How To Avoid 8 Dumb Mistakes Even Smart Investors Make

Many people want to invest in real estate because they think it's an easy way to make money. That isn't necessarily the case. Here's a list of common mistakes even smart investors make:

Mistake #1: Not Doing Your Homework
Mistake #2: Not Finding The Right Property
Mistake #3 Failing To Get An Inspection
Mistake #4: Being An Absentee Owner
Mistake #5: Having Inadequate Insurance
Mistake #6: Not Charging Fair Rent
Mistake #7: Selecting Unreliable Tenants
Mistake #8: Not Getting The Right Help

You can avoid these mistakes and be a savvy investor by following these tips to get the positive cash flow and tax benefits you want from your real estate investment.

1. **Before you make an investment, evaluate your financial situation.** Ask yourself if the timing is right. Don't just go with your gut. Learn the basics about cash flow, appreciation, and loan amortization. Work with a knowledgeable REALTOR® who is familiar with the market and can help you make sure you've got all your bases covered.

2. **Do a thorough search, including "off MLS" deals and best buys, to find the right investment property for you.**
An experienced REALTOR® will help you find and buy the property you want, and work with you on all documentation, including rental and lease applications, title policies, purchase contracts etc.

3. **Have a professional inspection before you buy.** Make sure there aren't any major problems – such as pests, leaky pipes, and mold. If there have been problems, make sure they've been properly addressed. You're investing your hard-earned money, so use sound business judgment.

4. **Be a hands-on owner.** Visit the property often to ensure everything is going as expected. Talk to your tenants to get feedback on things that need repairs etc. It's less costly to take care of little problems before they become big problems. If you bought the house as a "passive" investment, hire a property management company. A little up-front setup with tenants and possibly a property management company will go a long way, and it really doesn't eat into your cash flow that much.

5. **Have adequate insurance**. When you own property, you have potential for liability. Work with an insurance professional who will see that you are well covered.

6. **Charge fair rent.** A skilled REALTOR® can help you determine the amount of rent that is reasonable for the condition of the house, its amenities and location. What you DON'T want to see is a vacant property.

7. **Be selective about your tenants from the start**. Check all references, including previous landlords, payment history, employers, and credit history. Good renters will help you generate positive cash flow that you can use to reinvest back in the property payment and speed up the amortization schedule. This decreases your debt load and increases your equity.

8. **Not having the right person help you.** You need more than just the typical real estate agent to find and close on the best properties. You need an "Investor Specialist"…