



Common Home Buying Mistakes

Buying a home is likely the biggest purchase you'll ever make. Such a weighty decision should be carefully made because many of the associated purchase terms will last the entire length of your homeownership. In addition to making all the right decisions, you should know what the wrong decisions are and how to avoid them.

Mistake #1: Choosing the Wrong Agent

One huge mistake many homebuyers make is choosing the wrong real estate agent. A good agent can be one of your greatest assets in the buying process. She will be knowledgeable and experienced and typically be able to answer any questions you have. A good agent can help you when you have second thoughts about a purchase by showing you the pros and cons of buying the property. She can also help you get your deposit back in necessary.

If you pick an agent that seems incompetent or untrustworthy, you'll feel alone in the buying process and perhaps let many important questions go unanswered. Try getting referrals from friends to find the right real estate agent. You can also check into properties that the agent has sold previously to find out if they are qualified in their field.

Mistake #2: Failing to Set a Budget

Paying more for a mortgage loan than you can truly afford can lead to many problems. If your mortgage bills seriously overtax your resources, a financial emergency could end up sending you into default and foreclosure. You might also find that the home you bought is too expensive to allow you to save for the future. Heavy monthly mortgage payments could also limit your ability to carry on your former lifestyle in terms of entertainment and leisure purchases.

Before you even begin looking at houses, calculate the maximum amount you'd comfortably be able to commit to a monthly mortgage payment. A good rule of thumb is to not let your monthly debt exceed more than 36% of your monthly pre-tax income.

Mistake #3: Making Credit Purchases During the Application Process

You are qualified at the beginning of a loan process based on your existing financial income and obligations. This means that if your monthly bills increase during the application process, your loan approval status could be reviewed and your application could be denied.

Lenders want to protect their investment in your loan by ensuring that you will be able to afford your monthly payments. Any added installment purchases will decrease your ability to pay for a home, in their opinion. You should avoid making any large purchases until your home loan closes. These would include cars, major appliances like washers or dryers, computers, expensive gadgets and gizmos, and new home furniture. Once your loan closes, it is up to you whether you can afford these items or not.

There are many, many mistakes homebuyers can make, but if you avoid the three listed above and do your best to stay informed of all the important details of the sale, you'll do well.