

# What to Consider When Buying Vacation Property

• Get Away Homes, *KIMBERLY HORG* •

Is the Stock Market getting you down? Are you wondering where and how to invest your money? Maybe you are looking for a nice getaway for you and your family. Usually any big purchase requires thinking the decision over and planning the finances. This holds true for most large items including the purchase of a vacation home. But if you are thinking about buying a second home, there are several different factors you should consider.

Vacation home loans usually require more money down, have higher interest rates and have other restrictions that primary homes do not. Lender guidelines can vary more on vacation-home loans than they do on principal residence loans. Rates on investment property loans are regularly higher than those on second-home mortgages. "Most of the criteria to purchase a second home is the same as primary home buyers," the mortgage consultant at Pulte Homes, Judy Puttman said.

The marketing coordinator at Pulte Homes, Christy Stratton, said, "People who are purchasing their primary

home usually do not have a lot of cash. Where as second homebuyers have more disposable income and can be more picky."

There are many advantages for having a second home. If you own an investment property, your expenses (i.e. utilities, repairs, property taxes and mortgage interest) for the property are fully tax deductible. For a second property to qualify for the home mortgage deduction, the taxpayer must use the vacation home and rent it out for no more than 14 days a year, or use the home 10 percent of the total days it is rented out. Now, the second home will be considered an investment property instead of a personal residence. "If you rent out your house at all, even one day, it is considered investment property," Puttman said.

When purchasing a vacation home there is more to think about than just the finances. You need to consider which location would best fit your needs. Do you want to vacation in a big city with bright lights, nightclubs and action? Do you want a quiet



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getaway in the mountains, or even a suburb? Or do you want the best of both?

"Most people buy a vacation home in an area where they vacation a lot or spend time. Many second homebuyers are retired or are planning on retiring soon. Usually they are looking for a better climate to live in and want to be closer to their families," Puttman said.

To get expert advice, a real estate broker who knows the local market can help you make an educated decision. It is important to keep in mind which area of the town you want your house located in. Do you want to be close to restaurants and shops so you can walk there from home?

"It is an individual decision when it comes to buying a vacation home. Typically people chose their home close to outside activities like golf courses or an area with a scenic view. People look for a stress-free community that is gated and is maintenance-free," Stratton said.

Stratton continued, "For example, the Parkside Townhouses have an increased percent of second homebuyers compared to other 11 communities by Pulte Homes. This is probably because it is close to a golf course, is gated and is maintenance-free."

Another thing to keep

in mind is if you decide to purchase the property during an off-season, you should ask a realtor or find out on your own about the location during high season. It may be less stressful to buy during a slow time; but if you do not know what it is like there for a peak period, you can end up with a neighborhood you might not enjoy. For instance, buying a home located near the beach or river during the winter will be much different in the summer or spring. It could be packed with college students on spring break. If that is what you are looking for, then that is great; but if you were looking for a time for peace and quiet, it could be a problem.

Some other questions your realtor can answer that might be helpful would be, "What is the weather like in that area?" "Which area is easily accessible and which area has heavy traffic and congestion?" If you are interested in mountain, or beach properties, you might want to find out if there back roads you could take to avoid the local scene.

There are many reasons for choosing what part of the world you decide to spend your leisure time. Weather, sports, environment and landscape, and of course: serenity. We invite you to look through this magazine, and discover why the Western Region of the United States is the place where you should call "second" home!



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