

9 Deadly Sins to Avoid When Buying a Home

The Wrong House

Avoid this #1 trap by working with a Realtor to define your present and future needs, what location is most suitable (close to work, school or highway), what level of fixing-up is comfortable, and how much you can afford for maintenance, utilities and everyday life after moving.

Bidding Blind

Some buyers offer a price above the true market value of the property or fail to bid on a great value because they don't know the market. Don't try to go it alone. Ask for a comparative market analysis to avoid overpaying or underbidding on the home you choose.

Title Trouble Traps

A title search may reveal encumbrances on the property title like tax liens, easements, leases or an undisclosed co-owner. Avoid this trap by having the title search done early and by buying owner's title insurance to protect your investment in case a problem surfaces later.

Survey Surprises

The property survey may show the lot boundaries are different from the property plat, a neighbor's fence is over the line, or zoning regulations have been violated. Avoid the trap by asking to see the seller's survey made back when the seller bought the house, and go over any additions or variations with your Realtor.

Last-Minute Defects

Avoid last-minute defect surprises by first doing a careful inspection of the house, then having a professional independent home inspection inside and out. The inspector will report to you any items needing attention, as well as the repercussions if they are left unfixed. Your contract settlement should be contingent upon this report.

Pre-Paid Shockers

Some items (such as real estate taxes and homeowner association dues) get pro-rated at settlement, while others (including hazard insurance and taxes) have to be paid ahead a few months. Avoid inaccuracies by asking for these figures a day or two in advance and check the charges. Remember, if the settlement date changes, so do some of these pre-paid costs.

Seller Slip-ups

Repairs not made, items that fail to convey, or other contractual hang-ups can delay settlement. To avoid these traps, take the list of agreed-upon items to the walk-through and check them off. Be prepared to set a dollar amount for an escrow fund for items that fall through the cracks.

Hidden Junk Fees

Some lenders add questionable charges at closing that were not shown originally, such as underwriting fee, loan disbursement charges, tax service fee, courier fees, or mark-ups on court documentation fees. Avoid these surprises by asking the lender at application time exactly what fees are included on the federal statement forms and what additional fees may be charged at closing. Some of these fees can be negotiated down or waived for the customer in know.

Closing Rush

Insist on seeing the settlement sheets the day before closing. That way, you'll avoid last-minute problems, such as an un-agreed upon interest rate or points. Sometimes missing the settlement date because of an eleventh-hour snag endangers the locked-in interest rate or the entire sale.

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