

Protect Your Real Estate Investment

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It may be difficult for investors to find a good, safe investment in the current economy. There is uncertainty because of economic issues in Europe and the national debt. The stock market is a huge gamble. Gold has a high price and doesn't produce any sort of dividend. Bonds have a low yield due to low interest rates. There is, however, one good area to invest in the current economic climate. Rental real estate can offer both short and long term returns. A rental property can increase in value while offering a recurring revenue stream. There are plenty of distressed properties out there and plenty of opportunity to buy low. Demand for rental housing is also higher because people feel less secure about committing to a long term mortgage (and many don't qualify). An investor can immediately enjoy a positive cash flow while building equity, which eventually can be converted to cash by selling the property.

Unfortunately, even a local market with high prices to rent and low prices to buy can still carry risks. One of the biggest threats to the value of the investment is a bad tenant. A bad tenant might not pay the rent. A tenant that doesn't pay rent or damages the property will cost you lots of money. Your investment can easily turn into a burden and an expense, rather than an income generating asset.

In order to protect against nonpayment, vandalism, eviction proceedings, unsavory characters and other issues, landlords should run a **tenant background check** on applicants. It is important to do a quick background and credit check on all tenants. You don't want stolen merchandise found in your house or drugs being dealt out of your house! You do not want your investment property to become a crime scene! Protect yourself with a thorough background check.