

Real Estate

PLACE AN AD

Call: 815-0888

Web: www.blufftontoday.com/classifieds

Or come by: 52 Persimmon St.
behind Sheridan Park, Bluffton

Hours: Monday-Friday, 8 a.m.-5 p.m.

SATURDAY, MAY 2, 2009

BLUFFTON'S ONLY DAILY HOMETOWN NEWSPAPER

Getting your home away from home

New opportunities exist for buying that second or vacation home.

BY FRANK DUNNE, JR.

SPECIAL TO BLUFFTON TODAY

You've heard of the positive side of the Lowcountry real estate market's current state; the side on which buyers sit. With interest rates low and home values down, there are a lot of good deals out there for the financially sound home-buyer or investor.

There is another layer to that story, and it is of particular relevance to a community like this one where resorts and tourism are major economic drivers. Although on the surface it may seem counterintuitive to suggest such a thing in troubled economic times, right now might be a good time to think about the purchase of a second home or vacation property, and there are plenty of those in the Lowcountry.

It is really not much of a stretch. The same rules of supply and demand apply to primary residences and second or vacation homes. Prices are down across the board, but within both of those segments you'll find sellers who must sell now and as a result, some asking prices are dropping below market value.

Rich Reed, a member of The



Special to Bluffton Today

Reed Team at Charter 1 Realty & Marketing, notes that rental properties near the beach have seen such price reductions, and astute buyers are seizing opportunities that may have been out of reach just a few years ago. It may not be a 5,000-plus square foot ocean-front mansion, but buyers are finding bargains in ocean oriented homes and villas.

"We're seeing out-of-area folks who are familiar with the region, who may have vacationed here or owned property in the past, as well as some local people. I'd call it a mixed bag," said Reed of the opportunistic buyers. Either way, Reed identifies these people

as "Prudent Buyers who don't run with the herd."

True, qualifying for a mortgage is not as easy as it had been in recent years. This is especially so for second home purchases because declining home values make leveraging equity in a primary residence impossible in many cases. But that doesn't mean the banks are not lending.

"If you've got reasonable credit and can put at least 20 percent down, the banks will make you a loan at a pretty good interest rate," said Reed. Call it a return to responsible lending practices, where borrowers have strong credit and can bring cash to the table.

As with all real estate investments, a second home purchase should be approached with a long-term view. According to the National Association of Realtors (NAR), the long-term prospects for vacation homes appear favorable.

In a March 23, 2009 CNBC report, Vacation Home Still Works for Some, NAR spokesman Walter Molony stated: "In recent years, this market has been driven by the baby boomers, but there are two even larger population groups coming up right behind them. Those younger segments will continue to fuel this market for the next 10 years. You're not going to find a better market than we've got today in terms of affordability and raw buying power."

So, if you are a "Prudent Buyer," it might be time to make your move. Economic cycles being what they are, nothing lasts forever. "We're seeing sheer transaction volume in Hilton Head and Bluffton that we haven't seen since 2006," said Reed, who isn't ready to commit to saying that it means things are turning around just yet. But it sure resembles a step in that direction.

FINANCIAL QUESTIONS AND ANSWERS

BY ILYCE GLINK

TRIBUNE MEDIA SERVICES

Q: Let's say I have issues with the IRS that I am currently settling. And let's say my father buys a home with my cash that I have on hand. Can my father quitclaim the property to me after I have a resolution with the IRS? And, more importantly, can he do the paperwork in advance so that if he died before total resolution, I could then claim my property from his estate?

A: I don't know what sort of issues you're facing with the IRS, but I sure hope you have a lawyer and perhaps an enrolled agent (licensed to represent taxpayers before the IRS) helping you out.

What you're proposing sounds a lot like trying to hide assets from the IRS so that you won't have to pay them out to settle your IRS issues. I can't advise you on that count, but will tell you that if the IRS suspects you of hiding assets, or not being honest with them about what you have, they can reverse any sort of transaction like the one you're hoping to accomplish with your father and you could face criminal penalties as well.

Now, let's say that your father is using his own money to buy a property and plans to leave you that

Spread the good word

To share real estate news, new hires and the latest happenings with Bluffton Today readers, send your real estate press releases to marc.jenkins@blufftontoday.com