

PROPERTY MANAGEMENT SERVICE AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT is made on the _____ day
of _____, 20 _____, between K-LAK Corporation (hereinafter called "Agent") and
_____, (hereinafter called "Owner")

K-LAK Corporation hereby agrees to manage the Owner's property(s), and the Owner hereby agrees to hire and give K-LAK Corporation the authority to manage the Premise(s) described below pursuant to the terms and conditions specified herein:

2. Term. The term of the Property Management shall be for a period of _____ year(s) commencing on the _____ day of _____, 20 _____ ending on midnight of the _____ day of _____ unless sooner terminated as hereinafter stated.

K-LAK will not continue to manage the property(s) without a current Agreement. Each party shall have the right to terminate the agreement after six (6) months by giving at least sixty (60) days prior written notice to the other party. Said notice shall take effect the first day of the month of the written notice. If the termination notice takes place after the property was on the market and advertised but not rented, a \$200.00 fee will be charged to the owner for reimbursement for advertising. K-LAK will return all documentation, keys, statement, etc to the owner within thirty (30) after the notice of termination.

3. Rent. The Owner agrees to pay a monthly fee of seven per cent 7% of the monthly rental amount between \$_____ and \$_____ per month for the Property(s). All vacant units needing new tenants, K-LAK Corporation will place new tenants and collect for payment the first month's rent [(equivalent to the value of the first month rent in conjunction with the monthly percentage 7%)]. In addition, the security deposit will be collected and placed into an Escrow Account at (Sun East Federal Credit Union) in accordance with the Landlord/Tenant code and other states and federal codes. The bank that holds the escrow account will forward copies via K-LAK Corporation.

If the owner provides a tenant for a vacant property and wants K-LAK Corporation to prepare the lease without agent managing that property the cost for that lease to do so is \$350.00.

4. Condition of the Managed Premise(s). The owner acknowledges that the property(s) are in good order and repair. The Owner agrees to make all necessary repair, including the repairs and replacement of pipes, electrical wiring, heating and plumbing systems, fixtures and all other systems and appliances and their appurtenances. The quality and class of all repairs and replacements shall be equal to or greater than the original worth. If owner defaults in making such repairs or replacements, the agent has the rights to terminate the Management Agreement if the Landlord does not maintain and take good care of the managed property(s) during the term of the agreement.

The owner agrees to keep the proper homeowners insurance current on the properties(s). The agent also shall not be liable for any error of judgment or for any mistake of fact or law, except for cases of willful misconduct or gross negligence. The owner agrees to comply with the Delaware Landlord Tenant code completely if the property is in Delaware, all Fair Housing laws and all laws the apply to it individual state and federal laws. The owner acknowledges receipt of a summary of the Delaware Landlord Tenant code upon signing of the agreement. Delaware Landlord Code does not apply to properties outside of the state of Delaware.

The owner can set up an escrow account/reserve account for maintenance and repairs for emergencies for the agent to excess. The agent will make the necessary repairs to protect the property from damage or to maintain service to the tenant(s) as called for in the leases. The owner will be notified of any expenditure under these circumstances at the agent's earliest opportunity. Owner must have and agrees to keep a minimum of \$300 dollars in the escrow account. The agent will pay for any bills and invoices directly from the owner's escrow account.

If an escrow account is not set up by the owner, the owner understands that the agent will not pay for any bills or invoices until such payment is sent to the agent by the owner or unless funds are available from the escrow account. The owner can get his/her own maintenance and repair companies to repair or fix any damages to the properties.

The agent will notify the owner on any repairs or maintenance that's needed at the property(s) upon any quarterly or bi-annual inspections or when requested by the tenant. The agent is not responsible to pay for repair, replace, or maintain the property(s) listed below, that is totally the owner responsibility at his/her expense. The owner is responsible for property insurance and any property liability during the term of the agreement.

Upon the owner request, the agent can use our contractors to give an estimate on repairs, painting, carpet, cleaning, and any maintenance after a tenant end of lease. We will still show the property while the repairs are being done.

The owner may need the proper licenses to operate in most City or Municipality Limits and that City or Municipality requires special inspections and permits. The agent can obtain the licenses and permits for the owner for an additional cost of \$150.00 per transactions paid by the owner.

If the agent provides a tenant for the owner's property(s) below and the owner decides to sell the property to the tenant, a commission in the amount of three (3) percent of the purchase price shall be paid to K-LAK Corporation on or before the date of the settlement. K-LAK Corporation shall not be responsible for any personal items left in the property(s) by the owner.

5. Compliance with Laws and Regulations. K-LAK Corporation shall comply with all Federal, State, and Municipal Laws, Landlord/Tenant Codes, all Fair Housing laws, Regulations, and with all Lawful Directives of Public Officers, which impose any duty upon it or owner with respect to the property(s).

6. Prohibition of Discrimination. In accordance with applicable equal opportunity statutes, Executive Orders, and regulations, the agent and owner must not discriminate against any person because of race, color, religion, sex, national origin, age, familial status or disability in connection with the lease.

Under this Agreement Agent will:

The agent and the owner will agree to a walk-in pre-inspection of the property(s), conducted by agent and is contingent upon the property or property(s) meeting a satisfactory inspection. A satisfactory inspection will consist of pre-inspection check-list to minimize maintenance calls and comply with License & Inspection (L & I).

Our Services includes:

- **Property Advertising** – K-LAK will advertise the property for the first three (3) months in the News Journal papers, locator's directory and other new papers free of charge to the owner. After the first three (3) months the owner will be responsible for any advertisement their after. For multiples units, if the owner requests individual property advertisements we will collaborate with the New Journal Papers and set up marketing plan to advertise each individual at the cost to the owner.
- **Show the property** – The agent will show that property(s) only when a person confirms his/her appointments.
- **Screening Applicants** – All tenants are required to complete a short form application for rental. We obtain credit reports from Experian, Trans Union and Equifax to determine the applicant credit history. If the property has more than one unit the agent will obtain a criminal background history report. The agent will check employment, taxes and all relevant information and will contact the owner to discuss and review the applicant findings.
- **Applicant Lease Agreement** – The tenants are required to complete a long form application and the lease agreement. The tenant will receive a copy of the Delaware Landlord Tenant code (only for Delaware residence) or other states regulation if applicable. The agent will do a walk though with

the tenant and sign a move-in-inspection sheet before occupying the property. We will provide a list

- of utility telephone numbers to contacts to change the utilities into the tenant's name. Homes that were built before 1978, a lead paint addendum is signed by the owner and a lead paint booklet is given to the tenant according to the federal law. The tenant may choose to begin the lease on the 1st day or the 15th day of the month. All leases expire at the end of one (1) year and "do not turn into a month to month lease". A new lease must be signed at the end of expiration.

All security deposits will be held by K-LAK Corporation. The security deposit must be equivalent to one months rent in accordance with the Delaware Landlord Code and other states codes outside of Delaware. The first month's rent will be collected by K-LAK Corporation, the last months rent and security deposit will be held in an Escrow Account with a bank doing business in that state. According to the Delaware Landlord code the last months rent can not be collected. The tenant(s) security deposit is not available for property maintenance or any other purpose, under the state and federal laws for each state and according to the Delaware Landlord code for Delaware residences.

- Invoice Statements – Invoices are mailed once a month on the 20th of every month. K-LAK Corporation will send late notices via United State Postal Service (U.S.P.S) in accordance with the Delaware Law or other states law outside of Delaware at the cost of K-LAK Corporation. Late fees are accrued after the 5th day of the due date and K-LAK Corporation will take one half of the late fees to offset costs. A tenant is considered late when a payment is received after the 5th day and Post Mark after the 5th day. A \$10.00 dollar late charge will incur every 5 days past due. The agent does not guarantee the collection of rent, tenant payment of utilities, or proper conduct of the tenants.
- Property Inspections – A mandatory property inspection will be enforced two to three times a year. A notice will be mailed to the all tenants prior to the inspection date. The owner will be giving a copy of the inspection report within 15 to 30 days after the inspection. If the tenant does not response to our inspection notice or if the tenant is marked as a no show, the agent will take the liberty to inspect the property without notice to tenant presence. We will send the tenant a letter prior to entering the property.
- End of Lease/Move-out - If a property becomes vacant at any time, the agent will notify the owner and the owner responsibility is to immediately contact all the utility companies to place the property into the owner's name. The owner must understand that in New Castle County, if the water bill is in the tenant(s) name the owner is still responsible for the bill if the tenant does not pay. If applicable the agent shall attempt to reimbursement from the tenant(s) within 30 days of bill presentation to the tenant(s). The agent will advertise the vacant property and start the screening process. The agent will send the tenant a 60 days notice before the end of the lease. If a tenant responds within the 60 days notices the agent will start advertising and screening tenants immediately at the time of the notice.

Upon termination of the lease, the property is inspected with the owner for damage and a statement of charges will be prepared as outlined in the Delaware Landlord code (only for Delaware residence). Damages beyond normal wear and tear will be noted and charged to the tenant, deducted from the security deposit and credited to the owner account. Cleaning and painting of a rental property is considered normal wear and tear and cannot be charged to the tenant.

The security deposit refund will be mailed to the tenant within 30 days to the new address. If the cost of repairs exceeds the security deposit, the tenant will be billed. If payment is not received, the owner will be advised as to the legal options available for collection of the debt.

- Legal Process – If a tenant is delinquent in his/her rent at the end of the month, K-LAK will start the eviction process as long as the owner agrees to do so. For Delaware residences a five (5) day letter will be issued. K-LAK will file all court documents with the appropriate court on behalf of the owner. K-LAK will be the representative for the owner in the court process and will continue to manage the property if the property becomes vacant. K-LAK will attach all wages, sale of goods, vehicles and any property the tenant may own. If the owner needs legal counsel because the case is too complicated we will inform the owner and provide all documentation. All legal fees court cost and legal counsel are the responsibility of the owner.

- Repairs – The owner is responsible for all repairs to the property and the payment may be deducted on the financial statement from the rent collected or billed directly to the owner when no funds are available in the reserved account. If the damages are the fault of the tenant the owner may seek reimbursement from the tenant.
- All Tenant checks will be mailed to K-LAK Corporation, monthly rent disbursement shall be sent in the form of a statement of account on or about the last day of each month plus the seven percent (7.0%) per month for the 12 month period.

7. Indemnification of K-LAK Corporation. Landlord/Owner shall defend, indemnify, and hold K-LAK harmless from and against all claims, cost and liabilities based on the improper use or misuse or damage caused by tenant to Landlord/Owner Property (s) or loss of rents during eviction or premature departure by tenants.

8. Changes. This Agreement is effective for four (2) years and terms and conditions may be subject to change thereafter.

K-LAK is not responsible for any damages or vandalism to property(s) during the screening or during the term of the Contract Agreement. K-LAK Corporation does not guarantee that the tenants selected will satisfy the above conditions or remain in the property for the duration of the lease. The owner will not hold K-LAK responsible for the above outlined conditions (Line seven). The owner is responsible for and will pay all court costs to K-LAK Corporation for representing the owner in court (if court action is necessary).

LANDLORD/OWNER: _____

Home Address: _____

City _____ State _____ Zip Code _____

Home Telephone: _____ Cell phone: _____

E-Mail Address: _____ Work Telephone: _____

Owner's State License number: _____

Manage Premise(s). The Managed Premise(s) are those described as:

THIS IS A LEGALLY BINDING PROPERTY MANAGEMENT AGREEMENT; PLEASE HAVE ANY TERM YOU DO NOT UNDERSTAND FULLY EXPLAINED TO YOU SO THAT YOU UNDERSTAND THE AGREEMENT YOU ARE MAKING/SIGNING. YOUR SIGNATURE BELOW WILL INDICATE THAT YOU HAVE READ THE ABOVE AGREEMENT, UNDERSTAND IT AND AGREE WITH IT. IF YOUR PROPERTY WAS BUILT PRIOR TO 1978 IT IS FEDERAL LAW THAT YOU COMPLETED AND SIGN THE ENCLOSED LEAD PAINT DISCLOSURE FORM AND RETURN IT WITH THIS AGREEMENT.

IN WITNESS WHEREOF, THE PARTIES HAVE HERETO, OR CAUSED TO BE AFFIXED, THEIR RESPECTIVE SIGNATURES THIS

_____ DAY OF _____, 20__.

K-LAK Corporation or Authorized Agent

Owner

Signed By:

Address:

City, State & Zip

Additional items needed

1. Keys for all properties
2. Insurance policy
3. State License
4. Renter's License
5. If currently rented:
 - a) Copy of the lease
 - b) Copy of application
 - c) Current rent balance/statements
 - d) All original correspondence
 - e) Name/address/telephone numbers
 - f) Security deposits
 - g) All other information deemed important
 - h) If the property is located in the Philadelphia area – a copy of the Business and Renter's License
 - i) For other states – a copy of the City or State Licenses

Additional Notes: _____

DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint hazards in the dwelling. Tenants must also receive a federally approved pamphlet on lead poisoning prevention.

Lessor's Disclosure (Initial)

_____ (a) Presence of lead-based paint or lead-based paint hazards (check one below):

_____ Known lead-based paint or lead-based paint hazards are present in the housing (explain)

_____ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

_____ (b) Records and reports available to the lessor (check one below):

_____ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____ Lessor has no records or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Lessee's Acknowledgement (initial)

_____ (c) Lessee has received copies of all information listed above.

_____ (d) Lessee has received the pamphlet Protect Your Family from lead in Your Home.

Agent's Acknowledgement (initial)

_____ (e) Agent has informed the lessor of the lessor's obligations under 43 U.S.C 4582(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

Lessor Date

Lessor Date

Lessor Date

Lessor Date

Agent Date

Agent Date