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Legal: LOT 81 NARROWS REACH PHASE 2

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Shelby Cnty Judge of Probate, AL
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MANAGEMENT AGREEMENT

In consideration of the covenants herein contained, Don Yessick and Pat Yessick, (hereinafter called "Owner") and Rudolph Real Estate, Inc. (hereinafter called "Agent"), agree as follows:

1. **EMPLOYMENT:** The Owner employs the Agent to lease, rent, operate and manage the real property located at 839 Reach Crest, in accordance with the terms of this agreement for a period of one year from the date hereof and for annual periods thereafter unless on or before thirty (30) days prior to the expiration of this agreement or any such renewal period, either party notifies the other in writing of his intention to terminate this agreement.

2. **AGENT'S AUTHORITY, DUTIES AND POWERS:** The Owner gives to the Agent the following authority, duties and powers and agrees to assume the expenses incurred in the performance of the following:

a. **Rents:** To collect and deposit all receipts for the Owner in an account in a national or state financial institution, separate from Agent's personal accounts.

b. **Deposits:** To collect and deposit all Security Deposits and Earnest Money Deposits in an account as above. To hold such funds in trust for Owner and Tenant and to pay said funds in accordance with the terms of the lease or sale agreement that caused them to be deposited.

c. **Leasing:** To lease the property; Agent is granted an exclusive right to lease this property during the term hereof; to advertise the property for rent at Owner's expense and to display "For Rent" signs; to verify prospective tenants' employment and credit references; to negotiate renewals or cancellations of leases; to terminate leases; to sign and serve such notices as Agent deems necessary.

d. **Repairs:** To cause to be made and to supervise repairs and alterations to said premises and to purchase supplies and to pay all bills therefor. After the property is leased, the Agent agrees to secure the prior approval of the Owner for all expenditures in excess of \$100.00 for any one item, except for monthly or recurring charges previously approved by the Owner, or in the event that the Owner is not reasonably available for consultation or if, in the opinion of Agent, such repairs are necessary to protect the property from damage or loss.

e. **Service Contracts:** To make contracts as may be necessary for garbage removal, pest control or other services Agent may deem necessary, the Owner to continue to be liable for such obligations which may extend beyond the termination date of this agreement.

f. **Statements:** To render monthly and annual detailed statements of receipts and expenses.

g. **Payments to Owner:** To remit to the Owner on or about the fifteenth of each month any funds remaining from rents received after paying necessary disbursements. In the event that disbursements exceed receipts, Owner will immediately remit such excess to Agent.

h. **Litigation:** To enter into litigation on behalf of Owner as Agent determines to be in Owner's best interest, to hire legal counsel, and to offer and accept settlements of disputes.

3. **OWNER'S OBLIGATIONS:**

a. **Financial Responsibility:** To be personally responsible for the payment of any expenses or other obligation incurred by Agent in the proper exercise of his authority and duties hereunder; to be personally responsible for the payment to Agent of the amount of excess of expenditures over receipts. Owner hereby grants to Agent a lien against said property to insure the repayment to Agent of said excess and any other amounts that may be due hereunder. In the event that any or all of such an excess remains unpaid to Agent one month after Agent has delivered to Owner a statement showing the amount of the excess, Owner will incur a service charge equal to one and one-half (1 ½) percent of the amount of the excess unpaid each month.

b. **Agent's Liability:** To hold Agent harmless and indemnify the Agent from all damage suits or other legal action in connection with the management of the herein described property or from any liability from injury suffered by any employee or other person whosoever. The Agent also shall not be liable for any error of judgment or from mistakes of fact or law, or for anything which it may do or refrain from doing, except in the case of willful misconduct or gross negligence. The Owner also agrees to hold the Agent harmless for damages to said property by the tenants which may exceed the amount of any security deposits and which damages are determined by Agent to be uncollectible.

c. **Agent's Fees:** During the term of this Agreement, its extension or renewal, Owner shall recognize Agent as the Broker in any negotiation relating to the property, or any part thereof, and in the event of the consummation of any sale or lease thereof, Owner shall pay to Agent a commission as follows: one half of one month's rent each time a new tenant executes a lease; ten percent (10.0%) of rent, pet fees, late fees and any other item of income received by or for Owner at the time the income is received; for the sale of the property to someone who occupies the property during the term of this agreement or its extension or during the term of an extension or renewal of a lease that was active during the term of this agreement: seven percent (7.0%) of the sales price. Agent will be entitled to these fees so long as the property is occupied by someone who occupied the property during the term of this agreement or during the term of the lease's extension or renewal even if this agreement has been terminated. It is agreed that any lease/purchase agreement negotiated by any party during the term of this agreement or its

extension is subject to this agreement and will obligate Owner to the commissions herein agreed.

d. **Smoke Detectors:** To insure that there is installed on each floor of the house an operable smoke detector. Owner understands that Alabama law and/or regulations of the State Fire Marshall may operate to place an extreme liability on the Owner in the event that a person or property is damaged in a fire and regulations concerning fire detectors have not been followed.

e. **Liability Insurance:** Owner agrees to carry comprehensive general liability insurance in an amount not less than \$300,000. Agent to be named as an additional insured and to be sent a copy of the endorsement adding him to the insurance coverage.

f. **Habitability:** Owner warrants that the premises are habitable and that they are in compliance with all state and local ordinances relating to rental property.

4. **NOTICE:** All written notices to the Owner may be addressed and mailed to the Owner at 465 North Lake Rd. and mailed to the Agent at #1 Office Park Circle, Suite 100, Birmingham, Alabama 35223.

5. **BINDING AGREEMENT:** This agreement shall be binding upon and will inure to the benefit of the parties hereto, their representatives, successors, heirs or assigns.

6. **DISCRIMINATION:** It is illegal to discriminate in the sale or lease of real estate because of race, religion, sex, handicaps, national origin, or familial status.

7. **OWNER'S WARRANTY:** The Owner warrants that he is the Owner of the property described herein or that he has the authority to execute this agreement.

8. **ATTORNEY'S FEES:** If a party hereto goes to court to enforce his rights hereunder, the party that prevails shall be entitled to recover reasonable attorney's fees and other associated costs.

9. **RECORDING:** It is agreed that this agreement may be recorded in the public records.

10. **FACSIMILE SIGNATURE:** It is agreed that a signature on this agreement received by either party by facsimile shall be as binding as an original signature.

12. **PAYING EXPENSES:** Agent agrees to be responsible for paying bills for property taxers, property insurance, termite bond renewals, fire dues, annual garbage/trash fees, etc. after Owner has directed him to make such payments in writing.

13. **CONDITION OF PROPERTY:** Owner will deliver property to Agent prior to first lease in a condition to include clean carpets, clean appliances, gutters cleaned, yard cut, bushes trimmed, and painted surfaces in good condition. Should the property be delivered not in this condition, Agent is directed to make repairs at Owner's expense to bring it to that condition.

14. **WHOLE AGREEMENT:** This agreement expresses the whole and entire agreement between the Owner and Agent with reference to Agent's responsibilities in connection with the management of the described property and this agreement may not be changed or modified in any way other than by in writing.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this 28th day of July, 2003.

Patricia C. Gessick, Owner

_____, Owner

[REDACTED] Social Security Number

RUDULPH REAL ESTATE, INC.

Samuel Rudolph

By its President
Revised 7/02

Secretary