

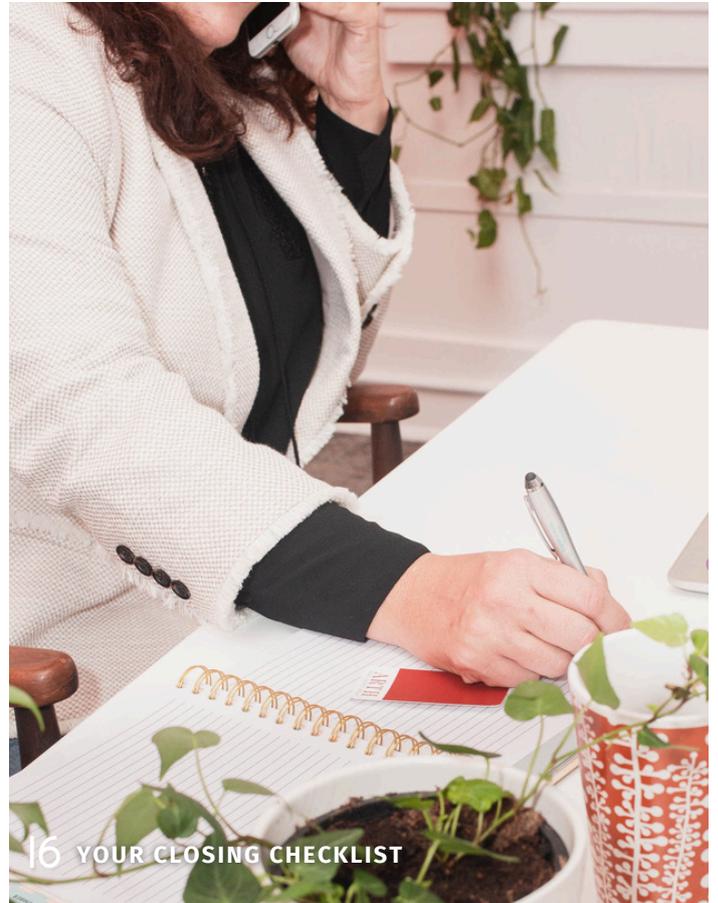
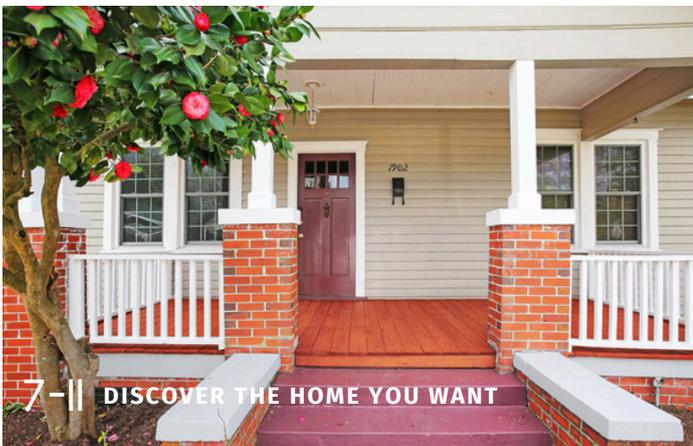
# BUYER'S BOOTCAMP

**A HOME BUYING GUIDE & WORKBOOK TO MOVE  
YOU FROM SHOPPING TO CLOSING**



**ARTH**  
REAL ESTATE GROUP

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## BUYING A HOME MAY BE EASIER THAN YOU THINK.

Maybe you own a home and it's time for something new, or perhaps you are still renting, scrolling through pictures of homes online. No matter where you are in the mix, I'm always right here.

I'm here in Wilmington, North Carolina multi-tasking, going to showings, supporting and highlighting local small businesses. I love connecting with people by finding them homes.

Are you ready to start taping up your moving boxes? Already have paint colors picked out for a place you internet-stalked 10 minutes ago? Let's go buy it! (I'll buy the can of paint as a closing present.)

In my Buyer's Bootcamp I want to share my 15+ years of experience with you from working in the Wilmington real estate market. We'll talk strategy in how to get pre-approved, shop well, offer and close.

# GET PRE-APPROVED

HERE'S HOW TO GET STARTED

## 1. START WITH PRE-APPROVAL

This is square one. So many real estate groups glaze over this. It's not sexy, sometimes a little scary and certainly not as glamorous as shopping for homes. But everything from the shopping process, putting in an offer and ultimately closing the deal, hinges upon what happens in the pre-approval process.

## 2. CHECK YOUR CREDIT SCORE

Have your FICO score in hand by going to one of the many sites that offer it up for free like Equifax or TransUnion. Have a Chase credit card? They keep up with your score for free as part of your account.

## 3. HAVE A CONVERSATION

Even if you are considering buying a home within the next year or even puttering around on Zillow, start your application for a loan with a lender now. A lender can take inventory of your assets, your debt-to-income ratio, credit score and other factors and find the best loan for your lifestyle. It never hurts to talk to your lender and ask questions.

## 4. FIND THE RIGHT LOAN

A handful of different home loans exist, with some making more sense for student debt holders than others. From conventional borrowing, FHA loans, VA loans and more — they all have their pros and cons. But more importantly there is one loan that is right for each homebuyer.

A lender can walk you through your options.

### TIP:

Don't be scared of the pre-approval process. All it takes is a conversation.

# PRE-APPROVAL CHECKLIST

Round up these personal files to give your lender in the pre-approval process. Lending with a partner or spouse? Be sure to have these files for both parties.

- DRIVER'S LICENSE OR ID
- SECOND FORM OF ID (LIKE PASSPORT)
- SOCIAL SECURITY CARD
- W2S
- TWO YEARS OF TAX RETURNS
- CREDIT REPORT
- STUDENT LOAN BALANCE
- RECENT BANK STATEMENTS
- MORTGAGE BALANCE  
*(If currently paying for a home)*

## TIP:

Digitize the above files using a document scanning app so you have them ready for a lender and throughout the home-buying process.

# APPROVED? THE DO'S & DON'TS

## THE DO'S

- ✓ **Make all your payments on time.**  
Keep all accounts current so no late payments show on the refreshed credit report done before closing.
- ✓ **Make sure your earnest money check is from your own savings** account and written on a personal check. Don't let anyone write this check for you. If this is an issue, talk to your lender.
- ✓ **Chat with your lender** prior to accepting any large financial gifts from family to help you buy a home. There are strict requirements to document the receipt of gift funds (for the donor and recipient). Your lender can help you meet these requirements.

## THE DON'TS

- ✗ **Change your job or even your pay structure** during this process. Paychecks and stubs should reflect you work 40 hours per week (if paid hourly).
- ✗ **Take out a loan for a car or open a new credit card.**  
Mortgage advisors are required to pull a refreshed credit report five days ahead of closing. New lines of credit or loans could jeopardize your closing. Large purchases ahead of a home purchase are not recommended.

# NOW IT'S TIME TO SHOP... & DO IT WELL.

## FIRST, SOME QUESTIONS.

If buying a home with a spouse or partner, be sure to answer these questions separately. Then, come together to discuss your answers.

## USE THE SPACE BELOW TO WRITE OUT YOUR TOP FIVE PRIORITIES IN A HOME.

NOTES:

**IS THIS HOME A STARTER HOME OR SOMETHING TO GROW WITH A GROWING FAMILY?**

**ARE YOU WILLING TO SPEND TIME AND MONEY RENOVATING A HOME? IF SO, HOW MUCH?**

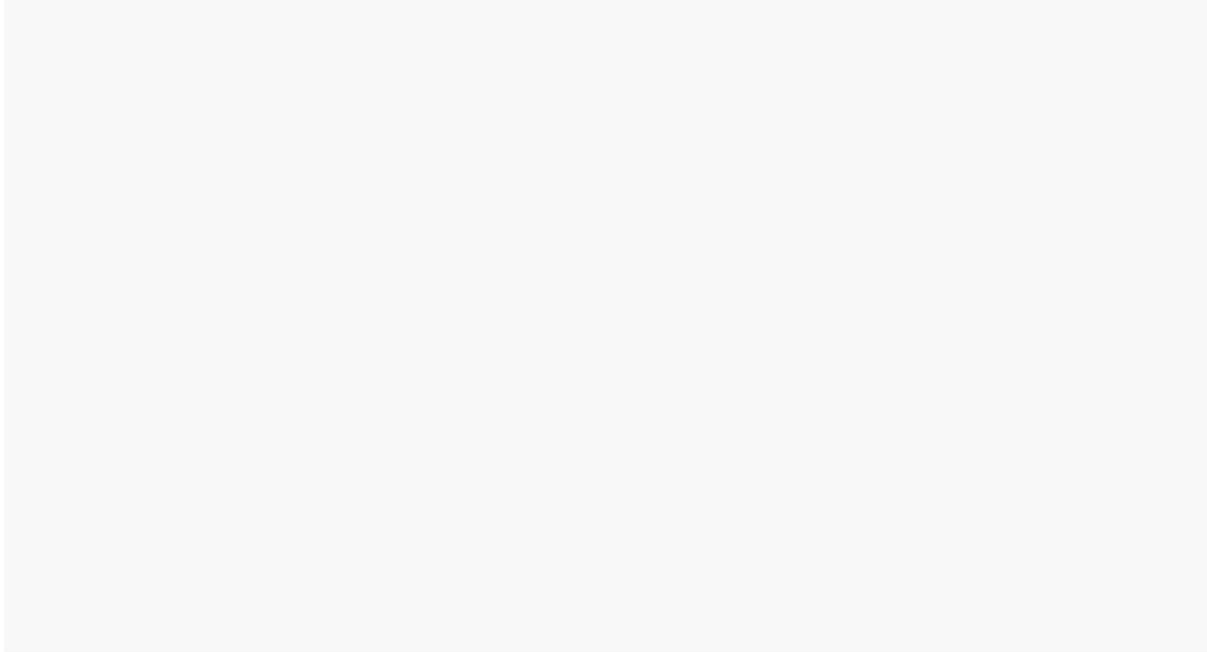
**WOULD YOU RATHER COMMUTE TO WORK OR COMMUTE TO YOUR LEISURE ACTIVITIES (RESTAURANTS, THE BEACH, SHOPPING?)**

How far are you willing to drive?

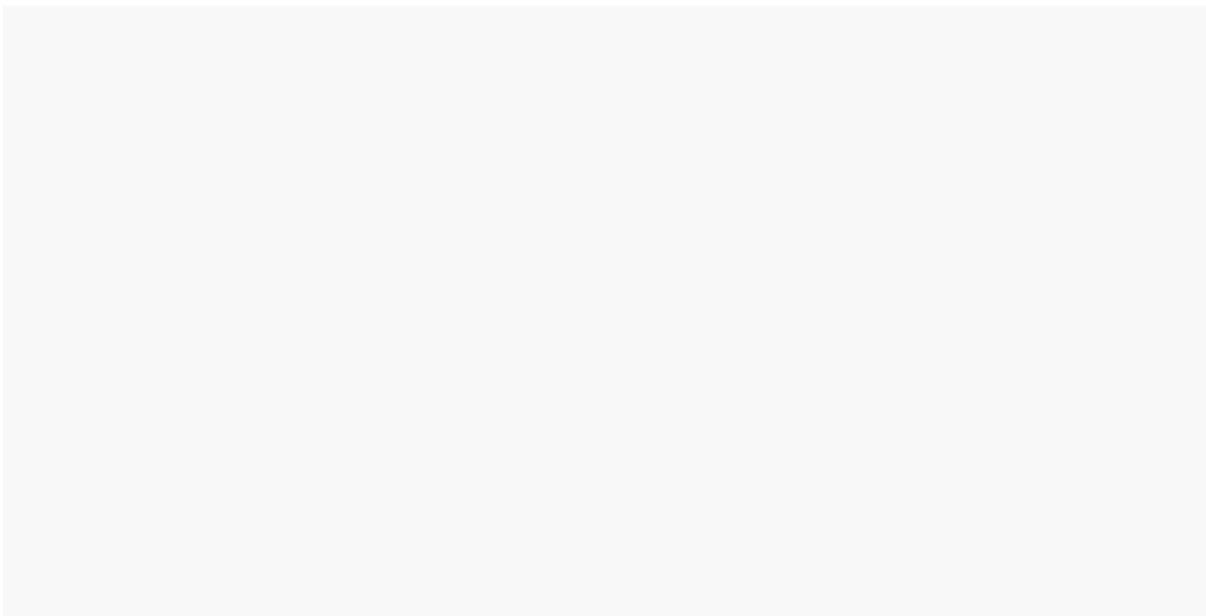
**WHAT NEIGHBORHOODS AND SCHOOL DISTRICTS ARE YOU MOST INTERESTED IN?**

Check my neighborhood guide for help.

**WHAT ROOMS AND SPACES WILL YOU SPEND THE MOST TIME IN?**



**HOW MUCH LAWN AND GARDENING DO YOU PLAN ON DOING?  
WHAT ABOUT HOME MAINTENANCE?**



## SHOPPING ONLINE

As of Spring 2021, Trulia is not connected to the greater MLS system, meaning the information on what is under contract can be weeks behind.

Zillow is now connected to the MLS system, but not always the most accurate. For the most up-to-date information, head to [arthrealestategroup.com](http://arthrealestategroup.com) and browse the latest MLS listings

## DO SOME RECON WORK

If you are considering buying a home, be sure to drive around the community to get a feel for it.

- Check it out in the rain to see how the yard drains.
- Go see the neighborhood at night.
- I highly recommend walking through on a weekday between 3 and 6 p.m. as residents return home from work and children return from school. This way, you'll understand the nature of a neighborhood.
- Don't be afraid to ask residents you bump into on your walk about the community.
- The folks at the nearest coffee shop or restaurant can help fill you in too.

**TIP:**

**DEBATING WHAT COMMUNITY TO BUY A HOME IN?  
HEAD TO MY ARTH GROUP REAL ESTATE  
NEIGHBORHOOD GUIDE.**

**[ARTHREALESTATEGROUP.COM/NEIGHBORHOODS](http://ARTHREALESTATEGROUP.COM/NEIGHBORHOODS)**

## YOUR HOME TASTE & STYLE

I always remind my clients, you can change cosmetic stylings in a home. Don't walk away from a home because of paint color, a tile you disagree with, or even carpet. That can all be changed. You are shopping for two things: the community and home size. If those two boxes and your top priorities are checked, we may have a winner.



## **BUDGETING**

This changes depending on the market and interest rates, but one general rule of thumb is every \$10,000 = a \$50 payment. So if you go \$20,000 over your budget? That's \$100 more each month. But if you go \$2,000 over your budget, it's only a \$7 change.

- Remember to budget for closing costs (generally 2-3 percent of your purchase price). Budget for moving costs, too.
- Want to keep renovations in mind for your budget? This can get tricky to predict because of individual taste but plan on spending \$5,000 to \$10,000 on standard bathrooms and \$20,000 to \$30,000 on kitchens.

## **TAKE PICTURES**

During a showing, take plenty of pictures for your reference later. Even grab a video walk-through if you can.

**Never look at more than four homes in a day. They will all run together — I see this happen all the time.**

**TIP:**

**Buyers call me later to talk about the homes they saw and start describing one that doesn't exist. Yep, that's because you are combining all the ones you visited in one day!**



# MAKING AN OFFER & UNDERSTANDING THE PROCESS

The first thing I want you to know about an offer is that it could be rejected. Once we all know this, we can approach the process with excitement but also some reservations.

It's okay to have your emotions invested in your offer, especially if you've come across your dream home. But stay realistic, especially when the market is moving quickly.

# THE THING ABOUT APPRAISALS

Keep in mind appraisals have roughly a 45-day lag time, so we are constantly seeing discrepancies from the contract price to the appraisal price. Sometimes the prices are differing by as much as \$15,000.

**What does this mean for you?** With the competition already fierce, some buyers are proactively bringing an extra \$10,000 to \$15,000 to the table during the offer process just in case they have to make up the difference.

Be sure to keep this in mind when making an offer — the appraisal value may increase during the process.

In a market with flexibility, sellers can split the appraisal difference or the sellers may come down on the price. With a competitive market this burden could be more on the buyer.



## HOW MUCH MONEY IS NEEDED AT CLOSING?

**That depends.**

Consider the market absorption rate and how many people you are competing against.

I always tell buyers it's not that the highest offers = the best offer.

Instead, know as your buyer's agent I can tinker with a number of factors to pad your offer and make it look better to sellers.

We could put more money down at closing, extend the closing period and modify dates and timelines, rather than simply offer more money.

## TIP:

**OFFERS ON HOMES ARE NOT AUCTIONS.**

HOMES DON'T NECESSARILY GO TO THE HIGHEST BIDDER.

IF YOU HAVE THE FLEXIBILITY, TRY AND ALLOW THE CURRENT OWNERS TO STAY IN THE HOME LONGER, THEN RENT THE HOME BACK TO THEM AFTER CLOSING.

YOU'LL GET THOSE FIRST FEW MONTHS OF YOUR MORTGAGE PAYMENT TAKEN CARE OF THANKS TO RENT.

## INSPECTIONS

In North Carolina, the offering process includes a due diligence period where you can negotiate repairs to the home after inspection. Due diligence could be two to three weeks.

**TIP:** I LIKE TO ASK THAT MONEY FOR REPAIRS GOES INTO ESCROW, SO WE KNOW IT'S SECURE.

### Here are some things to remember about Wilmington and the coastal North Carolina area when going through inspections:

- Remember older homes may have wiring issues.
- Older homes are more likely to have termite damage and remediated windows
- All homes here battle with moisture and humidity all year long, especially during hurricanes and wet winters. This can mean damp crawl spaces and other water damage issues. If not sealed up properly, expect plenty of standing water in a crawl space.
- For slab homes, inspectors should check on foundational cracks (different from general settling).
- Get to know where marshes and wetlands are in relation to your proposed home and what that could mean for moisture, humidity, and flooding.
- Be realistic about what repairs mean for the price of the home. The doorbell not working? That's not going to really adjust the price of the home.
- We want to truly look at the overall structure and integrity of the home during inspections, not nit-picky small repairs. Fires and structural damage will be recorded as a material fact.
- In historic homes in downtown Wilmington, expect copper and tube wiring, possible damaged flashing around wood-burning stoves, and always expect some burn damage from small fires.

# WHAT TO EXPECT AT CLOSING

Typically at closing, the last step should be one of the easiest parts. We've worked through securing a loan, tackled the offering process, and gone through inspections.

## WHAT SHOULD YOU EXPECT?

Signing, signing, signing, and then ... more signing.

In North Carolina ownership happens at the closing of the recording, meaning if you aren't renting the home back to the current owners (see my previous PRO TIP) you can move the same day.



## DOCUMENTS TO HAVE AT CLOSING

Round up these personal files before you head to your closing. Buying with a partner or spouse? Be sure to have these files for both parties.

- DRIVER'S LICENSE OR ID
- SECOND FORM OF ID (LIKE PASSPORT)
- ANY AND ALL DOCUMENTS YOU ACCUMULATED DURING THE BUYING PROCESS

**TIP:** Be sure to have your home re-keyed by a locksmith the day or week of closing.

## TIE UP THESE LOOSE ENDS AT (OR BEFORE) CLOSING

- Understand escrow numbers and what taxes are being paid for.
- Get clarity on what is included in the insurance binder.
- Get information on electric, water, trash and HOA.
- Ask for access to deeded water access (if you have one) and any community pool/ community area keys or codes.
- Find out when and where home owners meetings take place and points of contact in the association.
- Ask for the floor plan of your home.



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