



"Focused on Service For Over 10 Years"

ACTHA Seminar – "10 Things a Board Must Know"
Keith Conrad, MC Property Management Corp
August 2, 2008

How to Successfully Choose a Management Company

- I. Where do Board Members Begin?
 - A. Utilize resources to find management company candidates
 - i. CAI and ACTHA
 - ii. Internet
 - iii. Recommendations from other Homeowners in different Associations
 - iv. Professionals in the Business (ie, Bankers, lawyers, accountants)
 - v. Current vendors that you trust
 - B. Understand what your needs are
 - i. Assess current management company
 - ii. Identify what the Association's needs are from a new management company
 - iii. Create a formal proposal request to send to management company candidates
 - iv. Request written proposals
 - v. Interview at least 3-5 companies
 - C. When to begin process
 - i. The process takes a two to three months
 - ii. Should give current management company adequate notice (could depend on contract terms)
 - iii. Finalize decision at least 45 days prior to beginning of new management contract

- II. The Interview Process
 - A. How to conduct interview
 - i. Set up 1-2 nights where the majority, if not all, Board Members can attend
 - ii. Allow each management company equal time (aprox 45 mins-1hour) to present
 - iii. Allow time to explain what areas of management are important to association and need improvement
 - iv. Remember the Management Companies are interviewing the Board as much as vice versa, so present an accurate picture of association
 - v. Be professional, respond back to each management company regardless of decision

 - B. Determining Factors
 - i. Cost – All encompassing fee
 - a. Standard per unit per month cost
 - b. "a la Carte" charges
 - c. Charges to homeowners
 - ii. Services Offered and ability to customize to association's needs
 - iii. Cut Clause – With or Without Cause (Always have an out)
 - iv. Firm and Property Manager's reputation – Check the references
 - v. Proximity to Property – How important? *Not very much!*

 - C. Selecting a Management Company
 - i. Board should read and fully understand management contract prior to entering into contract
 - ii. An Attorney should review management contract

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How to Successfully Choose a Management Company (cont'd.)

- III. The Turnover Process – Procedures, Expectations, and Requirements
 - A. Exiting management company
 - i. Provide proper timely written cancellation notice (Certified and regular mail)
 - ii. Contractually obligated to provide management service up to cancellation day
 - iii. End contract at month's end to simplify transfer of financial records
 - iv. Reconcile bank accounts through end of contract
 - v. Provide all records within reasonable time
 - vi. DO NOT CLOSE BANK ACCOUNTS
 - B. Incoming management company
 - i. Have a meeting with Board prior to turnover to assure new management company hits the ground running
 - ii. Provide welcome letter to homeowners
 - iii. Send out Assessment Statements for first month of new management contract
 - iv. Bring all balances forward from financial statements and accounts receivable aging
 - v. Review all existing contracts with vendors
 - C. Keys for smooth turnover transition
 - i. DON'T BURN BRIDGES

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