

7

Simple Steps to Purchasing a **LONG-DISTANCE RENTAL PROPERTY**





Looking to expand your investment portfolio? Fond of real estate but afraid you may not have the right connections? Don't fret. It's easier than you make it out to be. With an ever-increasing demand, real estate is a strong choice in terms of investment, and an excellent real estate portfolio will provide stable cash flow, giving you multiple long-term benefits.

One of the many options in real estate investment is a long-distance rental property. Sure - not a lot of people like long-distance; by first impression, it sounds like it would pose more challenges than benefits. For example, without proper connections within the neighborhood, it would be difficult to respond to maintenance emergencies. This doesn't mean, though, that it is impossible to manage your rental from afar. With proper guidance, research, and this list, you'll be a long-distance landlord in no time.

There are three initial steps to make this work - homework, legwork, and network:

I. PREP YOUR HOMEWORK.

When making any big purchase decision, it's necessary to do your research. No long-term investment succeeds without proper planning.

As you research, you'll find out your priorities and narrow down multiple key characteristics you'd like your property to have. A few things to think about - the property size, type, location, landmarks, demographic, and area amenities.

Imagine this as a reason to go all out on listing exactly everything you want from a real estate property. Look at these from a personal perspective and you're sure to get a clearer picture of the rental you'd want to have.

2. DO YOUR LEGWORK.

As tiring as it may sound, this is one good step to getting a full feel of the neighborhood where you intend to purchase.

Jumping from one house and community to another during different times of day will help you highlight the area's best features. But that's just one perk - along the way, you might make some friends who can potentially help you keep watch of your rental property.



3. EXPAND YOUR NETWORK.

Once you've figured out your property biases, it's time to reach out to some experts. They can provide objective and professional knowledge that could help you level up your decision.

While finding quality connections can be challenging, trust that it will be worth the search. A few groups of people you'll want to approach:

FELLOW INVESTORS WITHIN THE AREA.

Yes, they are your competitors, but they offer good connections to not only real estate experts, but also service professionals such as electricians, plumbers, cleaning crews, repairmen, and other service providers.

REAL ESTATE AGENTS.

You'll want to work with local agents, who know the community at a close perspective. It would also be a definite plus if you find an agent who specializes in rental properties.

PROPERTY MANAGERS.

Great property managers can help immediately dispatch service providers to accommodate your future tenant's needs.

Once you've made your decision and acquired your property, it's time to look at how you'll best manage your property from afar. Here are steps to take so you can best manage your long-distance rental property without any worry:

4. CHOOSE YOUR TENANTS.

Managing your rental starts with choosing your tenants. You've done a lot of research pre-acquisition, it wouldn't be bad to do a little bit more.

You can prepare an information sheet or rental application to get to know your potential tenant better. Find out their rental background, ask for character references, and check out their basic information.

You can also opt to rent out to friends, referred tenants, or family members first, especially if you're a first-time landlord.

5. MOBILIZE YOUR CONNECTIONS.

The amount of maintenance and attention your property would need depends on its type. Unlike apartments with in-house maintenance staff, detached homes are the owner's responsibility.

This is where you'll need the help of your connections. We've talked about getting yourself familiar with local service providers; engage them in regular maintenance services and if possible, get them acquainted with your tenant.

A few of the people your tenants may need often: plumber, electrician, and handyman. Make sure you have their contact details handy, so you can call on them as needed.

6. COMMUNICATE OFTEN.

Ensure that you'll establish regular communication with your tenants, either by email, phone, or through text message. Tenants will want to renew their lease based on how easily they can reach you for any concern or problem - make yourself available to their needs, even when you're far away.

Provide multiple contact details and ask the same from them so the communication goes both ways.

7. CREATE A LEASE CONTRACT.

To keep your property in top shape, it's best to inform your tenants of any do's and don'ts. This should be agreed upon before the tenant moves in, to manage expectations. They should care about your property as much as you do. For example, you might want to set up a clause for prohibiting smoking inside the property or limiting refurbishing.

Include these terms in your contract, and have a conversation about it with your tenant.

Purchasing, then supervising a rental property has its challenges, but it is doable. It all boils down to setting expectations and getting yourself informed - make it easy for yourself and your tenant to maintain regular communication, find reliable service professionals, and keep your lease in optimal condition. Don't be afraid of long-distance, more often than not, it just needs a bit of work.

For more real estate tips or for a more in-depth consultation, feel free to call me at (832) 405-9575, send me an email at erick@cityinsighthouston.com, or schedule a visit to my office.

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