

Front Range HOME

The newsletter of your Colorado Real Estate agent

10 Things Not To Do When Buying A Home

To help make your home-buying experience as stress-free as possible, I recommend following these simple guidelines during your home buying process.

1. Don't Make Major Purchases

When you were getting pre-approved for your new home loan, perhaps you discovered you have an excellent credit score. You think, Great, now's the time to buy that new car or the boat I always wanted. However, it's a good idea to wait for such purchases until after you close on the new house. Adding new debt will change your debt-to-income ratio and the amount of income the bank sees as available to pay your mortgage. Using cash to make major purchases can also create a problem, because banks also consider cash reserves when approving your home loan. If you must make a major purchase before closing on your new home, be certain to talk to your loan officer in advance.

2. Don't Change Jobs Unless Absolutely Necessary

Generally speaking, a lender is more likely to approve your loan if you have a consistent job history. Changing jobs within the same field is usually considered a safe bet, but there is no certainty here. If possible, you're better off staying put until after closing.

3. Never Give a Deposit To a Seller

Of course, I would never let you make this mistake, but it's worth explaining here. Your earnest-money deposit should always go into a trust account. Often, sellers do not understand that these funds are applied to your expenses at closing. If they have access to it, some sellers may actually spend your deposit money prior to closing. That means, if something were to go wrong, you would have to fight to get your money back. You should always use a neutral party—such as a lawyer or Title Company—to hold your deposit until closing day. I will make sure your contract covers the unexpected, in the event your transaction doesn't close.

4. Don't Forget to Switch Utilities

You'd be surprised at how many people simply forget to call the power company before moving into their new home. There's nothing like moving in and discovering there's no electricity or heat. Call Excel Energy as soon as you have a contract. Ask how many days in advance it needs to switch your service, and then call again when you have a firm closing date. One more thing: remember to discontinue services at your old home as well.

5. Don't Forget Insurance

During the loan approval process or at your closing, your lender will want to see proof of insurance coverage for your new home. Get insured as early as possible to avoid closing being delayed.

6. Don't Be Emotional

Even though it often seems like buying a home is an emotional journey, in actuality it's more like a business transaction. Staying grounded during the buying process is the surest way to avoid problems. For example, a home inspection may reveal necessary repairs. Sometimes the seller will take care of these prior to closing, but more often it's the new homeowner who must take responsibility. Don't let a seller's refusal to complete small repairs stop you from buying a home you love. Conversely, don't fall so much in love with a house that you'll buy it no matter what needs to be done.

7. Don't Be Too Talkative

This is a gray area, so forgive me if this one seems cold. It's a good idea not to be overly sociable with the seller or the seller's agents. The more you say (and, actually, the more they say), the greater the chance something might come up and cause a conflict. Personality conflicts—to say nothing of differences in philosophies, beliefs and values—can cloud judgments and result in problems you don't need. By all means, ask questions when you have them, but don't get too close to the seller.

8. Don't Panic

Issues can and will crop up during the buying or selling process. Most are extremely common and have simple solutions. Some require a little more work but are easily resolved. The key is not to panic. Every problem has a solution, and I will help guide you to making the best choices for your situation.

9. Don't Go It Alone

It's vital to use an agent when buying or selling a home. While it's true that you can find the occasional, satisfied sold-by-owner seller for whom everything went well, this is the exception, not the rule. It's my job to track many of the day-to-day particulars that involve the lender, the seller (or buyer), or the seller's (or buyer's) agent. When you work without an agent, there are too many cracks for details to fall through.

10. Don't Ignore Lender Requirements

Stay in touch with your lender. Answer all questions and provide required paperwork. Know what is expected of you and do it as soon as you can. Your closing depends on it.