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## BUYER BEWARE!

### Critical Mistakes Home Buyers Make

*(And How to Avoid Them)*

***Making the Most of Your Next Home Purchase  
Is As Easy As Reading This Report***



*Home buying is an exciting process. But unfortunately, many buyers rush into the process without all the information they need to make the best decision for their needs.*

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— REAL ESTATE —

*Buying a home is the epitome of the American Dream. Unfortunately, however, too many home buyers jump into the process before they truly understand everything they're getting themselves into.*

That's where this report comes in. Over the years we've learned many things and seen many people who have all made the same mistakes. Many people who we have helped has been after they've had a bad real estate experience. We'd like to help you learn from their mistakes. So now we've assembled these items into a list warning home buyers of seven critical mistakes we've seen made and how to avoid them.

***We hope you enjoy reading it and find it helpful to your next home purchase.***

If you have any questions or would like additional information, please feel free to contact a Raveis agent.

#### MISTAKE NO. 1

Not staying on top of the market

No matter what kind of market we are in, the best homes always go quickly. At any given time there are always many motivated buyers in the marketplace. You need to beat the competition by being the first to know about new listings. The way to do that is to sign up to receive automatic email updates about new properties on the market and price changes on other properties. The best homes at the best prices sell fast. Connect with a real estate agent that knows the market and can sign you up to receive instant updates on homes that meet your criteria. Once you find a quality agent, be loyal to that agent by only working through him or her to view homes. Top agents call their loyal clients first when they know of a new listing, especially one that hasn't hit the MLS yet. A new listing can often take up to 48 to 72 hours to show up online so having an agent that knows you are a loyal client can make the difference between getting that awesome home that just came on the market and not getting it.

## MISTAKE NO. 2

Failure to Get  
Pre-Approved (Not  
Just Pre-Qualified –  
There is a Difference)

Many of today's leading real estate agents prefer not to work with a buyer until the buyer is pre-qualified for a loan. This may seem exclusionary at first, but by doing so, the agent is actually doing the home buyer a huge favor. The truth of the matter is that shopping for a home without being pre-approved wastes everybody's time. That's why we always advise anyone interested in buying a home that the first step they should take is to their mortgage lender. Once there, get pre-approved, not just pre-qualified.

### ***Let us explain the difference.***

Being pre-qualified means you have spent a few minutes with a lender who may have asked you several questions, but generally has no real insight into your financial obligations and, by extension, your overall financial situation. Even if a lender provides you with a certificate indicating you have been pre-qualified, the buyer knows that no financial information has been verified at that point, which devalues your negotiating power.

On the other hand, being *pre-approved* indicates to the seller that you are a serious prospect. Getting pre-approval requires disclosure of financial information and provides you with an actual dollar amount that you can spend. Not only does this provide you the confidence to shop smarter, it also gives you an advantage if more than one buyer is interested in a property. If the seller has three offers, but your offer is the only pre-approved offer, the seller knows you are at least one step ahead of the others and can proceed more expeditiously and have a higher likelihood of actually closing. The other offers may encounter snags in getting the "pre-qualified" loans actually funded. By being pre-approved, that will not likely happen to you.

It's not as fun or exciting as jumping in the car and looking at houses, but getting pre-approved is a great way to give yourself an advantage when that time comes.

## MISTAKE NO. 3

### Shotgun Shopping, aka Working With Too Many Real Estate Agents

Typically, the home buying process goes something like this: You look at several real estate websites, maybe pick up a few real estate magazines, see a few interesting homes, drive through the neighborhoods, and then you end up calling the agent who advertised the house.

*All real estate agents have access to the same information. Therefore, choosing your real estate agent based on a home they advertised is choosing your agent by default. Instead, look for a highly qualified agent with whom you feel comfortable.*

Before you know it, you've called or emailed the listing agent on several houses and therefore, you suddenly have several real estate agents trying to find homes that fit your needs and desires. By doing so, you've selected your Realtor® by default. This is a huge mistake, not to mention how bothersome it can be to have multiple agents trying to reach you.

The preferable way to go about finding the best home for you is to choose one agent and have them show you homes that match your criteria. The truth of the matter is this: All real estate agents have access to the exact same information. The Multiple Listing Service provides the same descriptions of homes to every agent, so choosing an agent based on a house they just happened to advertise is doing yourself a major disservice.

The question then becomes how you choose an agent. How do you know who's good? Well, look for indicators of success. The quality of an agent's marketing materials will often be indicative of their quality as an agent. Start by asking for a copy of their brochure. Do they have one? Is it full-color and professionally created? Does it tell you about their company and the resources behind them or does it provide a laundry list of accomplishments and designations that you can't decipher anyway?

Take the brochures that you can answer yes to these questions and then narrow them down by looking for a personality match by reading the agent's bio online. Remember, all agents have access to the same list of houses for sale, so the most important aspects of their service will be your ability to get along with them and their ability to understand your needs. That's why a face-to-face meeting is usually best at this point.

## MISTAKE NO. 4

### Buying With Your Heart, Not Your Head

For most people, buying a house is one of the most significant investments they'll ever make. Therefore, it's not surprising to learn that the home buying process can be a highly charged and emotional process. However, the key to getting the best home for you and for your money is to keep emotion out of your home selection as much as possible.

The best way to go about this is to devote some time and give it some real thought. Sit down and discuss what features are most important to you and your family. Create a list of your needs and another list for your desires. Then present these lists to your real estate agent.

One of the ways we help our clients is to provide them with a Buyer Questionnaire. It forces them to sit down and truly evaluate what is most important to them in a house and what is less important. It helps them create a clear picture of what they're looking for, and it helps us find homes that best fit their needs without wasting their valuable time.

The objective here is to not let yourself buy a property just because you fell in love with the kitchen or because it has a heated whirlpool spa. Buyers who buy emotionally and on impulse often wind up regretting their purchase when they realize that their home doesn't accommodate their true needs – not enough bathrooms, not enough storage space, etc.

Additionally, if you do find the perfect home, don't let your emotions hinder your negotiating position. Once the seller knows you are excited, their negotiation muscle is flexed, and your ability to get the best price will be compromised.

Buying a home is exciting, and it should be a fun process. On the other hand, regret is something nobody wants six months later. Enjoy the process, but don't let yourself get caught up in it.

## MISTAKE NO. 5

### Making Too Low of an Offer

*The tendency is for home buyers to make the lowest possible offer in hopes that the seller may be desperate. More often than not, this is simply a poor negotiating tactic that results in your elimination from serious consideration when other offers are submitted.*

Real estate transactions are unusual in that you're not dealing with fixed prices. As consumers, we're all accustomed to walking into a store, seeing an item and paying the price on the price tag. However, if given the opportunity to barter and pay less, how much lower would you go? Well, for many home buyers, the tendency is to go extremely low with the idea of, "What can it hurt?" What often happens in these situations, however, is that the offer is viewed as an insult to the seller and the negotiations have begun on the wrong foot - if they begin at all. Some sellers are so insulted by a low offer that they will not even make you a counter offer.

This is not to say some rare properties don't sell for well under the asking price. However, a wise home buyer will trust his or her real estate agent's recommendation when it comes to making an offer. Houses sell based on what similar houses in the area recently sold for. Your real estate agent has access to this information and should help you determine what fair market value is for a home. Trust his or her recommendation. This is what they do for a living, and it's something you do every 5-10 years on average.

## MISTAKE NO. 6

### Failure to Recognize Factors Outside the Property Itself

Once you've found a house that fits your criteria and your price range, your work is not done. There's an old adage that is important to remember at this stage of your decision-making process: "You're not just buying the house, you're buying the neighborhood."

In other words, don't forget about the big picture. If you love the house but it's not close to shopping, schools, or your favorite recreational pursuits, that will quickly detract from your ability to enjoy your home. If you have children, make sure to find out what schools they will attend. Check the safety records for the neighborhood. Consider the city or community as a whole - are community activities offered?

All of these things should be factored into your decision, as well as into the offer you are willing to make – and remember, even if these items do not affect you personally, they will factor into your return on investment when the time comes to sell your home. In addition to a house, you are buying a lifestyle. Where you live will dictate much of your lifestyle. Take a step back, look at the big picture, and make sure you are buying into something you want to be a part of.

*The schools, the neighborhoods, the proximity to area shopping centers – all of these things and more should factor into your evaluation of a possible home. Overlooking these items can lead to buyer's remorse.*

## MISTAKE NO. 7

Not knowing your long term objective

Buying real estate is a fun and exciting process. It's filled with hope and excitement for the future. And let's face it – it's still what the American Dream is all about. If you are planning on staying in a home for a short time (less than 5 years) it is important that you buy with an eye on resale value. While a 2 bedroom home may suit you today, when you go to resell that home there may be a pretty shallow pool of buyers. Likewise, you may be better off to stretch your budget a little more than you planned if it means the difference between getting into a neighborhood of higher quality homes versus a less desirable neighborhood or school district.

Second Home Considerations: In resort or second home properties, the distance to amenities is crucial when it comes to resale. For example, in Stowe, Stratton, or Okemo, properties that are closer to the mountain have a higher initial price but may be easier to sell later on. Likewise, properties on the ocean or near water will have greater resale value. In resort property and second homes markets, it is crucial to have someone that knows the area and understands how location affects value and resale to guide you.

On the other hand, if you are buying a second home property that will be a "legacy buy" that you intend to pass on to future generations, keep that in mind when negotiating. A few thousand dollars now versus the value in 30 or 40 years may not be as relevant as making sure that your offer gets accepted.

So regardless of what type of property you are purchasing, think about your objectives and the likely timeframe you will be keeping the property.

## A Few Closing Thoughts

Whether it's your first home or you've been through the process many times, buying a house is always a major investment. If you are like most people, your home will have a significant impact on your financial future. And just as importantly, your house needs to be "home" – a place where you and your family feel comfortable and can truly enjoy life. We know how important home is to a family, and that's why we want to ensure that you are informed and prepared before you make your next move.

*Armed with the advice in this report, you can avoid the costly pitfalls and make the most of your investment. We wish you the best of luck and, as always, invite you to call on us for any and all real estate questions or needs.*

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### VERMONT

Barre • Burlington • Okemo • St. Johnsbury • Stowe • Stratton • Woodstock

### NEW HAMPSHIRE

Dover

### MAINE

Bath • Brunswick • Portland