



## **Northern Lights Vacation Services**

### **Property Owners Guide**

Northern Lights Vacation Services, LLC is a locally owned vacation rental management company dedicated to the successful management, marketing, promotion and rental of privately owned homes and condominiums. For our owners and guests, we provide an end to end solution in the Northern Michigan vacation rental market. This guide is provided to give a snapshot and general guidelines for the person interested in generating income from their vacation property.

Our company performs all the work required to rent your vacation home or condo. Our goal is to provide you with the peace of mind that your property is being professionally managed and cared for while maximizing rental income. NLVS will do all the advertising, rental negotiation & contracting, money management and communications required to ensure your home is being cared for and our rental guests enjoy their stay. Our primary objectives are:

1. To represent our owner's properties and ensure our homes and condominiums are well cared for and treated with respect throughout the rental process. We want to make the vacation rental process as easy and hassle free for our owners as possible.
2. To ensure that our rental guest have a wonderful rental experience. We strive to develop return renters for your home/condo and we have found that the best way to do that is to ensure that our guest have a great rental experience.
3. To maximize rental income for our owners. We have developed internet and local advertising strategies to ensure we have tremendous exposure to the vacation rental market.

In addition, we are the local welcoming committee as well as the cleaning and maintenance team. As local residents we appreciate the opportunity we have to share our fabulous Northern Michigan natural beauty and recreational opportunities while taking immense pride in your property, our business and the enjoyment of our rental guest.

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## **Should I rent my home/Condo?**

Allowing other people to enjoy your home is not for everyone. You must balance the income you will generate from your vacation home against the concerns of having people you don't know using your home as their own for a few days, a week or more. There are some compromises when it comes to putting your personal items, toys and clothing away between your personal use of the property. However, most of our clients have found the rewards far outweigh the inconvenience.

One of the major concerns we hear from our clients is a concern that renters will trash or damage their vacation home! Although this is a concern and it could happen, we believe the chances of this are very small with proper management of the rental process and collection of a security deposit. Fortunately, we have not had a bad experience of a home suffering major damage or theft by renters since we started managing rentals for our clients in 2009. We have found that most people respect that the homes and condos in our program are privately owned. However, it is important to have the proper insurance policy just in case as accidents are always possible regardless of the renter's intent.

It is also important for you to understand IRS tax rules on renting out and personal use of your home. The following is a link on tax rules. Of course you should always discuss your specific situation with your tax preparer.

<http://www.kiplinger.com/article/taxes/T010-C000-S001-tax-rules-for-second-homes.html>

## **What do people want in a vacation rental?**

We are often asked "what do I need to do for my home/condo to rent well?" These are a few of our top recommendations:

- Your property must be very clean and well maintained. This is the number one requirement of vacation renters! No carpet stains or bad smells or clutter. You must have clean windows and screens (that work)!
- Clean comfortable mattresses and fresh attractive bedding and nice towels are extremely important.
- Technology – wireless internet, cable and big screen TV's make a world of difference. Most people live the connected lifestyle even when on vacation and having these amenities is a must! Additional TV's are a bonus.
- Updated homes and condos rent more often and for more money than places that have not been updated (and are more likely to generate repeat renters)! Bedding, furniture, counters, appliances, window coverings are all important. We do not suggest that every homeowner do a remodel, but newer, fresher is better. Fresh paint is a great and inexpensive upgrade.
- Fully outfitted kitchens- nice pots and pans, blenders, toasters, coffee makers, plenty of dishes, silverware, glasses and utensils are very important.
- Pet friendly rentals get a lot of extra nights. Many people do not want to leave their family pet behind during a vacation. If you are willing to allow pets, your rental income will reflect the choice.

## **Should I hire a rental manager or manage the rental myself?**

This is a question that many new owners or people entering the vacation rental market often have on their minds. First, hiring a rental manager may generate more income than if you rent the home/condo on your own. Many people think that they might want to “do it themselves” to save money, however, this may actually result in fewer rental nights and result in lower income on an annual basis. A professional rental manager can produce more rentals through a larger marketing budget and leverage inquiries from managing multiple properties. In addition, a rental manager has several marketing channels while a homeowner generally will rely almost exclusively on the internet through one of the home rental sites. Additionally, rental management fees are tax deductible while your time and effort are not.

While you can certainly manage the rental yourself, renting out your home does not begin and end with paid guests arriving at your home/condo. The home has to be prepared and marketed, contracts written, funds collected, guest information packages prepared and sent out, guests managed during a stay, cleaning, and security deposits refunded. If you manage your own rental and live over an hour from your vacation home, it can be difficult if the guests get locked out or has other maintenance issues? And, of course, you must be ready for the late night calls from current and potential renters. Working with a local rental manager allows you to gain income without a lot of the hassle of becoming a part time rental manager.

## **What we do as your Rental Management Company**

- Meet with you to discuss the rental process and conduct a property review prior to contracting for services.
- Develop a rental pricing schedule based on an analysis of other like properties for rent in the area. Our goal is to be right-priced (not the lowest or the highest price) achieving the right balance between occupancy rates and overall rental income.
- When we decide to work together, there is a signed agreement describing responsibilities and expectations.
- To advertise and market your rental property Northern Lights Vacation Services provides a comprehensive marketing strategy designed to enhance rental income. Our marketing strategies are always evolving through traditional and internet marketing channels as we grow our business and our marketing footprint.
  - Traditional marketing including signs, flyers, professional and social networking result in a significant percentage of our bookings each year. Our local activity in the real estate market working with potential buyers, real estate agents, community businesses and residents generates numerous bookings.
  - Properties are advertised on the internet where we practice SEO and blog strategies to rank higher on search engines. All homes and condos are listed on VRBO, AirBnB, Google Vacation Rentals, Booking.com, at [www.bellairerentals.net](http://www.bellairerentals.net), our personal website and the Pure Michigan site.
  - In addition we provide the following services to our owners:

- Web listings including a marketing description, rental rates, area highlights and availability calendar and color photographs of the property
- Rental pricing through use of a competitive rental analysis. We maintain a database of all properties in the local private rental market for this purpose. E-mail marketing to NLVS's exclusive database of past rental customers. This database is worth its weight in gold as it now contains thousands of clients who have rented from us, many who now just pick up the phone to call us when they are ready to book for their next vacation!
- We leverage our large inventory of diverse homes and condos which allows us to work with rental inquiries across multiple properties (large private groups, weddings, associations, and provide concierge service to people who need assistance finding just right place)
- Work with prospective guests to answer their questions and facilitate the booking process by phone and email
- Secure reservations, rental agreements and rental payments
- Maintain rents and security deposits in bank accounts
- Maintain records for each property and each guest
- Provide check in, check out and on-call on-site assistance for renters
- Approve emergency repairs up to \$150
- As we prepare your home for rental guests we will note if there are any maintenance issues and if it is "renter ready". If we find that the home requires some maintenance or cleaning prior to the first rental (or after a period of non-use) we will discuss this with you and work with you to ensure the home is ready
- Clean the property after guests depart – this is what we do after every renter:
  - Launder all used linens and towels
  - Make the beds
  - Dust, sweep, wash all hard surface floors and vacuum carpet. Clean and sanitize showers, tubs, sinks and toilets
  - Thoroughly clean the kitchen, including cleaning out the fridge, cleaning the stove and microwave
  - Empty dishwasher and return all kitchenware to its proper place
  - Remove trash
  - Wash interior windows if required
  - Check condition of TV, cable, washer and dryer, etc. as required
  - Clean off outdoor furniture
  - Check fireplace as required
- Restock at our cost; bath soaps, toilet tissue, paper towel and trash can liners
- Notify owners of any issues or concerns
- Provide a monthly statement and annual summary to owners (income and expenses)
- Provide payments of rent to owner at the end of each month
- Reconcile security deposits and returns

### **What are the owner's responsibilities when using NLVS as the rental management company?**

1. All mortgage, property and liability insurance, assessment and utility payments:
  - Electricity

- Gas
- Water & sewer
- Telephone – if provided.
- Wireless internet as well as streaming, satellite, or cable T.V.

2. Major Replacements
  - Appliances
  - Furniture
  - TV or other electrical items
3. Inventory. NLVS will inventory your property and make recommendations on items you should add. Our experience has helped us identify items that make the rental experience better for all parties.

Required items:

- Sheets, mattress pads, pillows, pillowcases, blankets and bedspreads for all beds including sofa beds (if included in bed count on rental advertisement). An extra set of sheets and pillowcases for each bed is required.
- Bath towels (minimum of two per person) and bath mats
- Vacuum cleaner and replacement bags
- Electronic door lock for main entry to property. NLVS will provide preferred options and installation is available for a small charge.
- Keys for doors, door-walls and any other lockable door
- Dishes, silverware, glassware and utensils
- Pots, pans and lids
- Fire extinguisher, CO2 and smoke detectors
- Pot holders and kitchen towels
- Light bulbs, hangers, matches
- Washing machine soap and dryer sheets, dish washer soap, cleaners such as window and all purpose cleaners
- Salt/pepper, minimal spices, aluminum foil and plastic wrap
- Flashlight and extra batteries (in case electricity goes out)
- BBQ & BBQ tools (if association rules allow)
- Iron & ironing board
- Brooms & mops
- Blow dryer in each bathroom
- Blender

5. Fireplace tools and screen (if applicable)
6. Maintenance
  - Snow removal including walkways, driveway, steps and deck
  - Lawn and landscaping maintenance
  - Hot tub and sauna maintenance (if applicable)
  - All maintenance and repair cost on property
  - Damage and theft to property
7. Property cleaning after owner stay; \$30 per hour or the standard cleaning rate – whichever is less will apply.
8. Telephone

- Owners are not required to provide telephone service for the property. In this era of cellular technology, we do not recommend having a land line phone.

## **Fees**

Owners pay a management fee to NLVS of a contracted percent of rent collected. We can provide other services (additional fees apply)

### **Fee Schedule**

<b><u>Owners Fees</u></b>	
Management Fee	30% of rental amount depending on proper type
Annual Administrative fee	\$0
<b><u>Additional Services Fees (these are additional for-fee services provided based on client needs)</u></b>	
Supply Service	Cost
Spring/Fall Deep Cleaning	\$30 per hour
Property Maintenance	Cost/ By estimate
Property Staging	By estimate
<b><u>Renters Fees</u></b>	
Pet Fee (if applicable)	\$20 per night
Cancellation fee >30 days	100% returned minus \$45 admin fee
Cancellation fee 30 – 1 days	No refund
Reservation change fee	\$30
Returned check charge	\$35
No show	No refund
Cleaning	\$75 - \$300 dependent on property

## **Additional Services**

### **Purchase and Maintain Inventory**

We can help you to outfit and complete the inventory to ensure your home is memorable for the right reasons. For example, we often purchase sheets and towels, kitchen tools and small electric appliances for owners. Should you wish us to make your purchases we will supply a shopping inventory for your approval. Receipts can be provided to you for your inventory and tax purposes. We charge the total of the receipts for this service, with no additional fee.

During the course of the year, some items will be depleted. Examples of these items are general kitchen supply items and light bulbs. (Toilet paper, paper towel, kitchen and bath soaps and garbage bags are provided as a part of our service at no additional cost.) Owners may either 1) resupply those items during a visit, 2) provide supplies to NLVS from which to replenish, or 3) NLVS can resupply those items from our inventory. If we provide the supplies, owners will be rebilled at month end.

### **Spring and Fall Deep Cleaning**

You will need to deep clean your home at various times during the year – this generally includes items such as flipping mattresses, cleaning carpets, washing windows and screens, pulling out the fridge and cleaning behind it, scrubbing cabinets, etc. You can do this yourself or we can do this for you at an agreed upon rate (generally \$30 per hour). Please call to discuss if interested.

## **Property Maintenance**

All properties require a certain amount of maintenance. It can be difficult to deal with the details for your vacation home when you are not here to manage these items. NLVS can coordinate light maintenance and monitoring for your property. Examples include repairs, carpet cleaning, window cleaning, snow plowing, yard clean up and mowing, the cleaning of blinds, deep cleaning, gardening and home monitoring/house checks. All maintenance services contracted by NLVS on behalf of the owner will be billed to owner at actual cost. NLVS can also be at your home to accept delivery or check on repair projects or to be on site for service calls.

If your property is available for winter rentals, NLVS will install a small wifi enabled temperature monitor that will notify us in the event a heating disruption occurs. Many insurance companies are now requiring for vacation homes.

## **Property Staging**

In addition to the initial property assessment, NLVS can help owners set up and arrange the property so as to maximize income and keep costs to a minimum. This service includes recommended furnishings, colors, patterns and any innovative and cost saving measure designed to enhance rental revenue (estimates provided).

## **Property Management Program Q & A**

Some of the most commonly asked questions concerning our rental program.

Q. How many nights can I expect to rent my home?

A. That depends on your home, the pricing and to some extent – the weather! Additionally, how often and when the owner uses the home. Most properties rent best when Northern Michigan is the busiest, during the peak summer and winter ski seasons. Homeowners can increase their annual rental income by making their vacation homes available during those peak times. However, we want our owners to love and use their homes as often as they like to fit their particular lifestyles – after all that is why you have a vacation home

Q. What determines the number of nights a house rents?

A. Some homes/condos rent best during the golf season, some in the ski season. We will perform a rental analysis at the start of the contract and will target advertisements and work to rent your home as often as we can. Our typical properties rent between 60 and 120 nights. Additionally, guests prefer to stay in homes that are well stocked and furnished and are always looking for the best value for their money. We have found updated homes and those with nice TV's and internet rent better than those without these items. Additionally, allowing pets will improve your occupancy rate. Many people consider their pets as part of the family and pet friendly properties are always in demand. NLVS requires that properties are "No Smoking" as this will also result in better rental occupancy.

Q. As an owner, can I use my home whenever I want?

A. Yes (if the home is not already rented). Contact NLVS on 231-676-0867 to block your time. You may also email to [northernlightsvacations@gmail.com](mailto:northernlightsvacations@gmail.com) however it is the **owner's responsibility** to ensure

that you have a confirmation that the email was received and your calendar has been blocked for your dates.

Q. How much does NLVS charge me to manage rentals of my home?

A. NLVS charges 30% of the rent. This is significantly less than other companies charge.

Q. What is the charge for the cleaning service through NLVS?

A. Between renters cleaning generally requires 2 to 4 hours and runs from \$50 - \$200 depending on the size of the home and is charged to the renter. Additional cleaning (i.e. deep cleaning) and cleaning after a home owner stay is \$30 per hour.

Q. Does NLVS furnish and launder linens?

A. Yes, we launder sheets and towels (bedspreads and blankets are generally not laundered between each rental unless required). We can purchase linens for you and bill you the actual cost. An extra set of linens for each bed is required so we can quickly turn over the property on days with same day check out and check in.

Q. What does the 30% management fee cover?

A. The administrative fee covers many items to help rent your property. These items include:

- Website marketing on VRBO, AirBnB, Google Vacation rentals, Booking.com, as well as NLVS own website [bellairerentals.net](http://bellairerentals.net)
- Social media marketing. SEO strategies (internet search placement).
- E-mail marketing to a large and growing database of past rental customers.
- Credit Card processing fees of 1.5-3% per transaction.
- Property photography to enhance online rental and social media presence.
- Print media advertisements/flyers/visitor guides/guest information books.
- Property checks, minor maintenance, accept deliveries, coordinate service providers.
- Starter supply of guest amenities, including, soaps, detergents, trash bags, paper products, etc.
- On-site rental assistance.