

# What to Look For in a Property Management Company

If you own rental properties and don't have the time or inclination to manage them yourself, you are probably in the market for a property management company.

A quick online search reveals a lot of companies that advertise themselves as property management companies, and they all offer pretty much the same buffet of services.

So how do you decide which one should be entrusted with taking care of your real estate assets?



When you boil it all down, there are just five fundamental factors to consider as you weigh one company against another, and here they are:

- The property **manager**
- You, the property **owner**
- The **tenants** who occupy your property
- The **property** itself
- The **money** that flows among all of the above

Let's look at each of these factors in a little more detail.

## #1 The property managers



**Who are these people?** Remember you are actually hiring *people* to manage your property, so get to know the specific people who will actually be doing the work. Also, find out if the company principals invest in real estate. If so, that means they're more likely to understand what owners are looking for.

**What is their history and current status?** Find out about the company's background, length of time in business, number of units managed. Ask about ratio of staff members to units managed.

**Are they professionals?** Does the company specialize in property management or is it just a side business? Do the staff members hold professional credentials within their industry? Do they have the required licenses? Does the company have written policies that reflect industry best practices?

## #2 Owner relations

**The priority of *your* goals.** See if the manager asks first about your goals for your investments. Or do they just talk about what they will do with your property? If they're not focused on you and your priorities at the beginning, they won't be once you sign an agreement.

**A well-defined relationship.** They should have an extensive and clear management agreement that protects your interests. Beware the contract that locks you into a long-term relationship. You should be able to fire the company at any time if you're not satisfied with their service.

**Communication.** How does the property manager communicate with his or her owners, and how often? Will he or she be accessible or will you only get to talk to a receptionist when you call? Is there an automated management system where owners have ready access to data about their properties and finances? Does the manager provide year-end reporting for tax purposes?



## #3 Tenant relations



**Your all-important customers.** Make sure the manager shows an understanding of how critical customer service is when it comes to tenants. Your residents pay your bills and must be cared for as the vital end-users of your real estate product.

**Getting great tenants.** Talk with the prospective manager about how he or she finds the best tenants, and avoids the worst! What is the screening process? Also, be sure the lease used by the company carefully outlines the tenant's responsibilities and protects the owner's interests.

**Keeping great tenants.** What services are provided for tenants? Can they pay rent and make a service request online? How quickly is maintenance performed? Happy residents renew their leases, and renewing leases saves you a lot of money on unit turnovers.

## #4 The property

**It's your product.** Your property is the product offered in the marketplace to attract a buyer, the tenant. It is vital that the property be well-maintained, attractive, and safe for your customers.

**Maintenance.** Will routine maintenance on your houses be performed at a reasonable cost by professional maintenance technicians on the company staff or by expensive outside contractors and vendors? What is the plan for emergency after-hours maintenance calls? Does the company have a schedule for conducting preventive maintenance to protect equipment and systems?

**Capital improvements.** Make sure the management company has a plan to keep you informed about any needs for major repairs or renovations. Does the company have the experience and skilled staff to oversee major projects like roof replacement or installing new windows?



## #5 The money



**The bottom line.** Make sure the manager shows as much concern about your bottom line as you do. Management companies too often forget to feel your pain when they spend your money... or fail to collect it diligently.

**Simple, transparent charges.** Are all fees and charges spelled out in writing and is it clear what you'll be paying? Beware getting nickel and dimed to death with charges such as vacancy fees, marketing fees, charges for reporting, etc., etc.

**Rules for movement of funds.** Find out how the company handles money that moves from the tenant, through company books, and into your account. What is their management fee? Is there a required reserve amount they hold back each month? Do they get your permission to spend over a certain amount each month?

## Conclusion

When you talk with a prospective manager, keep these key concerns in mind. If you do, you should be able to identify a company that truly understands what the role of a property manager is: *to take care of your property and tenants in a manner that assures the long-term profitability of your real estate investment while relieving you of the day-to-day headaches of rental property ownership.*