

IMPORTANT QUESTIONS YOU SHOULD ASK BEFORE HIRING A PROFESSIONAL MANAGEMENT COMPANY

Hiring or changing management companies can be a big decision for Board members. While some companies may low ball the fees to get new management contracts, can they really provide the level of service you need? Below please find some basic questions to consider prior to hiring a management firm.

- **Is the company accredited?**
Hiring an accredited management company demonstrates that the company has fulfilled certain educational and ethical requirements while also demonstrating their experience in the industry. The AAMC accreditation demonstrates a company's commitment to providing the unique and diverse services community associations need. An Accredited Association Management Company ensures that their staff members have the skills, experience, and integrity to help communities succeed. Its managers have advanced training and demonstrated commitment to the industry.
- **How long has the company been in business?**
Be mindful of how long a company has been in business as this demonstrates how stable the company may be and their experience level with providing the diverse services needed to properly manage community associations.
- **Does the company carry liability, fidelity and errors & omissions insurance?**
But one should keep in mind that handing over the management of your community means handing over responsibility—which means potential risk. Even the most experienced professionals err on occasion. Before hiring a management company, you want to know it is prepared and properly insured if an incident should occur. Types of coverage should include: Liability, Errors & Omissions, and a Fidelity Bond.
- **Are the managers certified and/or degreed?**
Ensure that the manager assigned to your community has the proper knowledge in the field of management through certifications and college education. With the diverse nature of community management, you need a manager who is intelligent, proactive and can lead the community in the right direction.
- **What type of support staff or departments does the company have?**
Ensure that the company has experienced professional staff by requesting resumes or Bio's from staff members. Also check to ensure the companies accounting, resale and collections personnel have the needed experience in the HOA industry. Failure to have the proper industry specific knowledge can negatively affect a community's growth, stability, and liability.
- **What is the largest HOA they manage and length of management?**
Ensure that the company has a proven track record of making long term partnerships with their communities and ask for a listing of the numbers, sizes, and amenities of their communities to demonstrate their experience.

- **Was the company profitable for the last 5 years?**
By ensuring that the company has been profitable, you can be assured that they are stable and have the needed knowledge in the industry. Recently formed companies may lack the experience, standard operating procedures or staff to provide the level of service your community will require.
- **What is their employee turnover rate?**
By questioning the employee turnover rate, you can determine if the company overloads their managers with communities and causes employee burn out. Always request how many properties your community manager will be handling with you and in the future to ensure you receive the needed attention your community deserves.
- **If the company offers a community website, what will happen to the website if you decide to ever split with the company?**
Many companies offer so called “free” websites that are no more than just a portal to their management website. Without the company, there is no website. Always ensure you own your community domain name and inquire about taking your community site if you sever a management relationship.
- **Fee Increases and Hidden Costs** Ensure that there is a cap on the amount the company can increase their fee each year, particularly the second year.

This information has been provided by:

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