



Top Ten Mistakes When Buying a Home

Buying a home is one of the largest investments you'll ever make! Your [home mortgage](#), taxes, and insurance costs can range from 25% to 40% of your gross annual income. Make sure you conduct research and [talk to professionals](#) regarding your home purchase. You will be glad you took the time to understand the process and that you didn't end up making one (or more) of these common mistakes:

1. Looking for a home without being pre-approved.

Pre-approval and pre-qualification are two different things. During the pre-qualification process, a [loan officer](#) asks you a few questions, then hands you a "pre-qual" letter. **The pre-approval process is much more thorough and provides you with a hands-down advantage when searching for a home.**

During the pre-approval process, virtually all the work associated with obtaining full-approval is done by [the lender](#). Since there is no property yet identified to purchase, an appraisal and title search are not conducted.

When you're pre-approved, you have much more negotiating clout with the seller. The seller knows you can close the transaction because a lender has carefully reviewed your income, assets, credit, and other relevant information. In some cases (when there are multiple offers on the home, for example), being pre-approved can make the difference between getting the home you want or not. Also, you can save thousands of dollars as a result of being in a better negotiating situation.

Most realtors will not show you homes until you are pre-approved. They do not want to waste yours, theirs, or the seller's time. [Look to a trusted lender](#) to become pre-approved by checking your credit and verifying your income and assets.

2. Making verbal (oral) agreements!

If anyone encourages you to sign a written document that is contrary to his or her verbal commitments, do not do it! For example, if the real estate agent says the washer will come with the home, but the contract says it will not, the **written contract will override the verbal contract**. In fact, written contracts almost always override verbal contracts. When buying or selling real estate, abide by this maxim: Get it in writing!

3. Choosing a lender because they have the lowest rate and not getting a written good-faith estimate.

While [rate](#) is important, you have to consider the overall cost of your loan. **Pay close attention to the APR, loan fees, discount and origination points, and prepayment penalties.** Some lenders include discount and origination points in their quoted points. Other lenders may only quote discount points, when in fact there is an additional origination point (or fraction of a point). At Space Coast Credit Union, there are **NO** origination fees and **NO** prepayment penalties.

The difference in the way points are sometimes quoted is important to you. One lender will quote all points, while another lender may disclose an extra point or fraction thereof at a later time - an unwelcome surprise when you are determining how much you will really be paying.

Within 3 working days after receipt of your completed loan application, your mortgage company is required to provide you with a written good-faith estimate (GFE) of closing costs. You may want to consider requesting a GFE from a few lenders before submitting your application. You can **get a feel for which lenders are more thorough**, and you can educate yourself regarding the costs associated with your transaction. The GFE with the highest costs may not indicate that a particular lender is more expensive than another--in fact; they may be more diligent in itemizing all fees.

The cost of the mortgage, however, should not be your only criteria. You must also feel comfortable that the [loan officer](#) you are dealing with is committed to your best interests and will deliver what they promise.

4. Not using a realtor to help with the process.

The home buying process can take anything from a matter of days to months to complete. Working with a realtor means you have someone who **represents you in the process**. That can include helping you with the following: finding and showing you properties that match your requirements, explaining paperwork (including contracts and documents), negotiating the price, negotiating the inspection time allowed in the contract, helping you to keep up with contract requirements, and more.

Getting pre-approved *before* working with a realtor can help eliminate any problems and can save you money. If you want to ensure that you are working with highly qualified realtors who have your best interest at heart, use [Space Coast Credit Union's Real Estate Rebate Program](#). This free program provides you with access to our network of **licensed real estate professionals and provides you with a rebate of up to \$5,000* on your closing costs**.

5. Not getting a rate lock in writing.

When a mortgage company tells you they have locked your rate, get a written statement detailing the interest rate, the length of the rate lock, and other particulars about the program.

6. Using a dual agent (an agent who represents both you & the seller).

Buyers and sellers have opposing interests. Sellers want to receive the highest price; buyers want to pay the lowest price. In most situations, dual agents cannot be fair to both buyer and seller. Since the seller usually pays the commission, the dual agent may negotiate harder for the seller than for the buyer. **If you are a buyer, it is usually better to have your own agent represent you.** The best way to ensure you are getting the best deal is to utilize lender services, like [SCCU's Realtor Rebate Program](#) and receive a rebate of up to \$5000 at closing.

The only time you should consider using a dual agent is when you can get a significant price break (usually resulting from the dual agent lowering their commission). In that case, proceed cautiously and do your homework!

7. Buying a home without professional inspections and taking the seller's word that repairs have been made.

Unless you're buying a new home with warranties on most equipment, it is highly recommended that you get property, roof, and termite inspections. These reports will give you a better picture of what you are buying.

Inspection reports are great negotiating tools when it comes to asking the seller to make repairs. If a professional home inspector states that certain repairs need to be made, the seller is more likely to agree to make them.

If the seller agrees to make repairs, have your inspector verify the completed work prior to close of escrow. Do not assume that everything will be done as promised.

8. Not shopping for home insurance until you are ready to close.

Start shopping for insurance as soon as you have an accepted offer. Many buyers wait until the last minute to get insurance and find they have no time left to shop around.

9. Signing documents without reading them.

Do not sign documents in a hurry. As soon as possible, review the documents you will be signing at closing - including a copy of all loan documents. This way, you can review them and get your questions answered in a timely manner. Do not expect to read all the documents during the closing. There is rarely enough time to do that.

10. Making moving plans that do not work.

You expect to move out of your current residence on Friday and into your new residence over the weekend. Also on Friday, your lease terminates and the movers are scheduled to appear.

Friday morning arrives: bags packed, boxes stacked, children under arm and the dog on a leash. You are sitting on your front door stoop awaiting the arrival of the movers.

Your phone rings. Your loan closing is delayed until the following Tuesday. The new tenants turn into your driveway with a weighted-down U-Haul and the movers pull up across the street.

You ask yourself, “Where is the nearest Motel 6 and storage facility? How much will the movers charge for an extra trip? Can we afford it?”

How can you avoid such a disaster? Cancel your lease and ask the movers to show up five to seven days after you anticipate closing your transaction. Consider the extra expense an insurance policy. You are buying peace of mind - and protecting yourself from expensive delays.

Worried about other aspects of purchasing a home? [Contact a Mortgage Professional today!](#)

Brevard: (321) 752-2222

Toll Free: (800) 447-7228

* Rebate is based on attaining financing with SCCU and the use of a participating REALTOR®. Platinum REALTORS® are not employees or partners of SCCU. Information provided during application process subject to confirmation. SCCU's usual credit criteria apply. Not all applicants will be approved for a loan.