agreement.

- B. In the event there is a deficit in the Property Trust Account, and if Agent notifies Owner of the amount of this deficiency, Owner agrees to forward the amount of the deficiency to Agent within forty eight (48) hours of notice.
- C. On site Management Office. Owner shall provide adequate space on the property for the establishment of a site office. Owner shall pay all expenses related to such office, including but not limited to furnishings, equipment, electric, telephone, internet, postage, supplies, and other expenses related to the efficient operation of site office.
- D. Except for Agent's willful misconduct, Owner shall indemnify and save the Agent harmless from any and all costs, expenses, attorneys' fees, suits, liabilities, damages from or connected with the management of the Property by the Agent or the performance or exercise of any of the duties, obligations, powers of authorities herein or hereafter granted to Agent.
- E. Owner hereby waives all rights and those of its insurers with respect to recovery against the Agent and the officers of Valley Income Properties Inc., employees and representatives of Agent on account of loss or damage to Owner's real or personal property where such loss is caused by an insurable peril, including but not limited to fire or any of the extended coverage hazards and which damages arise out of or in connection with the premises. Owner shall give notice to the insurance carrier, that the foregoing waiver of subrogation is contained in this Agreement.
- F. Owner agrees not to attempt to employ or otherwise contract with any area manager, office staff, or maintenance staff, currently or previously employed by or contracted by Valley Income Properties, Inc. If Item D is violated, owner agrees to reimburse Agent for damages at the rate of \$2,500.00 per occurrence.
- G. Upon approval of this agreement, Owner shall notify and inform insurance company that Agent is to be named as Other Insured on the insurance policy.
- H. In the absence of being named Other Insured, Owner shall be responsible for Agents legal defense and all associated legal costs and penalties that may arise from a lawsuit involving the operation of the property.

- J. **MANAGEMENT FEE FOR OFFSITE MANAGEMENT:** Agent is authorized to deduct a _____ %
(_____ Percent), with a minimum fee of \$450 per month, as monthly management fee for said services each month as the first charge upon all gross monthly income received for such month. Gross monthly income includes, without limitation thereto, rents, advance or prepaid rent payments, late fees, NSF fees, laundry and vending income, and any other "Income" of the property.
- K. **ADDITIONAL COMPENSATION:**
- Agent is authorized to deduct an initial Setup Fee equal to \$ 0.00
- Agent is authorized to deduct a leasing fee equal to: \$ 0.00
for initiating all new leases with a duration of at least 12 months.
- Agent is authorized to deduct leasing fee equal to: \$ 0.00
for renewing any expired lease for duration of at least 12 months.
- L. **PASS THROUGH ADMINISTRATION COSTS:** Administrative costs such as office supplies, postage, internet access, access to PEAK management portal, Etc., are paid at the corporate level, and passed through to the property at COST, no markup, on a Per Unit cost basis. These expenses shall be reported under "Administrative Expenses" on the monthly operating reports, and typically cost \$3.00 - \$5.00 per unit per month.

MISCELLANEOUS

- A. This agreement shall commence this _____ day of _____, or earlier as determined by owner, and shall continue in full force and effect for a period of twelve (12) months from the effective date, subject to either party's right to cancel this Agreement by not less than Thirty (30) days' advanced written notice at any time during said 12 month period, cancellation shall be effective at the end of the calendar month during which the (30) day notice period expires.

At the expiration of the twelve (12) month period, if this Agreement has not been renewed by both parties in writing for an additional fixed period, it shall be deemed a month-to-month agreement, cancelable by either party on not less than thirty (30) days' advance written notice, which notice may be given at any time during the month provided that in any event the cancellation shall be effective at the end of the calendar month during which the (30) day notice period expires. In the event of an early termination by Owner during the initial 12 month period, Agent shall be entitled to two months "Minimum" management fees to offset continuing administrative and payroll obligations.

B. Agent shall, provided Owner has paid to Agent all sums due Agent under this Agreement, and provided all vendors are fully paid, deliver to Owner within Forty Five (45) days after the expiration or termination of this Agreement, the following:

1. An up-to-date accounting reflecting the balance of income and expenses for the property as of the date of the termination.
2. Any balance of Monies of Owner held by Agent.
3. All leases, receipts for deposits, insurance policies and unpaid bills

After the delivery of the above designated items to Owner, if Owner does not notify Agent in writing within Thirty (30) days specifying any claimed inaccuracy in said accounting in the amount of monies delivered or in the papers and documents of Owner, Agent shall be released by Owner from any and all obligation to Owner arising out of this Agreement and the performance hereunder.

C. Where legal assistance is required for such matters as enforcing the collection of rents or eviction proceedings, such action shall be through Counsel designated by Agent and shall be at Owner's expense. In the event Agent or Owner shall institute legal proceedings against the other, arising out of the terms of this Agreement, or the performance hereunder, then the prevailing party shall recover from the other, all attorney's fees, costs and expenses incurred in any such action. Owner, and/or signer of this agreement as listed below further provides a personal guarantee that all monies owed Agent or any vendor initiated by Agent under the terms of this agreement shall be made whole within 30 days of termination of this agreement.

D. This Agreement shall be binding upon the parties hereto, their legal representatives, and successors and permitted assigns, and may not be assigned by the Agent without the prior written consent of the Owner.



IN WITNESS WHEREOF, the parties have executed this Agreement the day and year above set forth.

By Jeff Hanrath

President

It's

315S. 48th Street #101
Street Address

Tempe, AZ 85281
City, State, Zip

602-633-1350
Business Telephone Number

"AGENT"

By _____

It's

Street Address

City, State, Zip

Business Telephone Number

"OWNER"

AUTHORIZATION TO ESTABLISH UTILITIES

Owner hereby authorizes Agent to establish all utility accounts for said Property, to include BUT NOT LIMITED TO, electricity, gas, water & sewer, trash removal, telephone, and other utility services required for the normal operation of the Property.

Owner

Owner's SSN or Tax ID

A. OWNER PRIMARY CONTACT INFORMATION:

Mailing Address: _____

Home Phone: _____

Cell Phone: _____

Email Address: _____

Color Photo (please attach with return email)

B. FOR MONTHLY ACH CASH FLOW TRANSFERS – PLEASE PROVIDE:

Bank Name: _____
Routing Number: _____
Account Number: _____

C. PRIVILEGE TAX

Is a Privilege Tax License already established? Yes / No
If Yes, please provide Account Number: _____
In no, a license application will be forwarded to owner for completion.

D. REAL ESTATE TAXES

Are real estate taxes to be paid by manager? Yes / No

E. PROPERTY INSURANCE:

Is property insurance to be paid by manager? Yes / No
Insurance Carrier: _____
Contact Person: _____
Contact Phone: _____
Contact Email: _____

MORTGAGE PAYMENT AGREEMENT

MORTGAGE INFORMATION

Does the property have a Mortgage: Yes / No
If Yes: (please attach payment coupon with this email)

Mortgage Company: _____
Company Address: _____

Contact Person: _____
Contact Phone: _____
Contact Email: _____
Account Number: _____
Addtl. Comments: _____

Owner agrees to immediately contact Mortgage Company and add Valley Income Properties as Authorized Agent on the account.

Owner hereby instructs Agent to pay mortgage from monthly operating income. Agent agrees to pay mortgage, from available operating funds by the "As Late" payment date (as opposed to the "due date").

In the event of an cash shortfall, and the inability to meet the mortgage obligation, Agent shall notify Owner 72 hours prior to the "As Late" date of the shortfall, and Owner agrees to immediately advance the required funds needed to meet the mortgage obligation.

In the event of a cash shortfall, Agent shall not be liable for any late fees, penalties, or damages to Owner for late or missed Mortgage payments.

Owner

TIN / last 4 SSN

Date

Agent