

COMMON BUYER MISTAKES



Not Understanding the Full Cost of Ownership

As a first-time home buyer, you're probably accustomed to the monthly cost of renting, which usually includes your rent payment, some of the utilities, and your internet and cable bills. As a homeowner, you'll be responsible for additional monthly costs that may have been covered by your landlord. That includes things like water, sewer and garbage bills, monthly HOAs (if you're buying a condo) and the cost of lawn care. You'll also be responsible for paying property taxes and homeowners insurance. And don't forget the cost of maintenance. It's recommended that you set aside 1-3 percent of the purchase price of the home annually to cover repairs and maintenance.

Getting Too Emotional

Think it's impossible? It's actually not. Once you decide to buy a home, start thinking of yourself as a businessperson and investor rather than just a future homeowner. In fact, forget that you're the "Buyer" altogether. By looking at the transaction from a purely financial perspective, you'll distance yourself from the emotional aspects of buying the property. While it is important to factor in certain emotional aspects, don't let it cloud the process. Real estate IS an investment. Don't let emotions distract you from that.

Shopping Before Getting Pre-Approved

It's more fun to look at homes than it is to talk about your finances with a lender. So that's what a lot of first-time home buyers do: They visit properties before finding out how much they are able to borrow. Then, they are disappointed when they discover they were looking in the wrong price range (either too high or too low) or when they find the right home, but aren't able to make a serious offer. How to avoid this mistake: Talk to a mortgage professional about getting pre-qualified or even preapproved for a home loan before you start to seriously shop for a place. The pre-qualification or preapproval process involves a review of your income and expenses, and it can make your bid more competitive because you'll be able to show sellers that you can back up your offer.