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How to buy an Investment Property by Craig Mathews

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Are you in search of a lucrative way to add some extra cash flow and maximize your overall net worth over time? Then, purchasing an investment property can end your quest. It is, indeed a great way to utilize when you want to make some extra earnings and also increase your total net value.

Purchasing an investment property is very simple if you follow the right steps. The steps laid down below are the guidelines to buy the right investment property:

* This is for your information that around one percent of the purchase price is charged as the monthly rent when the investment homes are used as rentals. As this is a general rule, this is not applicable to larger and more expensive homes. Larger homes charge around one percent of the total prices because in rental market large-sized homes are low in demand. You can take the help of an efficient realtor to negotiate the rental prices for the area where the investment property you wish to buy is located. The realtor will help you to settle down the feasible monthly rental charge.

* Suppose you have located the potential investment property among the homes in West Palm Beach, the next step is to make the home rentable. For that you need to do analysis. You must be wondering what analysis? You have to analyze about the repairs and upliftment of the home and the expenses involved in these tasks. Then, there is the most important task i.e. to bring the home up to the state rental codes which include the passing of the certified home inspection process.

* Your next task is to consult several mortgage companies. As an owner of an investment property, you should be acquainted with the various mortgage options on investment home mortgages. The closing fees and the rates vary greatly so you need to have a sound knowledge about all these options in details in order to get the best investment mortgage option.

* Now, this is an important step. It is time to check your knowledge of the rental laws in Wellington if you have decided to zero on one of the homes in Wellington. Based on your knowhow of the rental laws and the time you will be able to spend to manage the property, you have to decide whether you need to hire a management company to efficiently manage your potential investment property.

* Know in details about the expected tax rate for the area where your potential investment property is located. Help yourself in this job by creating a spreadsheet. Calculate the costs included in repair and upgradation of the home, the expected tax rate and the management company fees (in case you hire a management company to manage your property). This will give you a clear idea of whether your potential investment property is going to add some to your money bank or not.

* What is the next step when calculations prove your potential investment property to be cash flow positive? You can think of it as a stock or bond. Put the money earned from the property into stock or bond and get the return in the form of dividend terms.

These are the guidelines to purchase the investment property that will prove profitable for you rather than bringing losses.

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Craig Mathews - About Author:
Craig Mathews is a well-known for his articles regarding useful tips and guidelines of making smart investments. To know more about him and his works, you can visit http://www.noblerealtyfl.com/.

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