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7 Incredibly Dumb & Stupid Mistakes Smart People Make When Buying a Home And How To Avoid Them

Buying property is a complex transaction and you will need a dependable team around you like a Lawyer, Conveyancer, Property Inspector, Lender, Insurance Agent and Buyers Agent as well as your own due diligence and advice from family and friends. You should enlist the help of all these experts early in the buying process. Any one of these mistakes can be devastating however failing to get a building inspection can be financially fatal.

Let's Count Them Down Together

7) Not knowing how much you can afford before making an offer.

The Easiest way to avoid this is to get Pre-Approved finance first, this is very different to just getting pre-qualified for finance and even with pre-approval, you should not sign an unconditional contract because if the valuation doesn't come up, even though you can afford it the lender can still withdraw the offer to finance it. Then you can be left in default and risk forfeiting your deposit.

To avoid this I recommend you always sign a contract with at least two contingencies

- **Mortgage Finance;** you're pre-approved, but is the house pre-approved? Before a lender will give you the money they will want an appraisal of the property to confirm that there is enough equity in it to justify the loan. If the property appraises too low then the loan may be declined. To avoid this make your contract subject to finance approval. Your lawyer or conveyancer can advise you on the correct wording to use.

- **Inspection;** never buy anything, existing or new without a thorough independent professional inspection. If termites are active in your area I strongly recommend you make the contingency, "subject to receiving a satisfactory building and pest inspection from appropriate experts" Again your lawyer or conveyancer can advise you on the correct wording to use.
- **Insurance;** You will also need to confirm you can get adequate insurance coverage. In some areas it can be difficult to get hazard insurance.

6) Not doing proper and thorough research and preparation.

It is often said that "Knowledge is Power" and this has never been truer when you are looking to buy a property. It's absolutely critical that you research the neighbourhood before you buy. Check out the area, facilities and the schools, transport systems etc. Also it's a good idea to attend a community meeting, if possible. You're not just buying a house; you're buying a piece of that community and the land around it. Do whatever you need to do to get to know the area. Also research the property values and recent sales in the area. This decision to buy can be a life changing experience or disaster not only for you but it affects also effects your family.

5) Failing to get a check survey to confirm the property boundaries and the house location.

This is a very simple check carried out by a land surveyor to make sure firstly that you are buying the correct property and secondly to confirm the boundary's and the house are actually situated on your property. You only get one chance at this and if at a

later stage something is found to be incorrect. The consequences can be significant and devastating this step should never be taken lightly, just measuring the fence lines is not enough. I've heard of reported cases where people actually bought and lived in a property for years before somebody did a check survey only to find they had been living in the wrong house.

4) Failing to take out adequate insurance after signing the contract.

This is a much neglected area that does need your attention. When you sign a contract to purchase a property you are deemed to have an interest in the property. At this point you have no idea if the seller has adequate insurance or if they have any insurance at all. I strongly recommend you get professional advice to confirm the replacement cost of the house and this should be your starting point. It is not wise to insure for the purchase price only as this will often leave you under insured.

3) Not Using a Buyers Agent. Trying to negotiate without professional help or advice.

Sadly this is a mistake most smart buyers make every day and it can cost you literally thousands of dollars. When trying to negotiate to buy a property you are forced to deal with the sellers agent who is a seasoned professional negotiator, who knows all the intricacies of the property market and real estate negotiating because that's what they do every day to put food on their table. The sellers agent has been contracted to negotiate the very best deal for the seller, that's how they earn their living.

Many buyers make the mistake of thinking they are just the person in the middle who passes on the offers for both parties. Wrong, make no mistake, the selling agent is working for the seller to negotiate as much money out of your pocket as humanly possible.

This is why. If you really think you can out negotiate an experienced seasoned trained professional like a real estate agent, then you must be really on your game, or it most definitely will cost you thousands more to buy the property.

How to avoid losing thousands? Hire a Buyers Agent or a Buyers Advocate who can more than match it

with their negotiating skills with the sellers agent. For the modest cost involved it really can be a great investment and save you thousands.

2) Not Getting Proper Legal Advice Before Signing Anything.

The first thing you must realise is when you sign a contract, you are now obligated not only to buy the property but also to do it exactly in accordance with the terms and conditions of that contract. Even very minor and almost unnoticeable changes in the wording of the contract can have a huge effect in shifting the risks and costs between the buyer and the seller. If you sign a contract without fully understanding every word in that contract then you will be making one of the biggest mistakes in buying real estate.

Not knowing or understanding all your legal rights and obligations when signing a contract can be disastrous as real estate law can be confusing and complex. The contract you will sign when buying a home is legally binding. Most standard contract forms used by most firms are heavily weighted in favour of the sellers (this maybe why they are often referred to as "sellers" contracts and not "purchase" contracts)

When the negotiating is done, all is agreed, and everyone's temperature is high, the contract document is prepared and handed to you for signing. This is the time you must stop!, take the contract away to get some trusted advice from a legal advisor who is experienced in real estate law. Good advice at this stage, even if it is just changing a few words in a contract can save you many times the cost of the advice and can protect you from making a mistake that will cost you thousands.

1) Failing to get a Professional Building Inspection done.

Although it might appear self serving for a property inspector to say you need the services of a professional property inspector when you buy your home. I can only say that many years of experience have repeatedly justified that advice. (To the extent that I am now writing the second volume of my "**Book of Horror Stories**"). I really believe that this one piece of advice is the best and most valuable bit of advice in this entire report.

No one else in the home buying process (apart from your lawyer and conveyancer) has the comprehensive training and experience necessary to ensure the full protection of your interests. No one else in the process has the true independence and lack of conflict that are required to protect your interests than an independent property inspector.

Gone are the days of getting your home inspected by a well meaning friend or relative, this process demands professionalism and expertise that can only be delivered by an experienced [independent property inspector](#).

Not getting a professional pre-purchase building inspection done to discover hidden defects before you buy a home is one of the most expensive mistakes you can make, and is the easiest to avoid.

If you are not a professional home inspector, hire one. You should make your contract subject to receiving a satisfactory building report from a professional [independent inspector](#). Whether the house is new or used, any home can have a wide variety of defects that go way beyond the obvious cosmetic ones and it will take a skilled inspector to uncover these defects that will only prove very costly to repair after you buy the property then it's too late. In addition you can also make the contract contingent on more specific systems in the property like Plumbing, Electrical, heating, air-conditioning etc. Alternatively a well written contract

can also require the seller to warrant that these systems are all in proper operating condition. If you're buying in a Termite prone area a timber pest inspection should also be included.

If you're buying at auction your building inspection must be done before the property is auctioned

We have seen too many buyers' dreams shattered by not having a professional pre-purchase building inspection carried out before they bought the home. Not getting a professional pre-purchase inspection done to discover hidden defects before you buy a home is one of the most expensive mistakes you can make, and is the easiest to avoid

Buying a property is a complex transaction; You will need a dependable team around you like a Lawyer, Conveyancer, Lender, Inspector, Insurer as well as all your own due diligence and advice from friends and family. You should enlist the help of all these experts early in the buying process.

To find out more and get your home inspected call your local independent property inspector on **0411 379 555** or email paulsawka@ipi.net.au

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