

Checklist

Buying/Owning/Selling a holiday home

This checklist is designed to assist our clients to decide if they should buy or continue to own or sell a holiday home, commonly called a bach or crib.

Buying a holiday home

1.	Where are you looking to buy?	
2.	Why are you looking at this location?	
3.	How long does it take to travel to this location?	
4.	Will the novelty of travelling there and back wear off?	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.	What sort of holiday have you had in the past? (e.g. camping/tramping/overseas etc)	
6.	Why have your holiday needs changed and you now want a static location?	
7.	What is the anticipated purchase price?	
8.	How much of this is debt funded?	
9.	What is the debt funding cost each year and would this be better spent on another type of holiday or activity?	
10.	<p>What are the anticipated ownership costs?</p> <ul style="list-style-type: none"> – Rates \$ _____ – Insurance \$ _____ – Maintenance \$ _____ – Furnishings & utensils \$ _____ – Lawn mowing etc \$ _____ – Security \$ _____ – Debt servicing \$ _____ – Travel costs – there & back & number of visits/year \$ _____ – Power/water \$ _____ TOTAL \$ _____ 	

11.	Where else could you better use this money each year?	
12.	How often do you think you will use it each year?	
13.	Will you rent it out when you are not using it?	Yes <input type="checkbox"/> No <input type="checkbox"/>
14.	If yes to renting out, how many days/year do you think you can rent it for?	
15.	What do you think the average daily rental rate will be?	
16.	How many of the family are likely to stay at the holiday home? E.g. will it be the whole family or just a subset of the family?	
17.	How long do you anticipate owning the property for?	
18.	Where is the property market currently at in the value cycle? Are you purchasing at a global low, mid-point or high point?	
19.	Do you anticipate making capital gain from this property?	Yes <input type="checkbox"/> No <input type="checkbox"/>
20.	If yes, then will this capital gain be taxable?	Yes <input type="checkbox"/> No <input type="checkbox"/>
21.	What entity will own this property e.g. company, trust, individual?	
22.	Is there any confirmed tax benefit associated with this ownership?	Yes <input type="checkbox"/> No <input type="checkbox"/>
23.	If yes, please list.	

Buying a holiday home

(Use this portion of the checklist if already owning a holiday home)

1.	How often do you stay in your holiday home each year?	
2.	Who uses it? (I.e. yourselves, kids, entire family, friends etc.)	
3.	Have you managed to rent it out and if so, how much income does this generate each year?	
4.	What tax benefits have you actually managed to achieve?	
5.	Do you enjoy the travel to and from the holiday home or has it become a burden/pain?	
6.	<p>What is the true cost of ownership?</p> <ul style="list-style-type: none"> – Rates \$ _____ – Insurance \$ _____ – Maintenance \$ _____ – Furnishings & utensils \$ _____ – Lawn mowing etc \$ _____ – Security \$ _____ – Debt servicing \$ _____ – Travel costs – there & back & number of visits/year \$ _____ – Power/water \$ _____ TOTAL \$ _____ 	
7.	What is the lost opportunity cost of owning the property?	
8.	Are your holiday goals still the same as when you purchased the property?	
9.	Do you spend all your holidays at the property or do you also go elsewhere?	
10.	What is the current value of the property?	

11.	Is there capital gain after paying selling fees?	Yes <input type="checkbox"/> No <input type="checkbox"/>
12.	If yes, how much?	
13.	Is the property likely to increase/decrease in value or remain static over the next 5 years?	
14.	Do you have any desire to consider selling?	Yes <input type="checkbox"/> No <input type="checkbox"/>
15.	If yes, explain why?	

Selling a holiday home

1.	Why are you thinking of selling?	
2.	What is the current value of the property?	
3.	What is the anticipated sale price?	
4.	How much of a capital gain would you receive?	
5.	Once any debt is repaid, how much is left over?	
6.	What could you use the net sale proceeds for?	

7.	<p>If you sold, how much cash flow would be freed up and what could you use that for?</p> <p>Cash flow freed up: \$ _____/pa.</p> <p>Use:</p>	
8.	<p>How much per day does it cost you to go on holiday?</p> <p>Over the past 2 years, how many days have you stayed in the property?</p> <p>Work out the total cost of ownership (including lost opportunity costs) then divide by the number of occupancy days.</p> <p>e.g. Total ownership costs \$17,000 pa</p> <p> Number of days stayed 22 days</p> <p> Cost/day \$772</p>	
9.	<p>Could you have a really good holiday elsewhere for the same or less per day?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
10.	<p>If yes, then what sort of holiday would you have for that amount?</p>	

Conclusion

What is your plan moving forward? Are you going to buy, continue to own or sell your holiday home?

Decision:

Brief summary of reasoning: