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Many existing home owners are actually contemplating the idea of purchasing their second home. Buying a second home comes with several advantages like for example taxes, having extra income and having a different place to stay in during a different time of the year. Weâ€™ve all heard about â€˜snow birdsâ€™ or those people living in the cold areas of the north who acquire properties in the warmer south as preparation for the cold winter season and vice versa.

If youâ€™re one of those who seek another place to call home during holidays, be prepared to mortgage calculate your way to getting another home loan. You can follow these simple tips before you decide to purchase your second property.

1. If you are getting another property for the purpose of additional income, take note that having it rented for less two weeks per year means there is no need to include it in your tax filing. But when it is rented for a couple of months annually, you have to report it as a taxable income.

2. Similar to what you did when you bought your first home, you have to conduct a research regarding the area where you plan to purchase another property. The things you have to consider here are the crime rate in the area, availability of neighbourhood facilities like gas stations, grocery stores, hospitals, fire station, police station and recreational facilities. Ask yourself about the things that you think are â€˜personalâ€™ needs and if they are present or accessible within the area before making your purchase.

3. Determine the type of financing for the property you are getting. For starters, applying for a second mortgage can be more difficult because you have your first mortgage to pay on top of it

4. When you compare home loans, you have to take note of how much the property insurance would cost. Insurance rates vary for rental or vacant properties. Remember the reason why you compare home loans: to get the most affordable mortgage.

5. Since this property will not be your primary residence, make sure that you have someone you can trust to watch over your property especially if itâ€™s far from your primary house. You can seek the help of management companies who offer this service for a particular fee.

6. Determine how much the utilities would cost you per year, especially during the time when you are not occupying the property.

Buying a second property brings forth several advantages. However, it also comes with risks. Thatâ€™s why you have to think hard before you purchase another property on top of your current mortgage. You need to mortgage calculate your way again into the home loan market to find the best offers available to you.

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