



HOW MUCH MONEY DO YOU NEED TO PURCHASE A *BUY & HOLD* PROPERTY?

Real estate investment is a great way to build wealth and generate passive income. Whether you're a seasoned investor or just starting out, understanding how much money you need and how an investment property is financed is crucial.

Here are 4 buckets of costs to plan for:

1. Buying the property:

- The general rule for funding a property is 20% down + 80% lender/bank funding.
- You can calculate the down payment based on the purchase price. If you buy a property for \$500,000 you will need to put \$100,000 down and should seek lender or bank funding for the remaining \$400,000.

2. Closing Costs:

- We suggest you set aside 3-5% of a home's purchase price for closing costs.
- In our \$500,000 example above, this would be \$15-25,000 to cover: Insurance, land transfer, home inspection (if needed) and lawyer fees.

3. Property upgrades:

- Rental properties often require some upgrades to be able to rent them out at fair market value (& make them desirable to renters). These can be paid by savings or through your financing option.
- Buy & Hold properties tend to require less upfront cost vs. fix and flip but, there will be ongoing costs and opportunity due to the nature of this longer term relationship.

4. Rainy day cashflow:

- Maintaining ~\$5,000 cashflow can be very helpful with rental properties. This would cover if your renter is late on rent or an appliance unexpectedly breaks.

Getting started can be overwhelming. A seasoned agent can make a huge difference in helping you determine the right property and cash flow. Many of our Certainli agents are also property investors and would love to help.