

## **HOME OWNERSHIP TODAY**

### **Ways to avoid costly mistakes**

Since a house is likely to be the biggest purchase you'll ever make, you'll want to avoid making costly mistakes when shopping for one. There are several steps you can take to avoid falling into the trap of buying a home that is not suitable for you or requires costly repairs. Some examples:

#### **Be flexible**

Chances are that you won't be able to find the house that suits your dreams 100 per cent, since very few families can afford everything they want. This means that you may have to compromise and forget about certain features to get a house with more important features.

Make a list of your top priorities, such as number of bedrooms. This list will help you find the house that comes closest to what you want now and the one that will satisfy your future needs.

#### **Inspect the house**

An expert house inspection is important if you're considering an older house and is also a good idea for a new one. The role of the inspector is to point out any defects in the house which could cause you problems later on, and tell you how to correct them. The fee you pay the inspector can provide insurance against an unexpected major repair bill.

Hire a professional in the field to be sure you're getting what you pay for.

#### **Don't ignore major details**

Often house hunters will fall for one excellent feature in a house, such as a fireplace, while ignoring latent defects. House hunters forget to carefully consider major factors associated with a house because something minor has really attracted them. The result is they end up buying the wrong house. This mistake happens frequently in all price ranges.

On the other hand, don't overestimate all the flaws. In an old house, major defects can sometimes be corrected without having to dig too deeply into the pocket-book.

#### **Don't buy on impulse**

Some people will buy the first house they see. Others will shop for several months and then buy just to get the ordeal over with. In both situations, the houses the people buy are likely to be the wrong ones. To enhance your chances of being happy with the house you buy, don't shop too quickly or too slowly. Keep notes on each house. One of the houses you saw earlier on in your house hunting may be the best and your notes will tell you that.

#### **Don't spend too little or too much**

When looking for a house, take as much time as possible to review listings. Look at old and new houses in all price brackets, including houses that are way above or below the amount you want to spend.

Such a move will help you from making the mistake of over or underspending. People who overspend may find themselves in serious financial straits for years to come, and be unable to pay for necessary renovations. People who underspend could end up suffering for years with the drawbacks of their house.

The cause of spending too little or too much comes from failure to determine how much can be afforded on a house. As a rule of thumb, a way to find out how much you can afford is to multiply your before tax annual income (including investment income) by 2.5 or 3. If your spouse is working, add his or her before tax income as well. A general rule of thumb of the monthly mortgage payment you can afford is to calculate 25 per cent of your gross monthly income.

In addition to the above tips, the knowledge of your member-agent of the Greater Montreal Real Estate Board has of the housing market in the area can go far in helping you avoid costly mistakes when buying a house. Do not hesitate to consult her/him. She/he will gladly help you out.