

Managing rental involves more than just repairs

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Q: I am planning to buy a fourplex and am planning on using an on-call handyman instead of property management, which is typically expensive. Since this is my first project, I want to know your thoughts and if you have had any experience in this aspect of being a landlord.

A: It's hard to know what to expect when buying investment property for the first time, especially with residential real estate, which is a completely different type of investment than a big warehouse or even a small office building.

Professional property management is its own ball of wax, and whether it works for you depends on a variety of things, not all of which are under your control.

Let's start at the top. If you're a hands-on investor and you're skilled at maintaining real estate, you may save the money that you'd otherwise use for the management company and oversee the management of the property yourself.

Your on-call handyman (or woman) may only take care of the small fixes and repairs that are needed at the property. Having a person like that to help you is a good idea, but property managers do more than handling repairs. They typically also collect rent, do the property bookkeeping, handle leasing and deal with evictions.

Simply having a repair person on call does not compare with a full-service management company. They're two different animals.

Make a list of the tasks involved in managing the building, and then decide what



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you'd rather have done for you. If you plan on advertising the property, dealing with the tenants and collecting the rent yourself,

a management company may not have much to do for you. You don't want to pay a lot of money for nothing.

And, on the subject of paying, if you decide to hire a management company, you should shop around to compare charges and fees, and find out if you have to take an all-or-nothing package or if you can pick and choose services and pay accordingly.

If -- and this is a big if -- you are planning to have a hands-off attitude toward your property and plan on buying a number of others, you might want to get your feet wet with a property manager now to see how it handles the job and if you feel comfortable with the services you're receiving for the price you're paying.

It all comes down to how much you want to be involved, given the other priorities in your life. Thanks for your question. We hope our answer gets you started on thinking about these issues and that you come to the best decision for your situation.

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