



HOW TO SELECT A PROPERTY MANAGEMENT COMPANY

A complete guide to interviewing, evaluating, and selecting a property management company.



Choosing the best-fit property management company is one of the most difficult decisions an HOA or commercial property owner can make. Choose correctly and you're on your way to a productive and stress-free relationship. Make the wrong choice and you can inadvertently set yourself up for a long and difficult road ahead. Successful communities are comprised of residents, Board members and management companies who take their roles seriously and understand how each complements the others.

A common question posed by residents and Board members is: "How do we pick the right property management company for our community?" In this guide, we'll answer that question and provide insight into what to ask a potential management company, how to evaluate their proposal, and what makes a company the best fit for a community.

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THE PURPOSE & ROLE OF A MANAGEMENT COMPANY

Working with a community management company to oversee how your neighborhood or condo complex is run can be frustrating to those who lack a clear understanding of the purpose and role of a management company. Whether you are new to a community with a homeowners association (HOA) or have lived for decades in an area overseen by a management company, understanding how a management company serves your community can help you see added value, make smarter decisions, and enable you and your neighbors to get the most out of this important partnership.

Here are 3 key pieces of information to give you a clearer picture of how your management company fits in with your homeowners association and provides remote and on-site community management tools to help your community succeed.

1. Your management company and your community association's Board of Directors work together—but have very different abilities and functions.

Your HOA Board represents the members of your community, both literally and figuratively. Your Board is comprised of residents who volunteer their time to oversee the running of the community. Communities hold regular elections to choose the Board members who best represent their interests and share a common vision for where the community is headed.

On the other hand, your community management company is an outside company with expertise in the legal requirements and day-to-day operations that help a community function smoothly. Most management companies have significant experience handling the myriad challenges associated with overseeing a community. These include providing expert recommendations regarding liability issues, inter-personal conflicts, outside vendor selection and management, and long- and short-term financial guidance.

In short, your HOA Board of Directors establishes the rules and direction for your community, while the management company advises the board on business issues and carries out the board's direction.

2. Your community association's Board of Directors and your management company have the same goal: to protect your property values and increase the enjoyment of your community.

Though they serve different functions, your Board and your management company work together to achieve same objective. Your HOA Board establishes and maintains a vision for your community while your management company offers advice to achieve that vision in the way that makes the most economic sense while staying legally compliant.

Your Board of Directors establishes rules and regulations that they think will most successfully maintain and/or increase your community's value. They utilize the management company's expertise to help guide that process, provide input into precedent and other legal compliance considerations, and add suggestions that the board might overlook. Though the management company offers input based on experience guiding communities toward success, ultimately the responsibility for all decisions rests on the shoulders of the board of directors.

3. In order for a community to thrive, there must be clear communication and an ongoing partnership between residents, the HOA Board and the management company.

Clear communication between these three groups is the grease that keeps the machine running smoothly. Read your community's rules & regulations and election materials, attend board meetings and ask questions, and use your community management company's website as an educational resource.

If you're unclear as to why a rule is in place, reach out to a Board member or your community manager and ask for clarification. In return, your Board and management company should provide logical reasoning behind rules and regulations and frequent updates about decisions that have an impact on your community.

Be aware that if you are dissatisfied with the way your community is being governed, you have the ability to influence it! Your community is run by people just like you and their job is to make decisions that work on behalf of all homeowners. Attend Board meetings to ask questions and offer your opinion, volunteer to be on a committee to oversee decisions about which you are passionate, or run for elected office yourself. Through your personal participation, you have a greater ability to shape the direction of your community.



HOW TO INTERVIEW & EVALUATE A POTENTIAL MANAGEMENT COMPANY

Every property management company has strengths and weaknesses. Some have a national presence but little understanding of local challenges. Some offer more boutique-style service but simply don't have the resources and manpower to provide consistently high service levels and tools your community requires, resulting in burnout and high manager turnover. And some are the perfect blend of wide-reaching capabilities and attentive customer service.

But how can you know that you're making a move to something better and not simply trading your current problems for a whole new set of difficulties? This guide offers a practical, step-by-step process to help you gather all the appropriate information in order to confidently make the right decision.

FIRST, IDENTIFY THE SPECIFIC REASONS YOU ARE SEEKING A NEW MANAGEMENT COMPANY

Before you begin, clearly outline the challenges you have with your current property management company. Are you looking for lower dues? Is there a lack of communication? Do you feel like you are doing the managers job for them or need more proactive project management? Be very specific because these issues will inform the questions you ask.

Next, write down what your current management company does well and where they are not delivering. Take it a step further by articulating the effect their performance has on your community or commercial development. An understanding of the outcomes of poor management performance will help your new management company provide innovative solutions to your challenges.

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 **KEYSTONE**

How to Select a Property Management Company

DISTRIBUTE A SINGLE SCOPE OF WORK TO ALL CANDIDATES

Create a scope of work (SOW) that details the responsibilities and duties you want your management company to perform. Many management companies use different language for the same services so creating your own SOW ensures that all management companies provide a proposal that covers all the services you require.

If there are discrepancies between your language and the management company's terminology, your SOW will open a dialogue with the management company to ensure that all parties are on the same page before a proposal is submitted.

DETERMINE IF A MANAGEMENT CANDIDATE WOULD MAKE A GOOD LONG-TERM PARTNER

When you enter into a contract with a management company, you are ideally establishing a long-term partnership. Just as you would research candidates for any other job, ask pointed questions to understand more about the management company before determining if they are a good fit.

HERE ARE SOME KEY QUESTIONS TO ASK:

- How long has the company been in business?
- How big is the company?
- What is their management philosophy?
- How many managers are on staff?
- How many accounts does each manager handle?
- What types of internal tracking mechanisms do they have in place?
- What is their billing structure?
(Flat monthly rate or monthly rate + ancillary fees?)
- Do they specialize in residential or commercial property management?
- Can they demonstrate their capabilities live, including their online services and a walk-through of key processes?





PROBE FURTHER TO GET A CLEARER PICTURE

Once you have narrowed down your top two or three candidates, remember that you are entrusting a very valuable asset to your property management company: your community or commercial development. Pay attention to how they treat you in all communications throughout the bidding process:

- Do they call back promptly?
- Have they read your emails?
- Are they friendly and patient?

Ask the company what types of communities or commercial developments they wouldn't be a good fit for. Look to see if they understand their own limitations, rather than answering with a blanket "yes-we-can" to every question.

Contact their references and ask pointed questions about what their experience has been while working with the management company candidate. Don't hesitate to ask about particularly challenging situations in order to gain perspective of how a management company responds when faced with complications.

HOW TO EVALUATE A MANAGEMENT PROPOSAL

When evaluating a management proposal from a residential or commercial property management company, remember that you're not just looking at what's on the page; you're trying to evaluate the best overall fit for your needs.

Use the following guidelines to help you determine if the management companies under consideration can provide the high standard of service you deserve.

Get organized to create a clearer picture

- Create an excel spreadsheet and enter information on separate lines for each company or ask candidates to fill in the lines themselves. This will help you get a better idea of per-service pricing and ensure that all proposals address every element in your SOW.
- Internally identify your budget range. Knowing what you can afford will help you weed out inappropriate candidates right away. In addition to what you currently pay, this budget can include what your current management company has cost you in terms of time and money.
- Define the process your board will undertake to reach a final decision to reduce the risk of stalling midway through the process. Share this timeline with your potential candidates so they have an idea of when to expect your decision.

Evaluate customer service during proposal phase

- Look for management companies who are eager to get to know your community personally. Do they offer to visit the site? Do they want to personally meet with your HOA board? Management companies that strive to establish a personal relationship right away will likely offer more attentive service when under contract.
- Does the management company issue a boilerplate proposal or did they read your SOW closely and develop a proposal tailored specifically for you? A boilerplate response in the bidding phase might indicate boilerplate service in the future.
- Take note if the management company asks YOU questions. Look for a property manager who has a genuine interest in how they can help you, instead of a manager who sees you as just another account.
- Don't be afraid to candidly discuss your challenges with management candidates. By being open about the obstacles your community faces, you give the management company the opportunity to not only address your needs but also demonstrate how closely they listen.
- Interview the specific manager the company proposes to handle your account. Get to know them personally by asking about their qualifications, account load and strengths. If you're not sure if that particular manager is the right fit, don't hesitate to ask the management company to set up an interview with another manager. Remember you are hiring the management company, not that particular manager.





Look closely at the proposal contract

- It pays to closely evaluate the specifics of a contract to ensure that you will receive the service you request. Don't simply assume that the company has included all the specifics you have asked for. Take the time to make sure.
- Compare details across all proposals. How many walk-throughs does each management company offer per month? How many board meetings are they contractually obligated to attend? Understanding these details will help you evaluate service level and compare pricing more accurately.

Seek additional resources

- Speak with the management company's current clients. Ask for specifics regarding the management company's strengths and weaknesses.
- Ask local association resources such as Community Associations Institute (CAI) for any additional recommendations on selecting the right property management company.

Selecting the right property management company can be one of the toughest challenges facing an HOA or property owner. By taking the time to carefully vet your candidates before making a commitment, you will have the best shot at partnering with a company for the long haul.

Ultimately, when selecting a residential or commercial property management company, you're evaluating the level of trust you can place in their service. If you get an uneasy feeling during any point in the proposal process or details don't seem to add up, feel free to keep looking until you find the perfect fit.

ABOUT KEYSTONE PACIFIC PROPERTY MANAGEMENT

We believe in long-lasting partnerships. The cornerstone of any partnership is trust. We believe that trust must be earned with team members that demonstrate transparency, accountability and excellent customer service. With quick responses, superior technology, and solid attention to detail...we will exceed your expectations. [Contact us](#) today to start a conversation.

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