



Property Management Interview Checklist

Selecting a property manager is often the step which is overlooked by rookie investors in the seven-step process. It is just as crucial as the other six steps however, and without a good property manager, the chances of tenant mishaps, vacancies, late/non-payments or worse still – significant losses are greatly increased.

We recently had an article published and it shares eleven issues which can adversely effect your strategy.

Dodgy property managers - 11 shonky practices that are costing you money

By YIP

Like it or not, your property manager could be the single reason you're not making as much money from your investment property as you could. So how do you spot the dodgy tricks played by shonky property managers?

Let's face it. Selecting the right property manager is not high on many investors' agendas. Despite spending countless hours researching different areas and conducting rigorous due diligence on a property, many don't apply the same strict criteria when it comes to choosing the person who will be managing the property they've just committed hundreds of thousands of dollars to buying. "The selection of the property manager should be as crucial as the asset selection itself, because ultimately this person is managing your most valuable asset," says Cate Bakos, property buyer at Empower Wealth Group.

Often an investor will take the recommendation from the agent who sold them the property, or they may just leave the existing tenancy in place or, worse still, call around a few local agents and give the job to the team with the cheapest rates.

But if you don't vet your property manager carefully, this could end up costing you in terms of lost rent and expensive maintenance costs.

So how do you spot these sneaky tricks? We asked our trusted experts about their worst experiences with property managers, and what to look out for so you can avoid losing money and being taken for a ride.

They cost investors the most in the long run. Here they are:

- 1. Property managers who side with the tenant and pass on every single request and complaint to the landlord** - These property managers forget who they are working for. Their job is to make sure the tenant is comfortable in their home but also to make sure the landlord receives the rent on time and has a viable going concern on fair terms. I hate nothing more than rubbish requests that waste my time and are not relevant to the tenant's comfort (eg satellite dish request shortly after a tenant has signed the lease – this should be incorporated in the negotiated lease at the time, if a satellite dish is of interest to the prospective tenant).
- 2. Agency principals who employ junior staff who are either transient and/or ill-equipped and inexperienced to deal with the day-to-day challenges of property management** - No investor wants a property manager who was a disgruntled student yesterday and will be an apprentice hairdresser tomorrow.
- 3. Property managers who get cosy in the role and neglect the opportunities to suggest rent increases when market rents indicate a rental review is required** - A good property manager will let their landlord know when it's time to put up the rent, what it should be, how it will be done, and what the basis for their recommendation is. A lazy property manager will let the tenant stay on the same rent, only to upset the tenant three years later when a \$40 p.w. increase is applied to catch the tenant up to market rent. Good landlords appreciate good tenants, but good managers make sure good tenants don't fall so far behind in market rent that it's a nasty shock to them when the rent is adjusted.

4. Property managers who give work without question to tradespeople who aren't offering great value - A good property manager should know what the going call-out rates, labour rates and materials charges are across trades. If in doubt, a second quote should be sought. It's upsetting for a busy, time-poor landlord to have to step in and source their own quotes, particularly when they are paying a management fee to cover these activities.

5. Property managers who don't know who and what is living in the property - Nothing is more upsetting than seeing a landlord discover undisclosed pets, subtenants, illegal activities or situations via a source other than their property manager. I recently had an investor client tell me they'd spotted a dog in their property's backyard after the property manager had vehemently told them it was just a visitor's dog. There was no doubt the dog was theirs: the yard was set up elaborately with a kennel, fencing, dog toys, etc. It was not a sign of a visiting canine and it was all visible from the street.

6. Property managers who hold firm at an asking price for an available property that sits vacant, as opposed to reducing the rent and being proactive in finding a tenant quickly - After all, every week of vacancy costs the landlord significantly, and for the sake of a \$10 or \$20 decrease in the asking price a landlord could be in front financially. I often say to my clients, "Don't hold out for \$400 p.w. and cost yourself four weeks of rental when you can adjust after week one to \$390 p.w. and place a tenant in week two. Holding out for that \$10 p.w. is costing you 40 weeks' worth of that increase each week if you don't get that tenant in."

7. Leaving keys in a mailbox or with a person who is not authorised to manage the property - This is a big security risk to the owner because the keys can be lost or stolen, resulting in the cost of changing locks or, even worse, internal damage to the property, should it be broken into by the person who has access. It is best practice to have the keys controlled by the managing agent or an authorised representative when giving access to the property for inspections and tradespeople.

8. Not conducting regular inspections - A good property manager will inspect the property at least once a year and provide a written report with photos to the owner, as it is important to keep up to date on the condition of the property and whether it is being maintained in good order by the tenant. By not carrying out these inspections, damage may be incurred which, over time, costs the landlord more.

9. Not knowing the fair rent for the area - If a property manager places a property on the market at a higher rent than the market is prepared to pay, the landlord may experience a longer-than-usual vacancy period, which leaves them out of pocket.

10. Lying about pets Not disclosing to the owner that there is a pet living on the property may result in damage to the property or other problems that result in costly repairs – for example, scratches on the walls/carpets, treatment for fleas after the tenant moves out, or damage to a garden.

11. Slack attitude towards late-paying tenants - A property manager who does not effectively and proactively follow up on a late-paying tenant in a timely manner, ie serving all appropriate notices and tribunal applications, can cost a landlord a loss in rent, should the tenant continue not paying until possession is given to the landlord.

We take this seventh step in the 7-step-process so seriously that we coordinate it and project manage it for all of our Fully Mentored and Advocacy Clients. We interview the shortlisted prospective agents on the phone and then interview in person to make sure our selection has uncovered the best agent in the area. We then negotiate a special property management fee for our clients, all the while maintaining our independence by passing on every saving to our clients. The next checklist is a sample of the questions we ask when we are shortlisting talent.

Property Management Checklist

Property manager credentials, experience, time in current role and plans for career

Rent roll size

Support staff and office protocol

Hours of service

Are there any references that your property manager can provide, eg. testimonials.

Can they provide any details of people for you to talk to?

Time that your property manager is prepared to spend with you to understand how you like to operate as a landlord

Ongoing Management Fee, Letting Fee and any Re-let Fees, Office Petties and Postage Fees, End of Year Report Fee, Inspection Fees etc.

Time of year that you are looking at renting out the property;

- Peak times to consider for best tenant competition
- Vacancy rate issues at certain times of year?
- Contracts for major works in the township (if an industrial town)

Can you discuss a shorter lease term with your property manager if you feel that the time you have taken ownership does not match the ideal peak times of that year.

Has your property manager described a good tenant profile, eg. nurses near hospitals, teachers near schools, professionals, etc.

Does your property manager have a firm plan for dealing with students in share-accommodation situations?

How does your property manager approach potential tenants who can't/don't provide references?

How often do they propose to do maintenance checks and inspection reports? What sort of database of tradespeople can your property manager offer you in terms of ad hoc maintenance and urgent repairs? What are typical charges of plumbers/electricians etc?

Is your property manager easy to contact? Are the receptionists helpful?

How do they like to manage payments and billing? What sort of payment cycle do they offer?

Post Authority Questions

These are the questions which you should ask yourself in the six to twelve month period after your manager has been working for you.

Is your property manager referring nuisance requests to you or are they gate keeping?

Does your property manager let you know how the rents in the area (and for comparable properties) are going, and do they demonstrate to you that they are working hard for you to keep your asset performance maximised?

Does your property manager let you know what alterations or changes you can make to the property in order to maximise the rental return?

Does your property manager demonstrate that they can deal effectively with a non- paying, late paying or troublesome tenant?

Was your condition report issued promptly and was it accompanied with photos, a rating of how the tenant is keeping your property, and items which you can address to satisfy/keep your tenant longer term?

Does your property manager sort out maintenance and improvement items seamlessly?

Is your property manager sending you through thorough paperwork and records for your filing?

Are you aware of what your tenants are thinking about doing in terms of continuing their lease, leaving, moving etc? A good property manager should be aware of what the tenant's future plans are.

Are you thanking your tenants and property managers each year for a good business relationship, eg. a gift to your property manager and a voucher/card to your tenants.

Can your property manager organise sales appraisals for you so that you can monitor your property's capital growth?

Our clients are special to us. They all remain 'clients for life' as far as we are concerned. We want to be there for you through your property ownership for you to bounce ideas off, quiz when you need a solution to a problem workshopped, and most importantly, we want to be aware if your property manager ever drops the ball or lets you down. Once we find a fabulous property manager, we usually refer to them our future clients too. If there are issues you face as a landlord which can't be rectified, we need to be able to not only support you through the process and find an alternative manager promptly, but we want to ensure that our other clients are also placed with a better property manager. We accept that agencies and property managers can change, and it is for this reason that we are always prepared to leap in and change tact once a client (present or past) becomes dissatisfied.

Always know that we care - and we won't relax if you aren't happy!