

1st edition

***Making Money on
Your Vacation
Rental Home***

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Introduction

A New Opportunity for Owners of Vacation Rental Homes!

For some fortunate investors, five, ten, twenty or even fifty thousand dollars a year is not a significant amount of money. ***However, thousands of short term vacation rental property owners do care about improving their returns on investment and wish to more knowledgeably participate in the management of their rental home.*** For these owner investors, making money by improving cash flow from existing assets can be an exciting and welcome opportunity!

Short Term Vacation Rentals

There are hundreds of thousands of vacation homes in the United States, and millions more throughout the world. These homes range from seaside efficiencies on the coast, to modest two bedroom condominiums in golf resorts, to million dollar oceanfront 10 bedroom homes in posh resorts, to mountain villas with spectacular views, to lakefront cabins in rustic settings. ***The focus of this book is on those individuals who choose to offer their vacation homes for rent for short-term visits, generally described as rentals lasting from one night to as long as 90 days.***

Vacation Renters and the Internet

Over the last ten years, millions of renters of vacation rental homes have learned to use the internet to locate the perfect vacation getaway, and these numbers continue to grow. The birth and evolution of internet based commercial rental websites showcasing thousands of homes and condos for rent has given the consumer a new and improved way to shop. From a potential renter's point of view, the ability to search out the perfect vacation location and home on their own terms and in their own timeframe, coupled with some expectation of cost saving, is overwhelmingly appealing. But this is more than just an opportunity for renters; it can be a major boon for owners as well as many have discovered.

The advent of commercial marketing web sites in the last ten years has provided an opportunity for owners to become much more involved in the rental of their vacation homes, usually resulting in a significant increase in net rental income.

Buyers, Owners, Landlords

Maybe you are considering the purchase of a vacation home in a resort or desirable area and are looking for guidance. Some homes make great rentals, while others don't. There are

also lots of options in deciding whether and how you might rent your new home. Some owners only allow use by family and friends but are still interested in how to best handle issues like remote access and home safety, to name only a couple.

Maybe you already own a rental home and would like to get more from your rental opportunities. Perhaps you are using the services of a property management company to carry out a rental program for your home. If you are happy using a property management company, there are still many things that you can do to improve your ownership knowledge and satisfaction and the experience of your rental customers.

Many current owners have never heard of “do-it-yourself” internet rental management and have no idea of the possibilities that it presents. Other owners who are aware of the new opportunities that are available have yet to take the plunge, in many cases because they are unsure of the process and of what is involved in rental self management.

Of course, increasing numbers of rental home owners are well aware of the evolution of the vacation rental marketplace, are ready to embrace the changes and are looking for a guide book through the transition.

Regardless of how you want to handle your own vacation home, this book has something to offer you!

Self-Management of Your Rental Home

Thanks to the reach of the internet, millions now do self manage their short term rental homes in order to greatly increase rental returns, to realize enhanced control over their investment and even to achieve tax advantages.

Buying and renting your own vacation rental property can be a little overwhelming, especially in the beginning. To be successful, self-education is a must. Knowing that you have the knowledge to stay on the right track can help you gain momentum as you learn to deal with the issues involved in successfully renting your home.

I learned to manage and market my vacation rental homes at the ocean (front cover bottom right) and in the mountains (front cover top right) over a five year period, ultimately with great success. I will tell you right now that you may learn to apply best practices for your vacation rental home totally on your own, without the benefit of the lessons in this book. It may take you five years and cost you thousands of dollars in lost income, but it is certainly possible. After all, the school of hard knocks approach is the one that I took!

My experience shows that owners who manage their own short term rental program instead of relying on a property management company may double net income and achieve other substantial benefits.

This book offers guidance on how to become a successful manager of your own short term rental home or condo. It is my effort at saving you the long, expensive, and difficult trials that I went through to get from frustration to fruition in vacation rental real estate.

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Chapter Synopsis

Chapter #1 “Short Term Vacation Rentals” - Millions of people own vacation rental homes in the US and around the world. In this chapter, we will discuss the payback potential for owners from renting their vacation homes, including a discussion of what makes short term vacation rentals unique. We will then look at the wide variety of rental management options, and finish with an introduction to owner self management. When you complete this chapter, you will understand the choices that an owner has for renting their vacation home and be better prepared to make a decision as to what approach will best meet your goals.

Chapter #2 “Benefits of Owner Self Management” - For most owners getting the maximum income from their rental home is a very important objective! In this chapter, we will talk about realizing big savings on property management commissions and how to prepare to seamlessly transition to self management. We will also discuss “best practice” strategies for increasing occupancy, realizing better cash flow from your rentals, and your ongoing efforts to lower expenses and taxes. And perhaps most beneficial of all in the long run are the benefits of client loyalty and retention.

Chapter #3 “Getting Started with Self Management” - It will be easier, less frustrating and more financially rewarding if I can help you to get your rental management program up and running quickly. In this chapter, we cover what is required of the owner (that’s you!) for rental self management and what kind of special issues exist for your rental home. We also consider critical policy decisions and some early action plans to undertake in preparing to rent your vacation home. An understanding of what

is required will help you successfully begin your rental self management program.

Chapter #4 “You Don’t Have to be a Computer Expert” - You don’t have to be a “geek” by any means in order to successfully manage your own vacation rental home. If you are interested in undertaking an internet rental program, you’re probably already familiar with, or at least willing to learn, basic computer functionality. The basics of email, word processing and browsing the internet are covered here, along with a brief discussion of digital photography. Pictures are the key when it comes to advertising your home on the internet!

Chapter #5 “Basic Hardware and Setup” - The computer setup that you have at home today is probably perfectly sufficient to run your vacation rental program. Some basic hardware requirements are covered in this chapter, as well as your options for internet connectivity, how to ensure computer privacy and protection, and a few computer “housekeeping” chores. This is basic stuff, but preparation and planning is surely one reason you bought this book! Review of this material will help you to ensure that your system is properly setup to handle the basic communication and document handling requirements of a program of rental self management.

Chapter #6 “Prearranged Home Services” - Partnering with reliable service providers is as important as any responsibility you will undertake. Organizing an effective cleaning regimen and advance consideration of ongoing maintenance and major repairs is critical to your rental management success. This chapter will help you to know what to look for when arranging housekeeping service or when establishing partnering relationships with local vendors. Preparing in advance will help you to avoid or address

the household problems and surprise expenses (not to mention aggravation) which always seem to arise at the most inopportune times!

Chapter #7 "Rental Home Setup" - There are several straightforward but important considerations in preparing your home physically for seasonal rental. We will discuss setting up home access, review owner and guest storage, share ideas for your guests' safety, and consider a home inventory and setting up your rental home with needed household items. Once your home basics are in order, your renters will more likely experience a safe, sound and functional visit, and you will have increased protection for your home and for yourself!

Chapter #8 "From Good to Great!" - Happy renters are returning renters and nothing is appreciated more by your guests than finding a comfortable home prepared in advance for their vacation enjoyment. Use your imagination and consider these suggestions to increase the appeal and comfort of your home. Your guests will also appreciate information and equipment that they can use to pursue outdoor adventures in good weather or a home stocked with books, movies and games for days when indoor activities are their only option. With a little foresight and effort you can do a lot to ensure a memorable guest experience!

Chapter #9 "Guest Information and Postings" - Sometimes the value that you add to your home for rental guests doesn't cost you a dime! Many of the things that you love about the area where your home is located are the same as those that your guests would enjoy. Share your knowledge! Take the time to document and leave behind for your guests information on area activities, operating instructions and in-home posting, about

the home. The more you communicate with your guests, the more they will feel at ease, enjoy their visit and return!

Chapter #10 “Customer Service and Communication” - Customer service is certainly one of the most important aspects of a self management program and an area where a private homeowner has the power and potential to really distinguish themselves and their home. We’ll discuss the importance of projecting a positive customer service attitude through your communications. After that we’ll cover an essential step in setting up your rental home: the preparation of your basic rental documents i.e. lease, directions, home access, etc. Let your personality shine through, and be an effective landlord at the same time!

Chapter #11 “Your Rental Home on the Internet” - Marketing is the centerpiece of your rental effort. In this chapter we will explain what commercial websites do, how they support your vacation home rentals and the variables that you will encounter in choosing which commercial rental websites to use. We will also address the benefits of a having a dedicated website for your home. Finally, you will write your marketing text by using our preformatted web input sample documents. Preparing web input documents in advance will make uploading a snap!

Chapter #12 “Time to Go Live” - This is the final step in attracting those internet rental clients to your home! When ready, you will “go live” if you’ve chosen to create a dedicated web site for your home – an exciting and rewarding experience! At this point, you will also be ready to choose, load and activate your commercial marketing sites using the web input documents you previously prepared. We will also explain how to create and link online availability calendar(s) so that potential renters only contact

you for open dates, a critical and time saving exercise. After this effort is complete, your rental home will be on-line and open for business!

Chapter #13 “Reservations and Revenue” - Your relationship with your renter begins when you start taking rental reservations. Be prepared to book your guests on terms that work for everyone involved but don't put your financial goals at risk. We walk you through your options for collecting rents and security deposits, including the use of merchant credit card services. This chapter will help you understand the fine points of collecting your rental income quickly and reliably, important in anybody's book!

Chapter #14 “Online Owner Resources” - Your internet vacation owner rental experience is made simpler by accessing online information and services and online products and supplies. I'll also introduce www.VacationHomeAdvisors.com (my company) and discuss the services that we offer. In addition to online commercial rental web sites, there are many other online resources that can be an invaluable aid to owners trying to maximize the value of their rental property. We will discuss these important and time saving resources and point you to a few that we have found particularly useful.

Chapter #15 “Laws and Regulations” – Doing a little administrative research in the beginning will ensure that you are in compliance with all applicable laws and licensing requirements. Be aware of restrictive local ordinances which, in some communities, work to thwart the owner manager! We also cover sales and use taxes and have a discussion on several types of insurance that a rental homeowner should consider to protect themselves against possible risks.

Chapter #16 “Income Taxes for Rental Owners” - We discuss current federal tax law as it relates to the three different ownership tax categories and how this classification effects numerous deductions. We also review tax laws regarding rental income, deducting rental losses against other income, including the implications for and definition of personal use of one’s rental property. There are also opportunities to consider when selling rental homes, including an in-depth discussion of my Combined Zero Tax Strategy which may allow elimination or delay of tax where properly applied.

Chapter #17 “Landlord Expense Deductions” - If you qualify for business owner status, you should have a basic understanding of the types of and requirements for operating expenses that you may deduct from rental home income. We will start with a look at the overall requirements for deducting operating expenses, examine a number of commonly encountered rental home operating expenses, examine the basics of the home office deduction requirement and computation, and address the tax implications for any hiring decisions that an owner makes. We will also take a look at several special tax situations for the rental homeowner.

Appendix I - Web Input Forms

- ◇ General Information
- ◇ Bulleted Highlights
- ◇ Long Description
- ◇ Short Description
- ◇ Home Layout
- ◇ Home Amenities

- ◇ Specific Area Attractions
- ◇ General Area Activities
- ◇ Seasonal Rental Periods, Minimum Stays and Rates

Appendix II - Sample Rental Documents

- ◇ Sample Introduction Letter
- ◇ Sample Guest License Agreement
- ◇ Sample Directions
- ◇ Sample Home Access Detail
- ◇ Sample Driver Name Request
- ◇ Sample Credentials

Appendix III - Sample In-Home Information

- ◇ Sample General In-Home Information
- ◇ Sample Area Restaurant Information
- ◇ Sample Area Activities Information

Appendix IV - Sample In-Home Instructions

- ◇ Sample Fire Prevention Instructions
- ◇ Sample Departure Instructions
- ◇ Sample Grill Instructions
- ◇ Sample Fireplace Instructions
- ◇ Sample Propane Instructions

Appendix V - Sample In-Home Postings

- ◇ Sample Telephone Numbers
- ◇ Sample Clean Filters Posting
- ◇ Sample Electrical Panel Layout
- ◇ Sample No Smoking Posting
- ◇ Sample Grill Posting
- ◇ Sample Fireplace Posting
- ◇ Sample Propane Posting

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