Commercial Property Management Agreement

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This owner-side agreement hires a manager (usually a brokerage or management company) to run a single commercial property: collect rent, maintain the building, handle tenants, keep the books, and report back. Replace every [BRACKETED] item, choose among the options, and delete any clause you do not use. Written for a single commercial property.

Parties and Property

This Property Management Agreement ("Agreement") is effective as of the date below, between the Owner and the Manager identified here, concerning the commercial property described below (the "Property").

Effective date: ____

Owner

Owner legal name: ____

State of formation: ____

Entity type (LLC / corporation / individual): ____

Owner notice address: ____

Manager

Manager legal name: ____

State of formation: ____

Entity type: ____

Real estate license no. and state: ____

Manager notice address: ____

Property

Property address: ____

Legal description: ____

1. Appointment and Term

Owner appoints Manager as the exclusive manager of the Property. The initial term runs from the start date to the end date below.

Start date: ____

End date: ____

[OPTIONAL] The Agreement renews for successive [one-year] periods unless either party gives written notice of non-renewal at least [90] days before the end of the then-current term.

Renewal period (if any): ____

Non-renewal notice days: ____

2. Manager's License (Warranty)

Manager warrants that it holds, and will maintain throughout the term, every license required by the state where the Property is located to perform the services in this Agreement, including any required real estate broker's license. A false answer here is a breach of contract, not just a regulatory problem.

Manager broker license no.: ____

Licensing state: ____

License expiration date: ____

[ ] Verified the license on the state real-estate commission's lookup page

3. Manager's Services

Manager will, at Owner's expense and per the standards in this Agreement:

- (a) collect rents, common-area charges, and other amounts due from tenants;
- (b) maintain the Property, arrange repairs, and hire vendors;
- (c) market vacant space and negotiate leases and renewals on lease forms approved by Owner in writing;
- (d) respond to tenant requests and enforce leases, engaging counsel approved by Owner for evictions or litigation;
- (e) keep complete books and records for the Property; and
- (f) perform routine inspections at least [quarterly].

Inspection frequency: ____

4. Spending Limit

Manager may incur ordinary repair and operating expenses up to the per-item limit below without prior approval. Any expense above that amount, any capital improvement, and any contract longer than the term below requires Owner's prior written approval, except that Manager may act without approval in an emergency threatening life, safety, or the Property, and must notify Owner within the emergency-notice window below.

Per-item spending limit ($): ____

Maximum contract length without approval (months): ____

Emergency notice window (hours): ____

5. Leasing Authority

Manager may negotiate leases and renewals within the rent, term, and concession parameters in Schedule A. Any lease outside those parameters requires Owner's prior written approval.

Choose one signing arrangement:

[ ] Owner signs all leases

[ ] Manager may execute leases within Schedule A parameters on Owner's behalf

6. Trust Account

Manager will deposit all rents, security deposits, and other funds collected for the Property into a trust/escrow account maintained as required by the license law of the state where the Property is located, separate from Manager's own funds. Manager will disburse from that account in this order: operating expenses, Manager's compensation due, reserves, and the balance to Owner by the payout day below each month. Manager will hold the operating reserve below.

Account type (choose one):

[ ] Trust account

[ ] Escrow account

Trust-account bank name: ____

Trust-account number (last 4): ____

Owner payout day of each month: ____

Operating reserve to hold ($): ____

[ ] Owner has read-only online access to the trust account

7. Compensation

Owner will pay Manager as set out below. Manager will not collect any other fee, markup, or rebate from the Property, its tenants, or its vendors unless disclosed in this Agreement or approved in writing.

(a) Management fee

A management fee of [X]% of gross rents actually collected each month, or a fixed fee. The base must be rent collected, never rent billed.

Management fee (% of collected rent) or fixed monthly fee ($): ____

(b) Leasing fee

Leasing fee ($ or % of first-year base rent per new lease): ____

(c) [OPTIONAL] Construction-supervision fee

Construction-supervision fee (% of cost of Owner-approved capital projects over $____): ____

8. Expense Reimbursement

Owner reimburses Manager for out-of-pocket Property expenses documented with invoices or receipts. Manager's own overhead (office, staff salaries, travel to the Property) is included in the management fee and is not reimbursable unless listed in Schedule B.

9. Reporting

By the reporting day below each month, Manager will deliver a statement for the prior month showing rents billed and collected, delinquencies, expenses paid with copies of invoices over the threshold below, the trust-account balance, and a variance report against the annual budget. Manager will propose an annual operating budget for Owner's approval the number of days below before each calendar year.

Monthly reporting / statement day: ____

Invoice-copy threshold ($): ____

Annual budget proposal lead time (days): ____

10. Owner's Duties

Owner will:

- (a) fund the reserve and any shortfalls promptly;
- (b) maintain property and liability insurance on the Property, naming Manager as an additional insured;
- (c) provide existing leases, contracts, and warranties; and
- (d) not unreasonably withhold approvals required by this Agreement.

11. Manager's Insurance

Manager will maintain, at its expense, commercial general liability insurance of at least the amount below per occurrence and, if Manager provides advice or handles funds, errors-and-omissions coverage of at least the amount below, each with certificates delivered to Owner. Vendors hired for the Property must carry liability coverage naming Owner and Manager as additional insureds.

Commercial general liability limit per occurrence ($): ____

Errors-and-omissions (E&O) coverage limit ($): ____

[ ] Certificates of insurance delivered to Owner

12. Indemnification

Owner will defend and hold Manager harmless from claims arising from the condition of the Property or Owner's acts, except to the extent caused by Manager's negligence or misconduct. Manager will defend and hold Owner harmless from claims arising from Manager's breach of this Agreement, negligence, willful misconduct, or violation of law, including license law and fair-housing or accessibility requirements.

13. Termination

Either party may terminate:

- (a) for cause, if the other party materially breaches this Agreement and fails to cure within the cure period below after written notice (no cure period for misuse of trust funds or loss of required license); or

- (b) for convenience, on the notice period below.

[OPTIONAL] Termination for convenience is subject to a wind-down fee if terminated in the first [12] months. On termination, Manager will, within the transition window below, deliver to Owner all keys, records, tenant files, and funds (less earned fees), and will cooperate in transitioning the Property to Owner or a new manager.

Cure period (days): ____

Convenience-termination notice (days): ____

Wind-down fee, if any ($) and window (months): ____

Transition delivery window (business days): ____

14. Independent Contractor; Assignment

Manager is an independent contractor, not Owner's employee or partner. Neither party may assign this Agreement without the other's written consent.

15. General

This Agreement is governed by the laws of the state where the Property is located. Notices go in writing to the addresses above. This is the entire agreement and may be amended only in a writing signed by both parties.

Governing-law state (the Property's state): ____

Signatures

Owner

Signature: ____

Printed name: ____

Title: ____

Date: ____

Manager

Signature: ____

Printed name: ____

Title: ____

License #: ____

Date: ____

Schedule A — Leasing Parameters

Set the boundaries within which the Manager may negotiate (and, if authorized, sign) leases.

Rent floor (minimum $/sq ft or $/month): ____

Maximum lease term: ____

Allowed concessions (free rent, TI allowance, caps): ____

Schedule B — Reimbursable Overhead Items

List any overhead items the parties agree are reimbursable beyond the management fee. If none, write "None."

Reimbursable item 1: ____

Reimbursable item 2: ____

Reimbursable item 3: ____

Two Drafting Notes

First, Section 7 says "actually collected" on purpose; it is the single most valuable phrase in the document. A fee on billed rent pays the manager in full while a tenant sits ninety days delinquent; a fee on collected rent puts the manager's paycheck on the same side as yours.

Second, Section 13's transition duties are what keep your records and rent from being held hostage when the relationship ends.

Authority Matrix (Reference)

Sections 4 and 5 implement the middle column below. Adjust the thresholds to your building's size.

Decision	Manager acts alone	Owner approval required
Repairs & operating costs	Up to the per-item limit (e.g. $2,500–$5,000)	Anything above the limit; all capital improvements
Emergencies	Act first if life, safety, or the building is at risk	Notice to owner within 24 hours after
Vendor contracts	Short-term, ordinary services	Contracts beyond 12 months or above the limit
Leasing	Renewals and new leases inside Schedule A parameters	Any lease outside the parameters; signature itself, if owner keeps it
Evictions & lawsuits	Prepare and coordinate	Filing, and the choice of attorney
Setting the annual budget	Proposes	Approves

Fee Structure (Reference)

Commercial management compensation is usually a stack of fees rather than one number. Negotiate each line; percentages vary by market, property type, and size.

Fee	What it is	What to negotiate
Base management fee	Monthly percentage of gross rents, or a flat fee	The base must be rent collected, never rent billed

Fee	What it is	What to negotiate
Leasing fee / commission	One-time fee per new lease, often tied to first-year rent	Who pays when an outside broker is also involved
Construction supervision	Percentage of capital-project cost for overseeing the work	Applies only to owner-approved projects above a threshold
Setup / onboarding fee	One-time charge to take over the books and files	Waive it on longer initial terms
Termination / wind-down fee	Charge for ending early for convenience	Cap it, and exclude termination for cause
Vendor markups & rebates	Surcharges on repairs, or kickbacks from vendors	Prohibit unless disclosed and approved in writing (fiduciary duty)

INSTRUCTIONS FOR USE

How to use this template: (1) Check the manager's real estate broker license on your state real-estate commission's lookup page BEFORE signing, and record the license number in Section 2. (2) Replace every [BRACKETED] item and each blank line; delete any clause or option you do not use. (3) Keep the fee base on rent "actually collected," never billed (Section 7). (4) Confirm rents and deposits go into a separate trust account with monthly statements (Section 6). (5) Set the governing law to the Property's state (Section 15). (6) Complete Schedules A and B, then have both parties sign. This template is informational only and not legal advice; laws vary by state and change over time. Consult a licensed attorney for advice specific to your situation.