



VIRGINIA ASSOCIATION OF REALTORS®
PROPERTY MANAGEMENT AND EXCLUSIVE RENTAL AGREEMENT
 (This is a legally binding contract; if not understood, seek competent advice before signing.)



PRINCIPALS

This agreement, entered into as of the 15th day of January, 2003, by and between _____, ("Owner"),
Raines Real Estate, Inc. Property Management Division, ("Agent"),
 or any person employed by or affiliated with Agent who is licensed as a real estate broker or salesperson by the Virginia Real Estate Board.

ADDRESS

Owner hereby employs Agent as sole and exclusive Agent to rent and manage Property known as _____ (the "Property"), upon the terms hereinafter set forth, for a period of 90 days, beginning _____ and renewing automatically for like periods until terminated by either party by written notice not less than _____ days prior to the end of the then-current term, or Owner's reoccupancy of the Property.

TERM

OWNER'S REPRESENTATIONS

Owner represents to Agent that Owner is fee simple owner of the Property, that no other owner's consent is required to enter into this Agreement, and that neither Owner nor the Property is the subject of any pending or threatened bankruptcy or foreclosure or other legal action affecting the Property, and that all financings and taxes affecting the Property are paid current.

AGENT AGREES TO:

PROCURE TENANT'S LEASE

1. Make all diligent efforts to procure a suitable tenant as soon as possible at a monthly rent of \$ _____ or other amount as may be agreed upon, but not less than \$ _____.
2. Negotiate and execute leases, renewals, or subsequent leases on behalf of Owner, as in Agent's best judgment provide a fair return to Owner, and are consistent with the Owner's instructions. Leases are to be written on the lease form provided by the Agent.

COLLECT RENTS

3. Collect all rents and other charges which become due in accordance with the terms of the lease, exercising due diligence in this pursuit, but nothing in this Agreement shall be construed as a guarantee by Agent of the payment of rents or other charges by Tenant.

SECURITY DEPOSIT

4. Collect from Tenant a security deposit equivalent to one month's rent and to hold any security deposit of Tenant in an escrow account established and maintained in accordance with the regulations of the Virginia Real Estate Board. When Tenant vacates the Property, return to Tenant said deposit with any interest as may be required by law, less any and all proper deductions. Any interest earned above interest which is payable to Tenant will be retained by Agent to cover administrative costs.

RECORDS/ STATEMENTS

5. Keep accurate records of the rent receipts and expenditures for the Property and furnish Owner with accounting statements and detailed annual statement of receipts and disbursements for tax purposes, with IRS Form 1099 indicating rents received for said Property.

REMIT NET RENT

6. Promptly remit directly to Owner or to deposit in the account of Owner, as directed by Owner, the balance of all sums due Owner under the terms of this Agreement. This remittance will be forwarded by the 20th of each month, provided the rent and other fees as applicable have been received by this date.

MORTGAGE, TRUST, REAL ESTATE TAX PAYMENTS

7. Make timely payments on any trust or mortgage secured by the Property, real estate taxes, or any other obligations of Owner, when not collected in escrow and paid by mortgage company, as directed by Owner, provided that there are sufficient funds immediately available in Owner's account with Agent for that purpose. In no event will Agent be expected or obligated to advance or disburse any of its own money, or any money owed as a compensation to Agent for its services hereunder, for that purpose, nor shall Agent be liable or responsible in any manner whatever for the default of any consequences thereof on the terms of any trust or mortgage, the payment of real estate taxes, or any other obligations of Owner.

REPAIRS

- 8. Make any emergency and/or normal expenditures necessary for the upkeep and protection of the Property. Expenditures exceeding 200.00 for any one item will be made only with the Owner's authorization, except in the event of an emergency. It is agreed and understood that emergency repairs are those which in the opinion of Agent are necessary to protect the Property from damage or to maintain services to the tenants as called for by the lease, by law, regulation, or ordinance.

INSPECTIONS

- 9. Make inspections of the Property as Agent feels necessary and report matters concerning the condition of the Property to Owner. In the event of vacancy, Agent will take reasonable precautions to safeguard the Property, but Agent is not liable for any damages to the premises of any kind.

OWNER DELEGATES TO AGENT THE FOLLOWING AUTHORITY AND POWERS (ALL OF WHICH MAY BE EXERCISED IN THE NAME OF OWNER) AND AGREES TO ASSUME ALL EXPENSE IN CONNECTION THEREWITH:

ADVERTISE, SIGN, LOCKBOX, MLS, RENT SIGN

- 10. Advertise the Property, display signs thereon (unless prohibited by local ordinance), place a common key lockbox upon the Property, make a blanket unilateral offer of subagency to real estate brokers and participants in any multiple listing service which Agent deems appropriate.

RENEW, CANCEL

- 11. Investigate credit references of prospective tenants, sign leases, renew and/or cancel existing leases, and prepare and execute new leases in accordance with terms provided by Owner.

COLLECT RENTS

- 12. Collect rents and other charges which become due and give receipts therefore, and deposit all funds collected hereunder in Agent's rental account.

COLLECT OTHER CHARGES

- 13. Collect from Tenant all or any of the following charges for late rent payments, bad check charges, credit report fees, subleasing or early termination of lease charges including commission. Agent shall not be required to account for such charges or commission to Owner.

COLLECT/REFUND SECURITY DEPOSITS PAYMENTS

- 14. Collect security deposits from Tenants and refund security deposits, less any proper deductions, and if required to do so by law, pay interest on such security deposits.
- 15. Make payments on any trust or mortgage on the Property, to pay any real estate taxes, condominium/association fees, special assessments or other charges against the Property that may come due, and for which Owner is obligated, and pay for same from Owner's account.

MAINTENANCE OF PROPERTY

- 16. Make or cause to be made all repairs, replacements, alterations, or decorations to the Property. Agent shall enter into agreements in the name of Owner for all necessary repairs, maintenance (to include changing locks as deemed necessary by Agent), minor alterations, utility services, and other services to and for Owner's Property. Agent shall purchase necessary supplies and pay bills, provided that the expenditure for any one item does not exceed \$200.00 without Owner's consent, unless Agent considers the repair or services to be an emergency or prior Owner's consent is not readily obtainable.

LEGAL PROCEDURE; POWER OF ATTORNEY

- 17. Terminate tenancies and sign and serve such notices as are deemed necessary and appropriate by Agent. Agent shall institute and prosecute actions to evict Tenants, to recover possession of the Property, and to sue for and recover rent. Agent reserves the right to settle, compromise, and release legal actions or reinstate such tenancies, as Agent sees fit or appropriate. Owner hereby appoints Agent Owner's attorney in fact with full power to do all things appropriate which Owner might do to collect from any tenant or other party any and all amounts due and owing to Owner in relation to the Property and the matters contemplated by this Agreement, including without limitation prosecution of suits and actions for rent, damages, unlawful detainer, eviction, and other legal or equitable actions.

**HIRING
EMPLOYESS**

18. Hire, discharge and supervise all labor and employees required for the operation and maintenance of the Property; it being agreed that all employees shall be deemed employees of Owner and not Agent. Agent may perform any of its duties through Owner's attorneys, agents or employees and shall not be responsible for their acts, defaults or negligence if reasonable care by Agent has been exercised in their employment and retention.

OWNER AGREES TO PAY THE AGENT:

LEASING FEE

19. A fee of n/a of all rents when a tenant has been procured and lease executed. This leasing fee is separate from the management fee. These fees are earned when the lease is executed, and is payable on all rents during the original term, any renewals, extensions, expansions, replacements, relocations, or new leasings between Owner and the tenant or its successors and assigns, including, without limitation, any entity affiliated with, controlled or owned by or under common control or ownership with the tenant, its principals or owners. No sale of the Property shall release Owner or its successor from the obligations under this Agreement. Owner agrees that, at the request of Agent, all leases for the Property will contain a provision incorporating the commission rights of Agent hereunder, as well as the rights set forth in Section _____ of this Agreement.

RENEWAL FEE

20. An additional fee of n/a in any event where Agent is required to negotiate and secure execution of lease renewal or extension.

**MANAGEMENT
FEE**

21. For the management services of Agent, a management fee of 10% of the rent of all gross rentals collected by Agent, or a minimum of n/a.

**NON-
MANAGEMENT
SALE**

22. A fee of n/a of the cost of any non-management services provided.

23. In addition to any leasing, management or other fee payable hereunder, Owner agrees to pay Agent a sales fee equal to 6% if the Property is sold during the lease term or within 120 days after the termination thereof to a tenant procured by Agent or to any entity affiliated with, controlled by or under joint ownership or control with such tenant or its owners or principals. This provision does not authorize Agent to offer the Property for sale to any tenant without the consent of Owner.

OWNER FURTHER AGREES TO:

**LIABILITY
INSURANCE**

24. Indemnify, defend, and save Agent harmless from all suits in connection with the Property and from liability for damage to Property and injuries to or death of any employee of Agent or any contractor or other person whomsoever, and to carry at his own expense public liability insurance, minimum liability coverage of \$1,000,000.00, naming Owner and Agent as insured to protect their interests, in form and substance satisfactory to Agent, and to furnish Agent a certificate evidencing the existence of such insurance.

FIRE INSURANCE

25. Provide Agent with a copy of the fire hazard insurance policy in force which shall provide for rent loss coverage in the event the Property should be uninhabitable or in the event of vacancies in excess of thirty days, as well as adequate coverage for vandalism.

INDEMNIFICATION

26. Indemnify and save Agent harmless against (i) all claims for damages arising out of alleged violations by Agent, in a representative capacity, or Owner, or both, of any constitutional provision, statute, ordinance or regulation, federal, state or local, which arise out of the offer to lease, leasing, management or operation of the Property hereunder or otherwise; and (ii) all expenses incurred by Agent in connection with the foregoing, including the reasonable fees and costs of counsel retained to defend Agent; provided, however, that the provisions of this paragraph shall not apply if a court of competent jurisdiction makes a final determination, which is either upheld or appealed, or not appealed within the applicable period of time, that Agent intentionally violated any such constitutional provisions, statutes, ordinances or regulations.

**BANKRUPTCY
DEPOSITORY**

27. Agent shall not be held liable in the event of bankruptcy or failure of the depository bank or savings and loan institution in which the monies due Owner are deposited in a fiduciary account.

**MAINTENANCE
ACCOUNT**

28. Maintain in Owner's account with Agent an amount equal to one month's normal disbursements for such things as mortgage payments, condominium/association dues, other monthly or regular obligations of Owner, plus \$100.00 for maintenance and repairs. Funds are to be accounted for in Agent's escrow account and are to be used for payment of Owner's obligations as otherwise provided in this agreement.

VRLTA

The Property is subject to the Virginia Residential Landlord and Tenant Act: YES NO
If the Property is not subject to the Act, Owner does or does not instruct Agent to require all residential tenancies to be subject to the Act.

IT IS MUTUALLY AGREED THAT:

**STRUCTURAL
CHANGES**

29. Owner expressly withholds from Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expenses chargeable to Owner other than expenses related to exercising the express powers above vested in Agent without the prior written direction of Owner, except such emergency repairs as may be required because of danger to life or Property or which are immediately necessary for the preservation and safety of the Property or the safety of the Tenants and occupants thereof, or are required to avoid the suspension of any necessary service to the Property.

**COMPLIANCE
WITH LOCAL
CODES**

30. Agent does not assume and is given no responsibility for compliance of any building on the Property, or any equipment therein with the requirements of any statute, ordinance, law or regulation of any governmental body or any public authority or official having jurisdiction, except to notify Owner promptly or forward to Owner promptly any complaints, warnings, notices or summons received by it relating to such matters. Owner represents that to the best of its knowledge the Property and equipment comply with all such requirements and authorizes Agent to disclose Ownership of the Property to any such officials. Owner further agrees to indemnify and hold harmless Agents, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

**TERMINATION
BY AGENT**

31. In the event it is alleged or charged that any building on the Property, or equipment therein, or any act or failure to act by Owner with respect to the Property, or the sale, rental, or other dispositions thereof, fails to comply with, or is in violation of any of the requirements of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official thereof having jurisdiction thereover, and Agent, in its sole and absolute discretion, considers that the act or position of Owner with respect thereto may result in damage or liability to Agent, Agent shall have the right to cancel this Agreement at any time by written notice to Owner of its selection to do so, which cancellation shall be effective upon the giving of such notice. Such notice may be hand delivered in accordance with Title 8.01 (Section 8.01-285 et. seq.) of the Code of Virginia (1950), as amended, or given by regular mail, postage prepaid with Agent retaining sufficient proof of mailing which may be a U.S. Postal Certificate of Mailing, and if served by mail shall be deemed to have been given when deposited in the U.S. Mail. Such cancellation shall not release the indemnities of Owner to Agent and shall not terminate any liability or obligation of Owner to Agent for any payment, reimbursement or other sum of money due and payable to Agent pursuant to this Agreement.

**TERMINATION
OR RENEWAL**

32. This Agreement may be cancelled at the end of the original term if either party shall notify the other, in writing, of their intention to so terminate on or before 90 days prior to the original date. If this Agreement is not terminated at the end of the original term, it shall be automatically renewed for the same terms as the original term hereof until terminated by either party giving the other, in writing, nature of their intention to so terminate on or before 90 days prior to the expiration date.

**AGENT'S RIGHT
TO FEES**

33. In consideration of Agent's services in procuring tenants for the Property and as a covenant running with the Property, Owner covenants with and for the benefit of Agent, that no sale, transfer, assignment, cancellation or release, including a sale or conveyance to any tenant, its successors and assigns, including, without limitation, any entity affiliated with, controlled or owned by or under common control or ownership with the tenant, its principals or owners, shall affect Agent's right to the fees and commissions to which Agent is entitled hereunder. Agent shall have the right to collect all rents due hereunder so that its fees and commissions may be paid in installments as the rent is received, and retained by Agent before remitting the rent (less such fees or commissions) to Owner; but if any act be done to deprive Agent of its right to collect the rent, then the whole amount of its fees and commissions then unpaid shall, at Agent's option, immediately become due and payable.

**AGENT'S FIRST
LIEN**

34. Owner grants Agent a first priority security interest in the rents collected or to be collected under such lease as security for any advances and expenditures made personally by Agent for the benefit of Owner, and not thereafter reimbursed by said Owner.

FAIR HOUSING

35. The Property will be shown and made available to all persons without regard to race, color, creed, religion, national origin, sex, familial status, handicap or elderliness in compliance with all applicable federal and state and local fair housing laws and regulations.

MISCELLANEOUS:

IRS RULING

36. Owner and Agent acknowledge that neither the United States Congress nor the Internal Revenue Service has established definitive standards for active participation in the management of investment property. Accordingly, while it is the intention of the parties that Owner shall actively participate in management of the Property, Agent makes no representation or warranty that the provisions of this Agreement shall comply with any statute, rule, regulation or decision enacted or issued by any such governmental authority.

**NONRESIDENT
OWNER**

37. Nonresident Landlord (Fill in if applicable or put N/A). Under Virginia law, a "Nonresident Landlord" is required to file a Nonresident Real Property Owner Registration form with the Virginia Department of Taxation. Landlord, if a nonresident, hereby certifies that such required forms have been properly filed. In addition, a "Nonresident Landlord" is required to designate a registered agent for the purpose of service of process. Form Properly Filed: Yes No
Registered Agent/Office Address _____

NOTICE

38. All notices required to be given under the Agreement may be hand delivered in accordance with Title 8.01 (Section 8.01-285 et. seq.) of the Code of Virginia (1950), as amended, or given by regular mail, postage prepaid, with the party giving notice retaining sufficient proof of mailing which may be a U.S. Postal Certificate of Mailing, and if served by mail shall be deemed to have been given when deposited in the U.S. Mail.

39. Other:

This Agreement is entered into and made with complete understanding, accord, and without reservation, and shall be binding upon the successors and assigns of Agent, and the heirs, administrators, executors, successors, and assigns of Owner, and in the event of a sale shall pass to the new Owner, his heirs, administrators, executors, successors and assigns. In witness whereof the parties have affixed or caused to be affixed their respective signatures and seals.

Date _____ Owner _____ (SEAL)
Sample

Date _____ Owner _____ (SEAL)

Date _____ **Raines Real Estate, Inc. Property Management Division** _____
Agent

By _____
Its Authorized Representative

COPYRIGHT© 2003 by the VIRGINIA ASSOCIATION OF REALTORS®. All rights reserved. This form may be used only by members in good standing of the VIRGINIA ASSOCIATION OF REALTORS®. The reproduction of this form, in whole or in part, or the use of the name "VIRGINIA ASSOCIATION OF REALTORS®", in connection with any other form is prohibited without the prior written consent from of the VIRGINIA ASSOCIATION OF REALTORS®.