



**INVESTING IN
RENTAL
PROPERTY
IN THE GREATER
HUNTSVILLE/MADISON
METRO AREA**

**SO YOU
WANT TO BUILD
A REAL ESTATE
EMPIRE...
WE CAN HELP!**

Wendy and Anthony Carbone founded Valley Homes Realty & Property Management in 2017. The company is a full-service Real Estate brokerage specializing in the sale, lease and management of residential properties throughout the greater Huntsville/Madison metro areas of North Alabama.

We take an innovative approach to assist our clients with reaching their goals. We implement outside-the-box strategies and utilize the latest technology and marketing techniques the industry has to offer. Our purpose has been, and continues to be, to relieve clients of the stress related to making their real estate dreams a reality. When working with investors, our motto is:

“You invest, we do the rest!”



Wendy Carbone
Associate Broker
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BENEFITS OF INVESTING IN REAL ESTATE

**Historically real estate has been one of the most dependable ways to become wealthy.
But why?**

DEMAND: Everyone needs a place to live. Even when the housing supply exceeds the demand, the price of rents remains relatively stable.

CASH FLOW: Rental income pays your mortgage, which provides you with cash flow each month.

APPRECIATION: The biggest gain is often earned through the increase in the property value over time. Where cash flow is seen as a short-term benefit, appreciation is the long game.

TAX BENEFITS: Deduct interest paid on the loan and related expenses.
Leverage depreciation to offset the tax burden from other income sources.

CONTROL: Stocks and mutual funds offer little control for investors. With real estate, you can purchase properties below market value to receive instant equity or create value through rehab. and strategic improvements.

LEVERAGE: Leverage uses debt to amplify returns on an investment. For example, a \$10,000 investment in the stock market, buys \$10,000 in stock assets. If you received a 10% return, it would equal \$1,000. However, leverage in real estate allows you to take the same \$10,000 and purchase a \$100,000+ property. A 10% return is not on the \$10,000 you invested, but on the entire \$100,000 property, making your return \$10,000. It's literally a 100% cash-on-cash return.

INSURANCE: One of the unique benefits of real estate investing is its ability to be insured against losses or litigation. You can set up a LLC tree to protect yourself, and you can insure properties against damage. This significantly reduces the risk of your investment.

HEDGE AGAINST INFLATION: Property values can rise above inflation rates, and rental rates can be increased to keep up with inflation. Also, properties financed with a fixed-rate loan will see the relative amount of the monthly payments fall over time (i.e. a \$1,000/month fixed payment will become less burdensome as inflation erodes the purchasing power of that \$1,000).

PROS AND CONS OF BECOMING A RENTAL OWNER

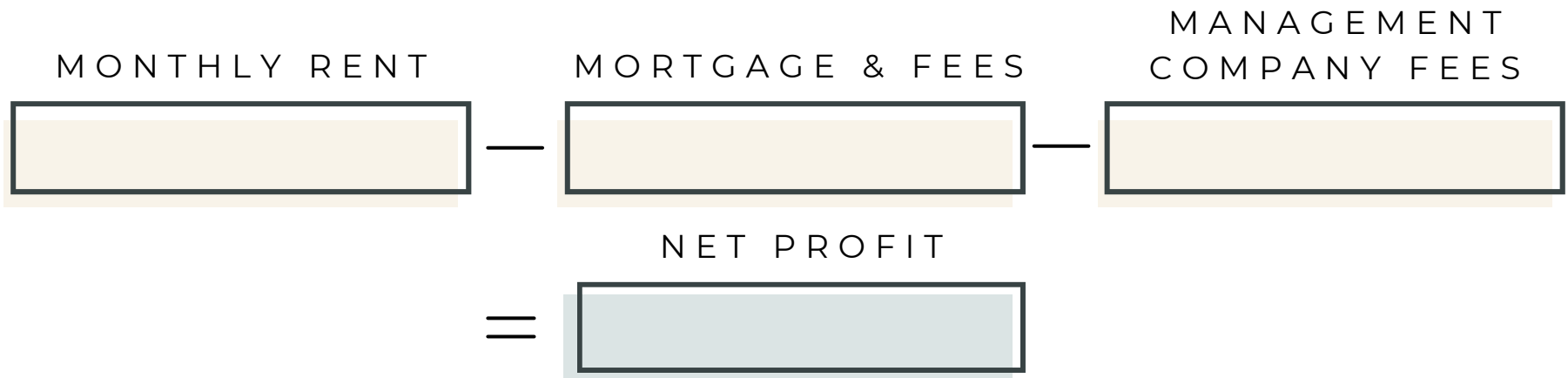
PROS

- You can write off many of the expenses of maintaining and repairing the home as business expenses.
- The net cash flow earned from your rent after expenses can supplement your retirement income or other financial goals.
- The rent collected can offset the mortgage, repair costs, and expenses to run the home while you earn the home's appreciation.
- You don't have to pay Social Security taxes on your rental income.
- Real estate isn't as volatile as the stock market and often reacts opposite to the market, helping you diversify.

CONS

- Tenants can be unpredictable. There is no guarantee that they will not cause damage or default on their obligations.
- There are legal obligations a Landlord has to a tenant and meeting these obligations can sometimes include unexpected expenses and tight deadlines
- If you choose to self manage, it can be challenging if you are unfamiliar with your legal duties.
- If utilizing a property manager, you will likely need to give up some control with some decision making
- There's no guarantee your investment will cash flow or appreciate.

CALCULATING RENTAL INCOME





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STEPS TO BECOMING A LANDLORD



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

- Suze Orman



ONE

SELECT A LOCATION

Remember, you are not just investing in the structure, you are investing in the area. After all, the location is the one thing you cannot change.

Why is the Huntsville area in such high demand?

- Population Growth
- Educational Opportunities
- Job Opportunities
- Low Unemployment Rate
- Low crime rates
- Low Housing Costs
- Low property Taxes
- Overall Affordability
- Healthcare accessibility
- Quality of Life
- Climate
- Beautiful natural surroundings

TWO

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

Investing in a home can look many ways. You can buy a home that's "Turn Key", meaning, ready for tenants right away or buy an undervalued property that needs some TLC before you rent it out. Before you look at homes, choose your strategy.

If you're the fixer-upper type, you may save money buying an undervalued property, fixing it up yourself, and renting it out. You will not only earn the rental income, but the improvements should increase the homes overall value. If you'd prefer to buy and rent right away, then buying a new construction or move-in-ready resale home is a better choice.



THREE **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. Our team will provide a detailed rental market analysis to support our recommended rental rates.



Our recommendations take into account the number of available properties, days on market, rental rates for properties that have leased and are currently on market as well as other important data. Additionally, because our team is “boots on the ground” and actively engaged in selling and managing investment properties, we can provide detailed, first hand insight into what the latest tenant demands are, such as size and type of home, home features, locations, neighborhood amenities and much much more.

Knowing what to buy, how much it will cost and what the income potential is will be your key to choosing the right property.



FOUR **SET ASIDE RESERVES**

Buying your first rental property is exciting but there are expenses beyond simply the cost of purchasing the property. 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. Prepare in advance by setting aside several months worth of reserves and engaging top notch professionals to assist you with the day to day management of your investment.

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

- Andrew Carnegie

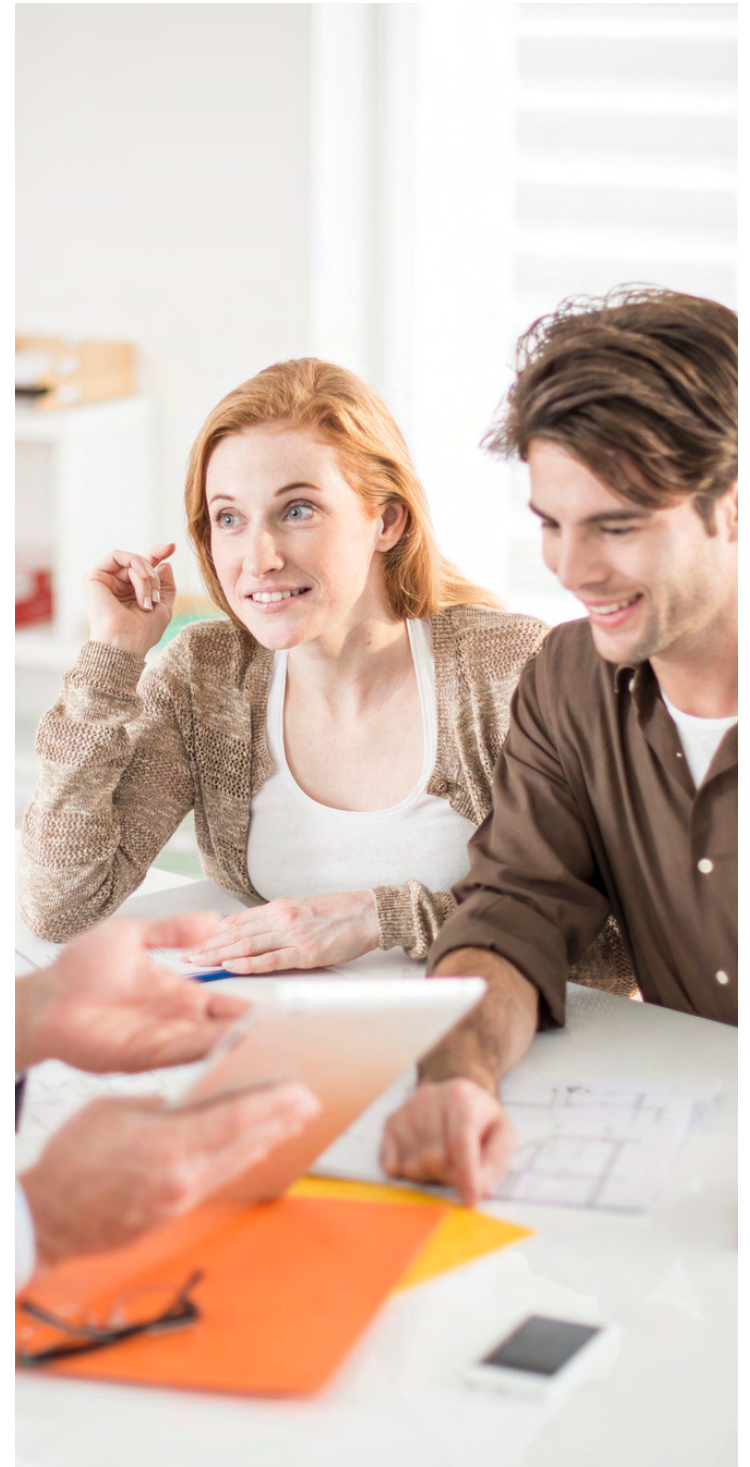


FIVE DECIDE ON FINANCING

Unless you are able to pay cash, you will need to secure financing for your purchase. The requirements to qualify and loan options are a bit different than the ones that may be available for financing your primary residence.

We can help connect you to experienced local lenders who can help match you to the best loan product tailored to your individual situation. To prepare, request a free copy of your credit report 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



SIX

DECIDE HOW TO TAKE TITLE

A common question from investors is whether they should take title to their property in their own name, an LLC or Trust etc. The answer to this question will vary from person to person. It is best to contact a local attorney to discuss your options before entering into a purchase agreement so you can take title in the manner that meets your needs and avoid having the extra work and expense of making this change later.





SEVEN **SELECT A QUALIFIED 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.

SUMMARY



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 multiple markets helps insulate you from risk.

Secondly, real estate gives you ownership of a tangible asset that can appreciate. While we may enjoy logging into our portfolios and seeing our 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 improve your property, rent it out, sell it, 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, real estate investing is not without risk. Our goal is to provide you with all the tools you need to minimize that risk and realize the reward!

CONTACT US



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Valley Homes Property Management is led by two of the most amazing people I have ever met. Wendy Carbone, and her son Anthony Carbone are extraordinary in their attention to detail and their work ethic.

They work tirelessly for their clients and customers, and get personally involved in every property. They go above and beyond and will exceed your expectations of customer service.

If you want someone to be as excited to find a tenant for your property as you are, you have the right place and the right people! I am proud to call them colleagues and blessed to call them friends.

**-SUSAN T. SMITH,
ALABAMA REAL ESTATE COMMISSIONER**

[More Testimonials](#)