

Start Climbing The Equity Ladder With A Second Home.

If you are currently in the market to buy a second home or an investment property then congratulations, there is no better time than now. The equity that you stand to gain from this purchase can be considerable. You need to plan properly to maximize your gains. The first step in this process is to decide what the second home will be utilized for. Will it be a vacation home? Are you going to use it as a rental home? If so, will it be a long-term rental or a short-term rental? You should have a strategy in mind when planning to move forward. It will help make the process smoother.

If you are looking at the purchase as a source of revenue then there are certain steps that you should take to ensure the home will bring in as much money as possible. When analyzing what your mortgage payment will be you need to compare it to rental rates in the same area. A good rule of thumb is the property should be able to rent or cash flow for \$200.00 more than your total mortgage a month. For example if your mortgage is \$1000 PITI (principle, interest, taxes and insurance) a month. You would want to be able to rent the home for \$1200 a month.

Also, ask yourself, "am I ready to be a landlord?" This will involve the task of finding and maintaining good tenants, answering phone calls about the toilet not flushing and sometimes having to do what's right for you and your property, not what's right for the renters. If you have the tendency to be "too nice," land lording might not be for you.

No matter what your property is intended for, be sure to cover all the bases. Be as diligent as you were when buying your first home. Even more so, you will be able to apply any lessons you learned during that process on the new home and you should be able to avoid any mistakes or area of stress that were present in the first purchase. Many people that buy a second home find themselves buying a third and a fourth. Once you start to climb the equity ladder its hard to stop!

About the Author

Matthew Lohse has been investing in real estate since 2006. He is the manager of Today's Real Estate Solutions LLC. Today's Real Estate Solutions is a real estate company that specializes in finding below market value homes throughout the Chicagoland area. To gain access to our properties and to be added to our buyer's list please visit: <http://www.BuyHomellinois.com> More on [Start Climbing The Equity Ladder With A Second Home.](#)

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