

## 9 Buyer Traps and How to Avoid Them

No matter which way you look at it buying a home is a major investment. For many homebuyers however, 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
- losing their dream home to another buyer, or
- (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 nine most common and costly of these homebuyer traps, how to identify them, and what you can do to avoid them.

### 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.

### 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 up front to clearly define your wants and needs. Put it in writing and then use it as a yardstick with which to measure every home you look at.

### 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.

### Inaccurate Survey

As part of your offer to purchase, make sure you request an accurate property survey that 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 neighbour's new fence that is extending a boundary line, etc.) Be very clear on these issues.

### Undisclosed Fix-ups

Don't expect every seller to own up to every physical detail 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 to objectively view the home inside and out, and make the final contract contingent upon this inspector's report. This inspector should be able to give you a report of any item that needs to be fixed with associated, approximate cost.

### 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.

### 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. Prepare a list of agreed issues, walk through them, and check them off one by one.

### 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.

### 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 compromising the terms of the deal, the financing, or even the sale itself.

