

10 Things to Know About Working with Real Estate Investors

Marc Cunningham
www.PropertyManagementSystem.org
Marc@RentGrace.com

5-Benefits of Real Estate Investing

1. _____
2. Tax deductions
3. Leverage: _____ build-up, through loan pay down
4. _____
5. Tangibility / _____

1. Transactional Differences

Assignability

Rent _____

Due _____ docs

Estoppel _____

2. The Language of Real Estate Investors

1. **Gross Income:** Total annual income before _____

2. **Net Operating Income:** _____ minus expenses

Repairs = _____ months rent

3. **Capitalization (CAP) Rate:** The _____ rate of return on the investment

CAP Rate = _____

Low Risk + Low CAP Rate = _____ Property Value

High Risk + High CAP Rate = _____ Property Value

4. **Cash on Cash Return:** Ratio of the annual cash flow, to the total amount of cash _____, expressed as a percentage

5. **Gross Rent Multiplier:** The ratio of the price to its monthly _____, before expenses

6. **Pro Forma Statement:** A financial statement based on _____ and _____

3. Nine Risk Factors of Working With Investors

- 1. You are expected to be the _____
- 2. Know your buyers investment _____
 - S _____
 - C _____ F _____
 - A _____
 - T _____ S _____
 - L _____
 - I _____
- 3. _____ coverage
- 4. Existing _____
- 5. Zoning: Unrelated _____ and short term rentals
- 6. _____
- 7. Determining the _____ rate
- 8. Not having a _____ reserve

4. Property Class Types

Cash Flow– Appreciation –Problems – CAP Rate

A:

B:

C:

The current dividend yield (CAP rate) of US REIT indexes is around _____ according to Standard & Poor's.

5. Inspection Considerations

1. Vacant vs _____
2. _____
3. _____ agreement
4. _____ deposits – tenant damages

6. Considerations When Buying Already Occupied Property

1. No vacancy, – Immediate _____
2. Buying _____ the existing lease terms
3. Look for _____ defects
4. Onboarding process for the _____ tenant
5. Beware of undocumented _____

7. Single Family vs Condo

Single Family Benefits

1. Increased rental _____
2. Less _____ issues
3. Long term _____

Single Family Risks

- Landscape _____
Capital _____
No _____

Condo Benefits

1. Lower _____ costs
2. Neighbors are _____
3. No _____ improvements

Condo Risks

- _____ board
Future price _____
Special _____

8. Financing & Tax Basics

1. Ways of Taking _____
I _____
LLC: _____
LLP: _____
LLLP: _____
2. _____
3. Qualifying for a _____
4. _____ Terms
5. Income tax _____
6. Capital gains _____
7. _____ tax exchange

9. Rental Rate Considerations

1. Be _____ when giving a rental quote
2. Never believe _____ numbers
3. Sources for rental rate _____
4. Give a range, not a _____
5. _____ factors that will alter the rental rate

10. Property Management Basics

1. _____ Agreement
2. _____ Agreement
3. _____
4. Applicant _____
5. Fair _____
6. Lease _____
7. _____ Process
8. Security Deposit _____

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