



## First-Time Homebuyers, Watch Out: This Is How You'll Lose Money on Your First Home

### Description

Let's face it: with home supplies low and prices skyrocketing, first-time homebuyers aren't exactly favoured in our current red-hot housing market. But that doesn't mean you have to blow a tonne of money to buy a house. While some costly errors you'll learn in practice (like how much it *really* costs to replace an HVAC), other mistakes you can sideswipe now. In sum, here are three costly errors that first-time homebuyers can avoid.

### 1. Skipping the pre-purchase home inspection

In a seller's market, you want to do everything you can to stand out from other buyers. Bidding higher than the asking price, getting a mortgage pre-approval, offering more cash upfront: all of these might help you appeal to sellers in a red-hot housing market.

But, no matter how much it makes you stand out, there's one thing you don't want to do: skip the pre-purchase home inspection.

It's tempting, I know. Skipping the home inspection will speed up the home-buying process. This accommodates sellers, who most likely want to sell the house as quickly as they can.

But it's a gamble. A pre-purchase home inspection is your chance to see how structurally sound a home really is. If the house has expensive problems, the home inspector will bring them to light, helping you get a full picture of what you're buying.

Even if skipping the home inspection gives you more leverage over other homebuyers, it can come back to haunt you. Home inspections can cost anywhere from \$300 to \$1,000. But the cost of a roof replacement, a cracked foundation, or a damaged electrical system could you put back thousands of dollars. And let's not even get started on mould.

If you plan to skip the inspection, consider setting more money aside in an emergency fund. That way,

if an expensive problem emerges, you have the cash to fix it on the spot.

## 2. Engaging in blind bidding

It's a dirty practice. And, in a seller's market, it's a practice that's unfortunately more common than not.

A blind auction is when you don't see the bids of other homebuyers. Normally, during an open auction, you're aware of what other homebuyers are bidding. This prompts you to bid higher, which will then prompt them to bid higher, causing a ping-pong effect that ends on the bidder who bids the highest.

When you don't see what other homebuyers are bidding, however, you must act on blind faith alone. You might outbid the others. You might not. You could bid an appropriate amount. Or, as some homebuyers have done, you could win the auction with [a bid that's over \\$230,000](#) more than the listing price.

Talk about buyer's remorse, right?

The problem with blind bidding is, it leads to over-inflating a home's price. Because you don't know what other homebuyers are bidding, you might misjudge the true value of a home and bid higher than the home is actually worth.

If you have to engage in blind bidding, put in an offer that you're most comfortable with, but not a cent more. While, sure, emotions may tell you to bid higher ("I'll never have this opportunity again; I should bid as much as I can."), hear it from me: if it stretches your budget too thin, it's not worth it.

## 3. Trolling homes you can't afford

Trust me; we've all done it. You've set a budget for your first home, yet you can't help but look at homes that are more than your desired price range. They look so lush, and the pictures or home stage are so charming; it's the kind of home you can see yourself growing old in. Besides, home supply is low...

Stop. Trolling homes you can't afford will not only end in heartbreak. It could lead to a purchase you can't afford. With mortgage rates as low as they are, you might get the false sense that you can afford a home that's truly beyond your means. Prices might be inflated right now, but that's no excuse for shopping beyond your price range.

Stay within the budget, troll homes that are within your buying means, and you won't end up buying a ball and chain.

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