

FAHRNI REALTY INC

RENTAL PROPERTY MANAGEMENT AGREEMENT

PARTIES:

OWNER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PH # \_\_\_\_\_ WK # \_\_\_\_\_

OWNER SOCIAL SECURITY NUMBER: \_\_\_\_\_

GENERAL EXCISE TAX NUMBER: \_\_\_\_\_

HAWAII GENERAL EXCISE TAXES MUST BE PAID ON THE GROSS RENTALS COLLECTED BY ANY PERSON RENTING REAL PROPERTY IN THE STATE OF HAWAII A COPY OF THE FIRST PAGE OF THIS AGREEMENT, OR OF FEDERAL INTERNAL REVENUE FORM 1099, STATING THE AMOUNT OF RENTS COLLECTED SHALL BE FILED WITH THE HAWAII DEPARTMENT OF TAXATION.

( ) I WILL PAY MY OWN EXCISE TAX ( ) I REQUEST FAHRNI REALTY PAY MY EXCISE TAX

FAHRNI REALTY INC., here after known as the AGENT, and the OWNER named above mutually agree as follows:

1. AGENCY: OWNER exclusively appoints AGENT to manage on OWNER'S behalf the properties (premises) located at:

\_\_\_\_\_

\_\_\_\_\_ and AGENT accepts this exclusive agency appointment, upon the terms and conditions set forth in this Agreement.

2. DISBURSEMENTS: AGENT agrees to pay the following payments: \_\_\_\_\_

\_\_\_\_\_

Owner understands that these payments can only be made from rents received and in the event no rent is received, the owner(s) account becomes delinquent. This could trigger late fees and an adverse credit rating for owner. It is recommended that owner consider an allotment payment from his work or bank for disbursing payments such as mortgage and maintenance fees.

3. TERM: This agreement shall be for an initial period of TWELVE (12) months, beginning on \_\_\_\_\_, and thereafter for annual periods. Termination of this agreement does not invalidate any existing rental agreements made by Agent on Owner's behalf. Upon request, a copy of all files, correspondence and agreements held in Agent's possession will be sent.

4. DUTIES OF AGENT:

(a) Rentals and Collections: Agent shall use its best efforts to obtain renters for Owner's premises. Agent shall investigate carefully all references provided by prospective tenants. Agent shall collect all rents and deposits for the premises. Agent may accept payments in cash, money order or personal checks, but shall not be liable to Owner for ultimate collection of such personal checks.

(b) Deposit Funds: Agent shall deposit all funds collected for the Owner (less any sums properly deducted and accounted for) in a trust account in an insured bank or trust company in Hawaii designated by Agent.

(c) Monthly Statements: Agent shall render monthly statements of cash receipts and disbursements.

(d) Distribution of Income to Owner: Agent shall deduct from gross rental income received, Agent's fees and reimbursements for authorized expenditures and disbursements. To the extent there are amounts available for distribution, Agent shall distribute this amount to the Owner. In the event disbursements shall be in excess of rents collected by Agent, Owner shall pay such deficit promptly upon request of Agent. The rent money minus expenses shall be sent to the following address: \_\_\_\_\_

(e) Security Deposits: Agent shall collect and hold security deposits on tenants' behalf, to be used to replace or repair items damaged by tenant, applied toward cleaning of the premises chargeable to tenant, refunded to tenant or disbursed to Owner, as Agent may reasonably determine. This deposit shall be kept on deposit in a trust account in an insured bank or trust company. Should any of these funds be placed in an interest bearing account, any accrued interest on said funds will remain with the Agent. There will be no interest paid to the Owner or to the Tenant. The security deposit belongs to the tenant and no disbursement will be made from this fund prior to the end of lease, unless agreed to in writing by both the owner and the tenant.

(f) No Undisclosed Fees: Agent agrees not to collect or charge undisclosed fees, rebates or discounts.

(g) Residential Landlord-Tenant Code: Agent shall use its best efforts to comply with the provisions of Hawaii's Residential Landlord-Tenant Code concerning the rights, obligations and remedies of landlords and tenants. Agent shall promptly notify Owner of any complaints, warnings or summons relating to such matters.

(h) Insufficient Funds: Agent shall not be obligated to make any advance or incur any liability for Owner's account. Agent shall not be liable for loss sustained by Owner by reason of nonpayment or late payment of any expenses.

(I) Insurance: Owner will be responsible for insurance on each property and will cover Fahrni Realty Inc. and its members as additionally insured.

(j) Legal Action: Agent shall institute and prosecute actions in Owner's name and at Owner's expense to evict tenants and recover possession of the premises, to sue tenants for rents and other sums due, and to settle, compromise or dismiss such actions. Any such legal action shall be brought through Owner's attorney or, if none, through an attorney selected by Agent at Owner's expense.

(k) Service Contracts: If it is necessary Agent shall arrange for all utility services necessary for the proper operation and protection of the property and any such other services Agent shall deem advisable. The cost of utility services will be paid by owner.

(l) Additional Services: Any additional services not listed herein which Owner may request Agent to perform shall be by mutual agreement with appropriate additional compensations.

## 5. AGENT'S FEES AND EXPENSES

- (a) Agent's Fees: Owner agrees to pay Agent a monthly fee of Ten Percent (10%) of the monthly gross income received.
- (b) Authorized Expenditures: Owner authorizes Agent to pay at Owner's expense:
- (1) Rental advertising, credit checks, annual Rent Check fee, and tenant verification.
  - (2) Cleaning premises, minor repairs, window washing, rug shampooing, extermination, and other customary services Agent may consider necessary to maintain high standards.
  - (3) Repairs and replacements, as Agent may consider necessary or advisable. (Agent agrees to seek prior approval of Owners on all expenditures in excess of \$100 for any one item, except monthly or recurring operating charges and/or emergency repairs deemed necessary by Agent, or the Landlord-Tenant Code.)
  - (4) Long distance telephone communications with Owner.
  - (5) The cost of replacing the existing locking mechanism on the door knob when a tenant vacates. (Estimated cost is \$25 per door knob). We will not both replace both the door knobs and deadbolts without authorization of the owner.

## 6. DUTIES OF OWNER.

(a) Inventory List. Owner shall provide to Agent, and update as necessary, a complete inventory of furniture and fixtures in the premises.

(b) Keys, House Rules. Owner shall furnish Agent with at least three complete sets of keys to the premises, two sets to be issued to tenant and one set to be retained by Agent; two copies of house rules; and copies of all service contracts in effect on the premises. Extra keys will be made if there are more than 2 adults renting the unit. Agent will change locks for each new tenant. Tenant then cannot claim old tenant entered premises with an old duplicate key.

(c) State Excise Tax. Owner will be responsible for paying 4% State Excise Tax on gross rent received.

(d) Hold Harmless. All obligations or expenses incurred hereunder will be for the account, on behalf, and at the expenses of Owner. Owner shall save and hold Agent harmless from all claims of third parties in connection with Agent's management of premises, including claims for personal injury or property damage from any cause whatsoever in or about the premises. Owner will reimburse Agent for all costs and expenses, including attorney's fees, paid or incurred by Agent, in connection with the defense of any such claim or demand. Owner shall purchase and maintain complete Owners', Landlords' and Tenants' Liability Insurance on the premises, naming Agent as an ADDITIONAL INSURED. Agent shall not be liable to Owner for any error of judgment or for any mistake of law or fact, or for anything it may do or refrain from doing, except in cases of wilful misconduct or gross negligence.

(e) Owner agrees to make available to Agent all data, records, and documents pertaining to the property which may be required.

## 7. 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 agreement, and shall survive the incapacity or death of Owner.

**8. TERMINATION EXPENSE.**

In consideration of Agent's efforts, Owner agrees to pay Agent a termination fee equal to 35% of one month's rent if Owner terminates this Agreement for any purpose while there is a lease in effect for the premises.

**9. DISBURSEMENT OF RENT AND RENTAL PENALTIES.**

It is the policy of Fahmi Realty to send the rent to the owner immediately upon receipt of the tenant's check. Each month there are some tenants checks which are returned due to insufficient funds. You, the owner, are usually not aware that the check has bounced until much later, because as an owner you have already received your rent for the month and have suffered no adverse effects. Therefore, because the rental managers spend a great deal of extra time, mileage and gas chasing after these bad checks, any penalties collected in connection with a bad check will be retained by the management.

Fahmi Realty will credit any penalties incurred because the rent has not been received by the penalty date on the contract to the owner. When the owner incurs a hardship because he does not receive his money in a timely manner, he will receive the penalties minus the 10% management fee when the fee is collected.

Fahmi Realty has, as part of our rental agreement, that in the event the tenant schedules a check out and then the tenant is not ready when the rental manager goes to check the him out , that the tenant is charged a fee to defray the cost for the extra time and mileage his actions have caused. This same agreement applies when tenants break their lease and a new tenant must be found. This money is charged to the tenant to defray the manager's expenses for gas, mileage and time spent in writing a new contract, checking in a new tenant, and setting up new files. These fees will not be credited to the owner. In no case will inspections be charged against the owner's account.

**10. MISCELLANEOUS.** This is the entire Agreement between the parties and shall be governed by the Laws of the State of Hawaii. This agreement shall be binding upon the successors and assignees of Owner or Agent.

Signed in duplicate this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_. Receipt of a copy of this Agreement is acknowledged by each party.

\_\_\_\_\_  
Owner

**FAHRNI REALTY INC.**

\_\_\_\_\_  
Owner

By \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_

Address: 98-277 Kam Hwy.  
Aiea, Hi. 96701

FAX (If Available) (\_\_\_\_) \_\_\_\_\_

Phone: (808)-486-4166

Fax: (808)-486-8444