

# HOW TO BUY A SECOND / VACATION HOME

IN FLORIDA

Compliments of  
The SIMMS Team  
ALVA International, Inc.



# Buying a Second Home in Florida

## INTRODUCTION

### CHAPTER ONE Getting Started

Buying a second home is not as hard as you think, but it does take some significant legwork. Learn everything you need to get started on your journey, from determining your budget to finding your ideal location.

### CHAPTER TWO Why Florida? Why Now?

Once you've decided to purchase a vacation home, one of the most important decisions you can make is where to buy it. This chapter focuses on the things that make Florida such a popular vacation home location, and the benefits of buying your second home in the state.

### CHAPTER THREE Navigating Your Search

Once you've decided where to buy, the fun of finding your dream home begins. Chapter Three offers tips on working with a real estate agent and other important things to keep in mind during your search, from Homeowner's Association policies to new construction concerns.

### CHAPTER FOUR Financing Options

Whether you plan to use your second home as a family retreat, to rent it out as an investment property, or to retire in it in coming years, you'll need to consider how you'd like to finance the cost of it now, in the present. Chapter Four focuses on various financing options open to you, and how those options may differ from your first home-buying experience.

### CHAPTER FIVE The Home-buying Process

If you're buying a second home, chances are good you're already familiar with the home-buying process. Still, there are some important things to keep in mind to ensure that the process moves smoothly; learn about the negotiation process, appraisal, inspection and closing here.

#### CHAPTER SIX      [Enjoying Your Second Home – from Afar](#)

Even though you won't be living in it full-time, your second home is just as important as your first, and it will require ongoing maintenance and TLC. The following focuses on how to ensure that your home is well-kept, and well-protected, while you're away.

#### CHAPTER SEVEN      [Retiring to Your Second Home](#)

Eventually, the day may come when you decide to retire permanently to your vacation home. This chapter focuses on things to keep in mind when selling your primary residence, packing for your move, and preparing for a new journey into retirement.

#### CHAPTER EIGHT      [Tax Benefits & Implications](#)

The amount of time you stay in your vacation home could have important tax implications for you and your family. This chapter outlines the tax issues associated with using your home as an investment property and establishing residency in the state.

#### CHAPTER NINE      [Special Concerns for Non-U.S. Citizens](#)

More and more international buyers, from Canada to Europe, are purchasing vacation homes in Florida. But if you're living abroad, you may find the home-buying experience in the United States to be a bit different than you're used to. Chapter Nine outlines what to be prepared for throughout the process.

#### CHAPTER TEN      [Relocation Resources](#)

Check this chapter for important relocation resources to further assist you on your journey, including background information on the different geographic regions in the state.

## Introduction

So you're considering purchasing a vacation home in Florida. Congratulations. Not only is Florida one of the most beautiful states in the country, this is also one of the best times to buy a home or condo. Prices are low. Interest rates are low. And there are numerous incentives for those looking to make the decision to add a second or vacation home to their family's investment portfolio.

In fact, according to the Florida Association of Realtors, the number of homes being sold in Florida is skyrocketing, with a 24 percent increase January 2009 over the same period last year. What's more, luxury developments are seeing price cuts of 20 to 40 percent, meaning you can get more home for your budget than ever before.

"Buying a Second Home in Florida" will walk you through the process of finding, financing, and maintaining your ideal vacation home. In fact, this is more than a book. It's an interactive resource that will give you all the essentials you need to determine when and if to buy, which location is right for you, and how to ensure that the purchase (and ensuing ownership) are smooth and successful.

Whether you're purchasing your second home as a family getaway, an investment opportunity, or a future retirement location, the process is much easier than you think. And regardless of whether you're looking to buy now, or in the future, we hope "Buying a Second Home in Florida" will help steer you in the right direction. (And we hope to see you enjoying your Florida vacation home soon.)

Until then!



## Chapter One: Getting Started

While purchasing your vacation home can be one of the most exciting experiences of your life, it can also be one of the most emotional. Not only is a vacation home a large investment, you'll likely be doing a majority of your research and legwork from afar. Even more, you'll be working with a new set of criteria you may not have even considered when purchasing your first home. Instead of worrying about your commute time, good schools, and proximity to friends and family, for instance, you might be asking yourself questions about proximity to the beach, activities for active seniors, and other recreational options.

Sounds fun, right? It is. But some first-time second-home buyers often find that the home-buying process is much more difficult or stressful than they had anticipated. Fortunately, careful research and planning can help make purchasing your second home as enjoyable as living in it.

### Getting a jump on the home-buying process

As with most things in life, the most difficult part of purchasing your second home is simply getting started: determining where you want to buy, what you want to buy, and when you want to do it. As you do, you'll definitely want to keep in mind many of the same things you took into consideration when buying your first home – which neighborhood will give you the best return on investment; which home will give you the best possible investment for your budget; and the maximum you want to invest in improvements to ensure a positive return. Still, your search process will vary in a number of ways. The following is a comprehensive list of things to keep in mind before even starting your search, starting with the most obvious: Why?

- **Why?**  
The decision to purchase a vacation home is a personal one for each buyer – and an *optional* one. Though not a necessity, a second home offers the promise of fulfillment, escape, proximity to family or recreation, and for many, a new outlook on life. As such, take time to reflect on your core reasons for making a vacation home purchase. Your reasons will help you narrow down the type of home (and location) that is right for you. The following are a few of the options you might consider.

- Weekend getaway
- Home improvement project
- Recreational location
- Quiet escape
- Long-term retirement option
- Be closer to friends or family

The type of home you might choose to buy as a home improvement project will vary greatly from the home you'd buy as a weekend resort getaway. Make sure you (and your partner, if applicable) are in agreement about your reasons for buying a home, and about what type of home you'd like to buy before even starting the home-buying process.

Second homes provide a unique opportunity in that, in addition to offering a great chance to get away, they can also be used as retirement homes later in life. If you are planning to use your vacation home for retirement purposes, think about what type of retirement you are looking for when the day comes. Would you like to live around other active seniors? Would you prefer to live in a small town in the country? What qualities of your ideal *vacation home* might not be compatible with your ideal *retirement home*? Which of those are negotiable?

- **How much?**

One of the most emotional parts of any major purchase is the expense. In fact, many home buyers start looking for a vacation home with a certain budget in mind, only to find that their "dream home" costs much more than they anticipated. Not surprisingly, this can add a lot of stress to the process (and to your relationship if you're purchasing the home with your partner). However, much of this stress can be avoided simply by taking a realistic look at your budget, and determining which items are "negotiable" to you and your family.

For instance, some couples may be willing to cut back on certain things in their *current* lifestyle if it means finding the "perfect" vacation home with lots of specific amenities. Others may place a higher value on finding a home in a certain location than they do on the amenities or the overall design of the vacation home itself. It all comes down to your personal value system and what matters most to you and your family. Take time to ponder the following as you work to create a vacation home budget.

- Can I afford it? Even before considering how much you'd like to budget for a vacation home, consider the most basic question of whether the option realistically fits into your budget. If chosen well, a second home can be an extremely fruitful investment opportunity. Still, never sacrifice your current well-being for the option of a potential long-term return.
- Is there a cost difference between the amount *I'd like* to pay for a vacation home, and

how much *I'm willing* to pay? What is it?

- Would I be willing to forego cable, my gym membership, or other activities to help finance my vacation home?
- Would I be willing to *settle* for a smaller or less-updated home than I expected if it means having a property in my *ideal* location?
- What financial issues would cause me to decide *against* purchasing a vacation home altogether?

Having a firm grasp on the above will make it easier for you to narrow down potential homes throughout the vacation-home buying process.

- **Where?**

Choosing a vacation home location is often a bit more complicated than choosing your favorite vacation spot. You also need to consider how the location fits into your current lifestyle, and your long-term plans for your family. For instance, do you want to live near your grandchildren? Are you looking for a lively recreational community or a quiet getaway? How far are you willing to travel (and how often do you plan to visit) to get there? All of the following will help you determine exactly the right location for your vacation home:

- Proximity to family
- Proximity to beaches/mountains, etc.
- Proximity to *current* home (and cost/ease of getting there, i.e. flying, driving, etc.)
- Proximity to doctors or health care providers (if medically necessary)
- Weather patterns (seasonal, tropical, etc.)
- Cost of living

- **What?**

Most of us have a perfect home in mind before we even start looking. For some, it's a two-story cape-cod. For others it's a luxury condo with concierge service. Still, there's a lot more to determining what type of home is right for you than how the home looks or what types of amenities it has.

- **Size:** For some, bigger isn't always better when it comes to vacation homes. The question to ask yourself is what works for you and your family, keeping in mind how you plan to use the home over

 **Size matters**

A survey by the U.S. Department of Housing and Urban Development found that one of the most common problems for retired people is that their homes are too big, costing too much in maintenance and utility costs, and forcing them to give up outside recreational activities. Bigger isn't always better; consider this before determining what type of house is right for you.

time. If you're planning on using it as a quiet couple's getaway, small and intimate might be the way to go. If you're looking to use it as a vacation home for family reunions and entertaining large groups of friends, you might want to consider a larger home, or a home with a second cottage for housing short- or long-term guests.

- **Floor plan:** When it comes to floor plan, think again of your long-term goals for the home. If you'll be using it as a retirement home later in life, would you prefer a one-floor set-up to make it easier to get around? If you'll be hosting parties and family events, would an open floor plan do better than a private or closed one? Lastly, how important is it for you to have an outdoor patio or entertainment area? Would you be willing to have a smaller house if it had a larger backyard, deck or water feature?
- **Landscaping/maintenance:** Considering how often you plan to visit your vacation home, what type of landscaping would work best? If you love to garden, will you have enough time to get back and manage the garden, or will you need to hire landscapers to manage the land for you? If you don't garden (or you know you'll be visiting the property infrequently), would a desert landscape or other low-maintenance layout work best?
- **Turn-key or Fixer-upper:** With so many foreclosed homes on the market today, it's easy to be drawn to low-priced fixer uppers that offer a good long-term investment if given the right amount of TLC. Some may seek fixer-uppers as a family project because of the joy that comes from "building a home together." Before purchasing a fixer-upper, think about whether that option really is right for you. Take a realistic look at how long it will take to fix, how much money you'll need to invest in the property, and how much help you'll have (if any) on the project. It may turn out that purchasing a turn-key property will actually be cheaper in the end.
- **Luxury or rustic:** Next, take a look at your lifestyle and the type of home – luxury or simple/country/rustic – that would suit you best. Sure, it's great to have a 24-hour concierge service, but if you rarely use those services, do you really want to pay extra to buy a home that offers them? Likewise, it's great to find a home next the calming sound of the river, but if that home is 50 miles from the nearest grocery store (or neighbor) would that really make you happy?
- **When?**  
Depending on your personal family or career plans, you may be looking to purchase your vacation home at a certain time of year so that you have ample time to move in and get things organized. Still, keep in mind that home values, in general, will be cheaper in the off-season. Whatever the case, choose your ideal move-in date and work backward from there, allowing at least 30-60 days for the home search process, and another one to two months for closing.

Take some time to reflect on these questions to determine what type of home is right for you (and where to find it.) If you're purchasing the home with a partner or family member, have that person fill



out the questions, as well. Take time to compare answers and discuss any areas in which you aren't in complete agreement.

# Homebuyer Worksheet

Keep the following on-hand when talking with your Real Estate agent to help them find the perfect home for you.

## YOUR GOALS

Why are you buying your vacation home? (Getaway? Retirement home? Investment income?)

---

---

---

---

If you're purchasing the home with your partner, do you both see the purchase in the same way? Why or why not?

---

---

---

---

## YOUR BUDGET

How much would you *like* to pay for your dream home?

---

---

---

---

How much are you *willing* to pay for your dream home?

---

---

---

---

**What items are negotiable in determining your dream home budget (swimming pool, golf course on premises, etc.)? Which are not?**

---

---

---

---

## **YOUR IDEAL LOCATION**

**Where do you want to live, and why?**

---

---

---

---

## **YOUR DREAM HOME**

**What does your dream vacation home look like?**

---

---

---

---

How big is it? \_\_\_\_\_

How many floors? \_\_\_\_\_

What type of floor plan? \_\_\_\_\_

Big yard/small yard? \_\_\_\_\_

Type of landscaping? \_\_\_\_\_

Types of amenities? \_\_\_\_\_

Are you willing to fix it up if it means saving in initial cost? \_\_\_\_\_



## Chapter 2: Why Florida? Why now?

For decades, people around the country, and the world, have flocked to Florida as both a vacation home destination, and a retirement destination. Not only does the state offer one of the best climates in the country, it also offers a healthy climate in terms of tax savings, recreational opportunities, and a wealth of communities for active seniors. If you're looking to purchase a vacation home, it's truly never been a better time to explore the Sunshine State.

### Bargains

As a major tourist destination, Florida has traditionally enjoyed one of the most stable housing markets in the country. Still, like most areas of the country, the state is experiencing a dip in prices, meaning it is an amazing time to find bargains on everything from luxury condominiums to single family homes, and from moderately-priced communities to upscale resorts. As noted previously, luxury communities have seen a dip of 20-40 percent, allowing consumers to buy properties that may have been out of their price range five or 10 years ago. If you've put off your vacation home search in the past because your ideal home was out of your price range, it might be a good time to re-evaluate the market, and Florida is a great place to start.

### Weather

With a tropical climate and thousands of miles of coastline, Florida offers visitors and residents alike sunshine that won't quit the entire year through. Not only does the weather offer a chance to escape the cold winters experienced in Northern sections of the country, it also frees you from worrying about things like ice and snow that can make home maintenance and driving difficult, especially for older residents.

### Recreation

In a recent study by the National Association of Realtors, 40 percent of vacation home buyers selected their home locations due to proximity to water. It's no secret, then, that Florida is a top vacation location, with 1,200 miles of coastline and one of the best climates in the United States. Florida is the perfect state for enjoying biking, camping, fishing, surfing or almost any other recreational activity you can imagine. A wealth of metropolitan areas, parks, trails and lakes scatter the state, making it the perfect location for nature lovers and city lovers alike.



### Retirement Communities

Throughout the state of Florida, seniors will find hundreds of retirement communities geared toward active seniors, offering options unmatched by almost any other state in the country. Retirement communities don't just offer a great opportunity to meet like-minded adults and enjoy organized recreational opportunities, they also allow residents to enjoy limited maintenance and upkeep of their homes and communities.

### Financial Benefits

Financially speaking, this is also a great time to explore vacation home ownership in Florida, for a number of reasons.

- **Deals:** Yes, I already mentioned it, but it bears repeating. As with most states in the U.S., Florida has seen a recent drop in home prices, with an average decrease of 28 percent. The lower rates have led to a dramatic increase in properties sold in the state. For instance, in June 2009, condo sales in Florida were 39 percent higher than the same time in 2008.
- **Taxes:** Florida has one of the lowest property tax rates in the United States. Better yet, if you are a Florida resident, the state's Save Our Homes Amendment ensures that the property tax increase on your second homes is capped at 3 percent per year regardless of rise in value. Even if you are an out-of-state resident, the increase is capped at 10 percent.
- **Income:** If you're looking at your vacation home as an investment, Florida is also a great choice. As a major tourist destination, Florida offers a unique opportunity to rent your property, bringing in additional income for your family.

Outside of home ownership, there are also considerable tax benefits for those interested in establishing Florida residency, including no income tax and no estate tax. Check out our ebook "A Guide to Establishing Florida Residency," available at our website.

# Florida Vacation Home Planner

Keep the following on-hand when talking with your Real Estate agent to help them find the perfect home for you.

**What appeals to you most about purchasing your second home in Florida?**

---

---

---

---

---

---

---

---

**Of those listed, which region seems like the most natural fit for you and your family? Why?**

---

---

---

---

---

---

---

---

**Notes:**

---

---

---

---

---

---

## Chapter Three: Navigating Your Search

So: you know what *type* of home you're looking for, and *where* you'd like to live. Now all you need to do is find the home that is right for you and your family. But with so many homes to choose from, and so many options to consider, that's often easier said than done. The following chapter provides useful tips on things to consider before *selecting* a home to ensure that you truly find the home that's right for you.

### Your Home-search Process

As you've already purchased your primary residence, it may be tempting to attempt your home search process independently, with little help from a licensed realtor or other professionals. Still, I urge you to keep in mind that unless you're purchasing your vacation home in the same community you are currently living in, the process of finding the right home may vary significantly from your first home-buying experience. As such, it's recommended that you create a core team of informed professionals to ensure that you make the most of your purchase. This team includes:

- A licensed agent or broker if you choose to use one, or an attorney or real estate law specialist if you choose to search alone
- An appraiser
- A financing expert
- Relocation Company, if you like the idea of one-stop shopping

The above group of professionals can help you choose the right location, find the right home, ensure that you're paying the right price for it, and find the right way to finance it, depending on your current financial situation. They can also help ensure that you understand any HOA policies or other concerns that may govern the area in which you're planning to live. Let's take a look at each member of the team now.

### Real Estate Agent or Broker

When looking for a home, buyers typically have two main options in terms of launching their search: working on their own, or working with a licensed real estate agent or broker. Though working on your own may save you money if you are focusing on FISBOs (For Sale By Owner,) as theoretically there is no

real estate commission built into the asking price, it's always advisable to consider working with a trusted professional due to the large investment you'll be making, and the immense benefits that these professionals can provide. These include:

- **Experience:** The right agent has many resources to assist you in your home search and will lend invaluable guidance throughout the process. Further, sometimes the property you're looking for is available but not actively advertised; your agent will be able to do inside investigation to unearth it.
- **Knowledge of the local community:** This is especially important if you're purchasing from out of town and aren't familiar with the community. Agents have access to a variety of informational resources, including those regarding utilities, zoning, schools, and more. They can help you determine things like whether the property will provide the environment that you want for a home or investment, and whether the property will have resale value when you want to sell. Because the agent likely lives and works in the area, they will likely also have valuable insight and history to share with you.
- **Time savings:** There are thousands of properties on the market. How do you sift through them all? You don't, your agent does that for you and helps you with the selection process.
- **Negotiation skills:** Real estate agents and brokers are more experienced at negotiating the myriad of factors such as financing, terms, date of possession, inclusion of furnishings, etc. that go into a transaction.
- **Connections:** Agents will be able to provide due diligence as you evaluate the property. This could include introductions to home inspectors and other testing companies, i.e. well, septic, etc.

Before choosing an agent, be sure to take time to get to know them, their specialties, and their working style. Are they good listeners? Are they accustomed to working with clients in your price range? Are they accessible? How long have they been working as an agent, and how long have they been working in your area? All of these are important questions to ask before selecting an agent. See the end of this section for a useful checklist of questions to help you find the agent who is right for you.

Lastly, keep in mind that in Florida, 85-90 percent of the time, Florida agents and brokers operate as "transaction brokers," as opposed to Buyer Brokers who represent just the buyer or Single Agents, who represent just the buyer OR

#### Tips for assembling your home search team

- **Ask around:** Get as many recommendations as you can, especially from those who live in your prospective community
- **Check online:** Check chat rooms and other online posts to see what former clients have said about them
- **Request references:** If they won't provide names of satisfied past clients, choose someone else. Period.

the seller. A transaction broker has duties to all parties in the transaction. They include:

- to deal honestly and fairly
- account for all funds
- use skill, care and diligence in the transaction
- disclose all known facts that materially affect the value of residential real property and are not readily observable to the buyer
- present all offers and counter-offers in a timely manner
- limited confidentiality, unless waived in writing by a party. (This limited confidentiality will prevent disclosure that the seller will accept a price less than the asking or listed price, that the buyer will pay a price greater than the price submitted in a written offer, of the motivation of any party for selling or buying property, that a seller or buyer will agree to financing terms other than those offered, or any other information requested by a party to remain confidential), and
- any additional duties that are entered into by a separate written agreement.

Limited representation means that a buyer or seller is not responsible for the acts of the licensee. Additionally, parties are giving up their rights to the undivided loyalty of the licensee. This aspect of limited representation allows a licensee to facilitate a real estate transaction by assisting **both** the buyer and seller. Still keep in mind that a licensee will **not** work to represent one party to the detriment of the other party when acting as a transaction broker to both parties.

### Appraiser

If you choose to finance your home via a home loan, your mortgage company will require that you have your home appraised to ensure that the price you are paying is true market value. Still, it's a good idea to involve an appraiser earlier in the process, especially if you are not familiar with the area. A trusted appraiser will be able to help you ensure that any potential offers you make are fair, and that your

### Full-service relocation support

If you're looking for more support with your move, you might consider finding a relocation company. They can:

- Introduce you to quality real estate agents and monitor your progress
- Help you sell your home in the departure city through a managed Home Marketing Assistance program
- Learn about schools, banks, child care, and doctors in the area
- Recommend a mover and manage the movement of your household goods
- Help you find storage for your household items or vehicles
- Assist with finding quality landscapers, property managers, security companies & cleaning companies

Relocation Companies are especially helpful if you are moving from out of state or out of the country, saving you lots of stress and time along the way.



investment is a sound one. In essence, they'll be able to prevent you from paying more than a home is really worth.

### Financing Specialist

A financing specialist will help you determine your buying power – your financial reserves plus your borrowing capacity.

In fact, it's easy to become swept up in the home-buying process, especially when looking at beautiful vacation home properties. At the end of the day, always return to your original budget and keep a realistic perspective on where you stand.

### Relocation Company

If you'd like the support of a home-buying team but would prefer to consolidate the process, you might consider working with a **Relocation Company**. Relocation Companies hand select top notch real estate agents for you, coordinate your home search, help you sell your home in the departure city if you are doing so, coordinate the movement of your household goods and much more. See the sidebar on the previous page for full details.

### The Devil in the Details: Policies and Fine Print

When you buy a home, you don't purchase a piece of property: you purchase the community in which you'll be living, and all of the policies and issues that come along with it. Before making an offer on a property, be sure to consider the following:

#### Homeowner's Associations

If your dream home is in a housing community, take time to investigate the health of the association, not just the health of your prospective home. If the association is under-budget, or unable to provide necessary repairs and maintenance to the property, your vacation home will suffer in value over the long term. To help:

- Visit one of the community's association meetings. Even further, obtain minutes from past meetings to get a good sense of common issues shared among community members, and carefully consider whether you'd be able to live with those issues long-term.
- Get to know who is managing the community's HOA group. Do they live on site? How long have they been living in the community? How committed are they to the betterment of the community?
- Take a look at HOA fees and dues over the past few years. Have they increased? Were there any major assessments for projects or improvements? If so, how many? Some communities will use assessments to keep monthly fees artificially low (and attractive to potential buyers).
- Do a careful review of the HOA's financials. Are there significant reserves to handle any potential emergencies in the community?

- Understand HOA policies. Are you allowed to make any changes to your property, in terms of outside appearance or inside structures? Are you allowed to rent your property out to vacationers? What do your fees include?
- Lastly, take time to find out how many homes in the community are owner-occupied, and how many are being rented out to other tenants. Some lenders may not even provide financing to those seeking to buy in areas in which a majority of units are occupied by outside tenants, in particular when dealing with condominiums. Consider how a majority-renter ratio would impact the value of your home, as well.

### New Developments

If you're looking at purchasing a property in a new housing development, pay careful attention to the long-term plans for the community, including how many units will be built, how many are currently sold, and how much construction will be occurring once you move in. If your unit is not yet built, be sure to get a clear picture of which features are standard, and which are up-sells, before you make the purchase. Some models will include expensive flooring or appliances that may not be standard in all units. If they're not, know how much they will add on to the price of your home BEFORE you sign on the dotted line.

### A Note on Amenities

Especially in resort areas like Florida, certain things like proximity to golf courses or swimming pools might seem like a must-have for any vacation-home buyer. When selecting your home, carefully consider what the amenities (or lack thereof) will do for the value of your home. While you may not care about being close to a golf course, for instance, being *far* from one may decrease the power of your investment over time. This is especially true if you are purchasing your home primarily as an investment property.

### Short Sales

Again, due to the troubled housing market, you'll likely notice many short sale opportunities throughout the state. Before making an offer on one, there are some things to keep in mind:

- Short sale homes are sold "as is," meaning that the seller will not be making any improvements to them, no matter how obvious the damage is. Keep that in mind when considering your overall vacation home budget
- As the owner may not have kept up with HOA payments, it's possible that there may be liens on the property, or other associated legal concerns that could impact you following the sale. Always investigate them before making the purchase
- Most short sales take many months for lender approval, as many as six months in some cases. If the seller has more than one lender, they must all approve on the sale in order for it to go through. Many times, the lender, in the end, does NOT approve the sale. For these reasons, you may decide, as many have, that it is not worth the hassle and the wait. If you're looking at the

home of your dreams, you may feel it is worth it to wait. It's a question only you can answer. Be sure that you are working with an agent who has experience in the short sale arena.

**Word to the Wise: Be patient**

If you've been dreaming of a home on a lake and you suddenly find yourself making an offer on a condo in the city, chances are good you've 1) gotten impatient, 2) gotten off-focus, or 3) your agent isn't showing you the homes you were hoping to find. Stick to your dream home list, as created in Chapter 1, and refer to it often. Even if the home isn't available now, a similar one might pop up in the future. Never settle for a property you don't want just because you haven't found it yet.

Indeed, while it's possible that the first home you see will be the perfect one, keep in mind that buying a second home is a large, long-term investment. Make sure you're fully aware of what types of homes are out there, and what prices they're selling at in the current market. No matter how much we plan, it's easy to be swept up in the moment, especially when we're afraid the house might sell or we might miss a good deal. One of the biggest mistakes homebuyers make is making an offer too quickly, before they fully understand any potential issues associated with the house, financing or other issues. Know that if the house truly is right for you, it will be there when you are ready to buy.

Which brings us to the next step: buying your vacation home.

## My Dream Home Team

List your dream home team members here.

### **My real estate agent (s):**

Name

Number

Email

Name

Number

Email

---

### **My appraiser:**

Name

Number

Email

---

### **My finance specialist:**

Name

Number

Email

---

**My Relocation Company**

Name

Number

Email



## Finding an Agent

Use the following questions to guide you in your agent interview process.

**How long have you been selling homes in the area I'd like to live?**

---

---

**Are you familiar with homes in the price range I am looking for?**

---

---

**Do you specialize in homes, condos, duplexes, etc.?**

---

---

**How many buyers do you typically work with at one time?**

---

---

\*Note: It's preferable to find an agent who works full-time, but isn't so overloaded that they cannot provide personal attention.

**How long does it normally take you to find a home for your buyer?**

---

---

**Do you have references? May I contact them?**

---

---

\*Note: If they can't or won't provide references, consider using an alternate agent.



# Finding a Relocation Company

Use the following to guide you in finding a relocation specialist.

**What services do you provide, and how do you charge for them? (i.e. by hour, by service, etc.)**

---

---

---

---

---

---

---

---

---

---

**What experience do you have providing relocation support to clients from (state/country)?**

---

---

---

---

**Are there any aspects of my relocation you will not be handling?**

---

---

---

---

**How do you select the service providers you recommend to me?**









## Chapter Four: Financing Your Second Home

Now that you've found the home of your dreams, one important step remains: buying it. Still the process for financing a second home may vary, depending on your current debt, your lender, and your credit history. In some cases, you may be required to pay a higher down payment than you paid on your first home. You may also find that there are fewer tax breaks or incentives available to second-home buyers. The following is a list of all of the financing options open to second-home buyers, as well as advantages and disadvantages of each. As always, talk to a trusted financial specialist before deciding which is right for you.

### Cash and savings

One of the most straight-forward ways of financing your second home is to pay via cash, or to cash out your savings or other investments. If you're in a financial position to do this, it can be a great way to limit additional monthly expenditures and speed up the home-buying process. Most sellers are happy to work with a buyer who can pay in cash. Just be sure to discuss the option with an accountant, however, to ensure that the benefits outweigh the long-term risks with your overall investment portfolio.

For instance, you'll want to compare the amount of interest earnings you would lose on your investment funds to the amount of interest you'd save by not having a mortgage – while also keeping in mind the potential increase in value of the home. You'll also need to keep in mind any early withdrawal penalties associated with your investment plans.

**Advantages:** No mortgage, less hassle

**Disadvantages:** Real estate is not a liquid asset

### Mortgage

Another popular option for financing your vacation home is to take out a mortgage. In the current economic environment, lenders may be more strict in terms of verifying employment and outlying debt. They may also require a higher down payment, which may also significantly cut into your savings. In addition, keep in mind that most lenders require that your total cost of debt, including first home mortgage, second home mortgage, credit card and loan companies, is below 38-45 percent, which could potentially limit your ability to take out a mortgage for the property.

**Advantages:** Less cost up front

**Disadvantages:** Interest rates means higher cost over the long term, more difficult to obtain for second-home buyers and vacation properties

### Seller financing

If you think you might have a difficult time qualifying for a loan on your second mortgage, you may be able to find a homeowner willing to finance the property for you. With seller financing, the seller acts as a bank, providing the money to pay for the home upfront and allowing you to reimburse him through monthly payments, generally at an interest rate higher than that you'd experience in the open market. This is especially true of homes that are having a difficulty selling, or are in need of major repair.

**Advantages:** Good option for those with credit concerns

**Disadvantages:** Higher interest rates over the long term

### Sell your first home

If you're ready to move to your vacation home for good, you can consider selling your first home to help finance the costs of the purchase. Before doing so, however, consider whether your vacation home property is the ideal location for you and your entire family at this point in time. Once you sell your primary residence, it's gone for good – whether you enjoy living in your vacation home or not.

**Advantages:** Limited cash burden over the long term

**Disadvantages:** Loss of your current family home

### Home equity financing

A home equity mortgage allows buyers to borrow money against the equity they've already earned in their current home and put it toward a new investment, be it home improvements, a business opportunity, or a new residence. Keep in mind, however, that unless you've already put a significant amount of equity into your current home, the home equity financing may only provide you with a portion of your vacation home financing, such as a down payment. Consider whether the decision will be worthwhile in the long term.

**Advantages:** Relatively easy access to capital

**Disadvantages:** You'll lose the equity you have in your current property, adding that many years to your mortgage burden; lenders have been cutting back on home equity financing due to the recent housing market crunch

### Reverse mortgages

A reverse mortgage can help you afford all or at least part of your second home purchase. Like a home equity loan, a reverse mortgage allows you to take out a portion of the equity in your home as cash, credit or monthly payments. Unlike a home equity loan, however, you don't need to repay a reverse mortgage until the home in question is no longer your primary residence. The process would allow you to rent or enjoy your vacation home until you are ready to sell your former residence, at which time you would repay the mortgage.

There are no income, employment, or credit score qualifications associated with a reverse mortgage. There are other requirements, however, to determine your eligibility:

- **Age:** (Homeowners must be 62 or older and occupy the property as a primary residence)
- **Ownership:** The home on which you're obtaining a reverse mortgage must be owned free and clear, or have a minimal outstanding balance
- **Home type:** The property must be single-family or one-to-four unit owner-occupied dwelling. Townhomes, detached homes, condos, planned unit developments and some manufactured homes are eligible.

Other requirements may apply. Contact your lender to see if you are eligible.

**Advantages:** Delayed payment, relatively easy access to capital

**Disadvantages:** High initiation fees to get the process rolling; decreased equity on your current home (and increased debt overall)

## Other Options

### Rent it out

If you've got financing but would like some help with the payments, you might consider renting your property, especially during high seasons. Florida, with a wealth of beaches, amusement parks and other tourist destinations, makes it a top option for potential investment income from vacationing guests and other short-term tenants.

**Advantages:** Extra monthly income when you are not using the property

**Disadvantages:** Availability, potential renter issues

### Roll it over

The 1031 tax provision of the U.S. tax code allows buyers to roll over the proceeds from one vacation home or investment home into another without incurring income taxes on the the gain. The provision is a great way to gradually purchase more expensive properties over time,

## Sharing & Caring

If you're considering purchasing a vacation home with friends or family, take time to consider the following to ensure a smooth process (and smooth relationships) over the long term.

- **Home type:** Do you both agree on what type of home you're looking for (and where to find it)? Will you need to make sacrifices regarding what you were hoping for?
- **Cost:** How will you determine the proportion of the sales price each of you will pay for the home? Days of use per year? Seasonal use?
- **Access:** Is it realistic that you'll be able to arrange a schedule you are all happy with?
- **Policies:** Is it realistic that you'll agree to common "terms of use," including potential to rent the property on your days if you are not using it? What about shared furniture, smoking, drinking, social events, and maintenance costs?
- **Style:** Do you have a similar design sense, and a similar concept for how the home will be used? (i.e. formal events vs. family picnics with the grand kids)?
- **Upkeep:** Who will be in charge of maintenance, utilities, mail service, cleaning, landscaping and other maintenance concerns?
- **Passing:** What will happen if the other buyer(s) pass away or choose to sell their half of the home?

slowly increasing the value of your real estate investment portfolio.

**Advantages:** Your vacation home will literally make money for you

**Disadvantages:** Time – you may not be able to buy your dream time until you’ve made money on a smaller “first” investment

### Buy a Home that needs work

If you’re willing to purchase a home that needs some work, you can consider purchasing a property that has deferred maintenance issues or perhaps a foreclosure or a short sale. The process will allow you to purchase the home of your dreams now, make improvements to it over time and to enjoy it in its glory later in life.

**NOTE:** If you’re planning to purchase a foreclosure, be sure to choose an agent who has worked in the foreclosure arena.

**Advantages:** Cheaper at outset

**Disadvantages:** Work and time over the long term

### Share it

Rather than purchasing your vacation home on your own, consider buying it together with friends or family. The option allows you to spread the cost of the home among members of the pair or group, and to enjoy it (together or separately) on terms you agree to throughout the year. Better yet, each owner will enjoy the associated tax benefits, based on their rightful proportion of ownership.

**Advantages:** Buyer pays smaller proportion of total home cost

**Disadvantages:** Buyer required to share home with others

### Determining the true cost of your vacation home

The true cost of a vacation home is more than the actual cost you pay at closing. Thus, while it’s helpful to understand what financing options are available, you’ll need to understand the true cost of your home before determining which option is right for you. Take time to complete the True Cost Worksheet, following, to get a good sense of how much a second home will actually cost you (and how much “home” you can actually afford.)

### How much will it “really” cost?

When determining how much vacation home you can afford, don’t forget to add in the following costs, which won’t be accounted for in your mortgage or other financing.

Furnishings, food, clothing and recreational gear you’ll want to keep on site

Costs associated with visiting the home, including airplane tickets or gas mileage

Utilities and maintenance fees, many of which (including landscaping, etc.) will need to be paid whether the home is in use or not

# True Cost Worksheet

Use the following true-cost worksheet to determine the cost of your vacation home before you make an offer.

---

## One-time costs

Down payment	
Closing costs	
Repair Costs	
Furnishings, appliances, accessories	
Security system	
Total one-time fees	

---

## Recurring/Monthly costs

Mortgage	
HOA fees/dues	
Utilities	
Taxes	
Insurance	
Repair costs	
Transportation	
Home Watch Service	
Total monthly fees:	

---

## Chapter 5: The Home-buying Process

Once you've found the home of your dreams and determined how you'd like to finance it, there are just some final technicalities you'll need to work through to make it your own. If you've already purchased a home in the past, you know that these final steps in the home-buying process are sometimes the most difficult, if only because they require a lot of paperwork – and a lot of waiting. The purchase of your Florida vacation home will be no different. As a reminder, the steps include:

- Making an offer and negotiating the price
- Arranging an inspection
- Obtaining homeowner's insurance and title insurance
- Closing

We'll touch on each of them now.

### Making an offer

Once you've found the right vacation home for you and your family, you'll need to agree on a price with the seller. In some cases, you may be willing to pay the full asking price, especially if the property is in high demand. As mentioned previously, you may even choose to have the home appraised to get a good sense of its true market worth before making the actual offer. This will give you great leverage in bargaining with the seller, especially if the appraiser is agreed upon by both parties in advance.

During the negotiating process, your real estate agent will negotiate with the seller on your behalf, indicating (via a sales/purchase

### ♥ Sales/Purchase Contracts made simple

When making an offer, your real estate agent will prepare a sales/purchase contract, which will include:

The date of the offer, and how long it's good for

The offered price

Proposed closing dates, and any requests for access to the property before it closes

Conditions that would invalidate the purchase agreement (such as an unsatisfactory inspection or inability to obtain financing)

Details on deposit (also known as "earnest money") and conditions that would allow it to be refunded should the deal not go through. (Usually, the seller will keep the money if you change your mind, but you'll get it back if he does.

The acceptance of the offer is not valid until both parties sign the agreement.

If you choose not to use an agent, you can purchase a kit to help you prepare the purchase agreement at most office supply stores. It's still a good idea to have a lawyer assist you, however.

See the end of this chapter for a sample sales/purchase contract.

contract) the price you're willing to pay, and any other specifications regarding closing costs, home improvements, appliances, and other inclusions or exclusions.

Unless a buyer is highly motivated to sell, always expect a counter-offer, and always consider, in advance of receiving it, how much you are *willing* to pay for the home. If the counter offer is higher than your absolute highest price, you can always counter offer. Regardless, never agree to pay a higher price than you can afford; know that the right home will come along.

### Arrange an inspection

Before you close on your home, you will need to arrange a professional home inspection. During his visit, the home inspector will evaluate things like the structure of the home, the state of the home's exterior, plumbing, electrical components, appliances, and other standard parts of the property. Some will also include checks for things like lead, asbestos, and radon, but not all inspections are this thorough. Talk to your inspector about what is included in his inspection to fully understand what it will cover. The more thorough, the better.

Keep in mind that, although a thorough home inspector will be able to tell you a lot about the quality of your home, there are a number of things he won't be able to tell you, including how much he would pay for the house; whether he thinks the price is a good deal; or whether he recommends buying the home, based on his report.

Once the report is complete, you may choose to present another counter-offer to the seller, based on his findings. If the plumbing is in bad shape, or the roof is in disrepair, for instance, you can use these issues as leverage in negotiating a lower price. You may also choose to indicate that certain issues with the home, such as the plumbing, be repaired before closing. Keep in mind, however, it is always up to the seller to accept or reject those demands. Be prepared to decide whether you still want to purchase the home, even if the seller does not make any of the repairs or other changes you requested.

### Obtain homeowners' insurance

If you are planning to take out a mortgage on your vacation home, you'll need to show proof of homeowner's insurance at the closing table. (And even if you are paying cash, it's still recommended to obtain it to protect your investment.) But first you'll need to determine which type of coverage – and which provider – are right for you.

There are plenty of homeowner's insurance companies in Florida, with more than 25 new companies popping up since 2006 alone. The competition (along with certain state-mandated discounts and price regulations) mean that you may be able to find quality coverage at affordable rates, even if your home is located in hurricane areas, flood zones or other high-risk areas.

When choosing a provider:

- Always be sure to choose a respected insurer with high standards for customer appreciation, responsiveness, etc.



- Ask friends and neighbors, especially in your new neighborhood, which providers they recommend
- Note how long the company has been in business
- Consider touching base with your liability insurance provider or current car insurance provider, if applicable, to see if they also provide home insurance, as well. You may receive better rates if you are already a trusted client (and you'll rest easier knowing you're working with a company you already trust.)

When choosing coverage:

- Choose a policy that will provide you enough money to rebuild the home to current size, quality and features if anything unfortunate should happen. This amount may fluctuate over time, based on current construction costs, so revisit as necessary. Also keep in mind that your insurer will require you to take out enough insurance to cover the amount you have borrowed on the home, regardless.
- Personal possessions are usually covered in homeowner's insurance policies, as a percentage of the amount covered for the structure, most often at 50-70 percent. Keep this in mind if you store expensive jewelry, art or other collectibles in your home. It may be possible to increase coverage, but discuss limits on things like jewelry and art with your provider before determining your final coverage.
- Most policies will provide a certain amount of money for you to cover relocation expenses during the time your home is being repaired. The length of time, and amount of money, covered will vary. If this home will not be serving as your primary residence, your provider may consider reducing this part of the premium, as you'll be able to return to your primary home if something occurs. (Just remember to revisit if you do decide to live there full-time in the future.)
- Most policies provide a standard of \$100,000 in liability insurance in case someone is injured on your property. If you are renting the home or planning to entertain a large number of guests on a regular basis, you may consider increasing that amount.

In addition to the above, if the home you are purchasing is located in a flood zone, you will be required to purchase flood insurance. Otherwise, it's still something to consider, as homeowner's insurance policies do not cover flood damage (including those caused by hurricanes, which are common throughout the state).

#### What flood insurance includes:

- Debris cleanup

#### Did you know?

In 2002, Florida established the Citizens Property Tax Corporation to ensure that property insurance is available to all Floridians, regardless of risk zone. For more information, visit [www.citizensfla.com](http://www.citizensfla.com).

- Structural damage and appliance damage
- Floor damage
- Sewage backup

#### What flood insurance does *not* include:

- Damage to the *contents* of your home (You will need to purchase additional coverage to cover the cost of those items)

In addition, ask your flood insurance provider if they cover the cost of relocation if a flood arises.

In addition to homeowner's insurance, you may opt or be required to purchase title insurance. There are two main types of title insurance, one that protects you from claims of ownership against your property, and one that protects the lender. Check with your lender to find out if it is required at your closing; if not, consider whether you'd like to purchase it regardless.

#### Closing

Most closings in Florida are handled by Title Companies, but you are certainly free to hire your own attorney to represent you. Regardless, if you've made it to the closing table, your home-buying journey is almost complete. Just like buying your first home, however, be prepared for lots of paperwork, and be sure to bring the following to your signing session:

- Driver's license or other state-issued ID
- Co-signor, real estate agent and/or closing attorney, if applicable
- Good faith estimate received from the lender and HUD-1 settlement provided at least 24 hours prior to the closing appointment
- Proof of homeowner's insurance
- Certified cashier's check for closing costs
- Check book, in case you need to pay any additional fees
- List of any final questions you may have

Before arriving, go over the good faith estimate and settlement statement carefully. Check that all names are spelled correctly, all addresses and social security numbers or listed correctly, and that all amounts (including interest rates, etc.) are correct. If you see an error, report it promptly. Do not sign any statements with incorrect information.

During the closing process, take time to review all documents thoroughly. If you see any blanks in the documents, stop and request that the area is crossed out, filled in as N/A, or that the appropriate information is filled in.

Check all pricing, interest, escrow, closing costs and other information against your good-faith estimate. And lastly, ensure that you receive a final copy of all signed documents (or that they are on their way).

Congratulations! You now own a vacation home!

# Home Inspection Interview

Use the following questions to help guide you in finding the right home inspector.

**How long have you been inspecting homes in the area? Have you inspected homes like mine in the last 12 months? How many?**

---

---

---

**Are you certified, bonded and licensed? Is it possible to obtain copies of these documents?**  
\*Certification is required in Florida

---

---

---

**Do you offer different inspection packages? What, in detail, is included in each?**

---

---

---

**What is not covered in your inspection?**

---

---

---

**Can you provide a sample report so that I have an idea of what your final report looks like?**

---

---

---

**Will there be photographs? Will they be black and white or color?**

---

---

---

**Can I join you during the inspection? Will I be able to ask questions?**

---

---

---

**If you find problems, will you be able to tell me what it will cost to fix it?**

\*This will help you in negotiating a final purchase price.

---

---

---

**Notes:**

---

---

---

---

---

---

---

---

---

---

## Chapter Six:

# Enjoying Your Second Home From Afar

Now that you've purchased your vacation home, you'll need to be aware of some of issues associated with owning your home from out of town, state or country.

### Keeping your home safe

Whether you are there or not, your second home in Florida will eventually need repair and maintenance over the long term. Some issues, such as a leaky roof, may pop up while you're away, causing extreme damage to the property if not promptly repaired. To help, consider the following:

- **Make friends with your neighbors**, and ask them to alert you to any visible damage. If you feel it is appropriate, consider giving them a key and asking them to walk through the house once a week to keep an eye on the property for you.
- **Hire a home-watch security service** to make regular checks on the property. These normally range from \$50 to \$100/month for weekly or bi-weekly visits.
- **Hire a property management service** to check the property and manage repairs. You may also be able to find a management company to help rent the property while you are out of town, allowing you to make money on your investment.
- **Find a security company** that also covers things like burglary alarms, carbon dioxide alarms and fire alarms. Some companies monitor remotely, and others visit the property regularly to keep check. Talk to trusted providers to see which plan would work best for you. Some may even increase their patrols when you are out of town to help you rest even easier.
- **Check with your local police department** or community protection department to see if there is a program for adding a residence to a regular patrol route when homeowners are out of town.
- **Check with your HOA** to see what types of community watches programs are in place.

- **Understand your homeowner's policy**, and what it does or does not cover. Talk to your provider about whether additional rental insurance will be necessary to cover property for guests and visitors in case of a potential emergency. (And find out if your premiums will increase if you take on vacation renters.)

### When renting your home

Owning a home is quite different than choosing to rent it out to strangers. As such, if you do decide to rent your home out to create additional income or help offset the cost of your mortgage, there are a number of things you'll need to keep in mind:

- **How often, and how much:** The decision to rent out your home is a large commitment. You'll need to determine how often you're willing to allow tenants in the property, and how much you'll be charging them, especially if you are relying on the proceeds to pay for some or all of the mortgage. Also consider things like payment terms, security deposits, property taxes, utilities, and other costs associated with maintaining the property. When thinking about things like utilities, be sure to consider the cost differential of running the air conditioner or heater in high seasons.


In addition, know that in order to receive residency benefits associated with owning a home in Florida, you'll need to live on the premises at least ½ of the year. Keep that in mind if you are hoping to establish residency within the state.

- **How to rent and manage it:** If you're planning to live a short drive from your vacation home, it might not be too difficult to manage the property yourself. If you are living out of state or out of the country, however, you may choose to hire a property manager, both to find appropriate tenants, and to manage the upkeep, clean-up, and maintenance while you're away. Property management companies will advertise your property, run credit checks, and serve as an emergency contact should something arise while you're away, all for a monthly payment.
- **Policies:** Will tenants be allowed to smoke? Bring pets onto the property? How much of a security deposit will you require? How many people will be able to stay in the property at one time? What about babies and children? Is parking provided? Are there any parts of the home (i.e. attic, basement, etc.) that they will not be able to access? Think about all of these issues *before* admitting your first guest, and be sure to create an agreement outlining those policies in writing.
- **Scheduling:** It's great to make money on your vacation home, but it's important to be able to enjoy it yourself when you want or need to. Think about how you'll schedule and track guest visits, and which times of year you'll want to ensure that the property is closed to tenants. In some cases, a simple Excel document will do the trick; in others (for instance, when you're arranging numerous short guest visits) you may need to utilize a guest booking software or specialist to help.

- **Know your HOA's rules:** Some homeowner's associations, especially those in resort areas, are open to the idea of owners renting out their properties when they're not in use. Others may have strict policies against it, or may limit the amount of time (or times of year) you have guests in your property. Check with your HOA before you purchase the home, especially if you are relying on rental income to help offset the cost of your mortgage.

Depending on how much time you spend in your Florida vacation home, you may be able to establish Florida residency, which offers a number of tax and other financial benefits. See our book, "A Guide to Establishing Florida Residency," for details.



 **A Guide to Establishing Florida Residency**

There are many financial benefits associated with establishing residency in Florida. For full details, check out our ebook "A Guide to Establishing Florida Residency."



## Tenant Policies

Use the following as a guideline in creating policies for your guests and tenants if you choose to rent your vacation home.

**Are pets allowed? If yes, which ones?**

---

---

**What is the maximum number of guests that can stay at your property at any given time?**

---

---

**Do you allow smoking? If so, what parts of the home are off limits?**

---

---

**Are there any parts of the home that are closed to guests?**

---

---

**Are there any parts of your resort community, if any, that will not be accessible to guests? (Club, gym, pool, etc.) If so, be sure to state up front.**

---

---

**What is your security deposit?**

---

---

**What are your payment terms?**

---

---

**Does your community allow babies and children to stay there?**

---

---

**What amenities will be provided for guests? (Towels, soap, coffee, service ware, etc.)**

---

---

**How will you manage guest scheduling?**

---

---

**Which dates or months will you and your family use the property?**

---

---

**Notes:**

---

---

---

---

---

---

## Chapter Seven: Retiring to Your Dream Home

It's possible that there will come a day when you decide to make your vacation home your primary residence, especially as you look toward retirement. Regardless of the reason there are a number of things to keep in mind to make the transition a smooth one.

### What to do with your primary residence

As you head to retirement, you may decide that you no longer need two homes. Thus, you'll need to determine whether to keep your current primary residence: sell or rent.

- **Selling:** Selling, if your home is paid for, will allow you to be able to invest in your vacation home or elsewhere. Keep in mind that capital gains tax will apply on any earnings over \$250,000 (if you file as single) and over \$500,000 (if you jointly with your partner). Talk to your accountant.
- **Renting:** Especially if your home is already paid off, renting will allow you to enjoy a steady stream of income as you enjoy life in your new vacation home. Keep in mind that doing so will ensure that you continue to manage a second property from afar. Consider whether that fits into your desired lifestyle before committing to it.

### When to make the move

Moving is never completely stress-free, but it can be less stressful if you plan carefully. Consider the agreements you have in place with current tenants in your vacation home, your children's school schedules (if applicable) and any other personal issues that would come into play, both for you, your family, and your new community.

- Would it be easier to move during low season when the area is less crowded?

#### Word to the Wise

To avoid probate or other costly legal issues, be sure to include your second home in your will as soon as the home purchase is complete.

- Will moving in the middle of the summer put stress on your adult children if you currently help provide care for your grandchildren?
- Does your lease agreement require you to give a certain number of months notice to your tenants before you move back in?

Think about all of these issues before planning a move-in date.

In addition, consider the tax implications associated with your move. Remember that when you move into your vacation home, you will be able to take a standard tax deduction for the home as your primary residence, but you won't be able to take tax deductions for those costs formerly associated with the home as a rental property. As such, consider having major repairs done on the property while it is still a rental location, rather than waiting until after your move.

### What to bring to your new home

Depending on whether your vacation home is smaller or larger than your current primary residence, you may need to “right-size” your belongings. As you sort, make four piles:

- **Take with us:** These are the items you'll definitely want or need at your new home, from your clothes, recreation items, and kitchenware, to your electronics and other necessities.
- **Give to loved ones:** These are the items that are precious and valuable to you that you may not have room for at your new place, but you want to keep in the family. If you've got heirlooms, this is a great time to pass them on to your children.
- **Give to charity:** If you've got extra clothes and practical goods like books, plates and other things you don't need, consider giving them to charity. Not only can you help those who need them, you may also be able to obtain a tax deduction.
- **Toss or recycle:** As for the rest of the magazines and other junk you may have collected over the years, toss or recycle as needed. Not only will it clear up a lot of room, it will help you feel a lot better. (It's proven that de-cluttering also helps de-stress your life.)

### Adjusting to a new life

If you're retiring to your vacation home for good, be prepared to experience some new emotions. Not only are you living in a new place, you're saying goodbye to an entire way of life, possibly one you've know for decades. For some, this will mean living on a fixed

#### Packing tips

If you're having trouble deciding what to keep, and what to heap, try this:

**Hold a pitching party.** Invite friends over to help you keep focus (and help you determine what's really a necessity, and can be given away)

**Think of your new location as you gather your items together.** Sort by room, and create a spreadsheet to help you organize the boxes so they are easy to find when you arrive.

**If there are items in your current home town that you know you'll be homesick without (like a certain type of local honey or candy), pack some with you.** It will help you feel “at home” even though you're in a new location.

income. For others, it will mean having lots more free time than they are used to. Allow yourself time to regroup after the move, and take time to think about all of the ways your life is about to change so you aren't caught off-guard when you arrive.

## Chapter Eight: Tax Benefits & Implications

As we discussed earlier, when you own a second home that is used as a vacation rental property, the amount of income you make on it can impact the amount of income taxes you pay each year, and the types of deductions you can make on associated costs and repairs. When you sell your primary home, however, you can also be taxed on your earnings. The following is quick overview of the tax implications associated with each. Talk to an accountant to ensure that you fully understand the tax implications associated with purchasing a second home, or selling your current primary location.

### Income taxes

For tax purposes, the IRS considers any of the following a second home:

- Single family home
- Condo
- Townhome
- Coop
- RV, trailer, mobile home
- Boat with living facilities like bathroom, kitchen or living area

Owning a home plus any one of the above makes you a second-home owner. How you use the home, however, will determine how it impacts your taxes. In general there are three likely scenarios.

- 1) **If you rent your home out for less than 15 days per year**, you do not need to report any rental income you receive, regardless of how much it was. As such, you can deduct the interest you pay on the mortgage and the property taxes you pay on the home from your taxable income, just as you do for your permanent residence.

- 2) **If you rent the home out for 15 or more days per year**, you may consider your second home a business and expense things like mortgage payments, mortgage interest, property taxes, etc. Still, keep in mind that you'll also need to pay taxes on income made from the property.
- 3) **If you rent the home for more than 14 days AND stay in it more than 14 days**, you may be able to deduct expenses on your property, but the expenses cannot exceed the income you made.

Be sure to discuss the above with a trusted tax professional before submitting your taxes each year.

#### **Taking Advantage of the 1031 exchange**

If you own a home that is considered a business property by the IRS, as noted above, you may be able to benefit from the 1031 exchange, which states (as of 2008) that vacation home owners can sell one home and avoid paying taxes on the appreciation of it so long as the gains are rolled into a new rental property. As such, it allows vacation home owners to upgrade (and hopefully make money) over time. If you're still several years away from retirement, this might be a good option. (Keep in mind, you'll need to own each vacation property two years to qualify.)

Again, the above information is meant only as a guideline. Talk to the IRS or a tax specialist to be certain that these and other deductions are valid at tax time.

## Chapter Nine: Special Concerns for Non-U.S. Citizens

If you're considering purchasing a vacation home in Florida from outside the country, welcome! Some 70 percent of Floridians hail from outside of Florida, and international visitors are no exception. Florida boasts one of the most multi-cultural environments in the United States. In 2008, 1 in 4 U.S. homes purchased by international buyers were bought within the state. With the dollar's diminished value, many internationals are finding that it's a great time to buy vacation properties within the United States.

Just keep in mind that the home-buying process in the United States may differ significantly from your home country. The following are a few things you'll need to ensure that your home-buying experience is a smooth one:

- **Evidence of financial stability and liquid assets:** Being a non-U.S. resident, you may be required to provide more evidence of your financial stability than your U.S. counterparts, including three to six months of liquid assets. That means you'll need a considerable amount of cash at the outset, just to get qualified.
- **Additional closing costs:** In addition to normal closing costs, you may also be required to place up to 12 months of principal interest tax and insurance into a U.S. bank account, making the above outlay of cash even higher.
- **Higher down payments:** Whereas most Americans pay up to 20 percent as a down payment on their homes, international buyers may be required to pay 25-30 percent.
- **Longer closing:** Some international buyers, such as those from Canada, may find that the closing process in the United States, which takes up to six weeks in some cases, is much longer than they're used to. To help speed up the process, get pre-approved for your loan, and be sure to have all of your important financial documents prepared ahead of closing. The more prepared you are, the faster the process

### About Florida's international buyers

Canadians made up 26 percent of Florida's recent international sales, followed by British buyers (16 percent), and the rest of Western Europe (22 percent).



will go. (At least in theory.)

- **Longer loans:** Whereas in some countries mortgage loans may be paid off in five or 10 years, the typical U.S. mortgage runs upward of 30 years, spreading payments (and interest) out overtime. In some cases, there may even be restrictions on paying your loan off early. Be sure to understand your loan terms fully before signing at closing.

Lastly, international residents are reminded that spending more than six months in the United States may require them to be responsible for U.S. taxes. To avoid this, be sure to spend less than six months in the state.

## Chapter Ten: Relocation Resources

A vacation home can be one of the most worthwhile investments you ever make, bringing joy to your family, and long-term wealth to your overall investment portfolio. We wish you luck as you begin the search for your dream vacation home, and trust that, armed with the right knowledge (and the right search team), the process will be a smooth and successful one for you.

To help further, we've gathered a number of resources to help you get to know Florida and its many communities and resources.

As always, for further details on relocating to Florida, please visit our website. Happy searching!

### Regional Profiles

One of the country's largest and most populous states, the entire state of Florida offers a wide range of recreation, culture, and lifestyle, but each region within the state has its own unique charm and appeal. If it seems like Florida might be the right place for your vacation home purpose, only one question remains: which part of Florida should you choose? Check out the following descriptions to see which appeals most to you.



### The Panhandle (Northwest and North Central)

Stretching from Alabama to the Suwannee River is a thin strip of land known lovingly as the Florida Panhandle. Home to some of the state's largest cities, including Tallahassee (the state capital), Pensacola and Panama City, the region is also full of southern charm. Still, the area also houses some of the state's loveliest stretches of coastline, with long, open beaches, and communities that are both attractive and easy to navigate. (Beware: The University of Florida is located in Tallahassee, and may of the beaches become crowded during Spring Break.)

#### Panhandle attractions

State Capital (Tallahassee)  
University of Florida

#### Counties & Major Cities

Alachua (Gainesville)  
Bay (Panama City)  
Bradford (Starke)  
Calhoun (Blountstown)  
Columbia (Lake City)  
Dixie (Cross City)  
Escambia (Pensacola)  
Franklin (Apalachicola)  
Gadsden (Quincy)  
Gilchrist (Trenton)

Gulf (Port St. Joe)  
Hamilton (Jasper)  
Holmes (Bonifay)  
Jackson (Marianna)  
Jefferson (Monticello)  
Lafayette (Mayo)  
Leon (Tallahassee)  
Levy (Bronson)  
Liberty (Bristol)  
Madison (Madison)

Okaloosa (Crestview)  
Santa Rosa (Milton)  
Suwannee (Live Oak)  
Taylor (Perry)  
Union (Lake Butler)  
Wakulla (Crawfordville)  
Walton (DeFuniak Springs)  
Washington (Chipley)



### Northeast Florida

Some of the state's most historic towns can be found in northeast Florida, including St. Augustine, the oldest settlement town in the United States. Jacksonville, the region's largest city, spans an incredible 841 square miles.

Some of the region's most exclusive communities include Ponte Vedra Beach and Amelia Island. The golden beaches of the northeastern coastline are filled with dunes and studded with barrier islands across the outcrops of peninsulas.

#### Northeast Florida attractions

St. Augustine  
 Okefenokee Swamp  
 Osceola National Forest

#### Counties & Major Cities

Baker (Macclenny)  
 Clay (Green Cove Springs)  
 Duval (Jacksonville)

Flagler (Bunnell)  
 Nassau (Fernandina Beach)  
 Putnam (Pulatka)

St Johns (St. Augustine)



### Central West Florida

If you are looking for a fast-growing region with 90 miles of some of the world's whitest beaches and stunning islands, Central West Florida may be right for you. The cities of Tampa, St. Petersburg, Bradenton, and Clearwater can all be found here, and the metropolitan area surrounding Tampa is the largest in the state (even larger than Miami).

Property in Central West Florida is in high demand, with homes in Pinellas County some of the most expensive (and most densely populated) in the state. In addition to the beautiful beaches, a well-planned network of bridges connects beachgoers to the region's islands, making them easily accessible and (and easy to enjoy). In the northern section of the Central West, you'll also find plenty of freshwater in Nature Coast, as well as walking trails and sites like Busch Gardens, the Florida Aquarium and the Salvador Dali museum.

#### Central West Florida attractions

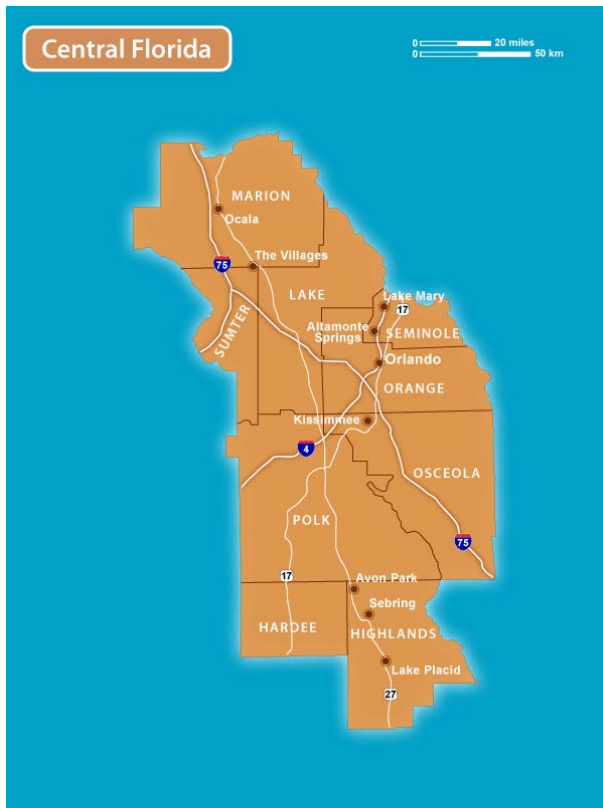
[Busch Gardens](#)  
[Florida Aquarium](#)  
[Salvador Dali Museum](#)

#### Counties & Major Cities

Citrus (Inverness)  
 DeSoto (Arcadia)  
 Hernando (Brooksville)

Hillsborough (Tampa)  
 Manatee (Bradenton)  
 Pasco (Dade City)

Pinellas (Clearwater)  
 Sarasota (Sarasota)



### Central Florida

Known as Florida's heartland, this region has certainly stolen the hearts of many Florida visitors. It contains the world's largest concentration of amusement and theme parks, with most of them – including the famed Walt Disney World – located in or near the city of Orlando.

Still, the region offers an abundance of natural entertainment, as well, including the 1,000 lakes (yes, 1,000) of Lake County, as well as Ocala National Forest and Highland Hammock State Park.

#### Central Florida attractions

Walt Disney World (including Magic Kingdom, Epcot, Animal Kingdom and Disney-MGM Studios)  
Universal Studios

Pleasure Island  
Sea World  
Splendid China  
Cypress Gardens

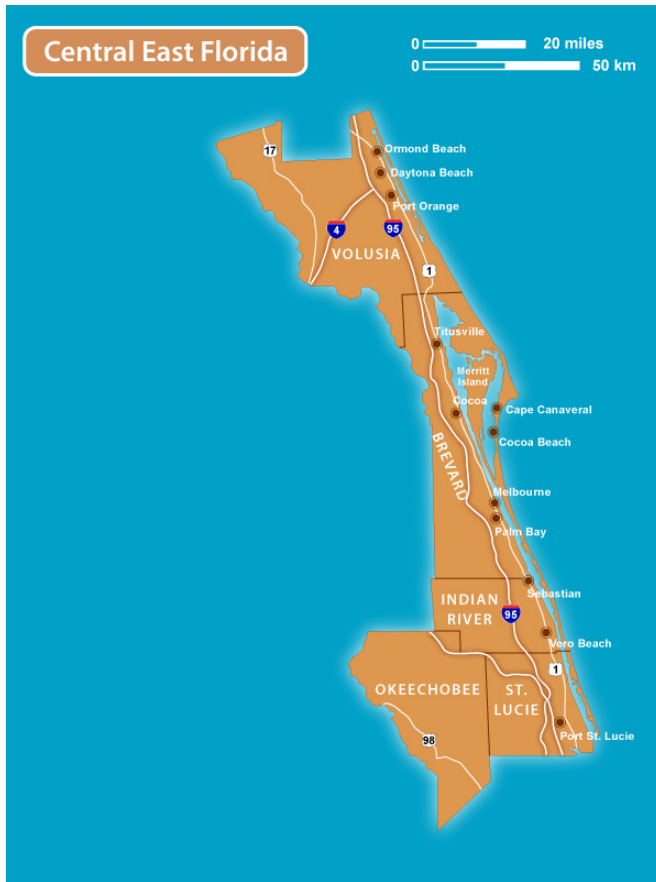
Blizzard Beach  
Ocala National Forest  
Highland Hammock State Park

#### Counties & Major Cities

Hardee (Wauchula)  
Highlands (Sebring)  
Lake (Tavares)  
Marion (Ocala)

Orange (Orlando)  
Osceola (Kissimmee)  
Polk (Barlow)  
Seminole (Sanford)

Sumter (Bushnell)



### Central East Florida

If you're a race fan – or a space fan – you might want to consider a spot in Central East Florida. Not only is it the location of the Daytona 500, it's also home to NASA's Kennedy Space Center, where you can tour the center and (if you time it right) see a shuttle launch.

Even if racing and spacing aren't your thing, you might also enjoy Lake Okeechobee, the second-largest freshwater lake in the state. The largest natural attraction in the region, it draws tourists from all over the state for its outstanding fishing, boating, camping and more.

#### Central East Florida attractions

Daytona 500 Speedway  
 NASA's Kennedy Space Center  
 Lake Okeechobee

#### Counties & Major Cities

Brevard (Titusville)  
 Indian River (Vero Beach)

Okeechobee (Okeechobee)  
 St. Lucie (Fort Pierce)

Volusia (DeLand)



### Southwest Florida

If resorts are more your speed, you might choose a location in the Southwest region of Florida. From Naples and Venice to the islands of Captiva, Marco and Sanibel, the region offers some of the state's most amazing resorts, as well as more than 10,000 islands that dot the coastal landscape.

The city of Naples is one of the regions most popular locations for retirees, with more than 40 miles of public beaches. It's also home to some of the most luxurious (and expensive) properties in the state. Indeed, Naples and Sarasota are both known to be creative meccas, offering fantastic arts and cultural opportunities.



#### Southwest Florida attractions

Numerous resorts & islands throughout the region



#### Counties & Major Cities

Charlotte (Punta Gorda)

Collier (Naples)

Glades (Moore Haven)

Henry (LaBelle)

Lee (Fort Myers)





## Southeast Florida

From Palm Beach southward to the Florida Keys, Southeast Florida (also known as the Gold Coast) has attracted the rich and famous for decades. From Miami to Ft. Lauderdale, and from West Palm Beach to Key West, movie stars, rock stars and millionaires are commonplace in the region, enjoying the hot nightlife, rich culture, and beautiful beaches. Miami also has the largest Spanish-speaking population in the United States, with residents from all over the Caribbean, Central America and South America calling it home.

The Florida Keys a stretch of islands that spans more than 100 miles from Key Largo to Key West, offers a wonderland of activities for the marine enthusiast, including snorkeling along the only coral reef in the United States at Biscayne National Park, or at the Everglades Natural Park. For a scenic drive, try the 42 bridges along the Overseas Highway that connect the various islands.

### Southeast Florida attractions

Florida Keys  
 Miami, West Palm Beach, Ft. Lauderdale  
 Everglade Natural Park  
 Biscayne National Park

### Counties & Major Cities

Broward (Ft. Lauderdale)  
 Dade (Miami)

Martin (Stuart)  
 Monroe (Key West)

Palm Beach (West Palm Beach)

## Other Resources

### **Driving**

Department of Motor Vehicles  
[www.hsmv.state.fl.us/offices](http://www.hsmv.state.fl.us/offices)

### **Fishing and Gaming**

Fish & Wildlife Conservation Commission  
[www.myfwc.com/hunting](http://www.myfwc.com/hunting)

Safety Requirements for Florida Watercraft  
[www.myfwc.com](http://www.myfwc.com)

### **Insurance (Automobile, Health, etc.)**

Florida Office of Insurance Regulation  
<http://www.floir.com/>

### **Relocation Resources**

Real Estate Resources  
[www.floridarealtors.org](http://www.floridarealtors.org)

City-Data.com  
[www.city-data.com](http://www.city-data.com)

### **Retirement Resources**

American Association of Retired Persons  
[www.aarp.org](http://www.aarp.org)

Senior Ark  
[www.SeniorArk.com](http://www.SeniorArk.com)

### **State Government**

Chamber of Commerce  
[www.floridachamber.com](http://www.floridachamber.com)

Department of Agriculture and Consumer Services  
[www.doacs.state.fl.us](http://www.doacs.state.fl.us)

Florida League of Cities  
[www.flcities.com](http://www.flcities.com)

Florida Counties Information  
[www.myfloridacounty.com](http://www.myfloridacounty.com)

Florida Statutes  
[www.flsenate.gov/statutes](http://www.flsenate.gov/statutes)

State of Florida  
[www.myflorida.com](http://www.myflorida.com)

### **Tax Information**

Department of Revenue  
[www.myflorida.com/dor](http://www.myflorida.com/dor)

Department of Revenue, Business Division  
[www.myflorida.com/dor/businesses](http://www.myflorida.com/dor/businesses)

General Tax Information  
<http://dor.myflorida.com/dor/gta.html>

### **Weather & Hurricane Information**

Florida Division of Emergency Management  
[www.floridadisaster.org](http://www.floridadisaster.org)

National Hurricane Center  
[www.nhc.noaa.gov](http://www.nhc.noaa.gov)