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Interview Questions for a Prospective Property Manager

I often talk to unhappy property owners, unsatisfied with the professionalism, integrity or results of their property management company. With so many companies to choose from, it can be difficult to identify the best one for you.

I created this 20-question guide to help real estate investors like you, better-interview prospective property management companies on the front end to help avoid future conflict.

I wish you success with your rental property!

Marc Cunningham, President

1. How long has your company been in business?

Many real estate agents have tried to compensate for slowing home sales by starting property management companies. You want a company with a proven track record for success in property management and leasing, not to be a test case for a Realtor dabbling in property management. Don't fall for the line "our office has 20 years combined experience" as this could really mean 5 people with 4 years each!

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

Make sure the company has a portfolio that shows experience but not so many that you become just a number. Do your research by checking references but also reading unbiased reviews on Google, the Better Business Bureau, and Yelp.

3. What is the worst problem you've encountered and how did you solve it?

An experienced property manager will have encountered many challenges throughout their career and should have clear and defined procedures for how they respond to problems.

4. How will you market my property to get it occupied fast?

As an investor, your worst-case scenario is a vacant property. Find out how the property manager will market your property and place a quality tenant. A comprehensive marketing method will leverage professional signage as well as extensive online advertising. How many websites will they list your property on? 60% of renters look on more than 5 sites and 25% of renters search more than 10 sites when looking for housing. You want your property listed on at least 50 unique websites.

5. How will you qualify applicants and do you do it in-house?

This is an important aspect of leasing. When an individual is interested in renting your property, they should complete a detailed rental application and be screened extensively. The property manager should review the applicant's income, employment, credit, criminal background, eviction, and sexual predator. This information should then be analyzed through a model helping to ensure an optimal tenant. Also ensure the property management company calls the applicant's current and prior landlords - many do not!

6. 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.

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

If tenants are being evicted or breaking their lease early, that may be an indicator that the property management company isn't doing a good job or qualifying and screening applications.

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

Turnover expenses are the largest cost for rental property owners. A good property management should have at least 65% of their tenants renewing, and ideally that number should be around 75%.

9. Can I review your lease agreement?

Not all lease agreements are created equally and there isn't a standard lease in Colorado. As a property owner, you need to make sure that the lease protects you with specific language stating the tenant may only file legal claims against the

management company and not you the landlord. The lease should also include addendums for lead-based paint, crime-free housing, mold, and pets.

10. Who takes care of maintenance requests?

One reason for hiring a professional property manager is so that your tenant contacts them rather than you for maintenance requests. The property manager is your tenant's point of contact and the management company should be responsible for confirming the nature of the repair issue and sending out an appropriate vendor to make the necessary repairs. If the tenant caused the damage, they should be back-billed for the cost. If the repair is at no fault of the tenant, the cost of repair should be billed to the owner. Vendors should be verified for workers' compensation and liability insurance coverage. They should meet high standards of quality, timeliness, and competitive pricing. There must also be a 24-hour maintenance emergency service.

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

These fees vary from company to company but 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, or other fees above a flat percentage of actual income.

12. 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. Please see our blog post: *How Do I Get Rid of a Bad Tenant?* for more detailed information on the eviction process. 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 property owner and if necessary, scheduling and performing a physical eviction with the county sheriff. What are the legal costs associated with this process?

13. 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)

14. 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! It's important to work with an experienced property manager who is educated on the laws, for example when a security deposit must be returned and the consequences of not doing so.

15. 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 landlord's policy that also includes coverage for lost rent in the case of destruction of the premises, and liability coverage of at least \$1MM.

16. How often will you inspect my property?

Your property manager should be responsible for drive-by inspections, as well as interior walk-through inspections. These should be performed regularly and documented with digital pictures.

17. 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.

18. Can you sell my property in the future?

Don't hire a sales expert who moonlights as a property manager. Instead, find a property management company that has a sales expert on their team who works exclusively with landlords.

19. What makes you different? 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. You want an expert in advertising, qualifying prospects, rent collection, minimizing your legal risks, maintenance, and minimizing turnover.

20. Can you guarantee my tenant will pay rent?

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.

Have questions? Give us a call, 303-255-1990.