

The Investor's Guide for Capital Region Rental Properties

In This Guide You Will Discover:

- 5 Common Mistakes To Avoid When Purchasing A Property
- 4 Ways To Get More Value Out Of Your Real Estate Investment
- Tips For Managing Your Property
- How To Recognize The Perfect Deal



Presented By Sam Thompson and The Serenity
Real Estate Team

Dear Future Real Estate Investor,

Finding the right investment property is usually not a simple process. Why? Because you are overwhelmed with options, unsure of a number of variables that may or may not even come into play, and most importantly you do not want to make a bad decision. So how do you purchase the right property? You start by reading this guide!

In this fact filled booklet you will discover 5 common mistakes to avoid, 4 ways to get the most value out of your purchase, tips for managing your rental property, and how to recognize when you have a winner!

I wrote this guide to help you better understand the real estate investing process in the capital region. With this information you can make an informed, intelligent decision about your next real estate investment.

If you have any questions about searching for the right place, you are invited to email me at samthompson6@gmail.com, or visit my informative website, www.capitalregionrentals.com, and complete the buyer inquiry form!

5 Common Mistakes to Avoid

Getting Hurt by Contractors

Owning investment property means that you will most likely need help from contractors at some point. You might decide to handle most maintenance yourself, but without specialized knowledge and free time, you could end up doing more harm than good. If you are considering buying investment property you should plan to hire help at some point. Whether it is a new roof or a leaky pipe, using laborers can be a huge time and money saver. But before you hire anyone, you want to make sure that you are prepared.

The only leverage you have with your contractor is the money you haven't paid them. If you are hiring someone to do a big job, like a rehab or remodel; you might consider the following formula for how to space out your payments to your contractor, (15, 20, 20, 20, 25). These numbers represent percentages of the total cost of the job. Your agreement with your contractor should allow for payment installments based on milestones of work completed, using the 15, 20, 20, 20, 25 rule.

Buying in an Undesirable Location

Make sure you visit the subject neighborhood and walk around the area you are considering investing in. Keep in mind that just because you wouldn't

want to live in a certain neighborhood, does not mean that the rental property is necessarily a bad choice.

Take a look at www.neighborhoodscout.com, they offer free services to help you determine the safety of a given area. You might speak to people you see at or around the property, and try to get a feel for the neighborhood. Are there desirable amenities within walking distance? Things like laundromats, grocery stores, walking, hiking or bike paths are all things that people like being near.

Don't Overestimate How Much Rent You Will Get

When you are conducting your cash flow analysis you want to be conservative to allow for unforeseen expenses. You should be sure to not overestimate how much you will get from your rents. Consider that you could buy a property where the current tenants are paying rents that are higher than normal for the area, and you might not be able to get those rent amounts when they move out.

In order to determine the market rent amount for your future rentals, visit www.craigslist.com and search for rentals in the specific area you are planning to invest in. Take 5 and average them out. You can also visit www.zillow.com, which will give you a rent estimate for your area and specific apartment.

Another great resource can be found at
www.rentometer.com.

Do Not Offer More Than The Property is Actually Worth

I once heard an investor say if your first offer on a property is not *at least a little embarrassing*, you have offered too much. Deals are usually winners or losers based on the purchase price. Buying at the right time for the right price is usually more important than selling at the right time. You will want to use a real estate agent who can give you a concrete idea of what a property is worth before you make your offer.

You can and should do your own research by using resources online that can show you how much similar, or comparable, properties have sold for in the last two years. The best resource for information like this is the multiple listing service, or MLS, which real estate agents exclusively can access. If you do not have MLS access, you can check www.zillow.com for recent sales and estimated property values.

Make sure you compare your subject property to comparable properties along the lines of; # bedrooms, # sq ft, and keep considerations like garages and amenities in mind.

Do Not Hesitate to Evict Someone Who Is Not Paying

Clear expectations with your tenants set the tone for the landlord-tenant relationship. If you are dealing with a tenant who is behind on their rent, you do not want to wait to get the law on your side. Make sure you move forward immediately with an eviction as soon as rent is late, no matter what the tenant tells you. I have seen “benevolent” landlords take their tenants at their word and end up losing more and more money when they could have gotten rid of the non paying tenant immediately.

If your tenant does pay their rent after you have scheduled an eviction, you can always cancel court. I would advise you to have an agreement in your lease that holds the tenant responsible for any legal costs that you incurred during their rent delinquency.

Four Ways to Get More Value Out of Your Purchase

Action Investors Network

The Capital Region is host to a great networking group known as Action Investors Network. People in the real estate industry, agents, financiers, lawyers, all convene once a month to work together and discuss their investing goals. **I recommend attending this group's monthly meeting in the strongest terms possible.** If there is one thing that you get from this guide, let this be it. I personally have done deals with multiple people that attend this meeting. And the food is pretty good too!

Professional Real Estate Coaching

There are a number of real estate coaching businesses that aim to help people find their way in this industry. Investing in professional coaching can save you a lot of time that you would otherwise use to arrive at the conclusions you could gather in one hour with a professional coach. I recommend doing a lot of independent research, and reading books like "Rich Dad, Poor Dad" by Robert Kiyosaki, "The 80/20 Rule" by Richard Koch. A local real estate

investor and personal friend of mine started building what is today a multimillion dollar real estate business after purchasing a “No Money Down” real estate program by Carlton Sheets. He tells me to this day that he has not put any of his own money into a single deal.

Become a Real Estate Agent

Your first investment in your real estate career should be in yourself. A few hundred dollars and a handful of classes could make you your own real estate agent. Manfred Real Estate Learning Center has been educating and training local agents in the capital region for years. It was my first investment, and it has paid off in dividends. If you do decide to become an agent, Serenity Real Estate Team would be happy to provide you with all of the additional training and support you need to begin your real estate investing career.

Bigger Pockets

www.biggerpockets.com is a great place to meet other people in the industry online. They regularly discuss the ins and outs of

real estate investing, and provide the reader with tons of valuable resources. Bigger Pockets also offers calculators that will help you get an understanding of what you stand to profit from your rental property.

3 Property Management Tips

Cooler Minds Prevail

As a landlord, you can sometimes find yourself at odds with your tenants. That is why it is very important to know your rights. You want to do your best to protect your interests and you should try your best to remain calm when one of your tenants gets testy or disrespectful (sadly this happens from time to time). Keep your cool, and do not try to negotiate, the rules of the lease are simple and they are in the owners favor. if your tenant is non compliant, let them take it up with the judge, life is too short.

Don't sweat the small stuff..... And its (almost) all small stuff

When you purchase your first rental property, sometimes little things seem like big things. There is pretty much no reason to lose your cool as long as you have your ducks in a row. Your building should have fire protection systems in place, you should

have a strong insurance policy, and you should require your tenants to carry renters insurance. The #1 reason that people do not purchase rental property is because they are scared. But, once you have some years of experience under your belt, you will understand how to recognize actually big issues vs. minor issues.

Rent collection

You should have a clause in your lease that clearly states the repercussions for late payment or nonpayment of rent. New York State law allows for a late fee to be collected if rent is paid after the 4th of the month. My tenants all know that they are paying an additional \$50 a month if the rent is in after the 4th, with no exceptions.

How to Recognize the Perfect Deal

Most people know the old adage that about real estate “location, location, location”. While this could arguably be one of, if not the most important factor in finding a good rental property, there are other factors to consider as well. You will want a Cash Flow Analysis to tell you the viability of a building on an annual and monthly basis. The cash flow analysis that I use can be found on my website, www.capitalregionrentals.com

You should use conservative figures in your cash flow analysis to determine what would happen in various scenarios. For example, if you have multiple vacancies at once, or a big repair like a new roof that needs to be replaced.

If you have any questions, or would like to get started on your path to owning, you can contact me directly at samthompson6@gmail.com, or you can complete the buyer inquiry form on my

website, www.capitalregionrentals.com, under the “I want to own” button.

Not everyone has time to learn the ins and outs of property analysis and real estate investing, which is why using an agent, particularly an agent that is an investor, can be very effective. I hope that this guide was helpful to you, and I would be honored to be a part of making your goals in real estate a reality. Good luck!



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