



The Eight Biggest Buyer Mistakes (and How to Avoid Them)

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We see ourselves as advisors. With buyers, our role is to help clients find, negotiate, and purchase properties while avoiding critical mistakes in the process.

Recently we interviewed people from [our team](#) as well as our colleagues at Boulder Creative Housing. We also reviewed some of what we've learned in real estate here in Boulder and from our real estate experience on Nantucket.

The result is the **Eight Biggest Buyer Mistakes and How to Avoid Them**. As always, feel free to [contact us](#) with any comments or questions. You can also reach me at **303.746.6896**.

Mistake #8. Skipping due diligence on location and community.

From the [time it takes to commute](#) to the [quality of neighborhood schools](#), a lot of things can affect the enjoyment of your home that has little to do with the house itself. Will your property be impacted by the [new transit oriented developments](#) in Boulder and along the tech corridor?

Where is the nearest grocery store, post office, gas station, and city park? Is there a landfill or factory nearby that might affect the air or water quality? How close is the nearest [EPA Toxic Waste Superfund site](#)? Have you looked into the [megan's law database](#) for Colorado or contacted local authorities to check whether registered sex offenders might live nearby?

You can do a lot of research online, but community character is nearly impossible to accurately determine from a website. Yes, there are many resources on the Internet including [this blog](#) and a [list of links and other resources](#) we've collected. But that's not enough.

Before buying a home, you should invest the time to walk the neighborhood, talk to the neighbors, visit local schools, time your commute to work, and more. This kind of information is extremely valuable and may require several visits to the community. And it's well worth it if you want to be happy long term with the choice you're making.

Mistake #7. Not getting a building inspection.

Even if you are an expert carpenter with many years in the trades, we recommend a professional building inspection. In some cases (like established neighborhoods with mature trees between the house and the street which may be prone to root intrusions) we also recommend a sewer inspection with fiber optics/remote cameras. If there are signs of water damage or moisture in the home, we'll recommend a mold inspection as well. The



upfront costs for inspection can start as low as \$250 and it's *cheap* peace of mind.

Mistake #6. Overpaying for a property.

In Boulder and surrounding communities, many buyers are from out of state and compared to their home city, our local real estate can look like a tremendous bargain. Often sellers will toss out a high price to gauge the market. This also sometimes happens because the sellers chose a agent based on the highest comparative market analysis, and they'll need some time to adjust to market reality.

Smart shoppers will ask their agent for a list of comparables before viewing homes and for more specific comparables before putting in an offer. Even unrealistic sellers have been known to come back to reality when confronted with well documented comparable sales. What else has sold in the past few months that is similar to this property? What is currently on the market that matches this property's characteristics?

Only put in an offer after reviewing comparables and knowing the market. This step can save you thousands of dollars. It's also something a good buyers' agent should be able to prepare for you.

Mistake #5. Compromising on your property requirements.

We ask our clients to take the time to prepare a list of "must have" features in a home. Based on these criteria and their chosen location, we'll set clients up with emailed alerts of modified listings and newly listed properties as they come to market. This is the most efficient way to get listings that fit a client's needs.

Most websites feature property that is days or months old. An MLS driven listing alert system is efficient and, when properly set-up, can save you countless hours cruising the internet.

But browsing the Internet is fun and we'll sometimes have clients call to setup showings for homes found online which don't have all their "must haves" features. If a client happens to fall in love and purchase it, it's likely down the road that the missing "must have" feature will start to bug them.

Just like the jolly guy in the furry red suit. Make a list and check it twice (and then stick with it).

Mistake #4. Not doing your homework on financing.

This mistake can cost your thousands of dollars, cause you to miss on the best properties, and potentially damage your credit rating.

A lot of potential buyers start the process by looking at homes while assuming they can get a loan. Sure, we like window shopping too but it's helpful to do some financial homework. Start by doing the basic math yourself using widely available [online mortgage calculators](#), including the ones we feature on [our website](#) (on pages with property's details). You should also familiarize yourself with some [financing basics](#).



Before you start to setup showings and view properties with an agent, it's smart to consult with a reputable lender and confirm your financial plans. You'll find out how much house you can comfortably afford based on currently available loan programs. Importantly, after the initial consultation, good lenders will also be available to provide a prequalification letter matching any offer you might make - a critical element in strengthening an offer.

We always recommend clients check out several lenders and available loans because mortgages are largely commodity products. The right loan for you could be an ARM, a fixed rate mortgage, cross collateralization with another property, or a plain vanilla FRM.

Good lenders can help you find the best loan for your specific situation. A lender with access to the best programs can save you thousands of dollars over the life of your loan. Even when putting together an offer, a good lender can help structuring the financing of your offer strategically and even help you present [a stronger offer with a lower purchase price](#).

Sadly, buyers typically do little due diligence with lenders.

Mistake #3. Not seeing past cosmetics and following first impressions.

Sometimes the best deals simply don't show well. Maybe there are obvious visible blemishes or too much clutter. The dishes may not be washed. Walls may need to be painted and doors rehung. Maybe the basement even smells like cat urine.

To point, this week we closed on a house that was at least 10% under market value. When we first saw this house it was a mess. There was mud on all the floors. Boxes were everywhere from the tenant that was evicted. The backyard was filled with junk. And yes, there was actual critter droppings of some sort in one corner of the basement. In a single word, the property was *Nasty!*

Luckily, my buyers had vision. Through an inspection resolution we negotiated, the whole house was cleaned from top to bottom. There are no leftover tenant belongings. The yard is clean. All the walls freshly painted. The kitchen was even recaulked and the smell is gone. The house looks like its true market value now and the buyer, who I represented, saw beyond all the cosmetic issues and literally saved himself thousands.

Mistake #2. Trying to deal with the seller directly.

The allure of contacting a seller directly is strong and without knowing much about the real estate, I probably would have once been tempted to make this common mistake as well. The idea most people have is that if they call the agent or owner directly, they'll save on the real estate commissions.

Oops. This is not usually how it happens. If the home is listed, the owner will probably refer you to their agent because (by the contract they've made) even if they do all the work, they'll most likely still owe that agent a commission. Although certain sellers



FSBO their property, they nearly always offer a buyers agent commission. If you negotiate directly with a FSBO without an agent, they'll try their hardest to pocket the commission themselves. After all, that's why they are FSBOing in the first place. It's not to save *you* money. Also in this situation, you have no representation or guidance through the process and your earnest money (and more) could be at risk.

In the worst case scenario, call the name off the sign or advertisement and you'll be dealing with a sellers agent. This person doesn't represent you or your interests at all but still collects the buyers/transaction agent and listing agent commission. In this situation too, you have nobody on your side negotiating and watching out for your interests.

Can you save money? Perhaps. It is *possible* to catch something before it hits the market. And with one notable \$4MM exception, my experience is most FSBO sellers have an inflated sense of what their home is worth.

Top executives and others who deal with large transactions nearly always hire agents to negotiate when dealing with personal matters. Why? It's not because they aren't capable of expert negotiation in behalf of their clients or company. They do this kind of thing everyday, but they choose agents to go to bat when their personal interests are involved because negotiating directly in these circumstances rarely results in the best deal. A experienced and professional agent will present your offer in the best possible light and get you a better deal.

Mistake #1. Choosing the wrong agent.

Real estate is a business with low barriers to entry. We often find part-time or inexperienced agents on the other side of the table. Their unprofessionalism and inexperience can cause big mistakes and cost buyers serious money.

Choose a buyers agent with the same standards you would apply to your attorney, CPA, or other advisor. Once you find the right agent, trust them to do their job. Put them to work for you and you may find a good buyers agent is the [best deal in real estate](#).

Want to know how well the local real estate market is holding up? Is Lafayette appreciating faster than Louisville? Ask your buyers agent.

A couple of weeks ago, I took time with client to go over contracts related to her offer. She had rented for 25 years and was becoming a homeowner for the first time. Nervous is an understatement. Because she was also legally blind, I read the buyer agency contract and the contract to purchase the property out loud, carefully explaining each provision, answering her questions, and covering "what if" scenarios. It took well over six hours.

I'm proud to report that because of the extraordinary efforts of our lender partner, despite multiple difficulties including appraisal issues and several mis-steps by the listing agent, my client closed on her house today. On time and below budget.

It's time to raise the bar in real estate. You can help by choosing your agent carefully.