

“I’m Under Contract. Now What?”

- ☐ Give your Earnest Money to your real estate agent or your attorney.
- ☐ Hire a licensed, certified inspector to physically inspect the property.
 - ☐ To find one, check the [American Society of Home Inspectors](#).
 - ☐ Request that your inspector send you a written report of their findings.
 - ☐ If you’re local, accompany the inspector during his/her walk-through of the property.
- ☐ [Optional] Hire a licensed General Contractor (GC) – one who has no relationship with the inspector – to walk through the property and give you a list of unofficial comments and feedback.
 - ☐ Ask the GC for a rough, ballpark estimate of the cost of renovations to get the property rent-ready for the first tenant.
 - ☐ Ask the GC for a rough, ballpark estimate of the cost of longer-term projects (such as replacing the roof) that are not necessary for the first tenant, but that might be needed within the next 5 to 10 years.
 - ☐ Do NOT ask the GC to conduct this inspection for free, due to the fact that you might be a potential future client. Honor the GC by compensating them for their time at a reasonable hourly rate. (In my experience, around \$40 per hour x 2-3 hours is reasonable, though costs will vary.)

- ☐ [Optional] Hire other specialized service providers to evaluate the condition of the property, including but not limited to:
 - ☐ A termite and pest control company.
 - ☐ A mold testing and remediation company.

Note: If you are purchasing a home from a turn-key company, hire people *on your own dime* who are not affiliated with, nor recommended by, the turn-key company.

- ☐ [Optional] Travel to the city/state to tour the property, in-person, during the inspection period.

Note: This is controversial. Some investors say this step is unnecessary. And other investors – such as military officer Richard Carey, whom [I've interviewed on the podcast](#) – cannot fly to the city/state due to work-related constraints.

In my opinion, paying for a plane ticket and taking a few vacation days away from work is worthwhile.

I understand that in certain circumstances – like Rich Carey's – this isn't feasible. But if you can fly to the city/state to tour the property during the inspection period, I encourage you to make every effort to do so.

- ☐ Review the written Seller Disclosure form.

- ☐ Find answers for any specific topics or questions about which you have questions, such as:
- ☐ Natural hazards
 - ☐ Zoning
 - ☐ Lead-based paint

- ☐ Review any seller financial details that you would like to see, such as the last 12 months of:
- ☐ Electricity bills
 - ☐ Gas bills
 - ☐ Water/sewage bills
 - ☐ Tax assessments
 - ☐ Rent rolls (if the property is already used as a rental property)

If you are buying from an investor, insist on seeing at least one year's worth of income and expenses.

Ideally, this would be in the form of their tax returns, but if not, then ask for a copy of the Profit and Loss statement from their bookkeeping records. Not all owners will agree to provide this, but it doesn't hurt to ask.

- ☐ Secure financing.
- ☐ Talk to your mortgage banker, broker, or private lender.
 - ☐ Get a property appraisal, if needed.

- ☐ Purchase title insurance.
 - ☐ Your agent or attorney can help you with this.

- ☐ Secure a closing attorney.
 - ☐ Your agent or attorney can help you with this.

Note: Before you're under contract, you should *already* be represented by either a real estate agent or a real estate attorney.

- ☐ Read carefully through all paperwork.
 - ☐ Ask your agent or attorney about any questions you may have.

On the Day of Closing

- ☐ Conduct a final property walk-through.
 - ☐ A few hours prior to signing the closing documents, conduct one final walk-through of the property. Make sure the property hasn't been vandalized and that its condition is not significantly different than it was during the inspection.
 - ☐ If you're an out-of-town investor, ask your agent to conduct this walk-through on your behalf.
- ☐ Sign the documents!
 - ☐ You don't need to be physically present to close on a property. You can close the deal from a distance.

Congratulations! You've purchased your first rental property!