



Finding a new management company is like finding a new partner. Let's make sure we are a fit for your association.

It's not every day you are looking for a new association management company. We will help you with the process with our "20 Questions". These are the 20 questions to ask yourself and the potential management company before you interview them.

Before meeting with any company, have them complete this questionnaire so you know what services are being provided for the fee they are charging. Here are the questions to ask, and why to ask them, with our responses. The first question is perhaps the most important:

1. **If you are with a current management company provider, what is the primary reason you are dissatisfied with their service and looking for a new company?**

The last thing you want to do is to go through the hassle and inconvenience of changing management companies to result in the same circumstances that prompted you to change companies. If you are unhappy with the quality of your Community Manager or the level of communication, you should focus on this issue most of all. Specifically, what is it about your current company you wish to change? During the interview, hone in on the solution to that problem.

We would love to hear the issues you currently have and how we may provide a better solution. If you are looking for superior customer service for your association and board, you may be your next management company.

2. **What is your business model?**

This is a pretty simple question, and you should expect a very direct response. They may specialize in large associations with complex financials and many community amenities, or smaller ones with lower expectations but who desire to be compliant. You want to know how they attract their clients and then provide superior customer service.

We promise, deliver and document superior customer service.

3. **What makes you different from the competition?**

Another easy question to answer. It could be years in the industry, knowledge of the laws, location of the office, high customer ratings from Google or Yelp, but every company is different, and they should be able to communicate that differentiation to you.

We limit the number of communities our managers can manage to 10 in total or 1,000 owners (whichever comes first). We also allow them to work largely from home. Their job is sometimes difficult, let them do it from the comfort of their home. By limiting the communities they manage, allowing them to work largely



from home and providing strong office support, we expect them to provide superior customer service.

4. Does your company manage residential properties or sell real estate?

Some association management companies only offer community management services. Other companies also provide residential services and even help their owners buy or sell real estate. That in itself is not a bad thing, but the company who manages both residential properties and associations should not allow the community manager to manage a residential property in your community, as that may be a conflict of interest. Also, does the association management side of the business provide the resources it needs to properly service your community?

Yes. We have a residential management division (Progressive Property Management) and a real estate sales division (Partners Real Estate Group). Each has their own management, staffing, and support services.

5. What is the average number of owners in the associations you manage?

If the company specializes in communities with 10 to 50 owners, and your community is 500 owners in size, they may not have the resources to accommodate your association. If they manage 200 associations, and the majority of them are larger than 200 owners, your community of 50 may get lost in the shuffle. Most management companies manage a range of association sizes, but prefer a particular sized association.

We currently manage 230 associations with 15,000 owners or an average of 65 owners per HOA. We manage communities as large as 800 and as small as 10.

6. What type of management software do you use?

The actual management software is not important. There are three or four excellent association management software choices available, but if the company does not use any management software, or relies solely on QuickBooks or Excel, that is a red flag. Their software should allow owners to pay dues online, submit maintenance request online, and download governing documents. It should also allow the board greater access and review financial statements online and read operational reports.

We use Cinc, one of the fastest growing software companies in the country. It is user friendly, robust and constantly improving.

7. How many associations do you manage, and how many of our size do you manage?

This goes to the size of the company. There is nothing inherently wrong with a company that manages 1,000 associations or the one that manages just 50, but your experience and expectations may differ greatly. If you have hired large



companies in the past and had poor experiences, it may be time to pick a smaller company. If the small company does not have the resources to satisfy your association, it may be time to go with a larger one.

We currently manage 230 associations, add an average of 5 associations a month, and are experts at onboarding our new communities seamlessly and efficiently.

8. Can we cancel the contract at any time?

Most management company contracts are one year in length and then convert to a month-to-month contract. If you wish to cancel that contract, you must give 30, 60, or even 90 days' notice. That is fine. Some contracts are automatically renewed for another year, and if you wish to cancel your contract, you owe management fees for the balance of that year. Some contracts also give the management company a timeframe to remedy any issues the board has with them. This is too cumbersome and an unnecessary hurdle and should be removed from the contract. The contract should be "at will" after the initial contract period.

We do not believe you should be tethered to a company you no longer wish to use. You can cancel at any time with 60 day notice.

9. What are your accounting controls?

Ideally, even if the company manages just a few associations, there will be separation of duties and the person writing the checks is not the one reconciling the account. There should be segregation of duties and rock-solid internal controls. This is your money they are handling.

We have financials, collections, receivables and payables departments. We use strict accounting standards to insure no one team member can access association funds inappropriately.

10. Does your company have an in-house maintenance department or ownership interest in any of the vendors you recommend to your associations?

It is not uncommon for management companies to own a maintenance or landscaping company. This ownership is neither good nor bad per se, but it could be a conflict of interest for them to use these companies unless the service they provide comes at a competitive price with the same level of, or higher, customer service.

We do not own or joint venture with a maintenance company. We pick the best vendors who have adequate insurance and are licensed if necessary, to recommend to our boards. If you have vendors you like and trust, we are happy to continue to use their services.



11. How many owners on average do your community managers handle?

This is a critical question: not only for the company, but also for the community manager assigned to your account. The company may say “no more than 1,000 owners,” but since your community manager is so adept at their job, or another community manager left the company recently, they may be managing 1,500 to 2,000 owners. If a person is managing 25 associations with a total of 1,500 owners, that means they must report to up to 125 board members and attend up to 50 hours of community meetings per month with 25 hours of monthly walk-throughs, leaving no time to respond to owners and board members.

We limit our managers to 10 communities or 1,000 owners, whichever comes first. This gives them ample time to service the needs of these associations.

12. What is the chain of command at your company?

If the board is not happy with the assigned community manager or the quality of work of the back office, to whom can they speak? Do you speak directly to the community manager or their assistant? Can you speak to the owner if you are completely dissatisfied? The greater access you have to the decision makers of the company, the better it is for you.

Progressive is family owned and locally based with 3 offices in Southern California. The owner of the company, Scott P. Brady, will include his personal email to every owner we manage.

13. What are the transfer fees when selling?

Although this fee is borne by the owners and not a fee paid by the association, it should be reasonable. Some management companies reduce their base management fees to secure the account, and then charge numerous fees or inflated ones. In California, the total escrow fees (transfer, demand, documents, etc.) should run from \$500 to \$1,000 per sale.

Our transfer and demand fees are \$300 and \$375 respectively. If the owner does not have the necessary disclosures, we can supply that to escrow as well.

14. How are collections handled?

You must treat every delinquent homeowner equally, and ideally the management company has an accounting department big enough for a dedicated collections person. You do not want the community manager also performing the unpleasant task of collections. It makes for an awkward conversation when a board member receives a pre-lien letter from them instead of a person on staff who handles this.

We have an in-house collections department. They generate the pre-liens and



liens. If an owner is sent to formal collections (i.e., foreclosure) that is handled by a third party law firm.

15. How does an owner get a question answered?

If an owner has an issue and needs to get it addressed, what is the communication path? Do they speak directly with the community manager, or is there a call routed to the right department? What if there is an emergency on the weekend? How is that handled? The biggest frustration for many associations is the feeling that, once the contract is signed, the level of communication dissipates.

Owners calls are handled by our client services department and we guarantee a response within 2 business days. Board call are taken by the Community Manager themselves and we expect them to respond in 1 business day. We have an emergency line, manned locally, and expect an immediate response.

16. Do your community managers have certifications or designations?

This is a “nice to have” requirement. Community managers do not legally need to be certified or have obtained industry designations to manage your association, but it shows a higher level of commitment to their profession and perhaps a higher level of professionalism.

All our Community Managers obtain their CCAM (Certified Community Association Manager) certification from CACM (California Association of Community Managers).

17. Can you tell us about the communication channel between the board and the community manager?

Can the board call the community manager directly? Can they speak to them evenings or weekends? How long a response time should they expect?

We ask one board member to be the point person for the balance of the board and they will be provided the cell phone of their Community Manager.

18. Have you been terminated by other associations, and if yes, for what reason?

It is part of the industry that boards terminate their contracts and conversely, management companies terminate some associations. Some cancellations are justified, and others are more subjective. New boards come in and “clean house”. Some communities sap the resources and time of the management company and it is not a “good fit”. This question is worth exploring.

Unfortunately, some boards or communities have issues that are unsurmountable and it is not a good “fit” with us. Our attrition rate, the percent of boards we terminate, or who terminate us, is 3% of our total portfolio annually. We have



found communities extremely low on funds (both operating and reserves, are highly correlated to a bad fit.

19. How much time do you expect the Community Manager to spend on our association monthly?

Every management company has a “metric” or amount of time they expect the company to spend on your account on a monthly basis. It is difficult for a company to make a profit on a 20 owner community that takes 20 hours a month of the Community Manager’s time. This question will align your expectations with the management company.

The key process indicator (KPI) we use that we expect a manager to spend 12 minutes per month per owner on a community. So a community with 75 owners should occupy 15 hours of their time per month. That includes meetings, on site walks and working with the board. This is an estimate, and unless the board, after a few months of working with the manager, exceeds this terribly, it is a guideline.

20. What would you like to ask us or tell us about your company, and why should we select you?

Interviewing a management company is like going on a first date. Whether it is the owner of the company or their higher level designate, you should be impressed with both their business and them. If you are impressed with them, it usually does not improve when meeting the rest of the organization. The representative should be able to make a clear and compelling case why you should hire them. Sometimes it is just not a good fit, and they will tell you so.

We are happy to interview with the board and share our “story”.