

# Home Buying Mistakes



Here are some of the most common mistakes that a homebuyer can make. It's a good idea to become familiar with this list before starting the process of buying a home.

## **Mistake #1 Buying without an Realtor®**



Buying a house by yourself is a complicated process. Buying without an agent can cost you more than you save. You should always use an experienced buyer's real estate agent. Many home buyers believe that they can just rely on the listing agent and not hire their own buyer's agent.

Always remember, the listing agent works for the Seller, not for you. No matter if the listing agent is completely honest and professional, they don't represent you and do not have your best interests at heart.

## **Mistake#2 Falling for love and buying at first sight**



You may be in love with the place, but does it fit your family's needs and budget? Take Home Buyer Checklist when you visit any home and make sure the house fits your requirements. Shop around the neighborhood and see what else is out there. You should compare at least 3 homes before you make a decision to ensure that you are getting the good deal.

## **Mistake #3 Not getting pre-approved before shopping for house**

Getting pre-approved for a mortgage not only gives you the buying power but also lets sellers know that you're serious about buying. Mortgage pre-approval will give you the amount of mortgage you can afford. Shop for a

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lender or mortgage broker lender who will review your credit, income, assets and debts, and recommend a mortgage with monthly payments that fit your budget.

## Mistake #4 Over Extended your Buying limit



Your lender or mortgage broker may qualify you to maximum loan amount versus minimum you can afford to buy a home. Rule of the thumb is keep your housing debt-to-ratio between 30-40%. Be sure to budget enough for the additional costs of homeownership, such as insurance, property taxes, utilities and maintenance. You may want to scale back the size of the home you're looking for in order to bring the whole package in line with your budget

## Mistake #5 Making an offer without contingencies



Getting pre-approved doesn't mean that the house you are buying is also approved by your mortgage lender. Having contingencies on your contract gives you the right to cancel the transaction. Make your offer with these contingencies to protect yourself and earnest money deposit.

- **Mortgage financing Contingency** -- Before a lender will lend you money, the lender want to review the title search, appraisal, hazard insurance and possibly home inspection report. It is very important for lender to sure the title is clear from any unreleased judgments or liens at the time of closing. Hazard insurance coverage and appraisal value is sufficient.
- **Home Inspection Contingency** -- never buy a home without a home inspection. Walk through the home with the inspector to learn more about the house. Home inspection may reveal hidden defect of the property that can later cost you more down the road.
- **Appraisal Contingency**-Appraisal is always required on a home before your lender can give you loan commitment. If the house appraises lower than the sales price, the lender may offer you the financing at lower of two appraisal value or sales price and you may need to bring more money down to make up the difference from the sale price.

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## Mistake #6 Not doing a home inspection



While visiting the houses seems flawless, it's a biggest mistake to assume that the house does not have any problem. You can't see what a home inspector can see. No home is perfect. All homes have defects -- even brand new ones -- so getting a professional home inspection before making the commitment to buy is crucial. Be sure to attend the home inspection so the inspector can explain any issues in the house.

## Mistake #7 Not researching the neighborhood



House buying is the one of the most expensive transaction you will ever make in your lifetime. It is good idea to before shopping for a home, shop for a neighborhood first. Make sure it's a good fit for your lifestyle. Figure out how far is it from your work, how close are the amenities like shopping and nightlife, and is it in the best school district. Even if you don't have children, having good schools raises the property value. Drive around the neighborhood at different times of the day and observe the traffic and don't be shy to talk to neighbors and ask questions.

## Mistake #8 Relying on oral agreements



In real estate written agreements almost always trump oral ones when it comes to contracts. Get it right and get it in writing. The listing of the property may say appliances, light fixtures or wet bar/sink included but you didn't itemize these items in contract. There are some house fixtures and personal property that may or may not be included in sale price. Get it right and get it in writing if you want seller to include these items in the sale price of the house. Never rely on what you agent or seller says.

## Mistake #9 Working with two agents at same time



You should be honest with your agent before you shop for the houses. You may have signed a buyer's agreement with another agent in the past with whom you were not happy or the previous agent is out of town for time being. You really want to see the house that you saw online and you go with another agent.

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You make an offer on the house and your offer is accepted by seller. Before closing the previous agent came and demanding for commission. You made mistake not getting a release from buyer's agreement prior to making an offer. You should always tell the truth to your agent for proper guidance.

## **Mistake #10 Do Not Make Big Purchase**



Buying your first home could be very exciting experience. Purchasing anything large enough through your bank account or with credit card that will change your loan application, will cause an underwriter to deny your loan. You could forfeit your earnest money deposit in addition to losing the home. DO NOT buy anything on with a credit card after you have completed a loan application such as a car, washers or dryers, fridges, or lawn equipment, electronics or computers, or even furniture.