

8 Mistakes to Avoid When Buying a Home

You've been saving for a while, weighing your options and casually looking around. Now you have finally decided to do it – you are ready to buy a house. The process of buying a new home can be incredibly exciting and stressful all at once. Where do you start?

It is essential that you do your homework before you begin. Learn from the experiences of others, do some research. Of course, with so many details involved, slip-ups are inevitable. But be warned: learning from your mistakes may prove to be costly. Use the following list of pitfalls as a guide to help you avoid the most common mistakes.

Searching for Houses without Pre-approval

Do not mistake pre-approval by a lender with pre-qualification. Pre-qualification, the first step toward being pre-approved, will point you in the right direction, giving you an idea of the price range of houses you can comfortably afford. Pre-approval, however, means that you become a cash buyer, making negotiations with the seller much easier.

Allowing “First Impressions” to Overly Influence Decisions

The first impression of a home has been cited as the single most influential factor guiding many purchasers' choice to buy. Make a conscious decision beforehand to examine a home as objectively as you can. Do not allow the current owners' style or lifestyle sway your judgment. Beneath the bad décor or messy rooms, these homes may actually suit your needs and offer you a structurally sound base with which to work. Likewise, do not jump at a home simply because the walls are painted your favorite color! Make sure that you thoroughly investigate the structure beneath the paint before you come to any serious decisions.

Failing to Have the Home Inspected

Buying a home is a major financial decision that is often made after having spent very little time on the property itself. A home inspection performed by a competent company will help you enter the negotiation process with eyes wide open, offering you added reassurance that the choice you are making is a sound one or alerting you to underlying problems that could cost you a significant amount of money in both the short and long-run. Your realtor® can suggest reputable home inspection companies for you to consider and will ensure the appropriate clause is entered into your contract.

Not Knowing and Understanding your Rights

Make it a priority to know your rights and obligations as listed in the offer to purchase inside and out. A lack of understanding about your obligations may, at the very least, cause friction between yourself and the people with whom you are about to enter the contract. Wrong assumptions, poorly written clauses or a lack of awareness regarding how the clauses apply to the purchase could also contribute to increased costs.

These problems may lead to a void contract. With this knowledge, take the time to go through the contract with a fine-tooth comb, making use of the resources and knowledge offered by your realtor® and lawyer. With their assistance, ensure that you thoroughly understand every component of the contract and are able to fulfill your contractual obligations.

Making an Offer Based on the Asking Price

Ask your agent for a current *Comparative Market Analysis*. This will provide you with the information necessary to gauge the market value of a home and will help you to avoid over-paying. What have other similar homes sold for in the area and how long were they on the market? What is the difference between their asking and selling prices? Is the home you are looking at underpriced, over-priced or at fair value? The seller receives a *Comparative Market Analysis* before deciding upon an asking price, so make sure that you have all the same information at your disposal.

Failing to Familiarize yourself with the Neighborhood

Check out the neighborhood that you are considering and ask around. What amenities does the area have to offer? Are there churches, parks or grocery stores within reach? Consider visiting schools in the area if you have children. How will you be affected by a new commute to work? Are there infrastructure projects in development? All of these factors will influence the way you experience your new home, so ensure that you are well acquainted with the surrounding area before purchasing.

Looking for Home Insurance During your Move

If you wait until the last minute, you will be rushed to find an insurance policy that is the ideal fit for you. Make sure that you give yourself enough time to shop around in order to get the best deal.

Failing to Recognize Different Styles or Strategies of Negotiation

Many buyers think that the way to negotiate their way to a fair price is by starting with a low offer. In reality, this strategy may actually push the seller to be less flexible, polarizing negotiations. Employ the knowledge and skills of an experienced realtor®. Your agent will know which strategies of negotiation will prove most effective in your particular situation.