

## TEAM TIPS from



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# 10 Tips for Your First Real Estate Investment

## 1 Know Your Credit Score

Don't be taken by surprise with a score you weren't expecting. Your credit score indicates to lenders whether you're a good or bad risk, and it directly affects the rate of interest you'll be charged. So check for errors in your report, and be strategic about improving your score.

## 2 Work With an Agent You Trust

Choose someone you feel comfortable working with, someone whose personality clicks with yours, and someone you are willing to openly disclose your financial information.

## 3 Work With an Agent Who Knows Investing

Real estate investing is a whole different ball game than simply buying or selling a home. Your goal is to ensure that you're making a profitable investment. And it's imperative to have an agent in your corner who understands how to analyze the numbers and determine whether a property will cash flow.

## 4 Get Pre-Approved

A good, busy agent wants to work with people who mean business, and aren't simply testing the waters. Walking into an agent's office with a pre-approval in hand is a sign that you're ready to move forward.

## 5 Talk to Your Tax Strategist First

Real estate investment is just one component of a larger tax strategy. And the two best ways to lower your overall taxable income are owning a business and investing in real estate. Your tax strategist can advise you how to best take advantage of these opportunities.

## 6 Talk to Your Financial Planner

Make sure that investing in real estate fits within your planner's investment strategy for you.

## 7 Educate Yourself on Investing

There are some basic elements of investing you need to know before you begin. You should understand finance concepts, financial statements as they relate to rental property, and you should be able to calculate rates of return—or have a professional on your team who can.

## 8 Talk to Your Insurance Company

Find out if your current insurer is willing to insure your investment property. If they won't, you may need to switch insurance companies. It's often a requirement to insure the main property and rental properties with the same carrier.

## 9 Discuss with an Attorney Which Business Entity is Right for You

When you invest in real estate, you are a business, and you need to select the best business entity for your circumstances. An LLC (limited liability company), for example, has advantages including allowing business owners to limit their personal liability.

## 10 Check Your Emotions at the Door!

Buying investment property is different than buying a home to live in, so don't get emotionally wrapped up in a specific property. You need to be able to walk away from the deal if it's not right for you. You wouldn't pick a stock that you knew was a loser, and you don't want to stay with a potential real estate investment that isn't going to be profitable.



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