A FREE GUIDE FROM ANTONIO RUBIO · TU CASA

The Quick Guide to

Second Homes & Investment Property

The five-minute version. How lenders see it, and the four numbers that decide it.

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Se habla español.

THE SHORT VERSION

Second Homes & Investment Property

Everything that matters most, on one page. If a line here raises a question, the full guide answers it.

- **A second home and a rental are different loans —** Second home: often 10% down and you must keep it available for your own use. Investment: commonly 15–25% down, a rate roughly 0.5–0.75 points higher, and six months of reserves.
- **Rent can help you qualify — on an investment —** Lenders commonly count about 75% of projected market rent. A second home earns you no such credit.
- **Four numbers decide the deal —** NOI is income minus operating expenses. Cap rate is NOI ÷ price. Cash-on-cash is annual cash flow ÷ cash invested. The 1% rule is a screen, not a verdict.
- **Verify the rent yourself —** The listing's pro forma is marketing. Check what comparable units actually rent for right now.
- **Budget vacancy, maintenance and management —** Even if you manage it yourself, put the fee in the numbers. If the deal only works because you work for free, you bought a job.
- **Gift funds usually won't work here —** Family gift funds are widely allowed on a primary residence and often a second home, but lenders typically want your own money on an investment property.

California, specifically

• The Tenant Protection Act caps annual rent increases on covered units at 5% plus regional CPI, to a maximum of 10%. If your plan is “the rents are under market and I'll fix that,” the statute decides how many years that takes.

• After twelve months you need a legally recognized reason to end a tenancy, and no-fault reasons generally require relocation assistance of one month's rent.

• Security deposits have been capped at one month's rent since July 2024, with a two-month exception for small landlords. Deposits must be returned within 21 days with an itemized statement, and photographs now support any deduction.

• Proposition 13 resets your property tax to your purchase price. A pro forma built on the seller's old tax bill overstates NOI — this is the most common reason a California rental looks better on paper than it is.

Investment Property Analysis Framework

1	**Estimate Gross Income** Use realistic market rent from comparable rentals — not the listing's optimistic pro forma.
2	**Subtract Operating Expenses** Taxes, insurance, maintenance, management and a vacancy reserve. What's left is Net Operating Income.
3	**Calculate the Cap Rate** NOI divided by purchase price — how the property performs before any loan.
4	**Factor In Financing** NOI minus your mortgage payment is cash flow. Divide by cash invested for cash-on-cash return.
5	**Compare & Decide** Stack the numbers against your goals and other properties before you write an offer.

WANT THE WHOLE THING?

The Full Guide Is Free Too

This is the summary. The full guide goes properly into every point above — the numbers worked out, the mistakes that cost the most, and the California rules in detail. It is free, there is no sign-up, and it is written in English and Spanish.

Download the full guide antoniorubiotucasa.com/.../02-investment-property-EN.pdf

All five guides, both languages antoniorubiotucasa.com/library

ABOUT YOUR GUIDE

Antonio & Ana Rubio

Since 2005 I've helped families across Yuba City, Marysville, and the greater Yuba-Sutter region buy and sell real estate, in both English and Spanish. I work alongside my daughter Ana, a licensed agent since 2016, as a father-daughter team. Our promise is simple: we treat your move with the same care we'd want for our own family.

Find Antonio — Everywhere He Works

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