

Top 10 Critical Mistakes Homebuyers Make and How to Avoid Them (Part Two)

This article describes the Top 10 critical mistakes that homebuyers can make when buying a home. Violate any of these 10 mistakes and you can lose sleep, lose money, lose your home and even lose your freedom. Ignore this information at your own risk!

In part one of this article I discussed critical mistakes 1 through 5:

1. Using and out of town lender.
2. Not getting a loan approval letter before writing and offer on a home.
3. Buying too much house for your income.
4. Thinking short-term in regards to how long you will own your home before selling it.
5. Using 1031 exchange money to purchase a personal home.

Now for the "Top 10 critical mistakes home homebuyers make and how to avoid them", 6 through 10:

1. Waiting for the "bubble" to burst. Hot markets come and go. Cold markets come and go. Markets become over-priced, then over-time become under-valued. If you are waiting for a severe correction in real estate prices, pull up a seat, because you might be waiting a long time. Homes, unlike other investments (the stock market for example) are valuable in two ways: 1) Psychological value - homes have value because everyone thinks they should, and 2) "real" value (people, homeowners and renters, need shelter). Because homes are valuable in both respects, home values historically will usually only level out after a hot market. Sometimes homes will lose some value but not very much. St. George homes lost about 5% of their value after the last hot market in 1995...sort of like a balloon deflating because it took several years for this to happen. If I were looking to buy a home I would be more concerned with interest rates and less concerned with playing with bubbles.

2. Not choosing a real estate agent carefully. In our town about 75% of real estate agents have been in the business one year or less. I suspect that this is true nationwide. The hot market of 2005 caused everybody and their brother to want to get their real estate license. When you contact a local agent, you probably have a 3 out of 4 chance of getting an agent who is severely under-qualified to represent you in the purchase of \$250,000+ investment...your home. You'll want to contact at least four agents to make sure you are getting the best one you can find. Ask questions and then trust your instincts as to which agent is the best one for you.

3. Not having a home inspection done by a Professional Home Inspector. A good, experienced Home Inspector will catch problems in a home that most homebuyers would miss. I have seen all of these items missed by a potential homebuyer, but caught by a home inspector: a. A dryer vent, venting into the attic b. A ground fault interrupt breaker not working (this can kill you!). c. Evidence of termites d. Aluminum wiring e. A roof leaking into the attic, but not into the main part of the home (yet!). Several years ago I became aware of a transaction in our real estate office where the buyers decided not to have a professional inspection on an almost new home they were buying. They "inspected it themselves" to save the \$300. Too bad they didn't catch the fact that some of the basement windows leaked badly when it rained. The water stains were clearly visible had they known to look. That turned out to be a huge mess involving lawyers, threats and grief. This could have been avoided by paying the \$300 to have a Professional Home Inspection.

4. Not receiving a home warranty at closing. It's 3:00 AM. You wake up hearing water running in your newly purchased home. It keeps running. And running. You get up to check it out and find your basement floor covered with water from the broken water heater. Luckily the damage from the water is minimal. You go to look for the Home Warranty confirmation in the documents you received when you bought your home the previous month. You know that the home warranty company will replace your broken water heater for only \$55. Suddenly, you slap your hand to your forehead and make the Homer Simpson "Doughhh" sound as you realize that you didn't get a home warranty because the seller wouldn't pay for it and you certainly didn't want to pay for it. Lesson learned, always get a home warranty you buy a new home, even if you have to pay for it. It is money well spent. I would never buy a home without purchasing a home warranty. I never sell my own properties without a warranty for the buyer. It just makes good sense

5. Not meeting the neighbors before you make an offer. Don't you really hate it when your neighbors suck? Don't you think it would be a good idea to do a little door knocking before you buy your new home? How about going online to look at your state's website for registered sex offenders? I did a little door knocking before I

bought a foreclosed home in St. George. I was buying the home for my personal use and as part of the "due-diligence" I decide to meet the neighbors. I asked which house was the "bad house" on the street. I came to find out it was the home I was buying because the previous owners were noisy, rude, dirty, and didn't care for their home. I changed that by buying the home and moving into it. There you go; 10 simple steps to keep yourself, as a homebuyer, out of hot water. Violate any of these steps and you may end up losing a little or a lot of your hard earned money. Now go out and find the home of your dreams!

About Me:

I have lived in beautiful St. George, Utah since 1998. I have been a real estate agent here (Washington County, Utah) since 1999. I have survived terrible housing markets and thrived in amazing markets (38% home appreciation in St. George in 2005). For more interesting articles, or to sign up for receiving my weekly St. George foreclosures email please visit my website: DonGlasgow.net . I also provide homebuyers with instant access to the Washington County MLS. I have gotten tons of compliments on my website, so make sure and check it out!

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