# MATERIAL PARTICIPATION LOG

A contemporaneous hours record for real estate professional status and short-term rental participation.

Courts have consistently rejected reconstructed summaries written after the fact. Keep this as you go — date, hours, property and what you actually did. Round numbers and 'approximately 20 hours per week' asserted in March are not evidence.

## The tests you are documenting

- Real estate professional status: more than 750 hours in real property trades or businesses, AND more than half of all your personal service time in those activities. Both are personal tests.
- Material participation: most commonly more than 500 hours in the activity, substantially all of the participation, or more than 100 hours with no other individual participating more.
- Short-term rentals: average period of customer use of seven days or less removes the automatic rental classification — material participation is still required on top of that.

## What counts

- Managing tenants, leasing, showings, screening and renewals
- Coordinating and supervising maintenance, repairs and capital projects
- Purchase and disposition activity, due diligence, financing
- Bookkeeping and management directly connected to operations
- Guest communication, turnover coordination and pricing for short-term rentals

## What does not

- Investor activities — reviewing statements, studying reports for your own use — unless you are involved in day-to-day management
- Hours in a W-2 job outside real property trades or businesses (these count against the more-than-half test)
- Time attributed to a spouse for the 750-hour test itself, though a spouse's participation counts toward material participation

## Log

| DATE | PROPERTY | HOURS | ACTIVITY PERFORMED | EVIDENCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| DATE | PROPERTY | HOURS | ACTIVITY PERFORMED | EVIDENCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

## Monthly total

Month

Total hours this month

Year to date

Signature

Prepared by Deprecio, an engineering-based cost segregation firm and part of the Shurek Accounting & Tax family of brands. This handout is general information and not tax, legal or investment advice. No client relationship is created by reading it. Figures reflect federal law as understood for the 2026 filing season and change with legislation; confirm current amounts before relying on them. To discuss a specific property, book a free feasibility review at https://deprecio.com/schedule/ or send the property details to studies@deprecio.com.