SUSIE SKOG
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A LAKE NORMAN HOME BUYER GUIDE

HOW TO AFFORD THE DOWN PAYMENT ON A LAKE NORMAN HOME

Programs, strategies, and local resources for buyers around Lake Norman, North Carolina

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EQUAL HOUSING OPPORTUNITY

WHERE THE MONEY COMES FROM

THE DOWN PAYMENT IS A STRATEGY DECISION

Do you have a strategy for your down payment, or just a savings target?

A savings target is a number. A strategy answers several questions. How much should you put down? If you are able to put down more, should you? Which loan program actually costs you the least over the years you plan to own the home? What if most of your money is sitting inside the house you are living in right now? And is there assistance that applies to your situation?

These questions have real answers, and the answers differ from one buyer to the next. There is no single correct structure. There is a correct structure for your finances, your timeline, and what you want your money doing after closing.

This guide covers the options and the trade offs, so you know what to ask and who to ask. It is written for the Lake Norman market and the towns I serve.

Some of what comes up in a home purchase belongs to a lender, an attorney, or a CPA rather than to me. I will tell you plainly when that is the case, and I am glad to point you to someone who can answer it.

THE FIRST CONVERSATION

START WITH A LENDER CONVERSATION

Minimum down payment requirements vary considerably from one loan program to another. A conversation with a lender is what tells you which programs you may qualify for and what each one would actually require in your situation.

Programs worth asking your lender about

- **VA loans.** Available to eligible service members, veterans, and certain surviving spouses. These have some of the most flexible down payment requirements of any program available, and we have a meaningful veteran population around the lake. If you have served, ask about this first.

- **FHA loans.** More flexible on credit and debt ratios than conventional financing. FHA loans carry mortgage insurance, and the terms and duration depend on the specifics of your loan. One feature buyers often overlook: FHA loans can be assumable by a qualified buyer, which can become an advantage when you eventually sell.
- **Conventional loans.** Options exist for buyers who cannot put down a large amount. Private mortgage insurance generally applies below a certain level of equity, and under federal law it can be removed once you reach the threshold.
- **USDA loans.** This one surprises people. USDA financing is for eligible rural areas, and portions of Iredell, Lincoln, and Catawba counties outside of town limits may qualify. If you are looking near Troutman, Sherrills Ford, Terrell, or the outer edges of Mooresville and Denver, this is worth checking. Eligibility is determined by property address and household income.

Ask this exact question

"Which programs do I qualify for, and what would each one require from me at closing?"

Not "what do I need to put down." Ask about every program, not just the one the lender leads with. The differences between them can be substantial.

NORTH CAROLINA PROGRAMS

NORTH CAROLINA HAS ASSISTANCE MOST BUYERS NEVER HEAR ABOUT

The North Carolina Housing Finance Agency is a state agency that helps North Carolinians buy homes. Its programs are widely available and consistently underused, mostly because buyers do not know they exist and not every lender brings them up.

Programs to ask about by name

- **NC Home Advantage Mortgage.** The agency primary program, pairing a fixed rate mortgage with down payment assistance. Note that this one is not limited to first-time buyers, because move-up buyers may also be eligible.
- **NC 1st Home Advantage Down Payment.** Additional down payment help for eligible first-time buyers and military veterans.
- **NC Home Advantage Tax Credit.** A mortgage credit certificate that can reduce federal tax liability for eligible buyers. Ask your lender and your CPA about this together.
- **Community home buying programs.** For buyers with household income below their county's median, administered through local nonprofits and government agencies.

> **What "first-time buyer" means for these programs**
>
> **"First-time buyer" probably does not mean what you think.** For most of these programs it means you have not owned a principal residence in the past three years. If you owned a home years ago and rent now, you may still qualify. Military veterans are frequently exempt from the requirement entirely.
>
> **Assistance also exists at the county and municipal level** and varies from one jurisdiction to the next. Ask your lender to check what applies to the specific town and county you are buying in.

Funding levels, income limits, and terms for all of these change periodically, and some programs run on limited funding that is issued first come, first served. Verify current details directly at nchfa.com and with a participating lender before you rely on any of it.

Where to look

- nchfa.com, the North Carolina Housing Finance Agency
- Your county government housing department. Lake Norman touches four counties: Mecklenburg, which includes Cornelius, Davidson, and Huntersville; Iredell, which includes Mooresville, Troutman, and Statesville;

Catawba, which includes Terrell and Sherrills Ford; and Lincoln, which includes Denver.

STRUCTURING THE OFFER

ASK THE SELLER TO HELP WITH YOUR CLOSING COSTS

Down payment and closing costs are two separate piles of money, and buyers frequently forget the second one. Closing costs are real, they are due at the same time, and they compete directly with your down payment for the same savings.

Which is why seller concessions matter. When a seller agrees to contribute toward your closing costs, that is cash you no longer have to bring, and it can free up what you had set aside to go toward your down payment instead.

How it works in practice

- A seller may agree to contribute toward costs such as lender fees, title expenses, and prepaid items.
- Loan programs cap how much a seller is permitted to contribute, and in some cases contributions can be applied toward reducing your financing costs rather than your closing costs. Your lender can tell you the limit that applies to you and whether either use makes sense in your circumstances.

> **An honest word about this**
>
> Whether a seller agrees to contribute depends on the property, the market at that moment, and how the offer is structured. I cannot promise you concessions on any given transaction, and you should be skeptical of anyone who does.
>
> What I can tell you is that it comes up more often than buyers expect, and that how an offer is written affects the outcome. Negotiating this well is a meaningful part of what I do for buyers.

IF YOU ALREADY OWN A HOME, START WITH YOUR EQUITY

This section is for move-up buyers, buyers moving to something smaller, and anyone considering a 55+ community around Lake Norman.

If you have owned in Cornelius, Davidson, Huntersville, or Mooresville for any real length of time, your down payment problem may not be a savings problem at all. It may be a sequencing problem, and those are very different to solve.

The real question is timing, not money

The equity is there. The challenge is that it is currently inside a house you are still living in, and it does not become usable until that house sells. That creates a genuine puzzle: how do you buy the next home without either moving twice or making an offer so hedged that no seller accepts it?

There are several approaches. Offers can be written with a contingency on the sale of your current home, which is stronger in some market conditions than others. Some lenders offer products designed to bridge the gap between the two transactions. Timing the two closings closely together is sometimes possible. Each has trade-offs, and the right one depends on your situation and your risk tolerance.

> **For buyers looking at 55+ communities**
>
> The financial question is usually not whether you can afford the down payment. It is what your total monthly cost of living looks like afterward, once you account for HOA dues, taxes, insurance, and what the equity you did not spend could be doing for you instead.
>
> That is a conversation worth having with your CPA or financial advisor alongside your lender.

GIFT FUNDS, RETIREMENT ACCOUNTS, AND OTHER SOURCES

Your down payment does not have to come only from your paycheck. It does, however, have to come from somewhere your lender can verify, and that requirement causes more problems than anything else in this section.

Gifts from family

Most loan programs permit a family member to gift funds toward a down payment. The requirements are specific: the money has to be documented with a gift letter, the source generally has to be traceable, and it must genuinely be a gift rather than a loan. If there is any expectation of repayment, that changes the picture and your lender needs to know.

Retirement accounts

- **IRAs.** Traditional and Roth IRAs have a first-time homebuyer provision that allows a limited penalty-free withdrawal. Limits and conditions apply, and taxes may still be owed depending on the account type.
- **401(k) plans.** These generally do not offer the same first-time homebuyer exception. Some plans permit loans against the balance, which is a different thing entirely with its own consequences if you leave your employer. Do not assume a 401(k) works the way an IRA does, because it usually does not.

Talk to your CPA or financial advisor before withdrawing from any retirement account.

Money from a sale, a bonus, or a payout

Proceeds from selling a vehicle, a boat, or another significant asset can go toward a down payment, as can a bonus, a commission, or an equity payout. In every case the money has to be traceable. Lenders apply strict rules to sourcing and seasoning, and funds that cannot be documented to their satisfaction may not be usable no matter how legitimately you came by them. Ask your lender before you sell anything or before a large deposit lands.

The mistake that delays closings

Do not move money around before you talk to your lender.

Large or unexplained deposits are among the most common causes of last-minute underwriting problems. Transferring between accounts, accepting cash, or depositing a gift before anyone has told you how to document it can create weeks of delay at the worst possible moment. One phone call ahead of time prevents nearly all of it.

TWO ALTERNATIVE PATHS

TWO ALTERNATIVE PATHS, AND WHAT NORTH CAROLINA REQUIRES

You have likely seen rent-to-own and owner-financing advertised, often aggressively and often to exactly the buyers who feel shut out of traditional financing. Both are real arrangements. Both are uncommon. Both carry risk that is not obvious from the advertising, and North Carolina regulates them specifically.

I am including them because I would rather you hear about the guardrails from me than not hear about them at all.

Lease with an option to purchase

The concept is that you lease a home now with the contractual right to purchase it later, typically paying a nonrefundable option fee up front that may be credited toward your purchase if you go through with it.

North Carolina law addresses these arrangements directly. Chapter 47G of the North Carolina General Statutes governs option-to-purchase contracts executed alongside residential leases and imposes requirements including written disclosures, recording, and cancellation rights. Related contract-for-deed arrangements are governed by Chapter 47H. These protections exist because these transactions have historically been a place where buyers got hurt.

Seller financing

Here the seller finances the purchase directly rather than a bank. It can offer flexibility on qualification and terms. It also sits inside a body of federal regulation, including rules that limit how frequently an individual may offer seller financing and that impose ability-to-repay obligations.

> **Before you sign a lease with option to purchase or a seller financing agreement**
>
> These agreements should be reviewed by a North Carolina real estate attorney before you sign, not after. The cost of a review is small compared to what these arrangements can cost when they go wrong.
>
> If anyone tells you an attorney is unnecessary, treat that as a warning sign.

WHAT TO DO NOW

YOUR NEXT STEPS

1. **Talk to a lender first.** Before you set a savings target, before you look at houses. Ask which programs you qualify for and what each would require.
2. **Ask specifically about NCHFA programs.** By name. Not every lender raises them unprompted, and not every lender participates.
3. **Check your county and town resources.** Assistance varies across Mecklenburg, Iredell, Lincoln, and Catawba counties.
4. **Get a written pre-approval, not a pre-qualification.** A pre-qualification is based on information you report. A pre-approval means a lender has verified it. Listing agents know the difference, they treat the two differently, and in a competitive situation it can determine which offer gets accepted.
5. **Do not move money without asking.** Your lender will tell you how to document everything properly.

6. **Ask me how buyer representation works.** Understanding who is representing your interests, and what that means for you, matters more than most people expect.
7. **Think about your timeline.** When you want to be in the new home, what is driving that date, how much flexibility you have on either end, and whether a sale needs to close first.

Let us talk about your next move

If any part of this guide raised a question, that is a good reason to reach out. Call, text, or email, whichever is easiest. We will talk through where you are and what you are trying to do, and if it makes sense, we will set a time to meet and go over the process before looking at homes.

There is no cost to a conversation and no obligation attached to one.

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ABOUT

SUSIE SKOG, REALTOR®

I am a REALTOR® with Keller Williams Unified serving the Lake Norman area, including Cornelius, Huntersville, Davidson, Mooresville, Troutman, Statesville, Terrell, Sherrills Ford, Denver, and Charlotte, NC. As a 27 plus year Lake Norman area resident, I bring hyper local insight and a genuine understanding of this market.

My philosophy is honest, data driven, and dedicated to your best outcome. My clients consistently describe me as exceptionally detail oriented, and that attention to detail is at the heart of everything I do.

Designations: CLHMS™ · Certified Online Luxury Marketing Specialist · CIPS · SRES® · RENE® · PSA · RSPS · GRI · ABR® · e-PRO® · GREEN

Through my Certified International Property Specialist designation, I connect Lake Norman properties to a network of more than 4,000 real estate professionals across over 50 countries. I am an active member of the Lake Norman Chamber of Commerce and serve with Canopy REALTOR® Association on the Global Committee and the Northern Region of Charlotte Metro Committee.

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Loan program requirements, assistance program terms, funding availability, income limits, and eligibility criteria change and are set by the applicable lender, agency, or government body. Verify all current details directly with a licensed lender and with the administering agency before making any decision. Some programs operate on limited funding.

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