

Learning Goal

The goal of the *Resort & Second-Home Property Specialist Certification Course* is to help real estate practitioners adapt and apply their core real estate skills, develop business and branding strategies, understand the issues and trends that impact the second-home market, and help buyers choose properties that meet their vacation or investment second-home goals. Participants will gain knowledge of the essentials of buying and selling second-home properties for recreation and investment and build a second-home business.

Learning Objectives

1. Building a Second-Home Business

- Adapt core real estate skills for building a resort and second-home business.
- Identify how to capitalize on referral network resources and gaps.
- Develop a personal branding strategy that highlights market knowledge, builds your reputation with other real estate professionals, and enhances both recognition and image in the recreation market.

2. Market Profile

- Compare local market characteristics with national resort and investment home research data.
- Use market data to identify characteristics of second-home clients and customers and properties.
- Apply knowledge of your market, customer/client profile, motivations for a second-home purchase, and trends to develop business building strategies.

3. The Recreation Market

- Identify considerations that go into choosing a second-home location for vacation or investment
- Alert second-home buyers to potential flooding issues and direct them to information and insurance sources for the National Flood Insurance Program.

Adapt your skills to work with affluent buyers and luxury properties.

4. Investment Second Homes

- Comply with SEC guidelines regarding investment advice.
- Help second-home buyers select properties that meet their second-home investment goals.
- Use common property investment forms, tools, and ratios to help investors analyze and evaluate a property's investment value.

5. Tax Aspects of Second-Home Ownership

- Gain knowledge of the basic tax issues that apply to properties held for current income as well as a potential profit upon sale.
- Alert customers and clients to the tax treatment of second-home vacation and investment properties and recommend access to expert tax advice.
- Recognize situations in which the 14-day rental rule could apply and describe to buyers the potential pitfalls of personal use of an investment property.

6. Making the Right Choices

- Identify the potential impact of trends and issues on resort and second-home properties, business strategy, and client and customer service.
- Help clients and customers evaluate and select the type of property and form of ownership options that meet their second-home objectives.
- Describe strategies for mortgage financing of a second-home purchase.

Topic Outline

Introduction

- A. Resort and Second Home Property Specialist Certification
- B. How to Earn the RSPS Certification
- C. Course Goal and Learning Objectives
 - 1. Definitions
- D. Test Your Vacation and Investment Home IQ

I. Building a Second-Home Business

- A. Applying Core Real Estate Skills
- B. Business Skills
 - 1. Product and Market Knowledge
 - 2. Financing
 - 3. Investment
 - 4. Negotiation
- C. Interpersonal Skills
 - 1. Communication and Listening
 - 2. Patience
 - 3. Customer Service
 - 4. Mind-set
 - 5. Community Involvement
 - 6. Technology Tools
- D. Risk Management Skills
 - 1. Regulatory Knowledge
 - 2. Representation Duties
 - 3. Tax Issues
 - 4. Data Security Planning
- E. Marketing Skills
 - 1. Presentation Skills
 - 2. Marketing Challenges

- F. Identify Your Market Niche
- G. Property Management and Rental
- H. Network Building
 - 1. Networking for Referrals
- I. Practitioner Perspective: Building Your Referral Business
- J. Stay in Touch and Follow Up
- K. How Do Buyers and Sellers Find Properties and Agents
- L. Personal Branding—Are You #1?
 - 1. Creating Your Own Brand
 - 2. Qualities of Successful Branding
- M. 6- Minute Brainstorm: Personal Branding

II. Market Profile

- A. Market from a National Viewpoint
 - 1. Typical Second-Home Buyer?
- B. National statistics
- C. Second-Homes Market Share
- D. Is the Market Getting Younger?
- E. Home Size, Distance, Location
- F. Intended Uses
- G. Regional Distribution
- H. How Does Your Market Compare?

III. The Recreation Market

- A. The Recreation and Lifestyle Markets
- B. Golf Resorts
- C. Waterfront
- D. Ski Areas
- E. Hunting and Fishing
- F. Wildlife Watching

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Course Description and Outline (v3.3, 2019)

- G. Second-Home Markets in Unexpected Places
- H. Flood Insurance
 - 1. National Flood Insurance Program (NFIP)
 - 2. NAR Issue Brief: How Home Buying May Vary in the Floodplain
- I. Practitioner Perspective: Stowe, Vermont
- J. Affluent Buyers, Luxury Properties
 - 1. Price Point—the Top 1–5%
 - 2. What Defines a Luxury Home?
 - 3. Fastest Growing Luxury Markets
- K. Join the Team
- L. Adjust Methods, Customize Materials
 - 1. Showing Property
 - 2. Confidentiality
- M. Practitioner Perspective: How to Become a Luxury and Resort Real Estate Broker
- N. Young and Newly Rich?
- O. How Does the Millennial Generation Define Luxury?
- P. Workforce Housing
- Q. H2B Visas for Seasonal Workers

IV. Investment Second Homes

- A. Is It a Home or an Investment?
 - 1. Two Financial Reasons
 - 2. Is It a Bear or a Bull Market?
- B. Analyzing Investment Value
 - 1. Annual Property Operating Data
 - 2. Cash Flow Analysis Worksheet
- C. ROI and Cap Rate
- D. Realtors Property Resource® Investor Tools
- E. Buying a Second Home for Student Children
- F. International Buyers

1. Realtor.com® International
 2. Major Destinations and Intended Use for Top 5 Countries
 3. Home Prices Per Square Meter (PPM2)
 4. Top 20 Markets Search by International Consumers
- G. Guidelines Regarding Investment Advice
- H. Making the Right Choices
- I. Rental Realities
1. Furnishings and Upkeep
 2. Property Maintenance
 3. Rental and Usage Policies
- J. Short Term Rentals as Investments
1. Pros and Cons of Short Term Rentals
- K. Practitioner Perspective: Working with Second-Home Investors

V. Tax Aspects of Second-Home Ownership

- A. Pop Quiz
- B. The Basics
- C. Tax Cut and Jobs Act—What Changed?
- D. The 14-Day Rental Rule
1. A Tax-Free Windfall?
- E. Rented More than 14 Days?
- F. Participation—Passive, Active, or Material?
1. Real Estate Professionals Are Material Participants
- G. Cost Recovery (Depreciation)
1. Categorize Property Components
 2. Depreciation Recapture
 3. Consult a Tax Professional
- H. Mortgage Interest Deductibility
1. 90-Day Time Limit on Home Acquisition Debt
- I. Converting a Second Home to a Primary Residence

- 1. Conversion Strategies
- J. Foreign Owners of U.S. Real Property
 - 1. Foreign Investment in Real Property Tax Act (FIRPTA)
 - 2. Withholding on Rental Income
- K. Capital Gains Tax on a Converted Second Home
 - 1. Capital Gains Tax Example
- L. Tax-Deferred 1031 Real Property Exchanges
 - 1. Residential Property Received in an Exchange
- M. IRS Tax Publications

VI. Making the Right Choices

- A. Putting It All Together
- B. Choosing a Location
 - 1. Return Visitors?
 - 2. Infrastructure and Services
 - 3. Safety and Security
 - 4. Local Attitudes
 - 5. Activities
 - 6. Entertainment
 - 7. Shopping
 - 8. Tourism
 - 9. Scenic Views
 - 10. Climate
 - 11. Weather Events
- C. Cost of Living and Taxes
 - 1. Mandatory Club Dues
 - 2. Point of Sale Ordinances
- D. Traffic Congestion, Transportation, and Access
- E. Practitioner Perspective: Maui, Hawaii
- F. The Facts about Second-Home Financing

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1. Percent of Purchase Price Financed
 2. Difficulty of Mortgage Application and Approval Process
 3. Local Lender Financing
 4. Private Mortgages and Seller Financing
 5. Condo Loans
 6. A Few More Facts
- G. Ownership of Vacation and Second Homes
1. Timeshare Ownership
 2. Fractional Ownership
 3. Destination Clubs
- H. Co-ownership Usage Rights
- I. Ask the Right Questions, Find the Right Property: Vacation-Home Buyer
- J. Exercise: Asking the Right Questions
- K. Exercise: Case Studies
- L. Protect the Environment, Protect Your Business
- M. Case Study: REALTORS® Got Involved