

Lifescapes

Four considerations when buying more than one home

By: Krysten Heberly 4/10/2025



Before you buy another home, make sure you’ve thought through these four considerations.

“Vacation homes tend to be where you have family holidays, weddings, family reunions, and special events,” says Matthew Mozer, a senior wealth strategist with Wells Fargo Bank in the Wealth & Investment Management division. “Because of that, no matter the destination, one of the first considerations is likely to focus on homes that are accessible to multiple people and can be passed to future generations.”

With that in mind, Mozer shares four considerations that potential buyers should think about when exploring the purchase of an additional home.

1. Consider establishing a Limited Liability Company (LLC)

Once you start investing in multiple properties, especially once you get to your third or fourth property, Mozer says, it can be beneficial to form an LLC for the ownership of the home. This can help protect your estate and your privacy as well as limit your financial liability.

“Creating an LLC can help provide a first layer of liability protection in terms of separating personal assets from business assets,” says Mozer. “The LLC can also provide privacy. It’s easy to look up tax records and see who owns what home. In this case, the LLC would be listed as the owner, instead of your name.” An LLC can also ease the process of transitioning your vacation home into a rental home, should you decide to do so in the future. You can consult with your legal advisor to learn more about forming an LLC for this purpose.

2. Think through the potential impact of paying cash versus borrowing

Deciding to purchase your vacation home with cash or via a mortgage may come down to your liquid assets and what your net worth is, says Mozer. He believes, at most, you'll want to spend 10% of your net worth on a third or fourth home. But if an all-cash sale means liquidating assets, it may do more harm than good.

"I am in favor of purchasing a vacation home with some cash and acquiring some credit or borrowing to complete the purchase," Mozer says. "By incorporating credit or lending for the purchase, you may be able to avoid having to liquidate portfolio assets and also improve your cash flow situation. Selling marketable securities for the liquidity you need means you will forgo any potential growth of those investments and potentially realize capital gains."

3. Be ready to review your estate plan

Once you've purchased your vacation home, you'll need to determine who the owner should be, how it fits into your estate plan, and who the ultimate beneficiaries should be. To avoid a potential lengthy and expensive probate process, Mozer recommends you consider placing your property (or your LLC that owns your property) in a revocable trust.

Mozer says, "Any assets that are owned by the revocable trust are in your complete control and can help you avoid the probate process, which can be delayed by a court system slowing down the administration process." Much like forming an LLC, purchasing a home in the name of a revocable trust can provide a layer of privacy around your purchase.

"If you have a will, anyone can see what assets you've left, how those assets are left, and who your beneficiaries are," Mozer says. "If you say in your will, 'I leave everything to my revocable trust,' then the contents of your specific bequests are not public." An estate planning attorney can help you explore your revocable trust options. (You can [learn more about other types of trusts here](#).)

4. Keep your family legacy in mind

Your properties will become a part of your family legacy, one you may eventually pass to future generations. To help protect that legacy — and your investment — consider placing the property in a qualified personal residence trust (QPRT) for an extra layer of protection alongside your LLC and revocable trust.

"A qualified personal residence trust can provide some estate-tax savings and planning opportunities for the property," Mozer says. "The homeowners, likely the parents in the family, will retain the right to use and live in the property for a period of time. Then after that period of time, based on my experience, say five or 10 years, the ownership transfers to the qualified personal residence trust."

By placing a property in a QPRT, you help ensure that future generations not only have access to the property but have the means to maintain it as well.

“This can benefit the next generation while also helping to reduce the amount you need to include on your estate tax return,” Mozer says. “The parents can also fund the trust with additional cash and investment gifts so that when they pass, the trust can pay for maintenance, real estate taxes, everything.” An estate planning attorney can offer guidance on this topic as well.

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