

A background photograph of a house with a dark roof and light-colored siding, partially obscured by a tree with yellowing leaves in the foreground. A semi-transparent blue banner is overlaid on the bottom half of the image.

How To Choose A Property Management Company

STEP 01 : Create a Shortlist of Companies to Consider



Tap into your network – do your investing peers have recommendations? Does the local real estate investment association have ratings or recommendations for property managers? What can you find searching

online through Google, Yelp, etc.?

Filter through the companies available in your property's area, and see if you can find quick answers to some of the most important questions:

- How long have they been in business?
- How many properties do they manage?
- Do they have a team large enough to handle their management load?
- Do they have an office close by for easy tenant interactions?

If you're able to find the right answers to some of these most important questions, you can narrow down your list of candidates.

STEP 02 : Reach Out With Questions



Once you've compiled a list of companies to investigate further, it's time to start reaching out! Start a conversation with each company you are considering. Continue the conversation with those who respond promptly with useful information and great customer service.

Asking the right questions is important at this stage; if the companies can easily and confidently answer the following questions, they are worth considering further.

HOW LONG HAVE YOU BEEN MANAGING PROPERTIES?

You may have already tried to answer this question yourself, but it's valuable to see what the firm will say in response to being asked this question directly. Many brokers are taking on properties while sales are sluggish. These brokers may not know how to handle certain risky situations that may occur on your property. The mishandling of these situations may cost you more than you think. Time does mean experience in this industry.

HOW MANY PROPERTIES DO YOU MANAGE?

Make sure the firm manages enough properties to know what they are doing, but not so many that you become just a number.



HOW MANY PEOPLE DO YOU HAVE ON YOUR TEAM?

You don't want a one-man shop that could be juggling too many properties. Your property might end up on the back burner. In addition, small offices can lack the resources to immediately address a problem or situation before it escalates into a larger issue. Finding an experienced company with a dedicated team of Property Managers will ensure you are taken care of.

CAN I GET REFERENCES FROM AT LEAST 3 OWNERS YOU CURRENTLY WORK WITH?

Any reputable company that has been in business for a few years will have references that are happy to talk with you about their management experiences.



HOW WILL YOU MARKET MY PROPERTY?

Office policy manuals explain the how to's and what if's and should be in every licensed property management office. This living document spells out how to handle specific situations, reducing the risk to you the investor.

WHAT IS YOUR TENANT SCREENING PROCESS?

This is a critical question to ask. The screening process utilized should be comprehensive. Quality companies will have an applicant complete a tenant application. Important screening categories include applicants' monthly income, employment history, credit check, criminal history, eviction history, and sexual predator history.

CAN I REVIEW YOUR LEASE AGREEMENT?

A bullet proof lease is your best defense against a tenant that is trying to take advantage of a situation. Not all lease agreements are created equally, and it's important to review the lease a property management company uses on your behalf with your lawyer.



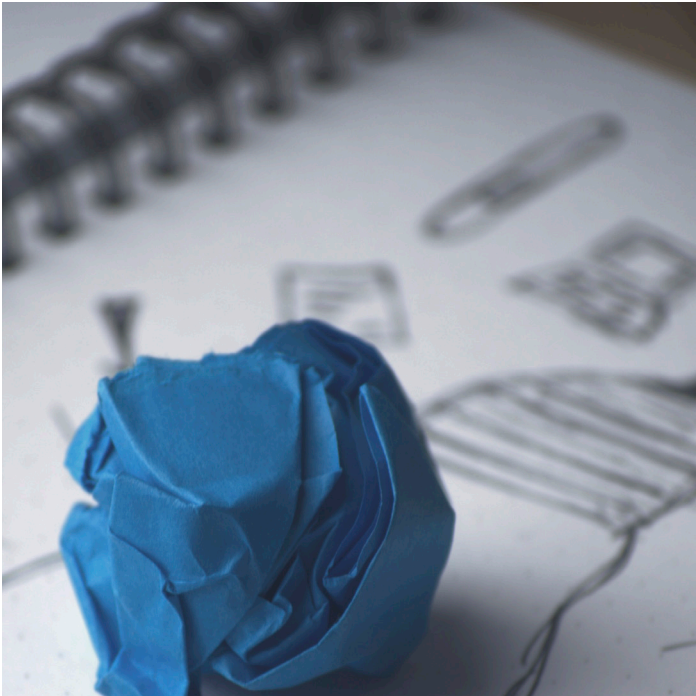
HOW DO YOU HANDLE MAINTENANCE REQUESTS?

Someone should be available 24/7 to handle maintenance requests. After an issue has been reported to the management company, the company should dispatch a qualified technician to first determine whether the repair is general wear and tear or tenant negligence.

Vendors and in-house employees should operate under a signed Service Level Agreement and should be considered professionals in their respective fields offering exceptional value.

IS YOUR PRIMARY SERVICE PROPERTY MANAGEMENT OR SALES?

This can be a significant trade off. When the real estate sales market is hot, little time may be given to a rental if the staff is busy buying and selling homes. Established property management companies will have dedicated property management staff to make sure your rental is given the attention it deserves.



WHAT TRAINING AND LICENSING DO YOU HAVE?

Both the Property Manager and the Management Company must be licensed with the state of Colorado and should be members of some of the following professional associations:

- National Association of Residential Property Managers (NARPM)
- National Association of Realtors (NAR)

HOW WOULD YOU RESPOND TO A DIFFICULT SITUATION WITH A TENANT?

Managers that have been around the block should be prepared for any role playing situation. Many good companies include role playing as part of their weekly training program.

Example role play questions:

- What will you do if the tenant can't pay rent?
- What will you do if they buy a dog or cat?
- What will you do if there is domestic violence?
- What will you do if the boyfriend moves in?

Ask some tough questions and make sure you're happy with the responses!



WHAT IS YOUR TENANT DELINQUENCY RATE AND WHAT HAPPENS WHEN RENT ISN'T PAID?

This process should be spelled out clearly by the company. Progressive companies will track their internal tenant delinquency rate monthly and should be able to share that information with prospective clients.

The delinquency process and eviction process should be very clear and the company should have plenty of experience executing both processes. If eviction legal costs are to be paid by you, the chance of eviction and the costs should be discussed up front.

WHAT INSURANCE DO YOU CARRY AND WHAT SHOULD I CARRY?

Inadequate insurance can leave the owner high and dry if a catastrophe happens. Most management companies are required to carry Errors and Omissions insurance as well as general liability. Minimum coverage should be \$1M.

Most insurance companies require the owner to carry a Landlords Policy that can provide additional coverage and protection.

HOW OFTEN WILL YOU INSPECT MY PROPERTY?

Some type of walk through or inspection should be performed at least annually to assess the condition of the property and address any corrective or preventative maintenance.

STEP 03 : Interview the Finalists



Using the answers to the above questions, you should have no trouble picking out the top 2 or 3 firms from your initial list. Whenever possible, an in-person meeting with a representative from the company is a great way to make your final selection. If possible, visit their office, and get a feel for how they do business, and whether you'd be comfortable with them representing you to your tenants.



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