



Investor Risk Disclosure and Self-Accreditation

Grace Management is engaged in the business of property management. Our role is to provide a legally compliant, professional management experience that minimizes the risks associated with owning and leasing residential real estate. However, owning rental property inherently involves legal, regulatory, and financial risks beyond Grace Management's control.

Grace Management makes no guarantees as to the financial performance of your property or any tenant placed within it. The success of your investment depends on a variety of factors, including market conditions, property condition, tenant behavior, and your own financial readiness to absorb normal investment risks.

By signing below, I acknowledge the following:

I understand that owning rental real estate carries inherent risks, including but not limited to:

- Periods of vacancy and loss of rental income
- Tenant non-payment or late payment of rent
- Property damage caused by tenants or third parties
- Unexpected repairs, maintenance, or capital expenses
- Changes in market rental rates or local regulations
- Legal expenses related to lease enforcement or eviction

I acknowledge that Grace Management cannot guarantee the financial performance of the property, the behavior of tenants, or uninterrupted rental income.

I affirm that I have adequate financial resources to engage in rental property ownership and to cover expenses associated with vacancy, non-payment, or repairs. As a general guideline, I maintain a financial reserve equivalent to at least three months of rent per property under management.

I acknowledge that I have reviewed and understand the risks described in this disclosure and am proceeding with full awareness of these potential outcomes.

Portfolio Name: _____

Property Address(s): _____

Signature(s): _____

Date: _____



PROPERTY MANAGEMENT AGREEMENT

1. Parties:

1.1 The parties to this agreement are: **Owner:** _____
Broker: Grace Management & Investment Corporation ("Broker"),

1.2 **Owner** warrants that Owner is the sole Owner of the Property or has unconditional authority to execute this Agreement on behalf of any Co-Owner.

1.3 **Employment of the Broker:** Owner hereby employs the Broker as Owner's sole and exclusive Agent and Broker to rent, manage, maintain and operate the property described below.

2. **Property Address:** _____ **County:** _____

3. **Term:** This agreement shall commence on _____ and shall automatically renew on a month-to-month term until either party terminates by providing at least 30 days written notice prior to the end of the month to the other party.

4. **Compliance with the Law:** The parties will comply with all obligations, duties, and responsibilities under all Colorado and Federal laws, including fair housing laws, and any other statute, administrative rule, ordinance, or homeowner's association covenant applicable to the property. Owner acknowledges that as a Colorado property management company, Broker is subject to regulation by the Colorado Real Estate Commission and must comply with Colorado Real Estate Commission rules and regulations in the formation of this contract, and the performance of its duties under this Agreement.

5. **Reserves:** Owner will deposit \$ _____ with Broker to be held in a trust account as a reserve for Owner. Broker may, at Broker's discretion, use the reserve to pay any expense related to the leasing and management of the Property (including Broker's fees). Broker may increase this reserve amount at any time, with notice to Owner, should Broker determine it is necessary for anticipated property expenses or other reasons as determined appropriate by Broker. If the balance of the reserve becomes less than \$ _____ at any time, Broker may withhold disbursements to owner until the reserve is replenished. Broker is not obligated to advance any money to Owner or on Owner's behalf. In the event that the reserve balance is at any time insufficient to pay disbursements due, Owner will, immediately upon notice, remit to Broker sufficient funds to cover deficiency and replenish the reserve. If Broker does advance funds on Owner's behalf, then any funds not paid to Broker within 10 days of request, will bear interest at a rate of 4% per month.

6. Authority of the Broker:

6.1 **Leasing and Management Authority:** Owner grants to Broker the following authority, which Broker will exercise at Brokers discretion:

A. Advertise and show the Property for rent at Owner's expense by means and methods that Broker determines are reasonably competitive.

B. Negotiate and execute leases on Owner's behalf for the Property at market rates and on competitively reasonable terms. Broker shall, at Brokers discretion, establish, maintain, and terminate tenancies with tenants of the Property. The Broker shall have sole responsibility for establishing the terms and conditions for tenancies of the Property, including but not limited to approving applicants, establishing rents, deposits, fees, pet terms, and lease terms and conditions. Broker shall not be required to present all offers to lease.

C. Terminate leases for the Property, negotiate lease terminations, and serve notices of termination; Settle, compromise, or withdraw any eviction or collection action; Negotiate and make reasonable concessions to tenants or former tenants in the Property.

D. Security deposits shall be held by Broker in a trust account on behalf of Owner and financial responsibility of such security deposits is that of Broker. The disposition of the security deposits of all tenants, whether the deposit is held by the Broker or the Owner, shall be the sole discretion of Broker. Any trust account Broker maintains under this agreement may be an interest-bearing and Broker may retain any interest.

E. Institute and prosecute, at Owner's expense, actions to evict tenants in the Property, recover possession of the Property or hire collection agency to recover lost rent and other damages; Broker shall have authority on behalf of the Owner to terminate any lease or rental agreements covering the Property, to execute and serve such legal or other notices as Broker deems appropriate, to institute legal actions for the benefit of, and at the expense of, Owner for the purpose of evicting tenants in default and to recover possession of the Premises, to recover unpaid rents and other sums due from any tenant to settle, compromise and release claims by or against any tenant, and to employ attorneys for payment of rent. Owner agrees that Broker is not responsible for the collection of delinquent accounts. Broker assumes no liability for monies that are uncollectible or for any damages or costs related to the tenancy and the property.

F. Hire contractors to repair, maintain, or alter the Property provided that Broker does not expend more than \$500 for any single repair, maintenance item, or alteration without Owner's consent, unless the repair is deemed necessary by Broker.

G. Hire contractors to make emergency or necessary repairs to the Property, without regard to the expense limitation above, that Broker determines are necessary or to protect the Property or the health or safety of a tenant. Broker may contract for annual preventative maintenance at the expense of the Owner.

H. Contract, at Owner's expense, in Owner's name for all utilities and maintenance to the Property, and other regularly recurring expenses that Broker determines are reasonable to maintain and care for the property.

I. Perform other services deemed necessary by Broker, related to the leasing and management of the Property.

6.2 Record Keeping:

A. Broker will maintain accurate records related to the Property and file Form 1099 with the Internal Revenue Service related to funds received on behalf of Owner.

B. Broker will remit, on or about the 10th day of each month, the following items to Owner: funds transferred electronically, collected by Broker for Owner under this agreement less deductions and charges, directly to Owner's bank account; and a statement of disbursements, delivered electronically.

6.3 Deductions and Offset: Broker may disburse from any funds Broker holds in a trust account for Owner: Any compensation or reimbursement due Broker or other vendors under this agreement.

7. Owner's Representations:

A. Owner is not delinquent in the payment of any property taxes, Owner's association fees, property insurance, mortgage, or any encumbrance on or affecting the Property.

B. The Property is not subject to a lis pendens or any legal action.

C. Owner agrees to furnish Broker with funds, as requested by Broker, as needed to cover all fees, repairs, and maintenance.

D. Owner and Broker are obligated under law to disclose to a tenant or to a prospective tenant any known condition that materially and adversely affects the health or safety of a tenant. Owner is obligated under the Colorado Warranty of Habitability law to repair any such condition for a tenant, Owner represents that Owner is not aware of a condition concerning the Property that materially affects the health or safety of a tenant.

8. Owner's Cooperation; Owner agrees to:

A. Not hold Broker responsible for personal property left by the Owner on the Property. Owner will remove all personal property from the Property.

B. Not contact, deal with, or negotiate with any prospective or current tenant in the Property concerning any matter related to the management or leasing of the Property, but refer all such dealing to Broker.

C. Not enter into a listing agreement or property management agreement with another Broker for the rental, leasing, or management of the Property to become effective during this agreement.

D. Retain only insured and licensed contractors, sub-contractors and/or vendors to perform repair or maintenance services on the Property.

E. Not list the property for sale except during the last 30 days of any lease agreement and with prior written notice to Broker.

F. Abide by all Federal, State, and Local Fair Housing Laws.

G. If the Property is vacant, the Owner may choose to coordinate repairs, however during this time period Broker will not advertise the property for rent until the repairs are completed.

H. If Owner does NOT want Broker to perform a lease renewal, Owner must notify Broker in writing a minimum of 120 day prior to the lease expiration date.

9. Insurance: At all times during this agreement, Owner must maintain in effect and deliver copies to Broker:

A. A public liability insurance policy (Landlords Policy) that names Broker as a co-insured or additional insured and covers losses related to the Property in an amount of not less than \$500,000 per occurrence.

B. An insurance policy for the Property in an amount equal to the reasonable replacement cost of the Property's improvements and that contains endorsements which contemplate the leasing of the Property with vacancies between lease terms.

10. Broker Fees:

This Paragraph 10 survives termination or expiration of this agreement with regard to fees earned during this agreement, which are not payable until after its termination. Broker may deduct any fees from any funds Broker holds in trust for Owner.

A. Management Fees: Each month Owner will pay Broker ____ % of the gross monthly income collected that month, paid in advance. Gross income shall include all rents and other income including tenant rent credits, move-in specials, forfeited security deposits, funds collected by collection agency, and other miscellaneous income.

B. Marketing: When a property is advertised for rent, Owner will pay Broker a one-time marketing investment of \$200, due, and payable at the time the property is advertised for rent.

C. Leasing Fees for New Tenancies: Each time the Property is leased to a new tenant, Owner will pay Broker a leasing fee equal to 50% of one full month's rent, due and payable at the time the lease is executed.

D. Lease Renewal: Each time a tenant in the Property renews or extends a lease, Owner will pay Broker a renewal fee of \$250, due, and payable at the time the lease is executed.

E. Vendor Oversight / Repair Coordination: Any vendor invoice will be billed to Owner at a rate of cost plus 10%.

10.1 Fees charged to Tenants:

Broker may charge any of the below fees directly to tenants as Broker sees fit and Broker will retain such fees as compensation under this agreement and need not account to Owner for such fees:

Rental application fees, posting fees, lease admin fees, returned check fees, late fees, or other customary fees.

Broker may receive credit card reward points or bank earnings credits while engaged in the business of property management.

11. Management services do not include:

Normal property management does not include monthly inspections, representation at court hearings, depositions, homeowner meetings, providing on-site management, property sales, preparing Property for sale, supervising and coordinating modernization, rehabilitation, fire or major damage restoration projects; obtaining income tax, accounting or legal advice; advising on proposed new construction, debt collection, counseling, legal proceedings, or insurance related paperwork and estimates. If Broker performs services not included in normal property management or specified above, Owner shall pay Broker a fee of \$100 per hour.

12. Liability and Indemnification:

A. Owner is responsible and liable for all contracts and obligations related to the Property (for example, maintenance, service, repair, and utility agreements) entered into before or during this agreement by Owner or by Broker under Broker's authority under this agreement. Owner agrees to hold Broker harmless from all claims related to any such contracts.

B. Owner agrees to protect, defend, indemnify, and hold Broker harmless from any damage, costs, attorney's fees, and expenses that:

- (1) Are caused by Owner, negligently or otherwise;
- (2) Arise from Owner's failure to disclose any material or relevant information about the Property;
- (3) Are caused by Owner giving incorrect information to any person; or
- (4) Are related to the management of the Property and are not caused by Broker, negligently or otherwise.
- (5) Owner represents that the Property complies with the legal requirements regarding carbon monoxide.

Landlord agrees to indemnify and hold Broker harmless if the Property does not comply with the legal requirements referenced.

C. Broker is not responsible or liable in any manner for:

- (1) Any late fees or other charges Owner incurs to any creditor caused by late or insufficient payments by any tenant in the Property; or
- (2) Damages to Property, or Owner, caused by a tenant's breach of a lease.
- (3) Any liabilities for bankruptcy or failure of the bank where escrow funds are deposited.

D. Broker is not responsible or liable in any manner for personal injury to any person or for loss or damage to any person's real or personal property resulting from any act or omission not caused by Broker's negligence, including but not limited to injuries or damages caused by:

- (1) Other Brokers, their associates, inspectors, appraisers, and contractors who are authorized to access the Property;
- (2) Acts of third parties (for example, acts of God, vandalism, theft, or criminal acts);
- (3) Freezing or leaking water pipes including damage to sprinkler systems due to freezing temperatures.
- (4) A dangerous condition or environmental condition on the Property; or The Property's non-compliance with any law or ordinance.

E. Owner agrees that in all cases, Brokers liability under this contract is limited to the amount of management fees that Broker has charged to Owner.

13. Attorney's Fees: If Owner or Broker is a prevailing party in any legal proceeding brought as a result of a dispute under this agreement or any transaction related to or contemplated by this agreement, such party will be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees not to exceed \$1,000.

14. Agreement of Parties:

A. Entire Agreement: This document contains the entire agreement of the parties.

B. Assignments: Broker may assign its rights and delegate its duties under this agreement without Owner's consent, provided that the assignee agrees to assume and perform each and every covenant and term of this agreement applicable to Broker.

C. Binding Effect: Owner's obligation to pay Broker an earned fee is binding upon Owner and Owner's heirs, administrators, executors, successors, and permitted assignees.

D. Joint and Several: All Owners executing this agreement are jointly and severally liable for the performance of all its terms. Any act or notice to, refund to, or signature of, any one or more of the Owners regarding any term of this agreement, its extension, its renewal, or its termination is binding on all Owners executing this agreement.

E. Governing Law: Colorado law governs the interpretation, validity, performance, and enforcement of this agreement.

F. Severability: If a court finds any clause in this agreement invalid or unenforceable, the remainder of this agreement will not be affected, and all other provisions of this agreement will remain valid and enforceable.

G. Notices: Notices between the parties must be in writing and are effective when sent to the receiving party's address, or e-mail address. All terms and conditions of this agreement are subject to change by Broker, with a 30-day notice to Owner.

H. Fair Housing: Federal and State fair housing laws require the Property to be shown and made available to all persons without regard to race, color, religion, national origin, sex, disability, age, familial status, marital status, sexual orientation / transgender status. Owner agrees that Broker has to comply with all fair housing legal requirements at all times. Owner acknowledges that liability for failure to comply with fair housing legal requirements also extends to Landlord. Owner agrees to comply with all fair housing legal requirements at all times. Owner shall not directly or indirectly cause Broker to violate any fair housing legal requirements. Owner shall not issue any directive to Broker, take any action, or exercise any discretion if the result would cause Broker to be liable for violation of any fair housing legal requirement. Owner agrees to not limit Broker's ability to comply with all fair housing legal requirements.

J. Smoke and CO Detectors: Colorado law requires smoke and carbon monoxide detectors be installed in rental property. These devices will be checked, and fresh batteries installed, or devices replaced, each time a new tenant occupies the property, at the Owner's expense.

K. Locks: Locks will be rekeyed each time a new tenant occupies the property, at the Owner's expense.

L. Normal Wear and Tear: The Owner understands that some "wear and tear" expenses will occur and that these costs cannot be charged to a Tenant and realizes Owner will incur these expenses. Upon renting, the law recognizes the property as a business and requires Owner to expect some expenses for cleaning and maintenance as "normal wear and tear" while operating a rental property.

M. Service Animals: Owner understands that state and federal law govern "service animals" and "emotional support animals", and those animals are NOT legally considered pets, and therefore pet policies do not apply.

N. Termination: If this Agreement terminates before, at the same time, or within 60 days after an expiring tenant lease agreement, the Owner shall be responsible for completing the security deposit disposition to the tenant or ex-tenant. All funds shall be distributed to Owner within 60 days of the termination date.

O. Legal Advice: Broker cannot give legal advice. READ THIS AGREEMENT CAREFULLY. If you do not understand the effect of this agreement, consult an attorney BEFORE signing.

P. In the case of a pending foreclosure, Broker may freeze all Owner related funds and withhold disbursements.

Q. THIS FORM HAS NOT BEEN APPROVED BY THE COLORADO REAL ESTATE COMMISSION. IT WAS PREPARED BY GRACE PROPERTY MANAGEMENT & REAL ESTATE'S LEGAL COUNSEL, TSCHETTER SULZER, PC.

Signatures

In Witness Whereof, the parties hereto have affixed or caused to be affixed their respective signatures dated: _____

Owner 1 Name – print

Owner 2 Name – print

Owner 1 Name - signature

Owner 2 Name - signature

Broker: Grace Management & Investment Corporation

Date

Risk Mitigation Guarantee



Question: What if my tenants' pet causes damage?

Answer: Grace Management will pay



Question: What if my tenant has to be evicted?

Answer: Grace Management will pay

As a Grace Management owner-client you can relax and let us handle everything, including two of the biggest risks that a landlord may face: eviction expenses and pet damage.

How can we do this?

Because our screening is so good, and our processes are so tight, we are able offer you this free service.

Our risk mitigation guarantee will reimburse you up to \$1,000 in eviction fees, or \$1,000 in pet damage (to a maximum of \$1,000 per lease) if these costs exceed the amount of the tenants' security deposit.

Event: \$ Coverage Amount

EVICTON FEES

\$1,000

PET DAMAGE

\$1,000

***maximum payout per lease not to exceed \$1,000**

Plan Administration / Eligibility Requirements:

Landlord account with Grace Management must be in good standing and with no violations of the terms of the Residential Management Agreement. Termination of the Residential Management Agreement shall cause enrollment in Risk Mitigation to immediately terminate and Grace Management shall not be responsible for any claims either past or future.

Resident must have been procured by Grace Management and on a Grace Management lease agreement.

In the event a resident defaults on the payment or rent, Grace Management will have the sole right and sole discretion to institute legal proceedings for an eviction.

All legal fees incurred or charges for pet damage will first be billed to the resident. Grace Management will first attempt to collect funds from resident to reimburse owner. If Grace Management does not collect these funds from resident, then Grace Management will pay these expenses within the coverage limits stated above.

All amounts due from resident for legal fees or pet damage will first be deducted from the residents security deposit, and Grace Management will pay any amount over the security deposit to the maximum payout amount. Grace Management will have a first claim position against resident for any payment(s) recovered.

The maximum payout by Grace Management per lease agreement will not exceed \$1,000.

All payouts by Grace Management will be made after the resident has vacated the premise and after the completion of the security deposit disposition by Grace Management.

Any lease administration fees charged to the resident will be retained by Grace Management.

This guarantee applies only to animals that have been reviewed and formally approved by Grace Property Management. The guarantee does not apply if a resident maintains any unapproved animal. Service animals and emotional support animals are expressly excluded in accordance with applicable Fair Housing regulations. This guarantee applies solely to evictions resulting from non-payment of rent. It does not apply to evictions for lease non-compliance, violations, or no-fault actions, including non-renewals.

Due to federal and state-regulated screening requirements, this guarantee does not cover eviction-related costs for any resident participating in a government-subsidized housing program, including but not limited to Section 8.

Grace Property Management reserves the right to determine eligibility for this guarantee based on documented compliance with company policies and applicable law.