

"Top 10" First-Time Homebuyer Mistakes to Avoid

Buying your first home is an exciting time in life. But too often I see first-time homebuyers make simple mistakes that leave them stuck with a "problem house," or they don't know how to negotiate with sellers and it ends up costing them thousands. Here are 10 common mistakes and how to avoid them:



MISTAKE #1: Not Understanding What You NEED and What You WANT.

Prioritize your basic needs before you even start looking. Also know that you may have to compromise, this is your first home, not

necessarily the dream home you'll live in for the rest of your life. The home you can afford may need a little work (fresh paint, new carpeting), but these upgrades allow you to put your personal touch and style into your home. With that in mind, consider these items:

1. General price range
2. Approximate size (in sq. footage)
3. General location, area or subdivision
4. Number of bedrooms
5. Number of bathrooms
6. Style and layout of home
7. School requirements or districts



MISTAKE #2: Not Knowing What You Can Afford Before Looking at Homes.

Beginning your home search prepared and knowledgeable of your affordability will help you narrow down your choices and keep you

focused on your preferred price range. Examine your budget, get a copy of your credit report and credit score, then sit down with a qualified lender to determine how much of a home loan you can afford. Don't assume the first lender you ask is giving you the most competitive rate. Talk to more than one lender (ask your REALTOR® for recommendations) to comparison shop for a mortgage.



MISTAKE #3: Not Getting Pre-Approved Before You Go House Hunting.

A lender can give you a pre-qualification letter after a simple 10-minute phone interview. But a pre-APPROVAL letter is a firm commitment to

lend money based on VERIFICATION of income in the form of: employment, funds on deposit, and your credit history. All that remains is the property appraisal for you to get a home loan once you've been pre-approved. **Why is this so important?** Pre-approval is a powerful weapon when it comes to negotiating the price you want, so it's worth it even if it takes a few days to a few weeks. It tells the sellers you

are serious and they may accept your offer even if it's less than someone else's because they know you can get financing. On the flip side, without pre-approval, you may put an offer on a home but the seller goes with someone else.



MISTAKE #4: Neglecting to Consider the Overall Costs of Owning a Home.

There's more to it than the monthly mortgage payment. You have to plan for homeowners' insurance, property taxes, utility costs, plus repairs and maintenance. If you're buying a condo, you'll have to pay monthly maintenance costs.



MISTAKE #5: Paying Too Much for a Beautifully Staged Home.

Work with your REALTOR® to understand what you should offer the seller. Also, imagine the space empty and think how your furniture and belongings will fit in. You may want new furniture, if your current pieces don't fit. This is another great opportunity to put your personal touch on the home.



MISTAKE #6: Not Thinking of the Future.

How long do you think you'll own the home you are interested in? If you want to move in five years, that's fine. But if you can't see yourself living there for even a couple years, don't buy the home because you may not make any profits if there hasn't been enough time for the home to appreciate in value. Also, consider what the neighborhood will look like in five years? What are plans for future development? And how will they affect your resell value if you don't want to keep living in this home?



MISTAKE #7: Not Having a Home Inspection.

Having a professional home inspection before you close on the sale is one of the most important parts of the process. Review the inspection report carefully to make sure the home is in good condition. Have your REALTOR® review these with you. It never hurts to get a second opinion.



MISTAKE #8: Not Doing a Walk-Through Before Closing.

Visit the property after all the furnishings have been moved out to make sure there are no surprises. If you're buying a new home, you'll typically do a walk-through with the builder's representative. Items that are not completed will be entered onto a "punch list," which will be discussed at closing. Get a written confirmation on when those items will be completed by the builder.



MISTAKE #9: Not Understanding the Contract.

Make sure everything is in writing. A professional REALTOR® will help you understand your responsibilities under the contract and walk you through the closing process to ensure you are protected.



MISTAKE #10: Choosing the Wrong Agent.

You want to hire an experienced REALTOR® – not just a relative or friend. You can ask your friends, neighbors, relatives, and business associates for recommendations. Then select at least three individuals to interview. Hire someone who understands your goals and will help you find the perfect home at the right price.

Related to this, the **BIGGEST Mistake That Can Cost you Thousands** is not using a Buyer's Representative...

Why Should I Use A BUYER'S REPRESENTATIVE?

The seller's agent does not represent your financial interests. They work for the seller and are looking out for their client's best interest. Create a "buyer's representation" with a REALTOR® so you have someone on your side working to negotiate the best price for YOU. This is why you never want to walk into an Open House without having a REALTOR®. By the way, this won't cost you a nickel because it's paid out of the seller's commission.



An Experienced Home Buyer Representative Can Save You Time and Money with Buying a Home by:

- Helping you find the perfect home at the right price... so you don't have to worry you bought the wrong home or paid too much.
- Providing you with direction and contacts to get pre-approved for a home loan... so you're never lost trying to find the most affordable financing for your situation.
- Negotiating the best deal with the sellers... so you avoid costly traps and pitfalls. You don't make money when you sell a home, you make money when you buy it!
- Coordinating all inspections, appraisals, escrow and title services, with the very best companies... so you feel confident and can focus on other tasks with your move.



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