

First-Time Investor Checklist

The Smart Way to Buy Your First Investment Property

By Jeffrey Hoffmann

1. Start with the Math, Not the Emotion

Real estate investing isn't about granite counters - it's about cash flow.

- Estimate monthly rent from comps.
- Subtract mortgage, taxes, insurance, and maintenance.
- Include 5-10% for vacancy and management.

If it's positive, great. If not, adjust price or loan.

Investor Insight: Emotion buys homes; math buys investments.

2. Choose the Right Financing

Investment loans differ from primary home loans.

- Conventional: Standard terms, good for long holds.
- DSCR: Qualifies based on property income.
- Portfolio/Local Bank: Flexible for unique properties.

Expect 15-25% down and a slightly higher rate.

Investor Insight: Financing follows your exit plan - know yours first.

3. Understand Realistic Returns

Smart investors focus on steady cash flow and appreciation.

- Cash Flow: Net income after expenses.
- Cash-on-Cash Return: $(\text{Annual Cash Flow} / \text{Down Payment}) \times 100$.
- Appreciation: 3-5% yearly growth compounds over time.

Investor Insight: Real wealth in real estate grows quietly.

4. Plan for Management Up Front

A property is only as good as its management.

- DIY saves money but takes time.
- Professional management handles repairs and rent collection (8-10% fee).

Investor Insight: Good management protects good investments.

5. Know Your Exit Strategy

Decide how you'll profit before you buy.

- Buy and Hold: Long-term income.
- Fix and Flip: Quick turnover.
- BRRRR: Buy, Rehab, Rent, Refinance, Repeat.
- 1031 Exchange: Tax-deferred swap.

Investor Insight: Invest with the exit in mind.

6. Quick Reference Investment Summary

Category | Smart Benchmark | Your Target

Cash Flow | Positive \$200+/month | _____

Vacancy Allowance | 5-10% rent | _____

Maintenance | 1-2% property value | _____

Down Payment | 15-25% | _____

ROI Goal | 8-12% annually | _____

7. First-Time Investor Readiness Checklist

Task | Completed | Notes

Analyzed cash flow and ROI | |

Met with lender, compared options | |

Saved down payment and reserves | |

Planned management approach | |

Defined exit strategy and timeline | |

Pro Tip: Treat every property like a business from day one.

Final Word

Your first investment should be strategic, not stressful.

Use this checklist to guide smart, data-based decisions and build sustainable growth.

Download this checklist, keep it for every deal, and share it with fellow investors.

Schedule a strategy session at: jeffrehoffmann.com