



## Buying Property in the San Juans

### Select an Agent to Represent You

As you may be aware, all of the brokerage firms on San Juan Island are members of the Northwest Multiple Listing Service; therefore, any of the agents can assist you with any of the properties listed with Coldwell Banker or other brokerage firms. One of the first steps in purchasing real estate on San Juan is to select an agent to represent you. Ideally you should select ONE agent that you feel will provide you with the level of customer service that you require. We believe an agent at Coldwell Banker San Juan Islands to be your best choice.

It is important for you to understand the Law of Real Estate Agency. Years back, Department of Licensing determined that most buyers felt that the agent represented them. However, the law at the time required all agents to be subagents of the seller, thereby technically representing the seller. It was for this reason that Congress revised the agency laws to the current ones, which allow for three types of agency representation:

1. **Buyer's representation** is when the agent is representing the buyer and intends to obtain property at the lowest possible sales price.
2. **Seller's representation** is when the agent has a listing with the seller and is attempting to obtain the highest possible sales price.
3. **Dual agency** is when the agent shows a buyer one of their own listings and the buyer decides to purchase it. In the case of dual agency, the agent represents the seller as well as the buyer.

You can obtain a copy of the **Law of Agency Disclosure** [here](#)

### Determine Your Source of Funds

- Cash at Closing
- Institutional Financing
- Seller Financing
- 1031 Tax Exchange

If you intend to finance your purchase, it is prudent to meet with your lender and determine the maximum loan amount you are qualified for. This amount, coupled with the cash you have allocated, will determine the maximum sales price. We have numerous lenders that are active with financing in the islands if you are interested.

### **Determine the Type of Property You Desire to Purchase**

One of the best ways to do this is to develop a list of your desired property features, and a list that details how you intend to use the property. Then prioritize those lists. For example, when an agent is working with a waterfront purchaser, they obtain the following information:

- Is beach access required or is high bank OK?
- Do you have a boat? Do you plan to buy a boat?
- Bay protection or west side open with current?
- Bay view or expansive wide open?
- Do you want to be near crabbing and clamming?
- Do you want to see the whales, boat traffic and/or sunsets?
- Amount of trees, direction of sun exposure, and amount of privacy?

The responses received may direct the agent to property in different locations on the island. However, it may be that until a buyer has an opportunity to view the various different types of properties, they may not be able to narrow down or develop their priorities.

Once determined, this information should be communicated to your agent in order for them to focus on the type of property that meets your needs, thus saving you time and confusion.

### **Educate yourself on the Market and Inventory**

You need to become acquainted with our market and inventory level in the categories that hold your interest. Even if your purchase plans are sometime in the future, it is beneficial to take the time to view property with your agent because it will save you time in the long run. This process allows you to get acquainted, relate your preferences and develop your knowledge of the market. This will also help your agent to customize all future information sent to you. Buying property is a process of elimination. You will view many properties which you will determine are not suitable; then you will buy the one that is.

One way to monitor our market is to ask your agent to email you the Coldwell Banker San Juan Islands Quarterly Real Estate Market Updates. You can also sign up for the service on our website located at [www.sanjuanislands.com](http://www.sanjuanislands.com).

## **Monitor the Inventory**

You need to stay in touch with the inventory and market trends until the right time or right property becomes available. If you have viewed property with your agent or communicated your preferences, your Coldwell Banker agent will establish an account for you in our IDX and all new listings that meet your criteria will be emailed to you upon their origination. Purchasing property in the Islands can be a one day or five year process - which is totally subject to your time frame.

## **Purchase and Sale Transaction**

Once you have located the property you desire to purchase, your agent will structure a written offer to purchase containing the terms and conditions you have specified. The seller will either accept your offer as submitted or submit, through their agent, a counteroffer containing terms that are acceptable to them.

Important elements that should be included in the Purchase Agreement under the feasibility study provision are listed below:

### **Archeological Sensitive Areas**

You want to make sure that the property you are purchasing is not located in an archeological sensitive area such as Indian Midden or near a cemetery. If the property does contain sensitive areas, you need to know where they are located. To confirm this information you need to contact Annie Matsumoto-Grah at San Juan County at 360-370-7585. She will look up the property on their maps and confirm the results. The maps are not of public record so you may not access the information yourself. If the property is located within an Archeological Sensitive Area, you will need to obtain a report from an Archeologist. The Archeologist will perform a site inspection and delineate the sensitive areas and their setbacks. Should you desire to dig in those designated areas for any reason, such as new construction, a remodel or landscaping, you must hire an Archeologist to standby and sort through the material while excavation is in process in order to protect any items with historic value. The reports are approximately \$1500-\$3000 and if excavation is needed in the sensitive areas, the monitoring is on an hourly rate. It can add **thousands** of dollars to the cost of your project.

### **Corner Stakes**

Do you know what you are buying? Corner stakes can be located or re-staked by local surveyors. Full surveys may be required due to lack of original plat stakes. The cost of a full survey will vary, but for a four-corner parcel it is typically in the range of \$2,000-\$4,000; setting just replacement stakes can be much less. We have several surveying firms available on the island and I recommend: Bob Wilson 360-378-4300 or Bob Anderson 360-378-5072.

## **Feasibility Consultant**

Some purchasers may want to commission a complete Feasibility Study that will respond to not only the existing conditions of a property, but also address the issues, if any, that may have to be satisfied to allow a proposed use of a property. Feasibility Studies can be one-stop reports; addressing conditions of the structures, septic and water questions. Further a report on relevant land use codes that may impact the proposed use of the property can also be processed. Jack Cory from First Inspect Inc, 360-378-4900, has provided this service for over 30 years in San Juan County. His reports start around \$300.

## **Flood and Homeowners Insurance**

If you are purchasing on the waterfront, chances are the Flood Zone Determination report will indicate that flood insurance is required. Not all properties need Flood insurance as the improvements are located above the Base Flood Elevation. For more information, please refer <http://www.sanjuanislands.com/PDF/floodinsurance.pdf>

Be sure to arrange for your standard homeowners insurance policy in the beginning of the process, don't wait until you are only a few days from closing as the process can take 7-10 days.

## **Permits**

Was the home constructed under a permit and does it have a final certificate of occupancy? Was the home built under the "built by Owner" permit application and require a safety inspection prior to closing? You should obtain copies of the permits from the County Permit Center to confirm the permit status.

If the home was build prior to 1976 no permit may exist which was at no fault of the owner. Our Permit Department was not formed until the middle of the 1970s. These homes are considered grandfathered-in and non-conforming.

If you are contemplating new construction or a remodel, the current building codes and comprehensive plan can be accessed through the San Juan County web page at ([www.co.san-juan.wa.us](http://www.co.san-juan.wa.us)). You can request a permit package or review the County's building requirements through their website which is located at ([www.co.sanjuan.wa.us/permitcenter/default.asp](http://www.co.sanjuan.wa.us/permitcenter/default.asp).)

## **Power**

If you are buying unimproved property then you should confirm the distance from power to the proposed building site. OPALCO will provide you with the distance and you can obtain a bid from a local contractor for the installation. Installing through rock can be costly.

## **Seller's Property Disclosure – Form 17**

Pursuant to State statute, all property owners must provide a seller's disclosure to the buyer. The disclosure is not part of the contract and doesn't provide any representations or warranties. Buyers should share it with the Home Inspector so they may focus on any issues that the seller has disclosed. Ultimately, it is up to the buyer to process their due diligence and confirm if the property is suitable and the condition is acceptable. Buyers should not rely on the seller's disclosures other than for informational purposes.

### **Septic System**

For existing systems, it is prudent to obtain a copy of the "as built" filed with the County. This will indicate the number of bedrooms the system was installed for and its approximate location, which is helpful for future improvements or repairs. If you are purchasing an unimproved parcel, you should obtain a perc test, design and permit approved by the County. The permits have a validity period of four years and the cost is around \$1,250. The two most commonly used designers are Jack Cory 360-378-4900 and Rick Petro 360-376-2762.

### **Septic Inspection**

Per the Purchase and Sale contracts used on San Juan Island, the seller must comply with San Juan County Codes related to on-site Sewage Disposal systems (OSS). Seller is required to have the system inspected; pumped if needed, and install any required maintenance components required by the code. Typically, all costs for inspection, pump, and installation of maintenance components shall be the responsibility of the seller. Sellers typically pay \$200 for the inspection, \$600-800 to pump and maintenance components can run \$300-\$2,000. Generally, systems installed after 2000 are in compliance with maintenance components. I recommend Craig Starr 360-378-8060 or Ted at San Juan Septic 360-378-7255.

### **Setbacks and Buffers**

You should review the Critical Areas Ordinance located on the County website. This ordinance will take effect in March 31, 2014 and implement numerous setbacks that are actually restrictive "buffer areas" from wetlands, shorelines, and streams.

### **Structural, Pest and Dry Rot Inspections**

It is highly recommended that all buyers obtain an inspection of the home prior to closing. The inspector physically examines all of the major components of the improvements and reports on their condition and recommends any repairs. For additional information regarding inspections and their benefits, you can contact one of our inspectors. The three most commonly used are Jack Cory 360-378-4900, Tim

Hance 360-298-1163, or Darrol Scheffer 360-378-4969. The Home inspection fees are in the range \$500-\$600.

### **Transaction Closing Process**

Due to the number of remote purchasers and sellers, the majority of our closings are handled through email or the express mail systems. We have local escrow firms and title insurers. We regularly cooperate with off island escrow firms, lenders, and 1031 facilitators.

### **Water Source – Private Well or a Community System**

Private and two party shared wells should be tested for quantity, bacteria and organic. A San Juan Short list is recommended. The cost for a bacteria and organic test will be approximately \$300 including the sampling.

Class A and B systems are community systems in which the quality and quantity are monitored on a regular basis as required by the County. These need not be tested, but their current “*standing*” should be confirmed through the County.

For more information regarding wells and water systems, you can contact one of the two commonly used well service providers: Denny Martel 360-378-2842 or Al Mauldin 360-378-6975. San Juan County Health Department can be reached at 360-378-4474. The County confirms that community wells are in “good standing” via email.

### **Wet Lands**

You need to determine if the property you are purchasing contains any form of wetlands. Pursuant to the Critical Area Ordinance update, all wetlands have some sort of buffer that must be respected. There is no sure way to confirm the land contains wetlands without a professional wetlands expert.

You can start by viewing the County’s wetland maps and note if the property is located within a designated area, but that is not a formal confirmation and not reliable. If you are suspect, you can request a site inspection from the County or hire a wetland expert. Once you determine that you have wetlands on your property, you need to have the area delineated and the wetlands typed and surveyed so that the required buffers, based on type, can be honored. The fee range for the survey and delineation is \$1,000-\$10,000 subject to terrain and site difficulty; most site fees run in the range of \$2000-\$4,000. I recommend Scott Rozenbaum from Rosewood Environmental 360-468-4448 as a wetland expert.

## Conclusion

This article is for informational purposes and not meant to encompass the entire process. Hopefully the article doesn't make the purchase process sound intimidating but if you follow the first item, "**select an agent**", then that agent will guide you through the rest of the steps and issues.

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