

Top Most Costly Mistakes Home Buyers Make

Not every mistake in a real estate transaction can be reversed, much less fixed before closing. If buyers goof up and make an innocent mistake, they might very well be stuck with the consequences for a long time or, worse, their deal might not even close. It could fall out of escrow.

Number One Blunder: Refusing to Confide in a Trusted Advisor

This advisor could be your real estate lawyer or real estate agent. Buyers withhold information for a variety of reasons such as:

- Fear of how they will be perceived
- Irrational belief they have all the answers
- Don't feel it is important enough
- Lack confidence in their advisor

Experienced real estate professionals handle such a multitude of transactions and personality mixes, there's little they haven't heard before. Your advisors are representing your best interests and have a fiduciary responsibility to do so. They can't help you if they don't know what you are doing behind their backs. Plus, they will likely have a better idea for you than you can dredge up.

If you have cold feet and have thoughts about backing out of the transaction, talk to your agent about those feelings. She can help walk you through the anxieties. Pros will help you to determine if you really need to cancel and, if so, manage the transaction so you can get your earnest money back.

Number Two Blunder: Altering Financial Pictures Prior to Closing

When I bought my first home, I easily qualified because I had no car payment nor revolving debt. A week before closing, I bought a new car and financed the purchase. New ratios meant I no longer qualified. A frantic phone call to my mother, begging her to lend me the money to pay off my car loan (and threatening to show up on her doorstep with luggage in tow and a cat under each arm), was the only tactic that saved me from losing the house.

Today's home buyers make the same mistake. Do not buy anything on credit and / or with a credit card once you have completed a loan application. Do NOT buy:

- Automobiles
- Washers, dryers, refrigerators
- Lawnmowers or garden equipment
- Expensive electronics or computers
- Furniture for your new home

Slight alterations in your credit ratios could cause an underwriter to throw out your loan and deny it. If your loan contingency has expired or been removed, you could forfeit your earnest money deposit in addition to losing the home.

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Number Three Blunder: Buying the Wrong House

The very first thing home buyers should do is make a list of priorities and define home purchase objectives. Figure out what features and benefits are most important and which you can live without. Before you close escrow, review this list. It's easy to overlook a major factor that could come back to haunt you later.

Location & Neighborhood

- Suburbs or Country.

Pros: Generally less expensive, often newer, tract homes are conforming and often more home for the money.

Cons: More time in traffic if driving to town for work. Further away from entertainment options cities offer.

- Urban.

Pros: Closer to many employers, walking distance to theaters, restaurants, schools also many homes offer more distinctiveness in styles.

Cons: Often noisier, higher crime rates, more expensive.

- Busy Streets.

Pros: Often homes on streets with more traffic are thousands of dollars cheaper. If noise doesn't bother you, don't pass up homes on busy streets. Drive by at different times of the day / week to ascertain noise levels.

Cons: These types of homes will always sell for less than others in the same area. If bedrooms are located near the front of the home, sleep may be disturbed.

- Cul de sac.

Pros: Number one choice of buyers with children.

Cons: Less privacy, neighbors know more about you.

- Corner lots.

Pros: Often larger lots. Fewer neighbors. More visibility.

Cons: More traffic noise. More vulnerable to vehicles jumping the curb. Kids might trespass at the corner. More sidewalk to shovel in winter.

Type of Home

- Single Family.

Pros: Good appreciation. Opportunity for gardens. More privacy. Quieter.

Cons: More expensive than our next category. More maintenance.

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- Condos, Townhomes, Cooperatives.

Pros: Less expensive than comparable single-family homes. Generally newer so fewer repairs. Lock-n-go lifestyle. No yard or exterior maintenance.

Cons: Less privacy. Noisier. Common walls and/or floors and ceilings. Sometimes no private yard or balcony.

Number of Stories

- Single Story.

Pros: Easy wheelchair access. Some medical conditions such as bad knees make it hard for certain individuals to climb stairs and it is easier to clean.

Cons: Can be noisier if stereos or televisions are located on the same floor as bedrooms. Some people feel safety is compromised if bedrooms are located at ground level. More of the lot is absorbed by living quarters.

- More than One Story.

Pros: More living space on same foundation than a ranch home, but less noise if entertaining on lower level while other family members sleep upstairs.

Cons: More trips up and down the stairs to carry stuff to bedrooms. If the laundry rooms are on the second floor, washer leaks are a major concern. Might need dual vacuum cleaners. It is difficult to maintain consistent temperatures on each level without dual heating and cooling units.

- Split Levels.

Pros: Often less expensive if purchased with lower level unfinished. Higher ceilings are appealing. Downstairs family room separates noise levels from upstairs. More square footage on same size lots as ranch homes.

Cons: Less storage space. Hassle to take trash downstairs and carry groceries upstairs or vice versa. Kitchens tend to be smaller.

Interior Specifications

- Number of Bedrooms.

Pros: Common minimum requested configurations are 3 bedrooms. Newer parents prefer bedrooms located on one level.

Cons: 2 bedrooms appeal primarily to first-time home buyers, singles or seniors. However, don't discount a two bedroom if an extra den will satisfy your space requirements.

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- Number of Bathrooms.

Pros: More than one bath is preferred by most people. One bath homes are often less expensive.

Cons: Don't pass up a one bath home if there is room to add a second bath. Sometimes it costs less to put in an extra bath than it does to buy a two-bath home.

- Square Footage.

Pros: larger spaces offer more room and cost less per square foot than smaller spaces.

Cons: Don't be misled as lay-out is more important than actual square footage. Sometimes well designed smaller spaces appear larger.

- Bonus Rooms.

Pros: Extra space for media rooms, art studios, children's playrooms, gyms, den/study.

Cons: More expensive.