

SIX STEPS TO BUYING YOUR FIRST RENTAL PROPERTY

Use this checklist to guide your progress through the early—but crucial—steps toward becoming a successful multi-family real estate investor.

Steps that require outside advice can reasonably be completed in a couple of days. Once all steps are checked off, call Deaton at 919/847.1117 to begin visiting more properties and moving forward.

_____ 1. **Decide if multi-family property is for you**

Multi-family real estate investing is a proven, long-term way to build wealth. However, you will experience “ups and downs” with tenants, rent rates, property managers and vendors. Flips and rehabs are good ways to make money quick but are quite different than the buy and hold strategy that multi-family investing demands. Many, many people have become wealthy by methodically and knowledgably buying rental property. There’s no reason you can’t either.

_____ 2. **Read thoroughly the following page on Deaton.com, under the “Learn about Multi-family” section: FAQs About Getting Started**

_____ 3. **Meet with a local, credible lender**

Do this to get an idea of your financial standing, specifically relative to how much money you can afford for a down payment and how much a typical bank will lend you to finance a property. Understand that this will improve your confidence and prove to property sellers and other related professionals that you are indeed a capable buyer and are serious about investing. It will also help you grasp what monthly payments will be for certain property price points. Online banks, private lenders and discount lenders may have attractive loan programs but more often than not, there is a direct relationship between that rate and the level of customer service. Remember too, that anything under four units can be financed like a typical home purchase. Five units or more is considered a commercial transaction and is subject to different lending requirements.

_____ 4. **Determine your investment strategy (cash flow vs. appreciation)**

It would be great to have monthly profits as well as tremendous appreciation potential, but this is not a commonality. Most investors have to make a decision to focus on one or the other. Remember that the strategy you choose can relate directly to the part of town in which you are interested in investing.

_____ 5. **Drive by the property and/or neighborhood**

Literally, drive by any specific properties in which you are interested or around the areas in which you would like to purchase property. Even if you don’t have a preference, have a good understanding of the surrounding communities, relative to neighborhood reputation, area business, employers, crime, public transportation, highway access and the like. This information will help you identify opportunities that fit your criteria when they become available.

_____ 6. **Speak to a property management company**

It is important to know if you can handle being a hands-on landlord. Some can. Some can't. Whether or not you plan to use a property manager on your first investment, it is very useful to understand how this business works and how it impacts your investment.
