

Are Rental Homes a Good Investment for Income?

Annual Gross Rental Income: **\$25,200 (\$2,100 per month)**

Expenses That Need To Be Subtracted From Annual Gross Rental Proceeds:

Average Annual Maintenance Cost: ()
(Painting, roof repair, plumbing, electrical, heat and air,
flooring and general overall maintenance)

Annual Liability Insurance Cost: ()

Annual Property Taxes: ()

Annual Cost of Property and Casualty Insurance: ()

Annual Loss of Rental Income: ()
(Usually one-two months per year as
one renter moves out and another moves in)

Annual Marketing Cost of Finding Renters: ()
(newspaper ads, realtor commissions, etc)

Annual Cost of What Your Time is Worth for Management
Or Payments to a Property Manager-10% ()

Annual Cost of Mortgage ()

Annual Mortgage payment ()

If Financed, down payment x 4% ()

Annual Total Expenses = ()

Annual Net Profit after expenses

Average Annual yield 2.1 to 2.24%
(Annual net profit divided by Amount Paid for property, \$400,000 to \$375,000)

Financing would put this scenario in negative cash flow!

One house, one location, one renter, lack of diversification, liability(slip and fall), responsible for taxes, insurance, maintenance like a leaky roof, broken water heater or any appliances, leaky roof, broken pipe, cracked foundation and the list just goes on and on.