Title:
Investment Property: Part 2

Word Count:
690

Summary:
Learn about investment property terms.

Keywords:
lease option, rent to own

Article Body:
<p> If you are interested in getting into the real estate market then you will want to read this article. It will explain some of the basic terms related to investing in real estate.

<p>1. Lease Option

<p>A lease option on a property offers the leasee the opportunity to buy the property at the end of the lease term. Lease options essentially offer a try before you buy trial period. If you are interested in a building, you can lease the building for a relatively short amount of time. This will give you an opportunity to determine if the building is going to fit your investment needs. If the building suits your needs then you can execute your lease option and buy the property. Since a lease option offers additional value, normally the leasee must pay small fee for the option to buy the property.

<p>2. Rent to Own

<p>In certain scenarios you may find yourself interested in owning a rental home for a short period of time, and planning to sell the investment property after that time period. In such a scenario you should consider employing the rent to own approach. When you offer a house that is rent to own, you collect rent from the tenant for the specified time period and the tenant possesses an option to buy the house at a later date. The rent to own approach provides you with rental income for the life of the lease, and also affords you the ease of selling the house to the tenant, avoiding the hassle of putting the house on the market and finding a real estate agent to sell the house for you. Renting to own essentially offers the same functionality as a lease option to the tenant.

<p>3. Eviction

<p>Sometimes you will be faced with a tough situation. If tenant is not paying the monthly rent then they must be evicted. An eviction is never a fun process. In simple terms, an eviction basically means the tenant is being kicked out of their space. The eviction process involves legal paperwork and the local courts. Of course, if you can avoid having to perform an eviction then you should. However, sometimes your tenant leaves you no other choice but to carry out an eviction and remove them from the property.

<p>4. Buy a Foreclosure

<p>Evictions are often accompanied by foreclosures. A foreclosure occurs when the owner of a property is unable to meet the monthly payments required by the mortgage agreement. In such a case, the bank servicing loan will have to repossess the house. This process is often thought of as a foreclosure. For those looking to make a purchase in the real estate market, buying a foreclosure presents a great opportunity to get a good property that is relatively inexpensive. Frequently, those who buy foreclosures do so a below market prices since the bank is primarily concerned with liquidating the asset (the house) and covering the liability. Buyers of foreclosures should be forewarned that these properties might include additional expenditures to repair the house. Not surprisingly owners who cannot afford their own homes often leave their house in disarray upon moving out of being evicted. Typically such house can fixed up rather quickly and reintroduced to the market as a rent to own dwelling.

<p>5. Get Rich Quick

<p>Investing in real estate property is not a get rich quick scheme. Certainly one can become extremely wealthy by divesting their interests in various investment properties, but achieving fast returns on equity does not happen overnight. An investment in real estate should be accompanied by patience. If you can find a property that will offer positive cash flows after all other expenses are taken care of, such as a popular apartment building, than you will not only be increasing your wealth from day to day operations, but you will also be creating equity in the property. Such an ideal situation offers a get rich quick approach to investment property, but such opportunities are hard to come by.