



QUALIFYING A PROPERTY MANAGER

An experienced property manager can provide the following services for your real estate business:

- Prepare and market the property for rent including create and manage rental ads, field applicant inquiries, coordinate property viewings, and collect applications
- Tenant management including tenant screening, selection, lease signing, tenant move-in/out, property inspections, rent collection, rental increases, dispute resolution, and evictions
- Manage property maintenance, repairs, and renovations including cleaning, access to licensed contractors, obtaining quotes and bids, oversee landscaping, lawn maintenance, snow removal, and emergency repairs
- Provide regular financial reports and accounts of property performance
- Make property-related payments on behalf of the owner as agreed upon
- Maintain all property records including paid invoices, lease agreements, rent rolls, tenant notices, etc.

General Business Questions

Use these questions to help you qualify a property manager to ensure you feel confident about how your investment property will be taken care of.

1. Can you tell me about your educational background and experience in the industry?

Experience and longevity in the industry are key. Consider whether the property manager is new and is learning for the first time with you as their test case. Ask how many properties and tenants they manage, whether they are an investor themselves, and how long they have been in the industry. You can also research their experience online by looking at their website and online reviews.

2. Can you provide me with proof of licensing or certification? (if applicable)

Some states and cities require property managers to be licensed or certified, and reputable property managers will be able to provide proof of license or certification without any hesitation or delay. To confirm the regulations in your jurisdiction, check online or contact your local landlord tenant board/county office.

3. Can you tell me about your team?

Knowing whether your property manager has a support team and access to experienced service providers is important because it indicates whether or not they can scale with you as your portfolio grows. Be wary of property managers who expect to do all tasks, repairs, and maintenance on their own as this means they might be overextending themselves. Instead, look for one who has a team of connections they can leverage in all situations.

4. Can you provide me with a copy of your standard property management contract for review?

You should be able to read and discuss the property management contract before signing it. Do not feel pressured to sign right away or without having all of your questions clearly answered.

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5. Can you provide me with a written breakdown of all fees and an explanation of what is included in each?

Property managers generally have a standard fee structure plus add-on fees for extra services or tasks. Ask questions to understand their standard tenant placement/leasing fee, their monthly management fee, after-hours fees, renovation management fees, etc. You should also clearly understand what each fee includes, whether the fee is fixed or hourly, and whether there are additional fees from service providers that will be applied on top of the property manager's fees.

6. Will you charge me fees if the property/unit is vacant?

Property managers generally receive a monthly fee that is a percentage of gross rents. This question will help you understand if the property manager still expects to get paid even when the property is vacant and there are no tenants to manage.

7. Do you receive preferred rates from local contractors and service providers that you can pass on to me? Can I see a list of the standard contractors/service providers you use?

Ideally your property manager has an established network of experienced and certified professionals who can assist in every situation from lawn maintenance to plumbing repairs. Asking for a list allows you to research these providers online and read reviews to confirm they are quality professionals you expect to work at your property.

8. Will you provide me with regular reports? How often? What will the report include?

It is important to have clear expectations from the beginning of the relationship. At minimum, your property manager should provide an annual report to assist with tax filing, but you may want to see reports monthly, quarterly, or semi-annually. The reports should include a balance sheet or general ledger, monthly income and expense statement, and copies of new tenant applications or lease agreements. It is also valuable if your manager's reports include property photos including areas they are recommending for repairs or renovations.

9. How will you determine average rental rates for my property?

Your property manager should have a standard process for determining competitive rental rates for your property. Look for a manager who will complete a competitive analysis of comparable units in the area, not one who will arbitrarily re-rent the unit for the same price as the last time the unit was listed.

10. How will you market my investment property? What tenant types will you be targeting?

An experienced property manager should understand which marketing tools will target specific tenant types. In addition to listing on their own website, look for a property manager who will list on popular free and tenant-specific locations such as post-secondary school websites for student rentals, community boards and libraries for seniors, etc.

11. Can you walk me through your tenant selection process and show me examples of all your applications and forms?

When walking you through their tenant selection process, the property manager should explain a standard system with applications, lease agreements, and forms that conform with local landlord/tenant regulations. Some provinces, states and cities have standardized requirements regarding what must be included in the forms. To confirm whether your province or state has standard requirements, review statutes online or contact a local landlord association. This is also where you can ask your property manager to explain their applicant vetting process including calling references and credit checks.

12. Do you provide a tenant placement guarantee?

A tenant placement guarantee demonstrates your property manager is dedicated to finding quality tenants for your property. Guarantees vary from company to company but normally include a specific time period (i.e. 6 months) after a tenant is placed wherein if the tenant doesn't pay rent, has to be evicted, or breaks their lease agreement and moves out, the property manager will re-lease the property with a new tenant for free without any additional tenant placement fees.

13. How do you collect rent from tenants?

Collecting cheques from tenants is becoming increasingly more uncommon as the world moves away from paper and moves toward electronic banking. Look for a property manager whose rent collection system aligns with your target tenant profile. Seniors may be more willing to pay with cheques whereas millennials may prefer electronic money transfers or direct deposits.

14. How will I be notified when there is a problem with my property?

Eventually your property manager will have a problem either with a tenant or the property itself. You should have a clear understanding of how and when the property manager will communicate, how they will keep track of actions taken, and a clear definition of what the approval process is with you for larger expenses. Most property management contracts set a dollar threshold for approvals. Purchases over a set dollar amount require your written approval unless its an emergency situation. Be sure to read and understand the terms outlined in your property manager's contract. Ask questions and negotiate if required to ensure you are comfortable with the process.

15. What is the best way for me to communicate with you?

How you choose to communicate with your property manager is up to both of you, but it's important for both you and your manager to understand the best medium for communication (i.e. phone, email, text messages).

16. How will tenants be able to communicate with you? What is your standard response time to tenant inquiries?

Efficient property managers have standardized systems that are easy for tenants to access and they respond within a timely manner. If your property manager communicates primarily via phone or text, ask how they would document tenant interactions in circumstances where there are disputes. If a tenant conflict ever escalates to court, written evidence is often the clearest proof whereas phone conversations or text messages may not be accepted as clear evidence.

17. Do you have a 24-hour emergency service number?

Problems at your property can happen at any time. Ensure your property manager is available for your tenants 24/7 in case of emergency, and make sure you review their contract to understand any fees associated with afterhours service calls.

18. How do you leverage technology?

Technology is increasingly changing the property management profession. Advancements in electronic banking allow property managers to offer more ways for tenants to pay rent, while property management software can allow landlords to track their property in real time or enable tenants the option to book service requests online. Whether or not your property manager is highly automated, ensure they are easy for you and your tenants to use and that your property manager will have systems in place to scale and grow as your portfolio grows too.

19. How often will you visit or inspect the property? What do your inspections include?

Your property manager should visit the property regularly and perform routine inspections of common areas and fire safety equipment including smoke alarms, carbon monoxide detectors, and fire extinguishers. The manager should also perform visual inspections of furnaces, electrical, and the overall property condition to note any maintenance or repairs required. All regular inspections should be documented, and the details provided in your regular reports.

20. How do you deal with typical situations such as late rent payment, tenant conflicts, or demands for unnecessary repairs?

An experienced property manager should be well versed in dealing with standard rental property situations. Ask the property manager to explain how they would respond, how they will document their interactions, and at what point they would escalate the situation if necessary. Ideally, your property manager will have strong customer service, negotiation, and conflict resolution skills to ensure relationships with your tenants always remain professional and amicable.

21. Under what conditions can you or I cancel the property management contract?

Ideally you will want to develop a long-lasting relationship with your property manager, but circumstances can arise where you may want to cancel the contract for a variety of reasons including sale of the property, bringing on a joint venture investor, or relationship breakdown. Clearly understand the terms for cancelling and any associated fees so you are not caught by surprise.

22. Which local associations are you part of? Are you a part of the Better Business Bureau?

Property managers are not required to be part of local associations or the Better Business Bureau, but it can be helpful if they are. Being part of a local landlord association means they will be up to date with regulation changes to the market. This is also your manager's opportunity to show how they give back to the community or add value to others.

23. Can you provide me with references to some of your local clients?

Be wary of businesses that will not provide references. Look for a minimum of 3 to 5 references to other local landlords that have a similar property type to yours. When checking references, ask questions such as: Are you satisfied with their level of service? How long have you been a client? How have they helped you in your business? Is there anything you don't like about their service? Would you recommend them to your family, friends, and other real estate investors?

24. Is there anything else I should know about you or working with your company if we decide to proceed with this relationship?

Ideally this is the property manager's opportunity to add value to you, explain more about their services, and outline next steps for you to confirm the business relationship. Look for answers that appear genuine, are informative, aren't a heavy sales pitch, and don't appear scripted.