

# Frequently Asked Questions from Network Partners

For Vacation Rental Properties



Maybe you are new to the idea of being a Vacation Rental Manager, or have worked in other kinds of lodging, or have solid management experience in another industry. Maybe you are a novice to the entire idea of lodging management. No matter your circumstances you may want to know more about our industry and about our company in particular.

## **TeamUp™ Relationship Program**

Sunspots has built the first comprehensive vacation rental management system, using high standards, advanced technology and old fashioned roll-up the sleeves and get it done attitude. It works by recruiting bright and bold Partners for every market to enroll owners, prepare properties and administer the staff.

Then Sunspots does all the rest by producing effective marketing and advertising; manning the phone lines; and doing the accounting. We've built the industries most responsive websites, linked it to dynamic sales software including online bookings. We do the administration, accounting and fulfillment.

This is a kind of perfect marriage. Design and manage the programs to establish high quality and standards then deploy them locally, letting professional managers perform great feats with the help of our tools. A marriage is only as good as the spouses. So, we now seek out motivated and committed professionals who want to build their own list of properties in their own markets and ride them to financial success.

But first, let us answer your questions:

### **So tell me what Vacation Rentals are?**

That's an easy one. They are condos, cabins, homes and villas that are rented to guests on a nightly or weekly basis. Unlike a hotel room VR's always get a kitchen, living room and often many other amenities.

### **Is this something new?**

Holiday-Lets, as they are called in Europe, have been around a great long time. In fact, Inns (which more closely resembled today's vacation rentals than motels or hotels) have been common for centuries. But the modern concept of vacation rentals are not new but they have been growing rapidly.

### **So why do they seem to be in the news?**

In a word – the Internet. In the past decade the Web has made it possible for guests to hand-select their accommodations, to see photos, check references and make an informed decision. They already know it's a better deal than conventional accommodations and are flocking to VR's as a better alternative.

### **Where do I find Vacation Rentals?**

You may think of them as being in beach, mountain or other recreational areas. But vacation rentals have also become very popular in city and suburban areas also. So this has become big business.

### **How big?**

The Realtors Association says there are six million recreational second homes in America. One million of them are used as short-term vacation rentals. A recent study says they generate 24 billion dollars per year in rents. That's big but still only a small share of the lodging market. The industry grows by whittling away at hotels, motels and resorts.

### **So who rents these properties?**

Just about everyone. Clearly vacationers like to have bigger better accommodations when they are on holiday. But vacation rentals are also used by families to accommodate visiting friends and family. Or people needing temporary housing while their home is being built or remodeled. And even those who need lodging for business purposes.

### **But why rent a home when you can rent a hotel room?**

Now that is a long answer. First, vacation rentals offer more room. You can sometimes get 3 bedrooms, 2 baths, kitchen and living room for the price of one or hotel room.

### **So vacation rentals are less costly?**

Usually. But they also offer benefits you might not think of. First you get more privacy. Having the hotel maid show up everyday is convenient but not if you want to be left alone. Second things are handy. Your car is close and you might get a private pool, hot tub and multiple TV's.

### **Are they for everyone?**

No. Business traveler's and people in a hurry who just need a place to sleep for a night or two are not good candidates. Vacation rentals are for having fun, spending time and enjoying the surroundings like beaches, lakes, mountains and forests.

### **What kind of people rent?**

Just about every kind. But good Partners qualify guests and rent to those who are sophisticated, financially qualified and well suited to the property. Often guests are families or several families looking to spend time together. They are not for parties, weddings or group gatherings.

### **OK, so what is Sunspots?**

We are a multi-office vacation rental management company with a twist. By separating the rigors of the back-office from the demands of the front office we make it easier for everyone to provide world class customer service and make more money. See our website at [www.SunspotsResorts.com](http://www.SunspotsResorts.com)

### **What does back office mean?**

In our central office we provide all advertising, marketing, software, websites, online bookings, accounting, legal and contracting, training, support and telephone help desk and assistance.

### **And the front office?**

That means the folks at each location who handle owner and guest needs, provide housekeeping, maintenance and concierge services. In the Sunspots system the Front and Back office work together and are equally important to our success.

### **Why don't you do it all at each location?**

Most of our competitors do it that way but frankly, because it doesn't work very well. Ours is an industry of a hundred details and work specialties. No one can do it all. Local managers are usually good at some of the skills but almost never good at all of them.

### **You use specialists?**

Yes. Expert advertising agents create brilliant advertising. Sales motivated reservation guides help consumers rent the perfect place. Accountants do the books. Engineers do the software and websites. Teachers provide extensive training. By specializing each person can do their best work

### **Why can't the local manager do all that?**

They could of course, if they could spend 40 hours a week, for each job and do it for years to become an expert. If they are accountants, advertising agents, marketing consultants, software writers then they could. That is not economically feasible. Go look at competitors and you'll see bad websites, bad marketing, unsophisticated pricing, insufficient contracts and other trouble spots.

### **Do the competitors fail?**

Not often and that is actually another reason for following our formula. The competitors survive but they often work far too many hours for far too little income. They are stretched then and may not satisfy the needs of owners or consumers. If they can survive offering incomplete services just think what you could do with our muscle behind your work.

### **So you think you have a better idea?**

In a nutshell, yes. For all of the reasons above and one more giant reason. Currently there is not national or global brand name for vacation rentals. No name you can trust or evaluate. No Hyatt, Hilton or Four seasons. In fact, there isn't even a Holiday Inn or a Motel 6.

### **Why is that bad?**

Because consumers want to know what they are buying BEFORE they buy it. "Early-Adaptors" as they are called will experiment and try new thing. But let's face the facts - the greater majority of travelers have never stayed in a vacation rental.

### **But you said they are popular?**

And they are. And the industry has had big growth. But even so, it represents just a small slice of the lodging market. The good news – we have a lot more market ripe for the taking. Providing we can give consumers what they want.

### **And what is it you think they want?**

It isn't what we think. It is what has been proven in many industries and clearly in the hotel, motel and resort market. Consumers want to buy a known product. A brand name and one they can choose. And that is our goal.

### **Your goal is to build a global vacation rental brand?**

That's right. It may seem audacious but it is not over reaching. Consumers have made it clear they will rent vacation homes and they'll go out of their way to do it. Just think what could happen when a greater portion of the bigger traveling public learn what vacation rentals have to offer.

### **Why hasn't anyone attempted to build a global brand name before?**

For a couple of reasons. First, the internet makes all of this possible – from advertising and marketing to software, websites and even integrated internet phone systems. It just wasn't possible even 10 years ago.

### **And the second reason?**

For years vacation rental managers have survived without having to cooperate. Their properties were unique enough, and desirable enough that guests would search them out and rent. But as the travel industry became more sophisticated managers have languished.

### **Meaning?**

Meaning there are 5,500 usually small managers operating with different rules, policies and procedures. Some charge deposits, cleaning and some do not. Some offer professional housekeeping and others offer excuses. The problem – often unspoken by travelers – is that the products vary from manager to manager, and market to market. There is no uniformity. And no company has sufficiently recognized this challenge and none have chosen to

### **So a brand is a name and a logo and what else?**

Well actually, for branding to work we have established an easily understood and comprehensive opinion in consumer minds. They need to know who we are, what we do and why should prefer it over competitors. Sounds easy, but it takes consistent effort as well as extensive advertising and marketing.

### **What else could there be?**

Behind the brand, the image there has to be reality. A multi-location maybe even global company has to deliver a product that is desirable, consistent and responsible. That just can not happen when you have 5,500 different companies making up their own rules.

### **Maybe this is an industry problem or opportunity?**

Well it is of course. And over time the industry has taken some steps and will eventually take many more that will help promote the industry and make it more popular. But the industry can not set standards, enforce them and improve things quickly or with force.

### **So why does Sunspots think it can solve the problem?**

First because we admit the consumer challenge and because we realize the huge opportunity it presents. And the only way to cater to the need of consumers is to provide what they want - predictably reliable and dependable products and services.

### **And the only way to do that is what a global brand?**

Bingo. There are other companies attempting to circumvent this problem by pretending to be a brand name but if they do not have ultimate accountability they simply can not prevail.

### **Who are these other companies?**

There are many companies which provide advertising for vacation rentals. One in particular, HomeAway.com, has purchased a number of websites and, in a way, pretend to be a brand name. But they do not control the properties and can not promise in advance that the home will be of sufficient quality.

### **Are there other competitors?**

Yes, there are several companies which have 2 to 12 locations and who usually try to cherry-pick only the largest markets in which to operate. Even in those locations they represent only a tiny fraction of the national or world wide market. They may be known in those areas but are virtually unheard of by consumers from elsewhere. They have a local brand but not a global one.

### **Why would consumers care about that?**

They wouldn't. Consumers only know what they've heard about. It will take a large number of locations – and the corresponding marketing advertising that goes with them – for consumers to realize that there is a name they should look for when they are seeking a vacation rental in most any market around the nation or the globe.

### **OK, a big global brand would be a good thing. But how do you get there?**

In short, not in the usual way. Attempting to buy and build hundreds of locations would be extremely capital intensive. It would take years of recruiting & training and more years to open offices, enroll properties and build revenue.

### **Are you saying it is impossible?**

Not at all. We're saying it is very feasible if done correctly. But any such build-out is going to require one very important ingredient.

### **And that is?**

Why the local managers of course! Yes we have built an impressive system consisting of procedures, paperwork & training, combined those with marketing, advertising, sales, accounting and administration and all laced it all together with the best of software, websites and even internet phone systems. But the key factor in our success will be recruiting motivated professional Partners in every market to become the face of our organizations.

### **So national advertising is the key, right?**

It is important and having control of the very complex world of internet advertising takes lots of time, knowledge and energy. But we have also invented a number of tools that allow us to marketing locally and regionally as well.

### **Can you tell me about those?**

Sure. All of the property information, photos, panoramas, floor plans, rates and calendars are built in a sophisticated database that feeds the [www.SunspotResorts.com](http://www.SunspotResorts.com) website but it also allows us to create websites for every office, resort and building – because some guests want to know who the local people are that will take care of them. Here are a few examples of those:

[www.PoipuSunspots.com](http://www.PoipuSunspots.com)

[www.PoipuKai.com](http://www.PoipuKai.com)

[www.LeavenworthSunspots.com](http://www.LeavenworthSunspots.com)

[www.Wapato.com](http://www.Wapato.com)

[www.SeattleSunspots.com](http://www.SeattleSunspots.com)

[www.SunserraSunspots.com](http://www.SunserraSunspots.com)

[www.PrincevilleSunspots.com](http://www.PrincevilleSunspots.com)

### **That looks like a lot of work?**

Actually by investing heavily in technology we are now able to design and publish these websites very quickly. Plus we also do a website for each individual home that we list. That too is automated and every bit of data on every website is the same per home. There are guests who want to find individual homes and this is our method of attracting them. Here are some examples:

[www.KauaiFiveOh.com](http://www.KauaiFiveOh.com)

[www.WhistlestopLodge.com](http://www.WhistlestopLodge.com)

[www.KilaKilaVillage.com](http://www.KilaKilaVillage.com)

[www.DownLakeLodge.com](http://www.DownLakeLodge.com)

[www.MaxGetaway.com](http://www.MaxGetaway.com)

[www.BearMountain.ws](http://www.BearMountain.ws)

<http://www.Melecondo.com>

### **Who pays for all this website work?**

There is a one-time fee to all new owners that covers all the websites plus photography, panoramas, videos, floor plans and more. Our costs are actually higher than the owner fee but we think it is money well spent.

### **The back office is the motor, but the local manager is the driver?**

That is precisely correct. Owners want to have a local friend and trusted advisors to manage their home. We know it also takes big muscle in the back office to fulfill the owners' goals. Exceeding expectations is the only way to do business.

### **So how do the Partner and the central office work together?**

In our program, the local Partner owns his practice, his office in his own town. He enrolls properties, hires staff and runs the local show. Partners must follow guidelines and standards but they have authority on picking homes, maintaining quality, setting rates and mediating issues.

### **What is the relationship between Sunspots and the Partner?**

It feels like a partnership. The Partner gets agreements with property owners and contracts with Sunspots do some but not all of the services. We do all the back office work. The Partner does all the front office duties.

### **Is there a contract?**

Yes and it spells out the obligations of both parties. We call it the Sunspots Network because the parties work together but Partners also work with each other. They do that to share ideas, learn skills and even to cross sell each other's lodging.

### **So a Partner in, let's say Orlando, could sell a booking in Hawaii?**

Right. That may be only a small possibility but reinforces the entire branding program. It is the ability to be independent combined with the resources of the network that makes participation so attractive.

### **How do local Partners make money?**

This is no get rich quick scheme. Property management is a professional service just like being an accountant, lawyer or real estate agent. It is necessary to come to work everyday, put in good effort, and make wise decisions and – most of all – be committed to advancing the interests of the owners, guests and staff as well as themselves.

### **OK, but what about the money?**

There are more ways to earn income in vacation rentals than first meets the eye. Guests are charged rent, of course, and the owner pays a percentage of that as commission. Fees are also charged for housekeeping, maintenance, concierge and guest services and more.

### **Who gets what of those fees?**

The fees are split among the Partners and central office based on who did which portion of the work. These are pre-determined percentages. At the end of each month, income is tallied and payouts are made to the parties who provide the management, sales, administration and marketing as four big sources. There can be income to Partners for housekeeping and maintenance staff, and other categories.

### **How much does the local Partner receive?**

They always get the local management split, plus more if they secure the booking. They often get most or all of the housekeeping and maintenance profit.

### **How much can a Partner expect to earn?**

That is affected by the size of the market, seasonality, the general economy and other factors beyond anyone's control. But Partner income is affected most by the time and commitment the Partner makes.

### **So give me an idea?**

A full time Partner is going to want to have at least 25 properties. Medium sized markets might have 40 to 60, larger markets 80 to 100 and giant tourist destinations could have many more. We have a worksheet so that prospective Partners can make their own estimate.

### **How are Partners paid?**

Most rentals are booked in advance – anywhere from a few days to many months, sometimes even a year or more in advance. Guests part of the fees to secure their confirmation and then other payments prior to occupancy. But the fees for such bookings are not actually “earned” until the guest has departed.

### **Is it OK to have a small office?**

Certainly if you are in a limited market. But it may also be satisfactory to manage a smaller number of properties in order to fit your available time. If you are unsure please discuss this with us in advance.

### **Will I have a limited territory?**

Usually a Partner is given a certain geographic area to serve. In city areas there may be more than one network member and the territories may not be geographic. We can not promise exclusivity unless there are commitments from you to attain a certain level of inventory.

### **Why doesn't Sunspots just hire managers in every market?**

Because we would not get what we need most. It would be impossible to operate offices in hundreds of locations unless we have a trusted committed partner. And the only way for that to happen is for the Partner to develop and own his own lodging business.

### **Can a Partner have another job?**

Real Estate Agents can easily operating vacation rentals and still sell real estate. There may be other jobs that would dovetail with rentals. And this is especially feasible as the Partner builds up their portfolio of properties. Our goal is for your rentals to be so successful you will have to choose which job you want or to hire others to assist you.

### **Can you give me a salary or draw while I learn the ropes?**

We want you to be comfortable as well as motivated, but like most real estate oriented opportunities draws are not available. Not everyone is cut out to own their own business. The upside of establishing a viable well paying business in your own home town has nice benefits but it takes people who can make personnel commitment to be successful. In return the possibilities are large and stable.

### **Does everyone use the Sunspots name?**

Yes that is the idea. We do use a local name as well to identify with your area. We even create local websites to promote your area including news, events and activities. See [www.PoipuSunspots.com](http://www.PoipuSunspots.com) as an example.

### **What makes you think you can build this network?**

Because we did our homework and now we've done the development work. Much of the infrastructure has already been designed, implemented and is operational. We have the software, websites, contracts, advertising and marketing.

### **Are there offices operating already?**

Yes. In fact, we have been operating vacation rental homes in Washington State and Hawaii for a number of years. They have been used as prototypes to study and learn what works and – what does not work. Not all of it was obvious but you can benefit by using the methods we have developed.

### **So what is necessary to become a Sunspots Partner?**

You could go about this many ways. Most important is that you have to learn how to do it. Surprisingly many competitors simply hang out a shingle and get started. Most have no prior rental experience. You might be brilliant but this could be very dangerous.

### **How come?**

Because you are taking responsibility for millions of dollars worth of valuable real estate. Promising to accommodate thousands of visitors. Its not be taken lightly. It is the little things that surprise. Accounting, legal and consumer awareness are not obvious and take time to masters.

### **Can Sunspots teach me?**

You'll be happy to learn that we have both formal and informal learning opportunities. We'll show you how we do everything and what you'll want to do to be successful. This will involve a good deal of reading, classes and the constant quest for self learning. If you don't like school you won't like becoming a top-flight vacation rental property manager.

### **Does the Partner need employees?**

Initially probably not. But finding good housekeepers and maintenance personnel is essential. Sunspots does all the owner and guest bookkeeping so you don't have to be an accountant. If your practice becomes large enough

### **So what is life like for Partners?**

It can be a fun and rewarding job. The back office staff provide coordination and marketing. We can help fill homes with happy guests. But the Partner's biggest task will be to seek out, meet with, present to and enroll owners in the management program.

### **So is the Partner like a salesman?**

Actually more like a project manager for an architectural firm, CPA or insurance agent. They must befriend owners, take care of their needs and provide world class service. Some owners require lots of attention and some very little. Partners may spend 50 of their time on owner duties.

### **What about guests?**

In some locations guests will check in and out at your front desk. In other areas, especially where homes may be far from the office, guests can check in and out by lockbox and telephone. Surprisingly, Partners seldom meet most guests. Guests and staff administration handle most of that.

### **And how do I find properties to manage?**

We can even help with that. Using database systems we target and mail letters to prospective owners. We provide an impressive portfolio you use to present our program to owners. They will have many questions. You then secure the contract and over see setting up the home in our systems.

### **Are there other ways to find properties?**

We recommend participation in local chamber and tourist promotion groups, use of sales materials, networking with the real estate community and seeking referrals from existing owners. We even have slide show and video presentations for that purpose.

### **Do I have to be pushy?**

Of course not. But you do have to be assertive. Owners hire managers who look responsible and action oriented. They want to be told what to do and when to do it. And that is the best way to get hired as well.

### **What licenses are necessary to manage Vacation Rentals?**

That varies by jurisdiction. Of course a local business license is usually required. We recommend that Partners form a Limited Liability Company (LLC) or a corporation registered with the state, to be their legal entity for doing rentals.

### **What about Real Estate Licensing.**

That too varies by state. In some areas, like Washington State, rentals of 30 days or less are governed under the lodging act, not under the real estate laws. That means a real estate license is not required. In other states, however, vacation rentals require a real estate license. Check your state to find out.

### **Can I also do long-term rentals?**

It is almost unavoidable that local Partners will have to do some longer term rentals (over 30 days and often much longer). If so they will need a real estate license to do so. And if the real estate license is required then some states require the Partner to take and pass specialty licensing for Property Management.

### **Do I need to have a public office?**

That depends on how big you become and how quickly. In a new market, many managers will find it handy to work out of their homes. It is cost effective and actually very efficient. Most guests arrive directly to the house they are renting. Often a key box is used to give them entry and they are required to telephone the central office to checkin.

### **What equipment and supplies do I need?**

Not much. We provide the telephone system, websites, software and extensive support. But you'll need a computer, laser printer, fax machine, DSL or faster internet connection, a reliable mobile phone and surely a desk, file cabinet and basic office supplies.

## **What about vehicles?**

You'll need to have a good dependable and professional car. Housekeepers and maintenance personnel must have their own transportation too.

## **Do I need to have a front desk for rentals and checkins?**

In many markets and especially as you are building your business the answer is no. As you get bigger you may. In some markets you can secure contracts to manage entire condo complexes or home owner associations and those will usually require you to setup and staff a front desk. If your market is geographically dispersed you may want to keep your office in your home.

## **Do I pay a fee to participate?**

Not to us. There is no fee to becoming a Sunspots Partner and usually no costs for training but you do have to pay your own transportation, lodging and meals to attend training.

## **Are there other costs?**

You have to pay your own vehicle, insurance, signage, internet and office costs such as paper and supplies. You pay for any local advertising which usually includes chamber membership or tourism publications.

## **Are there other requirements?**

Additional growth depends on the Partner. As a market matures it is wise to build and operate a private commercial laundry. Partners may want to secure a contractor's license to undertake bigger maintenance work. It is a good idea to enroll activity providers into our system so we can see tours and other commission making deals.

## **What are the risks?**

Like all businesses there are plenty. It takes time to build a successful business. You won't earn big bucks the first day, week or month. If your area is seasonal you may earn most of your annual income during 3 to 6 months a year. Income comes as you add properties and as each property books up.

## **What else?**

Nothing lasts forever. Owners will come and go when they sell properties or change their minds. It is necessary to be recruiting new properties at all time. Most important in vacation rental management, like most careers, perseverance and dedication are as important as intellect and skill.

## **What can I really expect?**

We can not be successful unless our Partners are successful. Income will be larger in bigger markets but smaller markets will provide good employment in terrific communities. In short – our goal is to allow professional colleagues to become one of the higher paid professionals in their home town, be respected by their peers and to that while working a usual comfortable work week.

## **So how do I get started**

The next step is to meet with us. We want to know the geographic area you prefer and more about your qualifications and skills. Do not presume that lack of Vacation Rental experience would rule you out. If you have been in real estate, customer service, management or owned your own business we may be a perfect fit for you.



Note: This Q&A has been prepared for prospective Partners so they can understand the many contractual and non-contractual aspects of operating a private vacation rental management company. Although this is a long document it can not cover every question Partners may have. We invite anyone to submit new questions for consideration and we add to this document frequently as we build a more comprehensive reference for those people considering a position with Sunspots.