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### COMMUNITY LIVING

## Finding a property manager who's right for your association

By Pamela Dittmer McKuen

Special to the Tribune

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Fully loaded or economy? When it comes to choosing a property management company that will keep your association humming, there are lots of models available, and depending on the level of service, there can be a wide range in cost.

"There is a tremendous swing in the level of service that is provided by management companies," said association attorney David Sugar of Arnstein & Lehr in Chicago. "It's like any other service. A Cadillac service is going to be more costly than a bare-bones level of service."

Management costs also depend on size and location of the association, said association consultant Angela Falzone of Association Advocates in Park Ridge.

"Suburban management companies tend to get less than downtown companies," she said.

The economies of scale mean that small associations often will pay higher per-unit prices than large ones, she said.

"A lot of companies have minimums," she said. "Some won't talk to you for less than \$4,000 per month or \$1,000."

How much should your association pay for management? No rule of thumb exists, but the following advice can help you get the best value:

- Determine your needs. Active, experienced boards may not require as much guidance as first-time board members.

"The price is driven by the level of service you want," Sugar said.

"A big variable is the number of meetings," said Mike Baum, president of Baum Property Services in Aurora. "The more meetings and the longer their duration, the higher the fee. Another variable is accounting frequency. Do you want monthly financials or quarterly financials? Sending out an invoice once a month is more expensive than sending a coupon book once a year."

- Compare apples to apples. Instead of asking management companies to make presentations, which can be subjective, send out bid requests that describe your property and itemize your needs.

"You're not going to get a true picture without specs," said Baum.

"We also ask for copies of a standard monthly report or a standard contract,"



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Falzone said. "Some companies tell us no. If they can't follow our plan, how will they respond to our client? Others take it very seriously. They'll answer 50 questions."

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- Do the math. A company with a higher monthly fee might end up costing less when the add-on charges of a competitor are considered. Companies typically levy additional fees for negotiating large insurance claims and overseeing major capital improvement projects, attending more than a set number of meetings, storing records, faxing and photocopying.

"I haven't seen anyone charge for e-mails yet, but there are lots of things they charge extra for," said Falzone. "These items should be clearly identified."

Ask about vendor relationships. Some management companies may come in with lower bids in hopes of steering you toward other businesses they own, particularly maintenance services.

- Check out termination fees. Breaking a management contract can be costly. Some companies charge penalties that can run thousands of dollars. Try to negotiate these provisions out of a contract before you sign, Falzone said.

"I like to see that the contract can be terminated by written notice of 30 or 60 days for any reason," she said. "The relationship between a board and a management company is such a personal thing. If it doesn't feel right, the board should have the right to walk away."

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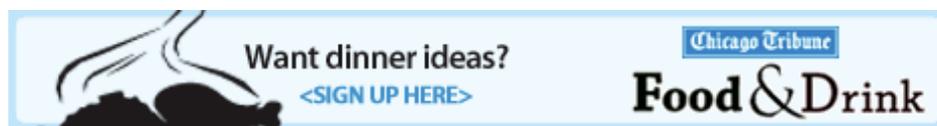
"Choosing a Management Company," published by the Community Associations Institute, is a 24-page guide to selecting professional management. The cost is \$15 for members and \$25 for non-members. To order, call 703-548-8600 or log on at [www.caionline.org](http://www.caionline.org).

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