

BUYING A VACATION HOME



There are ways to comfortably afford the vacation home of your dreams while making smart financial choices. A vacation home can be a very wise investment when the proper financing methods are utilized.

Here are a few tips and strategies:

- If you have multiple location choices, **Certified Mortgage Planning Specialist** professionals help you evaluate the potential purchase:
 - From an investment perspective:
 - Which area is likely to appreciate more in value over the next several years?
 - Which area is more likely to enable you to rent out the home when you are not using it (if you desire to do so)?
 - From a lifestyle perspective:
 - Which area provides more amenities and lifestyle benefits?
 - Which area is a better value in terms of living space and upgrades?
- **If you plan on renting out the home** when you are not utilizing it for personal use, CMPS professionals help you evaluate the cash flow implications. Additionally, by working as a team with your CPA, CMPS professionals help you determine the tax consequences of your decisions.
- **Know your credit score!** You may be able to get a better mortgage rate and more favorable loan terms by restructuring some of your balances on credit cards, car loans, etc. CMPS professionals help you correct errors on your credit report and determine which balances to restructure or pay off in order to improve your credit score.
- **Know how much you can spend and determine how much you can afford.** CMPS professionals help you:
 - Finance your vacation home based on your monthly payment comfort level
 - Determine how much cash to use as your down payment and where to get these funds
 - Understand your before and after-tax monthly payments
 - Restructure some other debt you may have to free up more monthly cash flow that enables you to improve your vacation home buying budget financing
- **Determine whether to rent or buy a vacation home based on timeframe, budget and local market conditions.** CMPS professionals help you run the numbers to determine if it is better for you to rent or buy a vacation home based on your individual circumstances.
- **Don't get caught in the "pre-approval" / "pre-qualification" trap.** It is always better to get a full approval / loan commitment from a CMPS professional before you even start looking for a vacation home. Many mortgage brokers and lenders will give you a "pre-approval" or "pre-qualification", but these are often meaningless. What you really need is a bona fide commitment from a mortgage lender that you are in fact approved for financing.
- **Don't be scared by all the doom and gloom headlines.** Everyone talks about buying low and selling high, but hardly anyone actually does it! As long as your timeframe is greater than two years, now is probably the best real estate buying opportunity in over two decades. Your CMPS professional can help you structure your home purchase transaction in ways where you could save the most money. Strategies for you to consider include seller-paid closing costs, maximizing acquisition indebtedness to create tax benefits, structuring the down payment in the proper way and other useful strategies.



fast facts

- **Evaluate from an investment perspective and from a lifestyle perspective**
- **Do you plan to rent?**
- **Know your credit score**
- **Know how much you can spend and determine how much you can afford**
- **Determine whether to rent or buy a vacation home**
- **Don't get caught in the "pre-approval" / "pre-qualification" trap**
- **Don't be scared by all the doom and gloom headlines**
- **Develop a strategy for financing**
- **Evaluate mortgage products**



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- **Develop a strategy for financing your closing costs, home improvements and furniture expenses.** A vacation home purchase is a significant financial commitment. CMPS professionals are able to help you understand the costs involved in vacation home ownership and help you develop a financial strategy for dealing with these costs ahead of time.
- **CMPS professionals help you evaluate the mortgage products that will work best in your situation.** Remember, it is far better to find a CMPS professional who can help you implement the best strategy with competitive interest rates than for you to shop for the lowest rate with the wrong strategy.
- **Understand the 20 Terms You Must Know Before You Sign Off on Your Mortgage***

* Ask your CMPS representative for more information.



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