

# Hiring a Property Management Company: Tips and Background

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Is your Association in the market to hire a property manager? Unless someone on the board is willing to devote more or less full time to operating the Association, a professional property management company is needed. However, before beginning the hunt, the Board should have a clear idea of what information is essential to find the right fit for the building and the board.

## Property management firms offer some of the following crucial services:

- They act as a conduit between board members and owners
- They help the board honor the governing documents and abide by the state law that governs condominiums
- They collect assessments and other funds due and produce financial reports that are compliant with generally accepted accounting methods.
- They work with a wide selection of vendors that should provide multiple proposals.
- They have experience working with owners who do not pay assessments
- They handle emergencies
- They can provide guidance for obtaining the necessary insurance coverages

In addition to skill in handling these services, and others, what makes a property management firm superior to others varies so it is important to pay close attention to all aspects of those you have chosen to interview. First of all, know you are getting what you pay for. Some companies will quote low fees, but as with most service-oriented operations, if it's too good to be true, it probably is.

Certainly look for a property manager knowledgeable in managing association properties. A rental property manager may not have an understanding of governing documents and local and state condominium law. The board is hiring a management firm for guidance and help; when interviewing, be sure to inquire if the board will be proactively informed of issues so members can address them.

It is imperative that the management firm perform routine inspections of the site. Comprehensive management firms should make inspections on a weekly basis, inspections which should include: landscaping, roofs, gutters, roadways, sidewalks, lighting, fencing, amenities, clubhouses, and the interior common areas. During these property inspections, the manager should identify problems at their earliest stages, when they cost less to correct.

How many properties does a typical manager handle? How many new buildings does the company add in a given month? Does the personality of the company and manager fit well with the personality of the building, owners and board? Answers to these questions can make all the difference to a successful relationship.



Learn about the company's management style: how they communicate with board members and how often regarding routine matters and building financial issues. Ask how many of their clients have decided to move on to other companies and why. You may not get a straight answer, but it is worth posing the question.

Make sure that you have a very clear understanding of how you will be billed and what you will be billed for. For example, does the company charge extra for managing major building projects? How is that



fee determined? Representatives from your community management company should always be upfront about fees. No fees or cost of services should be hidden.

If you have a positive interview with the management firm ask for references and contact as many of the references provided as possible. However, the most reputable and neutral source of information is typically the Better Business Bureau. Once again ask specific questions, and most of all find out what problems each building has had and how the management company has responded. What problems has the management company been able to resolve? What problems remain unresolved? Is the management company responsive? The list, of course, goes on but the more information you have, the better equipped you will be to make a good decision.

The board will often get the biggest benefits when hiring a company with extensive experience in all aspects of community association management. While many companies provide community management services, they may also manage other businesses. Generally, the most focused attention will come from companies that strictly concentrate on association management. Bundled services – such as a property management firm that also operates as an architect, an attorney or contractor– can be stretching the company's time and resources too thin.

Involvement and accreditations from professional organizations demonstrate a management company's commitment to clients and the industry. Some organizations in which membership reflects well on the property management companies include: Community Association Institute (CAI) and Institute of Real Estate Management

(IREM) and the Association of Condominiums Townhomes and Home Owners Associations (ACTHA).

Continuing training ensures the staff of your community management company stays on top of the industry's latest laws and trends, while maintaining sound business practices. It also makes certain your prospective community manager is prepared to represent the values of your community. The above organizations provide good educational opportunities, as well as certifications as evidence of that training.

When you meet the people who could potentially manage your Association, you discover their personalities and - more importantly - begin developing relationships. No longer are people just names. Instead, they become trusted community partners on whom you rely on to achieve your goals.

Communication plays an important role in the successful management of any community. As such, you should make sure a communication channel is in place that ensures your community's issues are addressed immediately. A tracking system should be in place to identify when and where problems arise and how they are being resolved.

The bottom line is community management companies allow homeowner association boards to make decisions and set direction without getting slowed down by day-to-day operations and minor issues. Having the right management company can help achieve the Association's goals. ❁

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