

# BUYING A HOME IN COASTAL NORTH CAROLINA

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# WORKING WITH REAL ESTATE AGENTS

Why have a buyer's agent? Negotiating, home search, value comparison, material facts, inspections, appraisals, vendors, quotes, home warranties, attorneys, closing dates, due diligence dates, due diligence money, earnest money, HOA dues, covenants and restrictions, constant conversation and updates; these are just a handful of items a buyer must handle without an agent. A great buyer's agent will make the process feel very easy and keep you informed at all times. You know they are doing their job if you think they had it easy! An agent will handle other people's emotions, field all the questions and help keep your anxiety at a minimum.

Before you tell an agent any crucial information, such as, price, terms, or your motivation for buying, make sure you are positive that is the agent you want to work with. Without buyer representation, that agent owes you no loyalty. Make sure you are a good fit and confident in your communication styles.

When you have chosen your agent, sign your Buyer's agency agreement and get ready to start looking at homes.



**"HOME IS PART OF  
YOUR FAMILY."**





# BUYER AGENCY

The Working with Real Estate Agents Disclosure that you receive from your agent, discusses the types of agency available to a buyer in North Carolina. There is exclusive buyer's agency, dual agency and designated dual agency. Keep in mind, all agents work for the seller until buyer agency is in place. This allows the agent to legally write the offer for you and negotiate on your behalf. Discuss with your agent if you are comfortable with dual agency or designated dual agency before viewing homes on the market.





# THE PROCESS OF BUYING A HOME

1. Pre-approval process.
2. Home search and showings
3. Offer negotiation/offer acceptance
4. Due diligence period (aka inspection period)/ negotiate repairs
5. Appraisal/ negotiate price if needed
6. Final walkthrough
7. Closing day (typically 30-45 days after step 3)





# VA HOME LOAN BUYERS

First time VA home buyers do not have down payments, you are welcome to put money down on a home to lower your mortgage payment. If this is not your first VA home loan, the VA may require a down payment. There is a VA funding fee that is added to your loan, but there is no mortgage insurance like with other loans. There is a FHA/VA document you will sign that accompanies your offer. This document states you will not have to purchase a home if it does not appraise for the contract price. You will not receive your due diligence fee back, but you can have your earnest money returned in that scenario. The VA has requirements on the condition of the home you are purchasing, we will be looking for the conditions the VA appraiser may require the seller to repair.



# VA BUYERS SHOULD KNOW

VA loans have specific characteristics that every VA home buyer should be aware of. They are typically 100% financed. If you receive 10% or more service connected disability the funding fee is decreased. For those that disability does not apply to, you may also reduce your funding fee if you bring a down payment. The VA loan requires a pest inspection on all homes. If there is well for drinking water, it will require a well water inspection. VA loans require a home to have no rotted wood, even on exterior features, such as a deck or patio. So, the appraisal may come back with a note, “conditional upon repairs” meaning the VA will only close on the loan for the home if the seller fixes the items the appraisal has listed. However, when we view the home, this is something I will be gauging as we walk the house.

## FUN FACTS

- If you are 100% disabled, you do not have to pay property taxes.
- For homes that do not appraise, we may have a Tidewater process. This takes extra time and more effort from the buyer's agent to justify our price. If this occurs, we will discuss the course of action.
- VA has no true Debt To Income (DTI) restrictions and are very lenient in their loan guidelines.
- If you are discharged in less than 12 months of the close date the VA will not allow your current military income to be used.
- The VA allows up to 6% seller concessions to the buyer.
- The VA also allows the seller help to go towards paying off buyers debt to qualify for the purchase.





# FHA HOME LOAN BUYERS

First time FHA home buyers can put down as little as 3.5% of the loan as a down payment. If your down payment is between 5-11%, the monthly mortgage insurance is reduced. With an 11% down payment or more, the monthly mortgage insurance will come off the loan.

The closing costs will be within the 3-5% range of the purchase price. Minimally, the FHA home loan buyer will bring 6.5% of the purchase price to the closing table. FHA loans have requirements regarding the condition of the home you are purchasing. We will be looking at the condition of the home to decide whether or not the FHA appraiser will require repairs prior to closing on the home.





# USDA HOME LOAN BUYERS

USDA home loan buyers are much like VA home buyers, in the fact that there is no down payment for this loan. It is 100% financed by the US Department of Agriculture. This home loan is geographically specific. Only homes that are in more rural/suburban areas may be applicable to this loan type. If this is the loan type for you we will discuss those areas. The loan type is also income dependent, there is a maximum amount of income allowed, with a different maximum for married and unmarried buyers. There is also a 1% USDA funding fee and .35% monthly mortgage insurance for USDA loans. A USDA loan requires a minimum of 45 days from contract to closing day.





# CONVENTIONAL HOME LOAN BUYERS

Conventional home buyers can bring between 3.5% for first time home buyers and 5% or more for subsequent purchases in North Carolina. The closing costs will range between 3%-5% of the purchase price. Conventional loans are much more lenient on the condition of the homes being purchased. A maximum of 3% seller concessions is allowed unless the buyer puts down 10%, then a 6% maximum is accepted.





# SECOND HOME BUYERS

Our market is rich with second homes. Whether it's a beach house, downtown cottage, weekend townhouse, or college student housing; we see a wide range of second homes in our area. Most second home loans require 10% down. There are tax aspects to consider when purchasing a second home. Will you be renting the home out more than 14 days per year? Will you eventually convert a second home into a primary home? These are topics you should discuss with your agents prior to purchasing.





# CLOSING COSTS

Here in North Carolina, your closing costs are typically 3-5% of the purchase price. For example, 400K home will most likely have 12k to 20k in closing costs. We can ask the seller to cover some or all of the closing costs however, it is wise to prepare yourself for the down payment (if applicable) and the closing costs combined.





# DUE DILIGENCE FEE AND EARNEST MONEY

There are two checks that you write once your offer is accepted that you should be ready for: you will send these checks off the day we get the sellers signatures on the offer, they are the due diligence fee and earnest money check. These fees are negotiable (what you would like to offer or what the seller counters at) and typically between \$500 and \$5000 for each check (however we have seen it higher).

These two are not required for an offer but, a seller expects to see these in the offer to purchase (it helps us win the deal). An earnest money check is held in escrow, typically by the closing attorney and credited to you at the closing table. It is considered a “good faith” check.

A due diligence fee is a check written to the seller and delivered upon ratification of contract. A due diligence check is non-refundable. The seller requests this fee because here in NC, the buyer can walk away from the contract for any reason or no reason during the due diligence period, leaving the seller to go back on market and try again. It is often considered, “damages”. However, if and when you go to closing, this fee is credited back to you at the closing table. You will see it subtracted from your closing costs.

Example:

Closing costs: \$5000.00

Due Diligence: \$1500.00

You pay at closing: \$3500.00





# MONTHLY MORTGAGE

The mortgage is made up of **PITI** (Principal payment, Interest, Taxes and Insurance)

Your mortgage Principal and Interest will not change (as long as you don't have a variable rate mortgage) but your Taxes and Insurance can change.

On the coast of North Carolina, you are required to carry **Wind and Hail Insurance**, as well as your general Homeowner's insurance. Some homes, will require flood insurance. These costs should be factored in prior to purchasing.

Before we look for homes, we will speak to the lender about what you qualify for so that we can gauge what your monthly payment might be.



# CONDITION AND MATERIAL FACTS

Condition can be crucial to the loan type. Some homes may not qualify for certain loan types, this is something your agent will be watching for.

Material Facts are anything that would change your mind about purchasing the home. We will be looking at deeds, covenants and restrictions, flood zones, DOT maps, Plat Maps, wetlands, new developments nearby, and a whole of host of conditions that may be on your list of musts and/or never.







# WHAT A WINNING OFFER LOOKS LIKE

## WHEN PUTTING IN AN OFFER

I will walk you through this process. Each offer will be different based on the home, whether or not we are competing with other buyers, how long it's been on market, etc.



The offers currently winning in the market usually have a variation of these elements (remember this changes often):

- 30 day closing time
- 1000 or more in due diligence
- We can ask for repairs in the contract
- We can offer less than listing price if it's been on the market for some time (for resale or new construction)
- 2-3 weeks due diligence period



# INSPECTIONS

During the due diligence period (which is typically 2-3 weeks) you will hire inspectors to give you a professional report on the status of the home. Most common is, the general home inspection, this inspector will give us a general report on the home to let you know if there are safety issues, latent projects (aging roof, etc), or immediate issues. If you have a septic tank, you will want the septic inspection. Other inspections you may want or may be required by your loan are termite/pest inspection or HVAC inspection and a well water test if there is a well.

- Home inspection is typically \$400-800 (size relative).
- HVAC inspection is typically \$150.
- Termite inspection is typically \$100-200.
- Septic inspection is typically \$300-500

(These are items to set money aside for as well as the earnest money and due diligence fee mentioned previously.)

The inspections are important so that you know exactly what you are buying and if there is anything you can potentially ask the seller to fix, or for you to set money aside for latent repairs.

Your agent can assist you in suggesting and scheduling the inspectors.





# HOME OWNERS INSURANCE & FLOOD ZONES

Once you are under contract and have had time to inspect the home so that you are comfortable in the condition of the home; I suggest comparing quotes for home owners insurance.

Here in North Carolina you will need an HO3 (typically for single family homes) policy and wind and hail insurance. Some companies can bundle these two, others may not.

The other type of insurance you can purchase would be flood. If you are in an X zone, flood insurance is not required to purchase the property, however, you can purchase a flood policy for much cheaper, roughly \$600 a year.

However AE, and VE zones require flood insurance and are typically in the thousands, ~ \$8,000 and up yearly.





# THE HOME SEARCH

How it works:

Depending on your timeline, you may simply track the market and see what comes available, how much is available, monitor price movement, select neighborhoods, amongst other things dependent upon on your criteria. It is ideal to tour homes once you have spoken with the lender and decided on a plan of action. This will help determine what kind of home to look for as well. Your agent will set up a search with your criteria and continue the search until it is time to purchase the home that fits your needs. Be patient and remember that home buying is an emotional journey, and your agent is here to help you through it.





*Great agents will make sure they find what works best for you, your financials and your family. Always communicate with your agent about what's on your mind so they know how to help and move the needle in the right direction.*



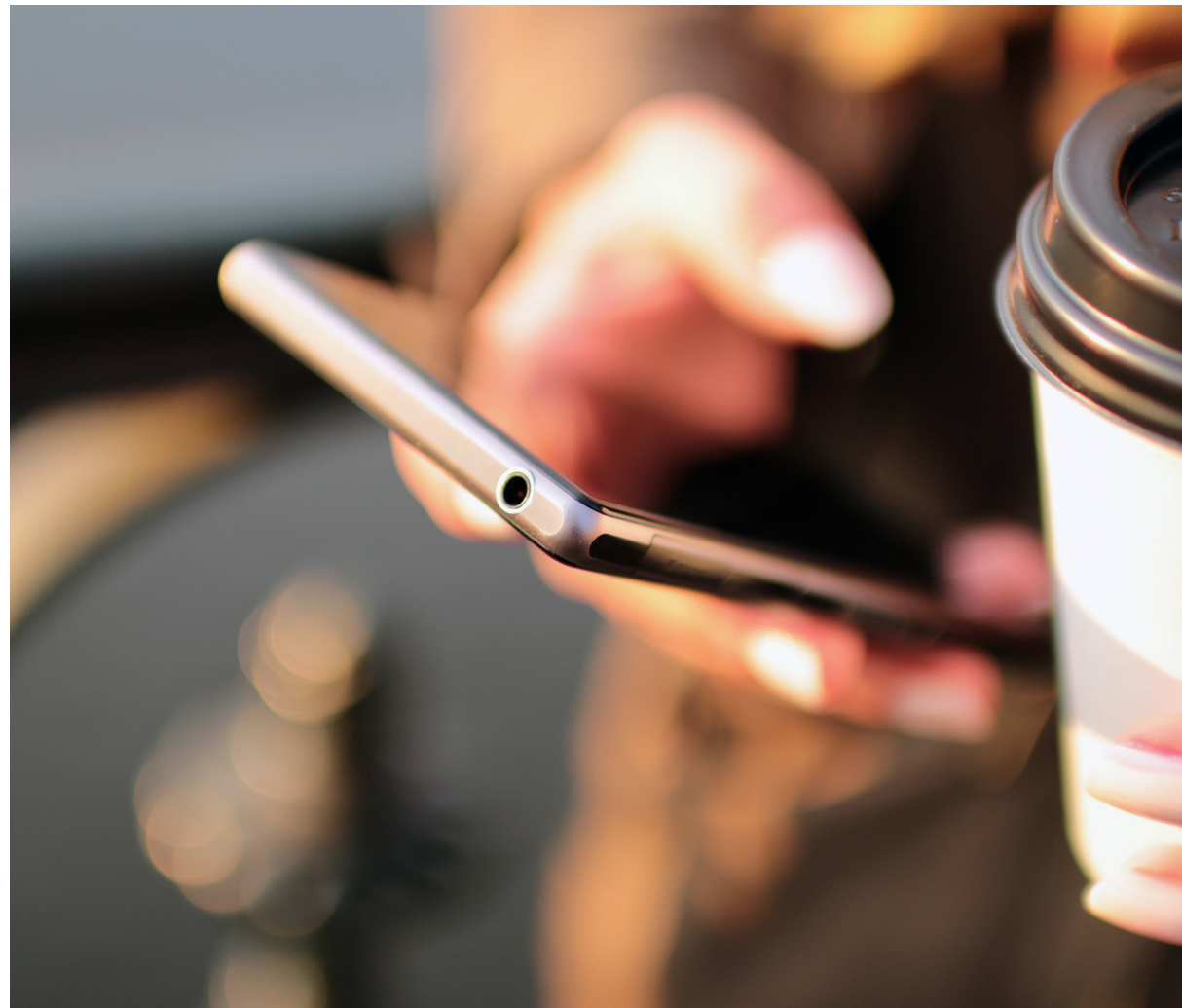
# HAVE QUESTIONS?

Feel welcome to call, email or text with any concerns about your contract. We will always win as a team that communicates.



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# CHELSEA KURTZ


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Born in Annapolis Maryland, Chelsea moved to North Carolina in 2008 and has since claimed the coastal state as home. Her alma mater is UNCW where she earned a Master's degree in Negotiation. She is a Best of the Best agent of Coldwell Banker two years in a row. She is married to a Marine Officer, has a son named Ronan and two rescue dogs.

## Expertise & Experience

- A Master's Degree in Conflict Management and Negotiation
- Resort and Second Home Property Specialist
  - Over 4 years in business
  - More than 60 homes sold
- Over \$22 million in homes sold
  - Excellent communication
- Amazing Real Estate Firm



A photograph of a two-story house with light-colored siding and a dark roof. The house features a prominent wooden deck on the second floor and a set of wooden stairs leading up to it. The house is elevated on stilts, and there is a covered area underneath. The background shows other houses and a cloudy sky. The text "Get ready for the coastal life." is overlaid in a white, cursive font.

*Get ready for the coastal life.*