

GRIT INSURANCE WHITEPAPER:

SHORT TERM RENTALS

HOW DO I GET STARTED?!



P • (801) 505-5500 F • (801) 905-6677 E • info@gritinsurancegroup.com

Purchasing your short-term rental can be exciting and a bit overwhelming if you are not prepared.

A checklist will help you to prepare your investment to maximize the return.

Before you list the home anywhere, buy the correct insurance for the property use! Many insurance carriers will exclude claims on homes if you do not have short-term rental coverage. The coverage is a specific endorsement on some policies. If you are planning on holding the property in an LLC or other commercial entity, purchase business insurance. Often it is not that much different in cost and will save you a lot of headaches in the long run.

Make a plan of how you are going to list the property.

Are you going to list it yourself or hire a professional property manager?

If you are going to hire a property manager, you need to be prepared to ask them a few questions:

- What is the marketing strategy?
 - Will you be listing on sights like Homeaway.com, AirBnb ect?
- How do they handle damages?
 - Will they put systems in to monitor water damage, control the mechanical systems, and prevent break-ins?
- What is the cost of their services?
- Will they coordinate with a cleaning service?
- Can they provide you with a revenue projection for their efforts?
- How often will they update the listing?

If you are going to manage the property yourself, you will need to take on a few things to ensure you have success.

- Make sure it's clean. Replace all light bulbs and make sure they are working. Remove everything but the minimums. People do not care about your nick-knacks.
- Hire a professional real estate photographer and PAY THEM to take listing photos of your home. They will pay dividends for years to come.
- Invest in automation: Water detection, Remote water shut off, Digital key locks that can be programmed remotely, Cameras facing the exterior of the property, and a Decibel meter installed inside the home.
- Build a house manual. The more quality information you can provide your guests, the better time they will have.
 - Your manual should include House Rules. (the ones that will get them kicked out)
 - Parking (if you can, provide a diagram)
 - Activities close by: restaurants, gas stations, grocery stores, trail maps etc
 - If you are close to a place that rents items your clients would use set up a referral relationship
- Hire professionals to help you maintain the property.
 - A home cleaner is going to be your best asset to having quick turns and positive reviews. Find out what their procedure is for turning a rental. Do they have a checklist? Will they take photos each time to document damage?

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to document damage?

- Build a list of professionals that can make repairs when needed. (plumber, electrician, HVAC, roofing, snow removal etc)
- Once you have this in place, you are ready to list the property. Use the pictures you paid for. Spend time describing the property. Describe the sleeping accommodations, with photos. Sleeps 10 can be pretty awkward if they have to all sleep in the same room. Build your case about why they should rent from you.

You can list locally in classifieds, but you will need a system to handle the reservations.

- Wix.com has a hotel plugin that you can use to do this. It is a bit more work, but the potential is there.
- You can list on home-sharing sites.
 - www.airbnb.com
 - Homeaway.com
 - www.vrbo.com
 - glampinghub.com
 - Flipkey.com
 - www.booking.com
- Then you will need to sync the calendars of each sight so that you do not encounter double bookings. Most of the sites above have “how-to’s” to get it done.
- Last I would encourage you to find management software that can help keep track of everything from income, expenses, sales tax, use tax, deductions, etc. There are a lot of tax advantages of owning a rental investment. Spend a little to save a lot!

We hope that this helps you with choosing how to manage your new investment and create memories for families and generate that return you were hoping for.

Want to learn more?

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