

The Investor Checklist



There is high demand for affordable rental homes in growing metros, so properties sell quickly. This checklist will help ensure you perform thorough due diligence while meeting important deadlines during the closing process.

Before you purchase any investment property, consider printing this off and using it as an active worksheet for your investment.

Property Address: _____

Property Team: _____

- ☐ 1. Know your strategy and goals before looking at properties. Your RealWealth investment counselor can help you create a plan for building your real estate portfolio.
- ☐ 2. For any markets you are interested in, view the archived webinars inside the RealWealth Investor Portal.
- ☐ 3. If financing, get pre-approved by a RealWealth preferred lender before speaking with one of the property providers. The list of lenders is located in the RealWealth Investor Portal, under Lenders.
- ☐ 4. If performing a 1031 exchange, do your market research far in advance as you will have only 45 days to identify replacement property. Also, be careful not to identify a property that is under construction or currently being rehabbed because it might not be ready by your deadline. The property providers need plenty of advanced notice due to low housing inventory.
- ☐ 5. Once you have your loan pre-approval letter in hand, contact the property team(s) you are interested in directly. Please note: RealWealth Realty is a licensed broker in California only and is not at liberty to discuss the purchase of specific properties in other states. Direct general investing questions to RealWealth and property-specific questions to the property provider.
- ☐ 6. If you are purchasing a renovated property, verify that it meets RealWealth's REAL Income Property standards through a 3rd-party inspector and get a Scope of Work (SOW) from the property provider to see what renovations were completed.
- ☐ 7. We highly recommend you visit the area, meet the property team and walk the property before buying. If travel isn't possible, ask the property provider for a 'virtual tour', a video walk-through of the property and a view of the neighborhood.

- ☐ 8. Speak with the property management company before closing to make sure you understand and agree to their contract terms.
- ☐ 9. After choosing a property, make sure that the purchase contract contains separate contingencies for a 3rd party appraisal, an inspection, and for financing. If they aren't there, have them added before signing.
- ☐ 10. ALWAYS get those appraisals and inspections! You order the inspection, and the lender will likely order the appraisal. If you are paying all cash, then you order the appraisal.
- ☐ 11. After reviewing the inspection, ask the Property Team to make the repairs you feel should be corrected. It doesn't have to be everything on the report, as the inspector's job is to point out everything they see. After the corrections have been made, be sure to send the inspector back to verify the repairs have been done before closing.
- ☐ 12. Get quotes for homeowners insurance and make sure the policy is in place before you close.
- ☐ 13. Be sure to tell your title company that you wish to purchase an owner's title insurance policy. This policy will protect you in certain situations and is recommended.
- ☐ 14. Let your property manager know the close date so he or she can start marketing for tenants.
- ☐ 15. You will need to notarize your closing documents on the closing date. You can consider flying to the market for a final walk-through and sign there, or you can have the closing documents sent to a notary where you live.
- ☐ 16. Once you close, review your property management statements each month and verify that rents have hit your bank account.
- ☐ 17. Please let your RealWealth investment counselor know of any concerns or questions along the way. We are not brokers in these states, and cannot give advice on the individual property, but we can give you general investing tips that may save you lots of time and effort.
- ☐ 18. If the property teams on our referral list present opportunities outside of single or multi-family rentals, please let your RealWealth investment counselor know right away. This way, we can take a look and help ensure that it's not too far out of their wheelhouse of expertise.



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Special Situations

New Construction Properties

- ☐ **Get an Inspection:** Just because it's new doesn't mean it's perfect. Some builders cut corners to meet deadlines; many use multiple sub contractors whose quality is inconsistent. Even if new, get it professionally inspected.
- ☐ **Find Out What's Included:** Builders vary in what they include in their homes: window coverings, landscaping (front and back), appliances, fences, even garage door openers. Get a complete list of what is included in the purchase price to avoid out-of-pocket expenses after closing.
- ☐ **New Subdivisions:** Confirm that a maximum of 30% of the homes in the subdivision will be rentals - preferably no more than 20% - and that the rentals are disbursed throughout the subdivision and not in one area.
- ☐ **Infill Locations:** Confirm that the new home is being built in a nice, established neighborhood surrounded by attractive properties with curb appeal.

Small (2-4 unit) Multifamily Properties

- ☐ **Confirm Expenses:** In some multi-families, the owner/ landlord is responsible for some common area expenses such as lawn care, snow removal, utilities, hallway smoke detectors, etc. Find out what these are for your property and make sure those expenses are reflected in your pro forma before buying.
- ☐ **Check the Neighborhood:** Tenant neighborhoods with apartments tend not to be as well maintained as owner-occupant neighborhoods. Make sure you're buying in a good neighborhood and pay particular attention to the rental units on either side of your property.

Supplemental Inspections

Type	Typical Cost	Why You Might Need One	RW Recommendation
Sewer	\$300-\$400	Home inspections inspect only the home and do not include the sewer line from the home to the street, which the owner is responsible for.	For homes older than 50 years, get an additional sewer inspection or sewer line insurance (~ \$10/month).
Lead	\$300	For homes built before 1978, lead paint was probably used.	Read the seller's disclosures about lead paint, but don't get an additional inspection.
Mold	\$300	In humid climates where the house has been vacant for more than a month, or when there's been water damage.	Get a mold inspection only if the general inspection detected mold.
Radon	\$150	Prolonged exposure to radon can cause cancer. Houses with basements tend to be more susceptible.	Ask the general home inspector to check for radon, for an additional charge.
Termites	\$150	Termites can be a problem anywhere, but especially so in humid climates.	Get a termite inspection only if the general inspection detected termite infestation.

Remember, RealWealth exists to help you succeed. Please reach out to your investment counselor with questions along the way. We are here for you!

