

your full service agent™

Real Estate Investments: Family Residences

There are two types of family residences to invest in: single-family homes and condominiums.

Single-Family Homes

A single-family home is a structure that has only one family unit. Sometimes they can have external structures or common areas with separate entrances that offer a rental opportunity. Purchasing a single-family home to rent out, one that you don't live in, also offers ample opportunity.

Depending on the area, there may be CC&Rs (Covenants, Codes, and Restrictions) that exist to help property owner's work together to maintain the neighborhood common property and the value of their individual properties.

Condominiums

Condominiums are complexes of homes in a single building. These residences appreciate differently than single-family homes. For urban living, single home buyers, and families who are downsizing after children have moved out, condominiums are a great housing solution.

As investments go, condominiums are fantastic in areas of high growth and where there is limited space. More people want to live closer to work and enjoy the amenities cities have with minimal commute time.

Home Owners' Associations

Many neighborhoods and condominium complexes have home owners' associations. These associations are created for the common good of those included in the association. Restrictions and guidelines for these items may be referred to as CC&Rs.

Well managed associations ensure that everyone works together to maintain the properties and their value. While the intent of home owners' associations are well intended to benefit all, there may be some things you can't or don't want to conform to. Make sure before you buy any property that you know and are comfortable with all the rules. One way to find the attitude and general approach to home owner association management is to talk with the President. Part of that conversation is to learn about the culture of the neighborhood or complex and to learn about how the association works, any projects that the association is funding and problems that require attention.

With any neighborhood you consider moving to talk to the people who live there. This also will allow you to get a feel for the culture and know if it s a location where you will be comfortable.

In addition to this active work on your part, Your Full Service Agent™ will be able to pull demographic information about the area for you.

Return on Rentals

Financing for rentals will require an area rent survey that is provided by a certified appraiser. The potential income you can expect to receive monthly by owning a rental property will depend on past rent, location, current housing market, and the condition of the property. To be a prepared rental owner, you need to have a positive cash-flow and reserve funds to handle expenses that occur unexpectedly as well as to cover the cost of maintenance during slower occupancy times. The cash coming in must cover your loan, taxes, insurance, and regular maintenance.