



# HOW TO BUY YOUR FIRST 2<sup>ND</sup> HOME

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## How to Buy Your First 2<sup>nd</sup> Home

You also made a lot of sacrifices to **achieve the level of success** you now enjoy, working hard to provide for your loved ones.

**Right now** is the time for you to begin to really enjoy the fruits of your labor.

**We can help.** Use this guide as you move closer toward living the “dream life” you and your family deserve.



## Your DreamLife



**Imagine for a moment, your family:** gathered around the balcony table overlooking the ocean, ice cold refreshment poured in your glasses, smiling and laughing as you enjoy each other's company and watch the beachcombers stroll by.

**Now picture each of you returning to the same place, year after year enjoying good times in every season**

- in the summer, wading in warm salty water, sand between your toes as you walk along the beach, waves lapping at your feet; or in autumn enjoying the crisp and cool evenings on your balcony taking in nature's panorama of brilliant colors at dusk; dazzling, frost covered mornings as you wake up early to catch the winter's sunrise, or the scent of the spring blooming azaleas next to the green as you sink a thirty foot putt at the nearby golf course. Imagine that you have a refuge you can escape to year round.

**You can make this picture in your mind a reality.**

Why have you worked so hard all of these years? Was it simply to make money for its own sake, or was it to be able to create a lifestyle for yourself and your family - a lifestyle that delivers the means to provide a place where you and your family can enjoy making lasting memories together?

**It is possible.** Owning a second home may be more in reach than you might think.

**Listen.** You know what it means to set goals and take the necessary steps to reach them. You've done it your entire life. You arrived at this point in your life by setting goals and doing the work it takes to achieve them. Buying a vacation home is no different.

At **Dreamlife Realty**, we partner with hardworking individuals and families who long to escape the treadmill of life in order to live the lifestyle that they have worked so hard to achieve.

**So what does it take to buy a second home?**

**How can your family enjoy this lifestyle?**

**Will it be worth it?**

**How much can you afford?**

All of these questions, and perhaps many more, may be running through your mind right now, so **let's address them** one by one in this guide.



Working with Dreamlife was a dream come true.  
We never realized the process would be so painless.



- Ray & Ricki Barger, Wilkesboro, North Carolina

# Benefits of A Second Home

### INVESTMENT

The real estate market has always been cyclical. Property values tend to fluctuate. However, over the long term, **property is an asset class** that has a history of delivering solid returns year after year. After all, land is a finite substance! It is even scarcer in coastal areas.

### REDUCED TAXES

A second home does not have to sit unoccupied while you are away. If you rent your property for no more than two weeks during the year you can keep the **revenue tax free!** The mortgage, interest and property taxes you pay for the property are completely deductible from your gross income!

### RENTAL INCOME

You can elect to rent out your property more extensively while you are away. This is a great way to help **cover the costs** of ownership. Renting the property out to other vacationers makes it possible for many of our clients to be able to purchase their “**dream life**” home. Generally, the more expensive the home, the higher the rents you can expect. In the section below on taxes you will also see the tax and financial benefits you can achieve when renting your second home.

### TRADITION

A second home is the **beginning of a legacy** for your family. There is something to be said for the familiar comforts of a “home away from home.” When you return to the same location, year after year, you have the opportunity to establish long-term friendships with area neighbors and your family has the chance to catch up with each other’s lives in a relaxed, familiar atmosphere.

You also have the option to pass it on, so that **future generations** can enjoy an inheritance of great memories and take advantage of the opportunity to pass down family traditions.

### RETIREMENT

You worked hard to get where you are - **now is the time to enjoy it**. When you buy a second home, you gain the advantage of owning and enjoying property in a prime location even before you retire! And if you decide to make your second home your new primary home, the transition will be seamless. **Many of our clients are buying their dream home now in order to secure their future residence.**



We hope to spend as much time as possible in our new second home.  
Thank you Dreamlife for making our dreams come true.



- Michael & Marge Rzepka, Naperville, Illinois



# Benefits of Myrtle Beach

The reasons are countless as to why Myrtle Beach is a great option for most people to own their family retreat. Here we will list the **top five reasons** why you will want your 2<sup>nd</sup> home to be in the **Myrtle Beach** area.

- Affordable Home Prices
- Great Weather boasting four distinct seasons
- Many different types of properties
- Wide range of activities to appeal to everyone's interests
- Tax friendly



### **AFFORDABILITY**

One of the great things that make owning a second home in Myrtle Beach is the pricing and value. A home that would cost \$600 to \$700 thousand in many parts of the country will only cost you \$200 - 300 thousand here. **And yes these are properties with ocean views, on the golf course, or even on the waterway at those prices.** Myrtle Beach homes and condos are unrivaled when it comes to the value you receive when buying a property.



### **WEATHER**

South Carolina's mild climate is mostly due to its perfect location. It is warmed and cooled by the Atlantic Ocean. Being next to the ocean provides Myrtle Beach with a nice breeze year around. **This breeze cools us down in the summer and pulls the warmth off the ocean waters in the winter.**



Colorado is fun for winter vacation, but shoveling snow and driving on icy roads is not appealing. Seattle has great coffees but not enough sunshine and clear blue skies. The Florida sun is nice, but who likes dealing with bugs and never seeing a tree leaf change its color?



The sub-tropic climate of Myrtle Beach is appealing to most anyone who doesn't like it too hot or too cold. **You will experience four distinct seasons** here while enjoying sunshine on your shoulders for 218 days a year with temperature ranging between 57 and 81 degrees. **What other resort communities can offer that great benefit?**



### PROPERTY TYPES

Those with high expectations will find unique experiences in Myrtle Beach glancing through opulent windows of luxury with the beaches, waterways, and the golf courses spread throughout the Grand Strand area.

### RESIDENTIAL HOMES

There are **many beautiful communities** situated amongst picturesque lakes of Myrtle Beach only a block and a half from the sandy beaches, houses for sale offer brick and stucco homes in a gated community with swimming pools, amenity centers, practice putting greens, and heated spas.

### BEACH CONDOS

The view, from a private balcony atop high-rise condos pointing majestically above, reveals the Myrtle Beach, SC area **in all its glory**. An ocean front condo is the

## Benefits of Myrtle Beach

summit of high living, condos and penthouses with unparalleled views or cottage style condos right on the beach. The range of condos available is one to five bedrooms, low rise to high rise, from Litchfield at the southern end of Grand Strand all the way up to Cherry Grove in North Myrtle Beach.



### WATERWAY HOMES & CONDOS

Myrtle Beach properties also offer gorgeous waterway communities in the Myrtle Beach, South Carolina area, providing **wondrous living experience**. There are plenty of homes and condominiums that are available on the Intracoastal Waterway (ICW). Many of the homes are part of beautifully developed communities. Others are single family residences that front right on the water offering both privacy and beautiful views of the boats passing by.

### GOLF COURSE HOMES & CONDOS

You probably already know that Myrtle Beach is the Golf Capital of the world. And the good news is that you can live on one of the many beautiful golf courses available in Myrtle Beach. Residences at the Dunes Club, Barefoot Resort, and the Grand Dunes are just a few of the many golf communities where you can choose to have your family retreat. This will be the **perfect place** where your children or grandchildren can learn how to chip and putt like Grandpa and become a 'chip' off the old block as they say.



I think everyone craves relaxation . . . a beautiful atmosphere that just gives you that sense of peace. I love that I have this place to come to. Thank you Dreamlife Realty to help us find the right second home for our needs.



- Manny Viera, Bridgeport, Connecticut



### ACTIVITIES

Myrtle Beach is loaded with activities that would appeal to any enthusiast.

- Beaches for swimming, kayaking, parasailing, windsurfing, tanning, fishing, strolling, or lounging.
- Waterways and sounds for boating, fishing, and jet skiing
- World Class Golfing & Tennis
- Top Shows, Live Music & Entertainment.
- Theme parks & Water parks
- Chartered Fishing from local marinas



You will also find an abundance of shopping and dining choices both in Myrtle Beach and along the Grand Strand. The area is home to hundreds of unique boutiques, specialty retailers as well as large complexes, such as the Coastal Grand Mall, Tanger Outlets, Barefoot Landing, Broadway at the Beach & Market Common. Additionally, world class dining to satisfy any palette can be found in the area eateries, and of course, fresh seafood is always on the menu!



### TAX FRIENDLY

Kiplinger has ranked South Carolina as one of the top ten most tax friendly states for homeowners. Low sales, property and income tax rates are perfect for families wanting to gain the most from their hard earned savings. Property tax rates for 2nd homes in the Myrtle Beach area generally work out to about 1.25% per year. So for a \$150,000 dollar property this works out to about \$1,800 for annual property taxes. This is an extremely low rate comparatively. Sales tax is only 6%, which is considered low in most states.

**This is a just a shortlist of the many great reasons that Myrtle Beach and its surrounding areas makes perfect sense for many families. You and your family deserve all that Myrtle Beach has to offer.**

## Choosing the Home That Fits You

You know yourself best. Now is not the time to skimp on what you desire. After all, you worked hard all of your life to reach this point.

Purchasing a second home is perhaps as important - if not more important - than purchasing your primary residence because **it will be where you spend time doing what you enjoy** and sharing it with those you love.



## Choosing the Home That Fits You



When choosing the style and location of your family retreat, remember that you are not just buying a property. You are securing a place set aside for **creating many happy memories**, memories that you, your children, your grandchildren and perhaps even future generations will treasure forever.

A choice as important as this then, requires the help of a intuitive, insightful and empathetic professional who can help you secure such a property so that you can be **confident that your purchase will mesh with the lifestyle you created for yourself.**



# Steps to Buying Your 2<sup>nd</sup> Home



### Crunch the Numbers

Before beginning a search for your second home, calculate how much house you can comfortably afford to purchase. Like many of our clients, you may consider renting out your condo or home to vacationers while you are not using it in order to reduce the cost of **ownership**, thus allowing you to acquire a better suited property to match your lifestyle.

### Financing

You already know that an investment should be entered into with careful consideration. You will want to find a lender to work with you to facilitate your entry to a more comfortable and rewarding lifestyle without compromising your financial responsibility. Depending upon your unique financial situation, you may choose to pay cash entirely for your second home or choose long-term financing. Remember the higher the down payment, the lower the borrowing costs and ultimately the **lower your monthly obligations**.

If you do plan to finance the purchase, your debt to income ratio will be very closely examined to determine if you can afford the mortgage you are applying for, therefore it's important to do these calculations before shopping for a property.

### Price Range

Now that you know your debt-to-income ratio or if you are paying cash, begin searching for homes which meet both your **personal preferences** and your pocketbook. The price range of your new second home will vary according to size, proximity to the ocean, golf course, waterway, etc.

### Purchase and Maintenance Costs

Remember to factor purchase and maintenance costs into your calculations. In addition to the typical maintenance costs (repairs done yourself or by a hired professional) consider the option of hiring a property management company. The company can help with finding tenants should you choose to rent your property for part of the year and they can provide useful contacts to help you **keep your family's investment in tip-top shape!**

### Taxes\*

Property taxes and income tax, if renting out the property can add to your costs, so don't forget to add these figures into your calculations. However, when you rent the property you are able to **claim additional deductions** in order to reduce your tax liability.

**Here is a more detailed explanation of how to take advantage of these available deductions:**

#### **MORTGAGE INTEREST**

If you use the place as a second home—rather than renting it out—interest on the mortgage is deductible within the same limits as the interest on the mortgage on your first home.

**You can write off 100 percent of the interest you pay on up to \$1.1 million** of debt secured by your first and second homes and used to acquire or improve the properties. (That's a total of \$1.1 million of debt, not \$1.1 million on each home.) The rules that apply if you rent out the place are discussed later



\*Tax codes are always changing so you will need to consult a professional tax expert.

### PROPERTY TAXES

You can deduct property taxes on your **second** home, too. In fact, unlike the mortgage interest rule, **you can deduct property taxes paid** on any number of homes you own.

### IF YOU RENT YOUR PROPERTY

Lots of second-home buyers rent out the property part of the year to get others to help pay the bills. Very different tax rules apply depending on the breakdown between personal and rental use.

**If you rent the property out for 14 or fewer days during the year, you can pocket the rental income tax-free.** Even if you're charging \$5,000 a week, the IRS doesn't want to hear about it. The house is considered a personal residence, so you deduct mortgage interest and property taxes under the standard rules for a second home.



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### WHY MAINTENANCE PAYS

If you limit personal use to 14 days or 10 percent, the vacation home is considered a rental property and up to \$25,000 in losses might be deductible each year. That's why lots of vacation homeowners hold down leisure use and spend lots of time "maintaining" the property.

Fix-up days don't count as personal use. **The tax savings from the loss (up to \$7,000 a year if you're in the 28 percent tax bracket) helps pay for the vacation home.** Unfortunately, holding down personal use means you have to forfeit the write-off for the portion of mortgage interest that does not qualify as either a rental or personal-residence expense.

“ Dreamlife did everything for us, from helping find the golf course town-house of our dreams, to handling inspections, closing, and even finding furnishings. It was more than my wife and I could ask for. ”

- Jack Bileci, Newton, NJ



## Steps to Buying Your 2<sup>nd</sup> Home

If your Adjusted Gross Income (AGI) is less than \$100,000, up to \$25,000 of such losses can be deducted each year to offset income such as your salary. (AGI is basically income before subtracting your exemptions and deductions.) As income rises between \$100,000 and \$150,000, however, that \$25,000 allowance disappears. Passive losses you can't deduct can be stored up and used to offset taxable profit when you ultimately sell the vacation house.

### TAX-FREE PROFITS

Although the rule that allows home sellers to **take up to \$500,000 of profit tax-free** (up to \$250,000 if you're unmarried) applies only to a sale of your principal residence, there is a way to extend the break to your second home: make it your principal residence before you sell. That's not as wacky as it might sound. Some retirees, for example, are selling the big family home and moving full-time into what had been their vacation home.

**Once you live in that home for two years, up to \$500,000 (or \$250,000) of profit can be tax-free.** Any profit attributable to depreciation while you rented the place, though, would be taxable. Depreciation reduces your tax basis in the property and, therefore, increases profit dollar-for-dollar. Also, due to a recent change in the law, if you use the property after 2008 for purposes other than your principal residence, part of the eventual gain on sale won't be eligible for the \$500,000/\$250,000 exclusion.

### Renting

Many of our clients choose to rent their property while not in use by their family. This a **smart way to lower your ownership costs** and even help you to obtain a higher quality retreat for your getaways. If you do rent, it is important to choose the right property management company to manage your rentals. Here are some tips:

# Choosing the Right Property Manager

### FINDING A PROPERTY MANAGEMENT COMPANY - WHAT TO LOOK FOR:

- Where and what methods does the company advertise vacancies? Are they aggressive in their search for renters? If you choose to rent your second home this will prove invaluable.
- How does the company show properties? Do they only show during business hours? Do they simply hand over keys for prospective tenants to view the property alone or do they actively show the property?
- How do they screen tenants? What kind of background checks are they performing?
- How do they collect past due rents? As you will likely be renting out your second home for a limited time, it's highly suggested you have the company **collect rents - and damage deposits - in full** at the time of or even before the rental.
- How does the company handle maintenance costs? What schedule do they have in place to **ensure your property is frequently checked** for potential problems? (e.g. filter changes, water damage, etc.)
- Is there a system in place to handle after-hour emergencies?
- What kind of reports can you expect to receive on your property?
- What percentage of the rents does the rental management company keep as their commission/fee? Some companies charge higher percentages than others. But keep in mind usually these companies are "on-site" rental managers and can therefore actually collect more revenues from the vacationers. **It's important to look at the final net numbers** and not just the up-front fee percentage. The bottom line is what really matters.



# Choose the Right Real Estate Agency to Represent Your Interests

A choice as important as this then, requires the help of a intuitive, insightful and empathetic professional who can help you secure such a property so that you can be **confident that your purchase will mesh with the lifestyle you created for yourself.**

It may matter more who **personally represents your interests** when buying a home than which home you may attempt to purchase. If you try to buy **the** right home through the wrong agent, you may not end up getting the home you want and you may even have an unsatisfactory home-buying experience.

To save time, minimize stress, provide maximum security and help ensure that you get the best home for your money; **you will want the real estate agency you hire to:**

1. Provide a complete explanation of the **home-buying process.**
2. Provide thorough knowledge of the current and emerging **real estate market conditions.**
3. Assist you in **Selecting the best home** for you, for your money.
4. Write your **purchase agreement to correctly and clearly** express your intentions and represent your interests.
5. Submit your purchase agreement in a manner that will present you in the **most favorable position.**
6. Review all offers in detail and provide **negotiation representation** of your interests.

## Choose the Right Real Estate Agency to Represent Your Interests

7. Provide assistance in **obtaining the best possible financing** of your next home.
8. **Coordinate the closing** of your purchase with other **REALTORS®**, lenders, inspectors, appraisers, attorneys, escrow officers, and title insurance companies.
9. Provide **on-going personal communication** to keep you informed on the step-by-step progress of the purchase of your home.
10. Provide **post-sale follow-up** to assure your total satisfaction.

**There is a solution out there for you,  
and we know how to find it. . .**



You can use any real estate agency, but if you want someone who will treat you like family and go above and beyond the call of duty, you need to use Dreamlife - Stacy Baumgardner, Lima, Ohio



## Teamwork Makes the Dream Work

Who are we? We are your dream life team . . . At Dreamlife Realty, your dreams are our business. We **partner with you** to equip and guide you through the process of buying your second home. What sets Dreamlife Realty apart from other real estate agencies is that we take the time with you to discover your desires, goals, and preferences. We then combine that with **our expertise and knowledge** and together we **co-create a solution** to obtain the lifestyle you have earned.

The real estate market can be a hostile environment for buyers. We can guide you through this process in a way that will **eliminate any fears** that may be holding you back. It all boils down to **trust and communication**. A real estate transaction should be a unique and personal experience. We focus on knowing you, your current lifestyle and the lifestyle you desire to provide for your family. Any real estate agent who tries to sell you on a property before getting to know you and your expectations does not have your interests in mind. At Dreamlife Realty, we strive to achieve a mutually beneficial home buying experience. As a result, our clients experience the **freedom to live the life** they had only dreamed of and can now **share the good life** with the people they love.



## It is Within Your Reach

As you can see, owning a second home - a home where you and your family will create countless memories, is certainly within your reach. You proved yourself in the boardroom and in the marketplace. You worked hard to combine prudent financial decisions with savvy business moves designed to take your business and career to the next level. Now it's time to begin to **enjoy all you've accomplished in life.**

All that remains now is for you to take your personal life to the next level.

### **You and your family deserve to enjoy the rewards of your achievement.**

Start enjoying those rewards now. Create a future for your family and yourself that's filled with **warm and loving memories.** Are you ready to take the next step?

At Dreamlife Realty, we will bring your dreams to life by helping you acquire the right property that you will call your "home away from home."

Contact us to schedule your *dreamlife consultation* so that you can begin to **live your dreamlife now.**

“ If you have a dream, follow it through. Life is too short to not to go for your dream. You can make your dream happen as long as you want it badly enough. ”

- **Dreamlife Client**, Ann Riley, Walton, Kentucky





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## How to Buy Your First 2<sup>nd</sup> Home

As a smart, self-reliant individual you spend your entire life **making the right choices** . . . choices that have led you to this point in your life.

You also made a lot of sacrifices **to achieve the level of success** you now enjoy, working hard to provide for your loved ones.

**Right now** is the time for you to begin to really enjoy the fruits of your labor.

**We can help.** Use this guide as you move closer toward living the “dream life” you and your family deserve.

