



REAL ESTATE · PROPERTY MANAGEMENT · SALES

Checklist for Buying a Rental Property

So you would like to buy a rental property? Congratulations! Now comes the hard part that will require due diligence and patience. Owning a rental property will require extensive research, a financial commitment, and a significant role in maintaining the property.

1. **Assess your financial requirements and goals.** Do you plan on selling the property in a few years for a quick profit? Or do you plan on keeping the property for an extended period of time?
 - a. To reap any sort of gain, a property should be held a minimum of 3-5 years. Purchase a property that is well maintained and needs little or no upkeep to help maximize any potential profit.
 - b. If you plan on keeping the property for an extended period of time, think about purchasing a lower priced property that you can fix up as you rent it out.
2. **Choose the type of property you want** – single family home, duplex, tri-plex, small apartment community. Single family homes are generally less expensive to maintain and apartment may require more upkeep.
3. **Is it in good condition?** If the price of a property seems too good to be true – it probably is. It is important to factor out any future repairs and renovation before making a decision. Don't think you can skimp on repairs because you are not living there – tenants can withhold rent if repairs are not completed in a timely manner – and why would you not want to keep an investment property in prime condition?
4. **Location, location, location!** How many times have we heard this? Rentals situated on busier streets garner more attention and may have a lower vacancy rate. However, some tenants prefer the peace and quiet of an established neighborhood. Is it located near a business district? Major intersection? Good school? Park? Public Transportation? All of these can be a positive or negative factor in acquiring tenants.
5. **What is the current condition of the neighborhood?** Even though the property you are looking at is a gem, are the properties and buildings around it well maintained? If not – this can profoundly affect your efforts in attracting new tenants.
6. **Is it currently a rental?** If the property has a negative reputation or problem tenants, it may become difficult to turn the property around.
7. **Does it have current tenants in place?** Be sure to get a copy of the tenants current rental agreement, addendums, move-in condition report, lead-based paint disclosure, copy of rent increases, violation warnings and letters. Also ask for a copy of the tenant's payment ledger for the past 12 months to verify timely rent payments.

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8. Crunch the numbers! One of the problems I see is owner's counting on the monthly rent to cover their mortgage payment. Be willing to make the payments even if the rents don't come in. Also consider overhead expenses, emergency repairs, taxes, and insurance. If the numbers don't add up – keep looking.

9. Can you handle the needs of a rental property? Backed up toilets, fridge doesn't stay cold, neighbors are bickering, cars illegally parked – all of these usually come to a crisis around 4:45 PM on a Friday – or the eve of a major Holiday. Are you ready for this? If you are unable to diplomatically deal with tenants or emergency maintenance issues – then you should hire a property management company.

10. Work with a Realtor! With the internet nowadays, you can do a lot of home research and mortgage research online. A realtor is not a "home finder" – a good realtor is going to bring you a wealth of knowledge including house information, area information, mortgage options, as well as guide you through the entire home buying process. Where a good agent earns their commission is their negotiation skills. If an agent can save you 15K on the total price of an investment you want to purchase, is that worth a small commission? Of course it is! However, if you feel you are working with a realtor who is not offering you all of the services described, it may be time to interview other agents.

11. Hire a Professional Management Company! Professional management companies are trained in how to deal with difficult tenants, fair housing laws, proper forms to use, and a menagerie of scenarios that can come up.

The Alpine Group will:

- a. *Market your unit without violating Fair Housing Laws*
- b. *Show your vacancies 6 days a week*
- c. *Proper screening techniques including criminal background checks and credit history*
- d. *Full-service bookkeeping included with each property we manage including paying all bills associated with that property. Monthly statements include an Owner Statement, Balance Sheet, Rent Roll, and a detailed history of what has transpired during the last month.*
- e. *Collection of rents – and proper notices served if rent not paid timely*
- f. *Monitor the tenants and serve notices as necessary*
- g. *Local knowledge of rental rates – overpriced properties can sit vacant while other properties get rented. Knowledge of rental rates is a key factor to fast rentals and quick cash flow.*
- h. *Property Law and Regulations – a wrong date on an eviction notice and you have to start the process all over again. We know the proper way to serve notices so no time is lost!*
- i. *Inspections! Inspections are done yearly.*
- j. *Emergency calls – we have someone on call 24/7 to handle late night or Holiday emergencies.*
- k. *No excuses! Talk to any property manager and they can give you ten reasons why a tenant can't pay the rent on time this month. A good property manager will train the tenant that*



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the rent is the first bill that needs to be paid each month – and not get personally involved or let a tenant get into a habitual pattern of paying late each month.

- l.*** *Bonus! FREE TIME!* We can help free up your time for doing deals that make money. And vacations. And spending more time with your children. And grand-children.
- m.*** *Peace of mind!* Isn't it important to know that your investment property is in good hands? We can give you that peace of mind and take care of the business side of owning a rental property.

Owning a rental property is definitely not for the faint of heart. There *are* risks involved. But with our professional management company, we can help make your dream become a reality!