

Limited liability company: Another way to own a vacation home

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Sharing costs and responsibilities with the added bonus of equity

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When Leesteffy Jenkins found herself with less time to spend at the 1781 Colonial farmhouse she owns as a vacation home in Deering, N.H., she came up with a novel way to put her asset to better use.

Jenkins, 46, of Cambridge, decided to form a limited liability company, or LLC, to sell shares in the three-bedroom house, which sits on 7 acres. An LLC offers owners many of the same protections as a regular corporation, including tax benefits and insulation

from lawsuits, but it's not usually associated with homes.

Jenkins envisions sharing her farmhouse with three other owners. Together, they would evenly split the costs of upkeep. While the practice is common in France, where she shares ownership of another vacation home through an LLC, it is relatively new in the United States. But she believes that is slowly changing.

Todd Huettner, a mortgage broker with Denver-based Huettner Capital, said the LLC concept is essentially about fractional ownership of a prop-

erty. It is similar to timeshares with the one major difference: Members of the LLC actually own an asset.

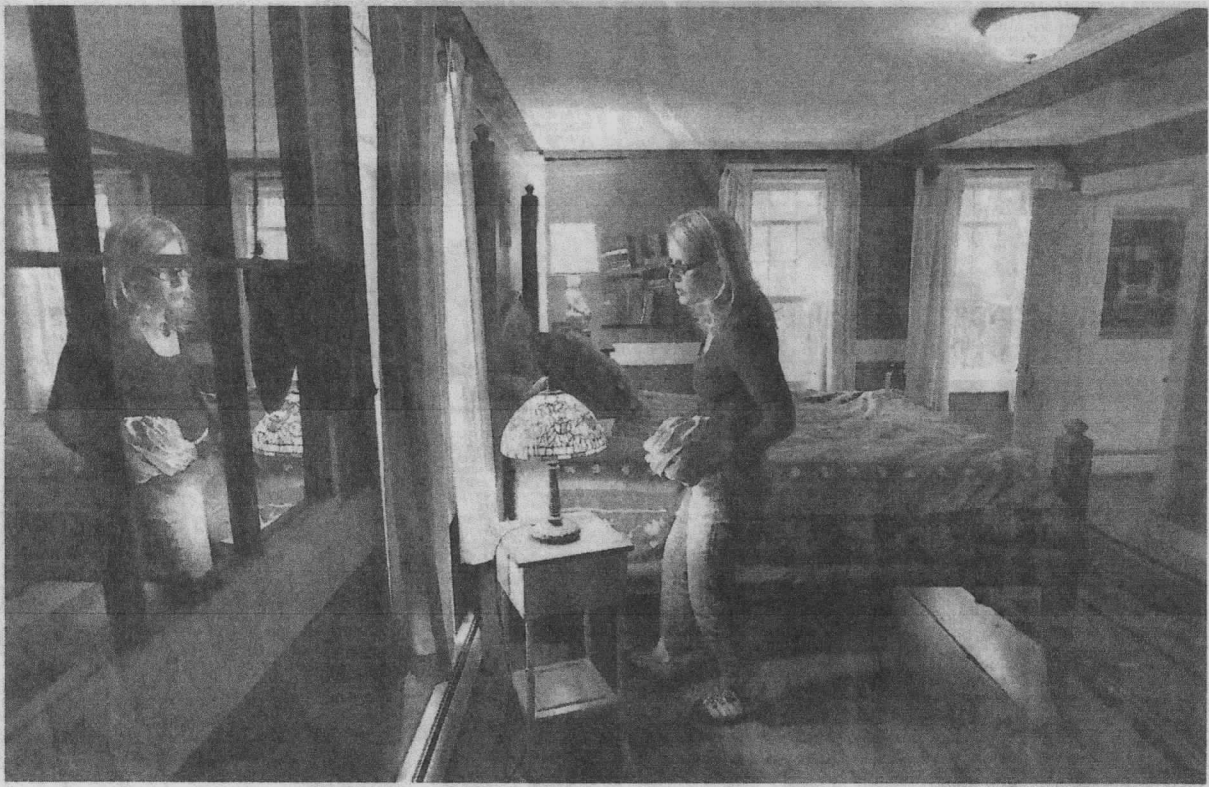
"It's perfect for people who don't want the hassle of owning a place on their own," Jenkins said, "and it lets people get a nicer place for the money they can afford to spend."

Under Jenkins's proposal, she
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Getting her Deering, N.H., vacation home ready for the summer, Leesteffy Jenkins headed upstairs with fresh linens.



CHERYL SENTER FOR THE BOSTON GLOBE



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Leesteffy Jenkins hopes to divide ownership of her vacation home by creating a limited liability company and selling shares.

LLC: Another way to own a vacation home

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would retain one share of the LLC and sell the other three for \$120,000 each. Members of the LLC, including Jenkins, would pay an annual condo fee for maintenance and capital expenditures, and the partnership would be set up much like co-op. To avoid conflict, owners would have access to the property on a rotating schedule — they would be able use it during holidays and other popular weeks every few years.

Jenkins said the concept offers owners advantages. For example, unlike going in on a place with a group of friends, an LLC allows owners to sell their shares without permission from the oth-

er members of the LLC.

Jenkins began advertising the proposal on Craigslist and other websites in April. She has also listed it with a real estate agent who specializes in for-sale-by-owner listings.

But the idea may still be a hard sell when it comes to convincing lenders.

Huettner said financing such a purchase can be trickier than securing a mortgage for a traditional second home. Changes in ownership within the LLC can sometimes trigger acceleration clauses in loans, forcing owners to pay them off early, said Huettner, who has helped potential buyers finance similar purchases in Colorado, where LLC ownership is more common be-

cause of the state's destination ski resorts.

Wells Fargo has an LLC department that has handled such

An LLC offers many of the same protections as a regular corporation.

vacation home arrangements, said Jason Bonarrigo, a senior mortgage banker at Wells Fargo Home Mortgage's Boston office. "It can be done, however, it is not easy," said Bonarrigo.

Jenkins said most potential buyers she has spoken with so far have said they would pay cash, so credit would not be an issue. So far, however, she has not gotten anyone to commit.

Jenkins bought her New Hampshire property in the Monadnock region 11 years ago and lived there full time for a few years. Up until last year, she worked as an attorney in international policy — a job that sent her around the globe. She recently decided to pursue a career as a novelist, and moved to Cambridge to be closer to her boyfriend.

"I'm sure if this idea takes hold, banks and lenders will find a way to participate," Jenkins said.