House-Buying Traps that a First Home Owner Should Avoid

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Making the first home purchase involves a lot of complicated processes, not to mention a huge financial risk. Those who wish to buy their own houses should be committed to the mortgage they are willing to secure. And just like many important life decisions, buying a home involves emotional struggles that could lead to poor decision making.

There are many mortgage traps that could endanger an unprepared first home owner. Take note of the following traps to avoid falling into one:

Making decisions based mainly on emotion

One thing about buying a house or anything in particular is that you donâ€™t let your emotions cloud your judgment. The most common thing that happens to home buyers is that they like a property too much to the point where they just go ahead with the purchase despite their obvious inability to afford it. The anxiety of liking a house too much contributes to poorly made decisions that could someday lead to dire financial situations.

To avoid this trap, the best thing to do is to first secure a mortgage approval and using the approved amount as your basis for the range of homes that you can afford. This can help you stay away from expensive properties that could make you fall in love.

Auctions

Auctions are most popular home-buying traps are auction events. Those who participate in the auction are sometimes easily forced into paying an excessive amount of money for a property as results of the bidding competition. Again, emotion is another factor here. Sudden impulses can lead to an escalating battle between bidders and end up with the winner paying more than what the property is supposed to cost. In short, the winner pays in excess of the value he or she gets in return.

Ironically, some participants are afraid to bid. Instead, they make offers that are too expensive to avoid competing bids. Such actions are just plain dangerous, not to mention a waste of hard earned money. Somewhere down the road, a recession or economic downturn can hit harder once the price of the auctioned property declines.

Applying the â€˜Self-Fixâ€• Theory

Another home-buying trap that ensnares a lot of people involve self-fixes. Some buyers decide to purchase properties that require extensive repairs and renovation, which of course they will do themselves in the belief that they will be able to save a hefty amount of money. The problem here is the buyersâ€™ overestimation of their abilities to apply the necessary fixes. More often than not, the actual repair and renovation costs would exceed the estimated amount.

As much as possible, a first home owner should distance himself or herself from emotional factors when buying a house. The key is to be logical and practical, which means you have to spend within your means.

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