Unknown Speaker 0:00
confused by finances, investing, estate and retirement planning? Well, I went to school so you don't have to welcome to finances and... with Kathie and Jennifer.

Unknown Speaker 0:12
finances and investment properties. I'm Jennifer, and I'm here with Kathie.

Unknown Speaker 0:16
Hey, how are you?

Unknown Speaker 0:17
Great. How are you doing? Good.

Unknown Speaker 0:19
Last week, when you were here, you said that you were interviewing How

Unknown Speaker 0:22
did all that go? It went really well. I got a new job offer this week, which is very exciting.

Unknown Speaker 0:27
Congratulations. Thank you.

Unknown Speaker 0:29
It's moving quickly. So I'm going to be starting next week, which is awesome.

Unknown Speaker 0:34
I know that you guys are starting on your own journey with rental properties. And to do a little bit of research on owning a property and renting it out investment properties are really a passive investment. And what does that mean? It means that you don't have to do very much for that investment. And I don't mean physically do things because you will be doing physical things. But it's the kind of thing where you want to buy and hold that investment, much like stocks and bonds, we don't talk about trading them quickly, we talk about the long term and holding on to them. And so the idea of a rental property as well or investment property is that you're going to buy that and hold it and keep it for a long period of time. And we'll talk more about why trying to turn those over quickly is a bad idea. But basically, you want to maximize your returns by minimizing buying and selling costs. If you're purchasing a new property after a new property after a new property, that's different than buying and selling and buying and selling. Again, investment or these passive investments are long term investments. And if you want to find out if it's a good investment in your area, you can find out what people are getting for rent. And then compare that against the returns that you might get if you put your money into the s&p. So if the s&p is only

providing 14%, and they're getting returns of 27%, comparing it against it to see if it's a good time where you live to be purchasing a rental property to rent out,

Unknown Speaker 1:58
this is a time when you really want to think about whether or not you are cut out for being a landlord, if that's something that you want to take on, because you are certainly going to have repairs that are going to need to happen and be taken care of when you have an investment property. So you need to decide is that something where you are close enough to the property, you physically live close enough to the property where you can go and you are handy enough to fix things yourself? Or are you willing to pay somebody else to do that? Do you have enough funds to pay someone else to do it, you could also hire a property manager, but that is going to cut into your profits. And you would have to do a little research on your options in your area. But I mean, like they're going to take upfront fees, they're going to take like a month's rent fee, they're going to take a certain percentage off of each month, property managers can really eat into your profits. So just make sure you do your research to decide if that's something that you are able to do. And I just realized this Kathy, you mentioned this to me the other day that realtors can actually help find renters for you and vet them. So they could be an asset at this time as well. property managers do that too, along with their with taking care of the property every month. So that is an advantage. If you do have somebody who can do that can help you get somebody good in there and can help help with that process is really good

Unknown Speaker 3:13
property managers are going to eat into your profits. But if you need someone else to be in control and be in charge, maybe you don't even live in the state, then they're a wonderful asset to have. And my realtor was great. He charged us 2% of our annual fees. In other words, what we're getting be getting in rents. So he charges a percentage of that. But then his company found the renters vetted them. And then that was the only thing we owed them because we kept the renters and so we didn't have to pay anything annually or any other costs. And we would have had we change renters at a certain point.

Unknown Speaker 3:43
As Kathy mentioned, this is something that is new for me with investment properties. But we actually just put one of our properties on the market about a month ago to be rented. And we discovered that Zillow, you can post your properties on Zillow. And if it's the first property that you're posting with them, then they let you post it for free. So we're able to post our property on Zillow for free. And by doing that Zillow then has their own application process. So people can apply through Zillow, and they run the background check for you and they run a credit check for you. So all of that was done for us

for free because it was the first property. So since we didn't have a property manager helping us pick tenants that was really helpful to have some other resource that was doing the background check and the credit check for us so that then we could make sure that we were putting somebody good in the house.

Unknown Speaker 4:31
That's cool. I wasn't aware of that either.

Unknown Speaker 4:34
One of the things that you need to do again, prior to actually purchasing your property is make sure that you have money set aside so that you can be prepared for any emergencies. Just like your own home you need to be budgeting and putting money in a place in your spending plan so that you can be ready when that hot water heater fails or the washer and dryer fails and that you need to know that you're going to have To do repairs for them as well, you can't rent a place and then the washer and dryer never works for them. So all of that is just more things to consider as you're starting to purchase a rental property,

Unknown Speaker 5:09
location, location, location. That is the rule in real estate, whether you're buying your own house, or you're buying a house that you plan to rent, because you you have to think about the specific things that are going on around your house and what is going to make it ideal for a good rental property. So this would be something that you probably do want to be in a high traffic area to attract more people,

Unknown Speaker 5:32
you just made me realize that it's you know that it's high traffic area. And we don't mean like a lot of traffic, we don't mean you know that you're up against a freeway, right? We mean that it's a place where lots of people are going to be coming and going. And so once you lose renters, you can get other renters.

Unknown Speaker 5:46
You also want to consider what is the rental market doing in that area? So do your research. Before You Buy, you want to look in your area and figure out what are other homes being rented for? How much is your mortgage going to be on that home? And then how much are you going to get in rent to make sure that you are making a good investment you also want to think about and consider is the population growing in this area, because if it is, then that's a good place to invest as well.

Unknown Speaker 6:11
You're going to have property taxes on this property as well as the one you're currently living in. And again, you just need to make sure that you're planning for that. And it wouldn't hurt if you were looking at residences that already had low property taxes, maybe one

county versus another county. And of course, just like a place that you'd want to live in, do they have decent schools nearby? Is that a place that your renters are going to want to rent because their kids are going to end up going to school there. You also

Unknown Speaker 6:35
want to think about what there is to do around the area. So are there parks? Are there good restaurants? Are there movie theaters, I don't even know where movie theaters open anymore?

Unknown Speaker 6:46
No, they're not taken officially shut

Unknown Speaker 6:48
down. Because we

Unknown Speaker 6:52
want to go back to one. So it's still keep it in mind.

Unknown Speaker 6:56
Yes, so keep all those things in mind when you're looking for your home, you want there to be attractive things for people to want to go to around the area, you also certainly want to look at the crime in the area, there are plenty of crime maps online where you can put in the address of a home and you can see any crimes that happened around that area. So consider that as well. If it's an area where a lot of people take public transportation, then you might consider looking for a home that is close or within walking distance to a metro stop or a bus stop. Or it has easy access to a bike trail where somebody could bike into work or you know anything like that where if you know this is going to be a possibility where somebody is going to need to take public transportation or get to another area to work in a particular area, then think about those things that will be attractive to renters also is the job market growing in that area is the job market growing in that area. And if so that would be a good place as well to know that more jobs are coming in, more people are going to want to come in and possibly

Unknown Speaker 7:53
rent where I live currently Amazon just picked is their Amazon too, or I forget their clever catchphrase for being their second headquarters right now. But housing prices are going crazy right now people are being offered a lot of money for their home. And they're also being able to rent out their homes fairly easily. Because there's a lot of young people coming into the area that need a place to live. So that's a benefit, you know, and again, if it's something that you have the luxury of being near something that's starting to grow, then you can take advantage of that and get a rental place for them. here's the tricky part, are you going to pay cash for this house, or are you going to get a mortgage of your own and then get a mortgage on the new

property. So the comparisons are, if you're paying cash, that means that you're going to increase your cash flow monthly, because if you outright buy this house, every bit of profit that you get coming in is money in your pocket, you're gonna have to budget some of it for all those you know, repairs and things. But it's still money coming into you just using $100,000. Let's say that the purchase price of the home is $100,000, the rental income you get is a positive that's coming to you, you're still going to have to pay out taxes, but you can still make about nine and a half percent on that investment. And nine and a half percent is lovely. If you finance that same home though at $100,000. And you put down 20% to avoid the PMI that we talked about, then you're going to only be paying out of pocket $20,000 you might get an interest rate of 4% on your mortgage, that's it's going to be a little higher because it's a second property that you're owning. So it's not going to be the same kind of rate you would get on your primary residence, but it's still going to be a reasonable rate. And with those things in mind, your expenses and interest might add up to be about 50 $500 per year. Now you're going to have a lower cash flow monthly because you're going to be paying on the mortgage so less money will actually be in your pocket.

Unknown Speaker 9:49
But if you look at

Unknown Speaker 9:51
$5,500 as the amount of money that you're making annually on a $20,000 investment because you didn't pay $100,000, that works out to a 27, almost 28% return on your $20,000, which is substantially better than the nine and a half percent return that you're getting on purchasing the house outright, it does not mean it's the only way to do it. But taking out a mortgage on a home is a very reasonable thing to do with these rental properties. However, paying attention to the interest rate on that loan will change what your monthly expenses are on it. So just like your primary residence, you're going to want to make sure that you're getting the lowest rate that you possibly can. I was talking to a friend with Jennifer last week. And they after saying that she listened to one of the podcasts on interest rates, she said that she was also refinancing a second property and was able to buy down her points and save a lot of money because this is a property she's going to keep. So paying a little bit more upfront was worth it to them, because it lowered their interest rate by a point. So just like buying your own home, you have a lot of flexibility, you just need to know what to ask for to get those sorts of things.

Unknown Speaker 11:05
Yeah. And Kathy, you mentioned, putting the 20% down to avoid the PMI. But I found that most most banks will require 20% down if it is an investment property, just because there is a higher risk. And it is this a second or more property. So a lot of them will require 20% because of that, too. Fair enough. Okay, so some other costs that you

need to consider are, you're going to still need to get homeowners insurance you want to take, you're going to have to pay the property taxes every year still. So make sure that you're budgeting for that when you're thinking about your profit. If it's a home that has HOA fees, you're gonna need to incur those. Also think about any other monthly costs that you might need to that you might need to take care of like Pest Control mowing, the lawn, snow removal, lawn treatment, service, anything like that. So just think about anything that could be recurring monthly that you might need to take care of. And of course, we talked about common repairs that you'll have to fix, and landlord insurance insurance as well. And this will include property damage, loss, rental income and liability in case there's an injury based on not maintaining the property, the right spider services, you're gonna

Unknown Speaker 12:15
we have a lot of spiders at our new house, and

Unknown Speaker 12:19
we need some pest control.

Unknown Speaker 12:22
So those are the basic costs that you know that you can put into your spending plan, you know that you're going to have these recurring costs, but we're also talking about kind of emergency costs. And if you don't plan for them, then you're making a mistake, because you're going to have some kind of a need for a large amount of money at some point. While you're owning this home. For example, you could have roof damage, you could have pipes that burst, you're going to want to make sure to set aside at least 20 to 30% of your rental income in it just an a separate account that you don't go messing with to cover any of these extreme repairs. I was in a rental property. We were the renters in Rome, New York, and I went to take my shower in the morning and the water wouldn't get hot. So I said to my husband, the waters not getting hot, he went down to the basement and came flying back up the stairs, the basement was full of water there was over a foot of water in the basement, we did not have to incur anything we actually our renter's insurance covered everything that was in there for us. But the people who owned the property, they had lots of things to cover, right, they had to get the new hot water heater, they had to get all the water out of the home there was there was lots of things. So like it or not, those are the types of things that will happen. And you know, we called them immediately when it happened, but it had been going all night. And so you know what if we'd been gone for the week, that's the kind of thing as a landlord, you would be a nightmare for you that you're not even aware of these things happening, or it takes a long time and it just puts more damage into the home,

Unknown Speaker 13:52
should you consider buying a fixer upper and making that your

investment property. Well, unless you are able to do those really large repairs that often come with a fixer upper. Unless you're able to do that yourself or you know somebody who can do that really cheap or you know a contractor who can do that really cheap for you, then it's probably not advisable to take a fixer upper and make that into your rental property.

Unknown Speaker 14:17
It's just going to be more time, right, it's going to be more time making those repairs, it's going to be more time before you can get it on the market. So it's not that you shouldn't do it. But you really need to be aware that as much as it sounds like a great idea and we see all these TV shows where they're flipping properties, they have a contractor or they are the contractor. So you know just something to keep in mind when you're deciding what kind of property you're going to purchase for yourself. But you need to consider this as a business and because it's a business you need to be aware of what operating costs you're going to have which are the cost of doing business in in the normal situation and by normal I just mean you have a small business now if you're if you're renting out a property the rentals are going to be about 35 to 80% of your Your gross operating income in this business that you now have, which is your profit on because of the rental payments. For example, if you have, if you're charging 1500 dollars in rent, then your expenses might be $600. In other words, if you're paying out a mortgage, or you're having to pay homeowners fees, those types of things, that means it's going to work out to about a 40% operating costs for you. So from the income that you're getting, and the stuff that's going out that you're operating at about 40%.

Unknown Speaker 15:30
A simple rule, if you're trying to make a decision about

Unknown Speaker 15:32
owning a property is to expect to pay about half of the rental income that you're getting in total out as expenses that you're going to owe. So if you're thinking, hey,

Unknown Speaker 15:42
let's get this rental property, and look, we're going to make

Unknown Speaker 15:45
1800 dollars a month, I mean, great. But now you're going to have to back that off a little bit and say, well, that's probably closer to only $900 a month, because we're going to have to be budgeting towards other unforeseen expenses and expenses as well.

Unknown Speaker 16:00
When you're considering which house to buy for your investment property, you don't want to buy the best house in the neighborhood, or obviously the worst house in the neighborhood, a good recommendation

is to, and this is going to change depending on the area that you're in and the cost of homes. But a good kind of general recommendation is to start at around 150,000. Because the more expensive houses, the more the costs are going to be to repair it to maintain it and all that I know that, you know, one of the really appealing things to us about renting the house that we're renting is that it was not a huge expense up front. And it was a great deal that we were able to get for this house, it did need some repairs. So you know, we made a few repairs, we lived in it for a year, and then we were able to rent it out. So it's in a good condition now. And so it seems like a really good fit for an investment property because it was not as a super expensive house to be in.

Unknown Speaker 16:54
That's that's a good plan.

Unknown Speaker 16:56
And you know, she said 150,000, and we're really just talking about what's the average in your area, if your area puts $150,000 house as the worst in the neighborhood or the best in the neighborhood. That's not really what we're talking about. So we're just throwing that out as a kind of an average housing cost. You need to be aware, though, that there are landlord laws as well. So again, this is a business and there's laws involved with it, you will need to research this in your state or your county before starting to rent. It's not something we can address here. But know that there are landlord laws that you should look into your tenants also have rights. So you can't just say that they didn't pay and so now I'm throwing them out there is a huge process involved in evicting somebody, there is also a huge process and rules to be followed in terms of fair housing, you don't get to arbitrarily decide who does or doesn't rent your home. So you need to make sure you're following all the fair housing laws as well. And then you're going to need to also set some rules and stick to them, it seems like you're doing the right thing. If you say, Oh, you can be late this month, once you stop sticking to whatever your actual rules are, they're going to expect it, they don't have to stick to them again, maybe the next month or the next time. So I'm not saying you cannot be flexible, but you need a set of rules. And you need to agree on those rules. And that way you can keep to whatever it is you're expecting. And then you also have to keep to what you've promised for them as well. So that can be in terms of rents, or if they're late with their payments, or if there's been damage, just things that you've already agreed on up front.

Unknown Speaker 18:29
So we're going to go over then some of the positive and negatives as you're considering Is this something that's right for you, some of the negatives, tenants can be a pain, sometimes there can be some, you know, just like Kathy said they might ask for extension and and then maybe continue asking for things like that they might be constantly

calling you for every single little thing that needs to be fixed, they might damage the house. So there's lots of things that can come along with tenants.

Unknown Speaker 18:55
If your AGI or your gross income on your taxes works out to be greater than $200,000 for a single or

Unknown Speaker 19:04
$250,000.

Unknown Speaker 19:06
If you're married filing jointly, then you may also need to be paying an additional three and an 8% tax on the rental income. So if you're a high income earner, then you're possibly going to be paying an additional tax on that rental income that you're getting.

Unknown Speaker 19:21
This is an investment that you can't sell at any time. Unlike stocks, if you're just buying stocks and bonds, you can you can sell them anytime you want. But if you have an investment property you have your tenants to consider you've you know you've signed a lease with them for a certain amount of time, you can't just kick them out in the middle of their lease. And you also have to consider to when to sell a home. You know there are certain seasons that are best for selling a home when you know the market is up or down. You want to take that into consideration. So it's not really something that you want to just that you can just sell anytime and get your profit on it. You have to pay the costs even if your tenant is not there, even if you don't have somebody renting the house. So you have to make sure that you're Considering that and if nobody's in there for months, you still have to pay it,

Unknown Speaker 20:03
the cost of getting a tenant and attendant leaving, you can be very high. So you don't want to be rotating through tenants if you can help it every year, because there's the advertising, there's the background checks, there's the making sure that the property is not damaged, and then the repainting, or the re carpeting or whatever. So the costs of losing and gaining attendant is also has a high cost involved in it,

Unknown Speaker 20:27
owning a property

Unknown Speaker 20:28
could conceivably tie up all the money you have. So if you're if this is your one big investment, and you're putting all your money into it, you are not diversified, right? We've talked before about making sure that you have your money in different kind of pots, different pockets so that they're earning different rates, like bonds, or stocks, or

whatever. But if you if all your money is going into this rental property, and something happens to your rental property, that happens to all of your money as well. So you just want to make sure you're diversified in your choices as well. Tenants may do more wear and tear on your property than the deposit they provided you. So again, you're just have to be aware that, you know, yes, you have this one month or two months, or whatever you worked out deposit for property damage, but conceivably, something terrible could happen. So that's just another negative you need to be aware of.

Unknown Speaker 21:16
Alright, enough negatives, let's talk about some positives. So this can truly be passive income, which is what makes it so appealing to a lot of people, you can be earning money, while generally not doing much. Now, yes, again, you're going to be taking care of maintenance, you're going to be you know, checking in and making sure everything is running smoothly. But the idea of having a property and then paying the mortgage and sending you a check every month, it's it's pretty cool,

Unknown Speaker 21:44
very appealing. Yes,

Unknown Speaker 21:46
as real estate values rise, your property is going to be worth more, which is awesome. So if you're you know, again, this is a buy and hold situation. So you're holding the property and if real estate is going up, then that's that's benefiting you.

Unknown Speaker 21:59
So when you go to sell it, that you're going to have that much more money, when you finally sell your property, you also can put your real estate, your home into a special kind of an IRA called a self directed IRA. Now, you're going to have to seek some financial advice on this, but know that you could conceivably have your property in an IRA. So the profits that are happening in there are literally going to your retirement account. So again, you're gonna want to talk to a professional about it. But that's a pretty cool thing as well. And the income is not subject to Social Security Income Tax. So unlike some investments, other kinds of investments, you're gonna have to pay Social Security Income Tax when that's do it. But the income on a rental property does not,

Unknown Speaker 22:44
the interest on your loan is tax deductible. So that's good. And this is generally a more stable investment than stock and bond

Unknown Speaker 22:53
market. So that interest just like on your own home, when you're taking the deduction. If you're itemizing, you can take the deduction

on the interest that you're paying on a mortgage. This rental property is also available to you to take as that deduction, there's a cap, but it is available to you. Another thing to seriously consider if you're really into having some real estate in your portfolio or just within your bucket of investments is you can buy something called Rietz real estate investment trusts and real estate are wonderful, but they're not going to be like the home that you are owning and trying to rent out. It's going to be for larger pieces of property and you're not going to actually own the property or the building, but you're buying into a group or an organization that owns these buildings.

Unknown Speaker 23:46
So for example, like a mutual fund, it's a bucket

Unknown Speaker 23:49
of properties, and they might own real estate like office buildings or apartments. Elder Living Centers are really popular right now hotels and retail spaces. And it's a nice thing, wreaths are a nice thing for retirees because they tend to pay high dividends. One of the things that make Reed's very attractive and has me owning reads is because what they're doing is they're buying into a company that has purchased the building. And so it might be that a senior center moves into the building, and does elder care there, our population is definitely shifting to having to take care of the elderly and so having a building and that they're paying rent this this company is paying rent to the building owner is very enticing because I can see that going on for quite some time. So those are things to consider if you're not interested or you're not really ready yet to take the I'm going to own my own property and rent it out. You could certainly purchase into rates and be getting a very similar sort of a situation.

Unknown Speaker 24:47
An area that you might want to consider buying in is actually a college town. I know I consider this the town that I grew up in is a college town so I considered buying a home there but they recently changed change their policy. And they required all the students to live on campus all four years. So because of that, that really changed the rail market in our town. And so it didn't make a lot of sense for me to buy rental there anymore. But that's certainly something that could make a lot of sense for people. And you could even consider if you have I know, I've heard of families that they have students that are going off to college, so they even consider buying a house in the college town where their kid is going to and allowing their kid to live there, which is good because their child can kind of keep an eye on the property and then have other students rent the rest of the house, that's their, that becomes their investment property, they have somebody in the family who's kind of keeping an eye on it, you have a connection there. And then once the student is out of college, then you still have that investment property in that town. So that's a really cool thing to consider if you can, if you can do that.

Unknown Speaker 25:52
One of the interesting things that if you're going to pay your child to manage this property that is then income that they are earning. And they can then take that income and they can take up to 100% of their income and put that in an IRA. And so you're essentially able to fund their IRA for them. Because they cannot put into an IRA more than they earn. And if they don't have another job, then they're not able to put money into that. So if you're going to say I'm going to pay my child a reasonable, right, it has to be reasonable salary, but I'm going to pay my child a $20,000 salary, let's say they then have the opportunity to put $20,000 into an IRA and start using that, even in college to start planning for their retirement. And that really is a wonderful use of the time value of money is giving them even more time to do it. So some

Unknown Speaker 26:47
other places to find properties to buy. There's actually a few websites that you could go to one is called loopnet.com. Another is auction calm and Craigslist, calm. But beware of Craigslist, because guess what, Kathy? We just discovered today. So I mentioned we put our house when we wanted to run it we listed on Zillow. So turns out, somebody took all the pictures and the information from the listing. And they went and put it on Craigslist with their phone number and their price. And they're asking people to pay their paypal account like downpayments to rent this house. So this morning, we flagged the listing and we found the listing, we flagged it on Craigslist, we sent a note we you know, contacted Craigslist to tell them that was a scam and to take it down. Be careful

Unknown Speaker 27:36
of scams. Wow, what timing that happened to you

Unknown Speaker 27:41
today. And

Unknown Speaker 27:43
that is crazy. Okay. All right. So maybe you're not quite ready to start doing this full time, you can always sort of test the waters and see what your threshold is, if you're really ready to have a rental property of your own, you can start really small and just rent out a room in your home or the basement of your home. Or you could also set up your house on Airbnb. And that way you're going to get some short term tenants and you'll be able to sort of get a taste of is this a thing that I want to do before you commit to purchasing a home and all the other things that we've been talking about. So I think you can kind of get your dip your toe in the water and see if it's something you know, if you find out you hate it by renting out a room in your house. Well, that was a pretty painless way of figuring that out painless financially, at least when I was doing some research. I came

across an article written by Holly Johnson and she was sharing her rental. Sorry, it was a nightmare but her rental experience. But you know, she's certainly not alone in this. And essentially, when the renters were leaving, they went to do the walkthrough and they found that all of the doors in the home inside the home were missing. They were gone. The carpet had a giant can of motor oil poured all over it, the front door had been broken into and the frame around the outside of it had been glued back together sort of in a puzzle piece sort of way just to try and hide that it was broken. There was also a giant picture window in the front of her house that was broken. And they did replace it but it didn't match any other window or window frame in the property. She was devastated by this and they had been at the property eight months before but in those following eight months, it turns out that the mom had left the family taken all of her stuff and the father who was a good hard working person, but he worked long hours and left his two teenage boys at home and they destroyed the home in those eight months. Basically, she wasn't

Unknown Speaker 29:46
the landlord.

Unknown Speaker 29:49
They were they were able

Unknown Speaker 29:50
to get everything fixed everything replaced and even got

Unknown Speaker 29:53
that family to pay for almost all of the damage which I think was kind of a miracle but again shows the character of the husband that was living there and but she she chalked it up as a valuable lesson that she you know, she's not going to forget and hopefully we can learn from. But the bottom line is that there are a lot of damage can happen to your property in a really short period of time. So it is very important that you stop by, you can just say that you're checking on the hot water heater, or you are looking at the roof or whatever, but being able to be there and just make sure that you're screening your candidates well, and that you're there on property. And honestly building a relationship just by being there, you can build a relationship with your renters, and they're going to take care of it just because you guys have a relationship.

Unknown Speaker 30:40
Yeah, good advice. So you're going to hear a lot of horror stories. If you start investigating this more, if you decide that you're going to do it, everyone you talk to is going to tell you horror stories. And you're gonna wonder, why am I doing this. But there are also a lot of really awesome success stories, I read plenty of stories, which is what got me interested in the first place of people having multiple income properties and being able to travel the world and live off of

that income like people are doing it. So do your research so that you can be a success story, hopefully. So we're going to leave you with a success story as well. I just recently read an article about a couple named rich and Kathy, Kathy's husband was actually diagnosed with melanoma, they were told he only had six months to live. So she started taking over the finances, she had a radio show at the time. So she started interviewing self made millionaires each week to learn their secrets. And this is a good tip for anything that you want to do in life. If you are like pursuing something new, then you need to start surrounding yourself with other people who are doing the same thing who are interested in the same thing. Who can give you advice can be mentors, start reading everything you can about the topic, like do you want it to be successful, you need to do these things, too. So she quickly discovered that real estate was most these people's number one passive investment choice. So there were tax benefits, asset protection, leverage an overall wealth creation, so she's very interested in it. So they decide they decided that they were going to refinance their home, and then they ended up buying 14 properties. They just found that they got a thrill out of owning these hard assets that didn't just go away overnight. It was something again, that buy and hold, it can be insured and protected. It can be paid off by someone else, which is really exciting and provide you ongoing cash flow. So lots of really exciting things there. They became a wonderful success story they stood they were able to travel, take a month off and travel Europe or husband, thankfully, is alive and well. And now they have their own podcast where they're inspiring others and teaching others and they're telling other people about how to do this as well. There's a happy story for you too.

Unknown Speaker 32:53
And quite honestly, our experience having renters was also very positive, good renters are worth gold, and you want to keep them as best you can. So it might be worth it to you to not raise your rent. If you have a relationship with the people in your home. If every time you go in that house looks amazing. Those are people you'd like to keep in your home. So we essentially told them if they continue to keep the property like this, we will not raise the rent, we were blessed to have two different families that did exactly that. And we did not raise the rent, you could even negotiate if they wanted to do some upgrades that you would not raise the rent. There's all kinds of things that you can do to be flexible with renters, you want to have a relationship before you start promising things. But if someone's going to care for your home, like it's their home, you don't want to lose them. And you don't want to lose them to be making a couple hundred more dollars a month on it either. So just something to consider if you want to. You want to do what you can to keep them absolutely anything else. That's all. So thanks for listening to finances and investment properties. We know you chose to listen today and we're grateful if you enjoyed this episode, please subscribe and share it consider leaving a review because it helps bring financial education

to others and lets them find us more easily. Please let us know what questions you'd like answered on finances and dotnet our website and we'll be planning a listener episode soon. So questions are really important for that you can now find infographics on these topics on our website as well as here in our show notes, finances and does not provide tax or legal advice and nothing in this podcast is to be construed as such. Always consult a tax accounting or legal professional for advice on your specific situation.

Unknown Speaker 34:33
Remember, I went to school so you don't have to