GREEN GROUP

5 MISTAKES

Your Property Manager is Making

The mistakes outlined below might be all to familiar to you! If so, it may be time for a New Experience in Property Management.

1

Price Gouging on Maintenance - Did you know that most management companies make a profit on the maintenance repairs being done on your investment property? They either own a maintenance company and mandate that you use their company for any repairs, or they markup the costs charged by their vendors to do the work. What this means is that your property manager may be making repair decisions with their potential profit in mind costing you more money. A great Property Manager understands their duty to an owner when handling a tenant's maintenance request. A responsible Property Manager will:

1. Determine Cause - A Landlord has specific responsibilities to maintain the home in good condition but the tenant also has a responsibility to care for and maintain the home. Oftentimes, maintenance issues are tenant caused and the tenant should be responsible for those repairs.
2. Pricing - Your Property Manager should have a preferred vendor program in which he has a relationship with multiple vendors of each trade who can provide them with reasonable estimates and pricing for repairs. You already pay your Manager a fair monthly price to manage the property; coordinating the pricing and completion of these repairs should be included in that monthly management fee. An additional fee should not be incurred to do the job you hired them to do in the first place.

2

Failed Communication - Do you feel like you have to track down your Property Manager anytime you need or want information? Does it take several attempts to get a call back? Are you kept in the loop if any red flag issues are being addressed on your property? There is a very high client turnover rate with most property management companies due to overpromising and under-delivering. A lot of effort is being spent chasing new clients in place of offering a great service and building long-term client satisfaction. A great Property Manager should be very clear on an owner's expectations and have clear communication channels to meet them.

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3

What's with all the Junk Fees? - Management companies are famous for quoting a low monthly fee to hook new business then hide several little fees throughout the contract to increase their profitability. A savvy investor is very aware that these hidden fees are variable costs that dig into the projected cash flow of the investment. JUNK FEES ARE UNACCEPTABLE! Your Property Manager should be very clear upfront with what their fees are AND be able to clearly define what value you are getting with those fees.

4

Investor Mentality - Income property can certainly be one of if not the best investment vehicle availble. While there can be some great opportunity with income property there are also some potential risks that come with it. You made a calculated decision to purchase your investment property and should be equally calculated in your selection of a property manager. Hire a Property Manager that also owns investment property. They will understand what it is like to be on your end of deal and have a deeper awareness of best practices in risk reduction and asset protection.

5

Who did you let move into my house? - One of the biggest things your Property Manager can do to reduce your risk is to make sure you get a great tenant in place. Often managers will be too hasty in their tenant selection with the mentality that they do not make and management fees until there is a tenant living in the home. A great Property Manager will have a very active marketing plan coupled with a very detailed application process. When your manager calls you to make a recommendation on a tenant, you should be impressed and surprised with the amount of information known about the tenant.

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