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EASIEST STEPS

BUYING A RENTAL PROPERTY

Written For: MadisonMortgageGuys.com



Easiest Steps to Buying A Rental Property

STEP I | Research, research, and more research

Once you are confident that you wish to buy a rental property then you will need to answer some questions for yourself.

- What sort of property do you wish to own? (commercial, residential, single family home, duplex)
- Do you wish to buy in a particular neighborhood?
- What amount can you afford for the purchase price?
- How much return are you anticipating on your investment?

Do not rush this step. Take your time, talk to real estate agents, mortgage lenders and even other investors in your area to get the info that you need.

STEP II | Develop a plan

After you have your research, lay out your plan. Choose the amount of money you will spend on the purchase, how much you will spend on any repairs or renovations, and how much you will rent the place. Stick to your plan and don't let emotions sway you.

STEP III | Get your financing in order

Now is the time to chat with a mortgage lender and get approved for the loan. The mortgage lender will be able to tell you if you can qualify for the purchase amount you are seeking. If you qualify for that amount, or for more, then you can begin looking for a property to buy. If you qualify for less then you will either need to wait or start over with your research to see if you can find a home at the reduced level.

STEP IV | Contact a real estate agent experienced with rental property

Just as doctors and attorneys find areas of specialty and deal with just those clients there are also real estate agents that specialize in particular niches. Some deal only with sellers while others work solely with buyers. It is a good idea to deal with a real estate agent that works primarily with other property investors. They can provide you with a wealth of information such as average rent rates for an area, the typical selling prices, and the trends in neighborhoods to determine if a property has a good chance of appreciating in value.



STEP V | Sign a Contract for Offer

Once you have found a home that meets your criteria it is time to work with your real estate agent to sign a contract. You and your agent will decide on an offer price. The agent representing the seller will then bring that offer to the owner of the property. In some cases, the owner will accept the offer and in other cases, they may counter offer. Once you and the owner have agreed upon a price, the important work begins.

STEP VI | Inspecting the Home

Once your offer has been accepted it is now time to make sure the property is worth the asking price. This means paying for a thorough inspection of the property and also ordering title research from a local real estate title attorney. You want to negate any chance that there is a problem with the physical structure of the home or that there could be an issue with taking over the title to the property. If there are any issues then you may need to discuss this with the owner's agent and make changes to the price. If the problems cannot be overcome then you may have to walk away from the deal.

STEP VII | Close the loan and take possession of the home

Once you are satisfied with the condition of the home and you have the ability to get a clear title to the property the only thing left is to meet at the attorney's office to sign the mortgage documentation and take possession of the home.



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