



**James G. Dibbini**  
J.D., C.P.A., M.B.A.



**JAMES G. DIBBINI  
& ASSOCIATES, P.C.**

*Attorneys At Law*

570 Yonkers Avenue - Yonkers, NY 10704

TEL (914) 965-1011- FAX (914) 965-0019

[www.dibbinilaw.com](http://www.dibbinilaw.com)

## **7 MISTAKES BUYERS MAKE WHEN PURCHASING A HOME ... AND HOW YOU CAN AVOID THEM**

For most people purchasing a home is very exciting. However, if a buyer is not adequately prepared it can become frustrating fast. Many people have bad experiences purchasing homes because they make common mistakes that can be easily avoided if a homebuyer is properly prepared. Below, please find a list of seven (7) of the most common mistakes purchasers make when buying a home.

### **1. Failing to confide in your attorney**

- Experienced real estate practitioners, like the attorneys at James G. Dibbini & Associates, P.C., handle a multitude of transactions and can provide you with sound advice. Further, your attorney has a legal responsibility to represent your best interests. Failing to provide your attorney with all the information and failing to keep them in the loop with regard to important developments, such as your financing, can be detrimental to a deal.
  - Whenever purchasers are having cold feet or cannot meet a lender's requirements they should immediately discuss same with their attorney so that the attorney can protect their downpayment funds.

### **2. Failing to meet with a qualified loan officer or mortgage broker to determine the amount of financing you can obtain**

- Meeting with a lender at the beginning stages will help purchasers in determining (1) how much they will be able to borrow, (2) how much they will need for the downpayment, and (3) how much their monthly payments are likely to be. Looking for a home will, thus, become easier because the purchasers will know if they can obtain financing and the price range they can consider when purchasing a property. Further, a lender can advise a purchaser on what documents/information it will need so that the purchaser can start gathering said documents/information. This will most likely speed up the application process later on when the purchaser finds a home.
- James G. Dibbini & Associates, P.C. works with only very qualified and competent mortgage brokers and loan officers and can certainly recommend someone to you if you need assistance with the loan process.

### **3. Failing to go to the Building Department**

- The Building Department in the local municipality where the property is located should have a file on the property. This file should contain several important documents that can assist you later on, including: a copy of the certificates of occupancy/completion for the building, a copy of a survey for the premises, and information on whether there are any violations or permits on the property. Your real estate agent may help you with the review of the

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**NEWSLETTER**

MEMBER OF NEW YORK STATE BAR ASSOCIATION, WESTCHESTER COUNTY BAR ASSOCIATION AND YONKERS LAWYERS' ASSOCIATION

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Building Department documents. Failing to go to the Building Department and obtain copies of these documents can significantly delay, and in some cases, prevent a closing altogether. This is because if you are obtaining financing to assist in the purchase of a home your lender will require certificates of compliance for the building and all improvements to the property, such as a deck or a basement that was finished after the original construction of the house. Further, a lender will oftentimes not clear a file to close if there are open permits or violations on a property. When the title company produces its report these issues will all be brought to the forefront and will need to be addressed.

Additionally, if you are obtaining financing a lender will usually require a survey of the premises. If a purchaser is able to locate one in the Building Department's file it can end up saving the purchaser the cost of ordering a new survey (several hundred dollars!).

#### **4. Failing to account for additional expenses, such as taxes, insurance, utilities, etc.**

- Purchasers should always look into all possible costs and expenses they may incur prior to signing contracts and consider increases in these estimates over time. To get an idea of how much you will be paying in property taxes it is a good idea to call the local assessor's office or talk to people in the neighborhood. Additionally, a realtor may be able to assist you in obtaining copies of a seller's property tax bills and other utility bills. You should also be able to get a quote on homeowner's insurance from an insurance company and see if they can determine if the property is in a flood zone, as that will additionally require flood insurance.

#### **5. Failing to get an engineering (home) inspection**

- Before signing contracts it is advisable that you hire an engineer or qualified home inspector to inspect the home so that you are aware of any defects. An inspector can check to ensure there are no structural or mechanical defects, in addition to determining if the home has a mold, lead paint, termites or a radon problem. Furthermore, the inspector can determine if an underground oil tank exists on the property. If so, said tank should also be tested by an experienced professional. A leak in an underground oil tank is an environmental issue that by law must be dealt with immediately and which can be extremely costly. If the property you are purchasing has well water or a septic tank these systems should also be tested. Failing to hire an inspector in an effort to save some money can end up being more costly later on.

#### **6. Failing to realistically estimate all closing expenses**

- Oftentimes, a purchaser does not take into account the various lender and title charges that accompany the purchase of a home. At closing these charges are all due in addition to attorney's fees and the balance that needs to be paid to the seller, if any. In an effort to realistically estimate all of your closing expenses you should remember that all lender fees and short term interest will be subtracted from the loan amount prior to receiving any funds from the bank. Thus, you will need to make up this difference at closing. Furthermore, if you are escrowing for taxes and insurance at closing (which most lenders require) you will need to pay any taxes that will be due within sixty (60) days of the closing at the closing. These taxes will be added to your title insurance bill. The title insurance bill will also contain all fees related to recording the deed and mortgage with the County Clerk and the mortgage tax charged by the State, in addition to the title charges for the title and loan policy and for the title searches.

#### **7. Failing to do an adequate walk-through prior to closing**

- Purchasers should always do a careful inspection of the premises immediately preceding a closing. Generally, this will be your last chance to bring up any issues, such as an inoperable appliance, damage to the property, or a missing chandelier that was supposed to be included in the sale. It is generally too late if these issues are discovered after closing and a purchaser could get stuck purchasing a new appliance, replacing the missing chandelier, or clearing out the seller's property, which was left behind, at the purchaser's own cost and expense.

Buying your first home can definitely seem overwhelming and stressful at times. But if you go into the process having already done your homework and with a competent and trusted attorney, you can protect yourself from all of these mistakes. Please contact James G. Dibbini & Associates, P.C. to discuss these mistakes and other issues that may arise when purchasing a home. Our firm has over nineteen years experience with real estate transactions and would be happy to assist you in the purchase of your new home.