

# Understanding INVESTMENT PROPERTIES

What to know if you're thinking of buying an investment property of your own.



## LOCATION

The neighborhood should positively impact your home's value and attract tenants or tourists. Make sure the property can generate enough rent income to comfortably cover your mortgage, plus property taxes, repairs and HOA fees.



## INSURANCE

Rental property insurance or landlord insurance covers property damage, lost rental income and protects against liability. A business owner's policy is common with vacation rentals, since you're basically running a mini hotel.



## DOWN PAYMENT

Investment properties require a higher down payment if they're not owner-occupied. It's typically a 20% minimum, but it doesn't hurt to put 30% down if possible.



### VACATION RENTAL

#### PROS

- More upfront ROI
- Flexible pricing
- Personal use

#### CONS

- Require more management
- Inconsistent occupancy
- Local laws vary

### LONG-TERM RENTAL

#### PROS

- Consistent income
- Easier to manage
- Tenant-paid utilities

#### CONS

- Longer commitment
- Takes time to find the right tenant

## Using AirBnB or VRBO to rent your investment home?


Vacation rental regulations vary by city. Get familiar with your local laws before listing on any site.

## FINDING TENANTS


- ✓ Run a credit check
- ✓ Verify income
- ✓ Do a background check
- ✓ Require renters insurance
- ✓ Request references
- ✓ Consider a property manager to find and work with tenants.

# REASONS TO INVEST in Rental Property


Investment properties come with several benefits. Depending on your situation, here are a few you may enjoy.



*Increase your wealth as the property value rises over time*




*Earn extra income from rental payments*




*Get certain tax deductions depending on your situation*



*Diversify your investment portfolio*



*Your tenant's rent helps cover the mortgage*



*A guaranteed vacation spot when your vacation rental is vacant*

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**Contact me** to find out what purchasing an investment property would look like for you!

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