

# Things to Know About Buying a Second Home

1. **Resist the urge to impulse buy.**

Don't come back from vacation with the keys to a new house without having thoroughly researched your purchase first. If you buy on a whim, you may end up with a second home you can't afford or that doesn't fit your needs.

2. **Evaluate your needs and long-term goals.**

Be realistic about what type of second home suits your lifestyle. If you're looking for a weekend getaway, staying within a day's drive of your primary home could be a good move. If you'd like your second home to someday serve as a retirement spot, assess the home's accessibility and check out health care services in the area.

3. **Get to know the area before buying.**

Even if you've been visiting the same vacation spot for years, you need to get to know the area from a non-tourist perspective if you plan to buy there. Visit the place off-season, and talk to locals to get their take on the area.

4. **Hire a local real estate agent.**

Buying a vacation home outside your area can be tricky, as residential real estate is extremely localized. A local agent can help you get to know the market.

5. **Decide what type of home is right for you.**

Think about how much time you're willing to devote to maintenance when deciding between a condo and a single-family home. Condos are a good choice for buyers who only plan to use their homes occasionally and don't want to deal with year-round maintenance. But if you don't want to sacrifice privacy, stick with a single-family home.

6. **Consult Flagstone Financial about financing.**

The market changes constantly, call us for the latest available programs for second-home financing.

7. **Calculate additional expenses.**

Don't forget about insurance and maintenance when adding up the costs of your second home. Some of the most desirable areas are at a higher risk for hurricanes, floods or forest fires, so insurance for these areas can be pricey. Get several insurance quotes before making an offer.

For maintenance, a good rule of thumb is to set aside 2 percent of the home's value per year for upkeep and repairs.

**8. Consider fractional ownership to cut down on costs.**

If you buy a second home on your own, you may find yourself shelling out a lot of money for the amount of time you actually spend there. By pooling your resources with friends or relatives, many people can enjoy a vacation getaway for a fraction of the cost.

**9. Look into tax benefits.**

You don't have to pay taxes on rental income if you rent out your home for fewer than 15 days a year, but you can't deduct any rental expenses. If you rent out your home for more than 15 days a year, you have to report the income, but you can deduct expenses like maintenance and cleaning.

**10. Rent your home out for extra income.**

If you need extra cash to supplement your monthly mortgage payment, renting out your second home could be a good option. Being a landlord comes with more responsibilities than many people realize, so familiarize yourself with landlord/tenant laws and the Fair Housing Act before renting out your home.