



# **ADDICTED TO ROI**

## **SHORT-TERM RENTAL GUIDE**



# What is a Short-Term Rental?

A short-term rental (STR) is a furnished living space available for short periods of time, from a few days to weeks on end. There are many types of STR's including a single-family home, duplex, multi-unit, apartment, condominium, cabin & more! Each city has different rules & regulations to consider so please review your local city and county guidelines.

## Location

One of the most important variables in evaluating a property's value is its location. You can restore and improve a property, but you can't change its location.

You must determine what city, state, or even what country you would like your property to be located in, then you can start looking at specific markets with promise. Remember that, while the price of a home is important, it must also be located in a generally safe and appealing region to attract tourists.

When searching for places to purchase a STR you should consider the rental demand, average cost per night, vacancy, seasonality, surrounding area, popular amenities & local STR laws.

To help find this information we recommend checking out [AirDNA](#), [Host Financial's Tool](#), FB Groups, STR Meetups & more!



## How to Finance

Short-term rentals can be financed in many different ways including but not limited to:

Conventional Loan 10-20% down  
Asset-Based Loan 20%+ down  
Home Equity Line Of Credit (HELOC)

If you currently own a home you may be eligible to receive financing for a second/vacation home with only 10% down. Be sure to explore this option with your lender.

### Recommended STR Lenders:

Host Financial - Click [here](#) to get a quote

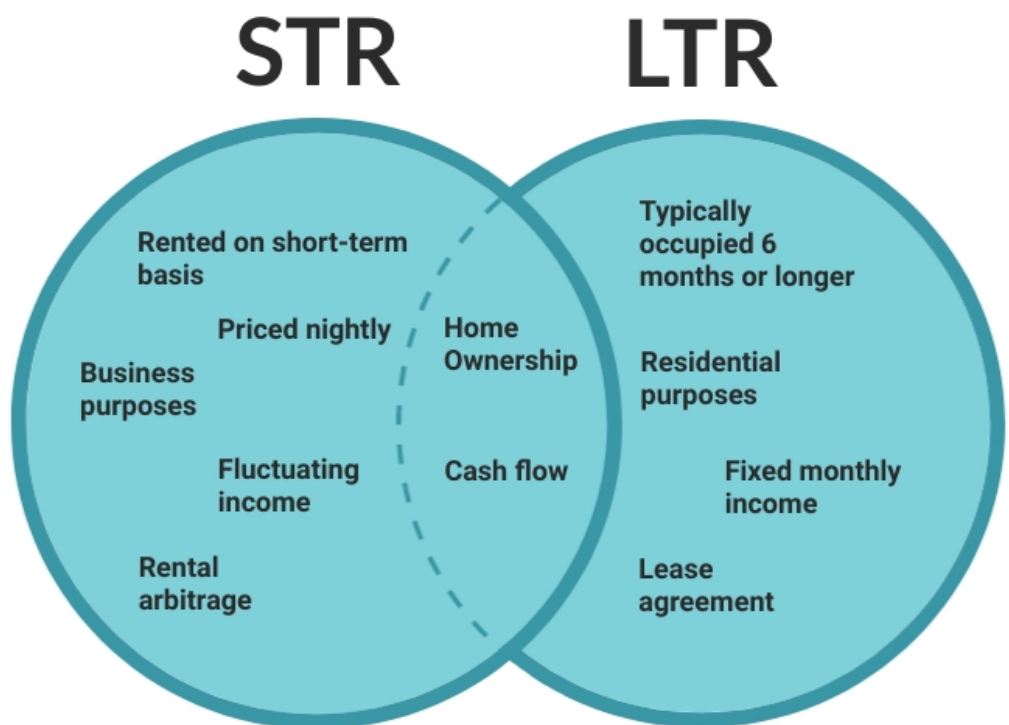
Chisum Team - Click [here](#) to get a quote

The Touchette Team - Click [here](#) to get a quote

## Popular Hosting Sites



# Short-Term vs. Long-Term Rental



Source: Airbtics

## Short-Term Rental:

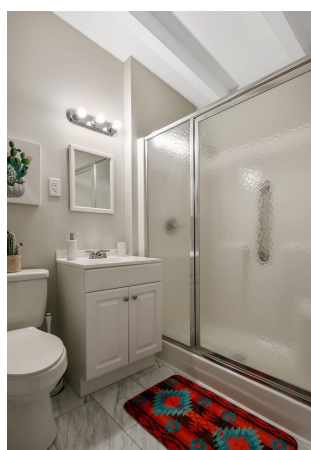
- Purchase: \$300,000
- Loan: 240,000
  - (20% down, 30 year amortization, 3.75%)
- Furnishing: \$15,000
- Property Management: 20%
- Annual Operating Expenses: \$11,121
- Nightly Rate: \$250 at 63% yearly occupancy
- Annual Cash Flow: \$15,216.14
- CoC Return: 19.51%

## Long-Term Rental:

- Purchase: \$300,000
- Loan: 240,000
  - (20% down, 30 year amortization, 3.75%)
- Property Management: 10%
- Annual Operating Expenses: \$6,149.76
- Rent: \$1800
- Annual Cash Flow: \$789.75
- CoC Return: 1.21%

# Michael Yahzari's Short-Term Rental

## Single-Family Home In Fayetteville, North Carolina (Out-Of-State Purchase)



## PROPERTY DETAILS

Purchase Price: \$82,000 cash in October 2020

Rehab: 30k cash

Furnishing: 10k cash

All-In: 122k cash

ARV: 145k May 2021

Property Management: 25%

CoC Return: Based on being lived in for 6 months, Michael has achieved a CoC return of 53%. and after a year, he's projected to make a 70%-100%+ CoC return.

## BACKGROUND

- Michael bought this home originally as an LTR in Oct 2020, then found out about the STR potential and quickly changed his mind about the cash flow potential. He was expecting to get about 300+/month in cash flow with an LTR and right now he anticipates an average of \$800/month with this STR (including a 25% PM charge)
- Rehab started in Dec 2020 and didn't finish until about March 2021. With a lot of delays during that time with covid, the rehab took a little longer.
- Michael did a Cash-Out Refi in May 2021 and it appraised for 145k. He got a 75% LTV loan for approximately \$109,000. With his all-in amount of 122k. He only left around 13K into the deal.

## ADVICE

"Just like any niche of real estate, my advice would be to do your research. A great book I'd recommend is Avery Carl's "Short Term Income, Long Term Wealth" which was released in November of 2021. I believe in diversifying your portfolio and having a STR could be a great way to turbocharge your cash flow if done right. Plus, they definitely have some exciting elements to them that you don't always have with an LTR. "

# Ashley Gallacher's Short-Term Rental

## A-Frame Cabin Near Mt. Rainier National Park (Self-Managed)



# PROPERTY DETAILS

Ashley has 50% ownership in the property

Purchase Price: \$37,500 cash and \$37,500 seller financed (0% interest, 5 years) = \$75,000 total  
Furnish & rehab: \$15,250  
Expecting a 50% CoC

## BACKGROUND

This property was in Ashley's husband's family for several years, not as a STR. Her mother-in-law owned it with another person and that person didn't want to own it anymore. She and her husband bought 50% ownership and turned it into a STR. They did a bathroom remodel and replaced all the furniture. She splits the profits 50/50 with the other owner (mother-in-law) but she receives a 10% management fee on gross revenue. This property has been live on Airbnb since Aug 2021 and has been all self-managed so far!

## TIPS & TRICKS

- **Software:** [PriceLabs](#) for dynamic pricing, [GuestyforHost](#) for a PMS, [AirBnB](#) to list, [VRBO](#) to list, [StayFi](#) to collect guest info.
- **Marketing:** Created a Facebook business page and an Instagram account
- **Team:** found a cleaner by finding local Facebook groups and connecting with people, found a handyman the same way.
- **Process:** Ashley manages everything through the PMS (property management software). It integrates her calendar and pricing with AirBnB and VRBO. She has one centralized place to look at her bookings and inbox. She has rules set up in her PMS to send her cleaner information every time she gets a new booking. The cleaner then keeps her own calendar with check-in and check-out dates. For consumables that she provides for each guest (toilet paper, shampoo, etc,) she keeps an inventory list to monitor the inventory and orders before something runs out. Sometimes she will have it shipped to her cleaner or she'll buy it and drop it off (about 2.5hrs from where she lives).

# Rob Terpilowski's Short-Term Rental

## Duplex In Indianapolis, Indiana (Out-Of-State Purchase)



## PROPERTY DETAILS

Purchase Price: \$80,000  
Rehab: \$230,000  
Furnishings: \$30,000  
Appraised at: \$530k  
Property Management: 20%  
Net Cashflow: \$1,600/month

## BACKGROUND

Rob bought this duplex off-market from a wholesaler for \$80k, with the intention of fully gutting it and doing a condo conversion which would allow him to sell the units individually as townhomes. The estimated rehab budget was \$200k, and the conservative estimated ARV was \$200k/unit or \$400k total. The estimated rehab time was 6 months. Actual rehab ended up being about \$230k and took nearly a year, due to COVID. He put the units on the market at \$220k/each during the holidays, but the market in Indy was slow at the time. After a couple of months, he pulled them off the market and decided to hold for an AirBnb.

## CHALLENGES & TIPS

The biggest challenge was refinancing out of his hard money loan into a 30-year fixed. Rob found out in the 11th hour of his first refi attempt that the lender was no longer doing loans on STRs, so had to find a different lender. Visio Lending ended up being able to do it.

It ended up appraising for \$530k (about 7 months after he tried to sell it).

So at 75% LTV he was able to get a loan for \$400k which more than covered the purchase, rehab, and furnishings. In the end, he was able to get all of his capital back out from the refi, meaning his CoC was infinite.

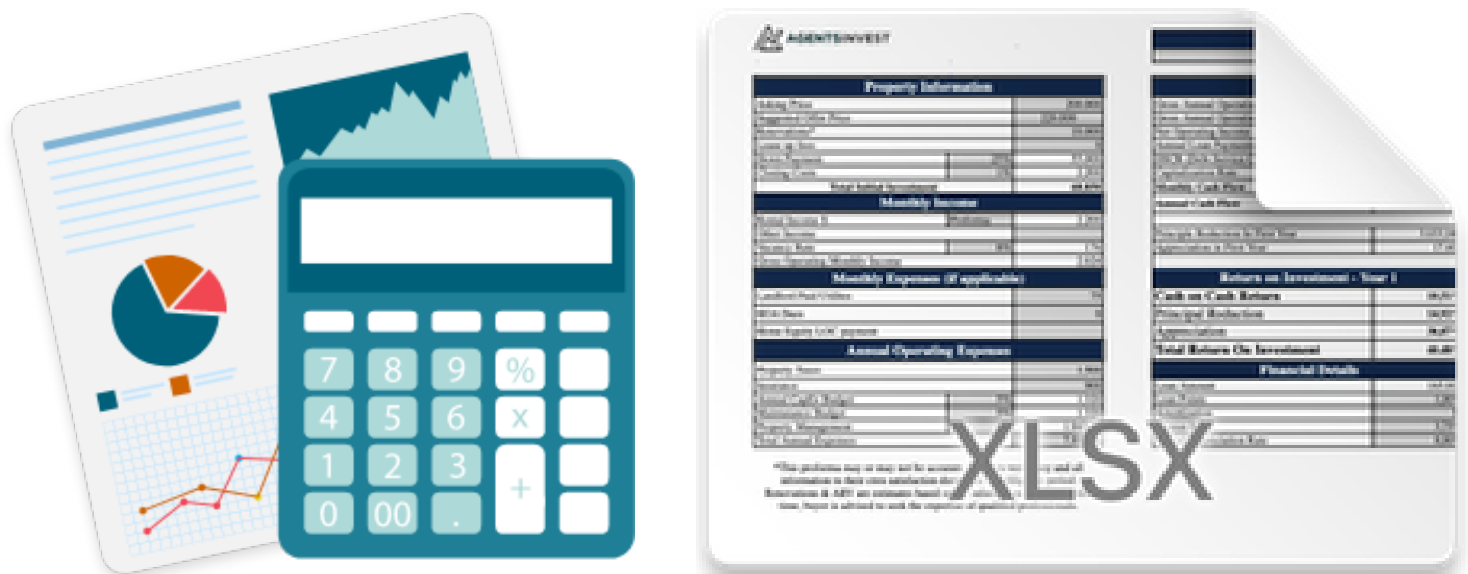
Rob likes to use Host Financial's tool for getting a rough estimate on the nightly rate, estimated occupancy, and revenue for a property based on its location.



# GET YOUR CALCULATOR BUNDLE TODAY!

## What's Included?

You'll get instant access to our Buy & Hold, BRRR & Short-Term Rental calculators to help you start analyzing deals like a pro!



[DOWNLOAD](#)





## WANT TO LEARN MORE ABOUT SHORT-TERM RENTALS?

If you're serious about growing your passive income portfolio, the next step is to surround yourself with like-minded investors.

If your closest friends don't understand cap-rate or value-add, you will need others to lean on while you make your dream of financial freedom a reality. We recommend you join the ROI Inner Circle, our mastermind group of investors from across the country, many of whom we've helped crush their goals and become financially free through their preferred investment strategy. In 2021, we helped our members add almost 220 properties to their portfolio and our communities success isn't slowing down anytime soon.

### ROI Inner Circle Benefits

- 1:1 Coaching with Jennifer Beadles & Deena Iverson
- Access to our network of pre-vetted agents (including oftentimes PM, Contractor & lending referrals)
- Daily Deals sent your inbox (We sent out over 1500 deals last year)
- Hours of video content about different investing strategies
- Access to resources, documents: leases, LOI, private loan docs, deal analysis spreadsheets, 5 Years to Freedom course, and more!
- Monthly live Q&A coaching calls, Market mastermind presentations & member-only mastermind discussions.

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