

HOW TO INVEST IN

RENTAL PROPERTIES



YOUR *Paradise* TEAM

REMAX ALLIANCE GROUP



WELCOME

SO YOU'VE DECIDED YOU WANT TO BUILD A REAL ESTATE EMPIRE...

Thank you for trusting the Your Paradise Team with Re/Max Alliance Group to help guide you through the process of adding to your real estate portfolio. We are committed to ensuring that ALL your real estate needs are not only met, but exceeded! We have created this book for your convenience, and we hope it will be a valuable resource for you through this journey. While the process is outlined for you here, please know that we are here for you through its entirety. Your experience will be unique and we will adjust our service according to your wants and needs. Our focus is to give you all the tools and provide you with our professional guidance to allow you to BUY AND SELL WITH CONFIDENCE.

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MEET THE _TEAM



TIFFANY

Tiffany graduated with a master's degree in higher education in 2007 where she grew a passion for the art of growing confidence through knowledge.

When Tiff and her family transplanted from the Midwest 10 years ago, she really learned how important it is to have a realtor who provides their expertise of the area to find a best fit, but also to educate people on the process. As a former college athlete with a competitive spirit, she utilized her skills to educate her customers and fiercely negotiate for the sake of the deal, ensuring everyone she works with becomes a lifelong friend and customer and will refer her to others - enabling her to grow a successful business.

BETH

Beth has been a resident of Sarasota for 24+ years, and after spending 10 years as a top producer for Sarasota's local community news publication, she switched careers and joined Tiffany in the real estate world.

Beth's knowledge of the local community, experience in marketing and sales, and passion for real estate make her the perfect person to effectively market your home for sale.

ABOUT US



The **Your Paradise Team** with Re/Max Alliance Group is a full-service, fully licensed Real Estate team focused on our customers and our service to them. Working with many sellers and buyers, we are experts in Sarasota/Manatee counties, marketing your property, and guiding buyers to find their perfect paradise.

When you decide to work with us, we provide you with tons of knowledge guiding you every step of the way, negotiating through the offer process, connecting you with our trusted vendors, keeping you up to date with all deadlines while managing the transaction and leading you towards the best price for your largest investment!



— OUR COMMITMENT TO YOU

01 DEDICATED SERVICE

From the day you put your trust in us to help you purchase a home, we pledge to guide you through the process and help aid in a smooth transaction. This is our full-time business, and we look forward to being with you every step of the way!

02 HANDLING CHALLENGING CONVERSATIONS

When repairs or changes in price need to be made, we will be your guide and handle requesting any repairs or changes in price with the listing agent and the sellers.

03 STAYING ON TOP OF THE PAPERWORK

Buying a home involves many types of documentation. We have the experience and knowledge to navigate real estate contracts, ensuring that nothing is overlooked and that you truly understand what all paperwork means before ever signing.

04 NEIGHBORHOOD EXPERT

Working daily in neighborhoods with inspectors, contractors, and negotiating with sellers, we have the market knowledge you need to get the best results from your purchase. Understanding the local real estate market can go a long way when it comes to making an offer on a house.

05 PROBLEM SOLVER

We will work hard to protect all of your interests and take on any issues that may arise throughout the entire process -hopefully making buying a home a fun and stress-free process.



BUYING A HOUSE TO RENT OUT CAN BE A GREAT WAY TO BRING IN MORE MONTHLY CASH FLOW

When you buy your first rental property, there is a lot to consider. The type of property, how you'll find tenants, and how you'll manage the property are just the tip of the iceberg.

Lenders look at rental properties differently than your primary residence. They usually want a larger down payment and charge higher interest rates on the mortgage to make up for the risk. You're more likely to default on a home you don't live in than the one you do, especially if you have financial trouble.

Before you buy a second home as a rental property, make sure you have the money saved for a down payment, a contingency plan if you lose your tenants and have to cover the mortgage payment and other housing costs yourself, and a plan to manage the property. Will you hire a property management company or do it yourself?

**“NINETY PERCENT OF ALL
MILLIONAIRES BECOME SO
THROUGH OWNING REAL
ESTATE.”**

-ANDREW CARNEGIE

PROS & CONS

OF BECOMING A LANDLORD

PROS

01

You can write off many of the expenses of maintaining and repairing the home as business expenses.

02

The net cash flow earned from your rent after expenses can supplement your retirement income or other financial goals.

03

The rent collected can offset the mortgage, repair costs, and expenses to run the home while you earn the home's appreciation.

04

You don't have to pay Social Security taxes on your rental income.

05

Real estate isn't as volatile as the stock market and often reacts opposite to the market, helping you diversify.

CONS

01

You never know what type of tenant you're getting, if they'll be destructive or if they'll default on their rent.

02

You must follow through on a lease even if you need to sell the house fast to liquidate your investment.

03

It's a lot of work maintaining and running a house. Anytime something goes wrong, you are responsible.

04

If you invest long distance, you'll have to pay a property management company which can be expensive.

05

There's no guarantee your investment will appreciate.

CALCULATING RENTAL INCOME

PURCHASE PRICE

+

NEEDED
IMPROVEMENTS

+

FINANCING &
CLOSING COST

TOTAL COST

=

MONTHLY RENT

-

MORTGAGE & FEES

-

MANAGEMENT
COMPANY FEES

NET PROFIT

=



**Tiffany and her team will be my
number one recommendation and will
be our go to for any future needs.**

Our experience with the Tiffany and the Remax in Paradise team exceeded our expectations. Their knowledge of the area and what to look for/avoid made it so easy to work with. They made sure we understood everything not only about the house but any contracts we needed to sign. They were able to get the job done and quick!



7 STEPS TO BECOMING A LANDLORD



01 GET TO KNOW THE AREA

Don't invest in a home without researching the area. When you buy a home, you invest in the neighborhood too. Do your research and find out the average rent in the area, the number of renters in the area, and if the home you're thinking about buying is typical of what the local renter wants.

Just because you love a home and the area doesn't mean renters agree. It doesn't make sense to invest in a rental home in an area where most people buy houses rather than rent. We will guide you through the different communities and help navigate the process to ensure a good investment.



02 **DECIDE IF YOU WANT A FIXER-UPPER OR A MOVE-IN READY HOME**

Purchasing a fixer-upper involves buying a property that requires significant repairs or renovations, allowing for customization but demanding time, effort, and additional costs. Homebuyers may benefit from lower initial prices and the potential for increased equity after improvements.

In contrast, a move-in ready home is fully renovated and requires little to no immediate work, providing instant comfort and convenience. While typically priced higher, it offers peace of mind for those seeking a hassle-free living experience. Ultimately, the choice depends on individual preferences, budget, and willingness to invest time in a project versus enjoying immediate satisfaction of being able to rent the home out on your terms.



03 KNOW RENTAL MARKET RATES

You know what you'd like to charge for rent, but that doesn't mean that's what tenants in the area want to pay. You shouldn't charge more than the average rent for the area, so do your due diligence before buying a home.

We can help you learn about the area's average rents and work the numbers to determine if it makes sense to buy the home knowing how much you can charge. Is it enough to cover your monthly mortgage payments, 1/12th of the real estate taxes and home insurance, plus any costs to maintain or fix the home?

Leveraging a house-hacking approach? If you rent out rooms but plan to live in the house, you'll also need to determine if the rental income you'll earn is sufficient.

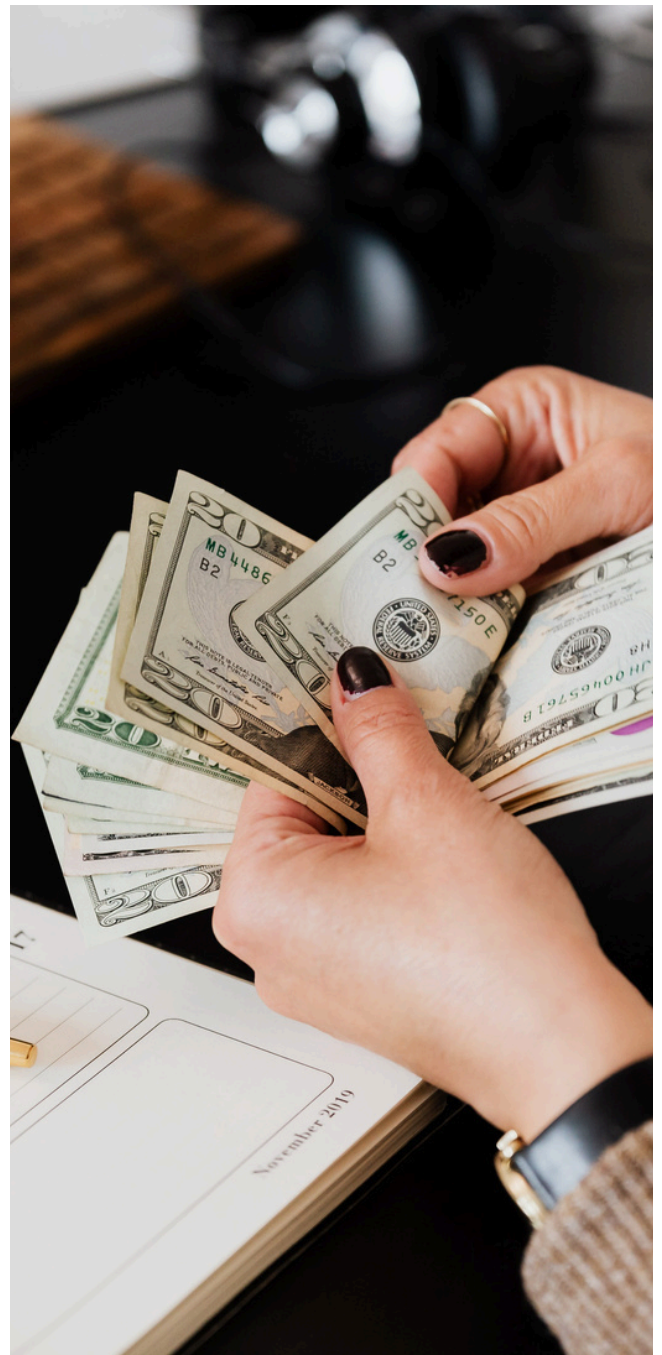
If not, you may want to look for a different home. Investing in a home that doesn't allow high enough rents leaves you upside down from the start.



PAY OFF YOUR DEBT FIRST

Buying your first rental property is exciting but expensive too. As the landlord, everything falls on your shoulders. The hot water heater breaks - you're responsible. The roof has issues - you must fix or replace it.

If you have a lot of consumer debt already, you may not have the extra funds to put aside for emergencies your rental home may have. Focus on paying your consumer debt down (or off) before investing in a home for more financial security.



05

FIX YOUR CREDIT

Securing financing for an investment home is a lot different than financing for the home you live in full-time. Lenders view investment financing as riskier, so they usually want borrowers with excellent credit and stable income.

At least a few months before you think about buying a house to rent out, pull your credit and make sure there's nothing to fix. Look for things like:

- Late payments that you can bring current
- High credit lines you can pay down
- Collections you can settle
- Mistakes you can dispute with the credit bureau



06 GET LEGAL HELP

There's a lot that rests on your shoulders as the landlord. Know your obligations and rights before buying your first rental property. Having a lawyer review your purchase, the rental agreement, and your strategy can help you determine if what you're doing is worth it, legal, and beneficial for everyone involved.



RECAP

Historically real estate has been one of the most dependable ways to become wealthy. And many of today's millionaires say it's still a smart investment, for a variety of reasons.

For one thing, investing in real estate gives you a way to diversify your investments. "Don't put all your eggs in one basket" is tried-and-true advice for a reason. There are a lot of moving parts to the economy, and there's always the chance that one can crash while the others thrive. Having exposure in several different markets helps insulate you from risk.

Secondly, real estate gives you ownership of a tangible asset that can appreciate. While I enjoy logging into my portfolio and seeing my stock values increase, it's all very abstract. There's something appealing about having a physical investment that you can actually see, visit, and improve.

And since people will always need a place to live, real estate tends to hold its value as long as the property is maintained well and the area is appealing.

There's also a decent amount of flexibility when you own real estate. You can decide whether to rent out your property, sell it, subdivide it, rezone it for a different purpose, and so on.

This way, you can respond to changes in the economy in a way that still makes your investment useful.

All of that said, there's also a big note of caution here. Real estate can be a large and expensive undertaking, and as the housing market crash of 2008 illustrated, it's never a sure thing. Especially when it comes to real estate investing for beginners, it's wise to proceed with caution. You don't want to stretch your finances too far before you're ready and end up with debt that you struggle to repay.



WE LOOK FORWARD TO WORKING WITH YOU!



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