

Welcome to your FREE Report...

Seven Incredibly Dumb And Stupid Mistakes Smart People Make When Buying A Home, and How to Avoid Them...

Congratulations – *You have just taken the first step to not becoming one of the people above who regularly make these mistakes.*

Inside your exclusive FREE report you will discover...

- ✓ Each of the seven mistakes smart people make
- ✓ **Examples of real life Horror Stories for each mistake**
- ✓ The devastation that results from making any one of these mistakes.
- ✓ **Why you are at risk of loosing thousands and being condemned to a life time of debt and how to avoid this from occurring... and much more!**

Warning: Failure to consider the information revealed in this report could potentially cause you to loose thousands of dollars when you buy your most valuable asset! Your new home!

Seven Incredibly Dumb And 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, 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 by a professional full time property inspector can be financially fatal.

We'll start the count down and you can tick them off as we go, so you can be sure your not one of these people.

I've also included a few Horror Stories that relate directly to each mistake.

***Mistake # 7.* Not knowing how much you can afford before making an offer.**

The Easiest way to avoid this it to get Pre-Approved finance first, (this should not be confused with Pre-Qualified) Pre-Approval 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 at risk of 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 offer subject to finance approval. Your lawyer can advise you on the correct wording to use for this contingency clause.
- **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 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.

***Mistake # 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 what ever 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.

Mistake # 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 brought and lived in a property for years before somebody did a check survey only to find they had been living in the wrong house.

Horror Stories -I've heard of reported cases where people have actually brought and lived in a property for years before somebody did a check survey only to find they had been living in the wrong house. In another case a check survey ordered by the people purchasing the house next door found that half of the brand new double garage and workshop from next door is actually on their land. The neighbour was forced to negotiate to either pull it down and remove it or buy the land that it was standing on from his new neighbour.

Not a great start to develop a friendly relationship with your new neighbour.

Mistake # 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.

Horror Story – Peter brought his dream home subject to receiving finance within 21 days, Peter was advised to take out insurance immediately but he decided to wait until his finance was approved and the contract was unconditional. Unbeknown to Peter the seller had not renewed his house insurance that ran out last month, thinking that why should he renew the insurance if he was selling it. 7 days after Peters offer was accepted the heavens opened up and it rained heavily for three days. Peters dream home suffered massive water damage not only from the flooding but also from leaking roofing. Peters finance has since been approved and the contract is now unconditional. Peter was not told about the water damage until after the finance approval. The water damage repair and cleanup bill is estimated to be over \$35,000. Now the argument is “who's going to pay” and the lawyers are fighting it out. A simple \$250 insurance policy is all that was needed to avoid this disaster. (by the way, the lawyers charge \$285 per hr.)

***Mistake # 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 loosing 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.

***Mistake # 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.

Horror Story – Nigel and Lisa, in their early twenties, baby on the way, after months of looking finally found a house they could afford. Nigel and Lisa borrowed all they could from family and friends to raise the \$35,000 deposit. The contract was signed that included a building inspection clause that was subject to receiving a satisfactory structural inspection report and a finance clause

Nigel and Lisa were on cloud nine, they applied for their home loan the next day then arranged the building inspection. Upon receipt of the building inspection it was confirmed the home was structurally sound. However the building report also revealed the electrical system was substandard, dangerous and would need to be replaced. (Cost to rewire is \$8,730) The old galvanised plumbing was rusted out and leaking and would also need replacing (Cost of re-plumbing \$6,810). The corrugated roofing was rusting out and also leaking and would need replacing immediately. (Replacement cost 9,370)

The valuation was ok and the home loan was approved.

Nigel and Lisa were devastated; due to the wording in the building clause they could not cancel the contract because the home was in fact found to be “structurally sound” Yet they were now up for an extra \$24,910 just to make the house liveable. Money they just don’t have.

If Nigel and Lisa had received some sage advice from their lawyer and simply deleted the word “structural” from their building clause! They would have avoided this situation completely. Sadly there are many examples like this but you don’t get to hear about them because the people involved are just too embarrassed to admit they made such a simple mistake that resulted in such a devastating loss. Some research shows that as little as 5% of buyers actually get the contract checked before signing. Remember the saying “Caveats Emptor” or “Let the buyer beware”

***Mistake # 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 independent 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 a “Book of Horror Stories”). I honestly 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) has the comprehensive training and experience necessary for the 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 buy at auction the building inspection must be done before the property is auctioned

We have seen to many home buyers' dreams shattered by not having a professional pre-purchase building inspection carried out before they brought 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

Horror Story - Take Jim for example, Jim had just been through a really rough part in his life, his children all lived over seas or interstate, his wife of 47 years past away six months ago after he lovingly nursed her through the cancer treatments for three years. Now Jim just wanted a new start, so with what little savings he still had plus the money from the sale of the family home Jim could afford a nice two bedroom unit closer to town, something he could potter around the garden in and live out his days.

Jim went to his first open home, a nice little unit and it had a garden just like he wanted, there was lots of furniture and all sorts of rugs and mats throughout, Jim said it looked a bit cluttered but his furniture would fit right in. Jim went to the auction (His first time ever) with a pocket full of cash. It was the happiest day for years when he won the final bid and brought his own little piece of paradise.

Jim called me the day he got the keys. The unit was settled that morning and Jim went straight out there to start moving in.

Now with all the furniture and rugs removed Jim new he was in serious trouble. When I inspected the unit the next morning I found the concrete floor had completely failed and sunk by up to 150mm or 6 inches, none of the doors would close, some had even been removed completely, the tiled roof was supported through the walls onto the floor slab and had also sunk. Jim had a major structural failure and was looking at a possible complete demolition and rebuild. When I gave him the bad news he just slumped in the middle of the empty lounge and sobbed. He kept repeating "why didn't I take the advice and get it inspected first"

I must admit it still upsets me now when I recall this one.

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

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For Your Inspection Call Us Today on 1800 17 88 22