



Top 10 Residential Property Risk Exposures and How to Manage Them

As a professional property manager or multi-family property owner/landlord, you face a wide spectrum of risk management challenges. Let's begin this primer with the understanding that the biggest risk comes from the subtle differences from one property to the next. Construction style, location, scale, and amenities, all combine to make each account truly unique or individual—and a proper risk management program must be developed on a highly customized basis.

As the experts in Residential Multi-Family Properties, Sutherland-Scherff provides individualized services. We get to know you, your properties, and your approach to risk management. In general, here are ten things you should consider at each of your locations:

1. Proper and adequate maintenance schedules and services, which are critical to addressing problems that inevitably arise. Utilize the eyes of your tenants to identify public area issues and make it clear how they can report those conditions to management. Then have a clear process for assigning repairs and maintenance work in a timely fashion.
2. Swimming pools and recreational facilities feel like accidents waiting to happen. Eliminating diving boards, slides, and maintaining proper signage for depth and, if applicable, no diving rules is very helpful. Outsourcing the operations and management of such facilities may be a reasonable approach to transferring some of the risk that arises.
3. Storms, primarily rain or snow, that create temporary slip and fall hazards. Keeping a supply of sign and adhering to procedures for response times will help limit your liability. Sometimes there is nothing that can be done in the short run, but anticipating and moving quickly to address the problem reduces your potential negligence in the eyes of the court.



4. Your maintenance and upkeep schedule for all boilers & HVAC equipment, telecommunications, and electrical equipment. Never allow access by Mr. do-it-yourselfer and communicate clearly with all tenants when a problem has been identified and is waiting to be rectified. If satellite dishes can be installed in your properties, require that all installation vendors provides a certificate of insurance for workers compensation and commercial general liability before beginning their work. Requesting that the property entity be listed as an additional insured, with a waiver of segregation against the entity, is a reasonable request for all outside maintenance or installation services of any kind.
5. Maintenance and lighting of all parking lots and curves. Tripping, or stepping in a hole that has not been marked or repaired in a timely fashion, is a lawsuit waiting to happen. Similarly maintaining proper lighting is just good public practice for everyone's concern and personal safety.
6. A fairly new but growing problem is the liability exposure for maintaining and storing records that contain private information. Most businesses are behind the curve in maintaining compliance with new laws and regulations that seem to grow by the month. Locking file cabinets that contain paper records, and encrypting data stored on computers is a great first step. Restricting the number of computer devices with information stored on them, or that have access to the data, is another good early ounce of prevention. Using a cloud-based software and data service, and not in storing any records on local computers is a best practice. All property management firms should be racing to comply with applicable laws and implement best practices for data protection – contact us today for additional resources.
7. Physical security for the facilities themselves—particularly protection of tenants against unauthorized visitors or intruders requires diligence. Always maintain or repair any device or system previously implemented for the protection of tenants. Well-lit building entrances - without overgrown hedges (hiding places) nearby - is an imperative.
8. Next is general fire safety and evacuation alerts and procedures. The list in this article has been in no particular order but, many could argue, that



protecting tenants from the outbreak of a fire should be your number one concern. Smoke detectors, fire alarms, and sprinkler systems (if present) must be maintained with religious fervor. The tragedy of one fire, and how rapidly it can spread and consume lives and property, is a nightmare we all seek to avoid. Posting evacuation routes and practicing a mock drill evacuation once or twice a year can be an excellent approach. Sutherland-Scherff can coordinate for you the resources of the insurance company to aid with annual inspections.

9. Property managers sometimes overlook proper screening of tenants. Within the applicable laws of your jurisdiction, screening and confirming the trustworthiness of each tenant – no matter how expensive or painful the process may be – is the best way to maintain a safe residential environment. When there are complaints or problems among tenants always address them quickly and firmly to prevent individuals from taking matters into their own hands.
10. And, finally, we suggest that you also perform proper and thorough screening of all employees. Whether it is preventing a theft or embezzlement claim, or a sexual assault on a tenant, you must make sure all employees are carefully screened because they wind up in a position of implied trust. An employment practices liability insurance policy, while a small additional expense, also comes with the added security that you can take action to address potential employee problems, comforted by the services and financial resources of a large insurance company standing with you.

There are few things in life that are perfect for all circumstances. At Sutherland-Scherff we take the time to understand and evaluate each of your properties to develop the right combination of policy terms and conditions, and limits, to protect your management or ownership stake. For outstanding, and highly personal, customer service, advice, and expertise please contact Sutherland-Scherff today.