



**WHAT YOU NEED TO KNOW ABOUT  
BUYING LAKE GASTON WATERFRONT  
PROPERTY**

## **1. Five top mistakes in Buying Waterfront Property.**

1. Not Understanding the importance of controlling Depth. When buying waterfront property, both the actual value of the property and its usefulness as to boating are governed by controlling depth.

What is controlling depth? It is the depth at which your boat can safely get to open water at average low tide. Another way to look at it is boating draft.

For example, most sailboats have at minimum a 4-foot draft—meaning they need at least 4ft of water to safely navigate without running aground.

So-If you own a sailboat or are ever considering the purchase of one, the waterfront property you buy has to have at least 4 feet of controlling depth.

How does this affect value? People that own 50 ft boats and larger sailboats, that require 4 to 5 foot draft, will find that neighborhoods have controlling depths of 4-5 feet or more are typically more expensive as to real estate prices.

To Consider. Even if you don't own a boat, you may want to buy one in the future or will possibly have friends coming to visit that do have a larger boat. So first and foremost take Controlling depth into consideration.

2. Not knowing what types of Boats are allowed. Generally there is no problem with pleasure craft, however jet skis and commercial fishing boats can be a problem based on neighborhood (subdivision) restrictions (if any)

For example: Many boating communities frown upon Jet Skis due to the noise. If you plan on using jet skis or having friends that use them, look into any restrictions. The same thing goes for commercial boats.

3. Not paying attention to Flood Zones. What type of Flood zone is the home you are buying? For example flood insurance for a home in a VE will be triple that of a home in an AE zone. So one of the first things to find out is the Flood zone and then check with a local insurance company as to costs.

4. Using outside of the area lenders. If you are buying waterfront property in Florida and are considering a lender in Colorado, you can have a problem. Why? Because lenders outside of the state can place prohibitive restrictions on a property.

For example, some lenders will feel that any waterfront home bought in Florida needs to be constructed of Concrete block as opposed to wood

frame, due to potential hurricane damage. Be sure to talk to Local (at least State) lenders, as they will be familiar with the area.

5. Not determining area (county or subdivision) rental Laws. If you are considering using your waterfront home as a rental, look into the area or subdivision zoning laws as to rental periods allowed. For example-can you only rent monthly-every 6 months or are weekly rentals allowed. Whatever the law, it will make a big difference in both ease of renting and your potential income. This subject is especially important as many people considering Real Estate on Lake Gaston will want to know about **Lake Gaston vacation rentals with a pontoon boat** or regular boat.

These are just some of the most important issues to seriously look into. As your Agent, I will help guide you through all of this.

## **2. The Value of Waterfront Property Waterfront property always has more value than inland or "dry" property.**

The reason of course is people simply like to live near or on the water. Beachfront properties, canal border properties and lakefront properties all retain their value, nearly regardless of the overall real estate market. In real estate, the biggest factor in property values is *location, location, and location*. And being on the water is always the most prime of any location. Inland real estate does not command the same values as waterfront and is more susceptible to market forces.

### **Vacation properties**

One of the biggest advantages in owning waterfront property is its value as a vacation home. This makes for an attractive getaway when you need it most. Because you own it, you don't have to search high and low to book a room. Nor do you have to be subjected to unexpected surprises such as loud guests, skimpy towel supply and pillows too hard to too soft. With a waterfront vacation home, you'll be guaranteed a spectacular, tremendous view. With inland properties, you see only your neighbor's home. For this reason **Lake Gaston lakefront Condos** are attractive to Investors due to lower maintenance problems

### **Rental income**

Another reason waterfront properties appreciate and hold their value is

because they are attractive rental properties. If you can't be in a waterfront home as you would like, there's nothing wrong with having someone else pay the mortgage. It also makes for a nice tax break if the home rents for two week or less during the year. Not only that, you still get to deduct the property taxes, according to a news report by CNN Money. This makes **Lake Gaston Condos and Townhomes** especially attractive

### **Location, size and the View really matter!**

As stated above, inland properties typically don't have a waterfront view. But just because a home is near the ocean, near a lake or pond, doesn't mean it will have the same value as the home, which literally borders the water. The view is an important factor in the value of waterfront real estate as well as the size and popularity of the body of water. Size also makes a difference. The larger a waterfront property is, the bigger its worth.

### **Supply and demand**

There's only so much coastline in the world. The Florida Keys, Atlantic, Pacific and Gulf Coast might be thousands of miles long, but they are not infinite. Inland properties are far more numerous than waterfront properties. This is very important as to the high real estate values found consistently in waterfront properties.

### **3. How to Set Up a Waterfront Vacation Home as a Rental**

One of the best real estate deals nowadays is to own rental property. Is that really possible? Yes, however, it must be a certain type of property. The property should be a vacation property able to support short term

rentals throughout the year. In order to be effective at turning a second home into a vacation home, there are a series of considerations and steps that you will need to be aware of and undertake. These will be described in more detail below.

**Legal Considerations** Most of what is stated below will deal with Florida and local laws. However, most vacation homes in other states will have similar rules that are applicable. The author's previous experience has been with short-term rentals, for the most part.

Florida basically permits an individual or corporation to rent a dwelling,

whether a condominium or home. In some cases, the local county where the property is located will insist on an inspection of the property, however for the most part, this isn't the case. In the case of condominiums, often the condo association will handle some of those issues.

The major interest the state and county has is whether or not the owner of the property is collecting and paying sales tax on the rentals and remitting it on a regular basis. One other consideration: before trying to rent your property out, make sure that the local ordinances support short term rentals. One further consideration is that it might be advisable to set the property up as a corporation for both tax and legal protections. Consult an accountant or attorney for advice in this regard.

**Sales Tax** Sales tax on short term rentals are applicable to hotel rooms, rental homes and condominiums for stays of less than 180 days. With declining local tax revenues throughout the country, states like Florida, are now more vigilant in their efforts to collect sales occupancy taxes. In Florida, sales taxes on short term stays are especially important because the "occupancy" sales tax is typically double the regular sales tax rate.

For instance, if a county has a sales tax rate of 6% or so, one expects that the occupancy sales tax would be approximately 12%. Obviously on a weeklong stay with rentals of \$900 or so, the sales tax collected for the state would be approximately \$90. This will add up over the course of a year and is an extremely attractive source of revenue for the state. Therefore, a prospective owner must collect and pay the taxes or face strong legal action by the state.

**Licensing** – Any type of business activity must be licensed in the county where the business activity occurs. This is an occupational license. The fee for one may be anywhere from \$75 and up. Sometimes in the case of a condominium, the condo association's license is all that is required. Second, you may have to apply for a state license for your rental property. This will of course, entail another fee. This is renewable every year. In certain case, the state may insist upon an inspection of the property before granting a license.

**Rental contracts** – In line with the above, it's important to have a well-written, short-term rental contract that protects you as the property owner. It is worth one's time, expense and avoidance of future problems to have an attorney craft such a document

**Safety Considerations** - Most of the safety precaution are common sense, but it's important that the property conform to the letter of the law.

Additionally, there are some safety considerations that will be applicable. A short term rental home must have a fire extinguisher and a working dead bolt lock for all entry doors. Typically, the home must also have a fire alarm and an emergency light that automatically illuminates, if power is lost. The home must be easily accessible or easy to exit in cases of an emergency. If the home is a condominium on an upper floor and there is a balcony attached to the property, there must also be a restraining fence to prevent someone from accidentally falling.

Billing/Payment – Renting out a vacation property is a bit different from most other types of rental arrangements and business activities. • It is such a short term transaction that it is important for the owner to obtain all payments well in advance of the rental period. If someone decides to rent your property and fails to pay in a timely manner and then cancels right before they were due to arrive, you'll not usually be able to replace the rental.

- If they pay by check and the check doesn't clear and the renter has already left, you might have a difficult time forcing him to make good on the rental and is certainly not worth the hassle. Therefore, insist on payment either by check (long in advance of the rental) or Paypal. Even funds transfer is open to abuse. Although in some cases, if the renter is arriving from another country, you may not have a choice.

Insurance – It is always vital to carry good insurance to protect against damage, weather disasters and liability in the case of accident.

Rental Season Profitability - In most case, if a vacation rental can accommodate virtually all seasons, such as Lake Gaston, the total yearly rentals generated will be significantly greater on average, than properties that may only be rentable within a single season, such as a ski area or more northern lake properties. Typically, properties that have a year round rental attraction can usually show a profit within the first few years of ownership. This may be a major consideration when you are planning to purchase such a property.

Rentals Policy – When you are setting up a rental property, you will need to decide if you are interested in longer term seasonal versus shorter term vacation rentals. Most that wish to rent their property should avoid the spring break situation, for obvious reasons.

Longer-term rentals, one to three months, tend to be less profitable because rents will always be lower than a short-term weekly rental. Also, short-term renters usually spend minimal time at a property, while longer

term renters will normally consider your second home to be their second home when they rent. The advantage is that because weekly renters are spending more time outside there will almost always be less wear and tear on the inside of your property.

**Furniture, Equipment & Flooring** – In order to make a vacation property attractive, the furniture should be of a reasonably high quality to accommodate years of rental abuse. In the case of sofas, the material should be treated with a stain resistance compound. Further, the appliances should be relatively new and modern and not prone to break down or malfunction. In most cases, avoid whenever possible, carpeting. It is a magnet for dirt and stains. Instead, install a good ceramic or porcelain tile, which is worth the expense to avoid future headaches. Wood floors are attractive, but expensive and will require more maintenance.

**Maintenance and Repairs** – Typically, the short-term renter pays for the exit cleaning. Therefore, it will be of paramount importance to locate cleaning people to come in and change the linens and perform the basic cleaning after guests have departed. In line with the above, a potential vacation homeowner will need to have a working relationship with local maintenance people that can unblock a sink, repair damage or fix any appliances, when necessary.

**Disclaimer:**

Although the author and publisher have made every effort to ensure that the information in this book was correct at press time, the author and publisher do not assume and hereby disclaim any liability to any party for any loss, damage, or disruption caused by errors or omissions, whether such errors or omissions result from negligence, accident, or any other cause.

