

# Starting out

## How can I improve my home buying experience?

No one likes to make mistakes, especially homebuyers. If you make a mistake buying a computer or TV, the consequences aren't serious. But a home buying mistake can cost you plenty. Fortunately, you can learn from others' mistakes. Here are some tips for avoiding pitfalls so that your home buying experience will be a positive one.

Find out what you can afford before you start looking at homes to buy. This will save you time and aggravation. A simple call to a mortgage broker or lender will get you started.

As soon as you're serious about buying, get preapproved for the loan you'll need to complete the purchase. This is a must if you're in competition with other buyers. Even if you're not, you'll be in a better bargaining position with the seller if you are completely approved for a loan.

Have the property thoroughly inspected before you buy it. Home buying is often done in haste. Don't overlook recommended inspections just for the sake of speeding the process along.

To protect yourself, include contingencies in your purchase agreement. A contingency is a condition that must be met for the sale to go through. For instance, it's risky to buy without a contingency for the sale of your current home if in fact you need to sell it in order to buy the new home. If contingent sale offers aren't acceptable in your marketplace, you may need to sell before you buy.

**FIRST-TIME TIP:** Most buyers sign purchase contracts without reading and understanding them. This can be risky because a real estate purchase contract is a legally binding contract. Ask your agent or attorney for copies of the contract documents in advance so that you can become familiar with them before you sign them.

Read every document you sign during the course of your purchase transaction. Read and understand all inspection reports and financial documents. It's O.K. to ask a lot of questions. The only stupid real estate questions are the ones that were never asked.

Be sure to use local real estate professionals (agent, mortgage broker, inspector), even if you have a good friend or relative who's in the business elsewhere who will cut you a deal. Out-of-area professionals don't know the local market place so you can't expect them to provide you with the expert representation and service you need.

Ask your mortgage broker or loan agent to give you a written loan commitment when you are approved for your mortgage. If you lock in an interest rate, be sure to get it in writing.

To be legally binding, a real estate purchase agreement and all modifications must be in writing and signed by both the buyer and seller. If you negotiate verbally with the seller, follow up and get it in writing.

Make sure you have enough money to close the transaction before you sign the purchase

contract. Your down payment money should be liquid, not in the stock market. Ask your real estate agent or mortgage broker to prepare a closing cost estimate for you so that you're not surprised later by unanticipated expenses.

If you're leaving town during the negotiations, make sure your agent knows how to reach you. Make arrangements for documents to be signed in your absence either by giving someone you trust a power of attorney or by making yourself accessible by fax.

**THE CLOSING:** If you take a monetary credit from the seller at closing for work that needs to be done to the property, make sure to have the work done.