



SMART INCOME PROPERTY INVESTING

How to Make Enlightened Purchase Decisions

Income property investments are not about simple arithmetic. In fact, forethought and planning are essential to short- and long-term success with such investments.

Owners need to understand not only tax benefits and implications; they need to identify a realistic timeline for establishing a revenue stream. Investors must be adroit at projecting not just revenue; they need to accommodate and schedule for planned and unplanned expenses like maintenance and repair or replacement.



MOST IMPORTANT INVESTING ADVICE

The single most important recommendation UPM can make to owners/investors of income property is to do your homework.

Learn all that you can about the location of a target property. Learn all you can about the property itself. Understand your limits with regard to prepping the rental and maintaining it. Plan forward for expected expenses.

The team at UPM has direct experience with income property investing, so we have in-depth knowledge of both its benefits and challenges. This translates into solutions that reflect smart resource management, enlightened and cost-effective problem solving, and dedication to timely acquisition of qualified tenants.

This information is brought to you by Ultimate Property Management, LLC, your residential property management experts.





SMART INCOME PROPERTY INVESTING

Identifying Key Property Characteristics



Location and Features are important considerations.



Multiple unit properties have different requirements.



Is your income property strategy long term?

BUYING RENTAL PROPERTY

- **Location and Features**
 - Where a rental property is located and its demographics will influence rent levels and renter interest, number of competitive properties.
 - You need to consider features that will attract renters in a given location.
 - Number of bedrooms and baths
 - Yards, particularly fenced backyards
 - Garage and/or other parking
 - Proximity to shopping, freeways, schools, etc.
 - A/C and heating (aka central or other)
 - Unique features that can be leveraged vis-a-vis competitive rentals
- **Multiple Unit Property Considerations**
 - Who's responsible for utilities like trash?
 - Will you need to purchase a trash bin? How is recycling handled?
 - How is parking to be managed?
 - Who will manage/pay for maintenance of common areas/landscaping and lawncare?
 - Is there a Home Owners Association?
 - You need to know the related costs.
 - You need to acquire a copy of the CC&Rs to understand the parameters of that responsibility.
- **Purchase Deal May Only Be Skin Deep**
 - Foreclosed property may look like a great deal on the surface, but you need to conduct an in-depth inspection in order to assess if it will require an additional investment in repair/replacements in order to make it move-in ready.
 - You will need to consider not only the cost of any required repairs/replacements, but the time it will take to prepare the unit(s) for move in.
 - You will need to account for and afford the time delay repairs will require; you need to understand the impact repairs will have on your timetable for acquiring tenants.
- **Evaluating Income Property Potential**
 - Look beyond the simple sales price and potential rent revenue. Calculate Net Operating Income, Cash on Cash Return, and Internal Rate of Return.
 - Consider the current age of your intended property purchase and how it will affect your longer term ROI goals and vis-à-vis projected repairs and replacements (like roofs) it will require as it ages.



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