

AVOID 10 COMMON BUYER MISTAKES THAT CAN COST YOU \$1,000's!

Home buying can be a very exciting experience, but if you are not well-informed about the home buying process, it can also be very frustrating.

In the "good old days" home buying was a less complicated process. You usually learned of a home for sale by word of mouth through your friends and family. You called the owner of the home, made an appointment to look at the house, and if you liked what you saw, you made an offer. Things are much different today.

However, you will also find that today most home buyers are better educated about the home-buying process thanks to the Internet, books on real estate, and real estate sections in their local newspaper. But, even with all the information available to home buyers, costly mistakes can still be made if you buy a home on impulse.

Buying a home is not like walking into your favorite store at the mall and buying something on impulse. If after you get home you realize that you really didn't need the newly purchased item, most of the time you can take the item back to the store and ask for a refund. It's not that easy with a home once you've bought it. You can't take the "receipt" back to the bank and tell them you changed your mind, you want a refund.

Review each of the most common mistakes listed below, and you will have a very enjoyable experience when purchasing your new home.

1. OBTAIN PRE-PURCHASE COUNSELING

Would you spend \$20,000 on the purchase of a car before doing some research first? I hope not! The same should apply when purchasing a home, one of the largest investments you will probably make. Counseling will help you learn each step in home buying, and you won't be vulnerable to deception from incompetent Realtors or lenders.

Additionally, counselors provide information about down payment assistance and lower-interest loans, some of which are available only to buyers who have undergone counseling.

How do you choose a counselor? Contact A U.S. Department of Housing and Urban Development-certified counselor connected with a non-profit organization. To find one, call HUD at 800-569-4287 or Fannie Mae at 800-7-Fannie or log onto Fannie Mae's Web site at www.fanniemae.com.

2. CREDIT RATING

Did you know you have a credit rating? Many people are not aware that their credit report not only shows a missed payment, but it also carries a rating that lenders will use to determine your interest, or if you even qualify to get a mortgage loan. You can order your personal credit report by contacting the three major reporting agencies: Equifax at 800-685-1111; Transunion at 800-888-4213; Experian at 888-397-3742. Be sure to order a copy from each agency because many times one agency will have information on your credit that another doesn't. If you see a mistake on any one of the credit reports, now is the time to make the corrections, before you see a lender.

3. PRE-APPROVAL

Get pre-approved for a mortgage. When you select a lender, have your credit report pulled along with all the other documentation needed to get a mortgage commitment. Don't just get a letter

from your lender stating you are "pre-approved." You can still get turned down after a home is found and appraised and your actual incomes calculated. A good attorney should help you assemble the needed documents; once a home is found, the only thing you should have left to do is get an appraisal.

4. KNOW HOW MUCH YOU CAN AFFORD

Today, home buyers have many financing options available to them, including buying a home with little or no money down. However, even after getting approved for a loan, don't accept one with monthly payments that are higher than you feel comfortable making. If you do, you're begging for problems later on keeping up your mortgage payment which could mean foreclosure on your home. Additionally, home repairs usually appear when you least expect it. Imagine that one evening you're sitting in your favorite chair enjoying a football game when all of a sudden the heat goes off, and it won't turn back on. This could turn into a very costly unexpected repair bill. You don't want every dollar going toward the mortgage; you need a cash cushion to cover unexpected maintenance expenses.

5. GET EXPERT ADVICE

First-time buyers often turn to friends and family for advice, but your friends and your family may have strong opinions that don't necessarily match yours. Some may be extremely knowledgeable; others may not have been in the housing market for years. In addition, what worked for a friend may not work for someone in your income bracket.

6. YOU NEED MORE THAN A REAL ESTATE AGENT

A competent real estate agent can provide a valuable service, but you should also get the advice of other professionals, such as engineers and termite inspectors, and other sources not connected to the seller.

7. THE HOME INSPECTION

Don't let your excitement and your emotions get the best of you. Buying a home is a major investment. Hire a professional home inspector to point out major defects. The inspection report will also help you in budgeting future maintenance expenses. For example, if the report says the roof has to be replaced in three years, you can start setting money aside now.

8. VISIT THE HOME MORE THAN ONCE

It makes sense that most people will view a home during the day. But to get a "real" feeling for the house, you should visit the home during the day, at night and on a weekend. This lets you see whether, for example, the park across the street is an asset or an evening hangout.

9. MAKING LOW-BALL OFFERS

Buyers sometimes walk around a home making derogatory comments, hoping it will lead to the seller's accepting a lower offer. Put yourself in their place. How would that make you feel? It does the opposite; it annoys the homeowner. Make a reasonable offer. If the sellers like you, chances are that they will work with you.

10. FALLING IN LOVE WITH THE FIRST HOUSE YOU SEE

Falling in love often results in overpaying or purchasing a home with defects. Remain objective. If the deal collapses, stay calm. Another home just as nice is sure to follow.

If you keep in mind the list above, your home buying experience should be a smooth one!