

Castle Park Cottage Rental Best Practices

January, 2011

The Board of Trustees encourages any Castle Park member(s) considering renting their cottage to become familiar with the Castle Park Bylaws Article III, Section 2. Cottage rental is a deliberate process with the goal of creating a positive and safe experience both for renters and Castle Park members. Hopefully the following guidelines will serve as food for thought to that end.

Soliciting/Advertising for Renters

1. Margie Chism has generously served as the point of contact person for those wishing to rent their cottage and/or find renters for cottages over the past several years. Please contact her with information about cottages for rent or people interested in renting.
2. Given the communal and family nature of Castle Park word of mouth and personal referrals is preferred. Working through third party rental agencies and/or websites (e.g. Craig's List, vrbo.com) is strongly discouraged.

Identifying and Interviewing Renters

1. Conduct person-to-person interviews to determine if renters are a good fit with your rental criteria. Consider asking for references if they have rented elsewhere before.
2. Consider the following criteria:
 - a. Appropriate number of people that your cottage can reasonably sleep and handle
 - b. Ages of the individuals renting
 - c. Amenities of your cottage; ie., internet access, grills, hot tubs, access to bikes, kayaks, parking spaces, etc.
 - d. Castle Park amenities as well as restrictions to launch or park motor/power boats
 - e. Special considerations of your cottage...is everything in good working order, accessible and/or available for use by renters?
 - f. Restrictions on type and number of pets
 - g. Are the potential renters familiar with Castle Park and/or other Castle Park members?
3. Communicate the communal nature of Castle Park and activities and events that occur during their stay.
4. Review the Castle Park Rules and Regulations with potential renters, verbally and as part of the written rental contract/agreement. Specifically review rules regarding fire permits, drinking and alcohol use, parking, pet leash laws, pool use and use of Castle Park grounds and buildings.

Rental Agreement, in addition to financial terms and considerations:

1. Castle Park Rules and Regulations are to become part of any rental agreement.
2. Be specific in the rental agreement where applicable: number of occupants, pets, boat and water craft restrictions, cottage owners' contact information, other service providers' information.

Additional practical information to become familiar with when renting:

INCOME TAXES

As a general matter, cash or the fair market value of property you receive for the use of real estate or personal property is taxable to you as rental income. See IRS Topic 414 - Rental Income and Expenses
<http://www.irs.gov/taxtopics/tc414.html>

However, under certain circumstances you are not required to report rental income if the dwelling is rented for fewer than 15 days a year. See for example IRS FAQs: <http://www.irs.gov/faqs/faq/0,,id=199626,00.html>

For this reason some Castle Parkers have the practice of limiting their total rental days to 14. Consult your tax advisor.

INSURANCE

You should consult your insurance company as to the availability of coverage, and whether, and under what conditions, your policy covers losses if you rent your property. One major insurer permits "incidental" rentals under a residential homeowners policy, and underwriters from that company have expressly confirmed that 14 days would be considered incidental.