

10 Things You Should Keep In Mind When Investing In Real Estate

People have different goals and principles when it comes to investments. But here are vital tips that every investor needs to know to ensure success.

- **Compare property rates.**
The best way to assess the value of a property is to find out the sale value of other properties in the vicinity. This is also how you determine the rental fee. Rental fees should be reasonable. Otherwise, potential tenants will think about purchasing a property instead.
- **Keep tax laws in mind**
Bear in mind that tax laws could change over the years. When investing, make sure that they won't be affected even if tax laws will change.
- **Focus on a market you're familiar with**
Determine a market you're good at - be it condominiums, apartments, starter homes, low-cost houses, fixer-uppers or foreclosures and start with that product.
- **Know the costs involved**
You should be knowledgeable about the costs and expenses like operating expenses, loan payments, taxes, cash flow and vacancy costs. You must have a clear understanding of these things before you commit to an investment.
- **Find out where the tenants came from**
If the rent went up just recently, the tenants are probably thinking about moving. If they have a short-term contract, there is a chance that they are living there to save up for their own home. Don't forget to get their security deposit.
- **Study the taxes involved**
Taxes play a very important role in investments. Oftentimes, they spell the difference between a positive and negative cash flow. You might want to seek help from a tax advisor. You should find out how you can use the tax situation to your advantage.
- **Learn about insurance coverage**
If the seller's coverage is lower than the current replacement value, you might incur higher insurance cost.
- **Verify the cost of utilities**
Ask local utility companies of the current charges, especially if utilities are included in the rental fee.



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- **Find a good accountant**
One of the things that make a successful real estate investment is taxation. Find an accountant who is good with tax codes and reliable to work with.
- **Inspect the property**
Carefully inspect the property before buying it. You might need to hire experts to assess the property.



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