

What you need to know before buying that vacation home

By Jeff Brown, MarketWatch

It's that time of year, when legions of vacationers decide they want to take the plunge and buy a second home. And this year, perhaps, it may be especially true: The economy is firming up, interest rates are still relatively low and investment accounts are brimming.

So consider this a reality check. Whether people are looking for a spot to enjoy themselves, rent to others or resell for a big profit, there are many mistakes that could bring them big headaches or cost them a lot of money.

Experts and homeowners warn newbies, for instance, that they may end up putting in a lot more work than they expect—and taking on a lot of frustration—to keep renters happy. They can easily run afoul of rules laid down by local governments or homeowners' association, or find themselves facing unexpected costs. And there's no guarantee the rental or resale market will stay strong enough to justify the expense.

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