



Baker Street Properties
1200 N Main St
Ann Arbor, MI 48104

Management Terms

Management: Baker Street

Owner:

Management Term: 09-01-2018 to 09-01-2020

Management Fee: 8.00% of monthly gross income collected

Tenant Placement Fee: 50% of first month's rent

Renewal Fee: \$250 per unit

Maintenance Threshold: \$300 or more for any/each expense

Properties:

Powers: By signing below, Owner employs Baker Street exclusively to operate and manage the rental Properties at the address listed above. Owner agrees Baker Street will be the only managers of the Properties, and Owner gives Baker Street the power to manage the Properties as we deem necessary or desirable, in our discretion.

☐ Agree to Guidelines, Fees, and Addendum, below.

OWNER (AGENT) SIGNATURE

NAME

DATE

Baker Street (BROKER) SIGNATURE

NAME

DATE

Management Agreement Guidelines

Definitions

- ❖ **Baker Street:** Refers to Baker Street Properties LLC, a Michigan limited liability company, with the mailing address at 1200 N Main St, Ann Arbor, MI 48104. The entity name, DBA, and/or address may change without notice.
- ❖ **Owner:** Refers to the undersigned owner of the real property at the address(es) above.
- ❖ **Properties:** Refers to all rental properties.
- ❖ **Tenants:** Refers to current or future occupants of the Properties.
- ❖ **Service Provider:** Refers to any third-party maintenance company, worker, leasing agent or service provider contracted by Baker Street.
- ❖ **Management Term:** Refers to the length of time this agreement is to be in force between the Owner and Baker Street. The initial Management Term listed is notwithstanding any renewal that may be triggered by this agreement.
- ❖ **Maintenance Threshold:** Refers to the dollar amount threshold above which prior authorization from Owner is required for Baker Street to make any repair.
- ❖ **Onboarding Deadline:** Refers to the fourteen (14) day window from the time of signing this agreement to provide and complete all items detailed in the Setup & Documents section.
- ❖ **Owner Draw:** Refers to the monthly payout, scheduled on or around the 6th of the month, of a Property's cash basis net income after taking into account all income, expenses, and liabilities.
- ❖ **Property Checklist:** Refers to the online form required to collect all owner, property and lease info.
- ❖ **Turnover Period:** Refers to the time period when Properties are vacant after one group of tenants has moved out, but before new tenants have moved in.

Fees

1. **Management Fee:** Calculated as a percentage of all gross income collected, deducted monthly from Owner's account and/or subsequent owner draws. A minimum flat-rate fee will be applied as follows:
 - a. Single Property/Condo: \$50 per month when vacant; \$100 per month when occupied
 - b. Multi-Unit: \$30 per unit per month when vacant; \$60 per unit per month when occupied
2. **Tenant Placement Fee:** Deducted from first month's rent when securing a new lease defined as a rental agreement for a term with one or more new tenants. The fee is earned regardless of any specials, incentives, referrals, or giveaways that may be offered by the Property or Owner, but will be refunded in the event a given Tenant is evicted.
3. **Renewal Fee:** Charged at time of renewal should the existing set of Tenants sign a lease extension.

4. **Property Setup Fee:** \$150 per unit one-time, charged at signing for such costs: performing walk-through inspection, capturing photos, recording virtual tours, and creating floor plans.
5. **Onboarding Fee:** \$500 per entity one-time, charged for such costs: collecting, recording, and logging all property and rental data on the Baker Street system; **FEE WAIVED** in the case that Owner can provide all information outlined in the Setup Information section within the Onboarding Deadline.

Setup Information

6. **Property Checklist:** Owner must complete the Property Checklist provided at signing or within fifteen (15) days thereafter. Baker Street will not be held liable for any incorrect, omitted, or incomplete information after the Onboarding Deadline.
7. **Property Setup Info:** Owner will provide the following information in order for Baker Street to successfully onboard, advertise and manage the property:
 - a. Owner personal and entity profile information (i.e. contact info, EIN, etc.)
 - b. Owner bank account information
 - c. Property insurance documentation
 - d. Property documents making the Property a legal rental property
 - e. Current and future tenant contact information, including email addresses and phone numbers
 - f. Current, previous, and future lease agreements for all units
 - g. Current and future rental ledgers including charges, payments, and security deposits
 - h. Current tenants' inventory checklists describing the Property condition at tenant's move-in
8. **Homeowners Association:** If applicable, Owner will provide Baker Street with the following documents should any Property be a part of an HOA:
 - a. POA filled out and signed
 - b. Rules & Regulations
 - c. Declaration of CC&Rs and Bylaws
9. **Access:** Owner shall provide all access devices, keys, locations, and related information for the following, as applicable, and including but not limited to: building entrance, front door, bedroom door(s), fire system, security system, mailbox, basement, attic, garage, storage shed, bike shed, laundry room, riser room, and utility closet.
10. **Utilities:** Owner shall provide Baker Street with all utility account names, meter numbers, and login credentials in order to properly manage the Properties as a rental property.
11. **Appliances:** Owner shall provide the type, make, model and photo of all appliances, including but not limited to: dishwasher, stove, fridge(s), washer, dryer, boiler, furnace, disposal, and air conditioner. Baker Street can be instructed to retrieve this information during the initial walkthrough.
12. **Furnishings:** Owner shall provide a thorough inventory of all furnishings in and on Properties belonging to Owner, including item description, brand, make, and photo. Baker Street can be instructed to retrieve this information during the initial walkthrough.
13. **Security Deposits:** Owner will transfer the balance of all security deposits for all Properties and lease agreements to be managed by Baker Street.

14. **Bank Accounts:** In the case that Owner has an existing operating and/or security deposit bank account, Owner will provide a Baker Street representative with access for bookkeeping, paying invoices and expenses, and depositing rent and security deposits.
15. **Other Data & Records:** As requested, Owner agrees to give Baker Street all data, records, and documents about the Properties that Baker Street might need to do the duties described herein. This includes but is not limited to all documentation pertaining to the permitting of the Properties as lawful to house rental tenants, zoning variances and permits, inspections, construction, proof of insurance or any other documentation relevant to Baker Street's management of the Properties.

Access & Security

16. **Property Access:** Baker Street requires the main entry door to have an electronic entry door lock that can be programmed with multiple access codes. Unless restricted by building regulations, code, or door limitations, Baker Street has the authority to install such and bill Owner for labor and materials.
17. **Rekey Costs:** Baker Street may change locks and duplicate keys on the Property between/during tenancies as necessary and Owner shall be responsible for all costs.
18. **Lockbox:** Baker Street may place a lockbox on the Properties to facilitate showing and access to the Properties.

Property Good Standing

19. **Inspection:** A property walk-through will be conducted by Baker Street, typically within two weeks of taking possession of the Properties.
20. **Pre-existing Maintenance:** Any maintenance work being or to be done prior to this agreement must be disclosed to Baker Street at time of signing. There may not be any outstanding or open work permits or construction liens on the Properties.
21. **Safety:** Properties shall have all fully functional safety items as required by law, including, but not limited to: smoke detectors, carbon monoxide detectors, non-corroded water shut off valves, non-corroded gas shut off valves, certified electrical circuit breaker (fuse or breaker), furnace and A/C filters, entry locks, window locks, and bathroom locks. Additionally, both Baker Street and the Owner shall follow city code to ensure safety of the Properties and tenants. Should Baker Street find any health or safety issues with the Properties (including but not limited to the above) Baker Street will notify Owner of the issue and Owner shall have three business days to resolve the health or safety issue to Baker Street's satisfaction. Should Owner not resolve the health or safety issue within three business days, Baker Street has the right to resolve the issue itself at the Owner's expense. This expense will be separate from the Maintenance Threshold.
22. **Preventative Maintenance:** Properties shall have functional (to Baker Street's satisfaction) showers, sinks, electrical system, lights, light switches, outlets, locks, appliances, etc. Baker Street may make improvements and repairs following the property inspection with expenses falling within the Maintenance Threshold to reduce future routine and emergency maintenance costs. For instance, Baker Street may replace the toilet flapper to prevent recurring toilet maintenance issues.

23. **Financial Status:** Owner agrees that all mortgages, and taxes, insurances and association dues are currently paid and are not in default, that the Properties are not now the subject of a foreclosure or pending foreclosure action. In the event a foreclosure action is filed against Owner, Baker Street shall be notified immediately in writing. Owner shall indemnify, defend and save Baker Street harmless in any foreclosure action.

Utilities

24. **Property Utility Accounts:** Baker Street may switch any of the Properties' utility accounts into Baker Street's name, record bills received, pay expenses accrued, and charge back to Tenants. Under no circumstances shall Owner cause the termination of these services. Owner agrees to indemnify Baker Street for any damages or litigation fees/cost incurred from Owner's improper termination of a utility services or from nonpayment of or theft of any utility service by Tenants.
25. **Water Well:** If any of the Properties have a well, Baker Street shall schedule yearly inspections by a licensed contractor at Owner's expense.
26. **Oil or Propane Heat:** If any of the Properties uses an Oil or Propane Tank, it needs to be inspected and topped off each year. Inspections shall be at Owner's expense. Baker Street shall be responsible for making all arrangements pertaining to any inspection and topping off.

Leasing

27. **Leases & Rates:** Owner authorizes Baker Street to set rental rates, negotiate, and enter into lease agreements, lease renewals, and lease terminations on Owner's behalf for the Properties, on such terms and conditions as deemed appropriate in Baker Street's sole discretion.
28. **Photography & Virtual Tour:** Owner gives Baker Street permission to photograph and market the Properties. Additionally, if any of the Properties are occupied, Owner shall use their best efforts to assist Baker Street in acquiring the required photography assets.
29. **Copyright:** Any leasing and marketing collateral developed by Baker Street may not be used or duplicated in any other format without the permission of Baker Street.
30. **Signage:** For advertising purposes, Baker Street may attach a sign to the outside of the Properties where allowed by local bylaws and code. Baker Street offers several different styles and sizes to match the property and neighborhood aesthetic. In addition, Baker Street may remove other signs that could lead to confusion for prospective tenants.
31. **Fair Housing:** Baker Street will comply with all applicable building, housing, and health codes, as well as applicable Fair Housing regulations. The Properties shall be rented without regard to race, creed, color, religion, sex, national origin, age, disability, marital status, familial status, or sexual preference.

Maintenance

32. **Maintenance Threshold:** Baker Street will get Owner's authorization for any and each expense over the Maintenance Threshold, unless the expense is monthly, recurring, or for an emergency repair. All maintenance costs, regardless of threshold will be reported on the Owner Dashboard. For any and

each expense over the Maintenance Threshold Baker Street will obtain the Owner's authorization unless the expense is monthly, recurring or for an emergency repair. Time is of essence and if Owner does not respond within thirty-six (36) hours, Maintenance Threshold will be increased to \$1,000 for an individual repair.

33. **Emergencies:** In the case of an emergency, Baker Street shall make a reasonable attempt to get Owner's authorization. However, if Owner is not reachable, Baker Street may spend more than the Maintenance Threshold if Baker Street believes in its sole discretion that the expense is necessary for the protection of one or more of the Properties or Tenants from damage or bodily injury.
34. **Preferred Service Companies:** If a list of preferred third party service companies is provided, Baker Street shall attempt to use them when applicable. Baker Street will use their own maintenance staff for routine maintenance.
35. **Professional Extermination:** Should there be the immediate need for professional extermination, Baker Street has the right to resolve the issue itself at the Owner's expense. This expense will be separate from the Maintenance Threshold.
36. **Service Contracts:** Sometimes, Baker Street needs to sign contracts to keep the Owner's property in good order. Owner hereby authorizes Baker Street to execute contracts for utilities and services for the operation, maintenance, and safety of the property, as Baker Street deems advisable and/or necessary. All costs for such service contracts will be the Owner's responsibility and will be deducted from the Net Monthly Disbursement.
37. **Lawn Care and Snow:** Baker Street will schedule regular lawn care, snow removal, de-icing, and Fall/Spring clean up services of the Premises unless otherwise noted. Baker Street may also provide shovels, salt buckets, and a lawn mower, among other tools, for the tenant's use and convenience. All costs for such lawn and snow care will be the Owner's responsibility and will be deducted from the monthly Owner Draw.
38. **Repairs and Cleaning:** Baker Street shall coordinate repairs and maintenance, including buying any supplies needed. Baker Street will contract with and supervise all labor required for such repairs and maintenance. Baker Street may invoice tenants for costs for maintenance, cleaning, and repairs due to tenant negligence. All costs for maintenance, cleaning, and repairs not due to tenant negligence are Owner's responsibility and will be charged to Owner's account.
39. **Capital Expenditure Projects:** Baker Street will make an effort to get at least two quotes for any single maintenance issue estimated to exceed \$1,000. The Owner agrees that time is of essence and that Baker Street may act in its sole discretion should the Owner make any delay. Baker Street and/or its Service Provider will charge a 10% fee on top of the total project expense to cover the significant additional administrative costs of coordinating getting such quotes and overseeing the project to completion. Owner may elect to coordinate the project on his/her own bearing that:
 - a. Owner assumes all responsibility
 - b. The project is started and completed within a reasonable timeframe
 - c. Baker Street and Tenants are notified of any work at least twenty four (24) hours beforehand,
 - d. Baker Street and its Service Providers are compensated for all additional work and expenses related to the project such as meeting contractors on-site
 - e. The project is done to code and permitting requirements.

Turnover

- 40. **Costs:** Owner is responsible for all costs incurred during the Turnover Period. This amount is not included in the Maintenance Threshold.
- 41. **Tenant Negligence:** Baker Street will conduct a post move-out inventory inspection and compare with any move-in inventory checklist conducted by Baker Street or provided by the Owner. Baker Street will thereafter charge and/or pursue tenants for any negligent damage.
- 42. **Scheduling:** Baker Street shall manage the scheduling process for all work that takes place during Turnover Period, including getting Properties ready for new tenants.
- 43. **Painting:** Owner shall provide Baker Street with the paint or paint color/code in order to touch up surfaces after maintenance or during Turnover Period. The interior of the Properties may be painted by Baker Street from time to time depending on wear and tear.
- 44. **Cleaning:** The Properties will be deep cleaned every Turnover Period to Baker Street's standard, including appliances, windows, bathrooms, basements, and attic spaces. Any items left in the Properties will be removed and scrapped. Any carpeted areas will be professionally steam cleaned.

Rental Guidelines & Code

- 45. **Agency:** Owner recognizes Baker Street as the agent in any negotiations related to the Properties which may have started prior to this Agreement becoming effective.
- 46. **Permitting:** Owner must have all permits required to operate the Properties as rental units, at the time tenants move in. Owner agrees to indemnify, defend, and hold Baker Street harmless from any costs, expenses or damages incurred by Baker Street due to the failure of Owner to do the same. Baker Street are not responsible for obtaining any such permits, but may assist for an additional fee.
- 47. **City Inspections:** Baker Street and Owner will be jointly responsible to maintain a valid Certificate of Occupancy with the City of Ann Arbor. Owner authorizes Baker Street to correct any code violations regardless of Maintenance Threshold and Owner agrees to pay all inspection related costs incurred by Baker Street or charged by the City of Ann Arbor.
- 48. **Fire & Safety Inspections:** Baker Street shall schedule regular inspections by licensed contractors of any furnaces, boilers, sprinkler systems, fireplaces, etc. at Owner's expense.
- 49. **Occupancy:** Baker Street will not sign a lease contract with more Tenants than legally allowed under local occupancy laws.
- 50. **Notice:** Owner and any related/contracted parties accessing the Properties (including the exterior area) must provide Baker Street with adequate notice based on local state and city laws/ordinances -- at a minimum, twenty four hours beforehand.
- 51. **Local Ordinances:** Baker Street will follow all local ordinances and Fair Housing laws.

Finances

- 52. **Financial Records:** Baker Street will provide monthly financial statements through the Baker Street owner dashboard.
- 53. **Income:** Baker Street will collect all Tenant Income including rent, parking, and utility charges.

54. **Use of Funds:** Tenant payments shall be applied to Tenant fees first, then maintenance and utility charges, then Security Deposit charges, and then other obligations chronologically beginning with the earliest charge incurred. Any outstanding Tenant obligations at end of tenancy may be deducted from Tenant's security deposit and/or last month's rent.
55. **Operating Balance:** Owner will maintain a \$500 Property Reserve at all times with Baker Street to pay for upfront costs, bills, maintenance, emergencies, or in-person transactions where immediate payment is required.
56. **Operating Costs:** Owner is responsible for all operating costs of the Properties, including, but not limited to: maintenance, cleaning, and repairs, insurance, utilities not paid by tenant, and landlord attorney fees associated with eviction proceedings. Owner will assume full responsibility for the payment of any expenses and obligations incurred in connection with Baker Street performing the duties described in these Terms and Conditions.
57. **Large Expenses and Balances:** Owner must pay directly for any expense or group of expenses totaling over \$1,000. In addition, Owner agrees to pay upon receipt any balance totaling over \$1,000 on a ledger within one week of being invoiced (if applicable) in which the balance exceeds that amount.
58. **Owner Fees:** Owner agrees to pay Baker Street for all fees and charges outlined in this Agreement due upon receipt. Owner authorizes Baker Street to deduct the balance from their monthly Owner Draw and/or bank account. Owner may also pay balance by credit card or bank account through the Baker Street dashboard.
59. **Owner Draws:** Baker Street will process monthly Owner Draws to the Owner's bank account provided. Alternatively, Owner can opt to have funds credit and debit directly to Owner's bank account as collected or invoiced; Note: Baker Street's payment processor may charge a setup fee to verify the entity and bank account in order to set up direct bank access.
60. **Renter Fees:** Baker Street will collect and keep the following fees from Applicants and/or Tenants to cover the related costs and time incurred: amenity, router/modem rental, furniture rental, renter's insurance, application background check, bank processing, credit card processing, insufficient funds, late payment, re-leasing, lease modification, legal notice services, or any other Tenant fees.
61. **Security deposits:** Baker Street will collect, hold, and disburse security deposits. Funds will be held in a separate bank account used solely for security deposits, and will not be used for any other purposes. Baker Street shall not be held liable for any suit involving the return of said security deposit if not transferred to Baker Street.
62. **Tenant Good-Will:** Baker Street may authorize a good-will reimbursement (i.e. Amazon gift card) or rental abatement from time to time for Acts of God or issues out of Baker Street and Tenant's reasonable control.
63. **Collections:** Baker Street will make every reasonable effort to collect rents and other monies from Tenant when and as they become due, however, Agent does not guarantee the payment of Tenant obligations. Baker Street may employ collection agencies, attorneys, or any other reasonable and lawful means to assist in the collection of any outstanding Tenant obligation at Owner's expense.
64. **Evictions:** In the event of non-payment, or due to other reasons, Baker Street may serve any and all applicable legal notices upon Tenants and to prosecute legal actions to terminate tenancies, evict Tenants and recover rents and any other sums due, and when necessary employing for these purposes a reputable attorney at Owner's expense.

Legal & Insurance

65. **Entity Type:** Owner should form a Michigan Limited Liability Company for every property.
66. **Insurance:** At all times during the Term of this Agreement, Owner must maintain in effect a public liability insurance policy (Homeowners Insurance) that covers losses related to the property in the amount of not less than \$1,000,000 for multi-family dwellings, \$500,000 for single family dwellings and \$300,000 for condominiums. Owner is responsible for initiating and executing insurance claims on damage to the Properties.
67. **Financial Status:** Owner shall remain up to date on all mortgage, tax, insurance, and association payments and indemnify, defend and save Baker Street harmless in any legal or foreclosure action.
68. **Non-Compete or Solicit:** Owner agrees to not solicit or steal employees, clients, vendors, trade secrets, etc. from Baker Street during or for at least two years following the termination of this Agreement.
69. **Hold harmless:** As required by insurance, Owner agrees to hold Baker Street - and its agents, employees, and Service Providers - harmless from all damages, expenses, suits, claims, liabilities, and proceedings in connection with the management of the property described above, and from liability for injury suffered by any employee or other person whomsoever, and to carry, at Owner's expense, adequate public liability insurance and to name Baker Street as co-insured. Baker Street will not be liable for any error of judgment or for any mistake of fact or law, or for anything which Baker Street may do or refrain from doing hereunder, except in cases of willful misconduct or gross negligence. In addition, the Owner agrees to hold harmless Baker Street and its agents and employees against any and all claims or liability (including attorney's fees) arising from any breach of warranty by Owner or from any incorrect information supplied by Owner or from any facts concerning the Properties which was known or reasonably should have been known to Owner but not disclosed by Owner. All related legal costs and expenses shall be the sole responsibility of the Owner.
70. **Damages or Missing Items:** Baker Street is not responsible for damage to the Properties or items missing, switched out, lost or damaged under any circumstances, including but not limited to, theft, vandalism, improper access, or negligence of Tenants or their guests. In furnished units, an inventory will be checked by Baker Street at departure. In the event Tenants damage the Property or owes any monies to the Owner, Baker Street is given the exclusive authority to determine in its professional judgment the amount due, charge the Tenants accordingly and/or settle with the Tenants upon advice of Baker Street's legal counsel. Baker Street is given the power to make claims upon the security deposit on behalf of Owner and Baker Street shall not be held liable for any failure to make claims on any damages which were not readily apparent to Baker Street.
71. **Suits and Settlements:** Baker Street may use any lawful means to resolve Tenant, Service Provider, or other related disputes. Baker Street is authorized to compromise and settle claims on Owner's behalf as may be necessary or prudent in Baker Street's judgment.
72. **Arbitration:** All claims and disputes arising under or relating to these Terms and Conditions will be settled by binding arbitration in the State of Michigan in accordance with the rules set forth by the American Arbitration Association and the Michigan Association of Realtors. A court of competent jurisdiction may confirm any award of arbitration. If suit is brought to collect Baker Street's compensation or if Baker Street successfully defends any action brought against Baker Street by

Owner, relating to the property or to Baker Street's management thereof, Owner agrees to pay all costs incurred by Baker Street in connection with such action, including a reasonable attorney's fee.

Property Transfer

73. **Sale Assignment:** Should the property be sold, the new owner will be bound to the terms of this agreement until the end of the management term.
74. **Agent:** Should the Owner seek to sell the Property during the Management Term, Baker Street and/or its agents/partners will have first right of refusal to serve as the exclusive Real Estate Listing Agent for a term of six months. A standard Real Estate Broker commission fee, not to exceed a P6F4 commission structure (6% up to \$300,000, 4% thereafter), will only be charged if a sale is finalized.

Agreement

75. **Renewal:** This Agreement will automatically renew one year prior to the end of the Management Term, for a length of one year past the end of Management Term, unless either party gives prior Cancellation notice of its intent not to renew this Agreement.
76. **Cancellation:** Baker Street or Owner may cancel this Agreement simply by serving written notice to the other at least 60 days prior to the desired final date of management. Owner agrees that after the final date, Baker Street shall be released of all obligations and liability.
77. **Termination:** At time of Cancellation, if the Properties are leased to one or more tenants for the current or future lease term, then a Termination Fee equal to one month's rent of current and future leases will be charged to Owner's account. However, the Termination Fee will be waived if the Cancellation notice includes written basis for cause, which means fraud, embezzlement, or theft in the course of Baker Street's activities as manager.
78. **Code of Conduct:** Owner agrees to follow Baker Street's Code of Conduct Policy and Mission Statement, outlined here: bakerstreet.properties/code-of-conduct and bakerstreet.properties/mission, at risk of Cancellation and/or penalty equaling the Termination Fee.
79. **Assignment:** All terms, conditions and agreements herein set forth shall inure to the benefit of, and be binding upon the parties, and any and all of their respective permitted heirs, successors, representatives and assigns. Baker Street reserves the sole right to terminate the agreement immediately at time of sale. Notwithstanding the foregoing, this Agreement may be assigned by Baker Street in sole and absolute discretion.
80. **Authority Power:** Owner confirms that he/she/they have full power and authority to hire Baker Street and have the right to receive income proceeds from the Premises and that this power, authority, and right have not been assigned, or transferred to others.
81. **Agreement Alterations:** Baker Street may change the terms of this Agreement by giving ninety (90) days written notice to Owner. The ninety (90) days shall be counted from the date notice was mailed.
82. **Entire Agreement:** Baker Street assumes no responsibility for other services than agreed to unless specified in the terms of this Agreement or in writing at a later date.

Addendum & Changes
