

Property Management Solutions for the Frustrated Landlord



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Introduction:

Relationships can be hard.

Breakups can be even harder.

But sometimes - and Property Management is no different - it's time to make a change.

There are probably dozens of reasons investors may ultimately decide to change their Property Management company.

Some of those reasons - "My furnace just died and I had to replace it!" don't necessarily reflect the efforts of the Property Management company. Being a real estate investor can be a grind, and it's not always the Property Manager's fault when things go wrong.

But there's no question that some management companies occasionally drop the ball and deserve to be fired.



4 REASONS TO FIRE YOUR PROPERTY MANAGER



1. Lack of Communication

Without question, communication – the lack of it – is the number one complaint we hear about Property Management companies. I'm still shocked when I hear investors tell me it sometimes takes weeks to get a response from their PM.

When PM companies have a hard time responding to their Owners, that likely means they also aren't responding to your Tenants. And if that's the case, you can almost be assured that the Tenant won't renew.

Good Property Managers should be easy to reach. They should have multiple ways available to contact them; and there's no reason that your Property Manager shouldn't respond to you quickly. If that's not happening, it's time to fire your Property Manager.



2. Lack of Transparency

You should know every fee your Property Manager will charge you up front.

If not every fee is mentioned during your initial discussions, the fee structure should be clearly outlined in the Property Management Agreement.

In addition, you should have access to every bill or repair item that hits your account. Let's say you are charged \$125 for an HVAC repair.

You should have access to the work order associated with the repair, or even the invoice itself.

If your Property Manager charges your account and cannot produce any documentation, it's time to fire your property manager.



3. Lack of Quality Tenants

Evictions do happen, even to the best Property Managers.

Sometimes highly qualified Tenants are placed into a home, and life happens.

They lose their job. They get sick. They go through a divorce.

However, if your Property Manager consistently delivers poor-performing Tenants (particularly Tenants that fail early in the Lease), they likely aren't conducting proper screening – which is one of the most important tasks a Property Manager can perform – and it's time to hire another Property Manager.



4. Lack of Accountability

No Property Manager is perfect. All of us make mistakes.

But when a Property Manager makes a mistake, they need to:

- **Own it**
- **Apologize for it**
- **Make it right**

For example, let's say your Property Manager bills you for a toilet repair. Two weeks later, you get another bill for the exact same repair on the same toilet.

Obviously, the initial repair wasn't a good one and the Property Manager should be accountable for that error and credit you for the second repair.

If they fail to, it's probably time to fire your Property Manager.



So, if you make the decision to fire your Property Manager, you'll need to have another management company in place right away.

Obviously, unless you are suffering through some extreme circumstances, ALWAYS have a management company prepared to assume management once you terminate the contract with your current Property Manager.

Note: If Property Managers are following their ethical duties, they will require you to obtain a Mutual Release (or similar document) from your current management company before entering into a contract with you.

**When doing your due diligence,
you'll want to interview at least
three property
management companies.**

**Sounds simple, but it's important
to do the proper research before
making a decision on who will
manage your home.**

**Otherwise, you may very well be
back in the same position in a
short period of time.**



5 WAYS TO PROPERLY VET YOUR NEXT PROPERTY MANAGEMENT COMPANY



1. Do the Owners of the Property Management Company Own Rental Real Estate?

This is a critical question to get answered right away. If they don't own their own rental real estate, it's a huge red flag. Would you hire a stock broker that didn't invest in the stock market? Would you hire a coach who had no experience playing the sport? Of course not.

Owners of a Property Management company that own rental real estate have tremendous insight into the pain points, needs, and wants of fellow investors. They have walked in your shoes and generally know what's important to you.

I DO NOT buy the claim that these owners, generally, will fill their vacancies before yours. Well-run Property Management companies will use consistent marketing methods for all homes. You could use the same argument for Property Management companies that could manage hundreds of homes for a single organization... what's to prevent them from pushing their larger client's properties ahead of yours?



Bottom line:
**You have to trust the Property
Management company you choose.**

In order to gain that trust:

- **Call them**
- **Research them**
- **Don't move forward
until you are
comfortable.**



2. Understand All the Fees

Unfortunately, Property Management companies generally do a very poor job of listing their fees on their websites.



That's why you'll not only need to get a copy of a Property Management Agreement, but also ask the specific question, "Can you tell me all the fees I will have to pay for your services?"

3. Understand Communication Policies

Again, the number one complaint about Property Managers is the lack of communication.

That's likely because most management companies have not created a company culture that stresses communication.

Ask what their corporate policy is regarding communication.

What is the preferred method of communication? How fast will your inquiry be returned?



4. Ask About the Staff Size and Experience

If the management company doesn't have a full staff listing on its website, you'll need to uncover this information during the interview. It's critical that whatever company you choose is fully staffed to meet your needs. There are not any perfect ratios out there, but if the solution you are considering has more than a 50:1 ratio (50 properties for every employee) you should probably continue your search.

Along with this, a woefully inexperienced staff can be just as dangerous. Not only should you ask how long the company has been in business (not just in real estate, but managing 3rd party properties) but also ask for the average experience of its employees. Experience matters greatly, so don't discount or overlook it.



5. Understand Maintenance Protocols

Every management company should document, exactly, how they will handle maintenance within their Property Management Agreement.

If they don't, you should be concerned. You'll need to understand when the Property Manager must get your approval for maintenance, or when/how you will be notified when maintenance occurs.



Conclusion:

While your confidence in Property Management companies may be shaken, do not worry.

There are many highly-effective, well-run Property Management companies out there who will perform well for you.

And if you've done everything you can to salvage a difficult relationship with your current Property Manager, it's time to move forward and, using our tips above, find a better solution.



If you would like to learn more about T&H Realty Services and how we can help with your Property Management needs:

Contact Us!

Business Information:

T&H Realty Services

www.threaltyinc.com

317-255-7767

**760 E. 52nd Street,
Indianapolis, IN 46205**

