

Options for Second Home Financing

By Marcus McCue, Executive Vice President & Chief Business Development Officer, Guardian Mortgage Company, Inc.

A second home isn't simply a luxury for families with children. It's also part of a growing trend for empty nesters and retirees. Used both as vacation homes and rental properties, second homes continue to prove to be sound and worthwhile long-term investments.

Here are a few things to consider before you take the plunge into second home ownership:

- The first order of business is to decide if your second home is going to be used as a rental property, a time-share property or a personal vacation home. Your insurance needs will vary depending on your intended use of the property.
- First research the community you are looking to buy in online. Examine the trends in property values, foreclosure rates, and census information, such as the average age of residents. This information will help you to determine if this location will serve your investment well over the years to come.
- Create a detailed budget that includes your current bills along with the expenses that will accompany your second home purchase. If the second home will be used as a rental property, be sure to include extra money for any needed repairs and annual home maintenance tasks.

- Once you have your budget in hand, use an online mortgage calculator to help you estimate how much home you can afford. Vice President Mark Watson of Guardian Mortgage advises his clients to take advantage of these online tools in order to have a better understanding of the affordable price range before meeting with a mortgage loan officer. These tools will also help estimate what the down payment requirements will be.
- Contact a loan officer about pre-approval with a lender you have previous experience with or have been referred to by a source you trust. Before your initial meeting with your loan officer, pull your credit report and ensure that all is in order via www.AnnualCreditReport.com or www.MyFICO.com. Attending to any incorrect information now will help make the entire mortgage process run smoother.

Once your preplanning is taken care of, you'll be ready to meet with your loan office to get pre-approval for your loan and begin the process of finding your perfect second home.

