

Rental Properties and Passive Income: What You Need to Know

If you are like most individuals, the thought of saving money for retirement is a thought for later on down the road. What about increasing your income, do you feel this is not even in your realm of possibility? What with saving for college and unexpected repairs and circumstances, do you believe there is only so much to go around on a daily basis? Could creating an extra source of income through rental properties be the answer for you?

Have you ever thought about creating passive income through rental properties, but just do not know where to begin? Do you see other people doing it and think to yourself that it's not possible – it's for other people? Rental properties are a great source of passive income. All you need to know are some tips and tricks, which you will find in this report.

What is Passive Income Anyhow?

A simple way to explain passive income is to say that passive income is a source of recurring income (monthly in the case of rentals) which does not require a lot of activity or effort involved. Investing in rental properties is among one of the oldest ways to earn extra income. While there may be some legwork to do in the beginning of your endeavors before you get on steady ground, you may be lucky enough to get it down pat. Then later on, all you have to do is sit back and enjoy collecting rent from month to month.

Once you get the initial business model down, you can then rely on extra income streaming from your rental properties.

What are Some of the Benefits of Using Rental Properties for Extra Income?

Once you have made room for the idea of using rental properties for extra income, consider what benefits there may be for you:

- Continual cash flow on a monthly basis
- Gaining equity in owning additional real estate
- Tax write offs both in the form of expense vs. loss and for upkeep and maintenance
- Deductions for maintenance crew and professionals such as plumbers and electricians
- Less money upfront (in the form of down payments) with a nice return on investment as compared to investing in stocks, bonds, and mutual funds
- A great resource for retirement income
- Possibility for receiving extra income with minimal involvement once rental relationships are established

When it comes to rental properties, it's a matter of being a numbers game. Once you determine how much money to put down, what your mortgage, taxes, and expenses are and how much you intend to collect at the end of the month, you will have a clear idea of how much extra income you will gain by renting it out on a monthly basis.

Making Money with Rental Properties in Today's Day and Age

Still not sure how to go about making money with rental properties? Well, in today's day and age it is a lot easier thanks to online businesses that specialize in this sort of thing. Years ago, you had to rely on your own common sense, make your own mistakes, and you had to learn by trial and error. However, today thankfully you have assistance when it comes to making money with rental properties in the form of online businesses such as www.airbnb.com.

What is a Site Like Airbnb?

Airbnb is an online service that matches those looking to rent spaces with those looking to fill them. With almost 200 countries to choose from, this is a great way to find what you need or to fill that vacancy with someone seeking it. If you are considered a host, you get to rent your space and if you are a traveler, you get to find accommodations for your travel.

How Does it Work?

Once a traveler fills out an online profile, he/she gets to search for necessary accommodations. After finding the listing of choice, the travelers get the opportunity to contact the host and even book a reservation. The host then gets to rent out their space.

Space may be a studio apartment, a bedroom, an entire house, or even a houseboat. Whatever you own that will accommodate travelers, is yours to list as an available rental and, therefore, available for earning additional rental income.

How to Make Money on a Site Like Airbnb

From the financial aspect, there are several fees collected. One fee is at the point of origination when the traveler books a listing. Travelers will front a fee between six and twelve percent to cover things such as customer support and/or a host related guarantee. This fee goes to Airbnb.

When the reservation is made and paid for, the renter collects his/her rental fee. Although the host will also pay a small percentage fee of three percent to a site such as Airbnb, the rest of the income belongs to the host. This is a great way to earn extra money from many sources such as your home, your vacation property, or your investment property.

There are several ways you can make money on a site like this:

- Renting out your own home You can rent out your own home and place it on sites such as Airbnb. Do your research and uncover how much a house like yours will bring in for a monthly rental. Then, do the math. Deduct your mortgage and other expenses such as insurance and see how much you are left with in the end. This will be your return on the investment at the end of each month. If you are fortunate enough to have your home paid off, all that extra income is yours for the keeping.
- Renting out your vacation home If you thought your vacation home was just for summer vacations, you might want to revisit that idea. Summer homes can bring in a nice monthly rental during off peak seasons; however, you can probably collect that much money for one week in the summer seasons, especially if your vacation property is near a local attraction, lake, or beach.

- Be a broker If you do not want to make the move just yet and want to get your feet wet in the rental property arena, try your hand at being a broker for someone else. Some landlords have multiple properties and simply do not have the time to perform the tasks involved. These tasks may be things such as doing a background check, meeting, and corresponding with travelers, filling out forms and getting the place rented every month. You could charge a fee for this type of service.
- Start your own business with multiple properties Once you see that making money from renting out properties works for you, then you can move on to purchasing other properties and renting them out for a bigger cash flow.
- Real estate if you are a real estate agent, then you could connect with individuals who
 wish to purchase multiple properties and you can even look into assisting in the rental of
 them on a monthly basis for a fee.

The following website, <u>www.affordanything.com</u> is an example taken from of an individual's experiment with sites such as Airbnb and Homeaway. As you can see from the following, the possibility does exist to make money time and again.

INCOME

Description	Amount Credit
Deposit AIRBNB	\$616.00
Deposit HOMEAWAY	\$526.39
Deposit HOMEAWAY	\$1,199.61
Deposit AIRBNB	\$291.00
Deposit AIRBNB	\$194.00
Deposit AIRBNB	\$577.00
Deposit AIRBNB	\$1,200.00
Deposit AIRBNB	\$509.00
Deposit AIRBNB	\$97.00
Deposit AIRBNB	\$1,474.00
Deposit AIRBNB	\$145.00
Total	\$6,829.00
	Deposit AIRBNB Deposit HOMEAWAY Deposit HOMEAWAY Deposit AIRBNB

Homeaway offers the listing person the option of either paying per booking or joining in with an annual subscription. So, if you have multiple properties, you may want to look into the annual subscription whereas the pay per booking may be a good choice if you are just starting out to see if it is a right fit.

But, how do you know which properties to buy and rent or which properties will sell well?

Tips on How to Buy Properties that Will Rent Well

If you are considering purchasing a home for the purpose of creating rental income, then there are a few key things to look into:

- Location/Location you will want to explore neighborhoods, find out what other homes in that area are selling for, and how many rental properties there are.
- The Extras you want to check your location area for which amenities it offers. Is it close to the beach? Is there a major theme park or attraction nearby? What about shopping and dining – is it convenient to get to? All these things add up when considering a rental property.
- Safety is the neighborhood a safe neighborhood; what is the crime rate there?
- Supply and demand what is the demand for this particular neighborhood? How many other properties fit the bill? Also, check to see if this is an area you can rent all year around or if it is summer only potential.
- Insurance/Taxes and Codes Be sure to check the insurance cost and requirements of that area. Check the building codes and what the property taxes are in the area you are zoning in on.

Before you purchase a property, be certain to check out the vacancy of the area. Does this area have a high rate of vacancy during winter months or does this area fill in the gaps nicely all year around? You want to be certain that you can cover your rental property all year around and if not that, you can cover those drier spells. Also, check to see if the area is in high request throughout the year because it may be close to a big city, but also close enough to a beach or major attraction.

Ask around and do your research. Sometimes speaking with a few real estate agents or even visiting a community's Chamber of Commerce or talking directly with people in the neighborhood and asking some straightforward questions will give you the benefit of getting a real feel for the area you are seeking in investing.

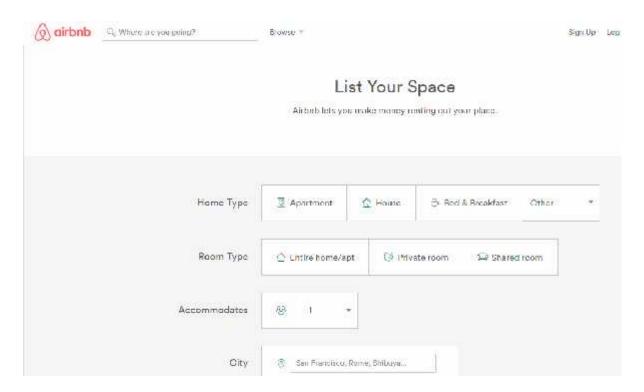
Don't forget to check into the school reports of the district you are considering purchasing in because sometimes a rental is for a long-term deal. While many people may look for a rental for vacation or even business trips, there are families that travel such as military personnel and families that need to move around for business purposes. These are great markets to tap into when considering purchasing a rental.

While many travelers are seeking rental properties for pleasure, there are many opportunities to make money from renting for longer durations. The nice thing about sites such as these is having the opportunity to get verified and verifications as well as secure payment options.

So, whether you have a vacation property, your own home, or an empty room for a longer duration of time, these types of sites offer you opportunity to cash in on your investment.

How to put up a Listing on a Site Such as Airbnb

If you are concerned about having some sort of technical skills to put up a listing on a site such as Airbnb, have no fear. It really is a simple and straightforward process. As you can see, once you sign up, all you have to do is input your information.



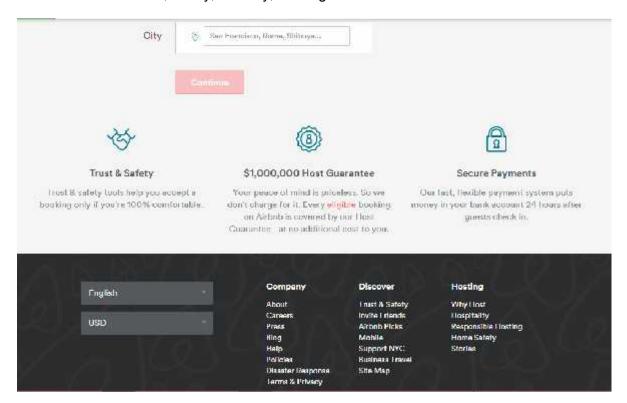
List your space by remembering a few tips:

- Be precise in your description so that both you as the host and your traveler guest will be a great match for one another.
- Don't forget to add photos; if you like, you can request one of Airbnb's professional photographers to assist you with capturing the best photo image possible.
- Choose your availability and set your prices accordingly. Don't forget that holidays and weekends can gain you more income for those peak times.

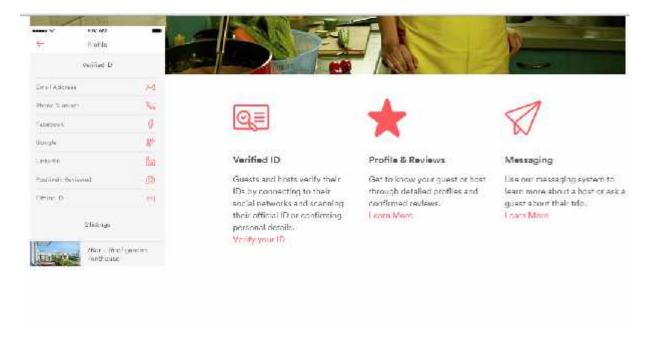
Keeping these tips in mind, your creativity will begin to flow and creating a listing will be like second nature.

Customer support offered 24 hours per day, seven days per week is an added bonus if you need a little assistance with your listing.

Airbnb also offers trust, safety, security, and a guarantee.

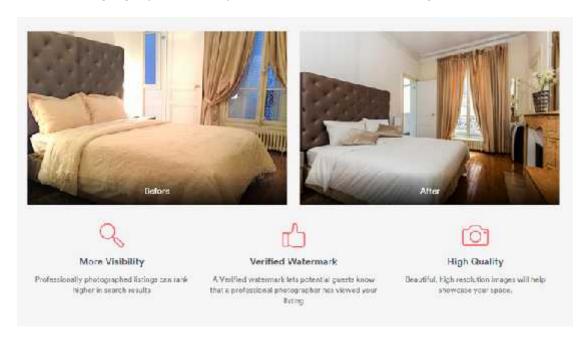


Both guests and hosts are verifiable through social media outlets, while profiles and reviews offer the opportunity for travelers to find exactly what they are seeking.



How to Take Advantage of Airbnb's Professional Photography

When you visit www.airbnb.com/photography on their site, you can check out if photographers in your area are available. With professional photography, you can rest assured that every effort is made to highlight your property and showcase it in the best light.



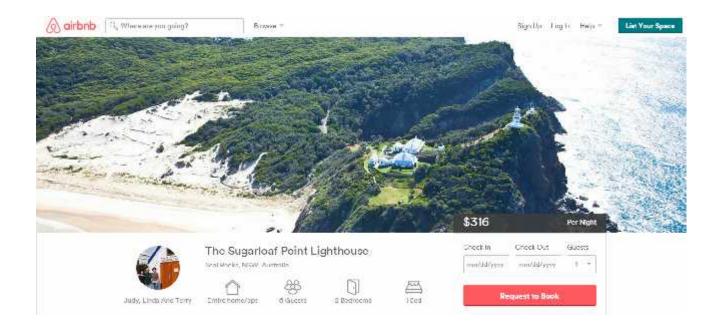
You also get a verified watermark seal so that your travelers will know that you took the time and effort to get a professional photograph taken of your property.

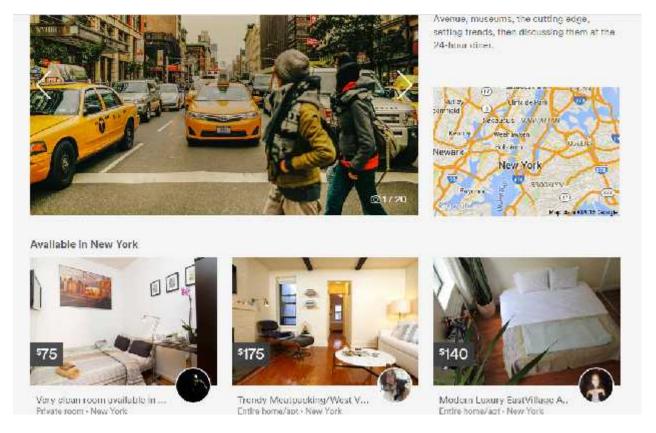
If you should choose to go it alone, there are many downfalls. With sites such as this one, you get a professional photographer who offers you a verified watermark. You get to engage with guests and travelers that are verified as well. In addition, you get to utilize secure forms of payment to receive your money and in a timely manner.

Another benefit exists in having customer support to help walk you through any problems or concerns you may have, as well as answer any questions. Additionally, you get the benefit of having a security guarantee for damages up to \$1,000,000.00.

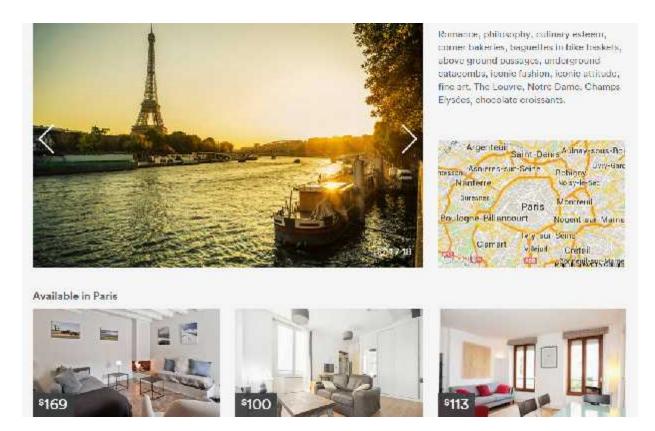
When you go it alone, however, you only have trial and error as a guide to learning the ropes of making money via a rental property. So, as you can see, there are many benefits with joining a site such as this and making extra ongoing money is just one of them.

In addition, if you think you will not find what you are looking for, why not check it out, and see for yourself. There are places from New York to Australia for you to either rent out or stay in. With millions of hosts and hundreds of thousands of countries and cities to stay in, you may even obtain recurring business each and every year.





With over 190 countries, you will be sure to find the traveler just waiting to employ you as his/her host.



As you can see, there are rates to suit every property. If you rent out a room every weekend at \$300.00 per weekend, that is extra income of \$1200.00 per month.

Things You Should Know

So, now that you have a general idea of what you can do with rental properties and the potential for earnings, here are some things you should know:

- Make certain that you are a verified host dealing with a verified traveler. Make certain
 that all photo identifications and social media profiles match. Be in contact with your
 traveler/guest; check out reviews and star ratings; be in contact with customer service
 support as much as you need.
- If you are using your own furnishings, be sure to check your insurance rules and regulations for utilizing your home, vacation property, or rental for rental income. Different states may have different rules for each of these classifications.
- Check with sites such as Airbnb to see how much and what is covered with their guarantees and what exclusions may apply.
- Use common sense. If you are hosting, don't leave cash or jewelry around and keep your photos of before renting the property handy, as well.
- Be clear about check in and check out procedures, as well as how and when you will receive your rental income.

- Check with your accountant and get clear guidelines on tax information as well.
- Ask beforehand what the policies and procedures are if a problem should arise and what you are responsible for and what your guest is responsible for as well. Gather all your information beforehand.
- Be certain to read all the rules and regulations as well as the policies and procedures beforehand. Some reservations may warrant an additional security deposit. See if that is something that you would be interested in. Also, don't forget to check with your mortgage and homeowner's insurance to see what, if any, limitations may exist.

The Final Word on Making Money with Rental Properties

Just using this site as an example, as you can see there are millions of interested renters, with more than 190 countries and thousands of cities from which to choose. If you are an owner of a rental property or considering utilizing rental property as a form of income retirement, you may want to consider this as the answer.

You may have thought in the past that this is a dream out of your reach, but think again. If so many individuals have discovered the secret to creating ongoing income, this may be something you wish to be open to, as well. Thousands of people can't be wrong.

While many individuals go the traditional route of buying stocks and bonds, why not step out of the box, be creative, and take a walk into the world of making money via rental properties.



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