

HOW TO INVEST IN

# RENTAL PROPERTIES



KNOW YOUR WORTH GROUP  
LLC

**KW** SIGNATURE  
PARTNERS <sup>CO</sup>  
KELLERWILLIAMS® REALTY

[KNOWYOURWORTHGROUP.COM](http://KNOWYOURWORTHGROUP.COM)

**HELLO.**

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# **SO YOU'VE DECIDED YOU WANT TO BUILD A REAL ESTATE EMPIRE...**

We understand that selling a home in today's market can be challenging. While the market can fluctuate daily, hundreds of homes are sold each week in our area.

Thank you for choosing to put your trust in me for the process of buying and/or selling your home. Every member of my team is committed to ensuring that ALL of your real estate needs are not just met, but exceeded! I've created this book for your convenience and we hope that it will be a valuable resource. While the entire process is outlined for you here, please know that I will be staying in constant contact with you throughout the process.

Your experience will be unique and I will adjust our service according to your wants and needs. My focus is on your complete satisfaction.

## **CONTACT US**

### **BRENT TOPHAM**

Managing Agent  
316.491.1677  
brent.topham@kw.com

### **KRISTA HEINCKER**

Team Lead Agent  
316.708.5185  
kheincker@kw.com

### **ERIC TOPHAM**

Team Agent  
316.369.0395  
erictopham@kw.com



# MEET YOUR AGENT

Brent is no stranger to the real estate world! With over fifteen years of experience in the industry, his passion for the business is contagious.

Previous to real estate sales, Brent ran several real estate service companies. His companies worked for individuals as well as the city, state, and federal government. At one time, his companies covered the entire lower half of Kansas.

When not in the throws of helping his clients with their real estate goals, Brent is spending time with his family, cooking for friends, or playing a few hands of poker!

Next Steps...

Ready to work together? Call to find out how Brent can make your real estate experience one you won't forget!



# MEET THE TEAM



## KRISTA HEINCKER

If you are looking for a Realtor that is willing to go above and beyond, listens intently, and will always operate with integrity then I, Krista Heincker would love to be your agent!

Inspiring others to live a life that they love is my passion and what gives me the motivation to both work hard for and have fun with my clients! My core principles are God first, family second, and career third. I love meeting new people and spending time with the ones I love most. Interior home decor, organizing, party and event planning, and decorating along with shopping are the things that bring me joy!

## ERIC TOPHAM

I have lived most of my life in the Wichita Metro area. I love to help buyers make the best purchase they can and sellers get the most value for their home. I have been an active real estate investor and purchased and sold homes in Wichita and Derby.

When you work with me, you will receive a knowledgeable and professional real estate agent, a committed ally to negotiate on your behalf, the systems in place to streamline buying your home and the backing of a trusted company, Keller Williams Realty.

# ABOUT US



Know Your Worth Group is a full-service, fully licensed, Real Estate team focused on our clients real estate and financial goals. Working with sellers and buyers on existing homes, we are also experts within the Wichita, Kansas area for locating your personal and investment properties. We sit down with each customer and look find the right fit for the personal and financial goals.

Our knowledge of the market and our research techniques have proven that we price to optimize sales by getting 5 to 10% more for your house. A house that looks amazing at the right price means a sale! This knowledge translates to awesome negotiation skills for our buyers and leads to the best price for their biggest investment!



# OUR COMMITMENT

## 01 THE TRUTH

I promise to tell you the truth about your property.

## 02 RESPECT

I promise to respect your confidence.

## 03 ADVICE


I promise to give you good advice.

## 04 TRANSPARENCY

I promise that you will understand what you're signing.

## 05 FOLLOW UP

I promise to follow through and follow up.



**“NINETY PERCENT  
OF ALL  
MILLIONAIRES  
BECOME SO  
THROUGH OWNING  
REAL ESTATE.”**

**-ANDREW CARNEGIE**



# BUYING A HOUSE TO RENT OUT CAN BE A GREAT WAY TO BRING IN MORE MONTHLY CASH FLOW

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When you buy your first rental property, there is a lot to consider. The type of property, how you'll find tenants, and how you'll manage the property are just the tip of the iceberg.

Lenders look at rental properties differently than your primary residence. They usually want a larger down payment and charge higher interest rates on the mortgage to make up for the risk. You're more likely to default on a home you don't live in than the one you do, especially if you have financial trouble.

Before you buy a second home as a rental property, make sure you have the money saved for a down payment, a contingency plan if you lose your tenants and have to cover the mortgage payment and other housing costs yourself, and a plan to manage the property. Will you hire a property management company or do it yourself?





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# PROS & CONS

## OF BECOMING A LANDLORD

### PROS

01

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You can write off many of the expenses of maintaining and repairing the home as business expenses.

02

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The net cash flow earned from your rent after expenses can supplement your retirement income or other financial goals.

03

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The rent collected can offset the mortgage, repair costs, and expenses to run the home while you earn the home's appreciation.

04

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You don't have to pay Social Security taxes on your rental income.

05

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Real estate isn't as volatile as the stock market and often reacts opposite to the market, helping you diversify.

### CONS

01

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You never know what type of tenant you're getting, if they'll be destructive or if they'll default on their rent.

02

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You must follow through on a lease even if you need to sell the house fast to liquidate your investment.

03

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It's a lot of work maintaining and running a house. Anytime something goes wrong, you are responsible.

04

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If you invest long distance, you'll have to pay a property management company which can be expensive.

05

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There's no guarantee your investment will appreciate.

# CALCULATING RENTAL INCOME

PURCHASE PRICE

+

NEEDED  
IMPROVEMENTS

+

FINANCING &  
CLOSING COST

TOTAL COST

=

MONTHLY RENT

+


MORTGAGE & FEES

+

MANAGEMENT  
COMPANY FEES

NET PROFIT

=



**“OWNING A HOME IS A  
KEYSTONE OF  
WEALTH...BOTH  
FINANCIAL AFFLUENCE  
AND EMOTIONAL  
SECURITY.”**

**-SUZE ORMAN**





# 7 STEPS TO BECOMING A LANDLORD

# 01 GET TO KNOW THE AREA

Don't invest in a home without researching the area. When you buy a home, you invest in the neighborhood too. Do your research and find out the average rent in the area, the number of renters in the area, and if the home you're thinking about buying is typical of what the local renter wants.

Just because you love a home and the area doesn't mean renters agree. It doesn't make sense to invest in a rental home in an area where most people buy houses rather than rent. Work with a local real estate agent to find out if it's a good area to invest.



# 02 **DECIDE IF YOU WANT A FIXER-UPPER OR A MOVE-IN READY HOME**

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# 03 KNOW RENTAL MARKET RATES

You know what you'd like to charge for rent, but that doesn't mean that's what tenants in the area want to pay. You shouldn't charge more than the average rent for the area, so do your due diligence before buying a home.

A licensed real estate agent or appraiser can help you learn about the area's average rents. Work the numbers to determine if it makes sense to buy the home knowing how much rent you can charge. Is it enough to cover your monthly mortgage payments, 1/12th of the real estate taxes and home insurance, plus any costs to maintain or fix the home?

Leveraging a house-hacking approach? If you rent out rooms but plan to live in the house, you'll also need to determine if the rental income you'll earn is sufficient.

If not, you may want to look for a different home. Investing in a home that doesn't allow high enough rents leaves you upside down from the start.

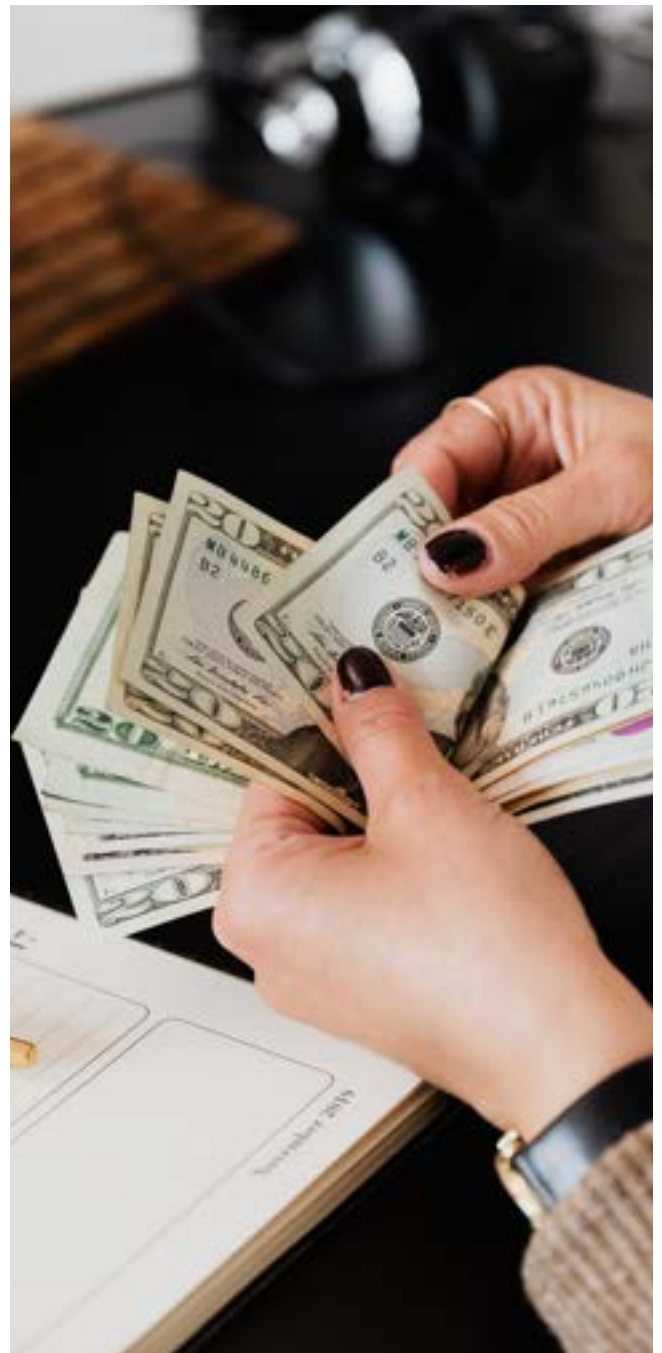




# PAY OFF YOUR DEBT FIRST

Buying your first rental property is exciting but expensive too. As the landlord, everything falls on your shoulders. The hot water heater breaks - you're responsible. The roof has issues - you must fix or replace it.

If you have a lot of consumer debt already, you may not have the extra funds to put aside for emergencies your rental home may have. Focus on paying your consumer debt down (or off) before investing in a home for more financial security.



# 05

# FIX YOUR CREDIT

Securing financing for an investment home is a lot different than financing for the home you live in full-time. Lenders view investment financing as riskier, so they usually want borrowers with excellent credit and stable income.

At least a few months before you think about buying a house to rent out, pull your credit and make sure there's nothing to fix. Look for things like:

- Late payments that you can bring current
- High credit lines you can pay down
- Collections you can settle
- Mistakes you can dispute with the credit bureau



# 06 GET LEGAL HELP

There's a lot that rests on your shoulders as the landlord. Know your obligations and rights before buying your first rental property. Having a lawyer review your purchase, the rental agreement, and your strategy can help you determine if what you're doing is worth it, legal, and beneficial for everyone involved.



# 07 FINDING A HELPFUL AGENT

An increasing number of real estate agents are assisting investors with finding their investment property. However, it is necessary to look for a real estate agent specializing in the rental market because many others still focus on buyers and sellers.

Real Estate Agents know the local real estate market and have their pulse on new listings. However, there are far more listings than those that are easily uncovered by Internet searches. Agents have access to listings included in the multiple listing service (MLS) AND the agents that specialize in income properties also have a list of people looking to sell and unlisted units coming on the market.



# RECAP

Historically real estate has been one of the most dependable ways to become wealthy. And many of today's millionaires say it's still a smart investment, for a variety of reasons.

For one thing, investing in real estate gives you a way to diversify your investments. "Don't put all your eggs in one basket" is tried-and-true advice for a reason. There are a lot of moving parts to the economy, and there's always the chance that one can crash while the others thrive. Having exposure in several different markets helps insulate you from risk.

Secondly, real estate gives you ownership of a tangible asset that can appreciate. While I enjoy logging into my portfolio and seeing my stock values increase, it's all very abstract. There's something appealing about having a physical investment that you can actually see, visit, and improve.

And since people will always need a place to live, real estate tends to hold its value as long as the property is maintained well and the area is appealing.

There's also a decent amount of flexibility when you own real estate. You can decide whether to rent out your property, sell it, subdivide it, rezone it for a different purpose, and so on.

This way, you can respond to changes in the economy in a way that still makes your investment useful.

All of that said, there's also a big note of caution here. Real estate can be a large and expensive undertaking, and as the housing market crash of 2008 illustrated, it's never a sure thing. Especially when it comes to real estate investing for beginners, it's wise to proceed with caution. You don't want to stretch your finances too far before you're ready and end up with debt that you struggle to repay.





# OUR PROMISE TO YOU

## ONE

I promise to tell you the truth about your property.

## TWO

I promise to respect your confidence.

## THREE

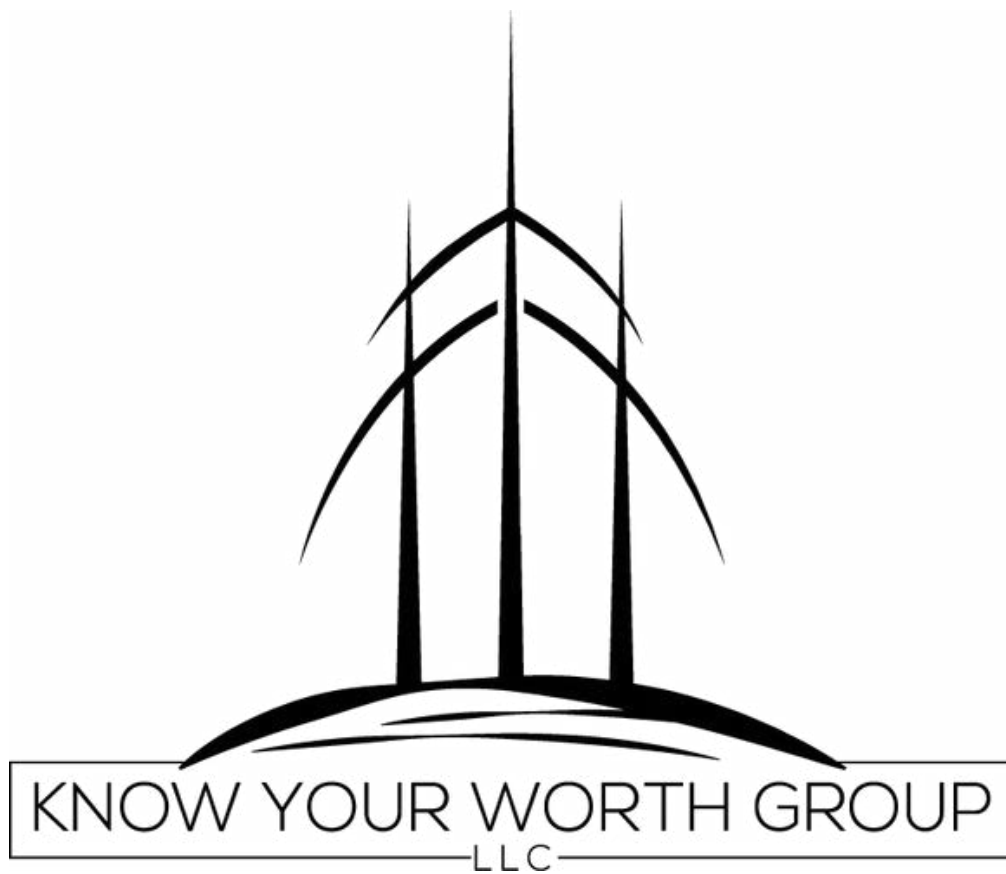
I promise to give you good advice.

## FOUR

I promise that you will understand what you're signing.

## FIVE

I promise to follow through and follow up.



**kw** SIGNATURE  
PARTNERS LLC  
KELLERWILLIAMS. REALTY

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