

Common Mistakes Buyers Make

As you shop for a new home, be sure to avoid some common mistakes that buyers make. This will help to ensure that your new home is a blessing – both today and for years to come!

Mistake #1 – Failing to set goals and objectives before you start looking for a home. What is most important to you in purchasing your new home (besides price, of course ☺)? Is it location, convenience to daily activities, proximity to other family or friends, interstate access? Determine what you really need and also what you want, but may be less important and not a ‘deal-breaker’.

Mistake #2 – Maxing out on what you can borrow – Do you really need to borrow the maximum amount available to you to spend on a home? Have you considered the additional budget items that come with home ownership e.g. lawn equipment, utilities, furniture, decorating. Prepare a budget to determine how much you can *comfortably* afford to spend on your house payment each month. Allow yourself a cushion so that you can enjoy your new home and still have money for other things you enjoy e.g. eating out, traveling, giving to others in need.

Mistake #3 – Not comparing loans to determine which offers you the best deal – Use the Good Faith Estimate to compare different loan options. If you don’t yet have a Good Faith Estimate, use the Annual Percentage Rate (APR) for comparison. You can shop with multiple lenders (just be sure to contact them within a 2-week window to minimize the negative impact on your credit score). Interest rates are often negotiable, so get the best deal you can negotiate.

Mistake #4 – Misunderstanding who the real estate agent is representing – the buyer or the seller. As a buyer, you should have a real estate agent represent you as your Buyer Agent. The agent who represents the seller works for the seller’s best interest; likewise, the Buyer Agent will represent your interests and negotiate on your behalf in the transaction. The Buyer Agent will also compare other similar properties to ensure what you’re buying is priced appropriately.

Mistake #5 – Skipping home inspections / not using licensed inspectors. It’s in your best interest to have professionals do your home inspections. Even new construction is no guarantee that repairs aren’t needed for your new home. The inspector will provide a detailed list of observations and recommendations in the event that further investigation is needed.

Mistake #6 – Altering your financial status after your loan pre-approval, but before the final sale of the home is completed. Once you’ve been pre-approved for a mortgage to buy your home, do not make any major purchases, apply for new credit cards or loans, or buy a car. Doing so can make you ineligible to complete the purchase of a home (because your debt to income ratio has changed).

Here’s to your real estate success!

If you have questions about real estate, please feel free to contact me:



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