

17 Questions to ask ANY Management Company

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1. **How long have you be managing properties?**

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.

We've been around and know what makes an asset successful in the long term. Don't take the additional risk of hiring someone inexperienced in management. Companies should publish how many rental calls are received weekly, how many showings are performed weekly, and how many leases are signed weekly.

2. **How many “properties” do you manage?**

Some companies have on site managers and mange a lot of doors and few properties. These companies don't make the decisions that impact your tenant's life. Make sure the firm manages enough properties to know what they are doing, but not so many that you become just a number.

Henderson manages over 650 units and is one of the largest property managers in the Northern Colorado Front Range.

3. **Do you have a company web site and can I get the address?**

Web sites are a minimum for management companies. The site should be informative, appealing to the eye, and should showcase properties.

4. **How many people do you have on your team?**

You don't want a one-man shop that could be faced with trade- offs between accounting functions and showing functions. In addition, small offices can lack the resources to immediately address a problem or situation and can cause a small problem to become big.

5. **Can I get references from at least 3 owners?**

Any reputable company that has been in business for a few years should have some success stories.

6. **Where is your office and what geographic areas do you operate in?**

All management companies are required to have an office to accommodate the public. Office location is important when considering how frequently your property will be shown or what the travel charge will be for the maintenance requirements. It is generally recommended to use a firm that specializes in the area.

7. Do you have an office policy manual for property management and can I see it?

Office policy manuals explain the how to's and what if's and should be in every licensed office. This living document spells out how to handle specific situations taking helping to reduce the risk to the investor.

8. How will you market my property?

A full service marketing program will use professional signage and extensive Internet advertising. Ask how many web sites will list property – the more the better. A progressive company will capture and analyze all data.

9. What is your tenant screening process?

This is a critical question to ask and the process stated should be comprehensive. Most companies will have the applicant complete an application. Some screening categories included applicants' income, employment, credit, criminal history, eviction history, and sexual predator history.

10. Can I review your lease agreement and have you tested your lease agreement in court before?

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.

11. 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. Tenant negligence should be paid for by the tenant after the repair is complete. If the repair is no fault of the tenant, the owner will be responsible for the cost of the repair. 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.

12. 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.

13. 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)
- Colorado Association of Realtors (CAR)
- National Association of Realtors (NAR)
- Loveland Berthoud Association of Realtors (LBAR)

14. Ask the company how they would respond to a difficult situation from a tenant.

Managers that have been around the block should be prepared for any role playing situation. Many companies, like Henderson Management, actually include role playing as part of their weekly training program. 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?

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

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 explained and the company should be used to using the process in action. If legal costs are to be paid, they should be discussed up front as attorneys can be expensive.

16. 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.

17. How often will you inspect my Property?

Some type of walk thru or inspection should be performed annually. At Henderson, a property manager will walk the interior around 90 days after new tenant move in. A maintenance technician then walks the property annually to assess the condition and address any corrective and preventative maintenance.