



Buyer Traps

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No matter which way you look at it buying a home is a major investment But for many homebuyers, it can be an even more expensive process than it needs to be because many fall prey to at least a few of the many common and costly mistakes which trap them into either:

- paying too much for the home they want, or
- having the wrong real estate agent (not) representing your interests
- (worse) buying the wrong home for their needs.

A systemized approach to the home buying process can help you steer clear of these common traps, allowing you to not only cut costs, but also secure the home that's best for you.

This important report discusses the 10 most common and costly of these homebuyer traps, how to identify them, and what you can do to avoid them:

1. Bidding Blind

What price should you offer when you bid on a home? Is the seller's asking price too high, or does it represent a great deal. If you fail to research the market in order to understand what comparable homes are selling for, making your offer would be like bidding blind. Without this knowledge of market value, you could easily bid too much, or fail to make a competitive offer at all on an excellent value.

2. Buying the Wrong Home

What are you looking for in a home? A simple enough question, but the answer can be quite complex. More than one buyer has been swept up in the emotion and excitement of the buying process only to find themselves the owner of a home that is either too big or too small. Maybe they're stuck with a longer than desired commute to work, or a dozen more fix-ups than they really want to deal with now that the excitement has died down. Take the time upfront to clearly define your wants and needs. Put it in writing and then use it as a yard stick with which to measure every home you look at. Video tape every house that you are interested in. Review the view tape in a calm unemotional manner away from the interests of the real estate agent.

3. Unclear Title

Make sure very early on in the negotiation that you will own your new home free and clear by having a title search completed. The last thing you want to discover when you're in the back stretch of a transaction is that there are encumbrances on the property such as tax liens, undisclosed owners, easements, leases or the like.

4. Inaccurate Survey

As part of your offer to purchase, make sure you request an updated property survey which clearly marks your boundaries. If the survey is not current, you may find that there are structural changes that are not shown (e.g. additions to the house, a new swimming pool, a neighbor's new fence which is extending a boundary line, etc.). Be very clear on these issues.

5. Undisclosed Fix-ups

Don't expect every seller to own up to many physical details that will need to be attended to. Both you and the seller are out to maximize your investment. Ensure that you conduct a thorough inspection of the home early in the process. Consider hiring an independent inspector such as myself to objectively view the home inside and out, and make the final contract contingent upon this inspector's report. I will give you a report of items that needs to be fixed. Do not trust the owner's disclosure statement.

6. Not Getting Mortgage Pre-approval

Pre-approval is fast, easy and free. When you have a pre-approved mortgage, you can shop for your home with a greater sense of freedom and security, knowing that the money will be there when you find the home of your dreams. Do not tell any agent how much you are qualified to get on a mortgage. Often they will only show you houses that at the top level of your qualified amount.

7. Contract Misses

If a seller fails to comply to the letter of the contract by neglecting to attend to some repair issues, or changing the spirit of the agreement in some way, this could delay the final closing and settlement. Agree ahead of time on a dollar amount for an escrow fund to cover items that the seller fails to follow through on. Prepare a list of agreed issues, walk through them, and check them off one by one. Use the inspection report to see that all the major items are covered in detail and that repairs are made to your satisfaction. Don't let the agents pressure you into accepting less than what you expect. If repairs aren't made get cash in hand to have the repairs made after the closing. The amount should be obtained from estimates of qualified repair people. Don't take the agent's word that they know some one who will do the repairs at a cut rate fee. Here is a clause to add to your contract on a possible purchase offering.

This contract is contingent upon the Purchaser's making, or having made on his behalf by another, a physical inspection of the entire premises. If such inspection reveals any condition or state of facts unsatisfactory to the Purchaser, in his sole discretion, the Purchaser shall receive back all monies paid hereunder. Upon receipt of said monies, this agreement shall be null and void, and neither party under any obligation whatsoever to the other.

8. Hidden Costs

Make sure you identify and uncover all costs - large and small -far enough ahead of time. When a transaction closes, you will sometimes find fees for this or that sneaking through after the "sub"-total - fees such as loan disbursement charges, underwriting fees etc. Understand these in advance by having your lender project total charges for you in writing. Don't be rushed into signing or approving anything.

9. Rushing the Closing

Take your time during this critical part of the process, and insist on seeing all paperwork the day before you sign. Make sure this documentation perfectly reflects your understanding of the transaction, and that nothing has been added or subtracted. Is the interest rate right? Is everything covered? If you rush this process on the day of closing, you may run into a last minute snag that you can't fix without com-promising the terms of the deal, the financing, or even the sale itself. You can always move the closing date to fit your needs within reasonable limits. Don't panic. I repeat. Don't panic, it's your money that is at risk. The agent does risk much of anything. They just want to get you to closing. Beware of the real estate agent's tricks.

10. Using the Wrong Agent / Broker to represent your interests

There is a strong possibility that the agent or broker you have chosen actually do NOT represent your interests unless they have presented a special

“exclusive buyers agency” agreement with you and have stated that they support **your interests over all others** including their own. The written report is the property of the inspector and the client and shall not be used by or transferred to any other person or company without both the inspector’s and the clients written consent. Copy rights are reserved and protected by the **inspector**.

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