



2200 E. 104th Ave, Suite 105
Thornton, CO 80233
Phone 303.255.1990
www.RentGrace.com

21 Questions For A Property Manager

I often talk with owners who are unsatisfied with the professionalism, the integrity, or the results of their property management company.

With so many different property management companies to choose from – how can you make a wise decision? I created these 21 questions to help real estate investors when they interview property managers.

I wish you success with your property!

Marc Cunningham, President

1. How long has your property management company been in business?

Many real estate agents are starting property management companies because home sales are slow. You want a company that specializes in property management & leasing and has a long track record. Don't fall for the line "our office has many years *COMBINED* experience". 20 years "combined experience" could mean 5 people with 4 years of experience each.

2. How long has the property manager you are talking with been doing property management?

The property management industry has high turnover. Will the property manager you are talking with still be around next year? Don't be the test case for a Realtor learning how to do property management!

3. How many properties do you manage and can I get references?

Make sure the company manages enough properties to show experience, but not so many that you become just a number to them. Any company can find two or three owners who like them, so to get unbiased reviews, read reviews on Google, the Better Business Bureau, and Yelp.

4. Where is your office located and in what geographic areas do you manage?

A good property management company won't try to manage everywhere. Find a company that specializes in your neighborhood and is geographically close.

5. What is the worst problem you ever encountered and how did you solve it?

An experienced property manager has encountered many challenges and should have clear and defined procedures explaining how they will respond to any problem imaginable!

6. What is your marketing program for my property?

A comprehensive marketing program will use professional signage and extensive Internet advertising. Ask how many web sites will list your property– the more the better. 60% of people looking for rentals go to more than 5 sites, 25% search more than 10 sites. You want your property listed on at least 50 unique internet sites.

7. What is your criteria for qualifying applicants and do you do it in-house?

This can be the most important aspect of leasing. When an individual is interested in renting your property they should complete a detailed rental application. The applicants' income, employment, credit, criminal, eviction, and sexual predator history should be reviewed. This information should be analyzed through a model, helping to insure you get a high quality, long term tenant. **Make sure your property management company actually calls the applicants current and prior landlords – many do not!**

8. What percentage of your tenants move before the lease term?

If tenants are being evicted or skipping out early that may mean the property management company is not doing a good job of screening applicants.

9. What percentage of your tenants renew their lease each year?

Turnover expenses represent the largest cost of doing business for a property owner. A good property management company should have at least 65% of their tenants renewing their leases each year, rather than moving out because they are dissatisfied with the management company.

10. Can I review your lease agreement?

Not all lease agreements are created equally and there is no standard Colorado state lease. Make sure the lease protects you with specific language that states the tenant may ONLY file legal claims against the management company, and not you as the Landlord. *See Grace Management lease Paragraph 34 for details.* The lease should also include addendums for lead based paint, crime free housing, mold, and pets.

11. Who takes care of maintenance requests?

The tenant should contact the management company directly for any repair problems that arise. After they have spoken to the tenant to confirm the nature of the repair issue and whose responsibility it will be, they should send out the appropriate vendor to make the necessary repairs. If a tenant has caused the damage, they should be back-billed for the cost. If the repair is due to no fault of the tenant, the cost of the repair should be billed to the Owner of the property. All vendors must be verified to have workmans comp and liability insurance coverage. Only vendors who meet high standards of quality, timeliness, and competitive pricing should be used. There must also be a 24-hour service in the case of maintenance emergencies.

12. What do you charge for management, leasing, and are there other fees?

These fees vary from company to company. Don't just look for the cheapest price. When it comes to property management the old saying is true, "You get what you pay for." Beware of companies that charge any of the following: annual administrative fee, monthly fee for management while the property is vacant, other fees above a flat percentage of actual income.

13. What happens if a tenant does not pay rent?

In the event that a tenant does not pay rent the legal eviction process must be followed closely, promptly, and carefully. The management company should handle all aspects of the eviction process including preparing and serving the appropriate legal notices, appearing in court on behalf of the Owner and if necessary, scheduling and performing a physical eviction with the county sheriff. What are the legal costs associated with this process?

14. What designations do you have? Does the Management Company have?

Both the property manager and the management company must have a current real estate license with the state of Colorado and should be members of at least some of the following professional associations:

- * *National Association of Residential Property Managers (NARPM)*
- * *IREM (Institute of Real Estate Management)*
- * *Denver Metro Commercial Association of Realtors (DMCAR)*
- * *Colorado Association of Realtors (CAR)*
- * *National Association of Realtors (NAR)*

15. What happens when the tenant moves out?

When a tenant vacates a property the management company should immediately complete a move-out inspection and handle the security deposit disposition. They should then prepare the property for a new tenant to move in as quickly as possible. This process should take days – not weeks!

16. What insurance do you carry and what should I carry?

The management company should carry at least \$1MM in coverage on both themselves and their vendors. You should carry a landlords policy that also includes coverage for lost rent in the case of destruction of the premises, and liability coverage of at least \$1MM.

17. How often will you inspect my Property?

Drive by inspections as well as interior walk-through inspections should be performed regularly and documented with digital pictures.

18. When and how do I get my money each month?

You should ask to receive your rental income no later than the 20th of the current month and through a direct deposit into your bank of choice.

19. Can you sell my property in the future?

Don't hire a sales expert who is inexperienced in property management. Rather you should choose a company that has a sales expert on their team who works exclusively with their landlords.

20. What makes you different or Why should I choose you?

Property management is very difficult and complex. Anyone can do it, but very few can do it well. Choose someone who has a proven track record of doing each aspect of property management better than the rest: from advertising to qualifying prospects to rent collection to minimizing your legal risks to maintenance to minimizing turnovers.

21. Can you guarantee my tenant will pay rent?

Most property management firms would laugh at that question – We do not. Grace Property Management has a customized program called RentProtect where we actually pay our landlords up to \$1,000 in lost rent if the resident does not pay rent, AND we pay up to \$1,000 in legal fees if we have to evict for non-payment of rent.