



CHOOSING A MANAGEMENT COMPANY

By Associated Property Management

Prior to choosing a professional association management company, it is wise to have a committee formed just for that purpose. In the absence of a committee, Board Members can provide this function as well.

First, the committee should adopt management specifications, which are reviewed by the Board of Directors and agreed to. These specifications will then be used for bidding purposes. The committee should identify potential management firms by prequalifying these companies prior to asking them to bid. Some examples of prequalifying questions would be; 1. Where is the company located? 2. How long has the business been operating? 3. How many employees in the company? 4. What is the experience of the principals? 5. What kind of insurance do they have? 6. Do they have bonding? 7. What type of services can they provide? 8. List of association references 9. List of professional references 10. What makes their company unique?

After compiling this information the committee would then determine who would be allowed to bid on the management of the community. Prior to putting the management out to bid, the Board will take the committee's recommendations and finalize them in written form. These specifications will then be used for bidding purposes. By having written specifications this ensures that there will be "apples to apples" bidding, as all management companies do not offer the same services. Most importantly, the Board needs to decide what services will be handled by onsite personnel, membership volunteers and outside contractors before the final determination is made on what the specifications will be.

The following is a list of items that may be included in the specifications: Liaison with the Board, bidding, responding to resident inquiries, site visits, enforcement of rules and regulations, attendance at meetings, emergency service, mail out procedures, newsletter responsibilities, collection of assessments, bookkeeping and financial reporting, budgeting, rental and resale approvals, architectural approvals, correspondence and minutes, costs of administrative extras and any other service that would be incidental to your association.

After selecting the items and services that you require the management companies to bid on an invitation to bid should be made with a copy of the specifications, copy of the association's documents, site map and any other items that are relevant to the bidders.

In this bid package there should be a timetable to respond to the invitation to bid, a deadline for submitting bids, the prescribed bid form and arrangements for the management company to visit the community and an opportunity to have any questions answered prior to submitting their bids.

When receiving and evaluating bids it is best to have a prescribed list of questions that will be asked of all bidders in a final interview. Each bidder should be evaluated or graded based on their answers. We suggest having this set up on a matrix form to help grade each company fairly. An association should never hire a management company based on cost alone. Other factors when choosing a management company would be years in business, years of experience, staff experience, location of company, office equipment, backup staff, training of staff, administrative system, bookkeeping staff and system and checking of references. Also, check their insurance and bonding coverage and make sure it is compatible with coverage that your insurance agent states that you would need.

Always ask for at least three references for associations that are similar to your association. See who the manager will be on your site and try to meet with them as well in order to see if the Board of Directors will be compatible with this person.

Get samples of their violation and late letters. Copies of their financial statements, delinquent lists. How and when do they pay your association accounts payables?

Overall, make up your own list of problems and concerns for the following areas: administrative, bookkeeping, maintenance, management, operations and community relations. Rate each company based on this list and then choose the company confidently.

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