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The Seven Most Common Mistakes Buyers Make

And How You Can Avoid Them

For most people purchasing a home is a very exciting experience. Unfortunately, for many it also ends up being frustrating and unnecessarily expensive. We have heard too many stories from people who had a bad experience buying their first home, something they could have easily avoided by being better prepared for their first real estate transaction. We don't want anyone to make these mistakes, so as Realtors we work hard for our clients to ensure that their real estate transactions go smoothly. For those who are not our clients yet, we prepared this special report that outlines the seven most common and most expensive mistakes buyers make. We hope you will enjoy it and find it useful.

1.

Not Getting Pre-Approved First

The very first step towards buying a home should be getting pre-approved for the loan. This is an absolute must if you want to avoid major disappointments later. Getting pre-approved is often easier than people think. First you shop around and find a lender that you feel comfortable working with. Your Realtor should be able to recommend a few. Once you decide on one, you should meet with your lender and discuss your purchase needs. You will fill-out a loan application, and your lender will check your credit, verify your income and employment, and determine what kind of loan you can qualify for. You will then know (1.) how much you will be able to borrow, (2.) how much you will need for the down payment, and (3.) how much your monthly payments are likely to be. Looking for your next home then becomes easier since you will know that (a.) you **can** get financing, and (b.) what price range to consider. The lender will also give you an important negotiating tool – a pre-approval letter. This document will confirm to sellers that you can obtain financing, and will give you a negotiating advantage over buyers who do not have it.

2.

Rushing To Buy Without Doing The Research First

Many buyers are so excited and anxious to get started with their home search that they forget to do some planning first. Which area do you want to live in? Are the homes in that area in your price range? How long of a commute can you tolerate? How many bedrooms and bathrooms do you need? It is a good idea to make two lists – one of the must-have amenities and one of the would-like-to-have-but-not-that-necessary. For example, three bedrooms may be on the first list, but that hot tub may better be suited for the second list. Also, don't forget to check on the neighborhood's crime statistics, schools, and any other information that may be important to you. A trusted Realtor can be a great resource, and should be able to get you the information you need quickly.

3. The Analysis Paralysis

Once they begin looking at homes some buyers get overwhelmed and start analyzing and over-analyzing even the most mundane aspects of every home. The over-analysis soon leads to paralysis – they cannot decide which one to buy. As a result, they miss out on many nice homes that someone else grabs in the mean time. Remember, there is no such thing as a perfect home. Even brand new homes have imperfections. Look at the overall picture. Does the home fit your needs? Do you feel comfortable in it? Do you like the neighborhood? Can you see yourself living there for a long time? Your must-have list comes in handy now; does the home have everything on that list? If not, move on. But if the home suits your needs and you feel comfortable in it, don't be afraid to make an offer. If you hesitate too much, someone else might snag the home that should have been yours.

4. Making Lowball Offers

Everyone loves a great deal, including yours truly. But for getting a good deal on a home, there are good strategies and there are bad ones. One of the bad ones is making very low offers. Some buyers even go as far as making derogatory comments about the home in front of the seller thinking that this will somehow cause the seller to accept the low offer. The truth is, this only annoys the sellers, and an annoyed seller is less likely to work with you. It is OK to offer less than the asking price, and in fact many sellers leave some negotiating room in their price. If you are working with a Realtor, your Realtor can help you determine how much to offer, and even negotiate with the seller on your behalf. Be realistic and avoid antagonizing the seller. The seller that likes you will be far more open to working with you than the one who dislikes you.

5. Not Getting a Professional Inspection

This should go without saying – a home is the most valuable thing most of us will ever buy in our lives, so inspecting it for possible problems should be a top priority. Yet time and again we have witnessed buyers who are content to have a relative “who knows all about that home stuff” take a quick look before giving it his seal of approval. There is no substitute for a thorough, professional inspection. It is not that expensive, and will reveal any defects that may not be apparent, such as gas leaks, foundation problems, etc. Spending a little bit of money on the inspection is well worth it in order to have the peace of mind that your new home is in good and safe condition.

6. Not Paying Attention To Contingencies

Real estate transactions are complex matters and there are many things that can go wrong. The purchase contract is your main tool for protecting yourself, and should at the very least contain two important contingencies (conditions) – the inspection contingency and the mortgage contingency. The inspection contingency allows you to have the property professionally inspected (as discussed above), and request that the seller make any necessary repairs. If the seller is unwilling to make the repairs, or if the problems discovered are serious, you should have the right to pull out of the contract with no penalty. The mortgage contingency is there to protect you in case something goes wrong with your loan approval process. If you have gotten the pre-approval,

the risk of something going wrong with the loan should be minimal. But there is still the appraisal that your lender will require, and the appraiser will have to determine if the home is worth the price you are paying for it. If the appraisal comes in lower than the purchase price, you should have the right to re-negotiate the contract. If the seller is unwilling to lower the price, you should have the right to cancel the contract and incur no penalty.

7. Doing It Alone

When buying a home many pieces need to fall into place in order to have a smooth transaction. Wouldn't it be nice to have someone at your side to help you along the way? Someone to help you with the loan process, help you find the right house, negotiate on your behalf, and assist with all the paperwork? Well, such person does exist – a Buyer's Agent. The job of a Buyer's agent is to work for **you** in the real estate transaction, not the seller. Your agent can not only help find you a home, but prepare your offer, negotiate with the seller on your behalf, and insure that you are protected along the way from any pitfalls of the complex process. And the best part is that the Buyer's Agent is free for the buyer! That's right, you don't pay a penny to have a professional help on your side. The Buyer's Agent typically gets a portion of the Seller's Agent's commission, so you don't incur any additional expense.

How do you select a good Buyer's agent? There are a few conditions he or she must fulfill. It must be someone who knows the area where you want to live. Someone who knows how to negotiate to get you the best price. Someone knowledgeable who can guide you through the complexities of contracts and paperwork. Someone who will care about your transaction as his or her own. To find such an agent you may decide to interview several Realtors and quiz them a little bit. Is the agent a part-timer or committed to the real estate profession full time? What kind of a track record does he or she have? Can the agent provide you with references from happy past clients? And there are a couple of questions you have to answer yourself: Do I feel comfortable working with this agent? Is this someone that will care about my transaction as if it were his or her own? Take the time to learn more about the agent you are considering. Buying a home is a big step, so make sure that the Realtor you choose is the right one for you.



NEED HELP?

If you have questions about the home buying process, we are here to help. As Realtors specializing in your area we have helped many buyers with their real estate transactions. We offer knowledgeable advice, friendly and professional service, and a caring attitude. There is no cost or obligation for answering your questions, and there is never any sales pressure. Feel free to contact us by phone or e-mail!

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