

Top 10 Home Buying Mistakes

Buying a house is the largest investment most people ever make, yet all too often it's a decision made in haste without adequate preparation.

1. **Doing it alone.** Buying a house is a complex transaction. Even if you don't use an agent, you'll need a complete, dependable team: lender, lawyer, inspector, insurer, as well as referrals and advice from friends and family. Enlist the help of these individuals early in the buying process.
2. **Buying at first sight.** You may be in love with the place, but does it fit your family's needs and budget? Make a list of your needs and wants and make sure the house fits your requirements. Check out the neighborhood and the community before you buy by visiting at different times of the day and week to learn about noise and traffic patterns. Even if you don't have kids, check out the local schools to make sure your resale value will be good.
3. **Not getting pre-qualified and pre-approved.** Being pre-qualified gives you a general idea of how much you can afford to borrow. Being pre-approved means a lender has verified your information and credit rating and agreed to provide you with a specific amount of money. You are in a better position to go house hunting knowing exactly how much you can afford and that you have financing.
4. **Overbuying.** You may qualify to borrow more, but can you afford to? Analyze your monthly costs: debt, food, transportation, entertainment, and savings. As a general rule, your total monthly debts, including your mortgage, should not exceed 36 percent of your income before taxes. Be sure to budget enough to cover closing costs (often two to five percent of the home's purchase price), plus moving, redecorating and maintenance. Allow for increases in ongoing expenses such as utilities and taxes.
5. **Misplacing your trust.** No matter how much you like the agent, sellers, inspector, or the guy down the block who vouches for them, remember this is a business transaction. Your decision is binding. Do your own research and know your support team's roles and responsibilities.
6. **Relying on oral agreements.** Get it right and get it in writing. Written agreements almost always trump oral ones when it comes to contracts. If the offer says the lawnmower is negotiable, but the agent says it's included, get it in writing.
7. **Skipping the fine print.** You need to understand what you're signing before you pick up a pen. Ask for documents in advance, make time to read them and ask questions. Get copies of your mortgage papers a few days ahead of closing.
8. **Forgetting or betting on resale.** Avoid buying a home that costs 50 percent more than neighboring homes and think before buying the most expensive home on the block. Your neighbors' lower home values will weaken yours. Remember, markets change. If you buy intending to flip your investment and the market falls and you have to sell, your selling price may not be enough to even cover your mortgage.
9. **Making an unconditional offer.** Protect yourself with at least two of these contingencies in your offer:
 - a. Mortgage financing -- You're pre-approved, but is the house? Before a bank will lend you money, it will want a formal appraisal of the property to confirm that there is sufficient equity in it to warrant the loan. If the house appraises lower than the sales price, the loan may be declined.

- b. Inspection -- never buy an existing or new home without a thorough home inspection. Walk through the home with the inspector to learn more about the house and any concerns he or she may have.
 - c. Insurance -- confirm you can get adequate coverage. In some areas, it's difficult to get hazard insurance.
10. **Having buyer's remorse.** No place is perfect. There will always be surprises. Don't let a few initial blips spoil the whole ride. And don't miss a great house waiting for the perfect one!