



NAN SIMCOX

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North Carolina Homebuyer's Kit Introduction...

My name is Nan Simcox and I want you to understand that you are not alone in your concerns and worries about making the biggest investment you have ever considered. Everyone who has ever made that first home purchase has had a certain amount of doubt, worry and wonder about whether they were doing the right thing. You are about to join that large fraternity of people who have learned that the first step toward building wealth and security is through home ownership.

I have been a resident of Havelock since 1970 and a real estate salesperson and REALTOR since 1979. Cherry Point was my husband's last duty station before his retirement from the Marine Corps in 1974. We have five children and the last three went through the Havelock school system from kindergarten until graduation from Havelock High School. My older two children were here for the last seven and nine years of their education.

When we arrived in Havelock in 1970, my eldest son was in sixth grade and this was his seventh school and our fifteenth home. It was also the first time we were able to purchase a house and that was a big step forward for us. I can still remember how nervous we were - we were sure we would never be able to afford the payments of \$165. per month...you must realize that our rent had been \$100 a month, so this was a big decision! Since then we have purchased three other personal homes and several investment houses without even a tremor. It's the first one that is hard to get through!

I hope that my knowledge of the area, my understanding of your nerves and my experience as a Mother, a Military Wife and a REALTOR will help to put you at ease during our period of house hunting.

As a REALTOR, I have been employed by the local homeowners to sell their houses. I will answer any questions about the houses honestly and to the best of my ability, however, I can only represent you in the transaction if you have hired me as a Buyer's Agent. I will be discussing that possibility with you and let you make that decision. Whatever decision you make, I will treat you honestly and fairly and I look forward to helping you select just the right home for your family!

Sincerely,

Nan

Nan Simcox, Your Personal Family Realtor

Buyer Expectation Sheet

If you are a first time homebuyer, this sheet will let you know what to expect during the buying process. If you have any questions, please call or e-mail me at any time.

1. We will discuss your wants and needs in a home. Then we will figure out what you feel comfortable with as a monthly investment as well as what a mortgage broker will allow you to borrow, based on certain qualifications. It is a good idea to start out with an interview with a loan officer so that when we look for a house, you will know exactly how much you can afford and when we find the right house, you can make an offer based on being pre-approved and ready to proceed. A seller will be much more likely to consider your offer seriously knowing that you have already completed the loan process. This can be very important if you are in competition with another buyer wanting the same house and will give your offer the highest credibility.
2. While it is not a requirement that we do the loan application first, it is my strong recommendation. At this time you will need several pieces of information such as names and addresses of creditors, account numbers, approximate balances owing and monthly payments, your banking information - including approximate balances on accounts. You will also need to pay at this time for your credit report, usually \$50.00. If you are using your VA benefits, the lender will also provide the paperwork and will take care of obtaining your Certificate of Eligibility.
3. We will begin our search for your home. You will need to tell me what you like and what you don't like so that I can zero in on the perfect home for your family. You really need to level with me about the houses we look at - I need your feedback so I won't continue to show you things you don't like!
4. Once we find the home of your choice and have a final decision, we will put your offer in writing by filling out an "Offer To Purchase" form and giving an earnest money deposit. The earnest money deposit lets the seller know that you are sincere in trying to purchase his property and he can take the property off the market while your loan is being processed. When we go to closing, the earnest money will be credited toward your closing costs.
5. Once an offer is negotiated and accepted by all parties, if you have not already been pre-approved, a loan application will be taken. Please review that section of this packet so you will know what to expect. After the loan application you will experience a "quiet time" in which the lender is sending out the verifications that you signed and waiting for them to be returned. This usually takes a few weeks and it is very normal for you to be anxious during this time, but remember, "PATIENCE IS A VIRTUE" and if the lender anticipates any problems, you will be apprised of that up front.
6. **VERY IMPORTANT:** You will receive a "Truth In Lending" statement from the mortgage company with lots of figures on it. It can be very confusing. It spells out lots of things that will be paid in the purchase of your home. Sometimes it does not specify who pays for what and the figures are only estimates. It will show the interest rate as an annual percentage and that will be somewhat higher than your actual interest rate. Don't panic! Pick up the phone and call either me or the lender and ask questions... it's okay!
7. In about three-four weeks either the lender or I will call to let you know that your loan has been officially approved. At that time we will set up the closing and order the survey, termite report and your insurance.
8. "Closing" is when you will be signing all the documents necessary to make the house legally yours. This will be done by an attorney at his office and he will be representing you regardless of who is paying the closing costs.
9. Any monies that you will need at the time of closing must be in cash or certified funds made out to the attorney.

NOTE: Some difficulties may occur from time to time depending on types of loans. This information is to help make your purchase trouble and stress free and as smooth enjoyable as possible. That is my goal!!

NORTH CAROLINA HOMEBUYER'S KIT - STEP ONE

Loan Process

PLEASE NOTE: The \$50.00 charge for the credit report is due at the time you make application for your loan. The Appraisal fee will be due upon credit approval when the appraisal is ordered.

Information The Lender Will Check:

1. **Credit History** - up to date record kept by a Credit Bureau showing to whom you have owed money in the past; how much you have owed and whether you made the payments as scheduled.

Your credit record may also show how much money you owe NOW as well as your job history and income.

A lender may turn you down for a mortgage loan if you have a "poor" credit history or too many debts.
2. **Employment record, your income and your other assets, such as a car, savings, stocks, bonds, etc.**
3. **Current debts (such as installment payments on your car, furniture, credit cards) to help them decide whether you can make the mortgage payments.**
4. **The house** - to see whether it is worth the price you are paying for it. An appraiser determines the value of the house. **NOTE:** an appraisal is NOT an inspection - you need to hire a home inspector to determine the condition of the house.
5. **Any outstanding judgments against you. Have you ever declared bankruptcy?**
6. **Whether you have had property foreclosed on or given deed in lieu of foreclosure.**
7. **Whether either party is a co-maker or endorser on a note.**
8. **Whether either party is a party to lawsuit.**
9. **Whether any part of the down payment is, or will be, borrowed.**

Note:

****** Most loans are for 30 years although 15 year loans are also available

****** Some common types of mortgages are: Fixed-Rate Mortgage, Adjustable-Rate Mortgage (ARM), FHA Insured Mortgage, VA Mortgage, Assumable Mortgage, etc. Ask your mortgage Lender to explain each type before you make a decision as to which type of loan is best suited to you. There are also several types of loans that can be used in conjunction with the State of North Carolina programs for first time buyers.

****** Most lenders need three to six weeks for the whole loan approval process. Much of this time is waiting for people and companies to respond to lender requests for information the lender will need to make a decision as to whether or not they will grant you a loan. If you have been thoroughly up-front with the lender and there are no surprises during processing, the lender will be able to tell you very early on whether or not your loan will be approved.

Information The Lender Will Need:

(What to bring to the loan appointment)

1. Your home address(s) for the past 24 months including zip code
2. Name and complete address of employers for the past 24 months. (Both applicant and co-applicant)
3. Account numbers for all checking, savings and credit union accounts. Please have the current balance in each account as well as the complete address where the account is kept
4. Social Security numbers for applicant and co-applicant
5. All open credit accounts. Include account number, mailing address, monthly payment and current balance. Include all charge cards and installment loans.
6. Past credit references - if you have less than three open accounts, please list past credit references and include account number, address and amount borrowed.
7. Other obligations - list job related expenses such as insurance, union dues, dependant care, etc.
8. If applicant or co-applicant is obligated to alimony, child support or separate maintenance, bring a copy of your divorce decree and/or maintenance agreement.
9. List premiums for auto, life and hospital insurance. Also, the total value of life insurance and cash value of the policy.
10. If applicant or co-applicant now own a home or have in the past 2 years, please provide:
 - a. Name and address of lender, loan number, type of loan
 - b. If the loan was sold by assumption, the name of the assumptor
11. All retirement fund information, savings bonds with serial numbers, stocks and similar assets
12. If you are applying for a VA loan or an FHA/Vet loan, a copy of your military separation for DD-214 or if on active duty, a Statement of Service (filled out by your S-1) will be needed. If you have already obtained your VA Certificate of Eligibility, please bring it with you.
13. If applicant or co-applicant is self-employed, copies of profit and loss statements for the past 2 years will be needed along with a current balance sheet and Federal Income Tax Returns, also for the past two years.
NOTE: if this is to be a VA loan, a public accountant or a certified public accountant MUST prepare these documents.

NORTH CAROLINA HOMEBUYER'S KIT - STEP TWO

Signing the Purchase Agreement

WHAT IS A PURCHASE AGREEMENT?

A purchase agreement is a legal contract in which a seller agrees to sell, and a buyer agrees to buy, a piece of real property. The terms and conditions of the sale are spelled out in writing and the Agreement is signed by buyers and sellers.

NOTE: Purchase Agreements are also called Purchase and Sales Agreements, Offer To Purchase and Contract, Sales Agreements, Contracts of Purchase, etc. depending on the state or locality.

BEFORE YOU MAKE AN OFFER:

- Look at the house carefully. You can often use the "problems" you find to bargain for a lower price.
- Find out what other homes in the immediate area have sold for recently.
- Be as serious about your offer as you are about wanting this home. Your first offer should be your best offer. Don't risk letting the home you really want be taken away from you when someone else comes in with a more serious offer while you are hoping for a counter offer which may never be made.
- Be sure that everything you want is in the Offer To Purchase.
- Read the offer carefully. The wording and terms of a standard offer can be changed as long as both you and the seller consent to and initial any changes.

WHAT IS "EARNEST MONEY" FOR?

- When you sign the Offer to Purchase, you will have to make an "earnest money" deposit on the house.
- "Earnest Money" is a cash deposit given to the Broker that binds you and the seller to the terms of the agreement. This money is deposited in the Broker's Trust Account once the contract has been negotiated.
- The deposit you make when you sign the Offer to Purchase will be applied to your down payment, closing costs or other of your expenses when you become the owner of the house at closing.
- Again, your earnest money deposit should show your seriousness about wanting this house.

KEY PROVISIONS OF AN OFFER TO PURCHASE AND CONTRACT

- The name(s) and address of the Seller(s) (owner) and Buyer(s) (You).
- Description of the property. Does it match what you think you are buying?
- The price of the house. Do you agree?
- Amount of the mortgage you need in order to buy the house, interest rate and length of time
- The amount of your "earnest money" and who holds it until the closing
- The date loan commitment will take place and when and where the closing will take place
- Provision to extend the closing date (if you or the seller can't meet the terms of the agreement)
- Provision for disposition of deposit if something goes wrong, for example, not getting the mortgage terms you need.
- Adjustments to be made at the closing, for example, taxes already paid by the seller, fuel adjustments, "points" to be paid by buyer or seller
- Details of what is included in the sale, for example, carpets, appliances, curtains, play equipment, etc.
- Special conditions of the sale, for example, seller will repair broken windows, pay for termite inspection and treatment, if necessary, etc.
- Inspections you can make before closing and the dates those will be done, and, if the reports are not favorable, will allow you to cancel the offer or allow for the seller to pay for repairs. The opportunity to have a home inspection is very important. The cost is well worth the peace of mind it will afford and you will know just what problems the house does or does not have. The VA Appraiser is not an Inspector!!
- Property easements... the seller must tell you if anyone else has the right to use your land.
- Any assessments due on the property in addition to taxes, such as Homeowner Association dues, sewer, sidewalks, etc.
- What, if any, restrictions have been recorded regarding the usage of the property.

BUYER'S ESTIMATED CLOSING COSTS

Based On A Loan Amount Of \$150,000.00

Attorney Fees.....	\$	550.00
Title Insurance (\$2.00 per \$1,000.).....		300.00
Appraisal (VA - \$350, Other - \$400).....		350.00
Credit Report.....		50.00
*Survey.....		450.00
**Loan Origination Fee (0% - 1%).....		1500.00
Recording Fees.....		100.00
Homeowner's Insurance (14 Months).....		1120.00
City and County Taxes (5 Months).....		570.00
TOTAL (See * & ** Below).....		\$3,040.00 to \$4,990.00

PLEASE NOTE:

***Survey:** may not be needed if seller has existing survey and no changes have been made to the property.

****Loan Origination Fee:** a negotiable item between Buyer and Mortgage Company, depending on what interest rate can be negotiated. For a market rate, you may pay no origination fee and for a below market rate, you may pay 1% or more. In some cases the Seller may be willing to help with closing costs - again, negotiated at the time of the contract. The Buyer's earnest money will be applied against the closing costs, down payment or whatever the Buyer specifies. It will simply be held in the listing company's trust account as good faith money and credited to the Buyer at closing.

NORTH CAROLINA HOMEBUYER'S KIT - STEP THREE

Step-by-Step Through The Closing Process

WHAT IS A "CLOSING"?

A typical closing is a meeting between the Buyer(s), Seller(s), REALTOR(S) and an Attorney. On some occasions a representative from the lender will be present, depending on the practices of the Mortgage Company.

The purpose of the meeting is to transfer title (ownership) of the property from the Seller(s) to you, the Buyer(s).

BE SURE YOU HAVE....

- _____ Inspected the house one last time to make sure everything is the way you expect it to be. If there has been any damage the seller must fix it before closing or give the repair money to the Attorney to ensure completion.
- _____ Made sure the Seller and all his possessions and trash will be out of the house prior to closing (unless other arrangements have been agreed to in writing)
- _____ A paid insurance policy (or binder) for the house - many times your Realtor will arrange this for you.
- _____ Any receipts for other items you may already have paid for, such as your earnest money, mortgage application fees, appraisal and credit report fees, etc.
- _____ Enough money for all closing costs in a certified check. The Realtor will have those figures for you as soon as the Attorney's secretary has prepared the closing statement (HUD1), usually the day before closing.

WHAT HAPPENS AT THE CLOSING?

- The Attorney will have prepared a copy of all the documents involved in your purchase of the house, including, but not limited to: the Deed, Deed of Trust and Promissory Note, hard copies of your loan application, survey of the property, insurance binder or policy, termite report or warranty, any home warranties, HUD 1, etc.
- The Attorney will go over all the documents, starting with the HUD 1 which lists all the monies and where they go for both the Buyer and Seller. You will sign the original documents, keep your copies and give the Attorney the certified funds due from you as indicated on this document. (Keep this for your next income tax filing).
- The Deed of Trust is the legal document which gives the bank the house as collateral on the loan until it is paid and gives the lender the right to take back the house if you fail to make the regularly scheduled payments.
- The Deed of Trust Note will also have the conditions of the loan - amount borrowed, amount of principal and interest (due monthly) required to repay the loan, the length of time and identification of the property.

WHAT HAPPENS AT THE CLOSING (CONTINUED)...

- You will then be asked (usually) to endorse the back of the check in the amount of the loan.
- The Deed, which transfers the title for Seller to Buyer, is signed by the Seller and, together with the Deed of Trust, will be taken to the County Courthouse to be recorded. The original Deed will then be mailed back to you after processing along with a Title Insurance Policy.
- Congratulations!! You are now the proud owner of you new home!!

WHAT DO CLOSING COSTS INCLUDE?

* Legal Fees	What the Attorney charges for preparing and recording the legal documents, searching the title and other services performed to protect your interests.
* Origination Fee	Lender's charge to make the loan - from 0% to 1% negotiated before application
* Appraisal Fee	Paid at the time it is ordered, but considered a closing cost for determining value
* Inspection Fees	Cost of any inspections required by local housing codes, government agencies or lenders such as termite or lead paint inspections (most are paid by Seller in case of VA loan)
* Mortgage Insurance	Charged in case of FHA or Conventional loan (when the Buyer has mad a down payment of less than 20%), it insures the lender should you fail to make the payments.
* VA Funding Fee	Fee charged for the use of the Buyer's VA eligibility can be paid in cash or added to the loan amount and financed. The fee ranges from 1.5% to 3% - ask your Realtor
* Credit Report	Most lenders charge for running a credit history - this is paid at time of application
* Survey Fee	Lenders require a survey to delineate the boundaries of the property being purchased.
* Recording Fee	Charges by the Registry of Deeds for processing the Deed and Deed of Trust
* Miscellaneous	Depending on the type of loan, usually Conventional, there may be more fees charged such as brokerage fee, application fee, etc. These will be disclosed at application time.

PRE-PAID EXPENSES (ALSO DUE AT CLOSING)

* Real Estate Taxes	Depending on the time of year in which closing takes place, a few months of property taxes are collected and placed in a special impound or escrow account and held by lender until they are due. Each month when you make your payment, it will include an amount equal to 1/12 of the annual taxes due. The lender will pay the taxes upon billing and send you an annual statement for your tax filing as to the amount paid.
* Homeowner Insurance	The Buyer will be charged at closing with the cost of a one-year homeowner policy with the company of his choice and will also deposit @ 2 months of the next annual premium to be placed in his escrow account and the lender will pay for another policy next year.
* Mortgage Insurance	Due on FHA and Conventional loans - usually one month collected at closing and the rest payable monthly in the loan payment - 1/12 of the annual premium
* Interim Interest	In the event that the loan is not closed on the 1 st day of the month, the Buyer will have to pay the interest only on his loan from the day of closing to the end of the month and his first full payment will then be due on the first of the second month following closing and will be late if not received by the 15 th of each month. Example: Closing on July 10 th would require payment of 23 days of interest only and the first payment would be due on September 1st. Closing on the 1 st of the month requires no interim interest.

CONGRATULATIONS!!

You have now completed the last step of becoming a proud, new homeowner!! This is also the first step toward becoming a responsible wise investor... Please remember that to ensure that your real estate investment continues to be a good investment and increases in value, you are responsible for making sure that maintenance and improvements are done in a timely manner.

PLEASE NOTE - THIS IS IMPORTANT!!

Keep your home inspection handy and read over the entire report with special attention to those areas that the Inspector checked and see what he was looking for - those are the areas that you need to be aware of and be sure that you check them over at regular intervals. Don't forget that regardless of what the exterior composition of your new home is, it will need to be kept clean, just like the inside of your home. Well, maybe not that thoroughly, but the point is that at least twice a year a good washing is needed to keep mildew at a minimum. That is a parasite that will do damage to your home if not removed. A mild bleach and water mix or one of the commercially prepared solutions will do a good job. If you are using a power washer (and they can be purchased at a very reasonable price), be very careful when cleaning the roof. Do not use a heavy spray as that can remove the small granules on the roof shingles and you want them to stay put! Very gently use a stream from a garden hose to rinse the cleaning solution off the roof. Don't forget the areas under the roof, i.e. the fascia and soffits. They are a prime place for mildew to collect as the sun doesn't get under there easily.

There are a number of other areas that you need to watch - just be aware of your house as you live in it and it ages. Just like us, they need outside help at times!

I will be in touch with you both during the home buying process and after. Please feel free to contact me at any time with any questions or concerns that you may have. As one of my children once told me, "That's what you're here for, isn't it?" It's nice to be needed!

Knowing that you've made a wise decision that will benefit you and your family both now and in the future, settle back and enjoy your new home and all that it will bring you. Thank you for letting me be a part of the process and I look forward to assisting you in the future.

If you have any relatives or friends with real estate needs I would very much appreciate the opportunity to assist them. Thank you again!

Nan

Nan Simcox, Your Personal Family Realtor