

# Vacation home out of reach? Try splitting the costs



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Rishi Bhalla had dreams of buying a chalet, a place where he could take his family for idyllic weekends spent skiing and sipping hot chocolate by a roaring fire.

There was something standing in his way, however – money.

Mr. Bhalla, a 36-year-old Vancouver neuropsychologist, decided the only way to afford his dream was to split the costs. So last year, Mr. Bhalla asked his brother and a friend to join him in purchasing a 2,500-square-foot property in Whistler, overlooking Alpha Lake and the mountains.

The trickiest part of the arrangement was deciding how the

property would be used, Mr. Bhalla said. He and his brother wanted the property for personal use only, whereas their friend wanted to be able to rent out his share.

“With all of our possessions and gear up there, we needed to have discussions about how all of that was going to take place,” he said. “We decided to get separate storage lockers put into the chalet so we could get our gear put away and feel safe.”

There were a few other issues to iron out before they could close the deal. How would the mortgage be paid? How would they split up visit times? Who would handle maintenance?

“I think it was really important to set that up at the get-go,” Mr. Bhalla said, “because if those expectations weren’t in place, then people could start feeling that they were either doing too much or being taken advantage of.”

Jim Rawson, regional manager at the Invis mortgage brokerage

firm in Toronto, says it’s important to get such details in writing and to have a co-ownership agreement that sets out each partner’s liabilities, as well as what would happen if one partner died or decided to sell his share.

“You always have to make sure that at the beginning of this partnership that you also have an exit strategy.”

Before entering any co-ownership arrangement, here are a few other things to consider:

## Be realistic

Think about the lifestyle of each partner before you buy, Mr. Rawson says. You don’t want to create an *Odd Couple* situation, where one person’s habits are annoying the others, or where you end up holding the bag for partners who fail to pay their bills.

Also, be realistic about your schedule. Mr. Bhalla said he and his partners all overestimated

how often they’d be able to make the two-hour drive.

## Divide the labour

If you want a ready-to-use, relaxing hideaway while your co-owners dream of a northern DIY project, you may not see eye to eye when it comes to how you will be spending your weekends. Also, decide how you will split up maintenance, housekeeping and landscaping.

## Have a vacation schedule

Think carefully about how much time you and your co-owners plan to spend at the vacation property. Will you be vacationing as a group, or do you want to trade off on weekends? Will one use the property more than the others or will it be split evenly?

## Agree on the property’s purpose

While most Canadians buy a

second home for recreational use, growing numbers are also buying for investment purposes. If you decide to rent out your property, determine in advance how you will split the income and responsibilities.

## Get professional help

If you’re borrowing money to buy your property, seek independent advice from a financial adviser or mortgage broker to help determine how it should be set up. If one partner has a poor credit rating, for example, it may make sense to leave them off the mortgage application. Also, consider having a lawyer draw up a co-ownership agreement for all to sign.

## Don’t get emotional

“The bottom line is that emotion shouldn’t trump common sense when it comes to buying vacation property,” Mr. Rawson says.