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Chapter 1 : Getting Started in Rental Income by Michael C. Thomsett (, Paperback) | eBay

getting started in rental income Just as location is a critical component to the value of realestate, knowledge is a critical component to investing success. Aswith any type of new endeavor, gaining knowledge and experience isessential as you move forward toward success.

My husband and I bought our first property at the ages of 23 and 25, on October 25, after our 3rd move in 18 months. I had just graduated from Grad School and was unemployed and without a job. Fast forward four years to today; we own 7 houses, with 2 more expected to close by Christmas. All of this was courtesy of investing in rental property and thinking outside of the box using the little resources we had. I share this as inspiration; not as a brag. You can do anything you set your mind to in Real Estate. In Real Estate, no beginning is too small, no investment is too large. Real estate is an awesome investment. It is adaptable to your goals, and your pool of resources. The benefits of owning rental properties are as vast as your goals and desires. You will make tons of mistakes, trust me I did!! Still, I am so thankful for our Real Estate investments. How To Start Investing In Single Family Homes Real Estate comes in many forms – multi-family, shopping centers, storage Units, industrial office buildings, residential housing – all of which come with different sizes and price tags. There are lots of financing and management strategies. This unique melting pot of options means that anyone can get started with a little bit of wisdom and a lot of out of the box thinking no matter their financial planning. For this guide we are going to focus on residential single family homes and how to buy rental property in this category. The key is to have a model that works, and to use that model to guide your plan. A great plan allows you to get to your goal with minimal mistakes. Here are 10 things to evaluate before you buy your first income property: Type of Property Question: What type of property do you want to get started? While there are tons of property types; we are going to focus on single family. Even within this niche you can get started with a personal property meaning you live in it first and rent it out when you move OR you can buy a rental property. This means that it is a rental property from day one. Local or Long Distance Question: Do you want to be local investor or are you willing to buy long distance in the best real estate markets? Being a local investor allows you to be able to check on your properties easily if there is ever an emergency. It also makes it easier to self-manage or supervise a property manager. Long distance allows you to invest where the market make the most sense for cashflow ; not just your local market i. Kentucky versus New York City. You can live and work in California and invest in the Midwest where your money goes a lot further with higher returns. You can learn more about investing with Fundrise here , or you can learn more about the platform in our Fundrise Review. Do you want cash flow or cash flow and appreciation? Some markets such as California, DC, or New York City, see large amounts of appreciation that a landlord can anticipate. Other areas such as small town Texas, Wisconsin or upstate New York are cheaper and return large cash returns but the house will never go up in value. When you sell the house it will be worth the same amount you paid for it. Self Management or Property Management Question: Do you want to handle the 3am flooded toilet or do you want to hire someone to handle all of it for you? As a self-managing landlord who has 3 houses across the country from her location, I am proof it is possible to self manage from afar. On the other hand, I am doing the follow up before and after a big storm. I do try to fly out to do the changeover to new tenants. If you do not want to do the day to day management, you would need to hire a property manager. In this case your key to success is to find a trusted team member. You need to be able to trust their judgment on choice of contractors and trust how they handle tenant matters. They are going to be your day to day person on the front who represents not only you but also your money. This article from Biggerpockets has 80 question to ask yourself before you hire a property manager. InvestmentZen contributor Mr wrote a great article about ways to invest in real estate, without actually owning real estate here. Do you want to invest in areas where you can walk around at night or are you okay with a rougher crowd? Are you looking for young couples without kids or young families? Is there a large quantity of these types of applicants all the time? The

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key when buying rental property is to make sure your demographics all match up. You want your proposed rent to match up to your demographic along with your area. Just like a great school neighborhood is not going to appeal to 4 single dudes who are looking for a party crash pad. So it is important that your house, demographics, and price point all match up. Cash or Financing Question: Do you want to pay cash or finance? While paying cash is great because you are debt free; if you finance the rentals you are either able to buy a bigger property or more of them as your financing dollar goes further. You are also able to take advantage of the low interest rates of today. Leverage can be an asset or a liability. Leveraging your property means that you can buy more property with less capital, it can also mean you have risk. For ease of numbers lets assume you have no other variable except the ones listed all the houses are all exactly the same on condition, location, etc. The first house you purchased with cash so it took your entire investment. Therefore you were only able to buy one house.

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Chapter 2 : How To Start Investing In Rental Property - Owning Income Property

getting started in rental income Just as location is a critical component to the value of real estate, knowledge is a critical component to investing success. As with any type of new endeavor, gaining knowledge and experience is essential as you move forward toward success.

The thought of that life terrifies me. There is a significant distinction there, but an important one. In other words “ you are going to learn exactly how to get started building wealth with real estate! To get the book, just click here and join BiggerPockets, the free real estate investing social network! If you are bored, well, hopefully not bored reading this! and not sitting anywhere near your children because the language is definitely not family friendly check out this clip by stand-up comedian Louis CK about growing old. All the skills, tools, and confidence you need to successfully rent your house are just a mouse-click away. Very little life experience “ I know, when I was twenty-one I thought I knew quite a bit. Now today, at 27, I think I know everything. After that, comes the kids that require every waking minute. Poor credit “ College and the years that follow can be rough for a lot of young people, as the schools do a terrible time teaching about financial intelligence. Either way, most of us have needed to wade through the credit card years and will spend many years recovering. You will probably find a similar situation. The following is a collection of the lessons I have learned. The older you get, it seems, the less motivated you are. As people get older, they seem to get more complacent in their situation, and no longer shoot for the stars. Today I had a conversation with a man about how to buy an airplane. Am I anywhere near ready to buy an airplane? This is the power of motivation when you are young. Jump into the Forums and ask question. Get into a conversation with a blogger on the BiggerPockets Blog. Technology can be a force for terrible time-wasting, or for terrific growth. Which will you use it for? If you create a solid plan now, and simply follow that plan, you are going to have to work hard not to retire a millionaire. However, I believe for most people your first investment besides investing in yourself through reading a TON of books, blogs, and forums should be your primary residence. As I see it, there are two great options you have. When starting out, I did both of these: My very first home was an ugly, single level house I bought before I knew what real estate investing was. All I knew was that it was the cheapest house around, and I could get into it with almost nothing down just a few thousand, that I spent a few months scraping up. Additionally, if you buy with a fixed rate mortgage which you should your payment will stay fixed for as long as it takes. Buy a Small Multifamily: The second property I bought was an ugly little duplex well, two houses on one lot that my wife and I lived in for a year, while renting the other half out. This enabled us to live rent-free, and enabled me to quit my job and get into investing full-time. When you move out “ that low fixed payment stays the same and that property will become the first in your collection of real estate investments. It truly is a great first step. Yes, real estate costs money. However, the benefit of the two options above are the ability to use low-down payment methods to get started. In the US, there is a program insured by the FHA that allows homeowners to buy a property with just 3. Even better, the FHA has another program called the K loan “ which allows you to incorporate the needed repairs of a property into the loan itself, and still only pay 3. This takes care of the repairs needed to fix up the properties, and limits the amount you need to get started. To top all this “ you can use the K loan on small multifamily properties as well “ which means you can combine all the benefits of the live-in flip and the small multifamily strategy into one, feasible plan. Old people like ambitious young people. Use this to your advantage! Begin to build relationships with the older investors who have come before you and graduated from the school of hard knocks. Let their failures teach you to avoid or fix your own. There are two great places that you can start building these relationships today: Locally, there are probably dozens if not hundreds of old-time landlords and real estate investors in your area who may take you under their wing to help mentor and train you. These relationships are often simply a friendship, built over many cups of coffee and errands run for the investor. Online, these relationships are built everyday in the BiggerPockets Forums , where investors from across the

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country get together to help answer questions, build relationships, make deals, and improve the lives of everyone involved. Wholesaling gets a lot of publicity, because the gurus love to talk about how easy it is and how you can make hundreds of thousands of dollars in your spare time with no money. Look â€” wholesaling is a real thing. However, here is my problem with wholesaling: Most people who try to get into wholesaling never make a dime my opinion. If you can get started investing in real estate by wholesaling â€” great! Just realize that most wholesalers never get past their education. For more info on my thoughts getting started with wholesaling, check out my article [How to Start Wholesaling: Where Do I Go Next?](#) You are getting old, fast. Evaluate where you are, where you want to be, and the path you need to get there. Go post your questions, fears, troubles, whatever in the BiggerPockets Forums. Start connecting with some of the brilliant real estate minds here on BiggerPockets or with the not so brilliant ones, like me! What are you waiting for? Another Facebook picture of a Cat? What are your struggles when getting started?

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Chapter 3 : How to Get Started in Investment Property

The Blueprint gives all the information needed to invest in rental properties and gives you tasks to complete to learn your market, meet the right people, find properties, find financing, get started with a little or a lot of money, and how to handle your rental properties once you buy them.

How to invest In property realestate. Here are a few tips to get you in the right head space and make sure you set off on the right foot. But when push comes to shove, you never follow through. In fact, despite real estate being a national pastime, only 8. And so, here are eight steps to invest in your first property. Find new homes

1. Check your finances This can be as simple as calculating your expenses and offsetting them against your total income and assets. This will give you an idea of how much money you have to invest. Get pre-approval Pre-approval is formal indication from a lender that they will lend you a certain amount of money. You can get pre-approval directly from your lender or through a trusted mortgage broker. While neither you nor the lender is obliged to follow through with the pre-approved home loan, applying for multiple pre-approvals is unwise. Each time you apply, the lender checks your credit record. Finding multiple inquiries when they conduct their checks signals a red flag and increases the likelihood that they will refuse your application. Top tips Find out if you qualify for a loan Check your credit rating Consider reducing your debt or credit card limit
3. Set your goals What are you looking to achieve? What does success look like to you? In order to achieve your goals, you must first articulate what they are. More importantly, you need to set yourself deadlines. This allows you to create a plan, by providing an end date to aim towards. Then break down your long-term goal into weekly, monthly and yearly goals. Not only does this provide you with a clear plan of action, it makes your goals more manageable, preventing you from being overwhelmed by the enormity of the task. Understand your attitude to risk What sort of risk can you tolerate? Your attitude to risk should inform your strategy. It allows you to understand how you spend your money and helps you to plan for bigger expenses down the line. With great budgeting tools such as this planner and this spreadsheet tool , there really is no reason for you not to set up a budget. Make sure to set this up even before you start looking for a property. Maintaining a good understanding of the market is crucial to being a successful property investor. Create a purchase plan What does an ideal purchase plan look like? And it should serve as a structure to help you stay in the game.

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Chapter 4 : How to Start Investing In Real Estate at a Young Age

"You can still buy rental property and actually make income on it," says Gary Roberts, a vice president with Long Realty in Tucson, Arizona, who also owns several rentals. It should not, however, be mistaken for a way to get rich quick.

Some call owning rental property a passive income strategy , but owning physical real estate is never truly passive. There are too many aspects that require your involvement for it to truly be passive. However, you can earn large returns and build a nice stream of income through investment property. Photo by dougww via Flickr

How to Start Investing in Rental Property Here are some critical pieces you need to know before getting started in rental property:

Incorporation The first thing you will want to do before owning any rental property is to limit your liability. You do not want to run your rental property operation as a sole proprietorship or partnership.

A Good Agent and a Good Lender As you are looking for a property to purchase you need to be patiently aggressive. However, if you do find a good property that will have a positive cash flow , you need to move quickly. There are other investors out there doing the same search you are who have more experience. They can snatch up a property before you even have a chance to truly consider if you want to buy it. That means you need a good real estate agent that can help identify the good deals for you and will show up timely showings. You also need a good mortgage lender that pre-qualifies you for the loan and will move quickly to close. You will also, of course, need to have cash on hand for a down payment.

Funds for Repairs In addition to your down payment and closing costs you will need to have an emergency repair fund. That means they will damage the home over time. Additionally, houses break down over time. Garage door openers need replacing, roofs spring leaks, and the heating unit will go out in the middle of winter. All of these problems require money to fix. You need to have a significant pile of cash available just in case something breaks.

Airtight Contracts For a rental property to be successful you, of course, need renters. It is wise to get advice from others you know personally or professionally on how to properly screen renters. Once you have renters, you want to have airtight contracts that document not only the basics of rent cost and term of the lease, but also things like damages, late fees, and the eviction process. You would like to think you could pick the best renters and never have to evict; it is impossible to know whether or not a renter will ever need eviction. It is much better to have a legal process in place and documented so you can evict in a timely manner.

Patience Throughout the entire process of buying and renting a property you will need loads of patience. Finding a good property that will generate positive cash flow can take time. Hiring a contractor, plumber, or electrician to fix a problem takes time. Going through the eviction process while unnerving takes time. Patience is key to being successful. Make deliberate, thought-out moves.

A Business Attitude Lastly, you must come into the scenario with a business attitude. The purpose of renting the property is to generate a healthy income for you. If you delay during the eviction process or drag your feet it extends the timeline the renter is allowed to stay in the property. That can really dig into your profits, and you will still have to be involved and make big decisions. However, rental property can be a great way to build up a side income stream to better your own financial situation. If you like this article, please sign up for our free weekly updates

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Chapter 5 : 8 Steps to Getting Started in Property Investment

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More or less, passive income grants investors with financial freedom by automating revenue streams with minimal effort, and providing the one thing that can neither be purchased or saved: With more time and less worry on financial obligations, passive income aims to create long-term wealth that will last for years rather months, freeing up investors to pursue their other aspirations. What Is Passive Income Passive income is defined as earnings that require little to no effort on the part of the person receiving them. According to the IRS, passive income activities include: Rentals, including both equipment and rental real estate, regardless of the level of participation; Businesses in which the taxpayer does not materially participate on a regular, continuous, and substantial basis. For investors, active income pertains to wholesaling , prehabbing and rehabbing. The following examines the inner workings of each strategy and how it applies to passive income: To be effective, these investment properties must be purchased at the right cost to produce cash flow on a monthly basis. In addition, profit margins must be large enough to incorporate the costs of repairs as well as a professional management service to oversee it, which will then entitle it as passive income. These investments are already rented and managed by a property manager, helping to alleviate the initial costs and effort involved. When done correctly, a rental property will generate ongoing cash flow until the day it sells. REITs are an investment vehicle that allow small and large investors to purchase ownership in income-producing real estate ventures comprised of commercial real estate , from apartment and office buildings to mixed-use properties. Very similar to mutual funds, REITs provide investors with revenue streams commonly referred to as dividends that are paid regularly. For beginner investors, the success of these passive income strategies are contingent on existing factors: Like any investment, beginners should conduct their due diligence before investing time, energy and money into any investment vehicles. The Benefits Of Investing In Passive Income Along with generating continuous streams of revenue without any form of labor, passive income provides a variety of advantages over traditional investments methods. One of the biggest perks that passive income provides comes from deductions. For investors, this tax break comes in the form of depreciation losses which can be written off the cost of the house over the lifetime of the loan. You can recover some or all of your original acquisition cost and the cost of improvements by using Form , Depreciation and Amortization, to report depreciation beginning in the year your rental property is first placed in service, and beginning in any year you make improvements or add furnishings. Although it may take more work than investing in the stock market, this source of income will eliminate long-term worries about running out of money when retirement age hits, as well as providing a financial asset for future generations. Additionally, rental income will typically keep up with inflation â€” sometimes even outpacing it. Alas, the greatest perk of them all: The first step to investing in passive income is due diligence. In order to avoid potential money pits, investors will need to take a long-term approach to researching and examining potential investment properties and REITs to ensure they are both sound long-term potential. Investors will also need to examine the local rental market to verify that rental demand and rent prices align with their investment. Another form of due diligence I recommend is speaking with a professional. Along with gaining firsthand insight into the market, investors can leverage the experience of a professional to sidestep any potential pitfalls and mistakes that could be looming. Are you interested in earning passive income? By subscribing, you agree to receive blog updates and relevant offers by email. You can unsubscribe at any time.

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Chapter 6 : Passive Income How To Get Started

Consider these questions and tips before you decide to get into the rental property business to determine if you have what it takes to be a landlord. if you expect to turn your rental income.

Prev Article Next Article Rental properties are a fantastic investment when they are bought below market value and with plenty of cash flow. However, It is not easy to get started investing in rental properties quickly. I think rental properties are such a great investment that I have bought 20 rental properties and I plan to purchase total. The truth is very few people who intend to invest in rental properties actually buy a property. There are many reasons why people do not buy rentals: There are many facets to making a great rental property investment; finding properties, finding financing, saving money, finding real estate agents and finding great contractors. It takes a lot of time, effort and determination to buy great rental properties. However, it took me a long time to buy my first property and get started. I decided I wanted to buy a rental property for about three years before I actually did. Knowing what I know now, I wish I would have started much quicker, and this article will discuss ways to buy rental properties quicker and jump-start your investing career. Why does it take most people so long to invest in rental properties? My career is in real estate and it still took me almost ten years before I bought my first rental property. I knew I should invest in rentals, because of the great returns, tax advantages and other benefits of rental properties. I read a lot of books, researched my market, determined market rents and found the best neighborhoods to invest in. I wanted to make sure I knew exactly what I was doing before I bought my first rental property and what the positives and negatives were. It took me a long time to save up the money to buy a rental property and I did not want to screw up and lose it all. I was okay with taking a long time to buy a rental property because it was a huge purchase and milestone. I also had some major things going on in my life like buying a new house and my wife and I had twins in she was pregnant when I bought my first rental. The biggest issue I had was saving up enough money to buy a rental property, but I now realize there are quite a few ways to buy rentals with little money down. One of the great things about rental properties is you do not have to buy a rental to start learning how to invest or to learn about your market. You can look at properties with an agent , talk to a lender , determine values and do many other things to learn about your market and educate yourself before you buy. One fast way to buy rental properties quickly if you have the cash is to buy a turn-key rental. What is the biggest obstacle to investing in rental properties quickly? My biggest issue was saving enough money to buy a rental property. I was able to save money at some points but then ended up spending it on other things like a new personal residence, a car or vacation. Saving money is the key to being able to make a lot of money with rental properties. Saving money is the key to successfully investing in almost any venture! Most people have the same problem as I did when I tried to buy my first rental property. They do not have enough money for the down payment, repairs, closing costs and carrying costs. To get the great returns on rental properties that I get, you will have to use some of your own money. The less money you put down on a property the more expensive the money you borrow will be and the smaller your returns will be. How long will it take to get started investing in rental properties? When I became serious about investing in rental properties, it still took me over two years to buy my first property. During those two years, I was not sitting idle; I was working hard to find a great deal , figure out the best place to invest and make sure I had enough money to invest. You can invest in rentals quicker than I did or it can take even more time depending on your financial situation, education level and drive. Buying rental properties has been one of the best decisions I ever made and rarely do the best things in life come quickly. Some investors will buy a rental property within one month and some will take five years, while others will never buy a rental. Here is a great article on why college students should invest in real estate. What do you need to know to get started investing in rental properties? The reason it takes a long time to invest in rental properties is there is a lot to educate yourself about. You need to know your local market or the market you plan to invest in. You need to decide the best type of property to invest in. I

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like single family homes, but other markets are better for multifamily. You need to know how much money you will need to invest in rental properties and how you will finance them. You need to know the cash flow and returns you will get from your rental properties. You have to find a great team to help you invest including a real estate agent, lender, and contractor. The most important factor may be your own personal goals. Each person has different wants and ambitions in life. Your plan for rental properties will be different depending on what your goals are. It takes time to figure out your goals and then decide on a plan of action on how to achieve those goals. Most people give up and do not invest in rental properties because of all the work involved and the time it takes to get started. The good thing about people giving up is it leaves better deals for the rest of us who are willing to do what it takes. For a series of articles on goal setting and being more successful in life, check out this article. How do you start investing in rental properties if you have no idea where to start? It can be overwhelming to think about all the things that are needed to invest in rental properties. There are many ways to plan and execute a massive task. The first step is to write a list of everything you have to do. Next, break down the list into actionable steps and prioritize the most important steps. From that list begin to create tasks that you can do now to get closer to your goal. Continue to change your task list and create new tasks as you learn more and get closer to your goals. For more information on how to buy the best rentals which will make the most money, check out my book: *Build a Rental Property Empire: The no-nonsense book on finding deals, financing the right way, and managing wisely*. The book is 300 pages long, comes in paperback, audiobook, or as an eBook and is an Amazon bestseller. How can you educate yourself enough to start a rental property business? Education is a key component to investing in rental properties, but it is not the only part. In order to invest in rental properties quickly, you have to take action, not just educate yourself. While you are learning about rental properties, there are many things you can do to speed up the buying process. Talk to a lender as soon as you can. If you have a credit or qualifying problem they can help you get that solved. The sooner you talk to them the better. Start looking at houses in your market area with a real estate agent. Start locating contractors and insurance agents. Start looking for portfolio lenders. Start attending REIA meetings. Not only does performing these tasks get you involved in rental properties quicker, many times these contacts can help you learn about rental properties as well. Local contacts like real estate agents and lenders can educate you about local customs and local markets. How can you get help investing in rental properties quickly? Rental properties are not a way to get rich quickly. It takes time to learn to invest in rental properties the right way so that you can make the most money. There are many ways to get involved in the rental property game quickly, even if you are not buying properties right away. I have created a program to help investors complete all the steps needed to invest in rental properties. The *Complete Blueprint for Successful Real Estate Investing* is not a one size fits all diagram for how everyone should invest. Instead, this program teaches investors how to create their own strategy in their own market. The Blueprint gives all the information needed to invest in rental properties and gives you tasks to complete to learn your market, meet the right people, find properties, find financing, get started with a little or a lot of money, and how to handle your rental properties once you buy them. The program teaches you about investing in rental properties while helping you take action at the same time. You do not have to know everything about rental properties before you start taking actionable steps towards buying your first property. I have made a lot of mistakes in my career that have taught me a lot about investing in rental properties. This program will help you avoid costly mistakes and the right ways to invest. I offer personal coaching with this program, conference calls, and audio CDs. The best part is it comes with coaching from me and a bi-monthly conference call with myself and other investors. Conclusion There is a lot to learn about investing in rental properties. I still learn new things all the time, and I have been a real estate agent and investors since 2000. Every market is very different and what I do in my market may not work in your market. Take the steps to learn about your market and develop your own strategy. If you need a little boost or direction for where to start; my program may be able to help you start investing in rental properties a little quicker than doing it all on your own. This post may contain affiliate links and I may be compensated if you make a purchase after clicking on my links.

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Chapter 7 : Getting Started in Rental Income by Michael C. Thomsett

The following will provide the foundation for getting started with passive income, and the benefits it exhibits over traditional investment methods. What Is Passive Income Passive income is defined as earnings that require little to no effort on the part of the person receiving them.

Year-over-year change Up 3. Lending requirements for personal mortgages have relaxed in recent years, but Jim Merrill of Axel Mortgage Inc. However, Merrill says, "Once we can show that someone has two years of successfully managing rental property, we can use that to offset the income requirement. Roberts suggests starting with a single house or smaller multiple-dwelling unit, perhaps with a partner, to see if the business really suits you. Condominiums usually require a larger down payment and monthly association fees. Starting with a single home will allow you to get a feel for the maintenance, bookkeeping and other work required. Roberts and Merrill both recommend choosing an initial property without high-maintenance features such as elaborate landscaping. An old joke is that the three keys to a successful business are "location, location, location. For that reason, investing in out-of-state property is a gamble. Buying in neighborhoods you know well or have carefully researched is the smart move. Figure out the right rent. Rents differ widely around the United States. Then you need to determine if that rent will be enough to cover your costs. Not budgeting enough for maintenance is a common mistake. Professional organizations such as the Institute of Real Estate Management have more information on the income and expenses that come with different kinds of property. There are formulas, such as the "capitalization rate," to help with this, but you might want to turn to a professional. A good accountant can make sure the purchase makes sense. Be ready to get your hands dirty. That requires those "certain skills" Roberts mentioned. The better you are with tools, the easier it is to maintain rental property without having to call in costly plumbers or electricians every time something breaks. Get professional help when you need it. Turning to a property management company is another approach, although it will take a bite out of your earnings. Keep your tenants happy. LexisNexis, USSearch and similar companies will run background checks on prospective tenants to help you find renters you can trust and will want to keep.

Chapter 8 : 3 Ways to Get Started in Real Estate Investing - wikiHow

The capitalization rate is typically based on the property's net income in the most recent year (if it is being rented) or on the projected rental income (if it is not currently being rented). Divide the net operating income by the purchase price of the property.

Chapter 9 : How to Get Started Investing in Rental Properties Quickly

Aspiring investors often ask us what they should do before buying out-of-state rental property. It doesn't matter if you're young or old, saving time when getting started is always a good thing.