



National Realty Partners, LLC

Points to consider, when reviewing RFP responses...

1. At a minimum, every common interest community Board should have three contractors help them manage the affairs of the community > your auditor, your attorney and your management company. Use all three entities to keep an “eye” on the others. They will help you achieve and maintain your fiduciary responsibilities. They are each equally important.
2. All management companies, based in Virginia, must be licensed and are required to have their company’s financial statements reviewed or **audited by an independent CPA annually** – this is required by Virginia Code Section 54.1-2346. Is your management company based in Virginia?? If so, **have they complied with this requirement?**
3. Make sure at least two **Board Members have signature authority on all bank accounts**. The management company should also have signature authority (but cannot sign checks without written pre-authorization as stated in your approved budget and/ or meeting minutes). Make sure you get **copies of every check written, every month**.
4. Make sure they **reconcile your Financial Statements with your original bank statements** (make sure you get copies every month). This is very important. It is very easy to doctor bank statements, so make sure they use originals to verify all of the financial transactions in your Balance Sheet, General Ledger and Operating Statements.
5. Ask how many associates the management company employs vs. # of clients.
 - a) Healthy **employee to client ratios**
 - 1 accounting team member for every 8 - 10 communities
 - 8 - 10 (maximum) communities per manager
6. You want a management company that offers thoughtful, professional advice. **Stay up to date on legislative changes.**
7. Scrutinize the **Schedule A list of additional fees.**
 - a) Onsite staff? Who is their employer? What are the associated costs?
 - b) Misc. Charges – example > is postage charged at cost? Or, is it marked up?
8. Make sure your insurance covers all of your cash plus 25% (or three months) of the total Annual Assessments (**Fidelity Insurance**), your Board of Directors, management and appointed committee members (**D & O insurance**) and the property (**replacement cost**).
9. As a board member, you are part of a management team operating a legal entity; you have **fiduciary responsibilities** just like any company officer.
10. ***Selecting a new community management company is a big decision; ask for advice from your attorney and your auditor!***