

CHEAT SHEET

5 BIGGEST MISTAKES HOMEBUYERS MAKE WHEN PURCHASING A HOME



5 Costly Homebuyer Mistakes

1. Being Unprepared to Pull The Trigger

You never know when you will finally come across your dream home. That's why before you start searching you should have your financing in place and know exactly how much home you can afford.

If you are ready to purchase get "Pre-Approved" for a home loan by your lender. If you don't know of a reputable lender, your local real estate professional can refer you to one. Too many buyers end up losing their dream home simply because they are unprepared and don't have their financing in place.



Once you do get pre- approved, you will know exactly how much home you can afford. This will also put you in the best negotiation position with the seller by having a letter of pre approval ready to submit when making an offer.

2. Making An Unrealistic Offer On a Home You Really Want

Making an unrealistic offer can result in the seller refusing to deal with you in any future negotiations. In most cases when sellers price their homes they are looking for a reasonable offer at or close to the listing price.

A CMA (Comparable Market Analysis) done by your local real estate professional will help you determine if the seller is in the right ballpark of value for homes in that area. If this is a home you REALLY want, don't sweat a few thousand dollars because this represents literally a few dollars when it's rolled into a 30 to 40 year loan.

If you really want the home, make the strongest possible offer you can make. If you end up getting the home you will be happy with the outcome and if not, you will know that you gave it your best shot.



Make sure that you see enough homes in the area that you are searching so that when you do finally come across the “right one” you will feel confident about making a strong offer.

3. Making a Non-Contingent Offer And / Or Not Getting a Home Inspection

In most cases, after a home seller accepts an offer from a buyer, the buyer will then have a “contingency period” to do inspections and review documentation before deciding whether to continue with or cancel the transaction.

Unfortunately in some markets home inventory is extremely low and there are many buyers in the marketplace. In these types of markets multiple offers and offers over the ask price are commonplace.

Some buyers will resort to making offers that are “non-contingent” just so that they can lock into a home. This means they are forgoing inspections and giving up their right to back out of the transaction should they discover something about the home that would be unacceptable.

You may find yourself not getting the first few homes you make offers on. In this case it can be extremely tempting to give up your contingency and home inspection rights. **DON'T DO IT!** Always keep your contingencies open until you've done your due diligence and always get a property inspection. **YOU WILL FIND A HOME!**



A good real estate agent will advise you on the best strategies to give you the strongest possibility of getting your home without having to give up your contingency and inspection rights.

4. Not Being Prepared For the 3 Possible Outcomes Once You Make An Offer

When you make an offer there are three possible outcomes:

- 1. The seller ACCEPTS your offer**
- 2. The seller COUNTERS your offer (makes a change in price and/or terms)**
- 3. The seller REJECTS your offer**

You must be prepared for all of these scenarios.

The best way to do this is by establishing a maximum amount that you are willing to pay for the home. By being prepared for these three scenarios you will be far less likely to make a decision based on your emotion and more inclined to make a logical, well thought out decision. Decide ahead of time how you will proceed should one of these three scenarios come up in your negotiations.



5. Not Being Educated About Your Local Market

A savvy real estate agent will know the local market that you are searching in and be up-to-date on current trends and dynamics of that market.

One of the most important thing to do when negotiating on a home is to be very aware of the type of market your home is in.

Are you in a market where homes sell slowly and there is a lot of inventory (buyer's market)? Or are you in a market where home sell quickly and there is very little inventory on the market (sellers market)? You must take into consideration these factors were preparing to write an offer on a home because these will dictate the price you are willing to offer.

It will also dictate how you should respond to a sellers counter offer should they give you one. If you and your agent have determined that the home is based in a seller's market you will have less wiggle room in the negotiation. If you establish that the home is in a buyer's market you will have more leverage when it comes to negotiating the sales price and the terms.

