

## Property Management Agreement

### Between

Agent: Stott Property Management  
 A Division of Stott Real Estate, Inc.  
 970 N. Kalaheo Ave., C-114  
 Kailua, HI 96734  
 Office: 808-254-5558  
 Fax: 808-254-5205  
 E-mail: [StottPM@stott.com](mailto:StottPM@stott.com)

### And

Owner: \_\_\_\_\_ SS# \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Owner: \_\_\_\_\_ SS# \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
 \_\_\_\_\_

Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

General Excise Tax Number: \_\_\_\_\_

Owner Submits: \_\_\_\_\_ Stott PM Submits: \_\_\_\_\_

- Multiple Owner Addendum Included
- Multiple Property Addendum Included

*“Hawaii General Excise Tax must be paid on the gross rents collected by any person renting real property in the State of Hawaii. A copy of the First Page of this agreement or of the Federal Internal Revenue Service Form 1099 stating the amount of the rents collected shall be filed with the Hawaii Department of Taxation.”*

*Hawaii Revised Statutes Section 237*

Owner Initials: \_\_\_\_\_

Owner, \_\_\_\_\_ and Agent,  
Stott Property Management mutually agree as follows:

1. AGENT

Owner exclusively appoints Stott Property Management to manage on the Owner's behalf the property located at the following address:

\_\_\_\_\_

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

2. RENTAL INFORMATION

Stott Property Management shall determine the lease terms and rent schedule and will attempt to obtain the maximum rent available in the current rental market. Net Proceeds of the rent collected will be forwarded to the Owner with a copy of the Owner's Cash Flow Statement, receipts, and invoices paid on the Owner's behalf. The Owner acknowledges that actual rents and lease periods will vary depending on the current rental market. Stott Property Management will notify the Owner if desired rents or lease periods don't reflect current rental market conditions.

Desired Monthly Rental Range: \_\_\_\_\_

Minimum Desired Lease Period: \_\_\_\_\_

Maximum Desired Lease Period: \_\_\_\_\_

Pets Allowed \_\_\_\_\_ Yes \_\_\_\_\_ No

Smoking Allowed \_\_\_\_\_ Yes \_\_\_\_\_ No

Other \_\_\_\_\_

*Note: Leases are subject to the provisions of Owner Association By-Laws and House Rules, City Ordinances, and State and Federal Laws.*

3. TERM

The term of this agreement is for a twelve month period, commencing on \_\_\_\_\_ and thereafter for annual periods. Either party may cancel The Property Management Agreement after thirty days written notice to the other party. Termination of The Property Management Agreement does not invalidate any existing rental agreements made by Stott Property Management on the Owner's behalf. All legal

Owner Initials: \_\_\_\_\_

provisions of the Landlord Tenant Code must be met if the Owner decides to sell the property, exchange the property, or occupy the property. If either party to the Property Management Agreement takes action or fails to take action resulting in a violation of State or Federal Law, than the other party may immediately terminate this contract by providing written notice.

#### 4. AGENT DUTIES

(A) Rentals and Collections: Stott Property Management shall use its best efforts to obtain renters for the property and to collect all rents and deposits as documented in the Lease. Stott Property Management shall investigate each prospective tenant carefully. Stott Property Management may accept payment in cash, money orders, or personal checks, but shall not be held liable to the Owner for personal checks returned for insufficient funds. Stott Property Management shall not be held responsible for any loss sustained by the Owner due to unpaid rent, repairs, and utilities if the tenant is evicted, abandons the property, breaks the lease, or moves from the property and fails to pay the remaining balance due.

(B) Deposit Funds: Stott Property Management shall deposit all funds collected for the Owner in a federally insured bank in Hawaii. Such funds shall be held in a special custodial account and will not be co-mingled with any operating funds associated with Stott Real Estate's business operations. Stott Property Management shall not be responsible for any loss resulting from insolvency of the bank where the funds are held.

(C) Distribution of Income to Owner: Stott Property Management shall deduct from the gross rent collected, property management fees, reimbursements for authorized expenditures, and General Excise Tax (if the Owner has specified). Stott Property Management will then disburse the remaining funds to the Owner as instructed.

(D) Repairs and Expenses: Stott Property Management shall not be required to perform any act or duty involving the expenditure of money unless the Owner has sufficient funds in the account. Stott Property Management shall not be responsible for loss sustained by the Owner for non-payment or late payment of any expenses when insufficient funds are available.

(E) Security Deposits: Stott Property Management shall collect and hold security deposits on the tenants behalf. The Security Deposit will be applied towards any balance due from the tenant as allowed in the Landlord Tenant Code. Stott Property Management will retain any interest generated by the Security Deposit Account.

(F) Fees: Stott Property Management agrees not to collect or charge undisclosed fees, rebates, or discounts. All fees charged to the owner must be specified in The Property Management Agreement.

(G) Residential Landlord Tenant Code: Stott Property Management shall use its best efforts to comply with the provisions of Hawaii's Residential Landlord Tenant Code

Owner Initials: \_\_\_\_\_

concerning the rights, obligations, and remedies of landlords and tenants. Stott Property Management shall promptly notify the Owner of any complaints, warnings, or summons relating to such matters.

5. AGENT FEES AND EXPENSES

(A) Agent Fees: The Owner shall pay Stott Property Management as compensation:

- (1) 10% of the monthly gross income collected.
- (2) An additional fee of 5% (for a total of 15%) of the first full month's gross rent received for renting the property to a new tenant.
- (3) Stott Property Management will collect no fee if the property is vacant. If the property is receiving compensation (i.e. insurance income for lost rent due to property damage), then the fee will be 10% of the income received. Under these conditions, Stott Property Management will monitor the corrective actions, update the owner, and rent the property when available.
- (4) Stott Property Management will retain Late Fees, Non-Sufficient Fund Fees, and Interest as compensation for the effort of collecting from the tenant past due rent and other charges.

(B) Authorized Expenditures: The Owner authorizes Stott Property Management to undertake at the Owner's expense and disburse payments from the Owner's funds for:

- (1) Rental Advertising, Credit Checks, and any additional tenant verification.
- (2) Cleaning of a vacant property when money can't be withheld from the tenant's security deposit.
- (3) Emergency repairs when failure to act will result in additional damage to the property.
- (4) Making necessary non-emergency repairs if Stott Property Management and the repair is less than \$300. If the repair estimate exceeds \$300, then Stott Property Management will make every effort to notify the owner prior to authorizing necessary repairs.
- (5) Any other expenses authorized by the Owner in "Schedule A" of the Property Management Agreement.

(C) Insufficient Funds: Stott Property Management may bill the Owner directly or collect money from future rental proceeds if the funds in the account are insufficient to pay all fees and expenses for any given month.

6. DUTIES OF THE OWNER

(A) Minimum Balance: The Owner shall deposit with Stott Property Management a sum of \$300, which may be applied to fees and expenses incurred by the Owner. If the balance in the Owner's Account is less than \$300 upon receipt of the monthly cash flow statement, then Stott Property Management may bill the owner to replace the funds or restore the deposit from future rental proceeds.

(B) Inventory List: The Owner shall provide to Stott Property Management a complete inventory of furnishings and fixtures in the property.

(C) Keys: The Owner shall furnish three complete set of keys to the property: one set shall be retained by Stott Property Management, and two sets shall be furnished to the tenant. If the property has additional security measures (i.e. FOBs or keys to access the building or common areas), then the Owner shall furnish two complete sets to be furnished to the tenants.

(D) House Rules: The Owner shall provide one copy of all Association Rules, and service contracts in effect at the property. The Owner may also provide his or her own set of house rules to be included with the Lease. Stott Property Management shall not be required to create house rules for the Owner.

(E) Hold Harmless: The Owner shall hold Stott Property Management harmless for any damages to the property, furnishings, and fixtures and for any injury to any person or persons that occur on the property for any cause. The Owner shall purchase and maintain sufficient Property and Liability insurance and name Stott Property Management as additional insured. The Owner shall provide Stott Property Management with a copy, or certificate of the Liability Insurance Policy and such Fire and Extended Coverage Insurance Policies on the property. The Owner further agrees to reimburse Stott Property Management for all costs and expenses including attorney fees paid or incurred by Stott Property Management in connection with the defense of any claim or demand associated with the property.

(F) Liability Waivers: Stott Property Management recommends that the Owner hire a lawyer to draw up a waiver of liability for any property improvement or condition that can increase a tenants' or guests' chance of injury or death (i.e. swimming pool, boat dock, water frontage, steep hill, cliff, etc.).

Please initial by one of the following statements:

\_\_\_\_\_ I (we) will hire an attorney to write a waiver of liability for the property and I (we) will provide a copy to Stott Property Management for inclusion in the lease.

\_\_\_\_\_ I (we) will not hire an attorney to write a waiver of liability for the property. I (we) may write a waiver of liability for the property and then provide a copy to Stott Property Management for inclusion in the lease.

## 7. POWER OF ATTORNEY

The Owner hereby makes, constitutes, and appoints Stott Property Management with full power of substitution, his true and lawful attorney-in-fact:

(A) To sign and acknowledge and lease the property pursuant to the terms hereof; and

(B) To take any action, including eviction of the tenant, necessary to enforce compliance with such leases.

The foregoing grant of authority is a Special Power of Attorney coupled with an interest that remains in effect until 30 days after written notice to cancel The Property Management Agreement. If the owner dies or becomes incapacitated, then the authority shall remain in effect until executor of the estate or attorney-in-fact gives written notice to cancel The Property Management Agreement.

## 8. NOTICES

All notices and demands shall be in writing and shall be served by personal service by leaving a copy of such notice or demand or by mailing a copy by certified or registered mail to the following addresses:

OWNER:

AGENT: Stott Property Management  
970 N. Kalaheo Ave., C-114  
Kailua, HI 96734

Owner Initials: \_\_\_\_\_

9. MISCELLANEOUS

This agreement contains the entire agreement between the parties and may be modified only in writing and signed by the parties. This agreement shall be binding upon and inure to the benefit of the successors and assigns of Stott Property Management and the heirs, administrators, executors, successors, and assigns of the Owner. Federal and State Laws shall govern the Property Management Agreement. If provisions of the agreement are in conflict therewith, such provisions shall be severed, and the remainder of this agreement shall be fully effective.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. Each party acknowledges receipt of a copy.

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Signature of Property Manager  
Stott Property Management

\_\_\_\_\_  
Owner Signature

Owner Initials: \_\_\_\_\_

**Schedule A  
Rental and Management Information Sheet**

Disposition of Income:

Stott Property Management is authorized to pay all monthly bills and other expenses in connection with the management of the premises, including without limitation, the following:

Association Maintenance Fees \_\_\_\_\_

Water / Sewer \_\_\_\_\_ Electricity \_\_\_\_\_ Gas \_\_\_\_\_

Yard Service \_\_\_\_\_ Pool Service \_\_\_\_\_

Other: \_\_\_\_\_

Property Discription:

House \_\_\_\_\_ Townhouse \_\_\_\_\_

Condo \_\_\_\_\_

Appliances:

# of Bedrooms \_\_\_\_\_

Range / Oven \_\_\_\_\_

# of Bathrooms \_\_\_\_\_

Refrigerator \_\_\_\_\_

Dining Room / Area \_\_\_\_\_

Dishwasher \_\_\_\_\_

Living Room \_\_\_\_\_

Disposal \_\_\_\_\_

Kitchen \_\_\_\_\_

Microwave \_\_\_\_\_

Den / Rec Room \_\_\_\_\_

Washer \_\_\_\_\_

Lanai \_\_\_\_\_

Dryer \_\_\_\_\_

Other \_\_\_\_\_

Other \_\_\_\_\_

Partly Furnished \_\_\_\_\_

Fully Furnished \_\_\_\_\_  
(Provide separate inventory)

Swimming Pool \_\_\_\_\_

Hot Tub \_\_\_\_\_

Assigned Parking Stalls \_\_\_\_\_

Owner Pays For The Following Services:

Electricity \_\_\_\_\_ Water / Sewer \_\_\_\_\_ Gas \_\_\_\_\_

Yard Service \_\_\_\_\_ Pool Service \_\_\_\_\_

Other: \_\_\_\_\_

Owner Initials: \_\_\_\_\_

Property Contains (Circle as Appropriate):

Drapes in LR, DR, BR1, BR2, BR3, BR4, Kitchen, Den, Other \_\_\_\_\_

Carpet in LR, DR, BR1, BR2, BR3, Den, Other \_\_\_\_\_

Other Flooring is Lanoleum, Vinyl Tile, Ceramic Tile, Laminate, Other \_\_\_\_\_

---

Insurance Coverage:

Liability Insurance Company \_\_\_\_\_

Policy Number \_\_\_\_\_

Fire Insurance Company \_\_\_\_\_

Policy Number \_\_\_\_\_

Property Security Devices / Keys:

Door \_\_\_\_\_ Mailbox \_\_\_\_\_ Security \_\_\_\_\_

Pool \_\_\_\_\_ Other \_\_\_\_\_

Known Problems Existing at the Property:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Estimated Date of Occupancy by Owner: \_\_\_\_\_

\_\_\_\_\_  
Owner Signature \_\_\_\_\_ Date

\_\_\_\_\_  
Owner Signature \_\_\_\_\_ Date

Owner Initials: \_\_\_\_\_

Direct Deposit is an extremely secure, efficient, and quick way to receive access to your funds once the monthly cash flow statements have been generated. In fact, Social Security Recipients are required by the Federal Government to use direct deposit.

Once approved, it takes no more than three business days for the funds to be deposited in the bank account of your choosing. It can take as long as a week or more for the check to arrive in the mail and you then still have to physically deposit the funds into your account.

Check fraud is still the largest source of financial losses to businesses and individuals. A written check is handled as many as 13 different times while direct deposit funds are handled only once. Once tested, direct deposit is the most secure way to receive your funds.

Please fill out the Direct Deposit Form included on the following page. If you want the funds directly deposited into your checking or brokerage account, please attach a voided check to the form. A Deposit Slip does not include the correct routing number. If you want the funds directly deposited into a savings account and you don't have a check, then please verify the correct routing number with your bank before mailing the form.

Once Stott Property Management has received the authorization, Stott Property Management will conduct a test by depositing 25 cents into the account that you selected. Stott Property Management will notify you when the test deposit has been made so that you can check your account. Stott Property Management will begin the direct deposit service once you have called or provided written confirmation that you received the funds.

Please call if you have any questions about direct deposit. If you would rather have a check mailed to you, then please fill out and sign the Direct Deposit Refusal Section.

**Stott Property Management**  
**970 N. Kalaheo Ave., C-114**  
**Kailua, HI 96734**  
**Office: (808) 254-5558**  
**Fax: (808) 254-5205**  
**Email: [stottpm@stott.com](mailto:stottpm@stott.com)**

---

---

**Direct Deposit Approval** (Attach voided check)

Checking Account                       Savings Account

Name (s) on Account: \_\_\_\_\_

Financial Institution: \_\_\_\_\_

Routing #: \_\_\_\_\_ Account #: \_\_\_\_\_  
(must be 9 digits)

I authorize Stott Property Management and Bank of Hawaii to automatically deposit my owner distribution funds into the account listed above. I further authorize Stott Property Management and Bank of Hawaii to take necessary action to correct any entries made in error. This authorization will remain in effect until I give written notice to cancel.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

---

---

**Direct Deposit Refusal**

I decline to have my owner distribution funds directly deposited into my bank account. Please mail my distribution checks to the following address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Owner Initials: \_\_\_\_\_

As required by law, any property built on or before 1978 must include the lead based paint disclosure as part of the lease. If your house or condo was built on or before 1978, please fill out the following form as follows:

Lessor's Disclosure: Please fill out sections (a) and (b) as instructed on the form provided. If you have reports or records pertaining to lead based paint hazards in the property, then please provide a copy of the reports or records.

Certificate of Accuracy: Please sign as Lessor and date.

The tenant will sign the disclosure form as Lessee when they sign the lease and Stott Property Management will sign as Agent.

Owner Initials: \_\_\_\_\_

### Disclosure of Information on Lead-Based Paint and/or 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 managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.

#### Lessor's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

\_\_\_\_\_

(ii) \_\_\_\_\_ 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 (i) or (ii) below):

(i) \_\_\_\_\_ 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).

\_\_\_\_\_

(ii) \_\_\_\_\_ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

#### Lessee's Acknowledgment (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 Acknowledgment (initial)

(e) \_\_\_\_\_ Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852d 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 they have provided is true and accurate.

_____ Lessor	_____ Date	_____ Lessor	_____ Date
_____ Lessee	_____ Date	_____ Lessee	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date