

Presented by Sand Dollar Real Estate



LBI Buyer's Guide

a roadmap for navigating the purchase of
a beach house on LBI

▶ Is it Time?

Let's Find Out

- LBI Market Facts
- The Process
- Getting Started

Table of Contents

IS IT TIME?	3
WHY LBI	4
LBI MARKET STATISTICS	5
2ND HOME VS. INVESTMENT	6,7
HOW DO I FIND THE RIGHT HOME	8,9
FINANCING THE HOME	10
RENTING THE PROPERTY	11
WHO ALL IS INVITED TO THIS PARTY	12,13
THE PROCESS	14,15
LET'S GET YOU STARTED	16
LEARN ABOUT LBI	16,17

**So, you have probably been thinking about
this for quite some time.**

Maybe you have been vacationing on LBI for years and would love to have a second home on LBI.

Maybe rent the home out to enjoy the income and tax deductions.

Maybe find that perfect spot that family & friends can gather and kick back from the hustle & bustle of daily life.

Maybe Now is the Time.

**Let's explore if
'Now is the Time'**

Why LBI?

Generally, there are two major reasons that people purchase a second home on LBI. Some lean a bit more to one aspect over the other, but both definitely come into play.

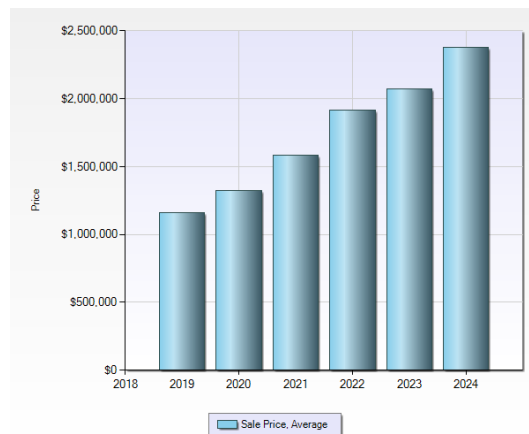
#1 Personal – *The Beach Lifestyle*

[\(click here for video of the LBI Beach Lifestyle\)](#)

They want a home at the beach where everyone can gather in a relaxed environment and enjoy each another's company and making wonderful beach memories to share for a lifetime.

#2 Investment – *Income & Tax Deductions*

LBI has proven over the years to be a pretty solid investment with above average appreciation compared to many other areas. Also, a second home or investment property brings with it some pretty nice tax advantages.
(More on this later)

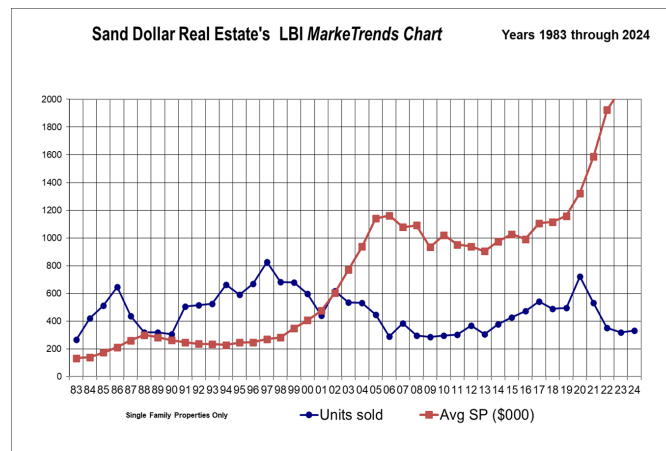


LBI Market Statistics

LBI has shown to be a fairly stable investment over the years.

Our market draws mainly from the NJ/NY Metro area and this has historically been one of the more stable and wealth driven segments of buyers and sellers on the eastern seaboard.

Over the years, LBI has proven that, although we are not immune to the financial world's up and downs, LBI usually feels the effects later in the cycle and regains its values quicker than most other areas.



For more info about the LBI Market Place attend one of our [LBI Seminars](#) or subscribe to our [LBI MarkeTrends](#) newsletter, published twice a year sent to your inbox!

Second Home Vs Investment Property

Second Home

With a second home you can write off your taxes and mortgage interest payments. There are caps to the write offs so best to check with your accountant to see how much you are able to deduct from your Federal and State taxes.

The best part of having a second home at the beach is obviously all the time you can get to spend there. Interestingly, LBI has a fairly large 'Weekend Beach Warrior (WBW)' population. Many homeowners are using the beach house year-round to gather on Holidays and weekends throughout the year. Fall and Spring weekends on LBI are full of Special Events and Festivals to encourage more visits. Restaurants and stores are remaining open to service these WBW's.

Investment Property

As long as you rent out your property seasonally, and only use 2 weeks during the prime time, you will have quite a few tax advantages. Write off taxes, mortgage interest and deductions for operating expenses. You can depreciate the property as well and remember, you are making money by renting the home to help with the carrying costs.

(Continued on next page)

Second Home Vs Investment Property

This is a great way to get a foot hold on LBI. Use the rental income to help pay for the home. Many initial purchasers have bought their first home as a rental property and phased out as their income increases and they can afford not to rent or not rent as much.

And of course, as long as you held the home for 1 year or longer, any profits would be taxed at reduced Long-Term Capital Gains rates, which run between 15% - 20%. This applies for second homes as well.

DID YOU KNOW?

1031 Tax Deferred Exchange – You can sell your investment property and exchange it for another investment property and pay no taxes on the profit. You have use all of this money to purchase the next property. There are several parameters to be met for the Exchange to work. This deferral of tax payment is used often on LBI.

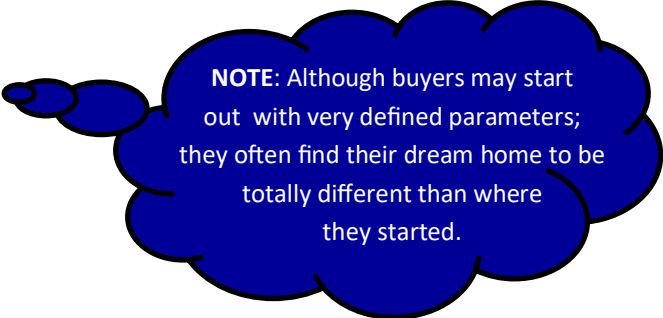
How Do I Find the Right Home?

The more time you spend learning about the LBI real estate market and thinking about the type of home you want the better able you will be to make the right choice and know the right house for you and your family.

Following are some questions for you to start formulating your thoughts and answers.

- ◆ Will the home be mostly for personal use or more as a rental property?
- ◆ What is my desired price range?
- ◆ Do I know how much I can mortgage?
- ◆ Have I decided how much I want to put down?
- ◆ Do I know the type of home I would like?
- ◆ Do I know in what town I want that home?
- ◆ Do I want a fixer upper?
- ◆ Do I want a home with little maintenance?
- ◆ What amenities do I want, which ones are really important?

Once you have your parameters set for price and location, join our free [Early Buyer's Alert](#) program. Receive via email all homes and status changes that match your buying parameters right when they happen.



NOTE: Although buyers may start out with very defined parameters; they often find their dream home to be totally different than where they started.

Why?

Education of the Marketplace and a Reality Check.

Understandably a new buyer does not have the market depth to understand all the options available. Over time, and when working with an experienced Realtor, they start to see homes they may not have considered before.

Learn your market. You can start with sites such as Zillow or Realtor.com. Realize these are great for 'window shopping' to get a feel for pricing. Pictures and description are more for advertising purposes to draw the buyer in, but you need to get out and see homes in person.

As your education as to home values and the nuances of LBI improves, so will your parameters that will make selecting the right property for you so much easier.

Moral of The Story: Be Flexible

Financing the Home

Financing a second home isn't too different from financing your primary home.

There are numerous options when it comes to financing your second home. Most important is the experience of your mortgage broker in the local LBI real estate market. If a bank isn't doing a lot of business on LBI then their appraisers are not either. This often leads to incorrect low appraisals which can either end the deal or force you to put more money down.

An experienced local mortgage broker can guide you to the best way for you to finance your new home. Straight mortgage, balloon, fixed term, adjustable, home equity loan or maybe a refi of your primary home. These are all discussion points with your mortgage broker to determine the best plan for you.

They will review your financials and help you determine a comfortable price range based on your qualified mortgage amount and the amount of down payment.

They will also give you a Pre-qualification letter that will be needed when you make an Offer. This letter lets the seller know you are good to go with your mortgage and that gives you more strength with your Offer.

If you choose to purchase with cash, then some verifying documentation will be needed to show the funds are liquid and available.

Renting Your Investment Property

The LBI rental market caters to a rather upscale vacationer. The Island is represented across numerous price ranges; however, it is critical that whatever the rent may be, the potential renters see the value of your offering. **This means:**

A CLEAN, WELL MAINTAINED AND WELL APPOINTED PROPERTY

The majority of rentals are done sight unseen via the internet. It is imperative that your 'curb appeal' is apparent from their first click. You need the best presentation and pictures possible to make them virtually enter your home, tour and then decide this will be their LBI vacation home this summer.

You are now in the hospitality business, you need to make sure you continually reinvest in the property. Adding upgrades that are becoming popular, re-stocking and refreshing allows you to increase your rents over time.

You want to encourage repeat business, as these are known renters, who have proven to take care of your home and in a competitive market this gives you a leg up on maximizing your bookings.

DID YOU KNOW?

Sand Dollar offers a free ['Rental Review'](#) to get you started on the right track and with the right pricing. We are with you all the way!

Who all is Invited to This Party

There will be many involved with your real estate transaction:

Real Estate Agent – A good real estate agent is going to not only educate and guide you, they are also going to coordinate the entire transaction for you. Your agent can supply you with a list of the businesses, contractors, attorneys, etc. that they feel are competent and will be of value to you.

Mortgage Broker – Even before seriously looking for a beach house, it is a good idea to speak with a few local Mortgage Brokers to learn which type of financing will work best for you and obtain a Prequalification Letter from them. This will let you know your price level and this document will be necessary when you are going to make an Offer on a property

Attorney – Most NJ closings are handled by an attorney. Although not mandatory, it will make life a lot easier for you to have someone handle any legal issues that may arise during the transaction.

Home Inspector – Pick a local home inspection company that has experience on LBI if possible. We have unique building codes and requirements. Our environment is unique as well. You want an inspector that knows the norm for LBI. They will walk you through how the house works as well and answer all your questions about the working parts of the home.



Title Company – Usually the attorney will co-ordinate with the title company to have a title search performed for clear title and also for Title Insurance.

Survey Company – Again the attorney usually will order the survey for the property. For flood insurance you will also need an Elevation Certificate. The survey company will provide both of these for you.

Insurance Agent – You will need both a homeowner’s policy and a flood policy (mandatory if you have a mortgage). If renting you will most likely want a renter’s package as well.

And, of course, You and Your Family

You’re one of the main participant and yet at times this may seem all overwhelming. Your real estate agent is there to help you through the process. Make sure if you aren’t understanding something to ask questions. This is probably one of the largest purchases you will make in your life, make it with knowledge.

The PROCESS

Buying Parameters - Determine what you want in a shore home and at what price point

Find a Realtor - Look at homes, ask your questions and obtain names of some local mortgage brokers – Learn the Market!

Mortgage Broker - Interview various Mortgage Brokers, pick one and have them help you determine your price point and obtain a pre-qualification letter.

YOU FIND YOUR PERFECT BEACH HOUSE ~ WOHO!



'Offer to Purchase' – This is a single sheet of paper that gets the basics down of your offer, verbal counter offers will take place until an agreement between you and the seller is reached.

Agreement of Sale – Full Contracts are drawn by your Realtor for all parties to sign.

Attorney Review – In NJ there is a 3-day attorney review period (could be shorter or longer) for both attorneys to review the contract and make changes for each party to the contract.

Home Inspection – Generally 14 to 21 days are allowed for you to have a home inspection, get your report and decide if you wish to ask for any items to be addressed. This is done through a letter from your attorney to the seller's attorney.

This is not meant to renegotiate your deal, but to address those items that you didn't and couldn't see with a visual inspection when you made your offer. Your agent will help guide you through this inspection period.

Mortgage Application – Apply for your mortgage officially. You should be well on your way with your application as you brought your mortgage broker into the process early on.

Title, Survey and Flood Certification are ordered – usually by your attorney

Re Sale Certificate of Occupancy is applied for through the local municipality by the seller. This is not a home inspection. The municipal inspector is checking for fire, safety and code violations. Smoke and Carbon Monoxide detectors will be checked as well as fire extinguishers.

Insurance – Both Homeowner's and Flood are ordered.

Closing Day – It's been a long journey but now you are at the end of this one and at the beginning of another.
An LBI journey of fun in the sun, beach days, starry nights, family time and wonderful beach memories.

Let's Get Started!

What Sand Dollar Real Estate Can Offer You

Sand Dollar Real Estate has been selling homes on LBI since 1983. We have certainly seen a thing or two and look forward to sharing our extensive knowledge of the LBI real estate market with you.

We believe a knowledgeable client is not only the best client but also a lasting one as well. We are a boutique agency that focuses on a selective clientele so that we can spend more time with our clientele.

You may want to start with one of our exclusive programs designed by Sand Dollar to start your education of the LBI real estate marketplace. You can check out all these programs at our website:

LBIREALESTATENEWS.COM (or click on the heading)

[Marketrends NEWSLETTER](#) - Published twice a year, January & July, our 'Crystal Ball' forecast on the LBI sales and rental market, along with other LBI topics of interest. **Email: PatonLBI@gmail.com to be added to the subscription list.**

[LBI REAL ESTATE SEMINAR](#) - Comprehensive presentation from historic overview, to current stats and projections on the LBI sales & rental market, tax advantages, 1031's, local news update and more. Bring your questions!

THIS WEEK ON LBI - Our most popular page! Updated weekly with the prior week's new listings, properties under contract and properties closed that week - with details and pictures, plus local headline news and monthly sales update.

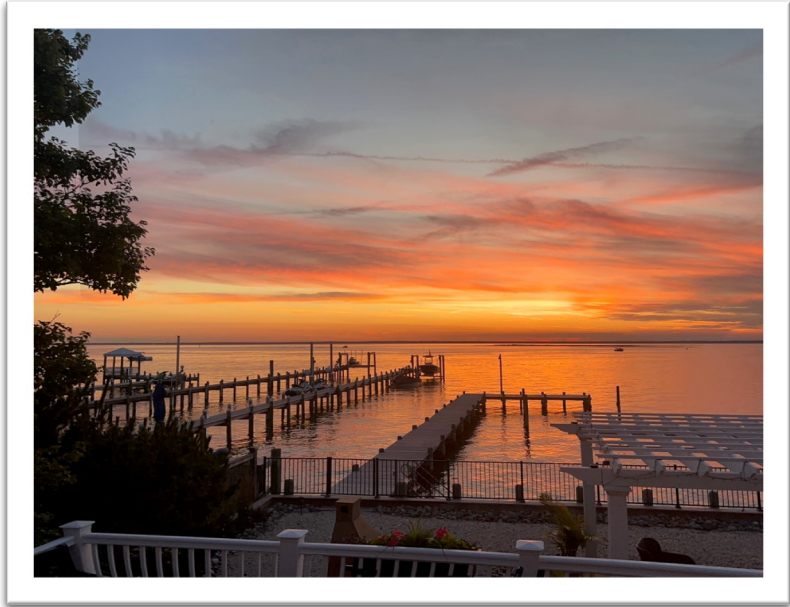
SEARCH LOCAL MLS - For a broad overview of our market. You can create your own search parameters or choose one of our 10 predefined searches. Either way use the MLS that local Realtors do and get accurate information faster. Save your favorites, use the map search feature. If a bit overwhelmed then use one of the below programs where we will do the leg work for you.

EARLY BUYER'S ALERT - Fill out our simple form with your preferred buying parameters and you will be emailed from our local MLS every appropriate new listing on the day it appears, as well as price and status changes ~ all with full details and photos. Much more accurate than Zillow and Trulia. Find the "finds" first.

DRIVE BY LIST - Choose your preferred buying parameters based on Location, Style & Price Range. We will provide you with addresses & property information organized with a planned car route to various neighborhoods on LBI. A great way to learn about LBI at your own pace.

Office: 609-494-1130
217 N Long Beach Blvd
Surf City, NJ 08008
SandDollaronLBI@gmail.com





**Whether in your backyard or
A walk down the street,
this LBI Sunset can be yours all year!**

Hello from the Beach

Office: 609-494-1130
217 N Long Beach Blvd
Surf City, NJ 08008



**Written by: Pat Sepanak, Broker/Owner
Questions or comments can be direct to:
609-290-5360 or PatonLBI@gmail.com**

