



Selecting a Property Management company – a landlord's guide

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This document is designed to inform the landlord / investor in such a way as to determine a good property management company from the not so good ones. There are many things to be aware of but following this guide will ensure you find the perfect caretaker for your investment.

A competent property management company, such as White Mountain, should become one of your greatest assets, second only to the properties that they manage on your behalf. That said, your property manager will make critical decisions on your behalf. Therefore it is extremely important that you do your homework during the selecting process.

This guide is designed to educate property owners with the knowledge and tools necessary to confidently evaluate all of the property management companies they interview, and select a property manager that can competently meet their needs.

What to Look for in a Property Management Company

1. Property Management Fees
2. Handling Tenant and Owner Funds
3. Setting and Collecting Rent
4. Property Maintenance and Repairs
5. Property Inspections
6. Tenant Marketing and Retention
7. Tenant Screening
8. Examining the Company - Background, Qualifications, Portfolio
9. Examining the Company - Size, Staff, Customer Service
10. Conclusion

1. Property Management Fees

While property management fees are important, they must be viewed in light of:

- what other companies are charging on the Romanian market,
- the range of services provided and
- the quality of those services.

A one-man operator can manage a property for as little as 25 euros, but they lack the skill and experience to cope with the range of essential services you will definitely need, sooner or later and this costs **hundreds** of times more than you save, literally.

The company you select will be managing one of your biggest assets and the last thing you want to do is make your decision based solely (or even primarily) on who charges the lowest fees. Think about it this way: if you were choosing a company to manage your salary income and how it is spent each month in your place, you would be very careful on whom you entrust. Property Management should be treated the same way.

A low monthly fee may reflect either an acknowledgment they don't provide top notch service, or it could be an attempt to gain business by undercutting the competition. The problem with this is that it leads to small margins for the company which lowers the resources needed for quantity and quality of service they can provide and still remain profitable. If a company is under-pricing their services across the board it is possible they may try to make up for it by overloading their managers with as many properties as they can (or can't) handle.

Since 2006, we have witnessed here in Romania, every type of property manager. Some of those who had rates 'too cheap' ended up losing their clients a lot of income with empty or under rented property, or in damages by being unable to select and manage tenants. Check for yourself who remains in business since the boom and bust days of pre-2007.

The truth is that price is one of the last things to consider. **Not** because it is the least important factor, but **because** you should only think about price, and actually selecting a PM company **after** you have determined that they will provide quality services tailored to your needs. What good are low fees if the management company does a poor job?

Other common mistakes are failure to identify all the potential fees for property management, as well as not making a true 'apples-to-apples' comparison of costs between property management companies. A lower management fee could easily be wiped out by a lot of expensive back-end charges and vice versa. At the time of writing this, one reputable PM Company in Bucharest charges 250 Euros per hour for the Director to be involved but sometimes, only the director can resolve a situation. I have personally, as Director, been involved in hundreds and hundreds of small issues over the year and very often, don't charge for that.

Remember that some fees are negotiable, so before you make your final decision, you should try negotiating the best rate possible from the company whom you think would do the best job.

Ask prospective management companies about the following fees so that you fully answer the question "How much will property management cost?"

1.1/ Management fee

There can be a significant difference between commercial versus residential property management fees but the average residential management fee ranges between 10-12% of monthly rent, for a single family home.

This fee may vary based on the number of properties you need managed, the location and condition of the property, and most importantly, what services are included for that fee. (Fees also vary market by market, i.e. Bucharest will differ from Moieciu and Fundata.) Other pricing models include flat fees, or a hybrid that sets both a percentage and a flat fee and asks you to pay whichever is lesser/greater. Find out if fees are billed or deducted directly from owner accounts.

1.2/ Vacancy fee

Some management companies don't charge this and some do. White Mountain Property does charge but at a greatly reduced rate when vacant, since we still perform active management even when empty so we still have to charge to cover internal costs. If the property is rented but we are unable to obtain the rent for any reason, we don't charge any monthly fee.

1.3/ Set-up fee

This fee is for the time invested in setting-up a new account. It ranges from 0e-300e. White Mountain Property does not charge currently for this.

1.4/ Tenant Find fee

Tenant Find fees compensate the broker or property manager for the time, effort and cost associated with getting you a new tenant. While this fee is common, some owners are opposed to paying it, preferring that it be padded into the management fee so there is more incentive for the management company to find long term tenants.

At White Mountain Property, we ensure impartiality and motivation by assigning the task of finding you a tenant to a commission-only-paid broker. In other words, if they don't find tenants, they do not get paid each month. Our experience shows that it takes an entirely different skill set to find and process a tenant than it does to manage the tenant and the property, hence the split. Agencies without dedicated real estate brokers tend to be less effective than those who do. At the time of writing we have five brokers and 4 property managers. In addition, we work with the best competitor agencies in Romania to increase our reach.

Good questions to ask:

- **How much is the Tenant Find fee?**

For residential property, this ranges from 50% to 100% of the first month's rent in Romania, but for contracts of over 11 months, we charge one month's rent. For shorter tenancies, we charge 50% of one month.

Instead of charging a percentage, some companies charge a flat fee or a percentage of the gross amount for which the rent contract is written. Commercial rentals tend to be between 1 and 2 months or a % of the entire contract.

- **Is the Tenant Find fee structured in a way that provides the company incentive to bring in reliable tenants?**

This usually either means a full or partial refund (sometimes pro-rated) in the event that the tenant is evicted or breaks their rent contract within 6 months of the original move in date.

Some companies have a policy of only charging this fee once per 12 months per property which has the same affect. At White Mountain we either give a partial refund or do not charge for a replacement after such a case.

- **Do they use Tenant Find agents? If so, what will you have to pay them in the event they find you a tenant?**

At White Mountain we have in house agents solely assigned to this

- **Do they require exclusivity in advertising, or can you advertise the property as well? If you find the tenant do you still pay the fee?**

At White Mountain we do not insist on exclusivity and we accept the importance a landlord places on occupying his property as fast as possible. We also do not charge a finder fee if the owner finds himself a tenant, only for the time to create the contract and the delivery hand over. One well known alternative property management companies we are familiar with in Bucharest in fact charges one month's rent irrespective of who finds the tenant.

- **Are there any restrictions or extra charges for showings (they only do X number a week, or not on weekends etc.)?**

1.5/ Advertising fee

There are plenty of ways to generate leads using free resources like signs, Romanian websites, etc. but with vacancies time is money and prolonging the search process to save a few advertising is a bad idea. This fee could be charged in addition to the Tenant Find fee so it's important to ask who pays and what the typical fees are. The better they are at marketing the less you will pay, if they have a good strategy and use premium advertising, this should be around 100 Euros and certainly not more than 200 Euros per month listed.

At White Mountain, we have our normal advertising service which we do not charge for and a fast track service which is usually 50-70 Euros which brings the benefit of premium advertising on numerous national and international websites. There is also the cost-option of custom made, rather than standard banners, which typically cost between 20 and 40 Euros. We also have the cost-option of a premium quality [video](#) if the property is unusual or warrants a special focus.

1.6/ Rent contract renewals

Some property managers charge this fee whenever they have to draw up the paperwork to renew a tenant's lease. The fee typically ranges from 0-200e. The process doesn't require a lot of work, so a big fee should be a red flag. You should ask if they require rent contract renewals or if they allow tenants to go month to month after the initial term is up.

At White Mountain we typically charge 50 Euros for a renewed contract including negotiations.

1.7/ Reserve fund fee

These funds are used to pay day-to-day operating expenses, making sure that services are performed promptly and bills are paid in a timely manner. A reserve of 200 to 500 Euros is normal for single family properties.

1.8/ Maintenance fees

Will they contact you with an estimate before performing repairs over a pre-defined amount? Is this negotiable? Their policy may be to notify you if an expense exceeds a higher figure like 100 to 200 Euros, but you may want to ask if this can be set lower (50 to 100 Euros) starting out and increased over time as you become more comfortable with the property management companies judgment. Additionally, if this notification is waived during "emergencies", ask that they define what qualifies as an emergency.

Do they have their own maintenance/repair crew? Companies that don't offer this may portray it as an ethical hazard since the company could overcharge, but so long as you verify that the billing rate and process is reasonable, it should not be a problem. If managed properly, an in house crew is a benefit that can lead to cost savings and a more streamlined process. Here are some questions to ask:

- What services do they perform? (WM can carry out anything from a tap to a new roof)
- What is the billing rate? (7 to 11 Euros / hr is normal, we charge 9 Euros)
- Does it vary based on the work being done? (yes, we charge around 60e per day for larger projects or renovations)
- Is there a trip charge (we charge 0.30 Euros / KM),
- Is there a minimum billing time? (our minimum is 15 Euros)
- Are they available 24/7/365?
- Is there an extra fee/higher billing rate if they are called on off hours, weekends, or holidays? (WM use double rates for emergency call outs)

For larger renovation projects, do they act as the general contractor overseeing the work that is done? Is there a fee for this? At White Mountain, we charge 10% to oversee 3rd party work.

- Do they get multiple independent bids for larger (500+ Euros) projects?
- Do they belong to a network to get better repair rates on the work they outsource?
- Do they charge a "mark-up" fee? This fee is added on top of the final bill for the work performed. Not all companies have this fee but they might instead hide their commission by re-pricing the contractors work.

1.9/ Eviction fee

Fee for serving notices, dealing with attorneys, court appearances, evictions, etc. Hourly rates are typically 25 to 50 Euros while a flat fee for the whole eviction process usually comes in between 500 to 600 Euros (plus court costs). Find out if they typically use an attorney for evictions and what their billing rate is.

1.10/ Unpaid invoice fee

This is a small service charge (typically 1.5%) that is added each month to all unpaid invoices that are past due.

1.11/ Bill payment fee

Fee for making owner payments such as mortgage, insurance, home owner's association dues, etc. Some management companies don't charge a separate fee, while others don't even provide this service. At White Mountain, we include 1 hour of admin time free of charge each month

1.12/ Sales commission if property is sold

Some management companies require an exclusive arrangement to broker the sale of your properties. If this is their policy, find out the brokerage rate and make sure there is a limited term which will allow you to re-list with another company if the property does not sell within a reasonable period of time.

Also, if the company requires it, how much would the sales commission be in the event that a tenant ends up wanting to purchase the property they are occupying? This is typically 2-3% but we have seen higher, always make sure to check the contract. One Bucharest property management company we know of charges 4% and insist on exclusivity.

1.13/ other income

Find out if they will be keeping any portion of the following sources of income:

- Late fees
- Pet deposits
- Rent contract violation fees
- Interest on security deposits and owner funds held by manager

1.14/ Extra duties fee

Some contracts contain a list of extra services not included in the contract along with the billing rate in the event the owner requests any of them be performed. Check to see if this clause exists, what services are listed, and what the billing rate is.

Keep reading to find out where these funds go and how your management company will handle both your and your tenant's funds.

2/ Handling Tenant and Owner Funds

Owners entrust their property manager with more than just their physical assets. Property managers handle rental income, reserve funds, security deposits, and write checks on the owner's behalf. To function properly, this relationship requires trust, transparency and accountability.

Here's a list of issues to review and questions to ask the property management companies you interview:

2.1/ Payment to owner

- What day of the month do they forward the rental money to the owner?
- Will the payment be for that month, or will the management company hold back a month?
- Do they hold the tenant's deposit?

2.2/ Taxes

- Will the management company pay your local building and income taxes?
- Are they able to advise you on tax deductions?

2.3/ Accounting

- Do they keep detailed records and documentation?

The goal is to provide a clear audit trail for all funds for each property. Look for a company that keeps and is happy to provide you with copies of all invoices. This will also help with taxes and legal situations that arise.

2.4/ Reporting

- How often do they send out financial reports?
- How frequently are they sent out?

Monthly is standard; there's no reason to deal with a company that doesn't provide income/expense statements on request. Will you be able to view reports online? This convenience increases transparency and saves you time.

- Request to see a sample report

Reports are your only window into the performance of your investment and it is imperative that you determine beforehand that the reports they provide will meet your needs. A sample report with dummy, or no data, is fine. If they are unwilling to provide you with this, consider moving on. Reports should be easy to read and show collected rent, deducted property management fees, itemised maintenance, net dollar amount, etc.

2.5/ Security deposits

Security deposits are an important tool for motivating tenant care and recouping losses due to tenant damage, but if they aren't handled correctly you could lose your right to keep any portion of the deposit or worse, end up owing your tenant several times the deposit amount. Ask any prospective property management company the following questions:

- How do they handle security deposits?
- How much is collected?

The security deposit is all you have if things go bad and a larger amount means more cushion. Between half to a full month's rent is typical. Tenants with a questionable financial record may be required to pay more.

- How quickly do they send out refunds?

They should send the tenant a report with the refund or itemised deductions within a short time period of the tenancy ending.

- What is their list of conditions and deductions for refunding security deposits? How often do they go to Court over security deposits?

The refund and deduction process should be designed to motivate good tenant behavior, not to make extra profit. Avoid property managers who are cavalier in making deductions. Make sure they have reasonable conditions and deduction amounts as well as provide good itemised documentation of damages and repair costs. These things help prevent trips to Court, or if you do go, help make sure you don't end up on the wrong side of a judge's verdict.

2.6/ Miscellaneous

- Do they make payments for owners (mortgage, insurance, property taxes, dues, etc.)?
- Will the manager be authorised to make payments from the owners account? If so, what types of controls are put in place to prevent misuse of funds or outright embezzlement?
- How quickly do they pay vendors?
- Do they have vendors perform work and then not pay them until rent is collected or the property is rented? Keeping vendors waiting for long periods of time strains the relationship and forces the vendor to raise their prices to compensate for the delay's negative impact on their cash flow. A properly funded reserve should prevent this from being a problem.
- Do they prevent the co-mingling of funds among the properties they manage?

Given the fiscal responsibility that a property management company, such as White Mountain, has, it is a good idea to raise these questions during the interview process and make sure you understand their approach. Next, we'll look at the management company's policies regarding setting and collecting rent.

3/ Setting and Collecting Rent

Rental income is the lifeblood of the landlord's business. If the mechanisms are not put in place to bring in the right amount at the right time each month, the business will eventually wither and die. When properly performed, this is what allows top real estate investors to achieve a higher than average return on investment.

Here's a list of issues to review and questions to ask the property management companies you interview:

3.1/ Setting the Rental Rate

3.1.1/ How do they determine their rental rates?

There is a science behind maximising rents. For a property manager to achieve this requires them to have knowledge of the local market and perform solid research on the last 10-20+ most recently rented comparables. Rules of thumb in Romania like the 5% rule (charging 5% of the property's value as the annual rent) are handy for reference, but cannot replace thorough research using current market data. Aside from affecting rental income, your rental rate can also impact the property's value. The goal should be to get the property rented within a month.

3.2.2/ How often do they raise rents?

Rental rate surveys should be performed at least every 2 years, and more frequently if there are vacancies or rent contract renewals.

3.2.3/ Do they put contractual escalators in the rental contract?

Contractual rent escalators allow the rents to be raised without the need to negotiate, offer an explanation or give notice. Tenants know they have already agreed to it so it doesn't feel arbitrary, and tenants are actually grateful if the company decides to not enforce the full rate hike.

3.3/ Collecting Rent

3.3.1/ How is rent collected?

It's a plus if the management company offers direct debit for tenants. Processing fewer checks improves cash flow and saves time and money. This lets you know as soon as possible if funds aren't there and eliminates excuses about checks lost in the mail.

3.3.2/ How do they deal with failed payments?

This is usually a warning sign of trouble ahead; after the first failed payment, the tenants should be monitored more closely until at least 6 months of good payment history has been established.

3.3.3/ How do they deal with delinquent payments?

Find a property management company, such as White Mountain, with a process that is firm but reasonable. Tenants will start paying later and later if the management company lets them, therefore it is imperative they enforce ALL aspects of the rental agreement. Once they identify a tenant with a trend of delinquencies, they should keep a close eye making sure they either get back on track or deal with the consequences.

Remember that a strict collections process is only balanced out by the property manager quickly responding to tenants' needs with quality service.

3.3.4/ What is their current rate of delinquency?

Find out if they run a tight ship or allow things to get out of hand.

3.3.5/ When is rent due? Is there a grace period, if so how long?

Due on the fifth day of the month (in hand not postmarked) is fairly normal in Romania. Keeping it shorter prevents it from getting significantly delayed in the event of a holiday or long weekend.

3.3.6/ How much is the late fee?

While late fees can generate revenue, their primary function is to get tenants back on track to timely payments as quickly as possible. This property management fee is typically between five and ten percent of rent, sometimes a small daily fee is added to this as an incentive to catch up ASAP. In theory, the late fees are supposed to reflect the penalty the owner would experience in the event of a late mortgage payment.

3.3.7/ How do they handle evictions?

Their process should be well understood, and although the best course of action will vary based on the circumstances, they should be able to explain to you the basic checklist they go through each time. You want to deal with a company that acts quickly, documents their actions, and understand your area's unique laws for this process.

3.3.8/ In the last year, roughly how many evictions did they experience, out of how many properties being managed?

The higher the number, the less confidence you should have in their screening process.

3.3.9/ How quickly do they usually get repossession of the property when an eviction takes place?

Time is money, and a tricky minded tenant with bad intentions can drag this process out for a long time. Find a manager who excels at containing and eliminating the problem as quickly as possible.

Cash flow may be strong now, but rent will inevitably decrease over time if the property is not well maintained. Keep reading to find out how to determine if a management company has a strong preventative maintenance and repair program in place.

4/ Property Maintenance and Repairs

Preserving and ideally increasing the value of owner properties is one of the chief roles of a property management company, such as White Mountain. Tenant requests should be addressed promptly and owners provided with transparent system for seeing how their money is being spent. A competent manager accomplishes all of this with the assistance of both internal staff and their network of qualified, licensed vendors whom they have vetted for excellent cost effective service.

Here's a list of issues to review and questions to ask the property management companies you interview:

4.1/ How does the property manager track maintenance requests/ work orders?

A software solution could be in place here. You want to find a manager with a system that does not allow maintenance requests to fall through the cracks and require multiple tenant requests before the work is done. Ideally, tenants should be able to submit maintenance requests online.

4.2/ How are / Who handles after hours maintenance requests /emergencies?

Make sure it's someone qualified to handle the problem. The last thing you want is an answering machine or someone saying you will have to wait till Monday to get your or your tenants issue resolved.

4.3/ What system do they have in place to practice preventative maintenance?

Preventative maintenance is the mechanism a manager uses to maintain the value of your property and avoid letting small issues become larger more expensive problems down the road. This involves things like a predefined maintenance and inspection schedule as well as promptly addressing known issues. This of course assumes owners are willing to make the necessary repairs when they come up. Slum lords may balk, but successful real estate investors know that when you're in for the long haul you have to engage in sustainable practices that maximise property values, not short-term practices that delay (and multiply) costs.

4.4/ Do they have their own maintenance crew?

If the answer is yes, are they covered by workers compensation and are they licensed, bonded and insured? Additionally are they available 24/7/365 for emergencies?

4.5/ What contractors do they work with?

Do the contractors carry workers compensation and are they licensed, bonded and insured? Does the management company oversee the contractors' work for quality, code compliance and cost effectiveness? Some owners like to take the extra step of researching the primary vendors that will be used to make sure there are no red flags.

4.6/ Do they have any conflicts of interest with their vendors?

Beware of relationships that are based on something other than good work and the best price. Vendors reward management companies for their business, but this should be in the form of discounted rates, which benefit the owner, rather than "referral bonuses" that go to the management firm.

The management contract may state something to the effect that the management company may:

"...perform any of its duties and obtain necessary products and services, through affiliated companies or organisations in which Management may own an interest, and may receive fees, commissions and/or profits from these affiliated companies or organisations."

If this is the case make sure you get full disclosure on the nature of any pre-existing relationships where this applies and will be notified when this comes up again in the future with new vendors.

One possible exception to this rule would be when the management company receives a small fee from vendors for guaranteed payment, meaning the vendors gets paid by the management company regardless of whether the owner whose property is being worked on has sufficient funds in their account.

4.7/ What rules are in place regarding contractors entering occupied properties?

Make sure they have an established policy here. Anytime contractors and maintenance personnel are entering occupied properties there is potential for trouble if the situation is not handled carefully.

4.8/ Do they provide itemised statements with receipts for the work performed?

This adds accountability and transparency to the billing process. You don't want to work with a management company that is unwilling to provide solid documentation of where your money is going.

4.9/ Do they let tenants perform repairs?

Tenants perform inferior quality work, and their lack of insurance coverage, liability or workers compensation could leave you liable in the event of an accident or injury. Why take the risk of having them accidentally fall off a roof or ladder, electrocute themselves, or flood your home? If they don't allow tenant repairs, make sure this is written into the rental agreement. If you are comfortable allowing them, at least have the tenant sign a waiver and agree that the repairs must be approved by the manager.

4.10/ Do they allow tenants to select their own handyman?

This is also inviting trouble, and the rental agreement should prohibit this.

4.11/ What recurring maintenance tasks (lawn mowing, etc.) do they expect the tenant to perform?

This is not considered a liability hazard although providing these services eliminates the issue of tenant neglect and can improve tenant satisfaction which helps with retention.

4.12/ What is involved in their process for preparing a property to be re-rented after a tenant has vacated? How long does this process take?

The property should get the usual cleaning, repainting, re-keying, etc. but this is also a good time to consider strategic improvements that will maximise your rental revenue. You want to find a property manager that will proactively offer this kind of feedback on an as needed basis. Obviously the quicker the turnaround time, the better.

Even the best team cannot fix what they can't see. Regular inspections are a critical component of preventative maintenance.

5/ Property Inspections

You are paying the management company to be your eyes and ears and it is extremely important that they are strict about scheduling regular inspections. Many owners don't understand how much damage a bad tenant can cause in a short period of time. There is a natural tendency to assume that as long as the rent is being paid on time and there are no complaints everything is going well.

Don't make assumptions or take anything for granted. Not only will regularly scheduled inspections allow you to catch problems quickly, it is also very effective at deterring undesirable tenant behavior.

Ask any prospective property management company the following questions about how they inspect the properties they manage:

5.1/ What kind of move in inspection do they perform?

While tenant completed inspections are typical for apartments, for single family properties, the manager should perform a detailed inspection which includes digital photos. The tenant should accompany the manager for a walk through and sign off on the inspection report. This kind of documentation is critical to resolve disputes over what damage took place during the tenants stay.

5.2/ How often do they inspect the interior of the property? Are tenants notified before inside inspections?

They should inspect the property at least annually, with every six months being the preferred time interval in between inspections. The person doing the inspection should have a check list that they go over which includes things like checking all appliances, locks, A/C (filters), furnace, water heater, smoke detector, electrical, plumbing and looking for rent contract violations.

Do not accept the management company only performing inspections in between vacancies. Tenancies can last years and there is no excuse for not inspecting the property during that time. Of course tenants must be given notice before the inspection takes place (24/48 hrs. depending on state laws).

5.3/ How often do they inspect the exterior of the property?

Between 6 monthly and yearly is standard, although the more frequent the better. Realise that more often than not for many managers these are drive by inspections where the person doing the inspecting does not get out of their car. While this may be acceptable for more frequent visits, a full scale exterior inspection should be performed at less frequent intervals as well.

6/ Tenant Marketing and Retention

Attracting the right tenants and keeping them is what property management is all about. This is one of the most valuable services that a company can provide, so it's important to make sure you will be getting your money's worth by examining their process for each task.

Here's a list of issues to review and questions to ask the property management companies you interview:

6.1/ Where do they advertise their rental adverts?

The more exposure the better, unless the management company is billing you to advertise in places and ways that are not effective. Expect your adverts to be on numerous paid and free websites and expect your manager to use offline channels such as:

- Print classifieds
- Banners
- On line free adverts and websites
- On line paid premium adverts and websites

Find some of their rental ads on your own to see if they stand out from the competition. How informative and compelling are they?

Any management company can list basic information on multiple websites. What you need is a company that understands how to optimise their advertisements for maximum impact. The ads should include all the information required to answer people's questions, but they should also incorporate good copy-writing that engages the reader on an emotional level beyond bland facts.

6.2/ What is their current vacancy rate?

This is very telling; if they can't get or keep other peoples tenants very well, there's no reason to think yours will be any different.

6.3/ How long does it usually take them to fill vacancies on average?

This depends of course on the condition of the property, the value it represents to the tenant, the time of year, location and overall desirability. But all things being equal, on the Romanian market, 6 weeks is fairly standard unless the property is in some way special.

6.4/ Do they know what their cost per lead is?

If they can readily provide an answer, you know you're dealing with a manager who closely tracks the impact of their marketing and advertising Euros.

6.5/ Who fields inbound leads resulting from rental ads?

The system is only as good as the weakest link in the chain. If well placed and written rental ads direct leads to someone unqualified to handle them then the previous effort was wasted.

6.6/ How quickly do they return prospective tenants calls and emails?

The shorter the better; you are looking for a property management company, such as White Mountain, who is aggressive in responding to and nurturing leads at every point in the sales cycle. This can be an area of weakness for companies who are less sales-oriented, and if neglected it will mean longer vacancy periods. If you want to test the answer they give you, ping the info on one of their ads and see how long it takes them to get back to you.

6.7/ Will they show a property if it is occupied?

This is advisable so long as the current tenant is informed, the property is presentable and the necessary precautions are taken to minimise the intrusion and disturbance. If the property is show able then ads for the property should be put up prior to the move out date so as to minimise the vacancy period.

6.8/ Who shows the properties, do they allow unsupervised showings from a lock box?

Successful showings require the manager to be organised and ready to sell. Prospective tenants will have lots of questions about the property, the neighborhood, the rent contract etc. You want to select a manager that will be able to answer their questions and sell them on the benefits of the property. Using a lock box for showings hampers this process and also introduces the possibility of vandalism, theft and rental fraud when tenants are in your property unsupervised.

6.9/ How many times will they show the property during the week and the weekend?

Watch out for managers who are not willing to put in the time necessary to maximise the number of showings for your property.

6.10/ What kind of a tenant retention program do they have in place?

Increasing your average tenancy periods will be a huge boost to your business. This translates to fewer turnovers and lower tenant placement costs, ensures a steady income stream and usually means responsible, well-behaved tenants. Pay careful attention to how the property manager answers this question.

Does it seem like tenant retention is a priority or an after thought? A good retention program involves providing quick responses to tenant needs, establishing regular contact to assess needs and ask for feedback, providing appropriate financial incentives, giving notice that rent increases are coming and being willing to explain rent increases. Additional touches that engender good will are things like seasonal cards or gifts, a welcome packet, and newsletter.

As any landlord veteran will tell you, if your property is priced reasonably getting applicants is easy, it's finding QUALIFIED tenants that is challenging. What should you expect from a management company when it comes to tenant screening?

7/ Tenant Screening

No landlord ever wants to land a bad tenant, but regrettably all screening processes were not created equally. Applicants put their best foot forward and the more they have to hide the greater lengths they will go to hide facts that would eliminate them from consideration.

The screening process can vary widely from company to company so it's important to find out just how much protection the company is going to provide you from what later turn out to be bad tenants. It only takes one eviction to drive home just how important this aspect of the management company's duties really is. In addition to the questions below, ask for a copy of the rental application they use to find out if it's a generic document or custom tailored.

Get an idea of how much protection the management companies you interview will provide you with their screening process by asking the following questions:

7.1/ Will they "hold" a property for a tenant, and take it off the market before a rent contract is signed? If so, do they charge a fee?

There should absolutely be a fee so that you are protected in the event that things fall through.

7.2/ What systems do they have in place to protect against rental scams? Have they ever been duped by one?

Scams are becoming more widespread and more advanced. Thankfully not so much in Romania but still, it is important to be prepared for them.

7.3/ What methods do they use to screen tenants?

The more comprehensive the better. Former landlords could be contacted, income and employment could be verified although uncommon in Romania, personal references contacted, public notice (bankruptcy, eviction) search run, etc. There are so many tricks of the trade in this area and each manager will have their own time-tested methods.

7.4/ Which tenant qualifications are most important to them? Will they consider a tenant who meets their qualification in some areas but not in others?

Ideally, you want them bringing in people who are serious about their job or schooling. Remember that the less someone has to lose in life (money, family, career, reputation, personal pride), the less you can expect from them as a tenant. The eviction rate and tenant turnover rate on the properties they manage is a good indicator of how well they screen tenants.

7.5/ Do they provide you with tenant information so you can approve or deny each tenant?

This may sound like a good idea but in reality it's not. Tenant screening is what property management companies do, it's what they should be experts at, and it's what you are paying them for. If you don't trust them to perform this CRITICAL function then you should not consider selecting them. When owners get involved in the screening process the possibility of discrimination (well intended or not) goes up significantly. Fair housing violations lead to lawsuits that can cost thousands. This is a significant liability both for you and the management company.

8/ Examining the Company - Background, Qualifications, Portfolio

The service you receive will only be as good as the people doing the work. This step is critical in ensuring you select honest, knowledgeable professionals who will be attentive to your needs and the needs of your tenants.

8.1/ How long has the company been in operation? Under this name or under a different name?

The rule of thumb is to look for five years or more experience, but this must be weighed against all the other criteria as there are underperforming veterans and excellent startups in many markets. Also, beware of a company that has changed its name to avoid bad past. Check also for change of ownership. One Bucharest company run by a dedicated husband and wife from the UK was sold to a one man show covering the whole of the city without their experience or resources, trading under the reputation of the previous owners. White Mountain Property first started managing Romanian property in 2003 in Bucharest, then 2004 in Brasov. In 2007, we opened our first office and in 2014, our second. Now we have sub offices or offices in 4 locations with plans for more.

8.2/ Have they been doing property management that whole time? Have they been managing the type of property you own that whole time?

Property managers who focus on one property type and/or don't provide real estate services pride themselves on this point. There are definitely benefits to working with a company that has a single focus and specialisation, but there are plenty of competent property management companies who provide real estate service and/or manage multiple property types providing they have the resources to cope.

The main thing to look out for is people who decide to become property managers overnight even though they are unqualified. Although this applies to people from all backgrounds, it's worth noting that when the real estate market slows down a good number of realtors moonlight as property managers, some of whom lack the proper licensing and or skills required. At White Mountain, we have a large team of brokers and a separate large team of managers, because the skill set is very different.

8.3/ How knowledgeable are they?

If they appear to not have the time to answer your questions in the interview process, move on. They either genuinely don't have time for their clients, or this is a front to mask their lack of knowledge. Try offering them some hypothetical scenarios to see if they offer you solid answers or dance around the question. Quick, clear answers mean there are well laid out processes in place rather than a fly-by-the-seat-of-their-pants, more reactive mentality.

8.4/ Are they licensed to practice property management?

This is a very important point as it is a serious problem when anyone tries to practice property management without being legally set up to do so. Ask to see their Constitutive Act, which is a list of activities they have self declared at the trade register office. In other words, if property administration is not listed, they cannot legally charge or provide receipts for payments for this service. The fact that your property management company, such as White Mountain, is licensed means they are subject to the ethics and guidelines established by law. If they don't have a broker's license, they either will be operating under another broker's license or not operating legally. Either way it's worth checking the laws in your state and verifying things to make you don't select a company that is practicing property management

illegally. Also make sure to find out if they have a current errors and omissions insurance policy.

8.5/ What education level do the employees have? Do they participate in continuing education?

This is a good indicator of how seriously the company takes their work. You want to look for companies that nurture their employees professional development by encouraging them to attend graduate level courses or work exchange programs to expand their experience. Professional certifications mean the recipient has invested considerable time and money acquiring the skills required to be an expert in their field. Some of the team at White Mountain for example, have worked in similar property management companies in other countries.

8.6/ Does the management team dress and act professionally?

First impressions matter. The companies you interview are likely on their best behavior during the interview process so if they don't look and behave professionally then, don't expect things to improve. Consider that this person will represent you when dealing with current and potential future tenants; if you don't find them agreeable what are the odds your tenants will? It's also a good idea to get a look at their offices as this will provide yet another window into what kind of property conditions they find acceptable.

8.7/ How many types of properties do they manage? Do they have a specialty?

Of course, they need experience of managing your type of property, ideally in the same neighbourhood

8.8/ How many properties are they currently managing? Is the company trying to grow, hold or slim their portfolio?

This question is closely related to size which is covered in the next article.

8.9/ Do they manage properties locally, regionally, or nationally?

The conventional wisdom is that a local is best because it allows for a more singular focus as well as increases management's attention and ability to meet your needs as well as your access to decision makers in the company. That said, this can be an overgeneralisation easily outweighed by any number of the other factors covered in this selecting guide.

8.10/ How long is their average client relationship?

Longevity is a good sign.

8.11/ Ask for the addresses of some of their managed property

Bear in mind they will select properties that reflect well on them, but you can hunt down one of their other properties by locating some of their rental adverts. If you get the opportunity to talk to tenants try to assess their level of satisfaction with the management company.

8.1/ Where is their office located? How far is it from your rental property?

The farther away they are the more likely the level of attention your property receives will suffer. A maximum of a twenty five minute drive is a good rule of thumb.

9/ Examining the Company - Size, Staff, Customer Service

The service you receive will only be as good as the people doing the work. This step is critical in ensuring you chose honest, knowledgeable professionals who will be attentive to your needs and the needs of your tenants.

9.1/ How many people do they have on staff?

There are pros and cons on to both large and small size companies. While these are certainly not universal, here are some to consider:

- **Larger company benefits**
 - More specialised staff (i.e. the accounting dept. consists of trained accountants)
 - Typically have an in-house maintenance crew
 - More process-driven
 - Able to negotiate better vendor contracts and advertising rates because of size
 - More likely to have made a significant investment in enterprise level software that helps them perform property management functions, as well as other more general tasks like accounting, communication and administration.
 - Plenty of back-ups to fill in when someone gets sick goes on vacation, quits, etc. This load-sharing can also help with burnout.
- **Smaller company benefits**
 - The buck stops with the people you directly deal with.
 - A shorter chain of command means quicker responses and less finger pointing when there are problems.
 - You may have more pricing leverage
 - The fact that a mom and pop company has their name (sometimes literally), reputation and personal identity tied to their business can be viewed as a positive motivating factor to provide good service.

9.2/ What is their staff turnover rate?

The property management industry has a higher turnover in general due to the stresses of the job, so bear in mind this figure is only meaningful when compared to other property management companies in the area. High turnover is a bad sign. You want to deal with the same people, not a new face every few months. Additionally, this may a sign of poor management and possibly financial instability. If financial stability is a question, you can always run a credit check on the company.

9.3/ Who is the specific PM that will handle the property?

The interview with management may go well, but if the manager they assign to your property is sub-par, it really doesn't matter how well the rest of the Company operates. Make a point to meet the specific property manager(s) who will be managing your properties. Consider the following:

9.4/ How do they show the property? Do they dress and act professionally? Do they seem knowledgeable about their profession?

A nice outfit, warm smile and firm handshake is not enough on its own. Ask enough questions to the point that you are satisfied they know what they are doing.

9.5/ How long have they been property manager for working as an actual PM, not an assistant?

Relevant experience is key. They may transition quite well and do a good job but either way you want to know their background upfront.

9.6/ How long have they been with this company, where and for how long were they with the company before that?

Job hopping is not a good sign, and because of the localised nature of real estate, more time spent locally is preferable to a recent transplant from different rental market.

9.7/ Who would you be dealing with if that person is sick or on leave?

There will be a day when the planets align and Murphy's Law comes full force. Your manager is out of town and a situation arises that requires immediate attention. Is there a qualified back-up person who will know how to solve the problem or it fall on you to deal with the problem?

9.8/ What are their office hours?

Property management is a 24/7/365 role, look for a property manager that will be working for you and your properties on the weekend as well.

9.9/ Who handles after hours, weekend and holiday calls?

It needs to be someone who is qualified to competently address owner and tenant concerns quickly, rather than explaining that you or the tenants will need to wait till Monday morning before you can get redress. If one of your tenants has a pipe burst at 11:30 Friday night, you don't want them talking to someone who is not qualified or capable of promptly getting the problem solved. Regardless of the answer you are given, the only way to know is to call the given number and see who picks up. If tenant or owner emergencies are met with an answering machine you may want to think about moving on.

9.10/ How quickly do they respond to tenant and owner calls?

If during the interview process you have a hard time getting a hold of them, or getting a quick reply, consider it a sign of things to come. Why would you consider selecting a property management company that is hard to get a hold of?

10/ Conclusion

You should have seen by now how the following key areas of a property management business will affect you.

- Property Management Fees
- Handling Tenant and Owner Funds
- Setting and Collecting Rent
- Property Maintenance and Repairs
- Property Inspections
- Tenant Marketing and Retention
- Tenant Screening
- Examining the Company - Background, Qualifications, Portfolio
- Examining the Company - Size, Staff, Customer Service

We hope this guide proves useful to you and if you have any specific questions, please feel free to contact us via info@whitemountain.ro or find our contact details at www.whitemountain.ro.

Happy Investing

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