

1. Why do I need a professional property manager....

a) ... when I (or a friend / family member) can do it?

There are times in life when everyone needs to hire something out. You lack either the time or skills (or both) to be able to complete a task and begin looking for someone who does. Often these choices are obvious. If you don't know a socket from a driver you'll be taking your car to a mechanic for brakes.

The problem comes when you choose to do something yourself and find out later you underestimated the necessary amount of time or skill. This mistake can often be very expensive. Imagine custom ordering a new window (or 2, or 5!) for your house to find out you misunderstood how to properly measure. Or how about purchasing a nice big steak at the grocery store only to throw it out because you never got time to fire up the grill.

People often underestimate the time and skill set needed to be a landlord with serious consequences. Did you know that:

- If you mishandle a financial issue with a resident you can be sued for 3x the amount of the dispute. Unfortunately many judges will rule against a landlord in such cases because it was the error that brought the case to trial even if the underlying principals of the argument favor the landlord.
- If you mishandle back rent you cannot legally evict or collect once the tenant has vacated.
- Tenants often get free legal advice, landlords don't.
- A resident can legally withhold rent (or break a lease) for a number of reasons.
- Studies show that delayed or improperly handled maintenance issues are the number one reason tenants move out. Residents want issues fixed now, not next weekend when you get time.
- Vacancy is the #1 expense when you are a landlord, however...
- ...putting a bad tenant in your rental can cost thousands of lost rent dollars and result in expensive repairs.

Keeping your tenant happy and in your rental unit is a full time job. Handling the legal aspects of a tenancy requires experience and a unique skill set.

b) ... when I can hire my handyman, contractor or my real estate agent to manage my property cheaper?

A cardiologist and a neurologist are both doctors, but you would never see a cardiologist if you needed brain surgery. These two professions have commonality, but are unique in their specialization - as are professional property managers, contractors and real estate agents.

Often property owners / investors will hire a handyman or a contractor to manage the rental. A good handyman is great to have on-call for maintenance issues. Properly handling maintenance in a timely manner is a big part of being a landlord. Your real estate agent may also manage property on the side and offer his or her services. Your agent may say real estate is real estate. I can buy, sell and rent. He might also point out that both real estate agents and property managers in Michigan hold the same license, sit in the same courses and pass the same test.

The problem comes back to skills, experience and time.

Skills and experience: Many individuals in these groups only have part of the skill set and experience needed. Many will tell an investor that managing a rental is very straightforward. And they are right; it is - about 90% of the time. It's in those odd 10% times, situations that are unique to tenant-occupied property that can be the difference between a profitable investment and a loser. We manage hundreds of rental units and we see at least one situation a week that we've never seen before. **Don't let your investment be someone else's learning experience.**

Focus and Time: Making sure your rental is your manager's primary focus is essential. Will a contractor return a tenant call first or last when his other voicemails are from clients interested in big (and profitable) remodeling projects? Will a real estate agent get the proper late notices out, at the right time, when he's also trying to work a large deal (with a large commission)? Both contractors and real estate agents work in cyclical industries and many see property management as a means to a steady income when their primary market cycles down. When the cycle swings up, where will that leave you?

Bottom line. We have seen a number of investors lose money due to mismanagement, either by self management or by hiring the wrong manager. A real estate rental is a big investment, larger than many retirement plans. Most of us wouldn't consider self managing a \$50,000 401(k) nor would we hire someone who does retirement planning on the side. Why do something similar with your investment property? We are focused on making your investment profitable. We are paid for this service, but our owners find that our fees are outweighed by the amount we save them.