

# A Guide to Buying Property on the Outer Banks

## Ten steps to making your dream come true

**You're loving it at the beach. You start reading real estate magazines, driving around looking at "for sale" signs. You find some houses you really like. You think you'll call the different real estate companies, make appointments to see the houses, and decide on the one you like best. Stop. Backtrack. Start over at the beginning.**

**This is a big step you are taking. You owe it to yourself to be more methodical and better prepared.**

### **1. Know How Realtors work.**

If you want your "Beach" agent to be on your side, ask for buyer representation. Generally, a seller selects a listing agent to market his or her property for a set percent of the purchase price. The listing agent advertises the property, makes information available to all other Realtors through the Multiple Listing Service (MLS), and represents the seller in negotiations. The commission gets divided between the listing agency and the selling agency; then each agency divides their share between the company and the agent.

Unless you choose buyer agency, both the listing agent and the selling agent represent the seller. For a more thorough explanation of what this means to you, see our document titled "*A Buyer's Guide to Real Estate Agency*".

### **2. Work with one Realtor.**

If you call different Realtors on different houses you let each property choose a Realtor for you, and you will find yourself being pulled in different directions. Plus, your "Beach" agent will work much harder to find just the right property for you if he or she has your loyalty.

### **3. Know what you can afford.**

Your "Beach" agent can recommend lenders with a positive track record of service and results. Meet with the lender before you start looking at properties so you can establish the price range in which you should be shopping. The amount you can borrow will be based on your available cash and your available income (including potential rental income in some cases). You will be negotiating from a position of strength if you are already pre-qualified.

### **4. Learn about the market.**

Price is determined by supply and demand. Another advantage of working with a knowledgeable Realtor is that you will become better informed. Your "Beach" agent can help you compare your options, determine market trends, and guide you in making a selection based on solid information. The better informed you are, the better off you are.

### **5. Know what you want.**

Make a list of what you *must* have and what you *would like* to have. Be prepared to make tough decisions based on what is more important to you: size? location? view? amenities? rental income? If this is going to be an investment property, distinguish between your personal preferences and financial considerations. Your final choice will be a blend of all these factors.

### **6. Negotiate price and terms.**

The terms of the sale are often as important as the price. Your "Beach" agent will help you formulate an offer that addresses such things as financing, personal property, closing date, rental income, inspections, and necessary repairs, to name just a few. Remember, both the buyer and seller can keep submitting counteroffers until they reach an agreement. Before that happens, however, either party may withdraw from negotiations. This means that the seller is free to accept another offer or that the buyer is free to pursue a different property. A successfully negotiated contract meets both the buyer's and seller's needs.

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## **7. Get a home inspection.**

As a buyer, you have a contractual right to have the property inspected at your expense prior to closing. There are many items that only a professional can evaluate thoroughly. On an investment of this size, several hundred dollars paid to a licensed inspector is money well spent. The Offer to Purchase specifies which items the seller is responsible for repairing. But you and your “**Beach**” agent must make sure all items are addressed *before* closing.

## **8. Buy adequate insurance.**

The cost of coverage depends on the location, elevation, size, and age of the property. Perils to insure against include fire, wind, flood, theft, and liability, to name a few. Ask your “**Beach**” agent for a list of competent insurance agents. Make sure you really understand the terms of your policy. Don’t wait until it is too late.

## **9. Use a local attorney.**

Real estate laws differ from state to state so you will be better served by an attorney who knows the local requirements and procedures.

## **10. Keep good records of your investment.**

You can save money by keeping records and receipts of all your income and expenses for as long as you own your property. Tax laws change, but the requirement for documentation is constant.

**Courtesy of Beach Realty & Construction**

